

**I.Kryuchkova**, *Doctor of Economics,*

*Principal Researcher, Institute for Economics and Forecasting, Ukrainian NAS*

**DESTRUCTIVE CHANGES IN THE DISTRIBUTION OF GROSS  
DISPOSABLE INCOME AND THE GUIDELINES OF THE STATE  
POLICY TO OVERCOME THEM**

The author highlights the reasons and consequences of the destructive changes in the distribution of gross disposable income (GDI) between the institutional sectors of the economy in 2012. First of all, it is the high level of net outflow of property incomes from the real sector in favor of the financial corporations due to the high cost of crediting with the effect of decline of the enterprises' savings causing a decrease in investments in the current year. Secondly, it is the GDP drop in the sector of general state management due to the big difference between the received and paid social transfers with an impact on the accumulation of the national debt. The author emphasizes that a special decline took place in the incomes of the non-financial corporations, which led to an economically dangerous infringement of the basic conditions of GDP reproduction against a background of increased outflow of factor incomes, as well as savings of the financial sector (in the form of debt repayment). The article provides recommendations on the elaboration of a medium-term program of sanitation of the public finances (including measures on "deshadowzation" of the economy and diversification of pension sources together with taking harsh measures concerning not only the volumes of budget deficit, but also the volumes and structure of public expenditures, especially as regards the social transfers for the whole period (up to 5 and more years). At the same time, in order to reduce the outflow of property incomes and resumption of the safe saving level of the non-financial corporations, the author recommends introduction of the legal limitation of the interest rates on deposits and credits with the NBU control over and establishment of correcting coefficients on the banks' contributions to the Fund for Guaranteeing Personal Persons' Deposits depending on interest rates on deposits.

**Keywords:** *gross disposable income, institutional sectors, safe levels of the sectoral gross disposable income, property incomes, social transfers, gross generation of fixed capital, distortions in the structure of gross disposable income.*

**V.Bashko**, *PhD in Economics,*

*State Research and Educational Institution "Academy of Financial Management"*

**EFFICIENCY OF THE EXECUTION OF RENTAL PAYMENTS  
IN UKRAINE**

Based on a comparison between the profitability indicators of mining and non-mining enterprises, the author makes a conclusion about the low efficiency of the execution of rental payments in Ukraine. Based on financial and tax reporting, the article establishes that the profitability of the mining enterprises considerably exceeds that of non-mining one, which is due to the low rates of rental payments for the extraction of minerals. As a result, in 2006–2011, the government did not receive about 50% of all revenues from natural rent or over 50 bln. Hrn.

For more exact assessment of the volumes of generation and distribution of natural rent in Ukraine, the author analyzes the results of the companies' financial activities by the following three mineral types: iron ore, oil and natural gas. In particular, actual and reference asset profitability have been compared. In the definition of the actual profitability of the

mining companies, the author takes into account the factor of considerable decline of all revenues from the sales of the above mentioned types of minerals. In the definition of reference profitability, the author considers the profitability of the assets of the non-mining enterprises, as well as the interest rates on deposits and credits.

It is established that, in 2006–2011, total volume of the natural rent on the above mentioned types of minerals amounted to 221.7 bln. Hrn. Almost 27% of that sum was transferred to the budget receipts in the form of rental payment and corporate tax on the super profits of the iron ore extracting companies. Over 85 bln. Hrn. was redistributed in favor of the households through the mechanism of the pricing for the natural gas supply for the population. The remaining 77 bln. Hrn. was left to the extractors and buyers of the produce of the mining enterprises, due to the inefficient mechanisms of the execution of rental payments.

*Keywords:* natural rent, rental payments, profitability, mining profitability, natural resources.

**O.Shpeniuk**, *Principal Economist,*  
*Institute for Economics and Forecasting, Ukrainian NAS*

### **MANAGING PUBLIC DEBT UNDER THE INCREASING EXTERNAL RISKS**

The purpose of the article is to define the main directions of public debt management under conditions of the increase of external risks. The article considers the international tendencies of external debt accumulation and generalizes the main causes and factors of external debt expansion in Ukraine. The main research methods are: scientific abstraction, analysis and synthesis, the method of statistical comparisons. Based on the research, the author proposes a few development guidelines of the national capital market aimed at increasing its liquidity and diversification. Taken the international experience into account, the author emphasizes the necessity of developing and implementing new tools of domestic borrowing.

*Keywords:* gross external debt, domestic debt, debt policy, bonds, savings bonds, bonds with floating rate, indexed bonds.

**A.Fedorenko**, *PhD in Economics,*  
*Leading Researcher, Institute for Economics and Forecasting, Ukrainian NAS*

### **TAXATION OF TRANSACTIONS WITH SECURITIES AND DERIVATIVES HAVING SIGNS OF FICTITIOUS NATURE: PROBLEMS AND SOLUTIONS**

The article considers the problematic issues of the taxation of transactions with securities and derivatives having signs of fictitious nature. The author identifies various discrepancies between the provisions of the Tax Code of Ukraine establishing a special procedure for determining the financial results of individuals' transactions with securities and derivatives and the general principles of the taxation of securities transaction in the Code. Among them are: (i) the application of the above mentioned procedure to the full amount of costs incurred to acquire securities (derivatives), whereas restriction should only apply to incurred losses, (ii) unclear definition of the moment from which the procedure applies, when only period in which it operates is established, (iii) extending legislative restrictions only to individuals' transactions with securities and derivatives having signs of fictitious nature, while legal persons remain outside its application.

The signs of fictitious nature of securities (derivatives) and signs of fictitious nature of the securities' issuers are examined from the point of view of their adequacy and sufficiency for the determination and authentication of the proper phenomenon. It is established that most signs of fictitious nature given in the regulation of the National Securities and Stock Market Commission are common attributes of the issuers of securities (derivatives) during financial crisis and it's rather doubtful to recognize securities (derivatives) as having signs of fictitious nature on that basis.

The author proposes various changes to the current legislation on securities and taxation with the purpose of bringing relevant legal norms in accordance with the economic content of the phenomena and processes that they regulate.

*Keywords: signs of fictitious nature, individual income tax, corporate income tax, financial result, securities.*

**I.Zapatrina**, *Doctor of Economics,*

*Leading Researcher, Institute for Economics and Forecasting, Ukrainian NAS*

#### **ECONOMIC AND LEGAL ASPECTS OF THE MECHANISM OF DIRECTION OF THE FACILITIES OF CENTRALIZED HEAT AND WATER SUPPLY AND WASTEWATER DISPOSAL**

The article considers the ways to use the mechanisms of the attraction of private business to restore the housing and public utilities infrastructure in Ukraine, in particular, creation of public companies, and transferring the facilities of centralized heat and water supply and wastewater disposal to outside management, lease, concession or contracting on joint activities. The author analyzes the world experience of the use of the above mentioned mechanisms for the modernization of the housing and public utilities infrastructure, and assesses the problems that may arise from the use of such mechanisms in Ukraine. The author defines the most acceptable and optimal, for the use In Ukraine, mechanisms of private-public partnership with regard of the urgent necessity to modernize the technically outdated public utilities. There are recommendations concerning the improvement of legal regulation in the sphere of private-public partnership.

*Keywords: housing and public utilities infrastructure, modernization, private-public partnership, public company, lease, concession, management, communal property, centralized water supply and wastewater disposal, centralized heat supply, natural monopolies.*

**V.Venger**, *PhD in Economics,*

**O.Tochylin**, *Doctor of Economics,*

*Institute for Economics and Forecasting, Ukrainian NAS*

#### **COMPETITION AND COMPETITORS ON THE REGIONAL MARKETS OF FERROUS METALS**

It is argued that economic development of Ukraine's ferrous metallurgy sector decisively depends on the conjuncture, that is, on the condition and development dynamics of the world metal market, prospects of international cooperation and processes of international integration. That is explained by the fact that Ukraine belongs to the top ten world steel producers and, in 2012, occupied the ten's place among them, while, as not long ago as in 2011, it occupied the seventh place. Such a loss of leading positions is explained by the considerable use of outdated technologies, low share of the most important progressive

metal items in the sector's produce, high prime cost, dependence on imported energy carriers, (first of all, natural gas), world conjuncture and limited possibilities of the sale of metal produce. At the same time, the new industrial countries, such as China, India, South Korea etc., who are practically the main competitors Ukraine's metal producers on the world regional metal markets, with mainly technologically new productive capacities, and progressive production structure, have been gradually expanding their output creating a powerful competition to Ukrainian producers. It is possible to resume their leading positions and expand the existing outlets for metal produce by creating favorable conditions for: modernization of the main productive capacities in order to raise energy efficiency and competitiveness of the ferrous metallurgy sector; development of the domestic metal market; production diversification and optimization of its structure as a result of increased number of new metal items, in particular, steel produced by electrical melting, special steels and alloys, increased output of finished steel and tubes with corrosion-resistant coating, calibrated finished steel, curved profiles etc.

**Keywords:** *conjuncture, integration, domestic metal market, regional metal markets, competition, competitors, technological structure of steel production, modernization of main productive capacities, competitiveness, production diversification.*

**O. Shlapak**, Applicant for the Degree of PhD (Econ),  
Institute for Economics and Forecasting, Ukrainian NAS

### **DEVELOPMENT AND THE POSSIBILITIES OF PROTECTION OF UKRAINE'S MEAT LIVESTOCK BREEDING UNDER THE CONDITIONS OF WTO**

The article analyzes the impact of Ukraine's accession to WTO on the development of this country's meat livestock breeding. Taking into account the restrictions as to the state support of meat livestock breeding with measures of the WTO "yellow box", there are recommendations have been developed on the use of various "green box" measures to support the domestic producers.

It is established that the protection level of the domestic beef market, after Ukraine's accession to WTO, considerably declined due to the following reasons: (1) decreased rate of import duty to 15%; (2) transition to ad valorem duty rate, which is less efficient to protect domestic producers during the most vulnerable for them periods of price decline on the world markets; (3) abandonment of differentiated rates of the duty tariff in the commodity groups of fresh, cooled and frozen beef, which used to protect Ukraine's domestic market from imports of cheap low quality raw meat.

The article shows, that the negative impact of decline of the level of tariff protection on the development of the meat livestock breeding sector was partly mitigated by the greater decrease in the rates of import duty On the competing produce of pork and poultry/ As a result, the imports of the above mentioned meat types, after Ukraine's accession to WTO, grew much more rapidly.

A comparative analysis of the levels of tariff protection of meat livestock breeding in the countries, which are net importers of beef, and those having their own meat livestock breeding shows an asymmetry in the tariff protection Ukraine's beef market and that of those countries, which consists in: (1) a lower rate of import duty in Ukraine; (2) lack of the possibility to use specific, mixed or combined tariffs; (3) lack of the possibility to vary the level of import duty by tariff lines within a commodity group; (4) lack of the possibility to quote imports.

All that causes the need of constant monitoring of the beef market in order to reveal threats to domestic producers due to the growth of imports and timely use of WTO's special mechanisms, such as protective, anti-dumping or compensatory ones.

**Keywords:** *meat livestock breeding, beef market, World Trade Organization (WTO), tariff protection, state support, "green box", "yellow box".*

**V.Kornivska, PhD,**

*Senior Researcher, Institute for Economics and Forecasting, Ukrainian NAS*

### **THE INVERTIVE CHARACTER OF THE UNITY OF THE EUROPEAN MONETARY SPACE**

The article presents the results of an investigation on the problems of formation of a single monetary space in EU. Based on a historical analysis of the stage of creation of the European currency union and the development of economic integration and supranational coordination in the European economic space, the author justifies *the inverted character of the processes of creation of the euro area* and proves that the unity of the European monetary space, on the one side, was not ensured by the general economic and fiscal unity of the Member Countries, and, on the other hand, it was introduced after the active development of the financial unity by liberalizing the capital movement in EU in 1970-1990s, which is the content of the inverted nature of the euro area. The unity of the euro area's monetary space and the integrating role of the single European currency were efficient in conditions of financial and economic stability, when the factors of fiscal disintegration were inactive. However, when they ceased to be neutral to the general economic situation, the monetary unity became a factor blocking the way out of the state of instability. Attaining the effectiveness of monetary unity in the euro area showed its neutral impact on economic growth and employment, which repeats, in the history of creation of the European currency union, already for the third time. In this context, the author concludes, that the monetary integration does not pursue general economic objectives, but, mostly the financial ones.

**Keywords:** *euro area, monetary unity, financial space, inverted nature.*