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ROLE OF STATE REGULATION OF FREIGHT TARIFFS IN THE COMPETITIVENESS OF RAILWAY UNDERTAKINGS

The need to provide high level of competitiveness of national railways at the cargo carriage market determines the need in the increase of role of price factors for competition. However price setting on cargo railway carriage is subject to state regulation that is aimed mainly at the restraint of increase of tariff levels that significantly decreases opportunity of railways for application of competition price factors. Analysis of recent researches and publications shows that not enough attention is paid to the role of state regulation of cargo railway tariffs in the provision of competitiveness of national railways. This has resulted into the aim of this article. Researches, conducted by the authors of the article, prove that today national railways are subjects of international, inter-industry and intra-industry competition. However at the market of cargo carriage the competition development is impossible without the interaction of state in the development of competition environment. Today in the framework of antitrust state policy, aimed for decrease of monopolization level, government regulation of price-setting for railway cargo carriage is exercised. Analysis of the legislation in force concerning such regulation allows making the conclusion that today it does not provide high level of competition of railways at the cargo carriage market. Factors concerning the state regulation of cargo railway tariffs that negatively influence the competitiveness of the national railways at the market of cargo carriage have been revealed and the conclusion has been made on the need to conduct further researches of economically reasonable expenses of railways in the cargo carriage.

Keywords: competitiveness of railways, freight transportations, pricing, government control of tariffs, economically reasonable charges.

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РОЛЬ ДЕРЖАВНОГО РЕГУЛЮВАННЯ ВАНТАЖНИХ ТАРИФІВ У ЗАБЕЗПЕЧЕННІ КОНКУРЕНТОСПРОМОЖНОСТІ ПІДПРИЄМСТВ ЗАЛІЗНИЧНОГО ТРАНСПОРТУ

Необхідність забезпечення високого рівня конкурентоспроможності національних залізниць на ринку вантажних перевезень обумовлює потребу у підвищенні ролі цінових факторів конкурентної боротьби. Проте, ціноутворення по вантажних залізничних перевезеннях є предметом державного регулювання, яке спрямоване, в основному, на стримування зростання рівня тарифів, що значно зменшує можливості залізниць у використанні цінових факторів конкурентної боротьби. Аналіз останніх досліджень і публікацій свідчить, що ролі державного регулювання вантажних залізничних тарифів у забезпеченні конкурентоспроможності національних залізниць приділено недостатньо уваги, що і обумовило мету даної статті. Проведені авторами статті дослідження свідчать, що в теперішній час по вантажних перевезеннях національні залізниці є суб'єктами міжнародної, міжгалузевої та внутрігалузевої конкуренції. Однак на ринку вантажних перевезень розвиток конкуренції неможливий без втручання держави у формування конкурентного середовища. Нині в межах антимонопольної державної політики, спрямованої на зменшення рівня монополізації, здійснюється державне регулювання ціноутворення на перевезення вантажів залізничним транспортом. Аналіз чинного законодавства щодо такого регулювання дозволив дійти висновку, що на сьогодні воно не сприяє забезпеченню високого рівня конкурентоспроможності залізниць на ринку вантажних перевезень. Виявлені чинники, пов'язані з державним регулюванням вантажних залізничних тарифів, які негативно впливають на конкурентоспроможність національних залізниць на ринку вантажних перевезень, та зроблено висновок про необхідність проведення подальших досліджень сутності економічно обґрунтованих витрат залізниць по вантажних перевезеннях.

Ключові слова: конкурентоспроможність залізниць, вантажні перевезення, ціноутворення, державне регулювання тарифів, економічно обґрунтовані витрати.

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РОЛЬ ГОСУДАРСТВЕННОГО РЕГУЛИРОВАНИЯ ГРУЗОВЫХ ТАРИФОВ В ОБЕСПЕЧЕНИИ КОНКУРЕНТОСПОСОБНОСТИ ПРЕДПРИЯТИЙ ЖЕЛЕЗНОДОРОЖНОГО ТРАНСПОРТА

Необходимость обеспечения высокого уровня конкурентоспособности национальных железных дорог на рынке грузовых перевозок обуславливает потребность в повышении роли ценовых факторов конкурентной борьбы. Между тем, ценообразование по грузовым железнодорожным перевозкам является предметом государственного регулирования, которое направлено, в основном, на сдерживание роста уровня тарифов, что значительно уменьшает возможности железных дорог в использовании ценовых факторов конкурентной борьбы. Анализ последних исследований и публикаций показывает, что роли государственного регулирования грузовых железнодорожных тарифов в обеспечении конкурентоспособности национальных железных дорог уделено недостаточно внимания, что и обусловило цель данной статьи. Проведенные авторами статьи исследования свидетельствуют, что в настоящее время по грузовым перевозкам национальные железные дороги являются субъектами международной, межотраслевой и внутриотраслевой конкуренции. Однако на рынке грузовых перевозок развитие конкуренции невозможно без вмешательства государства в формирование конкурентной среды. В настоящее время в пределах антимонопольной государственной политики, направленной на уменьшение уровня монополизации, осуществляется государственное регулирование ценообразования на перевозку грузов железнодорожным транспортом. Анализ действующего законодательства относительно такого регулирования позволил прийти к заключению, что на сегодня оно не способствует обеспечению высокого уровня конкурентоспособности железных дорог на рынке грузовых перевозок. Выявлены факторы, связанные с государственным регулированием грузовых железнодорожных тарифов, которые негативно влияют на конкурентоспособность национальных железных дорог на рынке грузовых перевозок, и сделан вывод о необходимости проведения дальнейших исследований сущности экономически обоснованных расходов железных дорог по грузовым перевозкам.

Ключевые слова: конкурентоспособность железных дорог, грузовые перевозки, ценообразование, государственное регулирование тарифов, экономически обоснованные расходы.

Problem definition. Creation of conditions for further economic growth in Ukraine demands efficient operation of national railways making the basis of state's transport complex and that is why necessary resources must be provided for the innovation and

investment development. Consequently increase of both own and attracted investments resources is more important and this results into the need to provide high level of competitiveness of railways at the railway carriage market, and the tariffs for railway cargo carriage is one of the main factors. It is the level of railway cargo tariffs that determines both the incomes of railways and attractiveness for the private capital of entrepreneurship concerning the carriage of cargo with the participation of railway transport. Besides at the modern stage of economic development activation of competition takes place at the railway carriage market and this demands from the market players to use new price factors in the competition. Meanwhile railways cannot use flexible tariffs on cargo carriage as according to the legislation in force price setting is subject to state regulation. Practice of support to the different branches of economy by restraining the growth of railway cargo tariffs. This significantly decreases opportunities of railways in using both price factors of competition and in establishing of own investments resources at the account of cargo carriage. The mentioned above results into the need of improvement of the methodology of state regulation of price-setting on the cargo railway carriage.

Recent researches and publications analysis. Both Ukrainian and foreign scientists paid much attention to the problem of efficient price setting for railway cargo carriage, among them: S.Y. Witte, A. Chuprov, I.S. Blyuh, D.I. Zhukovsky, A.F. Lubensky, A. Kreyenin, A.P. Abramov, D.A. Macheret, I.A. Yelov, L.A. Maso, V.K. Myronenko, E.M. Sych, A.V. Shmelev, L.S. Rogacheva, N.V. Makarenko, N.M. Nosova, V. Zapara, etc. [1 – 14]. Previous researches allowed making a conclusion on price-setting role in the provision of competitiveness of railways at the cargo carriage market at the modern economic development stage. Reproductive-optimization paradigm of provision of competitiveness of railways at the cargo carriage market is based at the relevant price-setting on cargo carriage and it is necessary to be implemented as it was proved by one of the authors of the article (Chernyi V.V.) in [15]. It is known that price-setting on railway cargo carriage is subject to state regulation. Practice of cargo railway tariffs state regulation and relevant scientific publications show that the role cargo tariffs state regulation in the provision of competitiveness of national railways demands more thorough research.

The aim of this article is to research of role of price-setting state regulation in the provision of competitiveness of national railways at cargo carriage market.

Presentation of main materials of research. Provision of further economic growth in the country is impossible without demonopolization of potentially competitive branches of national economy and creation of conditions for development of competition. This conditions the need of further reformation of railway transport that is now has form of joined operation of railway transport of natural monopoly sector (infrastructure) and potentially competitive (field of operation). Financial separation in the process of reforming and adaptation of railways to the market environment of natural monopoly sector field of operation promotes creation of objective preconditions for development of competition in the potentially competitive sectors of railway transport. However these preconditions can be used only within competition-aimed transformation of field of railway transport operation. In the result of competition-aimed transformation of potentially competitive sector of railway transport there is decreased influence possibilities for the total market situation from the part of separate economic operators and weakening of market power. Market power is the ability of economic operators to determine or influence significantly the conditions of transport service provision, prevent, eliminate, limit competition, raise the tariffs for carriage and keep them above the level of tariffs that would exist in the conditions of significant competition.

At the modern level of economic development at cargo railway market national railways are subjects of:

- International competition for transit cargo flows and assumption of the largest income, for the best conditions of use of cargo wagons of foreign railway administrations and foreign private wagon owners;
- Inter-sectoral competition (competition between the enterprises of different branches of economy for the amount of income) with cargo owners for assumption of the largest incomes and with vehicles operating companies for cargo flows and assumption of the largest incomes;
- Intra-industry competition with wagon owners for the volumes of cargo carriage and assumption of the largest income (upon the conditions of possibility to carry the cargo both in the inventory fleet wagons and in own wagons) with wagon owners for the assumption of the largest income (upon the use of railway infrastructure only).

From the other part national railways are partners of the foreign railways, cargo owners, owners of cargo wagons, as without cooperation with this subjects they will not be able to implement own potential efficiently regarding the provision of cargo carriage. This conditions use of partnership and competitive approach to the cooperation of national railways with competitors but provision of competitiveness is one of the main factors of success at cargo carriage market. Herewith the essence of railways competitiveness at the railway cargo is the possibility of long-term provision of the operation of stable financial results basing at the rational use of own economic resources, efficient cooperation with cargo owners, owners of cargo wagons, foreign railways concerning the use of foreign wagons, establishment of certain advantages regarding the road transport entities and regarding the railways of neighbor countries concerning the transit cargo flows [16]

Incapability of the market mechanisms to provide development of competition in the potentially competitive sectors of economy conditions the need of state's intrusion into the process of competitive environment establishment. Subject of formation and regulation of competitive relations in potentially competitive sectors of economy at the state level is Antitrust Committee. Herewith it should be noted that bodies that conduct regulation through the instruments of power, try to use all the efforts for satisfaction of own interests first of all and then the interests of society. State regulation is complex of forms and methods of purposed influence of state institutions and organizations at the development of society production approach, and role of the state in the regulation lies in the provision of transition from old-fashioned to the new progressive forms of economic relations that are developing according to the objective economic laws.

In general the aim of regulation lies in establishing the conditions for provision of balance of society interests. In the framework of efficient regulation it is necessary to set such procedure and allocation of competences of economic operators and with its help values in the interests of majority of the society increase and production expense of economic operators minimize.

According to the type of use of state influence methods at the competitive relations modern scientists determine antitrust state policy and competitive (preventive) policy. Antitrust state policy is aimed at the decrease of the level of monopolization and competitive (preventive) is the policy of control, active prevention of the subjects that possess monopoly or significant market power. Domination of antitrust state policy is understandable, logical for the setting stage of market transformation of the economic systems. But in today's conditions state must reorient its policy and significantly increase the role

of preventive measures, make them key in its regulation activity of competitive relations both in the economy of the country and its separate markets.

Today regulation of price setting at the cargo railway carriage market is conducted under the resolution of the Cabinet of Ministers of Ukraine dd. 26 December 1996 No. 1548 "On the competences of executive power bodies and executive bodies of city councils on the regulation of prices (tariffs)". Regulation of prices and tariffs is the component of price-setting state policy that should be aimed at the provision of equal economic conditions and impetus for the development of all forms of property, economical independence of enterprises, balanced production means, goods and services market, counter reaction to the monopoly trends in economy, extension of the scope of use of free prices, etc. That being said and according to the resolution of Ministry of Infrastructure mentioned above:

- as approved with the Ministry of Economic Development and Trade of Ukraine and Ministry of Finance of Ukraine set tariffs for railway cargo carriage in the borders of Ukraine and accompanying services;

- as approved with Ministry of Economic Development and Trade of Ukraine set tariffs for complex of works concerning the handling of foreign trade and transit cargo in sea and river ports (at berths) and charges and payments for services that are rendered by foreign going ships in sea ports (at berths) of Ukraine.

Tariffs rate on cargo railway in the border of Ukraine is determined according:

- item 3 of resolution of the Cabinet of Ministers of Ukraine dd. 6 May 2000 No. 220-p, whereunder tariff for cargo railway carriage and discounts to them are set taking into account the prime cost of the carriage and absolute weight of transport component in the price of carried products;

- item 6 of the Law of Ukraine on the «Changes into the Law of Ukraine «On railways transport»; according to this tariffs for railway carriage are settled taking into account investment component;

- Part 6 of the article 9 of the Law of Ukraine «On prices and prices setting» specifying that incases under the legislation on the settled (approved) state fixed and regulated prices (tariffs) for works (services) the amount of investment component of the tariff shall be added to such tariffs;

- article 10 of the Law of Ukraine «On prices and price setting», whereunder change of state fixed and regulated prices and tariffs can be conducted resulting from the changes of production conditions and sales of products that do not depend on the economic activity of the entities;

- article 9 of the Law of Ukraine «On Natural Monopolies» whereunder regulation of activity of the natural monopoly entites (that according to the article 5 of this law include use of railway gauges, traffic control services, stations and other infrastructure facilities that provide the railway traffic and according to the article 6 domestic and international carriage of cargo with railway transport is referred to the adjacent markets that are regulated according to this law) shall be conducted basing at certain principles, among them – provision of self-sufficiency of natural monopoly entites;

- parts 3, 4 and 5 of the Article 9 of the Law of Ukraine «On Prices and Price Settings» whereunder the regulated prices and tariffs for works (services) shall be settled in the amount of reasonable expenses for their production. If the executive bodies with their decision settle (approve) prices (tariffs) for works (services) in the amount lower than the amount of reasonable expenses for their production (provision) than the economic operator shall have refund for the lost profits in the form of difference between the

settled (approved) amount of price (tariff) and the amount of reasonable expenses at the account of relevant budget funds. Herewith it is not allowed to set (approve) prices (tariffs) for works (services) in the amount lower than the volume of reasonable expenses for their production without defining the sources of refund of relevant difference including at the account of expenses state or local budgets.

Therefore economic regulation of price-setting for the carriage of cargo with railway transport in the framework of Ukraine from one part and aimed for prevention of use of railway monopoly power in the segment of cargo railway carriage, and from other – makes impossible the use of railway market methods of price-setting that are based at the proportion between the demand and proposal. Moreover lack of interpretation at the legislation level of the concept “reasonable expenses” makes impossible their definition for railway transport. As reasonable expenses today actual expenses are chosen because of the deficit of the railways in their own costs were artificially decreased against that are necessary for provision of efficient economic activity. Moreover upon the approval of financial plan of Ukrzaliznytsya government authorities try to decrease operational costs target figure in order to provide increase of the estimated profit and therefore decrease deductions to the state budget. This strengthen negative trends of the lack of finance of economic activity of the railways that leads to further decrease of actual expenses in comparison with those necessary for normal provision of economic activity. And according to the legislation in force these expenses must be used as basis for the tariff settings for the railway cargo carriage. In total this negatively influences formulation of certain advantages of the railways at the cargo carriage market and prevent railways to provide further increase of competitiveness growth.

Conclusions. Researches conducted allow making conclusion that today it is necessary to reveal the essence of reasonable expenses of railway transport of Ukraine as cargo carriage tariffs depend on them that in their turn influence income generation. The volume of income from the railway carriage directly influences the level of funding of current activity of railway entities, and therefore influences the competitiveness of national railways.

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