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**FORMATION OF TARIFF POLICY FOR SERVICES OF SEA TRADING
PORTS OF UKRAINE****ФОРМУВАННЯ ТАРИФНОЇ ПОЛІТИКИ НА ПОСЛУГИ МОРСЬКИХ
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Abstract. *The paper considers the peculiarities of pricing in port activities. One of the most important and to that end debating points touched upon when reforming the port sector is the port service price formation (including stevedoring cargo handling services after the Port law came into force, in particular the point of presence or absence of proper legal grounds for the state regulation of tariffs for these services).*

Key words: *pricing, tariffs on the market of works and services (market tariffs for works and services), approaches to the development of tariffs, port industry enterprises.*

Introduction. Modern development tendencies of the world transport market and port activity necessitate acceleration in development of the commercial sea ports of Ukraine. Taking into account today's role of port activity in the national economy and processes of integration into the global economic and political system, it becomes difficult to develop the port activities [6].

Commercial sea ports play an important role in ensuring transport connections and international trade, which is especially important in connection with the integration of Ukraine into the world economic space.

The process of Ukraine's integration into the world economic space is accompanied by a re-orientation of the economic links, including an increase in export-import operations with the new partners, mainly in Asia and America. The export items that bring hard currency to Ukraine are grain and grain fodder, ore cargo, coal, metal, etc. Major economic areas comprehending mining, metallurgical and mechanical engineering and metal-working industry, as well as large agricultural areas, tend to the Dnipro and Southern Bug River basins [7].

Competitive ability of the seaports is determined by the total cost of cargo owners during cargo handling through the ports and their transportation. In the environment of severe competition in the transport service markets an increase or reduction of tariffs for the carriage of goods by rail and truck, as well as port tariffs and fees of organizations and authorities that do not take direct part in the process of cargo transportation, will be decided by the Ministry of Transport and Communications of Ukraine in a package, considering the level of transport tariffs in competing countries. Tariffs applicable in Ukrainian seaports, as well as the tariffs of



the entire national transport system, are at a competitive level with regard to the international transport service market. Therefore, any tariff changes of this system or its separate components (port, rail and other tariffs of the system) are connected with a decrease or increase in its competitive ability in the market of transport services.

Body. A great number of scientific works of foreign and national scientists are devoted to the theoretical and practical points of pricing, where the general theoretical and methodical aspects of pricing are considered, without taking into account the sector patterns of different market participants.

The studies of V.O. Kotlubay "Free tariffs as the main factor for ensuring the competitive ability of Ukrainian ports" and "Improvement of tariff policy on marine transport" say that the tariffs for services provided in the ports of Ukraine, in particular for loading and unloading operations, should be in a staged manner lifted out from public administration and control [2, 3].

In the works of V.A. Budnik and E.L. Shkurko [1, 8] the peculiarities of tariff formation in the port industry were defined and tariff controlling system in the seaports of Ukraine was considered.

The work of N.V. Iarova, O.V. Vorkunova and N.V. Ryabovolenko [9] is devoted to the practical pricing. The main function of port pricing is the best distribution of profits between the port and its clients, which would ensure the efficient port operation, and at the same time maintain the interest of the client on its services.

Markets of the port works and services should be attributed to oligopoly. The following phenomena are specific to these markets: the limited number of producers in each market segment and the interdependence of their strategies, technological, commercial, legal and regulatory "entry barriers" connected with the obligations to use the coastal space and operate the port capacities, "exit barriers", which are caused by irreversible investments, which in turn are caused by considerable financial expenses, advantages of the companies already operating in the port markets, the importance of effective relations with the clients and public authorities, commitment to the integration of port producers and other participants of the port works and service markets.

Basic terms and concepts used in pricing [5]:

1) free prices (tariffs) - prices (tariffs) established by economic entities on their own and with the consent of the parties for all goods (works, services), except for those which are subject to state regulation of prices (tariffs);

2) the cost of work (services). These are the costs in terms of cash directly related to the preparation and execution of works (services);

3) cost accounting is the definition of the amount of expenses in cash to perform a unit of a particular type of work (services) by certain types of expenses;

4) actual (reported) cost is the cost of works (services), calculated on the basis of actual costs of all types of resources for the preparation and execution of works (services) for a certain period, taking into account the actual conditions;

5) standard cost reflects the level of costs related to the preparation and execution of works (services), determined according to the technical regulations and standards for the use of engines of production and working time as in effect as of



certain day;

6) target prime cost (estimated) cost is a task to achieve a certain level of work (services) cost, which is determined on the basis of planned indicators of the scope of work (services) and costs of their implementation, taking into account the implementation of measures to improve the use of all types of resources;

7) direct costs: these are expenses that can be directly included in the cost of certain types of works (services);

8) overhead costs are costs that cannot be attributed directly to a particular type of work (services); the role of overhead costs is to create conditions for the very fact of company operation (business unit) and to organize the process of manufacture; Such expenses include total production costs, which include the cost of managing and servicing the production process; overhead costs are allocated between the types of works (services) in proportion to the chosen base.

9) standard of profitability is the level of profitability that is determined

The following is not recommended when calculating the free price (tariff):

1) inclusion of the cost of expenses into the calculation at the level above the approved standards (if any);

2) use of the outdated data by expense items;

3) combine several independent services in one price (tariff);

4) establishment of monopoly high prices (tariffs) for work (services), which may lead to a violation of customers' rights.

The level of profitability for free prices (tariffs) shall be established by a company on its own, depending on the market situation. To ensure competitive ability and in order to achieve planned financial performance when calculating free prices (tariffs) it is possible to apply different levels of profitability for various works (services).

The attractiveness of the seaports for the ship owners is determined less as by the level of rates, and more as by the flexibility of the port dues system.

A piece of ambiguity in solving the pricing problem is introduced by the fact that the formation of prices for port services is regulated not only by the provisions of the Port law, but also by other statutory instruments, in particular the Law of Ukraine "On Pricing", as well as specialized by-laws (Tariff Book approved by the order of the Ministry of Transport of Ukraine No. 392 dd. 31.10.1995, which provides for THC blanket rates).

Port charges in Ukrainian ports are fees for using port infrastructure (berths, water basins, canals, lighthouse, anchorage) and special services at ports (garbage collection from the vessels, administrative services).

In accordance with the Law "On the Sea Ports of Ukraine", the funds from the port dues should be used strictly according to their intended purpose. Determination of the purpose of spending money received from the port duties is of great importance for the development of each Ukrainian port individually and port infrastructure in general. Therefore, their distribution must be reasonable and fair.

Nowadays, 100% of funds provided from the port dues (except lighthouse and administrative fees) are transferred to the ownership of the Administration (lighthouse fee (100%) goes to the state agency "State Hydrography" which serves



and maintains lighthouses). The purpose of an administrative fee should be determined in accordance with the law, however, legislative regulation is limited to the fact that this payment is charged for administrative services and should be directed to the state or local budget.

Purposes of spending funds from each type of the port fee (except for administrative) are determined by the Procedure approved by the Order of the Ministry of Infrastructure of Ukraine #316 dated May 27, 2013; these are in particular:

- service, maintenance, repair and reconstruction of the respective port infrastructure items (berths, water basins, lighthouses, canals, etc.) and the maintenance of personnel employed in such work;
- compensation of investments in strategic objects of the port infrastructure and construction of underwater hydrolic facilities.

The existing procedure for allocating funds from port fees reflects the state's strategic focus on the port infrastructure development, creation of a favorable investment environment in the port sector; the centralization of the port dues is a necessary precondition for this.

Two main disadvantages can be distinguished in the current procedure of allocation of funds from the port dues:

1. There are no rules in the order #316 that allow to secure funds from the port dues collected at a port, for the port infrastructure of this particular port.
2. No part of the funds from the port dues comes to the local budgets, although the activity of the ports is interrelated with the communities of the cities and regions where they are located. This situation does not correspond to the practice of many developed ports of the world (Germany, Denmark, Portugal, Latvia, etc.), that send from 10 to 20% of the port dues to the local budgets of the administrative units where a respective port is located.

If as a result of reforms Ukraine wants the seaports to work efficiently, then it is not enough to develop a proper method for determining port fees and allow the market to dictate loading and unloading tariffs. It is necessary to destroy the monopoly on pilotage, tug support and other. It will help to optimize fees and tariffs in Ukrainian ports too. There will be no full development of the maritime sector without competition in all spheres.

Article 22 of the law of Ukraine «On the Sea Ports of Ukraine» determines the grounds for the port fees:

1. The following port dues are charged in a seaport: tonnage, wharfage, anchorage, canal, lighthouse, administrative and sanitary. Use of funds from the port dues is allowed for their intended purpose only. The financing of the maintenance of hydraulic facilities in scope necessary for maintaining their passport characteristics is carried out at expense of the port dues collected at seaports where such hydrotechnical facilities are located.

2. The amount of port dues for each seaport shall be established by the national commission that performs state regulation in transport sector in accordance with the method it approved. The procedure for collection, record and use of funds provided from port dues, except for the use of funds from an administrative fee, is



determined by the central executive body, which ensures formation and implementation of the state policy in the sea and river transport sector.

Funds from the administrative fee are used according to the law.

3. Port fees are paid to the Administration of the sea ports of Ukraine unless otherwise provided by the law.

4. The berth fee is collected in a benefit for the owner of the berth and if the berth is in use, than it shall be in a benefit for respective user.

The canal fee is collected in a benefit for the owner of the canal.

The vessel fee is collected in a benefit for the user of the port water basin and the owner of the operation water basin of the berth(s) constructed before that law became effective.

5. The lighthouse fee is collected in a benefit for a state agency that organizes and provides navigational and hydrographic support.

6. National commission that performs state transport regulation controls designated use of funds. For inappropriate use of funds provided from port fees, the entity that committed such a breach shall pay to the State Budget of Ukraine a fine of 200 percent of the amount of inappropriately used port dues.

Procedure of collection, amount of the port fee rates and Procedure of recording and using funds provided from the port fees are approved with an Order #316 of the Ministry of Infrastructure of Ukraine dd. 27.05.2013.

The Order of the Ministry of Infrastructure of Ukraine #316 dated May 27, 2013 provides for the following coefficients and discounts for the port dues:

Clause 1.5. For the calculation of all types of fees, the conditional tonnage of RO-RO, RO-FLOW, OBO, LO-RO, container vessels, cattleships, light carriers and car carriers shall be used with a coefficient of 0.7 provided that these vessels are used in accordance with their specialization. The type of ship and its specialization are determined by ship's documents.

Clause 1.7. For the cargo vessels of group A operating on the legally opened overseas routes, a discount of 20 percent of the tonnage fee shall be granted.

P. 1.9. For the vessels calling at the Yuzhny sea port for loading and unloading general and bulk cargo, a port discount of up to 50 per cent may be applied to the rates of all types of port dues.

The following discounts are applied in the sea port of Yalta,:

- 50 per cent of the tonnage fee rate for the vessels of group A;
- 20 per cent from the rates of all types of port dues for the overseas cruise passenger vessels of group B (except for cargo passenger vessels).

In the seaport of Odessa, a discount of 20 per cent is applied for the rates of all types of port dues for overseas cruise passenger ships of group B (except for cargo passenger vessels).

A discount of 50 per cent for all kinds of port dues is applied from November 15 to March 15 for overseas cruise passenger ships of type B (except for those making a cargo passenger voyage), proceeding to any seaport.

At the same time, it should be remembered that if the vessel is subject to the application of several discounts for the port dues, only the largest discount for the base rate shall be applied.



Discounts are also used when calculating each type of fee separately:

- tonnage fee:

Clause 2.3. The ships of D and E groups are exempted from payment of the tonnage fee.

Tonnage fee rate with coefficient 0,8 shall be applied for the overseas ships of groups A, B and G with modulus of up to 10 thousand cubic meters.

Clause 2.5. If vessels of group A call successively several Ukrainian sea ports during one voyage, the tonnage fee shall be collected as follows:

– if calling two seaports there will be a 50 per cent discount for the base rate in each port;

– if calling more than two seaports the discount for the base rate will be 50 per cent in the first sea port and 75 per cent in each following one.

Clause 2.6. For the vessels of group B, the tonnage fee shall be levied at each sea port when entering and leaving it at rates with a discount of 50 per cent only for the first and second voyages the vessel makes during the calendar year. During the following calls to a seaport within a calendar year, the tonnage fee from these vessels shall not be collected.

The tonnage fee (for the entry and leaving the seaport) shall be collected from the overseas cruise passenger ships of group B belonging to the same shipowner (except for those making a cargo passenger voyage), at a discount rate of 50 per cent only for the first two voyages any of such vessels makes within a calendar year. If the vessels owned by the same shipowner, make the following voyage no tonnage fee shall be charged from them.

- canal due:

Clause 3.5. For the vessels that have loaded draft of no more than 4.5 meters in accordance with an international tonnage certificate, the canal fee rates shall be applied with a coefficient of 0.38, except for the seaport of Bilhorod-Dnistrovsky and Prorva canal.

Clause 3.6. The vessels of group B pay a canal fee at each seaport when entering and leaving it at a discount rate of 50% only for the first and second voyages the vessel makes during the calendar year. During the following voyages within the calendar year, the canal fee shall not be charged from these vessels.

- wharfage:

Clause 5.4. The wharfage shall be paid separately for each operation. If the operation is performed at unimproved port facilities or in "vessel-vessel" mode, the wharfage rate shall be applied with a discount of 50 per cent.

Clause 5.5. Vessels standing across to another moored vessel or moored bow or stern to the quay, pay 50 per cent of the wharfage.

- sanitary due:

Clause 8.4. A 50 percent discount for sanitary due is granted to the vessels that have environmental protection equipment for the complete disposal of all types of shipboard waste and pollution and have a pollution of sea by oil and sewage international prevention certificate and a pollution by garbage (ecologically clean) prevention certificate.

Conclusions. The price is the most important indicator for each particular



company, as it determines the size of income and profit, that is, financial soundness. Company specialists need to have information about prices and pricing and make economically reasonable pricing decisions.

The targets of the port determine the amount of profit the port wants to obtain from its services through tariffs. The main function of port pricing is the best distribution of profits between the port and its clients, which would ensure the efficient port operation and at the same time maintain the interest of the clients on its services. This will allow companies in the port industry to determine and establish economically justified market conditions for the tariffs for port works and services that will have a positive impact on the competitive ability of Ukrainian ports.

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Анотація. В роботі розглядаються особливості ціноутворення в портовій діяльності. Одним з найбільш важливих і в зв'язку з цим дискусійних питань, порушених у процесі реформування портового сектору, є питання формування цін на портові послуги (в тому числі стивідорні послуги з обробки вантажів після вступу в силу закону про порти, зокрема, питання щодо наявності або відсутності належних правових підстав для державного регулювання тарифів на такі послуги.

Ключові слова: ціноутворення, тарифи ринку робіт і послуг, підходи до розробки тарифів, портові збори, нарахування портових зборів, підприємства портової галузі.

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