SEA PORT INDUSTRY OF UKRAINE: CURRENT STATE AND PROSPECTS FOR PORT DEVELOPMENT THROUGH THE IMPLEMENTATION OF THE PORT-LANDLORD MANAGEMENT MODEL

Topicality. The port industry acts as a link in the global transport services arena and is the basis for the development of the entire economy. The ability of ports to compete in the international transport market depends not least on how the government manages this sector, and therefore the need for a comprehensive study to implement the right (effective) management model and increase the level of economic development of seaports is becoming increasingly important.
Aim and tasks. The purpose of this article is to reveal the essence of the operation of maritime economic complexes management models, to understand the current state of Ukrainian ports and develop recommendations for further development of port infrastructure, taking into account the experience of the most developed EU ports.

Materials and Methods. To achieve this goal, the article uses general scientific research methods, namely: methods of system analysis, methods of comparison and logical generalisation. The information sources for this study are the scientific works of domestic and foreign scientists on the problems of implementing the model of management of the maritime economic complex, analytical data and data from open sources.

Research results. In today's environment, when trade between countries is gaining significant momentum, it is important to improve the port sector and its components. This is a driver for development and change in the infrastructure, especially as shipping is one of the cheapest ways to transport goods. Ukraine's stable development as an importing and exporting country depends on the state's ability to create the necessary conditions for effective changes in this area. The article emphasises the need to change the model of port infrastructure management and briefly describes each of the port management models defined in accordance with the criteria set by the World Bank. The necessity of bringing port management closer to the port-landlord model was emphasized. It is emphasised that the transition to the port-landlord model is not about the Ukrainian Sea Ports Authority (hereinafter - USPA) obtaining land ownership, but about transforming the USPA into a port authority with full powers and tools to increase the competitiveness of the Ukrainian port system.

Conclusion. This work proposes a set of measures aimed at qualitatively bringing the Ukrainian model closer to the practice of port management in Northwest Europe.

Keywords: maritime complex, Ukrainian Sea Ports Authority, port - landlord, management, post-war recovery.

Problem statement and its connection with important scientific and practical tasks. Since Ukraine is one of the main suppliers of mass commodities (such as grain and wheat) to the other countries of the world, improving the operational and institutional sustainability of the Ukrainian seaport industry is an urgent issue not only at the national and regional levels, but also on a global scale. The problem is that the current model of governance of the Ukrainian port industry is not in line with international practice and is unlikely to bring as many economic benefits in the future as could be obtained if a more orderly model were introduced. In order to strengthen the competitive advantages of the Ukrainian port sector, fundamental changes in the operation of seaports are needed to increase their attractiveness to domestic and foreign investors and to improve the efficiency of the governance mechanism that will allow the state to manage the port sector in a way that achieves the above objectives.

Analysis of recent publications on the problem. Theoretical and practical issues related to the problems of implementing the port-landlord management model are the subject of a number of studies by domestic and foreign scholars, such as A. G. Demianchenco, S. V. Kivalov, L. V. Valueva, O. M. Kotlubai, N. O. Valiavska, T. Notebuma, G. Haralambides, J. - P. Rodrigue and many others. However, despite the rather thorough research on this issue, the development of effective steps for the efficient development of our port industry is not losing its relevance, but, on the contrary, is gaining new meaning with the development of global trade.

Allocation of previously unsolved parts of the general problem. The current model of port management is outdated and inefficient, which prevents ports from realising their full potential. This necessitates a transition to a model that would allow for the recovery of port infrastructure. Therefore, in this context, it is important to consider the port-landlord management model based on the best European experience, which has been increasingly discussed by our country's leadership in recent years and is best suited to Ukrainian conditions, which requires further research.

Formulation of research objectives (problem statement). The purpose of this article is to consider the current state of the port industry of Ukraine, to reveal the essential characteristics of seaport management models. Identify existing shortcomings that impair the competitiveness of Ukrainian ports and develop recommendations for further development of port infrastructure, taking into account the experience of the most developed EU ports.

Materials and Methods. Thus, in order to achieve this goal, the paper uses general scientific research methods, namely: methods of system analysis, methods of comparison and logical generalisation. The information sources for this research are the scientific works of domestic and foreign scientists on the problems of implementing the model of management of the maritime economic complex, analytical data and data from open sources.

An outline of the main results and their justification. As a coastal state controlling most of the northern coastline of the Black and Azov Seas, Ukraine is strategically located between Europe and Asia and boasts a much longer coastline than its EU neighbour, Romania, and thus is a vital
After our victory, the cargo turnover of Ukrainian ports will increase. Ukrainian ports will definitely become leaders in the Chernomorsk region. This will be facilitated by long-term cargo flows of imported goods for Ukraine's recovery, increased agricultural yields, investment in processing and transport infrastructure, development of the internal terminal transport network, and increasing energy efficiency. For this purpose, the State Property Fund is now actively looking for investors for state-owned ports. And this requires establishing management at the ports.

In the modern world, there are more than 2,000 seaports that have their own governance model. Studies show that, according to international practice, ports are seen as one of the most effective tools for national economic development. Thus, summarising the experience of seaport management in different countries of the world, the following types of governance can be distinguished according to the World Bank definition, as shown in Figure 1. Public Service Ports are state-owned and managed. Port operations and infrastructure are fully controlled by the state. The government assumes almost all responsibility for port operations. This is the most classic model. It can be clearly seen in countries such as France, Croatia, Latvia, where most seaports are state-owned and managed by administrative councils subordinated to state authorities (Kivalov, 2017, p. 8). In particular, Croatian legislation recognises ports as state property owned by central, county and municipal authorities. Private ownership or possession of ports is not recognised. The right to use port activities is granted only on the basis of concessions (The World Bank, 2020, p. 41).

Tool Ports - a port is managed jointly by the state and a private company. Lease or concession agreements with private operators are used to develop the port's terminals and infrastructure. This model of governance is popular in developing countries, particularly in India, where ports are operated on a service basis, meaning that all operations and services are provided by private operators.

Port Landlord - the state owns the port land, but leases it to private operators through concessions or lease agreements. Private operators take full responsibility for the operation of the port and the economic risk. This is currently the most popular model.

Private Ports - fully private ports that serve only shareholders and do not include public and public functions.

After our victory, the cargo turnover of Ukrainian ports will increase. Ukrainian ports will definitely become leaders in the Chernomorsk region. This will be facilitated by long-term cargo flows of imported goods for Ukraine's recovery, increased agricultural yields, investment in processing and transport infrastructure, development of the internal terminal transport network, and increasing energy efficiency. For this purpose, the State Property Fund is now actively looking for investors for state-owned ports. And this requires establishing management at the ports.

In the modern world, there are more than 2,000 seaports that have their own governance model. Studies show that, according to international practice, ports are seen as one of the most effective tools for national economic development. Thus, summarising the experience of seaport management in different countries of the world, the following types of governance can be distinguished according to the World Bank definition, as shown in Figure 1. Public Service Ports are state-owned and managed. Port operations and infrastructure are fully controlled by the state. The government assumes almost all responsibility for port operations. This is the most classic model. It can be clearly seen in countries such as France, Croatia, Latvia, where most seaports are state-owned and managed by administrative councils subordinated to state authorities (Kivalov, 2017, p. 8). In particular, Croatian legislation recognises ports as state property owned by central, county and municipal authorities. Private ownership or possession of ports is not recognised. The right to use port activities is granted only on the basis of concessions (The World Bank, 2020, p. 41).

Tool Ports - a port is managed jointly by the state and a private company. Lease or concession agreements with private operators are used to develop the port's terminals and infrastructure. This model of governance is popular in developing countries, particularly in India, where ports are operated on a service basis, meaning that all operations and services are provided by private operators.

Port Landlord - the state owns the port land, but leases it to private operators through concessions or lease agreements. Private operators take full responsibility for the operation of the port and the economic risk. This is currently the most popular model.

Private Ports - fully private ports that serve only shareholders and do not include public and public functions.
A distinctive feature of the governance models presented is the division of responsibilities between public and private. The involvement of the private sector can be organised in different ways. The table below (Table 1) shows the main applicable port management models and presents the division of responsibilities between the public sector or private party.

### General division of responsibilities in port management models

<table>
<thead>
<tr>
<th>Port models</th>
<th>Regulation</th>
<th>Infrastructure</th>
<th>Superstructure</th>
<th>Equipment</th>
<th>Labor</th>
<th>Nautical services</th>
<th>Ownership of land</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public service port</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Colombo; Sri Lanka; Koper, Slovenia</td>
</tr>
<tr>
<td>Tool port</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bangladesh; Chittagong</td>
</tr>
<tr>
<td>Landlord port</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rotterdam; New York; Singapore; Antwerp; Los Angeles</td>
</tr>
<tr>
<td>Private port</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Some ports in the UK and New Zealand</td>
</tr>
</tbody>
</table>

Source: compiled by the author on the basis of data taken from the World Bank, 2020 report

From an international perspective, the port-landlord model is probably the best and most common form of governance, as it effectively balances the public interest of the community with the private interests of shareholders. Currently, most European ports operate under this management model. According to it, the USPA is the owner (landlord) of land plots within the port's water area. At the same time, private stevedoring companies carry out loading and unloading operations on land plots and berths acquired under concession for up to 40 years (with the possibility of extending the concession agreement) (The World Bank, 2020, p.16). The port-landlord model...
has a great advantage from a legal perspective, as it clearly separates the roles of port "regulators" and "operators". The port-landlord model also reduces the financial burden on the government, as terminal operators are responsible for both infrastructure development and annual concession payments in the form of rent and bandwidth fees.

Ukraine lags far behind the leading maritime powers in terms of the efficiency of port management. Ukrainian ports are territories used by different entities and are not subject to systematic planning and management. That is, there is no integrated land ownership and land use in seaports. The current system of port management in Ukraine does not fall clearly into any of these categories, but is a mixture of all 4 models, which is not conducive to efficient operation. In most ports, the land is owned by the state, as are other strategic assets such as approach channels, port basins and port canals.

The transition to a port-landlord management model is a logical step in continuing the reform of the port sector, which began in 2013. Since the beginning of the reform of the Ukrainian port industry, the port management model has been changed and the USPA was established in 2013, with administrative, safety and security functions at sea. Purely commercial activities were left to state and private stevedoring companies and marine terminals. The experience of north-western European ports in Ukraine has already provided ample examples of private participation in port activities, as most port facilities are currently in the private sector. For example, the Pivdennyi port operates a private dry cargo port (TIS), which owns land and other strategic assets such as quay walls and access channels. Private stevedoring companies can be found, in particular, in the ports of Odesa and Mykolaiv, which have leased land plots with obligations to make integral improvements to the leased property of state stevedores. State stevedoring companies operate in the port of Illichivsk and compete quite successfully with private stevedoring companies (Shemayev, 2020a).

This distribution of functionalities in seaports has brought the domestic management model closer to the landlord-port model, which is well known in North America and Northwest Europe, but Ukrainian ports are still lagging behind in this regard. This is due to the fact that Ukraine has not yet adopted a successful port landlord model, as it does not have institutional mechanisms to overcome the existing obstacles associated with the limited management of ports as state-owned facilities due to the existence of multiple landlords - state, local and private entities. In addition, the USPA is currently responsible only for the part of the port that it owns - the quay wall and certain areas closer to the middle of the port.

The government intends to switch to a landlord model of port management in line with Western European standards. This means that the land and basic infrastructure will always be owned by the government, and the terminal will be handed back to the government after the concession period expires. The private operator will have only a temporary right to (develop, build) operate and maintain the terminal.

It should also be noted that the transition to the port-landlord model does not mean that the USPA will acquire ownership of the land, but rather that the USPA will be transformed into a port authority with full powers and tools to increase the competitiveness of the Ukrainian port system. All participants will be able to develop the port area, but the USPA will ultimately decide whether a particular stevedore will be allowed to build a particular facility within the port. To implement this model, it would be advisable to involve both experts and international organisations, including the EBRD, which is a lender to many companies operating in Ukrainian ports. The implemented management model will improve the conditions for attracting private investment, which in turn will strengthen Ukraine's position as a food and produce exporter on the global market. This will also attract the world's most successful traders, who will understand this model and will be able to plan capacity expansion together with the port authority. The Port authority will be in a position to provide each investor with a plan that will allow them to carry out their plans for the long term (Chernyshova & Yakovenko, 2022).

Despite the fact that many initiatives have been taken to successfully reform the port, the implementation of the reform is still at an early stage, which means that the following goals need to be achieved in the near future (using the best international practices in the port industry):

1) Enshrine in law a full-fledged landlord (landowner) function for the port administration, which includes a number of general elements, such as management, maintenance and development of port property and land plots. It also includes developing and implementing a strategy for managing and developing of port property;

2) Amendments to the Land Code to rationalise (streamline) land relations, i.e. to clarify the status, characteristics and conditions of use of port areas. For example, due to the lack of legislative coherence and administrative verticality, there are
currently plots of land that have not been developed for their intended purpose for a long time, which reduces the area of land available for future port development and does not ensure the implementation of long-term port development plans (Panchuk, 2019, p. 58);

3) Potential clustering of strategically important ports - defining the boundaries of all ports, creating a bank of potentially free zones for the development of port capacities and conducting an inventory of port areas;

4) Encourage private sector participation in the development of port infrastructure by introducing a mechanism for compensating business entities for their investments in strategic port infrastructure facilities of the USPA. This will allow, for example, to attract world-class dredging companies to implement projects in Ukraine;

5) Accelerate the finalisation of the draft of the methods of calculation of the rates of port dues collected in seaports and bring their structure to a competitive level (Laiko et.al., 2023);

6) Create legislative conditions for the gradual transfer of state-owned port operators in Ukrainian ports to concession, lease or privatisation. This will reduce the unprofitability of ports that require large investments;

7) Improve the governance of the USPA. In particular, corporatisation from a state-owned unitary company to a joint-stock company, consolidation of branches in seaports on a network basis, minimisation of state involvement and political influence on the organisation's decisions. The joint-stock structure will help to ensure that income from port property leases goes into the accounts of the USPA, which currently receives only 20% of lease income, with the rest going to the national budget. This would allow for more independent management of the company, enable external financing, for example, through the placement of Eurobonds without a government guarantee, and more effective interaction with port stakeholders;

8) Decentralisation of port management by strengthening cooperation between port administrations and local authorities - consideration of the possibility of transferring part of the shares to municipalities and local authorities in exchange for the transfer of ownership or control of State or local-owned port areas, i.e. the involvement of local authorities in management (creation of a Port Council), and after the corporatisation of the USPA - participate in pilot projects on co-ownership of separate autonomous port administrations (in particular, in the ports of Odesa and Mykolaiv, cargo transshipment is carried out exclusively by private operators, and the infrastructure of their respective cities is actively used by freight transport going to and from the port) (Shemayev & Shemayeva, 2020b).

The involvement of local authorities in port management aligns port development with local interests and allows additional land to be used for the construction of new facilities outside the settlement where the port was originally located;

9) Promote the development of intermodal transport through cooperation between local authorities and Ukravtodor and JSC «Ukrainian Railways» (including the «Liski» container railway company) in the development of access roads to the port;

10) Simplification of existing legislation to reduce red tape and improve the investment climate. There are no clear and transparent procedures, and any project faces a huge wall of bureaucracy, making the investment climate in Ukraine unattractive for foreigners and Ukrainians alike.

Conclusions and perspectives of further research. In the course of further adaptation of the port-landlord model to the national model of port sector management, it is necessary to take into account the national context. Seaports should be considered as regionally heterogeneous systems, formed by significant differences in geographical location, resources, economic structure, level of development of various sectors of the economy, conditions for entering the market environment, pace of ownership transformation, etc.

Unlike ports in North America and Northwest Europe, Ukrainian ports are not competitive enough in terms of port services, despite their unique competitive advantage of geopolitical location. The USPA and its branches lack a mechanism for managing and planning the development of seaports aimed at efficient use of the territories, harmonising national, regional and private sector interests, and attracting investment, which prevents them from fully implementing the provisions of the National Transport Strategy of Ukraine until 2038. The strategy identifies key areas such as increasing the efficiency of ports, improving their technical and technological equipment, adapting the management and infrastructure development system to modern international requirements, which determine the competitiveness of the domestic transport sector in the international market. At the same time, the economic crisis in Ukraine due to the loss of control over certain territories and the unprecedented deterioration of port infrastructure in recent years (over 70%) has led to a decline in
cargo handling in Ukrainian ports, including transit and containerised cargo. Experts estimate that Ukraine's port industry needs more than $3 billion in investment of investment. This will require cooperation between the state and ports to create favourable conditions for the development of port infrastructure and attract private capital for its modernisation on mutually beneficial terms (Strategy of development of seaports of Ukraine, 2020; Shemayev, 2020a).

The application of foreign experience will help to restore Ukraine's port activities in the post-war period, a period of rapid economic growth and expansion of investment opportunities for maritime activities (Volska, 2022). Today, Ukraine has an opportunity to reform the port industry to maximise its efficiency and further expand international trade. Ukrainian ports will become more attractive to investors, which in turn will accelerate the process of improving and reaping the benefits of port infrastructure development.

REFERENCES


