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**Strategic priorities of aviation services market’s competitiveness growth in Ukraine within globalization**

*The basic strategic priorities of aviation services market’s competiveness growth in Ukraine within globalization terms are defined in the article. The special attention is given to the prospects of improving, security and achieving correspondence of national aviation services market’s standards with international ones under the terms of Ukraine’s joining Common aviation space with EU and rules of ‘common aviation area’. The main priorities of aviation branch in Ukraine are defined concerning its competitiveness growth.*

***Key words****: aviation services market, competitiveness growth, aircraft industry, aeronautic engineering, air traffic, air vehicles, civil aviation, national standard, common aviation area.*

Under the terms of crisis economic situation directly linked to the loss of traditional outlets for national goods and services Ukraine has been searching for new trends and niches for further economic development. The important place in this process is taken by aviation services market development which is closely connected with innovations, high tech growth, domestic and foreign trade maintenance and passenger traffic. The set of aviation services draws closely related branches to its sphere development such as highway engineering and all kinds of transportation (including their repairs), infrastructure objects, machine building, hotel and restaurant business, trade etc. Thus, aviation services market development forms multiplicative effect of economic growth that positively impacts on creation of additional workplaces and national production capacity growth. In this way the issue of finding strategic priorities of aviation services market’s competitiveness growth is of actual importance for Ukraine concerning the globalization challenges and aggravation of competitiveness in this business segment in the world.

In 2015 Ukraine was in agreements on air communication with 68 world countries including the following ones:

- providing no restrictions as for number of airlines and flights from Ukraine with 11 countries;

- providing some restrictions as for number of flights, control over departure and arrival airports with 48 countries, 8 of which gave permission just only for one airline carrier;

- providing restrictions as for having just one Ukrainian airline with 9 countries [1].

These data are evidence of institutional and organizational obstacles in free air communication between Ukraine and world countries.

Among the main problems hampering the Ukrainian aircraft industry development and aviation services market development it should be mentioned the following: crisis of domestic civil aviation market related to lack of investments into national airlines to update and modernize the set of aircraft in service; reduction of civil aircraft export; underdevelopment of loan tools to finance manufacturing and realization of state aeronautical engineering, unavailability of financial leasing; lack of tax and other incentives for local and foreign financial groups to invest into Ukrainian aircraft industry etc. Among the factors obstructing drawing investments into national aircraft industry the following ones are defined: organizational dissociation of its structures; decrease in scientific, intellectual potential and worsening personnel potential in design engineering departments, institutes and enterprises engaged in designing and producing aircraft; competitiveness aggravation concerning laws of property in the aircraft manufacturing sphere; toughening the world organizations’ requirements concerning control over keeping quality and safety standards in the sphere of aircraft manufacturing and air transportation [2].

In 2015 Ukrainian register included 915 objects of air industry, among them there were 352 objects of general purpose aviation, 72 aircraft in service, 32 aircraft manufacturers, 39 aeronautic engineering designers [1]. Unfortunately, for the last years our state has lost competitive position in the aeronautic engineering market, air transportation and air services market. Though, in spite of all the drawbacks, Ukraine has saved powerful competitive potential in the sphere of transport and regional passenger aviation. It possesses full circle (macro technology) of aeronautical engineering creation. Considering the level of development, aircraft construction in Ukraine is a member of the “club” of top world countries applying high avia tech. So aircraft industry is both one of the most profitable and one of the most capital-intensive spheres of machine building.

In 2015 Ukrainian aircraft industry numbered more than 60 enterprises producing aeronautic engineering, including 5 large enterprises – public corporation ‘Motor-Sich’, Kharkiv aircraft plant, Antonov Aeronautical Scientific-Technical Complex (Antonov ASTC), Kyiv plant ‘Aviant’ which employed nearly 25 % of labor force engaged in the sphere of machine building. Aircraft industry potential un Ukraine is oriented towards designing and producing regional passenger and transport aircraft (including medium aircraft segment); aviation engines and aggregations; on-board radio electric equipment aimed at using satellite communications, navigation and surveillance; helicopters and small aircraft, particularly, pilotless vehicles etc. The following aircraft are of the most perspective and competitive designs in Ukrainian aircraft industry: [Аn-38](http://uk.wikipedia.org/wiki/%D0%90%D0%BD-38), [Аn-70](http://uk.wikipedia.org/wiki/%D0%90%D0%BD-70), [Аn-74](http://uk.wikipedia.org/wiki/%D0%90%D0%BD-74), [Аn-124](http://uk.wikipedia.org/wiki/%D0%90%D0%BD-124), [Аn-140](http://uk.wikipedia.org/wiki/%D0%90%D0%BD-140), [Аn-148](http://uk.wikipedia.org/wiki/%D0%90%D0%BD-148), Аn-158 and their modifications; engine production chain [D-27](http://uk.wikipedia.org/wiki/%D0%94-27), [D-18T](http://uk.wikipedia.org/wiki/%D0%94-18%D0%A2) of fourth series, [АІ-450](http://uk.wikipedia.org/wiki/%D0%90%D0%86-450), [АІ-222-25](http://uk.wikipedia.org/w/index.php?title=%D0%90%D0%86-222-25&action=edit&redlink=1), [ВК-2500](http://uk.wikipedia.org/w/index.php?title=%D0%92%D0%9A-2500&action=edit&redlink=1); helicopter; pilotless vehicles [1].

The examples of interstate contracts made proves the existence of powerful competitive potential of Ukraine in the aeronautic engineering world market which allowed to broaden cooperation and international integration to aviation sphere, promoted aviation complex development in the state. For instance, Ukrainian aircraft An-124 “Ruslan” was chosen for military and transport traffic in 12 NATO countries (including EU countries and Canada). Its competitive advantage compared to Americal aircraft C-17 “Globe-master” was lower price and greater weight-carrying ability. In particular, French military forces used aircraft An-124 “Ruslan” made in Ukraine to transport military technique and property to Mali for the operation Serval.

On April 18, 2002 Brasil and Ukraine signed the protocol on the Alcantara Cyclone Space project which was to give Brazil and Ukraine access to the global commercial launch market for satellites in low and medium Earth orbit, with the possibility of launching very light telecommunications satellites into geostationary orbit. The project provided drawing costs from state budget as well as from commercial investors.

China is a prospective foreign trade partner of Ukraine and the main consumer of Ukrainian export in Asian-Pacific region. The powerful domestic air traffic market guarantees demand for Ukrainian planes. In particular, the negotiations are in force concerning Ukraine’s participation in China state program on Chinese western regions development which provides wide-scale infrastructure objects building, including ones in aviation sphere. The Comac ARJ21 Xiangfeng, a [twin-engined](https://en.wikipedia.org/wiki/Twinjet) [regional jet](https://en.wikipedia.org/wiki/Regional_jet), manufactured by Chinese aerospace company [Comac](https://en.wikipedia.org/wiki/Comac), features an all-new [supercritical wing](https://en.wikipedia.org/wiki/Supercritical_wing) having a [sweepback](https://en.wikipedia.org/wiki/Swept_wing) of 25 degrees and designed by [Ukraine](https://en.wikipedia.org/wiki/Ukraine)’s [Antonov](https://en.wikipedia.org/wiki/Antonov) Design Bureau. It is fitted with [winglets](https://en.wikipedia.org/wiki/Wingtip_device) to improve aerodynamic performance. Antonov also assisted the project with geometrical determination and integral analysis of the construction strength of ARJ21.

The special attention is given to the cooperation in the sphere of aircraft building and air traffic development with EU countries. On March 12, 2013 inter-governmental agreement on air traffic was signed between Ukraine and Poland. It defines the procedure of aircraft enterprises inspecting aimed at evaluation of its correspondence to quality standards of the International Civil Aviation Organization (ICAO), [specialized agency](https://en.wikipedia.org/wiki/Specialized_agency) of the [United Nations](https://en.wikipedia.org/wiki/United_Nations) which codifies the principles and techniques of international air navigation and fosters the planning and development of international [air transport](https://en.wikipedia.org/wiki/Scheduled_air_transport) to ensure safe and orderly growth. This procedure allows to transfer to the process of fare monitoring and restricting the intrusion of air traffic administration into the process of fare setting, permitting aircraft enterprises to make commercial agreements on air traffic using common accepted codes etc [3].

Ukraine is realizing the twinning project " Support to the implementation of European standards in air traffic management and air navigation" aimed at supporting the sustainable development of civil aviation in Ukraine; harmonising regulations and working practices to comply with international standards (ICAO) and international best practices; preparing for the implementation of international and EU standards.

Іnstitutional and legislative basis of Ukraine’s cooperation with EU countries in the sphere of air transport development is formed with realization of Air Law which was adopted by Verkhovna Rada in May, 2011 [5]. It regulates the legal fundamentals of activity in the sphere of air transport, defines priorities of air branch state regulation, normalizes terms and standards of air space use considering aviation and air traffic safety guarantees, provides state interests and national security in air traffic. Air traffic security is one of the main conditions for competitiveness in EU countries as well as in the world.

## Among the priorities of air traffic security Air Law mentions the following: implementation of international organizations’ requirements to Ukrainian legislature, especially concerning air navigation security and passengers’ protection (both in civil commercial aviation, general-purpose aviation and state aviation); normalization of the way of passengers’ damages done by flight delays and/or route changes; standardization of the cross-bordering terms by air vehicles; precise definition of state authorities responsible for air transport functioning etc. [5]. Air Law of Ukraine provides executing requirements of air transport international organization such as the Joint Aviation Authorities, or JAA, an associated body of the [ECAC](https://en.wikipedia.org/wiki/European_Civil_Aviation_Conference) representing the [civil aviation](https://en.wikipedia.org/wiki/Civil_aviation) regulatory authorities of a number of [European](https://en.wikipedia.org/wiki/Europe) States, the European Civil Aviation Conference (ECAC), an [intergovernmental organization](https://en.wikipedia.org/wiki/Intergovernmental_organization) which was established by the [International Civil Aviation Organization](https://en.wikipedia.org/wiki/International_Civil_Aviation_Organization) (ICAO) and the [Council of Europe](https://en.wikipedia.org/wiki/Council_of_Europe), the European Organisation for the Safety of Air Navigation, commonly known as Eurocontrol, an [international organisation](https://en.wikipedia.org/wiki/International_organisation) working to achieve safe and seamless [air traffic management](https://en.wikipedia.org/wiki/Air_traffic_management) across [Europe](https://en.wikipedia.org/wiki/Europe), and considering conclusions and recommendation of the International Civil Aviation Organization (ICAO). Compliance with Air Law norms will promote international standards implementation and satisfaction of the requirements concerning the structure, quality and safety of air vehicles use, pilots’ qualifications, state and capacity of air services providing buy airport service, creation of Common aviation area between Ukraine and EU countries. European Common Aviation Area (ECAA is defined by bilateral agreements between European countries about a [single market](https://en.wikipedia.org/wiki/Single_market) in [aviation](https://en.wikipedia.org/wiki/Aviation) [services](https://en.wikipedia.org/wiki/Service_(economics)). The ECAA in effect would [liberalize](https://en.wikipedia.org/wiki/Liberalisation) the air transport industry by allowing any company from an ECAA member state to fly between any ECAA member states airports (including the possibility for a "foreign" company to provide domestic flights). Ukraine’s joining ECAA opens the new air services markets for the country covering 500 mln.people.

## Conclusions

## Aviation services market’s competitiveness growth in Ukraine within globalization is closely connected with intensification of integration processes and Ukraine’s joining European Common Aviation Area. The agreements between this country and EU define strategic priorities of aviation complex reformation and Ukrainian air services market’s competitiveness growth emphasizing on quality improving, safety guaranteeing, corresponding of national standards of aviation complex development with the one of developed countries.

## Among the basic priorities of aviation services market’s competitiveness growth in Ukraine there are harmonization of Ukrainian legislation to EU legislation in the sphere of flight security and air navigation management. Such security standards concern planes’ technical standards; qualification level of air carrier and traffic controller service; qualification level of air inspectors; accurate compliance with flight schedule; guaranteed way of passengers’ damages done by flight delays, flight cancellation and flight postponing etc. Mutual access of the countries to the national air services market is of important trend of air traffic market’s competitiveness growth in Ukraine, including air traffic market, producing and maintenance of air vehicles, air specialists’ training etc. Uniting of air markets is beneficial for Ukrainian air industry mainly for the following reason: air production of Ukrainian origin and aviation services will go through corresponding certification and develop competitiveness in European and world markets. This process will positively affect national air complex development, aviation services market’s competitiveness growth and Ukrainian economic growth in general.

## To take competitive advantage of Ukrainian air complex it is reasonable to create favorable conditions for drawing investments, technological base updating, international air consortium creating with the participation of leading transnational world corporations; provide organization of joint ventures and long-term production and marketing cooperation; guarantee state support to aviation complex in Ukraine. Creation of air hubs and consolidation of air enterprises within powerful diversified developed world countries’ air complexes is also perspective in Ukraine.

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