

СЕКЦІЯ V. МЕНЕДЖМЕНТ, ПУБЛІЧНЕ УПРАВЛІННЯ ТА АДМІНІСТРУВАННЯ

THE CREATION OF A COMPETITIVE ENVIRONMENT FOR UKRAINE'S RAILWAY TRANSPORT

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Summary. *The goal of the article is to create a competitive environment in Ukrainian rail transport so that businesses may operate more effectively. An overview of the JSC "Ukrzaliznytsia" is given, highlighting the systemic rise in dangerous occurrences and the worsening of the company's financial and economic situation. The primary cause of this issue is acknowledged to be a mismatch between the management mechanism used by JSC "Ukrzaliznytsia" and the environment in which it operates. To liberalize the railway transportation market, it is determined that the sector's mechanisms for competition development must be activated. In the framework of specific business areas, the competitive market conditions in the railway sector are revealed, and the directions for competition development are identified. In particular, regulatory, organizational and managerial, technical and technological, and integration and partner determinants are highlighted when defining the tasks and complex factors for the formation of a high-quality competitive environment in railway transport. In conclusion, the tasks that the competitive environment in the railway industry is designed to address are: developing a system of economic motivation for balanced development enterprises; reducing costs and improving efficiency; improving the quality and range of transport services; increasing the competitiveness of railway transportation in comparison to other modes of transport; and increasing the industry's investment attractiveness.*

In particular, the current state of affairs in JSC "Ukrzaliznytsia" is characterized by the fact that the company lacks the resources and capabilities to upgrade the infrastructure and provide the necessary volume of transportation. The railway transport industry in Ukraine is currently in a difficult financial and economic situation. Along with this, there are a number of issues, such as a shortage of locomotives that was artificially created, poor logistics, erratic and opaque tariff growth, which shows ineffective public administration, and excessive overregulation of the railway transportation market, which have caused railway transport to lose ground in the market for transportation services in recent years.

The position of the competitive market of the railroad branch in the context of individual business spheres and the direction of ensuring the formation of competition are disclosed. The tasks and ensemble of moments that led to the formation of a high-quality

competitive environment in railway transport are attributed. Test of the latest research and publications. The works of Ukrainian scientists-economists such as Barash Yu, Charkina T. Yu. [1], Dikan V. L., Obruch G. V. [2], Eitutis D. G. [3], Kalicheva N. E. [4], Korin M. V. [5], Ovchinnikova V. A. [6], Tokmakova I. V. [7], and others address a wide range of issues concerning the development of competition in railway transport. Scientists offer various models of deregulation, directions, and tools to ensure the competitiveness of railroad transport. However, the problem of the liberalization of railway transportation and the formation of effective competitive relations remains unresolved and urgently needs further research, taking into account the changes in the criteria of economic management that are currently taking place.

The purpose of the article is to generalize the timetables for the development of competition in rail transport and to reveal the moments of the formation of a competitive environment in the railway branch.

The situation in JSC "Ukrzaliznytsia" remains very difficult. A sharp decline in the size of transportation and a downward shift in the monetary results of JSC "Ukrzaliznytsia" gradually sink the railway branch's companies. Analyzing the indicator of freight turnover by type of motor transport in the country, the value of which ranged in general from 426 billion t-km in 2011 to 290 billion t-km in 2020, it is clear that the share of railway transport gradually increased: from 52% in 2009 to 63% in 2014, and 61% in 2020. However, along with the data, it is worth noting, in fact, that in unconditional figures, an anti-record was set with the lowest figure for the last 10 years: 175.6 billion t-km (-28% compared to 2011, -16% - to 2014). The latter is also evidenced in the dynamics of operational cargo turnover, which is considered the main production indicator that describes the possible work performed and the corresponding cash receipts and expenditures. According to the data provided by JSC "Ukrzaliznytsia", the value of this indicator decreased by almost 12% compared to 2015. A net of 22.3 billion t-km were lost (Fig. 1).

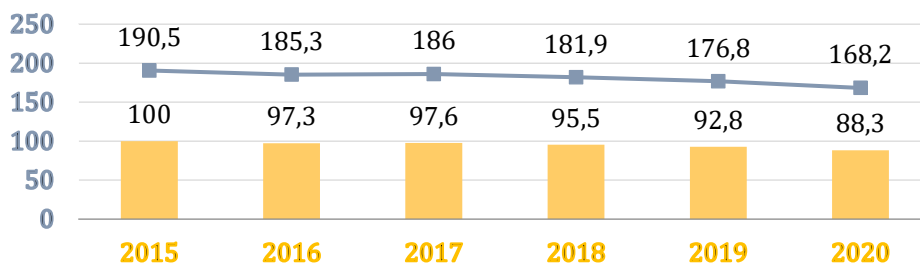


Fig. 1. Operational cargo turnover in 2015–2020, billion t-km [8]

In the direction of the specified period, the annual decrease in freight turnover was within 2.5%; however, in 2020 it was already 4.9%, and in the first quarter of 2021, it was 6.8%. This sharp decline in the main indicator for JSC "Ukrzaliznytsia" is considered critical, and if the existing history is maintained, the company will not be able to independently guarantee the sustainable functioning and simple reproduction of the leading means of production. The decrease in transportation size resulted in an increase in destructive moments on railway transportation, resulting in negative financial results: 11.9 billion UAH of untainted loss and a 2.8 billion UAH loss in the difference between operating expenses and profits. It is worth noting that the company's profits from freight transportation in 2020 amounted to UAH 65.3 billion (UAH 73.3 billion in 2019). The untainted benefit, in turn, amounted to UAH 11.1 billion and, a year earlier, UAH 19.5 billion [8]. Complicating the story is the precedent that the entire benefit from freight transportation was used to cover the growing losses from passenger transportation. Taking into account the above, it becomes clear, in fact, that the fundamental prerequisite for the emergence of a crisis history in the railway transport industry is the inconsistency of the management mechanism of

JSC "Ukrzaliznytsia" with the conditions of its functioning environment. The need to modify the operating regulatory devices on the railway transportation system has become trivial, and no one argues with this. The main distinction is only in the direction of the deregulation devices. It is worth noting, in fact, that competition in the field of railway transportation exists in approximately 30 countries around the world and is governed by three major institutional structures: - competition between vertically integrated railway route operators, as well as the contractual right of access to railway tracks at specific points under personal agreements between railway companies (as in the United States); - non-discretionary but limited access rights to the infrastructure of competing operators, specified by national legislation; access rights limited to certain routes and/or circumstances of life are available in Canada, Brazil, and Mexico; Common access rights organized by policies of expanding access to municipal infrastructure networks, as in the EU and Australia. Now the issue of building new types of competition in the railway transport industry of Ukraine is becoming relevant. In this case, it follows in the footsteps of other structures that take into account, in fact, that other structures are based on three structural components: organizational configuration of businesses, market competitiveness, and distribution, which need to be combined to form branch structures that will become more flawless in comparison with the classic steel roadway. It is worth noting these other options for the formation of competitive relations in railway transport: reorganization of the railway company and commercialization measures, decentralization of regional and suburban transportation with their transfer to the district authorities; transfer of the concession for regional and suburban passenger transportation to the private sector; privatization of freight transportation with the granting of exclusive rights; privatization of steel freight roads in the form of a vertically integrated company; and transfer of the concession for regional passenger transportation to the public sector. Analyzing the situation of the railway branch, it is necessary to summarize that the competitive market of railway transport in Ukraine is at the initial stage of formation and contains the properties described below. On the market for freight wagon supply, the leading foundations for competition are already being laid. Despite the dominant position of JSC "Ukrzaliznytsia" (market share of more than 35%) in the total number of freight railcars (JSC "Ukrzaliznytsia" owns 58% of the total fleet of freight railcars), the share of freight railcars owned by rolling stock operators is gradually increasing, which actually confirms the formation of competitive foundations in this market. The development of competition in the market for the provision of wagons for use is also evidenced by the approximate comparison of rolling stock operators' total share of the working fleet of freight railcars (48%) to JSC "Ukrzaliznytsia's" share (52% [9]). The sector of operation of the tank car fleet, where JSC "Ukrzaliznytsia" does not occupy a monopoly position, is fully consistent with the symptoms of a competitive market, since 78% of the working fleet of rolling stock provided for such needs already belongs to rolling stock operators. The rolling stock operators also occupy a dominant position in the section of gondola cars provided for use, where the share of the working fleet of gondola cars belonging to JSC "Ukrzaliznytsia" is 43%. In the sections of providing grain carriers, cement carriers, and pellet carriers for use, the share of rolling stock operators is close to the share of JSC "Ukrzaliznytsia," which still maintains a dominant position in these sections, owning 56%, 64%, and 54% of the working fleet, respectively. The monopoly position of JSC "Ukrzaliznytsia" is preserved only in the section of providing hidden wagons for use, where the share of the working fleet of rolling stock operators is not higher than 22 percent [9]. Trends in the rise of the share of the working fleet of railroad rolling stock operators in the market for the provision of freight cars for use indicate the inaccessibility of barriers to entry into the market and, accordingly, the presence of a competitive environment in certain sections. Taking into account the existing history of the wagon leasing market, in order to intensify competition between rolling stock operators, JSC "Ukrzaliznytsia" should - to ensure the renewal of the freight car fleet, including by creating leasing opportunities. - to improve the device for distributing wagons among consignors by

removing the ability to interrogate the case when distributing wagons to consignors;- to establish a system of control over the sanitary and operational condition of the available railway rolling stock;- to develop a device to ensure the reverse loading of wagons, specifically the coordination of the use of wagons for double operations, which would actually contribute to the reduction of wagon tariffs;- Enhance the device for establishing tariffs for the transfer of rolling stock for use and clearly define the direct duties and responsibilities of each market member in the leasing wagons process. Currently, the transfer of offers of mainline locomotives for freight transportation is considered a promising direction for the establishment of competitive relations in the railway branch. A necessary step towards the implementation of this initiative is the development by JSC "Ukrzaliznytsia" together with municipal authorities of a pilot plan for the admission of private locomotives to certain sections of shared tracks, which will allow to coordinate the organizational, technical, and technological nuances of the functioning of several locomotive traction operators in the market and create a regulatory framework for ensuring the real liberalization of the market for mainline locomotives. Among the measures to promote the formation of a competitive market for the supply of mainline locomotives, these are to be qualified as:- Allocation of the locomotive component of the railway transportation tariff in order to ensure economically justified pricing in the industry;- the establishment of an independent railway transportation security body that will determine requests to carriers, carry out rolling stock ratio tests, and issue licenses and certificates of security for railway transportation;- use of public-private partnership mechanisms and implementation of joint investment plans for the modernization and renewal of the branch's traction rolling stock by JSC "Ukrzaliznytsia" and business, including the role of business in locomotive repair through the supply of auxiliary parts and further operation of repaired diesel locomotives in areas where business cargo transportation is carried out;- use of leasing criteria for JSC "Ukrzaliznytsia" and business cooperation in the procurement and use of traction rolling stock, etc.

The creation of a competitive market for the supply of mainline locomotives will make it possible to overcome the problem of the lack of traction rolling stock and guarantee its high-quality, innovative renewal, accelerate the turnover of freight cars, and reduce the time of cargo delivery. Thus, the formation of competition in the Ukrainian railway transport industry urgently requires the formation of a high-quality competitive environment, the creation of which occurs under the influence of the ensemble of moments presented in Fig. 2.

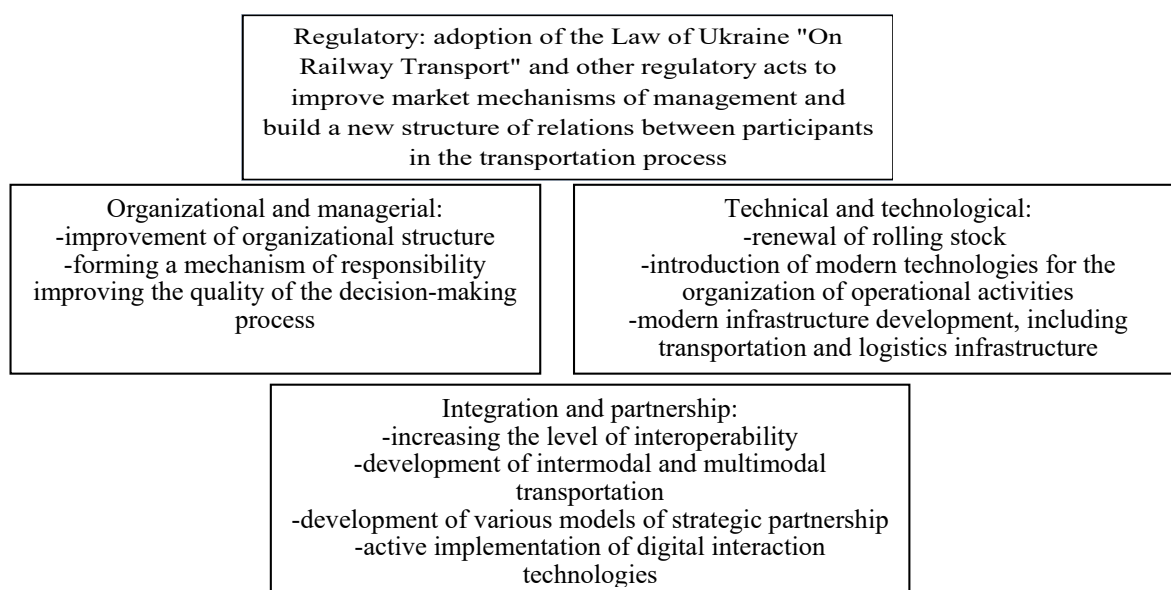


Fig. 2. Key elements in the development of a quality competitive environment in railway transportation

In general, we should take into account that the creation of a high-quality competitive environment in the railway branch will contribute to: creating a system of financial motivation for the equilibrium formation of enterprises; reducing costs and increasing efficiency; improving the properties and range of transport services; increasing the competitiveness of rail transportation in comparison with other modes of transport; and strengthening the position of Ukrainian railway transport in the large transport market due to the establishment of export-import and transit transportation.

The test of the work of JSC "Ukrzaliznytsia" and the state of the competitive market of the Ukrainian railway transportation industry indicate the need for liberalization of the railway branch and the formation of a competitive model for the railway transportation market. Successful implementation of similar transformations urgently requires significant work on the substantiation of the directions for the formation of competition devices and the formation of a competitive environment in the railway transport industry. Circumstances necessitate the development of other types of formation of competitive relations in railway transport, which may include reorganization of the railway company and commercialization measures; decentralization of regional and suburban transportation with their transfer to the district authorities; transfer of concessions for regional and suburban passenger transportation to the private sector; privatization of freight transportation with the granting of exclusive rights; and privatization of freight steel roads in the form of a vertically integrated company. At the same time, it is necessary to take into account the determinants of the formation of a high-quality competitive environment, including an ensemble of regulatory, organizational, managerial, technical, technological, integration, and partnership aspects.

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