World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 50, September, 2025
ISSN: 2749-3628

ADVANTAGES OF THE USE AND PROTECTION OF SUBSOIL RESOURCES

PhD Nurmat Julibekov
Navoi Mining and Metallurgical Combine JSC
Orcid: /0009-0001-5039-0102
NK.Djulibekov@ngmk.uz

Article history:

Received: 26th June 2025
Accepted: 24th July 2025

Abstract:

This article analyzes the dynamics of tax revenues from the use of subsoil resources in Uzbekistan during 2020–2024, as well as their distribution across key sectors. In particular, the shares of the mining and metallurgy industry, the oil and gas sector, and the construction materials industry are examined. The study highlights the role of subsoil tax in ensuring fiscal stability and its impact on economic growth. Furthermore, the positive outcomes of reforms such as the digitalization of tax administration, simplification of licensing procedures, and alignment with international standards are discussed. The author also develops practical recommendations aimed at improving the methodology of taxation on the use of subsoil resources.

Keywords: Subsoil, subsoil use, tax policy, tax administration, mining industry, oil and gas sector, state budget, digitalization, licensing, transparency.

INTRODUCTION.

Subsoil resources represent one of the strategic factors defining the natural resource potential of a country. They are not only considered a part of national wealth but also play a crucial role in ensuring the stability of the state budget, industrial development, and the investment climate. Rational and efficient utilization of subsoil resources is among the main directions of economic policy, where one of its priority tasks is the improvement of taxation mechanisms related to subsoil resources.

It can be stated that subsoil resources, as strategic assets of the state, possess a special legal status. The establishment of a clear and effective tax policy regarding their utilization serves as a guarantee of sustainable economic development. In this sphere, the tax system must not only protect the interests of the state but also ensure legal clarity and transparency for business entities engaged in resource exploitation.

Taxes imposed on the use of subsoil resources play an important role in promoting the rational utilization of natural resources. Such taxes provide a stable source of revenue for the state budget while simultaneously encouraging efficient and environmentally responsible use of resources.

It is well known that natural resources represent the common wealth of society, and the right to use them encompasses not only economic benefits but also social responsibility. In particular, the Law "On Subsoil" stipulates that ecological considerations, the interests of the population, and regional development must be taken into account in resource exploitation. From this perspective, state policy is not only directed at generating revenue at the economic level but also at ensuring social support for underdeveloped regions where natural resources are concentrated.

LITERATURE REVIEW

The utilization and conservation of mineral resources play a central role in achieving sustainable economic growth, environmental protection, and long-term resource security. Scholars from both American and European traditions have consistently highlighted that effective management of subsurface wealth brings multidimensional advantages, ranging from economic efficiency to ecological sustainability.

From an economic perspective, comprehensive and efficient use of mineral resources is considered one of the main drivers of industrial and social development. Research has demonstrated that strengthening conservation practices and adopting modern evaluation methods significantly increase the efficiency of mining enterprises, thereby maximizing the benefits of available resources (Dong, 2012). Similarly, studies emphasize the importance of incentive mechanisms, which encourage enterprises to adopt high-efficiency practices that stimulate rapid and stable economic growth in resource-dependent economies (Fan, 2012). In this sense, resource utilization is not only about extraction but also about ensuring that every stage of the process contributes to higher productivity and profitability.

Another important advantage lies in the realm of strategic resource security. Scholars have underlined

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 50, September, 2025
ISSN: 2749-3628

that mineral reserves play a critical role in regulating development and supply stability. Strategic reserves, for example, can ease resource shortages and help transform resource advantages into economic benefits (Ren, 2013; Zhong, Liu & Cao, 2013). This is particularly relevant for countries dependent on mineral imports, as resource planning and proper reserve systems strengthen national economic security (Jia, 2008). Such approaches highlight the long-term value of conservation, as safeguarding reserves ensures intergenerational equity and national resilience.

Environmental sustainability is another core dimension. Researchers stress that the development of mineral resources cannot come at the cost of environmental degradation. Conservation of ecosystems is considered a prerequisite for mineral resource development, as ecological damage can undermine the very foundations of long-term economic growth (Ma, 2003). More recent technological studies have shown that innovative solutions, such as the use of silicic acid nano-solutions in cement-based construction, can reduce raw material consumption and lower environmental impact (Baydarashvili, Sakharova & Shrednik, 2020). These examples demonstrate that conservation-oriented technologies offer a dual advantage: reducing waste while preserving natural resources for future use.

In addition to economic and ecological benefits, legal and policy frameworks are also highlighted as crucial. Studies suggest that effective governance, clear legislation, and incentive mechanisms are necessary to ensure that conservation policies are implemented successfully (Zhao, 2008; Zhao, 2012). Moreover, special planning for mineral resource utilization at the state or regional level has been found to consolidate mining practices, prevent disorderly exploitation, and create conditions for sustainable development (Ding, 2010). In this context, conservation is not just a technical or ecological practice, but also a political and institutional responsibility.

Overall, the literature converges on the idea that utilization and conservation of mineral resources offer a wide array of advantages, including improved economic efficiency, strategic security, ecological sustainability, and strengthened governance structures. These findings demonstrate that integrating conservation principles into resource management strategies is not an optional policy, but a necessary foundation for long-term development.

ANALYSIS AND DISCUSSION OF RESULTS.

By the criteria of social justice, it should primarily be understood that a certain part of the income derived from the use of resources must be directed to the benefit of the local population of the respective region. This practice is widely applied in international experience. For example, in Norway, a significant portion of revenues from oil resources is allocated to special social funds, thereby ensuring the interests of future generations.

In the Republic of Uzbekistan, the use, efficient management, and protection of subsoil resources are among the key responsibilities of the state. The implementation of state policy in this area involves several central and local authorities. In Uzbekistan, state policy on the use and protection of subsoil resources is carried out at several levels — strategic management (the Cabinet of Ministers), sectoral supervision (ministries and inspections), and local administration (regional authorities). Each body has its own responsibilities, and their cooperation ensures the effective and sustainable utilization of national resources.

Improving the practical mechanisms of taxing enterprises for the use of subsoil resources, conducting scientific analysis of existing challenges, and developing proposals that meet modern requirements are among the priority directions for ensuring the effective use of subsoil wealth and the sustainable development of the national economy.

The legal policy currently being implemented in Uzbekistan regarding the use of subsoil resources is aimed at ensuring the efficient utilization of state resources, guaranteeing stable revenues for the state budget, improving the investment climate, and increasing transparency in business activities. The revised Tax Code, sectoral decrees and resolutions, and digital information systems all contribute to strengthening the legal framework in this field.

In order to ensure the rational and efficient use of subsoil resources in Uzbekistan, the state has introduced a number of institutional, legal, and financial mechanisms. This process directly contributes not only to the rational management of natural wealth but also to the stability of state budget revenues. The deep integration of fiscal policy into the management of subsoil resources serves to ensure financial stability and resource efficiency within the economic system.

Table 1.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 50, September, 2025
ISSN: 2749-3628

Revenues from Subsoil Use Tax by Sectors in 2023–2024 (in percent)[1]

№	Кўрсаткичлар	2023 йил	2024 йил
1.	Mining and Metallurgical Industry (5 enterprises)	67,18	73,29
2.	Oil, Gas, and Fuel Industry (14 enterprises)	30,74	25,98
3.	Construction Materials Industry (26 enterprises)	1,96	0,59
4.	Transport Sector (2 enterprises)	0,0006	0,01
5.	Non-Food Products Industry (2 enterprises)	0,0004	0,0001
6.	Construction Sector (11 enterprises)	0,02	0,08
7.	Chemical Industry (2 enterprises)	0,04	0,04
8.	Others (5 enterprises)	0,06	0,03
	Total – 67 enterprises	100	100

If we consider subsoil use tax revenues as 100 percent, the distribution by sectors can be observed. One of the leading sectors is the mining and metallurgical industry. In 2023, this sector accounted for 67.18% of total activity, while in 2024 it increased to 73.29%. This, in turn, indicates growth in investments, higher efficiency, increased export potential, and an expansion of production capacity.

The share of the oil, gas, and fuel industry has decreased (from 30.74% to 25.98%). This trend reflects either growing domestic demand or increased efficiency in processing activities. Overall, the activities of 67 enterprises recorded a growth of 132%, which demonstrates the dynamic development of these sectors. The leading positions are occupied by mining and metallurgy, oil and gas, and the chemical industry.

In Uzbekistan, the subsoil use taxation system is being aligned with international standards in 2025. Enterprises in the mining and metallurgical industry have started presenting their financial reports in accordance with international requirements. As a result, transparency in revenues and tax contributions of mining and metallurgical enterprises has been ensured. In addition, mining, metallurgical, and oil and gas companies have gained the opportunity to automatically submit tax reports to state authorities.

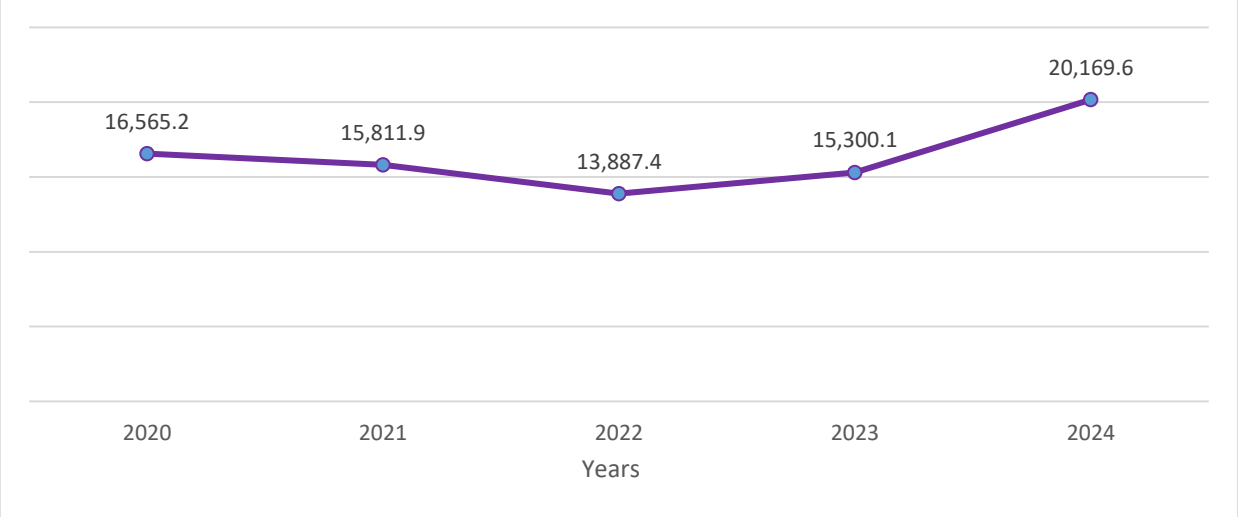

Figure 1. Dynamics of changes in tax revenues for the use of subsoil[2]. (in billion soums)

During 2020–2024, tax revenues from subsoil use in the state budget demonstrated various dynamic changes. In 2020, revenues from this type of tax amounted to 16,565.2 billion UZS, while in 2021 they decreased to 15,811.9 billion UZS. In 2022, revenues further declined to 13,887.4 billion UZS.

Thus, within two years, tax revenues fell by nearly 2.6 trillion UZS in total. However, starting from 2023, a recovery trend can be observed. In particular, in 2023 revenues amounted to 15,300.1 billion UZS, and in 2024 this indicator reached 20,169.6 billion UZS. This represents an almost 45% increase compared to 2022.

[1] ДСҚ маълумотлари асосида муаллиф ҳисоб-китоблари.
[2] ДСҚ маълумотлари асосида муаллиф ҳисоб-китоблари.

World Economics & Finance Bulletin (WEFB)
Available Online at: https://www.scholarexpress.net
Vol. 50, September, 2025
ISSN: 2749-3628

Such a rapid growth is associated with several positive factors: the improvement of regulatory mechanisms in the field of subsoil use, simplification of licensing procedures, and consistent state support for enterprises.

CONCLUSION.

In order to further improve the methodology of taxation on subsoil use, the following proposals and recommendations can be suggested:

- In monitoring subsoil areas allocated for the extraction of mineral resources, it is advisable to enhance tax administration, digitalize the tax system, and further develop surveying (markscheider) services. This, in turn, will establish more effective control and help reduce tax evasion in this field.

In conclusion, it can be stated that the state is pursuing a policy of efficient utilization of resources and taking firm steps towards achieving economic stability. The tax policy related to subsoil use serves not only as a means of replenishing the state budget but also as an important instrument for stimulating the development of the sector.

REFERENCES:

1. Ashurova, N. B. Directions for the implementation of tax policy and social partnership in the field of taxation in the Republic of Uzbekistan // Economics and Finance (Uzbekistan). 2012. No. 11. URL: https://cyberleninka.ru/article/n/zbekiston-respublikasi-soli-siyosati-va-soli-so-asidagi-izhtimoiy-amkorlikni-amalga-oshirish-y-nalishlari.
2. Ashurova, N. B. Analysis and forecast of the impact of tax policy on the sustainable growth of Uzbekistan's economy // Economics and Finance (Uzbekistan). 2014. No. 1. URL: https://cyberleninka.ru/article/n/zbekiston-i-tisodiyotining-bar-aror-sishiga-soli-siyosati-tasirining-ta-lili-va-prognozi (accessed: 17.06.2025).
3. Basyrov, R. N. Legal regulation of the development of subsoil plots. Abstract of the dissertation for the degree of Candidate of Legal Sciences. Moscow, 2016.
4. Baydarashvili, M., Sakharova, A. & Shrednik, N., 2020. Conservation of mineral resources in transport and civil construction. In: Advances in Intelligent Systems and Computing, pp. 479–486.
5. Ding, Q., 2010. Special planning for important mineral resources is effective strategy for its conservation. Conservation and Utilization of Mineral Resources.
6. Dong, Y., 2012. A preliminary discussion of technical and economic evaluation methods in mineral resources conservation and comprehensive utilization. Conservation and Utilization of Mineral Resources.
7. Fan, J., 2012. Promoting high-efficient and intensive use of mineral resources based on incentive mechanism. Journal of Resource Economics.
8. Jia, W., 2008. On the establishment of policy system for the reserve of mineral resources in China. Natural Resource Economics of China.
9. Law of the Republic of Uzbekistan "On Subsoil" No. ORQ-987.
10. Ma, J., 2003. Development and utilization of mineral resources and its environmental conservation. Journal of Environmental Protection.
11. Ren, Z., 2013. The definition and the size of mineral resources reserve. China Mining Magazine.
12. Tax Code of the Republic of Uzbekistan (2025).
13. Zhong, R., Liu, T. & Cao, Y., 2013. The regulation mechanism study on mineral resource reserves. Advanced Materials Research, 868, pp.224–227.
14. Zhao, M., 2008. Law survey of mineral resources comprehensive utilization system. Mining & Processing Equipment.
15. Zhao, Y., 2012. Reflection on policy of comprehensive utilization of mineral resources. Policy Review Journal.