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International transportations in foreign trade of AIC products

Scientific problem. Today international transportations of Ukraine is a strategically important and significant segment of the country in political, economic and social aspects. International transportations of Ukraine account for about 6% of the country's gross domestic product herewith creating workplaces for the population in the amount of 5% of the total employed population.

In general complex of export of agricultural products, international transportations take up to 20% of all costs incurred in the export of products. The main task of international transport services for agrarian enterprises is a timely export of agricultural products and timely delivery to the importer's country.

In conditions of diversification of foreign economic relations of Ukraine, the study of issues related to organization of international transportation in the foreign trade of agricultural products in both theoretical and practical fields becomes more and more relevant as rational organization of transportation of agricultural cargoes is one of the most important components of economic development of the country.

Analysis of recent researches and publications. In general, problems of the effective use and development of international transportations were studied by such domestic and foreign scientists as G. M. Greiz [3], V. L. Dykan [5], O.M. Dorokhovskiy [6], S. Herts S., M. Alfredsson [13], E.F. Riccio [14], R.Paul Murphyjr, Donald F. Wood [16], V. Jain, S.A. Khan [17], P. Sirisawat, T. Kiataharoenpol [18]and others.

Transport services of agricultural enterprises is devoted to the articles by O. P. Velychko [1;2], T.V. Kosareva [8], M.I. Pugachov [10], D. A. Sobolev [11], E.V. Shubravskeya, E.A. Prokopenko [12].

The objective of the article is to investigate current organization state of international transportations of agricultural products, to reveal their features and outline directions for improvement of the situation on agro-logistics market.

Statement of the main results of the study. Agricultural products in Ukraine are transported today by rail, road and river routes. About 2/3 of the grain is delivered to ports by rail, 1/3 by motor transport and only 3% by river transport. In Ukraine there are about 700 bunkers for storage of grain and oilseeds with a total storage capacity of 36 million tons and a daily carrying capacity of 1.5 million tons; and these indicators constantly increase. About 15% of grain and oilseed storage bins of the country are state-owned while the rest is owned by agricultural enterprises, farmers or other private owners. The capacity of grain terminals increased from about 7 million tons/year in 1998/1999 to 52.4 million tons/year in 2016/2017, with most of the investments being made over the past five years. Ukraine has 16 state ports (with a total storage volume of about one million tons of grain and a transit capacity of 17 million tons per year) as well as seven private ports.

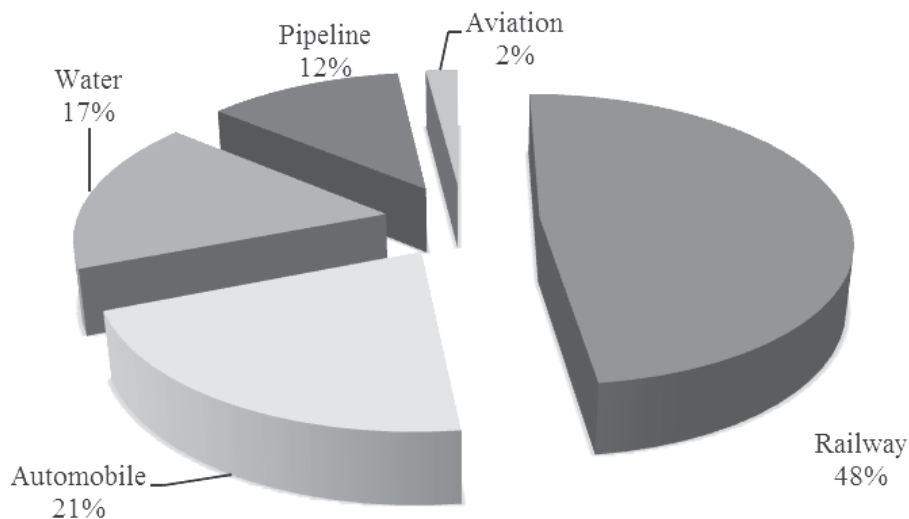


Figure 1. Relative share of certain types of transport in carriage of goods as of 30.09.2016, %

Source: [4; 10].

International freight transportation of agricultural products from Ukraine in 2016 retained its regional structure. As in the past year, the largest export international freight transportation of agricultural products falls on the countries of Asia and their share is 45.8% of the total share of exports. The second place is the European Union - 32.6%, the third is Africa.

Despite the fact that shipments to certain Asian countries increased tenfold (for example, cargo transportations to Indonesia increased 52 times, transportation of grain to Bangladesh increased significantly, reaching almost 1 million tons), in general, exports of agricultural products to Asian countries decreased by 1, 4%.

The largest growth was demonstrated by export cargo transportations of sugar, which grew by 8 times, sunflower seeds – 7 times, wheat – by 75%, bakery and confectionery – by 50%. Traditionally waste and residues of the food industry (bran, solid waste and cake, forage flour) are of demand on the Asian market as well as seeds of oilseeds and cereals. At the same time, transportation of export corn (35%), soybeans (by 36.7%), barley (by 30.1%) and rape (77.3%) decreased [4].

Quotas received by Ukrainian exporters under the Agreement with the European Union were implemented at the beginning of the year. In general, only within the first 9 months of 2016, export transportations of agricultural

products brought about 3 billion USD to Ukraine. Traditional partners of Ukraine which account for the largest international cargo transportations were the Netherlands, Spain, Italy, Poland and Germany.

Considering the structure of export transportations, it should be noted of growth of supplies of high value-added products – margarine, sugar, fruit and vegetable products. In 2017 quotas for deliveries to Europe of wheat, corn, barley, oats, honey, wine, processed tomatoes are increased.

According to the results of three quarters growth of export transportations deliveries of food to Africa was 10%, exceeding 2 billion USD. Freight transportations to Egypt, Libya, Turkey and Tunisia account for the bulk of exports of Ukrainian agricultural products to the African region.

Traditionally, African countries import Ukrainian grain (wheat, barley, corn) oilseeds and seeds of oilseed crops (soybeans, sunflower, flaxseed). In 2016, it was possible to increase export transportations to Africa by increasing exports of chicken meat, wheat flour, tomatoes, chocolate, dried beans, cattle, malt, chicken eggs [4].

International cargo transportations from Ukraine to the CIS countries in 2016 decreased by almost a quarter, the main reason for such a fall was the blockage by Russia of the Ukrain-

ian transit traffic to Central Asia and Kazakhstan. Cargo transportation to Kazakhstan was redirected through the Odessa seaport, transit through Georgia and Azerbaijan which led both to an increase in terms of transportation and their cost. As a result, the share of CIS countries in exports of agricultural products fell to 7.1%, the main importers - Belarus, Kazakhstan and Moldova. At the same time, the share of the Russian Federation in the overall structure of food exports was less than one per cent – only 0.95%, falling freight turnover was 65%. Fully suspended cargo transportation to Russia of milk and dairy products, meat, fish, honey, poultry eggs, oilseeds, confectionery, sausages, beer, vegetables, fruits and nuts [4].

Today, the situation of agro-logistic complex of Ukraine does not correspond with the interests of Ukraine: the country loses its positions on international markets of transport services, becoming increasingly dependent on foreign

transport and forwarding entities operating both outside its borders and on its territory. Ukraine does not use its transport potential at full capacity.

Among the European countries, Ukraine has the highest transit rate which is 3.75. All this thanks to a powerful transit system which can pass through one year: about 200 million tons of goods by pipelines; railways, inland waterways and motor transport more than 60-70 million tons of goods. Statistical indicators prove that transportation system of Ukraine does not work at the maximum capacity, that means that the existing transit potential of Ukraine is used by 70%, while public transport (without pipelines) is only 50%, in monetary terms it is about 5-7 billion USD.

The main problems of development of international transportations of agricultural production in Ukraine are:

Bad condition of roads and access roads to the place of loading (unloading). In some places depth of the road slopes and potholes reaches a meter or more due to which riding on such roads is impossible. In 2016, about 20% of downloads broke down precisely because drivers refused to overcome such routes along the way to the place of loading. Besides, broken roads constitute a threat not only for the direct implementation of transport but also for the safety of people's lives. The situation worsens especially in the winter period when actual inactivity or unsatisfactory work of utility services leads to traffic jams and an increase in the number of accidents.

Unfavorable weather conditions. During the winter period of 2017 transportation of vehicles across the territory of Ukraine was considerably complicated due to this problem. A preliminary analysis conducted by the Association of Agrarian Carriers of Ukraine (AACU) shows that about 85% of commercial applications for the transportation of agricultural products is not performed within the specified period of time or is interrupted due to impossibility of leaving the car on the specified route.

Untimely delivery or non-delivery of agricultural products to the international ports of Ukraine entails even more serious problems - down time of sea containers and sea transport (this is the most efficient and reliable method of intercontinental delivery of goods) and failure of delivery terms throughout the transport chain to the end customer.

Failures in operational work of transport. Automobile parks do not timely prepare vehicles for the winter mode of operation (do not pass the appropriate forms of maintenance and planned repairs). Naturally, lowering the temperature instantly causes breakdowns and damages in trucks, the technical resource of which has long been exhausted. However, this fact can be explained by the fact that commercial tariffs for transport services of agrarian enterprises do not stipulate either planned depreciation or planned repairs. Therefore, there is a vicious circle - the carrier can't update and / or repair the vehicle, qualitatively prepare it for the winter cold period and the client suffers from poor quality of transportation services. Thus, according to the AACU, as of the end of 2016, 68% of vehicles servicing domestic transportations in Ukraine work on the residual technical resource, 41% of which do not meet either technical or environmental standards.

Figure 2. Main problems of development of international transportations of agricultural products in Ukraine

Source: [1; 5].

Besides the identified problems, it should also be noted that at the end of 2016 experts of the Association of Agrarian Carriers of Ukraine conducted a comprehensive analysis of the

agrarian market and obtained the following results. The main trends in the segment of the Ukrainian logistics market were determined [11, p. 45]:

deficit of automobile and railway transport of agro-industrial companies;

low-quality and untimely provision of services by agro-carriers;

late delivery of products;

fluctuations in transportation tariffs;

unpredictable risks not only due to changes in climatic conditions;

absence of planned orders system for transportation of products;

advantage of uneven distribution of transport orders;

increase of risks of non-payment for provided transport services;

deterioration of technical condition of the fleet of vehicles;

bad state of the infrastructure which deepens the problems;

deterioration of main roads state and access roads.

Thus, besides economic losses and lack of profit by agricultural producers, there is a likelihood of a shortage of agricultural products on the shelves of retail outlets, a rise in prices for agricultural products for the population.

Except infrastructural problems situation with traffic organization on trucks is complicated by the quality of domestic diesel fuel which is difficult to use in sub-zero temperatures. But still, speaking in general about the quality of roads and access roads in Ukraine, regardless of weather conditions which can only aggravate their condition, it is necessary to solve this problem comprehensively to all participants of the agrarian market – to customers, carriers, state bodies and representatives of the authorities at the local level. It is necessary to revise tariff rates for cargo transportation, which correlate with the main items of transportation costs, first of all, the fuel cost.

A significant problem is the lack of investment by the state. The major investors in the development of transport system are first and foremost international financial institutions, first of all EBRD, international financial institutions which is explained by the importance of Ukraine's role as a "transiter" in the transport strategy of the European Union.

For realization of potential of Ukraine's logistics system and significant increase of its efficiency, the state should as well as transport

logistics companies, shippers and business associations jointly develop programs or reforms that will help eliminate the main problems and deficiencies in such areas [5, p. 15]:

increase of efficiency of logistic activities in international transportations of agricultural products;

creation of a barrier-free environment;

personnel development in the field of logistics;

implementation and development of new logistics products and solutions;

increase of investments in transport and logistics infrastructure;

consolidation of logistics competences, creation of partnerships.

One of the crisis management mechanisms of the state administration of agro-logistic complex of Ukraine is the implementation of perspective aspects of international cooperation in the field of transport communications which will serve as a factor for the development of ports, necessary infrastructure, logistics, solving social problems in the regions and in general growth of transport and economic opportunities of all its participants.

Consider, for example, the main positive aspects of creation of the transport corridor Gdansk – Odessa. It should be noted that this transport corridor is important not only for Ukraine but also for Poland. Length of the corridor is 1 514 km by rail and 961 km by road. The main benefits which this transport corridor creates for Ukraine lies in the fact that it greatly speeds up, decreases and reduces the cost of transporting goods from Northern and Western Europe, the Middle East and North Africa. Optimization component of reducing the traffic route relative to the maritime route around the European continent is from 2,000 to 3,500 km. Besides, the project allows reaching optimization on the way from Gdansk to Istanbul through Odessa for about 3,100 km.

Together with the European transport corridor which includes ferry crossings through the Black and Caspian seas, the railways of Transcaucasia and Turkmenistan, the new corridor is able to provide the minimum distance of transportation of the countries of the Baltic basin to the Caucasus region and Central Asia.

To position Ukraine effectively on the world transport market, there is a need to solve a number of problems of the national transport system and to implement new foreign tendencies in its functioning.

Modernization of Ukraine's transport infrastructure, including for transportation of agricultural products will enable the country's participation in implementation of "One Belt – One Way" project. Part of the flow of goods by China - Western Europe - China can transit through the territory of Ukraine.

Competitiveness of products is determined not only by the quality of its production, low cost, but also by timely delivery at the lowest cost. The transport and logistics capacities of the countries-members of the Black Sea Economic Cooperation Organization are an effective platform for creation of agro-hubs. Favourable geographical location, OBSEC member countries are active exporters in the global food market which will increase the speed of traffic, increase the throughput and deepen mutually beneficial cooperation.

Priority direction of state regulation remains improvement of legal and regulatory framework for the development of transport system and market for transport services, in particular, creation of a regulatory and legal framework governing the quality of transport services, mobilization training of transport organizations and the implementation of development of public-private partnership mechanisms that provide a clear legislative distribution of rights, responsibilities and risks between the state and the investor as well as the definition of priority areas of these transport mechanisms [6, p. 61].

Consequently, analysing the work of well-known scientists in the field of public administration and economy, as well as the main regulatory documents and state priority programs for the development of the transport and logistics sphere it can be noted that the main system-wide problems of state regulation of transport industry development in Ukraine are as follows:

- availability of territorial and structural disproportions in the development of transport infrastructure;

- insufficient quality of transport services;

- low export of transport services, in particular the use of transit potential;

- insufficient level of transport security;

- increasing the negative impact of transport on the environment.

Thus, in Ukraine there were significant limitations on growth of economy due to insufficient development of the transport system. New approaches to state regulation mechanisms are needed that determine the main strategic directions and targets for the development of the transport system.

During creation of anti-crisis mechanisms of state management of logistics of the Ukrainian agro-industrial complex, it is improper to neglect logistic approaches which allow taking the most effective solutions in the field of transportation, which should be implemented in the transport-logistic mechanisms. In developing the above-mentioned state crisis management mechanisms it is necessary to take into consideration [5]:

- acceptable measures that can be used by state institutions regarding the activities of private entities;

- instruments and measures of state influence on economic processes;

- character of economic relations between economic units subject to regulation by the Ukrainian legislation; degree of responsibility of the parties;

- interactions of state institutions with objects of economic activity which are in full or in part state ownership;

- division of powers between state bodies at the state and regional levels.

Conclusions. At present, the insufficient development of state regulation methods of international logistic processes in general, including the regulatory framework, affects the state of international transportation of agricultural products. State regulation of agro-logistics shall include development and application of economic and administrative methods of state influence, analysis of regulatory and legal support of logistics activities as well as forms of implementation of state functions in managing processes that will allow creating a basis for synchronization and management of agro-logistics. Taking into account that the lion's share in the structure of logistics of agro- indus-

trial complex of Ukraine, as well as in the whole in logistics, is occupied by railway transport, it is the main carrier of cargo and passengers. Reformation of the logistics sector is not just a sanitation-optimization measure for the development of agricultural products exports today, but an objective necessity. Reformation is the first step towards adapting Ukraine's transport to the standards of the world and the European Union, as well as the

opportunity to maximally clear and make market mechanisms transparent. At the same time reformation requires a qualitative improvement of the legislative framework and optimization of the organizational structure, which requires a systematic integrated approach for developing an effective nationwide program for the development of transportations in the export of agricultural products.

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