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THE RAILWAY TRANSPORTATION MARKET IN UKRAINE: IMPLEMENTATION OF EU DIRECTIVES

Abstract. Along with the introduction of conditions for strengthening economic and trade relationship, which will lead to the gradual Ukraine's integration into the EU internal market, in order to ensure coordinated development and progressive liberalization of transportation between the Parties in accordance with their mutual commercial needs defined by special agreements on railway market of Ukraine [1]. The article considers the key conclusions that should be introduced before the opening of the rail market for the implementation of the requirements of 6 directives and 5 EU regulations.

Keywords: railway transportation market, association agreements, railway transport, reform of the railway transportation, state regulation, implementation of European agreements.

Introduction. Reform of the railway industry is one of the priorities of the Ministry of Infrastructure of Ukraine. The main purpose of the changes is to liberalize the railway market in Ukraine and introduce a market model of the industry. The Ministry of Infrastructure of Ukraine has developed a draft Law "On Railway Transport", which will create the optimal form of the organizational component for the organization of transportation: liberalizes the railway transportation market, radically changes the principles of tariff formation, introduces the concept of social transportation. These measures will promote competition and improve the investment attractiveness of the industry and will allow reforming the organizational structure of rail transport through EU Directives [2].

Recent research and publications. The work of many researchers is devoted to the research of railway market during Ukraine's implementation in EU, i.e. Matvienko V. V. [2], Kudrycjka N. V. [3], Barash Ju. S. [4], Marcenjuk L. V. [5], Bosov, A. A. [6].

Aim of the article. The purpose of the article is to analyze the requirements of the Association Agreements between Ukraine and the EU in the field of railway transport and the key conclusions that must be introduced before the opening of the transportation market.

Presenting main material. Today, there is a fierce competition between countries for dominance in the global market for transport services, where competitive advantages provide speed, safety and efficiency, which directly depend on the widespread use of innovation and high technology. The level of innovative transport technologies reflects and increases the level of competitiveness of the country.

The lack of sustainable funding for the development of the transport sector in recent decades and insufficient maintenance of transport infrastructure have led to large-scale depreciation of its fixed assets.

Most of the investment funds for infrastructure improvement are expected from external sources, primarily from international financial institutions, private investors and public-private partnership projects. Attracting investment funds from such sources in innovative transport projects is a condition for the development of not only the transport industry, but also the national security and competitiveness of the country. The creation of a favorable investment climate is a priority of public administration and regulation, which is ensured by improving the legal framework.

The modern development of the country's transport complex must take into account not only the need to adapt to EU standards, technical conditions, management principles, etc., but also the fact that innovation and high technology are crucial for forming a new, more effective model of transport management.

The Association Agreement between Ukraine and the EU provides for the implementation of the following EU directives and regulations in the field of railway transport:

1. Market access and infrastructure:
 - 1.1. Council Directive of 29 July 1991 on the development of the Community's railways (91/440/EEC) (repealed);
 - 1.2. Council Directive 95/18/EC of 19 June 1995 on the licensing of railway undertakings;
 - 1.3. Directive 2001/14/EC of the European Parliament and of the Council of 26 February 2001 on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification;
 - 1.4. Regulation (EU) No 913/2010 of the European Parliament and of the Council of 22 September 2010 concerning a European rail network for competitive freight Text with EEA relevance.
2. Technical characteristics and safety.
 - 2.1. Directive 2004/49/ec of the european parliament and of the council of 29 April 2004 on safety on the Community's railways and amending Council Directive 95/18/EC on the licensing of railway undertakings and Directive 2001/14/EC on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification (Railway Safety Directive);

- 2.2. Directive 2007/59/EC of the European Parliament and of the Council of 23 October 2007 on the certification of train drivers operating locomotives and trains on the railway system in the Community;
3. Standardization of reporting and statistics. Regulation (EEC) No 1192/69 of the Council of 26 June 1969 on common rules for the normalisation of the accounts of railway undertakings.
4. Combation. Council Directive 92/106/EEC of 7 December 1992 on the establishment of common rules for certain types of combined transport of goods between Member States.
5. Others.
 - 5.1. Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) Nos 1191/69 and 1107/70;
 - 5.2. Regulation (EC) No 1371/2007 of the European Parliament and of the Council of 23 October 2007 on rail passengers' rights and obligations.

So, for the implementation of European directives, which mechanism is optimal for opening the rail transport market? Based on the research and experience of European countries, it is advisable to pay attention to the key conclusions that must be introducing before the opening of the transportation market:

Mechanism of financing the railway infrastructure of Ukraine. This means the need to revise Ukraine's transport strategy and strategically identify the railway network needed for Ukraine and identify sources of funding [3].

The European Commission can finance part of the international transport corridors passing through Ukraine and part of the network will gradually become commercial and profitable.

The next step, after the revision of the transport strategy, should be to process a mechanism for concluding contracts between the future infrastructure operator and the Ministry of Finance, which should include funding criteria based on an agreed transport strategy (so-called network PSO). Therefore, before the opening of the rail market, the government should take measures to secure funding for the future infrastructure operator.

Organizational separation of JSC «Ukrainian railways» (Ukrzaliznytsia).

All European countries have gone through a phase of separation of state monopolies: the railway infrastructure operator is independent; it performs its main function (control of track capacity and access to infrastructure).

Asset restructuring, reduction and optimization of infrastructure maintenance costs can be solving by partial privatization of non-core assets, while the company will be able to focus on its core business. Ukrzaliznytsia's plan should include a schedule of sales or partial privatization of non-core assets.

Only after the separation of Ukrzaliznytsia can liberalize the transport market.

In this case, all participants will have equal conditions that will ensure non-discriminatory access to the infrastructure.

Determining network access fees and viewing retail rates. The procedure for calculating the access fee can be as follows: Ukrzaliznytsia as the infrastructure operator determines the total cost of using the infrastructure and adds these calculations to the so-called application to the network. This document should be published annually and discussing with market participants. Due to the monopoly position of Ukrzaliznytsia as an infrastructure operator, a national commission is being set up to carry out state regulation in the field of transport. Therefore, approval and control remain the responsibility of the commission, and the initial calculations - for the infrastructure operator.

The issue of setting a reasonable access fee (not too low and not too high) with a sufficient margin for the infrastructure operator will require careful preparation and mediation by the Ministry of Infrastructure in the railway market. It should be possible to review the access fee annually.

Therefore, before opening the market there should be a methodology for calculating the fee for access to infrastructure. The fee for access to the infrastructure must at least cover the direct costs of the infrastructure operator. In addition, retail tariffs should be reviewing and determining in accordance with objective market principles [4].

Passenger transportation financing mechanism. Rail passenger transport in many countries, including Ukraine, is key to meeting the mobility needs of the population.

Passenger transport services, as a rule, long-distance connections and regional centers of Ukraine, may have sufficient demand to cover all costs for the organization of passenger transport [6].

Therefore, before opening the market, the Government should take measures to eliminate discriminatory cross-subsidization of passenger transport by freight, and therefore take into account the following:

- (i) the mechanism for financing passenger transport,
- (ii) divide passenger transport into commercial, social and deregulate tariffs for the first category.

Creating and ensuring the independence of regulators. It is necessary to establish a National Railway Regulatory Commission, as well as a body for railway safety, which will determine the requirements for carriers check their compliance and issue a license for transportation.

Key issues in establishing the National Commission: the procedure for appointing members, the procedure for selecting members of the chairman, funding mechanism, internal procedures of the regulator, ensuring the independence of the regulator from the state and market participants (minimize the risk of «capture of the regulator»).

Given the development of new approaches to public management of railway infrastructure, the study presents the main objectives of state regulation of the railway market and the possible results of their implementation. this will optimize

the vector of improvement of the mechanism of state regulation by the development of the railway industry, which will introduce [6]:

1. Approval of the relevant rational legal framework, full separation of the functions of state regulation from economic functions;
2. Introduction of optimal systems of state regulation of tariffs;
3. A new approach to creating a model of passenger traffic;
4. Introduction of the European complex of the state approach to management in the field of safety on railway transport.

At the legislative level, it is necessary to adopt bylaws to implement the adopted rules of law in accordance with the direction of implementation and make changes.

When implementing directives and proposed facts, it is decided to implement to solve the following problems in the railway market of Ukraine:

- completion of the structural reform of JSC Ukrzaliznytsia, in particular the introduction of a vertically integrated management system with proper strategic planning of resources in the short term, as well as ensuring the separation of the infrastructure operator from freight and passenger carriers;
- partial reorientation of freight traffic to rail and inland water transport;
- harmonization of port infrastructure development (railways, highways) and port capacity;
- liberalization of the rail transport market on the basis of equal access to railway infrastructure and fair competition between carriers;
- regulatory and legal support for the functioning of the railway transportation market through the adoption of the new Law of Ukraine "On Railway Transport" and relevant bylaws;
- reform of public transport management bodies in accordance with EU standards: ministry, railway transport regulation and supervision body, railway accident investigation body;
- introduction of the mechanism of admission to the market of railway transportation of carriers of various forms of ownership (licensing, safety certification);
- structural reform of JSC "Ukrzaliznytsia" - financial and organizational separation of the infrastructure operator and the carrier;
- reform of the tariff system for railway transportation services;
- creating conditions for competition, including non-state-owned carriers in rail transport (up to 25 percent of the transportation market in 2025, up to 40 percent in 2030, taking into account market needs);
- ensuring interoperable (operational compatibility) of the national transport system with a multimodal world transport network, including a railway network of 1435 millimeters wide;
- creation of passenger and freight and logistics infrastructure complexes as part of multimodal clusters with rail, road, air and water transport, in particular by building a system of multimodal transport and logistics

clusters and logistics centers at borders, ports and airports. year, Ukraine's place in the top 50, and in 2030 in the top 20 of the world ranking of the logistics efficiency index (LPI of the World Bank);

- creation of conditions for successful functioning of private carriers on railway transport.

Conclusions. Liberalization of railway transport in Ukraine will be carried out according to the European model of railway reconstruction. According to the Association Agreement with the European Union, Ukraine must take responsibility for opening the railway market based on the principle of vertical separation of the railway monopoly and providing private operators with open access to railway infrastructure.

Based on the analysis of the directions of reforming the European and world transport policy and determining the mechanisms of public administration of the European railway market, the author identifies strategic directions of reforming the railway sector of Ukraine to ensure compliance with EU norms and agreements.

In addition, the results of research are summarized and recommendations are made to increase the effectiveness of state measures to reform railway transportation.

In conclusion, the author, based on the experience of European countries, presents key aspects that should be introducing to the opening of the transportation market, while requiring clearly planned systematic measures for uninterrupted transport logistics for the Ukrainian economy.

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