

## BASIC PRINCIPLES AND PARAMETERS OF THE INTEGRATED USE OF THE BLACK SEA TRANSPORT AREA

### ОСНОВНІ ПРИНЦИПИ І ПАРАМЕТРИ КОМПЛЕКСНОГО ВИКОРИСТАННЯ ЧОРНОМОРСЬКОГО ТРАНСПОРТНОГО РЕГІОНУ

*The article discusses principles and parameters of the integrated use of the Black Sea region. The dynamic development of the global maritime transport industry determines the activation of the integrated use of the Black Sea transport area based on the reflection of features of formation of an integrated and Multimodal transport sector. One of the most important tasks of Ukraine's cooperation with the countries of the Black Sea region is the development of transport capacity. Marine transport links have always played a special role in the socio-economic life of the Black Sea region. The current stage of development of transport infrastructure and its modernization involve a number of factors, that are strategically important to strengthen in the role of natural transport corridor between Asia and Europe.*

**Key words:** Black Sea region, global administration, maritime transport complex, cruise shipping, transport capacity.

*У статті розглядаються принципи і параметри комплексного використання Чорноморського регіону. Динамічний розвиток глобальної галузі морських перевезень визначає активізацію комплексного використання транспортної зони Чорного моря, враховуючи специфіку формування інтегрованого та мультимодального транспортного сектору. Однією з найважливіших задач співпраці України з країнами Чорноморського регіону є розвиток транспортного потенціалу. Морські транспортні зв'язки завжди грали особливу роль в соціально-економічному житті Чорноморського регіону. Сучасний етап роз-*

*витку транспортної інфраструктури та її модернізації пов'язані з низкою факторів, які є стратегічно важливими для зміцнення ролі транспортного коридору між Азією і Європою.*

**Ключові слова:** Чорноморський регіон, глобальне адміністрування, морський транспортний комплекс, круїзне судноплавство, транспортні можливості.

*В статті розглядаються принципи і параметри комплексного використання Чорноморського регіону. Динамічне развитие глобальної отрасли морских перевозок определяет активизацию комплексного использования транспортной зоны Черного моря на основе отражения особенностей формирования интегрированного и мультимодального транспортного сектора. Одной из важнейших задач сотрудничества Украины со странами Черноморского региона является развитие транспортного потенциала. Морские транспортные связи всегда играли особую роль в социально-экономической жизни Черноморского региона. Современный этап развития транспортной инфраструктуры и ее модернизации связаны с рядом факторов, которые являются стратегически важными для укрепления роли транспортного коридора между Азией и Европой.*

**Ключевые слова:** Черноморский регион, глобальное администрирование, морской транспортный комплекс, круизное судоходство, транспортные возможности.

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**Problem Statement.** Integrated maritime transport policy of countries of the Black Sea region is the transport systems' transformation planned for many years by administrations of the member states cooperating, basing on the subsidiary principle. The vital significance of maritime transport results not only from the fact that it enables the efficient operation of other sectors, but it's also one of the fundamental factors of competitiveness of the national economy. The principal goal of the common maritime transport policy is to create transport network, which would constitute the basis of the internal market which seeks to guarantee the free movement of goods and people, increase employment and competitiveness of the region.

Comparison of the main trend of transport service of the international labor division poses a number of priorities to the merchant fleet and ports of the Black Sea region. There are: normalization of the carrying capacity of the residents' fleet regarding the parameters of the region's participation in international trade; optimization of the functional activity of the shipbuilding industry within the competitive specialization; accelerating the development of local transport com-

plexes, that provide an interaction with other structural subsystems.

Ukraine's participation in the functional activity of the main modes of transport in the region ensures the reliability of formation of considerable magnitude of cash flows and the development of the capacity of commercial ports.

Main attention is focused on the systematization of directions of interaction of structural subdivisions of marine transport industry of the Black Sea region. The main requirement and condition for its functional activity becomes the corresponding parameters of the global seaborne trade market.

**Literature review.** The study of the transport sector of the Black Sea region devoted to the works of scholars such as M.T. Primachov, O.M. Kotlubai, I.A. Golubkova, A.A. Lipinskaia, S.V. Ilchenko.

**Research objective.** The study is to generalize the principles and parameters of the integrated use of the Black Sea respectively the parameters of the global seaborne trade market.

**Key results.** The Black Sea region accounts for only 2,5% of seaborne trade, but this is an important area of development, due to its geographical size and

resource base. In this region intermodal transport becomes important in transit traffic. In this process, seaports play an important role, because they bring together internal transport line with the sea. The objectives of the ports of the Black Sea region may include not only the union of countries, but also maintenance of turnover between the countries of the Asia-Pacific region and Europe. There is a number of problems of the normalized state of the marine transport industry in the region regarding global administration [1]. In terms of the degree of development of capacities and the corresponding need in traffic the main problem of ports of the Black Sea region for the most part, is the need to build bandwidth of container terminals (see table 1), processing of Ro-Ro loads systems, the creation of high-performance terminals for bulk cargo, providing on required level environmental and public health protection. This problem in most cases is in the spotlight of port and terminal authorities, as well as public authorities responsible for the transport sector, and above all for maritime transport.

The Black Sea container terminals of Ukraine, Romania, Russia, Georgia and Bulgaria handled 2,294,848 TEU in 2015. In the first quarter of 2016 they handled 587 168 TEU including empty containers, excluding transshipment. Total drop suffered by these five countries in first quarter of 2016 was 2,945, compared to the same period 2015. All countries except Georgia increase their containers turnover. Ukraine achieved laden volume growth of 5,98%.

Table 1

**Full containers turnover by countries of the Black Sea region, first quarter of 2015-2016, TEU**

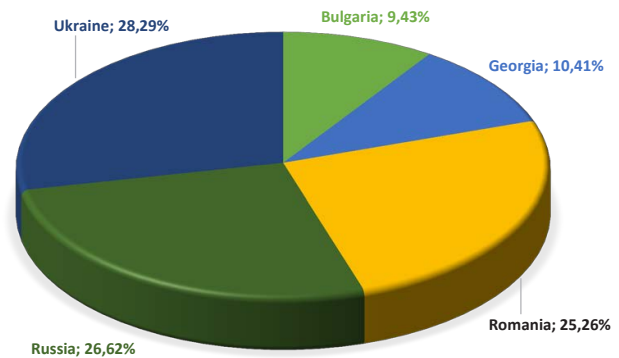
Country	quarter of 2016, TEU full	quarter of 2015, TEU full	Growth, %
Ukraine	120 482	113 684	5,98%
Russia	113 398	108 377	4,63%
Romania	107 598	107 429	0,16%
Georgia	44 321	70 069	-36,75%
Bulgaria	40 154	39 291	2,20%
Total	425 953	438 850	-2,94%

Source: <http://www.maritime.bg>

During this period, 52,62% of the full containers handled were imported, with 47,38% of the volume being exported [2]. It is estimated that 72,54% of the containers were full and 27,46% were empties. Thus the percentage of volume handled by each country in the first quarter of 2016 (see fig. 1) distributed as follows: Ukraine – 28,29%, Russia (Black Sea) – 26,62%, Romania – 25,26%, Georgia – 10,41%, Bulgaria – 9,43%. The general tendency for all Ukrainian container terminals – an increase in Far East and South East Asian trade, both in exports and imports.

As a rule, along with state funds also private investments and long-term soft loans are involved to

solve the problems. Major intermodal trans-Black Sea lines pass through the main ports Ilyichevsk, Odessa, Izmail, Nikolaev, Kherson, Mariupol, Berdyansk (Ukraine), Constanta (Romania), Varna and Burgas (Bulgaria), Novorossiisk and Kavkaz (Russia), Poti and Batumi (Georgia), Istanbul, Doering, Zonguldak and Samsun (Turkey). Key ports that connect the main container and ferry lines are the ports of Ilyichevsk, Odessa, Constanta, Varna, Istanbul, Doering, Poti and Batumi.



**Fig. 1. Shares by laden containers turnover of the countries of Black Sea region**

Source: Developed by author using the ideas of publications by <http://www.maritime.bg>

There are the top six most promising and relevant maritime economic activities were identified for each country of Black Sea region. The country fiches are summarised in the following:

- tourism (coastal tourism, cruise tourism, yachting and marines);
- transport (short-sea shipping, inland transport, port and river infrastructure, shipbuilding and ship repair);
- energy (offshore oil and gas);
- natural resources (marine aquaculture, fishing for human consumption).

At the same time, cruise shipping \_ performs a number of important functions of the effective use of the seaside location of industrial and tourist – recreational potential of the maritime complex of regions. The Black Sea coast of Ukraine is a popular summer destination, with numerous resorts and historical attractions. A poor investment climate and weak public finances has limited investment, and there is a need for more private investment to unlock potential sources of economic growth in energy, infrastructure, transportation and agriculture of Ukraine.

The integrated development of all elements of cruise shipping and the corresponding regional tourism infrastructure is necessary for the successful operation of the cruise market of marine tourism. The main conditions for the development of the cruise industry in the maritime complex in the region are: the implementation of a competitive tariff policy; strategy to create clusters and special zones in seaports; attraction

of additional passenger flows from Europe. There are also measures to prevent pollution of the environment, compliance with the requirements for the use and protection of water bodies within the territory and seaport water area; provision of ecological safety in accordance with the standards of the global administration. The effectiveness of the strategy of the international cruise business development in the Black Sea region is determined, above all, by clarity of allocation of target investment projects and resources to modernization of port infrastructure, which is especially important for new cruise destinations. In modern conditions of the cruise industry development as a sector of maritime complex, commercial ports are becoming an active part of a large and highly dynamic competitive environment that leads to the emergence of new economic relations between ports and cruise companies.

However, the Black Sea region is one of the local areas that is in crisis with regard to fleet of small tonnage. At the initiative of ITF, a project against the expansion of the boundaries of the use of sub-standard shipping in the region is implemented. This applies to the control of non-payment of wages, social dumping, the technical condition of vessels, fleet accident rate in the region, the lack of coverage of vessels.

The main is to achieve acceptable working and living conditions for seafarers serving in the Black Sea region. It is believed that no vessel shall not operate without the ITF collective agreement with employers.

About two and a half thousands of vessels operating on the Black Sea. One and half thousands of them are older than 20 years. Thus 800 vessels are extremely old (age over 30 years). Average earnings of seafarers significantly inferior to payment in other regions of the World Ocean.

Special bodies were created to monitor the status of the capital assets of the fleet and ports, and the nature of the use of labor. Fundamental significance in the field of labor relations belongs to ITF inspectors. Implementation of the project to fight against unfair ship-owners in the Black Sea region is characteristic feature in this respect. The audit of 120 vessels in 30 ports established that the Black Sea belongs to one of the disadvantaged regions of the work of crews of merchant fleet. Crews receive reduced wages that are irregularly issued.

Ukraine is interested in development of cooperation in the framework of the integrated use of the Black Sea Transport Area as at implementation of projects in this area is working closely with the EU, which is a confirmation of the aspiration of Black Sea countries to contribute to the construction of a new European architecture. Their implementation will provide the trucking and transportation of energy resources between East and West, and also will promote the creation of high performance and reliable transport system in the Black Sea, incorporating it into the trans-European network of communications.

Ten European transport corridors and four Common European transport regions (Euro-Arctic region and the region of the Barents Sea, the Black Sea region, the Mediterranean and the Adriatic and Ionian Seas) will satisfy the most urgent requirements for the trading in the Black Sea region and ensure the unimpeded movement of citizens of Europe on the continent.

Development of the integrated use of the Black Sea Transport Area needs to be underpinned by high quality and timely planning processes that are themselves based upon sound policies. Key outcomes supporting this objective will include:

- harmonised and coherent maritime policy development that underpins a sea basin approach to resource use and economic development;
- a harmonised and cohesive institutional and legislative framework across the sea basin that benefits from broad political commitment;
- an increased commitment to the utilisation and development of the current institutions, including the existing country focal point networks, for integrated maritime planning at sea basin level;
- improved governance mechanisms at cross-border, national and local levels, operating at both vertical (e.g., local upwards) and horizontal (e.g., across and between maritime sectors);
- greater stakeholder involvement in integrated maritime planning to ensure inclusive growth.

The Black Sea region can be regarded as a 'strategic bridge' connecting to the Mediterranean Sea via the Marmara and Aegean Seas, and Europe with Asia to the Caspian Sea, Central Asia the Middle East and with south-east Asia and China. It is characterised by close ties and great potential, but also by diversities and rivalries. The region comprises three EU Member States (Bulgaria, Greece and Romania), one EU candidate country (Turkey), five Eastern Partner Countries (Armenia, Azerbaijan, Georgia, the Republic of Moldova and Ukraine). This study focuses on Bulgaria, Romania and Turkey and then the other coastal nations of Ukraine, Russia and Georgia, whilst recognising that Armenia and Azerbaijan are on the eastern watershed and Moldova lying inland of Ukraine to the northwest of the Black Sea.

The successful development of maritime transport in the future will contribute to effective business competition of the Black Sea region in the European and world markets. This development is directly related to the stability and prosperity of all countries in the region.

**Conclusions.** Enhancing the role of the Black Sea region in the world transport and economic relations requires forecasting of possible strengthening of technogenesis in the process of expanding the use of the productive capacity of maritime complex of Ukraine. It is necessary to make adjustments to the

initial expectations due to possible changes in maritime transport policy of the states, that are actively involved in the use of export strategies. In addition, regulatory actions by Turkey in the Bosphorus Strait are allocated to reduce the risk of crises.

The basic activities of Ukraine resulting from the implementation of the objective of integrated use of the Black Sea transport area include:

- to keep own ship crews and raise their qualifications;
- support of technical and technological progress in maritime transport;
- help for undertakings rendering services connected with liner connections in maritime cabotage, which are often connected with the necessity for fulfilling costly conditions concerning proper quality and lower price at the same time;
- help in development short sea shipping (new liner connections);
- financial aid from public sources to shipping undertakings.

The objectives of sustainable positioning of marine transport complex of the Black Sea region in the system of international economics determine the

feasibility of developing and monitoring the system's condition for normalized and limiting parameters.

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