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NATIONAL AVIATION UNIVERSITY
FACULTY OF AIR NAVIGATION, ELECTRONICS AND
TELECOMMUNICATIONS
DEPARTMENT OF AVIONICS

ADMIT TO DEFENCE

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GRADUATE WORK

(EXPLANATORY NOTES)

GRADUATE OF AN EDUCATIONAL DEGREE

«BACHELOR»

**Theme: Opportunities for the development of Ukrainian airlines
in the economic crisis**

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NATIONAL AVIATION UNIVERSITY
Faculty of Air Navigation, Electronics and Telecommunications

Department of avionics

Specialty 173 'Avionics'

APPROVED

Department head

S.V. Pavlova

“ ___ ” _____ 2021

TASK

for execution graduate work

A.K. Yevtushyn

Theme of bachelor work: «Opportunities for the development of Ukrainian airlines in the economic crisis», approved by the Rector on «19» May 2021.

Duration of which : from 18 May 2021 to 15 June 2021.

Background to the work: Statistical calculations of air transportation carried out by Ukraine International Airlines in relation to other Ukrainian companies, UIA aircraft as a feature of competitiveness.

Content of explanatory notes: Marketing and management of the airline.

Opportunities for the development of the UIA airline and participants in the air transportation market of Ukraine. Significant advantages of the UIA fleet and other Ukrainian air carriers.

The list of mandatory graphic material: table of statistics on the activities of airlines and airports of Ukraine in 2018-2019; table of statistics of airlines and airports of Ukraine for the first half of 2020; the schedule of dynamics of volumes of transportations of passengers by air transport of Ukraine of 2009-2020; diagram of passenger flows through the airports of Ukraine 2009-2019; diagram of passenger traffic volumes as a percentage through the most used airports of Ukraine.

1. Planned schedule

№	Task	Duration	Evaluation of the performance
1.	Validate the rationale of graduate work theme	18.05 - 19.05	
2.	Carry out a literature review	23.05 - 24.05	
3.	The main aspects of marketing and management of the airline	29.05 - 30.05	
4.	Opportunities for the development of the UIA airline and participants in the air transportation market of Ukraine	01.06 - 05.06	
5.	Significant advantages of the UIA fleet and other Ukrainian air carriers	06.06 - 08.06	
6.	Preparation for the defense of the graduate work	09.06 - 15.06	

2. Date of assignment: « ____ » _____ 2021

3. Supervisor _____ L.M. Sitnyanskyh
 The task took to perform _____ A.K. Yevtushyn

PAPER

An explanatory note to the graduate work «Opportunities for the development of Ukrainian airlines in the economic crisis» contains: 62 pages, 4 figures, 5 table, 11 references.

Airlines, analysis, profitability, competitiveness, air carriers, market relations, aircrafts.

The object of the work is the formation of air carrier management and analysis of air transportation management by Ukrainian airlines.

The subject of the work is proposals to establish management and consideration of opportunities to improve transportation among Ukrainian airlines during the economic crisis.

Research methods - analytical, systemic, dialectical-materialistic and general in the field of air traffic analysis.

The paper considers the essence of management in an aviation enterprise, the study of the management of the airline "International Airlines of Ukraine" and its competitiveness in the market of Ukrainian carriers.

The obtained results and diploma materials can be useful in scientific activity or educational process. Conclusions for the development of Ukrainian airlines are made on the basis of current supply and demand, as well as further trends in Ukraine and world development.

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INTRODUCTION

Relevance of the topic: The development of the modern world is impossible without air transport, because the speed of passenger and freight traffic plays an important role. Long-distance freight transportation also makes a great contribution to the development of the aviation industry, as it is not only fast, but also more profitable. More than two years ago, Ukraine received permission from the EU for a visa-free regime. This has caused a significant increase in passenger traffic, in particular by air, as the visa-free regime allows Ukrainians to cross the border without the consent of the embassies of the European Union. The development of air transportation was mostly reflected in the creation of new low-cost companies, which reduced prices significantly due to the abandonment of traditional passenger services. That is why the aviation industry and the development of air transport is especially relevant today.

The proliferation of air travel is not something special at the moment, it has been constantly growing all over the world for several decades. The constant development of information technologies, globalization processes, and liberalization tendencies of the world have an important impact on the aviation industry. All this causes constant changes in the functioning of airlines, and therefore the problems associated with it, so successful adaptation and competition are the key to the creation of modern airlines and the relationship between market participants in the national and global arena.

To develop fully, countries need to keep up with the times. This contributes to strengthening relations between countries, and favorable economic growth. At present, air transport is efficient and expedient. As already mentioned, significant advantages among other modes of transport are the speed and very long distance of transportation, as well as convenience and independence from many conditions, such as combined (road, sea, rail) transportation. Urgency often influences the choice of the customer of services. In recent decades, developed

countries have significantly mastered the airspace, and in terms of economic benefits, the efficiency of air transportation is constantly increasing. Developed air communication bases and established relations with many countries. Air transport meets the needs of freight, travel, mail, and so on. All these services are regulated by regulations and legal acts, which contribute to increased security and better organization of many processes.

Ukraine has great opportunities in the aviation industry, but our state does not expand it. We have large territories and a large population, which should contribute to the development of capacity, but even those that are currently not used effectively or in full. Large Ukrainian cities have airports, but their infrastructure is not very developed compared to European countries. One of the problems, in turn, is the organization of air transportation. However, there are currently many studies and suggestions for improving them, but for the most part theoretical studies require practical experience, which is not currently being implemented.

Despite the fact that aviation is basic and strategically necessary for the economy of Ukraine, today this industry is declining under the influence of the systemic crisis. This applies to the economy and management of enterprises - components of the aviation industry, as well as transportation. The analysis of the transportation market of Ukraine will give a clearer picture of development and trends, which will allow to create a plan for future actions for further development.

Goal of the work: analysis of the work of Ukrainian airlines: study of air transportation, possible changes and further development processes, trends and factors that have an impact. According to the goal, we do the following tasks:

- Reveal the essence of management, its significance and function;
- Define the management of the competitiveness of airlines;
- Analyze the aviation industry as well as the creation of the Ukrainian

aviation company UIA;

- consider UIA, its activities and competitiveness;
- Consider the air transport of UIA, as well as other airlines of

Ukraine;

Object of work: formation of air carriers' management and analysis of air transportation management by Ukrainian airlines.

Subject of work: proposals for good governance and consideration of opportunities to improve transportation among Ukrainian airlines.

In performing the task of this work, I used many research methods. An important among them is the dialectical-materialist approach. Although this ideology was distorted during the Soviet era, the skilful application of this approach today can provide a much deeper understanding of the legal system than the method of legal positivism that is widely used in science today. In this paper, this research method shows the problems in the analysis of the air transportation market in Ukraine. The formal-logical method was used to explain the legal norms. It has a set of methods by which the content of the object under study is reflected in the form of a rational design. This method in any study occupies one of the leading places. They studied the model of public relations regarding the air transportation market by Ukrainian airlines. There were also other methods in the work, such as comparative, systemic, historical, etc. One of the methods of analysis was the general scientific method, it divides the whole into constituent parts and considers them.

The theoretical and methodological basis is a systematic and analytical approaches to understanding and studying the object of study. Theoretical and empirical methods were used to obtain the goal and solve the problem. In scientific practice it is comparative analysis, logical, statistical methods, as well as methods of induction and deduction, aggregation and abstraction.

In practical terms, the results obtained, as well as research, conclusions, and practical recommendations can be useful and used:

- In the legal field: creation of a process according to the current norms of the legislation of Ukraine in the field of air transportation;

- In rule-making: on improving the relevant processes in the legislation of Ukraine;

- In scientific and research activities: in the study and creation of a more efficient or improved existing mechanism for managing airlines and transportation in Ukraine.

The structure of the work is reflected in the purpose, which forms the sequence and logic of the study. The work consists of an introduction, three chapters, a conclusion and a list of references. The total amount of text is XX pages, and the list of used sources has 12 items.

CHAPTER 1

AIRLINE MARKETING AND MANAGEMENT

1.1 Disclosure of the essence of management and its purpose.

The concept of organization management today is very common in market relations, but in another way it can be called organization management. The identity of these concepts can be confirmed from the scientific works of different decades, in Ukrainian and foreign works of scientists.

Management activities involve a professional approach, the main condition of which is to achieve the goal, while skillfully and rationally use resources (labor, financial, material, etc.), as well as using economic management methods.

The task of management in market relations is:

- Planned or one-time increase in the efficiency of the enterprise to obtain greater production results or reduce costs;
- Organization of production or firm in accordance with supply and demand, as well as market requirements, analysis of consumer demand and the creation of goods according to market demand;
- modern devices and calculation programs that have many algorithms, and with great accuracy can indicate the best decision;
- the possibility of making adjustments to market factors (many dependencies in market processes are found only in the state of exchange of goods or services);
- independence of activity, which consists in the processes of activity of organizations or divisions and allows to make decisions to the persons responsible for the result.

Н. Контр.	Левківський В.В				

Although management is identical to the meaning of "management", it is relevant only as a management of socio-economic processes in market relations, such as the management of an enterprise or institution.

The very meaning of the word "management" is much broader and is used everywhere, for example in the activities of governing the state (units of public order and property). Management is the most important part of environmental protection structures, because it preserves suitable living conditions on the planet.

Professional management can be as a separate organization, regardless of the industry. To do this, you need to enter into a contract or have a significant share. Management processes connect people and the activities of the organization, so the task of the manager is to do everything possible to ensure the cohesive work of all professionals and chains of activity.

The increased requirement for qualification of managers is caused by constant change and increase in requirements to management. For example, the agricultural industry, in the face of large agricultural companies (AIC), is constantly increasing the area of land that needs to be cultivated, the complexity of cultivation technologies is growing, in general, due to the need for competition. Ukraine is currently a member of the World Trade Organization (WTO), so the processes of complicating management are clear. Each part of the industry has its own methods of profit and competition, depending on the complexity of market processes.

It can be concluded that the activities of management are widespread to a large extent for the profit of organizations, firms, enterprises, economic entities. Through the efforts of proper management, efficiency is improved and the activity of specialists is merged.

The full cycle of economic activity has a complex structure. Its mechanism requires constant provision of technological development, staff development and process optimization. Maintaining quality in product development and improving

technology and working conditions. All financial processes, product quality, equipment maintenance, transportation and proper storage conditions.

Management is also constantly looking for new opportunities, attracting different ideas, investments and resources. Changing business owners is becoming a very problematic aspect of management, because a stable system needs to be developed and developed, but often weakened by an unreliable partner allies do not want to work closely, it virtually paralyzes stable development in the market and in general. Economic activity is developed for the future. The higher the level of stability of the company, the more calculations and estimates can be calculated, and therefore lean on their value. Given the capabilities of the organization, its resource availability and economic stability, further short-term and long-term goals are of two types: general and specific. The main long-term concept of development is laid down in general goals, and specific goals are set according to the conditions of the main problems of activity in the short term. The financial result of industrial entrepreneurship for a period of time is the profit and profitability of production (the ratio of profit to production costs). The more successful the company, the higher these figures. They are lined up once a year or quarter.

Motivation to save and save resources, natural and material, as well as labor and economic, requires skilled management decisions and actions of a cohesive team in work and goals. Rationality has become almost the main goal of the European Union, in order to preserve and restore natural resources.

Consider an important component of enterprise management. To get the right goal and result you need to use management functions. The function of management is a relatively separate area of management, ie the labor process in the field of management. Functions reflect the essence and content of management activities. Management functions arose as a result of the division and specialization of labor. A. Fayol singled out planning, organization, management, coordination and control as functions of management. M. Mescon, M. Albert and F. Hedouri proposed to consider 4 functions:

planning, organization, motivation and control.

Management functions are basic and partial.

Basic: planning, organization, motivation, control.

Partial: management of the main production, management of technical preparation of production, management of capital construction.

The range of problems that are solved in the process of management, is to determine the specific objectives of development, the manifestation of their priority, priority and sequence of implementation. On this basis, tasks are developed, the main directions and ways of solving these tasks are determined, the necessary resources and sources of their provision are established, control over the implementation of the set tasks is established.

The implementation of common tasks requires the creation of the necessary conditions in the field of management. Each function is a clear sequence of actions to obtain the result. In general, in the literature there are many approaches and classifications of management functions, different evaluation methods and the views of scientists. Some use the subject as the central point of management, others put the technical features and specifics in the main place, and derive the main functions from them.

General and specific functions are applied to various management processes, general allocate stages of management processes, and specific supplement them with division into component parts. There is also such a division into functions: service processes, specialization processes and organizational processes. There are even more complex functions of four components, foreign strategy (literally not translated, selected semantic synonyms: "production efficiency" is the definition of profit; "efficiency management" is the provision of labor efficiency; "change management" is the process of improvement and change) ; "Combination of processes" is a process of development of processes in work for the future. Drawing conclusions concerning the considered

functions, we will consider as the most important function of planning. It is a basis because predicts, sets the purposes and tasks. Its task to answer such questions: "What, for whom and how best to produce? "Its importance is also increased due to the existence of unpredictable processes, natural phenomena, cataclysms, etc., as well as the human consequences of uncontrolled behavior. Therefore, it is usually impossible to get a 100% result from planning, as the impact is very diverse.

The planning tools define the directions of work and means of development, make decisions that strengthen the goals and objectives for all actors in the process management. The adopted plan for the development of the enterprise determines the actions in the first period of time, but, unfortunately, it is impossible to plan all aspects, so planning continues continuously with new indicators and data. In scientific works, this process is determined as follows: it is necessary to constantly set new goals when the old ones are obtained, to review unfulfilled old goals, or partially unfulfilled, to compile new ones with the conditions of new data. This is due to the constant uncertainty of the future and the creation of new temporary changes. Thanks to constant planning, the company can make a more realistic assessment in a nutshell a period of time that allows you to better manage resources.

When the plan is concluded and agreed, it is necessary to clearly implement the actions, this plan is passed to workers or departments - executors. However, if the company is large, there may be many such departments, so they need to monitor, coordinate and monitor the correctness of work, so as to ensure a clear implementation of the direction of development of the enterprise as planned.

But there are often deviations from the plan, because we know that planning with a probability of 100% is impossible. If this is followed, it is necessary to make timely adjustments to the work of performers, or even make changes to planning. Organizational work is the most complex and influential management system. It combines the tasks of the firm and human labor. Only a good structure and proper execution can be a reproduction of a good organization.

The right influence on the working staff of the enterprise allows people to open up, establish relationships with other people and maintain a high level of motivation, according to the mechanism of the enterprise. Management should be encouraged to delegate authority to capable subordinates who can do the right organizational work. Therefore, while retaining strategy development, control and overall management, management delegates solutions to less significant problems, rights and responsibilities to subordinates who have the necessary knowledge, experience and interest to participate in management. As a result, within the management structure there is a redistribution of rights, duties and responsibilities between its subjects. Delegation can also be seen as a one-off or rare measure, for a short period of time, or for a single task. This means the redistribution of labor in terms of workload of managers, or their replacement in extreme conditions.

Leadership is, first of all, a manifestation of leadership, and it is one of the oldest principles inherent in nature and man. It exists in informal relationships between people, and generally arises on its own. This is very well observed in small groups of people. Therefore, over time and development, it became the role of leader and subordinates. Leadership in general is an extremely special trait of a person. However, anyone can be a leader, but not everywhere. Strong leaders, of course, have strong advantages over most people, but a certain small group of people may not have a significant talent as a leader. So what does this have to do with anything? From a psychological point of view, following the interests of someone else (for example, the interests of the firm), not in agreement even with their own, indicates the devotion and interest of man. But this is not enough for the successful work of the team. A good leader must combine his desire for results as the result of the work of a whole group of people with whom you need to build the right relationships and motivate them to work in a team. Therefore, a leader in the ideal sense is a person who is both a leader and a dedicated specialist. However, there are many ways to motivate employees, but this is perhaps the most difficult task in organizational processes. Motivation is necessary to work with maximum efficiency, and therefore with the ability to rework the plan. Of course, one of the main motivations

is an increase in cash payments, whether bonuses, or interest on revenue, and others. But neither the plan nor the money can always motivate people to work. Certain comfortable working conditions, social support, realization of work needs, mutual relations in a working society are very important. Incentives also work through a positive evaluation of work, it allows a person to feel needed and enjoy work.

In group activity of experts the control of process of their work is required, differently it is impossible to provide function of management of the enterprise. In general, control is provided in all processes of people's lives, if they are in the state, these are laws, first of all, then the rules of conduct in society, moral norms, and so on. As for the business control function, it is formed to solve the problems of the organization, planning the next steps and strengthening the performed. Monitoring is necessary to assess the situation and adjust the plan in the process of change.

Since control is due to many processes, it must be applied correctly. In our time, the method of strict behavior of management with staff is inexpedient. In this way, it is impossible to create a suitable basis for the return of people, and therefore to achieve the goal of the manager. Management is primarily focused on the future, so its task is to plan and anticipate change. Careless treatment of people adds at least one unfavorable condition for the future, it is the outflow of qualified personnel. There is also a loss of the company's reputation, so the opportunity to find new people is reduced. And now in the information age, reputation is paramount. Therefore, control must be not only effective but also correct. Scientists have been working on this issue since the last century, and at the same time proved that improving the attitude to people and control gives significant results of efficiency. It is now considered effective control methods such as analysis, self-examination, diagnosis.

Summing up, we analyzed and identified the main practical management functions that will ensure effective work in market conditions, analyzed the components of the management function (control, plan development, properly selected management entities with manifestations of leadership and professional traits)

1.2 Consideration of airline competitiveness management

The management task in the airline is to study the competitive environment and analyze the capabilities of this area of activity. This requires finding opportunities for competition, creating a plan and strategy, economic conditionality, and considering other mechanisms. The most important condition for the struggle for the market is the provision of qualification services according to the requirements of people and demand, at a favorable price. Also important is the economic capacity to operate in the international market.

The problem of competition among airlines has become especially noticeable due to Ukraine's accession to the WTO. This happened on May 16, 2008, and although it opened new prospects for our country's economy and should take into account national interests, in the aviation industry it "contributed" to a significant increase in competition. But thanks to this, management is in demand, the search for better strategies for the economic ability to fight competitors.

Competition is a competition between different participants in a market economy for the most favorable conditions for the production and sale of goods and services, for the appropriation of the greatest profit. The Law of Ukraine "On Restriction of Monopoly and Prevention of Unfair Competition in Entrepreneurship" states: "Competition is the competitiveness of entrepreneurs, when their independent actions limit the ability of each of them to influence the general conditions of sale of goods on the market and stimulate production of consumer goods. ». The main function of competition - to conquer the market, in the economic struggle for the consumer (buyer) to defeat their competitors, to ensure the appropriation of the largest profits. Regarding the last decades of Ukraine, successfully competing with Ukrainian producers, under the pressure of inflation, declining demand and economic indicators, enterprises have found themselves in a very difficult position. Therefore, it is necessary to carefully consider the possibility of making a profit, weighing the competition and assessing the effectiveness and future prospects. The very competitive struggle of the organization

aims to increase its influence on the market, and thus reduce competition. This can be achieved by the coordinated work of all mechanisms of your company, analyzing competitors for weaknesses. Regarding the analysis of airlines, we will form such a task - to determine their efficiency compared to other companies, and study their positive and negative experiences to improve their situation.

For comparison with competitors, we note the following action plan:

- We will analyze the actions of the airline and find weaknesses to work with them;
- Define a comparative object;
- Decide on the approximate airline (with which we will compare);
- Find comparative data;
- From the found information we single out what can be applied;
- Include useful information in our work of the enterprise;
- Evaluate the results and draw conclusions based on them.

Now let's move on to planning. **The first step:** according to the requirements of competition, we note the need to find the weak part, and therefore what needs to change. Conditionally distinguish it by four actions: first - choose the weak part; secondly - we will choose the necessary people-performers of experiments (it is search of a command which should lead and conclude the plan of the activity, to appoint terms of works, to specify results of work of a team, and to have the management of the corresponding persons); To increase the efficiency of research and organization of analytical work, a preliminary distribution (by market share, sales volume, marketing budget, etc.) of competing companies in selected groups. This procedure is carried out in order to determine the sequence of analysis and to exclude situations in which due to the limit of resources and time the most important competitors will not be considered during the analysis. With this approach, the initial composition of competing companies will be more relevant to the objectives of the study and facilitate the process of finding the necessary information. Third - after checking the work is the documentation of the experiments; In the fourth - the current state of the enterprise is estimated and checked

with the found results, conclusions concerning possibilities of improvement are made.

The next **second step** is to find the advantages of your airline. A full analysis of competitive activity is made, the situation of production is considered, certain signs that help in the struggle for the market are revealed. After this work, the search for shortcomings is performed, namely, what prevents the company from overcoming the competitive environment.

The next global work, the **third step** of finding allies, is a difficult and unpredictable process that often takes a long time. It is partnership agreements at all times of enterprises could greatly improve the situation of impoverishment. Consider the sequence of actions to find allies:

- The first action is to create an image of an ally that can provide maximum strengthening of the enterprise;
- The second action is to consider possible suitable options for organizations to steal the union;
- The third action is to analyze possible allies by choosing one or more;
- The fourth action is to liaise with potential allies, negotiate, and keep them informed;
- The fifth action is to establish contact with the found allies.

Based on the positive feedback from potential allies, it is possible to make assumptions before taking active action, to find especially important advantages of the alliance.

The fourth step will be considered as monitoring the situation - is the use of data from experiments in practice, the integration of new methods of work. Activities from this stage involve the separation of information necessary for the ally, and its use. It is necessary to use methods of collecting information, such as: observation, experiment, simulation.

Step five eliminates the technical plan problems associated with effective work, identifies opportunities to speed up the technical process. There is also an analysis of management processes that can be improved or accelerated. The collected data of this stage are divided into the following structure:

- Distribution of information data;
- Selection and verification of information;
- Make edits if necessary;
- Assessment of opportunities to improve performance according to the current indications;
- Assessment of the reasons for inefficiency (if item 4 showed the possibility of improvement).

The first points of the structural link perform organizational work.

They restructure the information to an acceptable form, allowing you to correctly compare the data, excluding floating conditions, or adjusting them. This process is called normalization. After analyzing the data, the strengths of the airline suggest what are the distinctive features that can lead among competitors. Assumptions are the first step in a strategy for improvement. The structure of the system of basic efficiency indicators depends on the specifics of the enterprise and the tasks of the structural unit. The integration of performance indicators into a system of balanced scorecards is determined by several conditions: first of all, the object of control, which can act as a production unit, structural unit or shop, and the need to assess key success factors to solve the strategic task set for this unit. Such conditions leave only those indicators that are important for evaluation.

The sixth step - the need for adaptations, is the work to include insufficiently effective previously resources of the aviation company, or the inclusion of new resources of the ally, after joint work on the analysis.

In order to take action on competition mechanisms, it is necessary to approve the plan and provide clear actions for its implementation. According to our task of managing our competitive stability, the following goals can be stated:

- Development of a strategy for the planned strengthening of the airline, so that will improve the competitive advantages of the enterprise;
- Involvement of all members of the company, and accurate setting of tasks for each employee (or department, branch), understandable to everyone;
- Follow the work set by the management, in accordance with the

employment to form new tasks, according to plan. Distribute tasks competently among the participants for the fastest result of achieving the plan.

Regarding the plan, the strategic development of the airline should be aimed at developing long-term competitive advantages, which will have a positive impact on the company, due to greater adaptability to change.

This process can take place both in the airline itself, at its level, and with a group of airlines, and at the state level. At the national level, decisions can be made that will improve the industry or regulate economic or legal relations between market competitors. With regard to public policy, government decisions should not help to eliminate competition, but on the contrary, regulate the basis of equivalent struggle, promote the development of aviation. The state may encourage the start of development without choosing an external market for the purchase of equipment, on the contrary, contribute to the modernization of a strategically important industry.

We have now determined two components of market competition, namely internal, at the level of management of the airline, and external, at the level of creating an adequate position on the industry as a whole, and on defining relations between market participants, and encouraging the creation of national developments. financing, and identification of strategically important areas of activity. In the planned economy of the Soviet Union, the direction of activity was determined by the ruling elite, and in Ukraine was concentrated a lot of capacity of aircraft construction.

Therefore, the mechanism of the aviation industry is the basis for the formation of competitive circumstances and relations between the parties. This mechanism is created for the work of the industry, both in part and in general, its methods provide for the relationship between market participants, strengthening the economic component of the state. Since Ukraine has had a large machine-building capacity since Soviet times, the current policy should promote the allocation of funds for production assets. According to data for 2016, 80 percent of the equipment of currently operating plants is obsolete. Efficiency will not increase from this, even with quality management of internal processes. Therefore, the responsibility for economic capacity lies on the shoulders of

the state, which either contributes to development or the industry declines.

Creating the conditions for a successful organizational framework for development rests on the shoulders of managers responsible for the microclimate in the organization. Work to gain competitive advantage is developed under the conditions of the enterprise, the presence of units and their relationships, fruitful work in the system of the firm. Gaining opportunities to upgrade equipment expands the technological capacity of the enterprise, requires the encouragement of new young professionals.

Therefore, it should be noted that this is the basis for the need to finance the aviation industry and airlines. Both government funding and private investment can be an investor.

Consider another type of management - operational. Operational management is the management of production processes through which raw materials are transformed into goods and services. Due to the close connection with production, operational management is sometimes called production operations management. It is associated with the formation of operational strategy, the creation of an operating system to ensure the production of a particular product; attracting the necessary means of production, using certain methods to achieve this goal. In aviation, this process must be fast, susceptible to rapid change, so it requires organizational and creative skills of management.

Consider the strategic actions of the management of the airline. The first thing to explore is the areas of activity in demand today, market requirements and opportunities to cover the segment. Based on this, it is important to predict the capabilities of our company, without departing from the master plan. There is also planning, based on the situation, what are the opportunities to apply the new direction in some variations, so as not to harm the company.

Summing up the conclusions of this section, the competitiveness of the airline is the ability to profit from the capabilities of the airline, producing goods of higher quality at the same price. For this result, a management plan is developed that maximizes the company's survival and growth in the market. The plan should form a strategic sequence of actions taking into account the future, involve all opportunities for

growth and development at a certain time, motivate the team to fruitful work, and involve new methods, improve working conditions in the enterprise.

The main work of management in aviation is:

- study the characteristics of the sales market, consumers and advertising in the aviation industry;
- analysis of the distribution of market shares among the participants of the air transport infrastructure;
- development of presentation materials;
- development and attraction of advertising;
- comparison of contract materials: documents, etc.

Aviation management includes the number of services required for the operation of the aircraft, among them are:

- Dispatching services;
- Ground service;
- Providing the aircraft with the necessary components and maintenance;
- Organizational services.

Organizational services in aircraft management:

- Selection and training of personnel in the flight crew;
- Organization of maintenance;
- Optimization of aircraft maintenance costs due to commercial operation;
- Maintenance reporting on operation in accordance with the requirements of the owner.

CHAPTER 2

OPPORTUNITIES FOR THE DEVELOPMENT OF UIA AIRLINE AND ANALYSIS OF THE AIR TRANSPORT MARKET OF UKRAINE

2.1 Airline development strategies in condition of economic crisis and ways to increase airline competitiveness

The global financial and economic crisis is not so much a crisis as a financial and economic evolution caused, first of all, by the process of globalization of the world economy. Like any evolution, it has a tendency toward revolutionary acceleration and natural selection. Air transportation is an indicator of business activity of the population, which assumes the level of development of the study region. The crisis, which began in 2008, has seriously affected the operational activities of the world's civil aviation.

The purpose of this work is to study options for development strategies and business models of the airline, as well as to explore ways to increase the competitiveness of airlines in the global economic crisis.

Currently, in the context of the sectoral and global economic crisis, declining demand for air transportation, airlines are forced to operate in a mode of maximum cost reduction, to build their strategies with a view to maintaining and strengthening the loyalty of passengers. The general situation in the aviation market is complicated by jumps in oil prices. Depending on the marketing strategy chosen by the airline's management as a development prospect, the methods of achieving the end result can be based on the developed model of the airline's business development (fig. 1).

Н. Контр.	Левківський В.В				

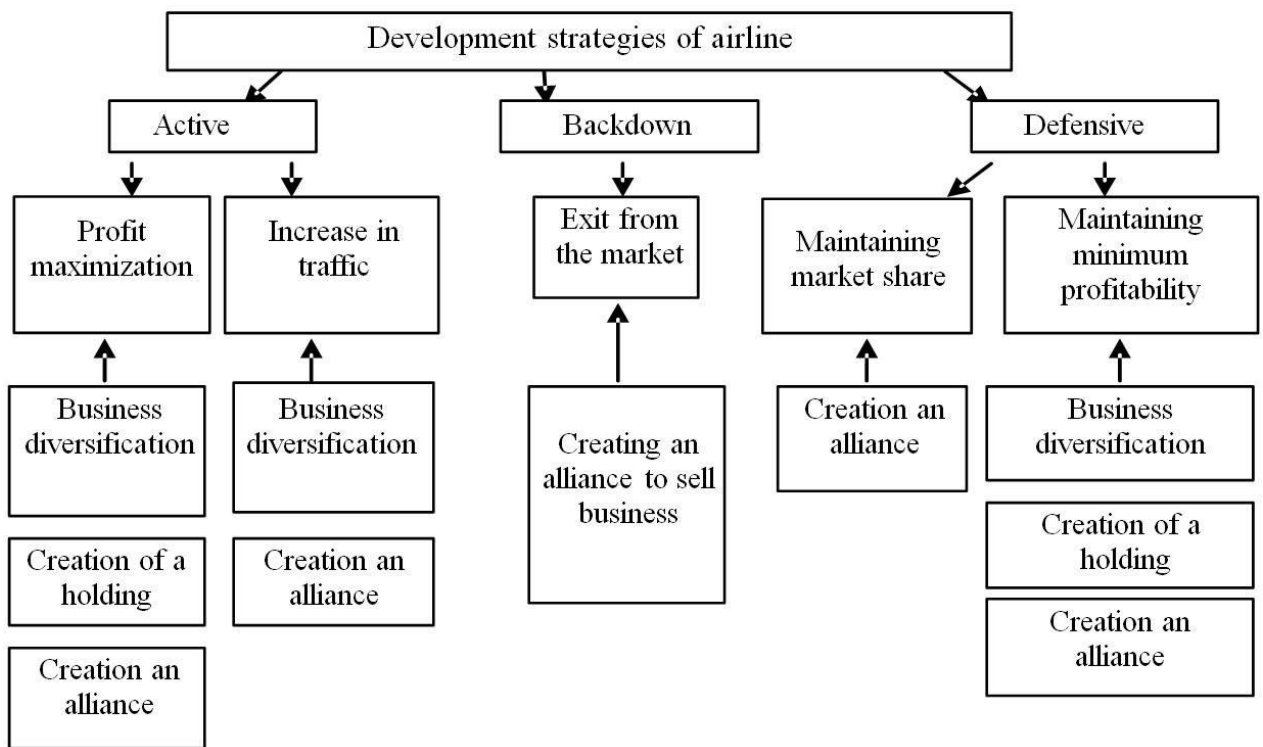


Fig. 1. Variants of airline business development strategies in the conditions of economic crisis

The ability to share costs through marketing and increase revenue by carrying more passengers makes alliances the most attractive model of operation. There is a tendency to significantly increase the efficiency of air transport activities and the competitiveness of market participants through the formation and development of global alliances of airlines.

As a result of the global crisis of 2008, competitive processes intensified, which led to the ruin of a number of airlines. In particular, airlines such as Swissair and Belgian Sabena went bankrupt under protection under Article 11 of the Law

on bankruptcy "the United States was US Airways, in this situation was the airline United Airlines.

As traditional carriers were unable to quickly reorient to new markets and lost some consumers, discounted airlines became more active in the market, whose business model differs significantly from the traditional model, the main feature of which is to

reduce costs for all possible items of expenditure. In recent years, budget airlines have successfully competed with large airlines that use full network models. For the Ukrainian market of passenger air transportation in the conditions of crisis it is more expedient to use models of budget airlines. But in Ukraine, rail is still relatively cheap, bus transportation, with which it will be difficult to compete with any budget carrier, because to operate profitably and be competitive, the airline must be a universal carrier. For example, use different business models of budget airlines.

The difficult situation in the industry has led to market consolidation. Competition is currently focused mainly between groups, not between individual airlines. Guided by the common desire to preserve domestic air transport, recognizing each other's economic independence, competition as a necessary attribute of the market, the alliance members can significantly influence the stabilization of the Ukrainian air transportation market and avoid a catastrophic situation. Depending on the marketing strategy chosen by the airline's management as a development prospect, the methods of achieving the end result can be based on the developed model of the airline's business development (Fig. 1).

All factors that affect the competitiveness of the airline can be divided into external (macro-factors), which, in particular, include market conditions, crises, both in the world economy as a whole and directly in the market air services, mergers and acquisitions, joining the alliance, the possibility of receiving state support, including benefits and subsidies, as well as access to investments, the involvement of which often depends on the ownership of the carrier, and internal (microfactors) - implementation of activities based on modern management methods, including the implementation of effective programs to manage airline costs, revenues, personnel, its motivation, and as a result of improving the quality of services provided by the airline, expanding routes, developing new geographic markets, active introduction of new information technologies.

One of the most effective factors in increasing the competitiveness of airlines is

revenue management. With a good income management program, the annual increase in income is 3-7 percent or more.

A key element of the revenue management program is the ability to maximize revenue from each seat on the flight, trying to divide customers based on the cost of space for each of them, separating them by setting certain conditions under which a discounted ticket is unavailable. As a result of the implementation of the revenue management system, American Airlines received more than \$ 1.4 billion over three years in the early 1990s. The South African Airways revenue management system generates 60% of the airline's profits.

Thus, the airline, implementing revenue management programs, changes its tariff policy, trying to identify the structure of tariffs that would receive the most revenue with a certain nature of market demand. Airlines differentiate their offer by varying the quality of in-flight services, usually offering different configurations with a choice between flight service classes (from one to three) with strikingly different prices between economy and business class, business and first class. In addition, there are significant qualitative differences between airlines.

Currently, in times of economic crisis, airlines offer a wide range of services: from simple service - transportation of passengers, cargo and cargo from one point to another to complex transfer systems through hub airports (hubs). As the analysis shows, the most effective concept of the organization of activity of a hub usually includes the following requirements: during a week flights are carried out in one time mode of arrival and departure; are serviced by the same type of aircraft, except for days of low demand; as soon as the flight number is assigned to a certain direction, it must remain unchanged throughout the season; large transfer markets are served at exits located as close as possible to each other to facilitate the transfer; passengers of domestic and international flights are served in the hub separately, and in the latter there is no need

pass re-pass passport and customs control. Currently, to increase and strengthen competitiveness, airlines are also introducing information technology (IT).

Because the costs of the system of sale of transportation are the third largest in the structure of the cost of air transportation after the cost of fuel and lubricants and wages. To organize online sales, carriers use both their own sites and independent web portals (such as Expedia or Travelocity) and resources created by groups of airlines (such as Orbitz in the US or Opodo in Europe).

In addition, online customer service on their websites allows airlines to increase revenue by expanding the range of services offered. According to an annual Airline IT Trends Survey conducted by SITA in conjunction with Airline Business magazine, 25-30% of airlines already provide hotel bookings, tour packages, car rentals through their websites, and half companies offer online schedules and access to bonus programs for frequent flyers, allowing you to use prizes earned for a large mileage; help to find luggage; provide for special tariffs and other types of passenger incentives.

Currently, in the context of the economic crisis, another extremely important aspect of the application of new technologies is the implementation of programs to reduce fuel costs in airlines. If the modernization of the fleet and the purchase of fuel-saving equipment requires high financial costs and will bring profit only in the long run, then among the short-term solutions, the option seems to be to improve the organization of air traffic management with the help of planing software. flights to optimize the trajectory of the track in order to rationally use aviation fuel. It is estimated that by reducing 220 million km of extra routes in Europe, the use of such programs will allow airlines to save about 146 million barrels of fuel annually. Thus, fuel efficiency will be improved by 3-4%. Examples are United Airlines, Air New Zealand, and Japan Airlines, which, together with the US Federal Aviation Administration, have implemented a similar initiative on 57 flights to San Francisco. Fuel consumption was reduced by 39.

Analyzing the airline's activities, we can identify the following competitive advantages, which are largely characteristic of traditional air carriers: private ownership (privatization of Air France allowed the airline to reorganize its activities, improve

financial performance, attract additional investors and then merge with the Dutch airline KLM, the concentration of activities in the hubs, regularity of flights and a large route network attract highly profitable passengers, a balanced route network can resist economic and geopolitical risks, differentiation of services provided, the quality of service fully meets the expectations of customers, which allows to attract on their flights highly profitable passengers (52% of airline passengers travel for leisure and 48% are business travelers), modern revenue management systems, which is the basis of profitability of the carrier (emphasis is placed on a combination of the following elements: an effective pricing strategy (product positioning, pricing programs, level indicators and restraints), etc.; effective policy of hedging fuel costs (the airline managed to save in 2003/04 - 180 million dollars, in 2004/05 - 465 million, in 2005/06 - 1160 million, 2006/07) - 800 million. Potential cumulative income in the period from 2007/2010 is planned at 1.78 billion dollars).

The business model of low-cost airlines is significantly different from the traditional model, its main feature is the reduction of costs for all possible items of expenditure. According to a study by the European Pilots Association, the comparative savings of low-cost carriers compared to traditional air carriers is 57%. Sources of savings are: high seat density, no customer support - 16%, savings at airport fees - 6%, no free meals on board - 6%, ticket sales via the Internet without the use of global reservation systems - 3%, lower costs for pilots' salaries - 3%, high intensity of aircraft use - 3%, economy on payment of commissions to intermediaries - 6%, minimum service costs at the airport - 10%, the simplest organizational structures, minimum administrative costs and management costs - 2%.

Conclusions and prospects for further research. Based on the analysis, it can be concluded that there is no single strategy that will work for each airline during the crisis. Most airlines understand a very clear challenge: - adapt or disappear. Airlines have traditionally had sufficient - perhaps even more than enough access to capital, while, they have had very little profit, resulting in many bankruptcies. More than six airlines also know that they must significantly reduce their costs, usually including labor costs,

to compete in the 21st century airline market. Today it is necessary to use new methods and means of organizing air traffic in international and domestic traffic. Based on the study of world and domestic experience of civil aviation is the creation of alliances and / or the conclusion of alliance agreements between airlines, which allows to normalize the critical situation in the market of transport services, due to high competition and deep crisis of civil aviation in the leading countries of the world. Some experts and politicians believe that the situation can be changed only by tightening control over the work of airlines by the state, others - to increase competition between airlines. The introduction of revenue management programs is becoming one of the main factors in increasing the competitiveness of airlines in the global air services market. Airlines operating in hubs - hubs, benefit significantly from the expansion of the route network, increase the frequency of flights and the number of serviced markets. Due to this, they attract highly profitable passengers, improving financial performance and competitiveness. Clear specialization, as well as the development of low-cost airlines in Ukraine will allow airlines to more effectively position their services in the market and not only prevent the leakage of "old" customers, but also attract new passengers, for whom the price characteristics are crucial.

To change the situation, the state must defend the interests of not one or two, but all Ukrainian airlines, including during negotiations on the opening of new routes. In EU countries, where several airlines operate in each of the destinations, the cost of services is 30-40% lower than in Ukraine.

COVID-19 has significantly affected the Ukrainian aviation market and all the industries directly supported by aviation globally. Without financial support from the government, Ukrainian aviation will find it hard to survive. Ecovis' experts can advise aviation-dependent companies on various matters related to overcoming the consequences of COVID-19 restrictions.

During the quarantine almost all flights, including domestic flights, were cancelled or postponed as a result of state restrictions and border closures. The only exceptions

were humanitarian cargo flights and special passenger flights. At the same time, all the risks relating to refunding fares for cancelled flights are borne by the carriers. These liabilities, together with the suspension of air traffic, have led to enormous reductions in revenue. As a result, there have been staff and salary cuts and budget cuts for support services in Ukrainian aviation companies.

Almost all Ukrainian carriers' aircraft remain idle. Most of the airlines are not able to meet their financial obligations to partners such as airports, ground handling companies and other aviation operators. At the moment, this trend is continuing because Ukrainian citizens, as well as the citizens of many other countries, are still generally prohibited from crossing the borders of the European Union.

Furthermore, on 29 August 2020, amendments to the Government's Order "On the Establishment of Quarantine and Implementation of Enhanced Anti-Epidemic Measures in Areas with Significant Spread of Acute Respiratory Disease COVID-19 Caused by SARS-CoV-2 Virus" came into force. As a result, foreigners, except for certain categories such as students, diplomats and those officially employed in Ukraine, were forbidden to enter the country until 28 September 2020. It should also be noted that this regulation could be extended in the future.

2.2 Analysis of air transportation in Ukraine and development of UIA (PEST, SWOT analysis)

After the collapse of the Soviet Union, Ukraine needed to form its own aviation system. The newly adopted aviation body was named "UkrAviation". In the same year, our country became a member of ICAO - the International Civil Aviation Organization. In less than a year, the airspace was coordinated with many other countries in the world. But since Ukraine was a republic of the Soviet Union, it did not have its own airlines, and could not even compete in the field of air transportation. For this opportunity it was necessary to meet international standards of transportation. This was used by the then established airline UIA, which began to use the then new aircraft BOEING-737. Ukraine International Airlines became the first Boeing users in the former Soviet

republics.

Since its inception for more than 10 years, the airline has developed successfully. It has attracted foreign partners, including UIA shares acquired by Austrian Airlines and SWISSair. Although the State Fund owned UIA shares in the 1990s, in early 2000 the European Bank became a shareholder.

BRR. Allies of Ukraine International Airlines have made a good contribution to the development of the company, allowing to reach a new organizational and technical level of services, to improve the work to the current level.

At the basic level, the airline had the task of dealing with the CIS, thus gradually increasing the scale of air traffic.

The exchange rate was usually higher for the European part of the world, as the solvency of people was higher than in the CIS countries. In the late 2000s, UIA accounted for a significant share of air traffic in the Ukrainian market, accounting for about 20 percent.

Further development was complicated by many reasons. The key factor was the withdrawal of foreign investors from UIA's capital, which was due to changes in the strategy of their presence in Ukraine, as well as the expiration of the standard term of presence in the capital of the EBRD investment object. The change in ownership ended the airline's last decade. UIA was privatized and new methods of company operation were introduced. This overcame past adaptability issues and guided the company's development as a network carrier.

Then, in 2013, Aerosvit went bankrupt, competing with UIA, so new opportunities for the International Airlines of Ukraine to open the market opened up. This is what they did, doubling the number of staff and aircraft, setting up work in the areas owned by the competitor. Increasing its influence, it was necessary to reorganize and streamline the work, which became the basis for the formation of a strategy of transit traffic "north-south", "west-east", through Boryspil International Airport. This year's

period turned out to be difficult, but UIA purchased new BOEING-737-900ER aircraft.

In the middle of the next year, 14, there was an attack on Ukraine, followed by the loss of the territories of Crimea and the economic crisis. The significant devaluation of the hryvnia has led to a catastrophic destabilization of the situation, as maintenance costs have risen instantly due to the dollar. In a difficult situation, UIA abandoned some low-profit destinations, reduced the number of flights and even had to reduce the number of staff. This was a necessary measure of saving money and resources at the time.

Subsequently, the management came up with the idea of reducing the price of air transportation, so as to help keep the company afloat. UIA has decided to exclude a number of services from the ticket price, making them optional for passengers. Of course, this slightly reduced the cost of transportation and maintenance of aircraft, but allowed to attract customers in a short time. Thus, Ukraine's international routes have become practically the cheapest on the world market of air passenger transportation.

During its operation, UIA has formed a clear market position based on safety and compliance. The airline clearly meets all the requirements of the modern world. In particular, UIA was the first in the former Soviet Union to receive IOSA certification. - auditors, creating a secure network for disseminating information on audit results, as well as optimizing systems of statutory audits. As required, this audit is conducted every two years. Every two years, UIA successfully passes this certification to this day, which guarantees the high qualification of employees and the level of the company. UIA has outperformed its main competitor in the Ukrainian market, Aerosvit, which has been on the market for almost 20 years and has more than 100 routes, so the history of Ukraine International Airlines management has many interesting solutions.

There are several other airlines in the aviation market, including Windrose Airlines, which has undergone a transformation from an aviation broker to the largest Ukrainian charter airline with high standards of service over its fifteen-year history.

Currently, the airline operates charter programs and scheduled flights from the base airport "Borispol", as well as from almost all regions of Ukraine, operating the following types of aircraft: Airbus-A-321 (4 aircraft), Airbus-A-320 (1PS) and Embraer ERJ-145 EU / EP / LR (7PS), carrying out a planned process of expansion of the medium-haul fleet. As well as business jet transportation from the airport "Zhulyany" operating: Hawker800XP (2PS) and Hawker850XP (1PS). The share of the airline's charter air transportation in the Ukrainian market is about 60%. Flight safety is a priority for WINDROSE airlines.

Another Motor Sich airline is a structural subdivision of Motor Sich Public Joint Stock Company, one of the world's leading companies in the development, production, repair and maintenance of aircraft gas turbine engines for aircraft and helicopters, as well as industrial gas turbine units. Aircraft aircraft manufactured by Motor Sich JSC are also equipped with aircraft engines. Today, the Airline operates a fleet of 9 aircraft, performing regular international and domestic passenger flights, passenger and cargo charter flights, as well as special flights that provide the activities of the parent company. The base airport of the airline is "Zaporozhye International Airport". I collected data according to the years on the work of Ukrainian airlines. Statistics on the activities of the aviation industry in 2017, 2018 and 2019 indicate its stable development.

Thus, during 2019, transportation of passengers, cargo and mail was carried out by 33 domestic airlines, which performed 99.4 thousand commercial flights (in 2018 - 89 thousand flights). At the same time, the number of transported passengers increased compared to 2018 by 17.9 percent and amounted to 12,443 thousand people.

At the same time, the volume of cargo transportation and mail by air transport of Ukraine increased by 18.5 percent and amounted to 98.2 thousand tons.

TABLE 1	Units measurement	Total			including international		
		2018	2019	% 2019/2018	2018	2019	% 2019/2018
Activities of airlines							
Passengers were transported	thousand people	10433,5	12632,2	109,8	9834,5	11312,5	121,6
incl. on regular lines	thousand people	6834,4	8034,5	119,8	6065,7	6823,5	109,3
Passenger kilometers are completed	bln. pas.km	19,8	24,5	134,8	20,1	26,7	131,8
incl. on regular lines	bln. pas.km	13,7	14,8	125,0	9,8	16,2	125,9
Cargo and mail were transported	thousand tons	78,5	100,5	120,5	79,8	101,4	120,1
incl. on regular lines	thousand tons	20,5	19,4	110,5	20,6	19,5	109,4
incl. on regular flights	mln.tkm	69,3	89,6	129,6	69,7	89,3	129,4
Made commercial flights	thousand units	94,6	99,5	106,7	76,2	85,3	108,2
incl. regular	thousand units	66,1	68,2	104,4	50,5	51,4	105,9
Airport activities							
Sent and arrived aircrafts	thousand units	160,8	181,9	113,6	124,7	144,5	116,8
incl. on regular flights	thousand units	119,5	139,4	114,7	94,1	109,9	118,5
Passenger traffic	thousand people	16543,8	19523,5	126,4	14891,2	18478,4	126,6
incl. on regular flights	thousand people	12784,2	16012,4	126,5	10564,4	13764,8	128,4
Mail and cargo flows	thousand tons	49,8	55,5	108,9	49,6	54,5	110,1
incl. on regular flights	thousand tons	46,5	49,8	109,4	47,5	49,8	109,4

It should be noted that since 2019, the market of passenger air transportation has developed quite dynamically. Thus, the number of passengers who used the services of Ukrainian airlines grew by an average of a quarter every year. Gradually, in three years, the volume of passenger traffic has almost doubled compared to 2017 and at the same time more than one and a half times the level of "pre-crisis" 2015. Passenger transportation was carried out by 21 domestic airlines, among which the leading position was occupied by the airlines "International Airlines of Ukraine", "Wind Rose", "Azur Air Ukraine", "YanEir" and "Bravo". By the end of the year, the five largest passenger airlines transported 11,449.5 thousand people, which is 20.2 percent more than in 2019, and is almost 92 percent of the total passenger traffic of Ukrainian airlines.

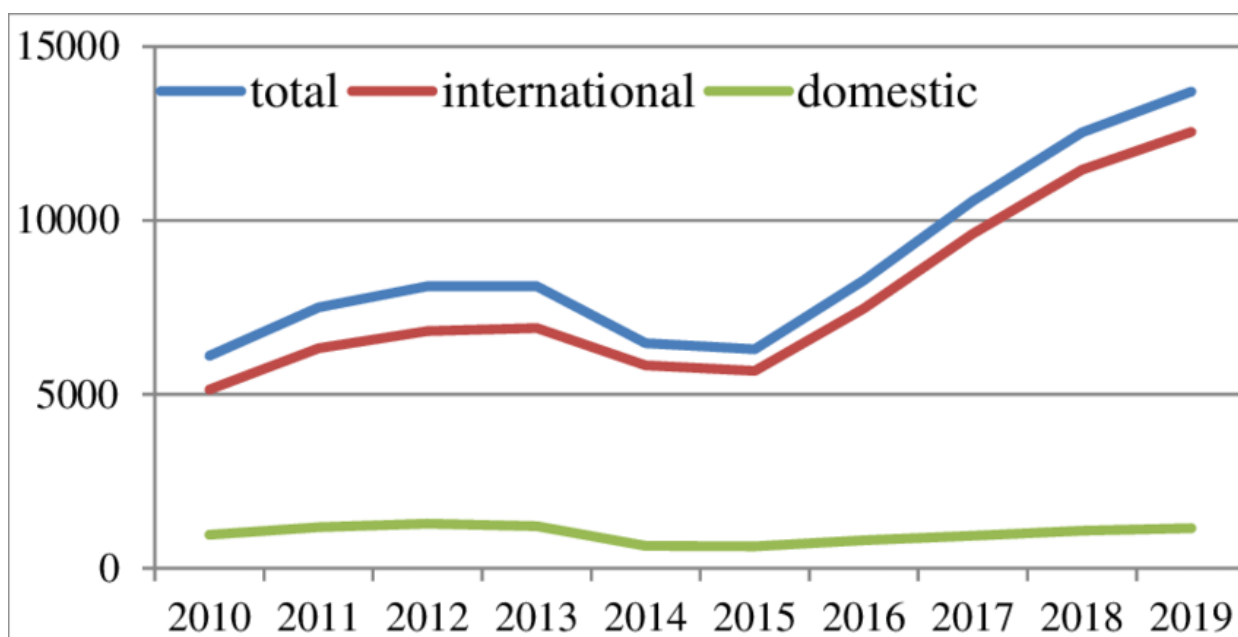


Fig. 2. Dynamics of passenger traffic by air transport of Ukraine

More than half (54.2 percent) of all passenger traffic of domestic airlines are international scheduled services. In 2018, according to the approved schedule, regular international flights were operated by 10 domestic airlines to 46 countries, the number of passengers using the services of Ukrainian air carriers increased by 16.4 percent and amounted to 6796.2 thousand people. Simultaneously with the increase in the intensity of flights in many mastered areas, the network of routes of domestic airlines developed. Thus, 17 new scheduled routes were opened by Ukrainian air carriers during the year. At the same time, the average employment rate of passenger seats on international scheduled flights of Ukrainian airlines increased from 77.7% in 2017 to 78.8% in 2018.

At the same time, there was an expansion of activities in the Ukrainian market of foreign airlines, 5 new foreign airlines started regular flights to Ukraine. 2018 was also marked by the development of the route network of foreign airlines, which started operating 27 international airlines. In total, in 2018, 38 foreign airlines from 37 countries flew to our country. Their services were used by 6,857.3 thousand passengers, which is 37.8 percent more than in 2017 and accounts for 50.2 percent of the total volume of regular passenger traffic between Ukraine and the world.

Significant growth (by 24.2 percent) was observed in such a sector of the passenger air transportation market as international flights on an irregular basis, during the reporting period 16 Ukrainian airlines carried 4,543.8 thousand passengers. At the same time, almost 79 percent of such flights were carried out by the five above-mentioned leading airlines.

During the year, the intensification of regular transportation within Ukraine continued. Domestic passenger traffic was performed on a regular basis by four domestic airlines, which provided air services to ten cities of Ukraine. During the reporting year, 1,062.4 thousand passengers were transported, which is 15.1 percent more than in the previous 2018. At the same time, the average employment rate of passenger seats on domestic scheduled flights increased from 74.1% in 2017 to 77.2% in 2019. In 2019, 21 domestic airlines performed cargo and mail transportation. It should be noted that most cargo has traditionally been charter flights to other countries under UN humanitarian and peace programs, as well as under contracts and agreements with other customers. The leaders of traffic are ATP SE "Antonov" (growth compared to 2018 by 16.4 percent), the airline "International Airlines of Ukraine" (growth - by 9,8 percent), "ZetAvia" (growth - by 36.8 percent) , "Maximus Airlines" (growth - 2.4 times). These airlines performed 78 percent of the total cargo and mail traffic in the reporting period.

Commercial flights of domestic and foreign airlines served 20 Ukrainian airports and airfields, during the reporting period the total number of departing and arriving aircraft amounted to 178.2 thousand units, which is 15.2 percent more than in 2018. At the same time, passenger traffic through the airports of Ukraine, exceeding the 20 million mark, reached 20,449 thousand people, which increased by 25.1 percent. Mail and cargo flows increased by 8.1 percent and amounted to 54.2 thousand tons.

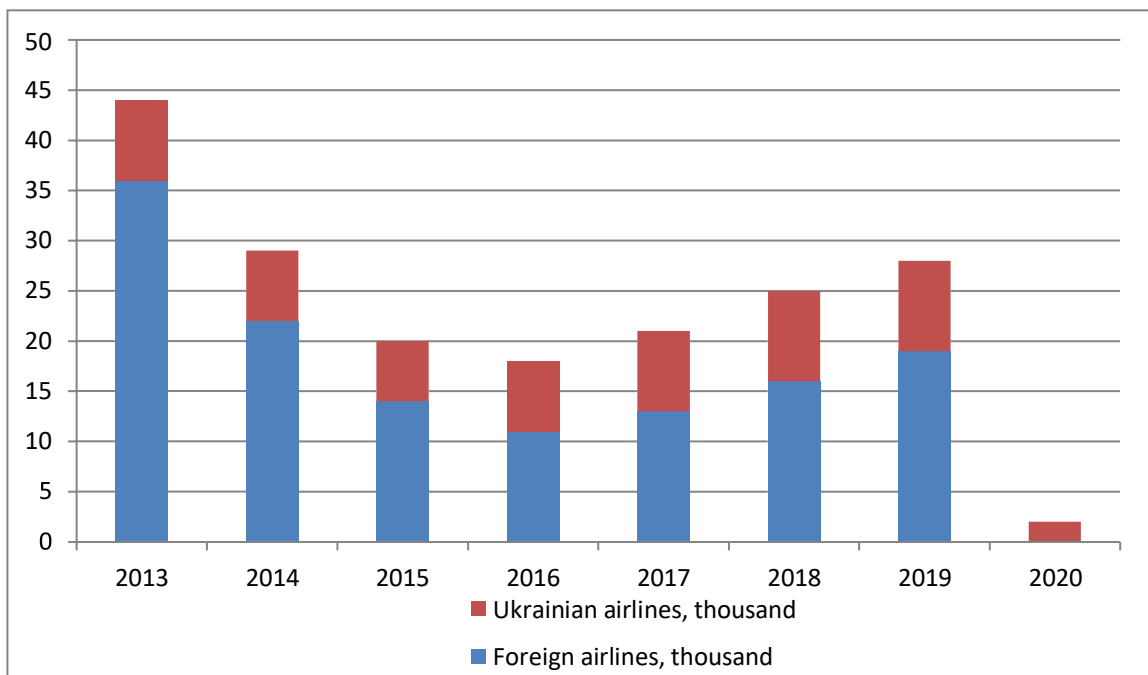


Fig. 3. AVERAGE MONTHLY NUMBER OF FLIGHTS IN AIRSPACE, 2013-2020

According to statistics for 2019, there was a significant increase in the number of passengers served at all major airports: Kyiv (Zhulyany) (by 52,1 percent), Lviv (by 46.8 percent), Boryspil (by 18.3 percent), Kharkiv (by 20.1 percent), Odessa (by 18.3 percent), Zaporozhye (by 15.1 percent) and Dnepropetrovsk (by 9.1 percent). Also, a significant increase in passenger traffic was recorded at the airports of Chernivtsi (by 49 percent) and Kherson (by 42.5 percent). It should be noted that today almost 98 percent of total passenger traffic and 98 percent of mail and cargo traffic are concentrated in 7 airports in the country - Boryspil, Kyiv (Zhulyany), Lviv, Odessa, Kharkiv, Zaporizhia and Dnipropetrovsk.

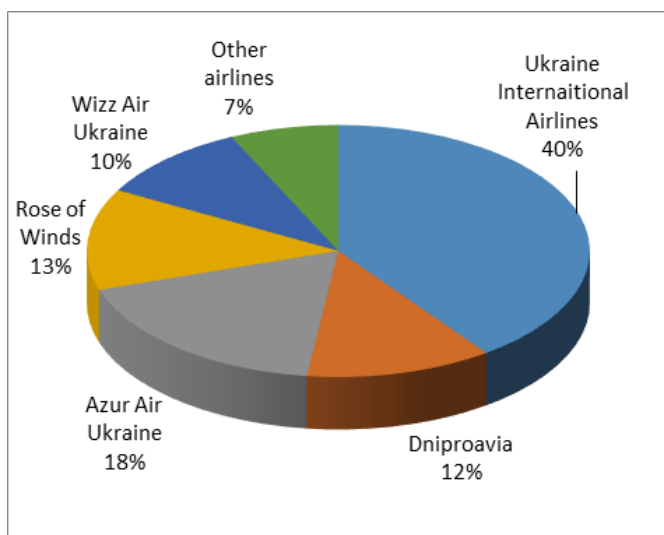


Fig. 4. The share of airline companies in the total volume of passenger transportation by air, (%)

Consider the situation in the first half of 2019, whether our airlines have planned the work correctly, whether we have managed to improve traffic and efficiency:

<i>TABLE 2</i>	Units measurement	Total			including international		
		1 half 2019	1 half 2020	% 2020/2019	1 half 2019	1 half 2020	% 2020/2019
Activities of airlines							
Passengers were transported	thousand people	5564,4	2354,6	42,3	5498,4	2134,3	38,8
incl. on regular lines	thousand people	3644,6	1652,8	45,3	3198,4	1456,0	45,5
Passenger kilometers are completed	bln. pas.km	13,7	6,2	45,2	13,2	5,8	43,9
incl. on regular lines	bln. pas.km	7,9	3,5	44,3	7,7	3,4	44,1
Cargo and mail were transported	thousand tons	45,1	20,1	44,5	44,7	19,8	44,2
incl. on regular lines	thousand tons	9,8	4,3	43,8	9,6	4,2	43,7
incl. on regular flights	mln.tkm	47,9	22,1	46,1	47,5	21,9	46,1
Made commercial flights	thousand units	48,3	25,4	52,1	40,5	24,6	61,1
incl. regular	thousand units	30,8	13,6	44,6	25,6	11,8	46,8
Airport activities							
Sent and arrived aircrafts	thousand units	95,6	42,7	44,2	76,8	35,2	46,3
incl. on regular flights	thousand units	72,8	33,6	46,0	60,1	25,4	42,7
Passenger traffic	thousand people	10743,6	4746,1	44,8	9634,8	3956,0	41,4
incl. on regular flights	thousand people	8637,1	3679,7	42,1	7536,3	3128,6	41,9
Mail and cargo flows	thousand tons	28,4	11,6	41,5	27,8	10,8	39,6
incl. on regular flights	thousand tons	25,3	9,8	39,3	24,2	9,1	38,9

In the first half of 2019, 5564,4 thousand passengers used the services of Ukrainian airlines, which is 10,9 percent more than in January-June last year.

There were 16 domestic airlines operating in the passenger transportation market, among which the traditional leader is Ukraine International Airlines (an increase in volumes compared to the first half of 2019 - by 8.1 percent). At the same time, significant volumes of passenger traffic were performed by Azur Air Ukraine (an increase of 32,9 percent), Skype (an increase of 7 times), and Wind Rose (an increase of 18,9 percent). It should also be noted that the fifth position in terms of passenger traffic was taken by Bukovyna Airlines, which has been operating passenger traffic since November 2019. During the period from January to June 2020, the five largest

passenger airlines transported 5498.2 thousand people, which is 87 percent of the total passenger traffic of Ukrainian airlines.

It should be noted that both international and domestic passenger traffic showed positive dynamics (growth rates – 12,1 percent and 9,1 percent, respectively).

Regular flights between Ukraine and the countries of the world according to the approved schedule were carried out by 10 domestic airlines to 45 countries of the world. During January-June 2020, Ukrainian airlines started operating flights on 9 international routes, connecting Kherson with Bourgas, Zaporizhia with Barcelona, Dnipro with Bodrum, Odessa with Rimini, Kharkiv with Paris, Sharjah and Rimini, as well as Boryspil with the cities of Sanya and Catania. The number of passengers who used the services of Ukrainian companies in the first half of 2020 decreased by 20 percent and amounted to 2354,6 thousand people, while the percentage of passenger traffic decreased by 7,4 percentage points and amounted to 42.3%.

In addition, there was an expansion of activities in the Ukrainian market of foreign airlines, which used 4188.9 thousand passengers, which is 42.6 percent higher than in the first half of 2019 and is 56.5 percent of total regular passenger traffic between Ukraine and countries of the world. Foreign carriers have launched 14 new routes from Bremen, Billun and Genoa to Kyiv (Zhulyany), from Manchester, Paphos, Dublin and Bodrum to Kyiv (Boryspil), from Copenhagen and Riga to Lviv, from Milan to Kharkiv, from Rome and Krakow to Odessa, and from Baku to Odessa and Kharkiv). In total, 38 foreign airlines (including two new ones - "Laudamotion" and "Aigle Azur") from 36 countries of the world performed regular passenger traffic to Ukraine in the first half of the year.

There was also a significant increase (by 15.8 percent) in such a sector of the passenger air transportation market as international flights on a non-scheduled basis. During the period from January to June this year, 14 Ukrainian airlines carried 2,324.9 thousand passengers. At the same time, almost 97 percent of such traffic is accounted for by Azur Air Ukraine, Wind Rose, Skype and Ukraine International Airlines.

Regular domestic passenger traffic was performed by four domestic airlines, which provided air services to 11 cities of Ukraine. During the reporting period, 534 thousand passengers were transported by regular flights within Ukraine, which is 9,1 percent more than in the first half of 2010. At the same time, the average employment rate of passenger seats on domestic scheduled flights of Ukrainian airlines increased by 2,1 percentage points and amounted to 78.6%.

During the period from January to June 2020, 11,6 thousand tons of cargo and mail were transported by air transport of Ukraine, which is 4,8 percent less than in the corresponding period last year. Cargo and mail were transported by 18 domestic airlines. Leaders of cargo transportation are ATP SE Antonov, Ukraine International Airlines, ZetAvia, Maximus Airlines and Yuzhmashavia. These airlines performed 41,5 percent of the total cargo and mail traffic in the reporting period. It should be noted that most cargo has traditionally been charter flights to other countries under UN humanitarian and peace programs, as well as under contracts and agreements with other customers.

According to statistics, in the first half of 2019, 94.2 thousand aircraft were serviced by Ukrainian airports, which is 12.4 percent more than in the same period last year. At the same time, passenger traffic through the airports of Ukraine increased by 20.9 percent and amounted to 10,743.6 thousand people. Cargo flows increased by 1.6 percent and amounted to 28.4 thousand tons.

A significant increase in the number of passengers served compared to the first half of 2019 took place at the main airports: Lviv - by 44.9 percent, Zaporozhye - by 29,8 percent, Kharkiv - by 24,8 percent, Boryspil - by 19,8 percent, Kyiv (Zhulyany) - by 15 percent, Odessa - by 10,7 percent and Dnepropetrovsk - by 8.3 percent. Also, a significant increase in passenger traffic was recorded at the airports of Chernivtsi (by 9.6 percent), Kryvyi Rih (by 6,9 percent), Vinnytsia (by 4,8 percent) and Kherson (by 5 percent).

PEST analysis of Airlines of Ukraine

Dynamic development of the air transportation market of Ukraine takes place, despite certain problems related to the economic situation in the country. To investigate the situation in the air transportation market, PEST-analysis was conducted, which made it possible to analyze the conditions of companies in the domestic aviation market and external factors that affect the conduct of business at an adequate level. PEST analysis is designed to identify political factors (P – political), economic impact (E – economical), social tendencies (S – social) and technological innovations (T – technological). The work was carried out in two stages: at the first stage, the degree of influence of factors on the activity of airlines in the form of relative normalized weighted coefficients was determined, and at the second stage – the probability of their influence on the five-point evaluation system, with 5 – the greatest impact, and – the smallest (Table 3).

Table 3. The degree of probability of the influence of factors on the activities of airlines

Factors	Weight Coef-ficient	Direction of influ-ence	Experts (degree of influence)				Ave-rage rating	Ave-rage weigh-ted
			E1	E2	E3	E4		
1. Political								
Lack of basic state policy for Ukrainian airlines	0,07	+	3	5	2	4	3,5	0,25
Incompatibility of Ukrainian legislation in the field of air transportation to international requirements	0,01	+	1	2	1	3	1,75	0,02
Weak state regulation of competition in the aviation market	0,08	+	5	5	4	3	4,25	0,34
Lack of means to combat "oligarchization" in the aviation industry	0,04	+	1	2	3	4	2,5	0,10
2. Economic								
The unstable economic situation in the country	0,04	-	3	2	4	5	3,5	0,14
Weak investment climate	0,05	+	4	2	3	3	3	0,15
High customs duties and tariffs	0,06	-	3	3	2	5	3,25	0,20
Low income level of population	0,08	+	5	4	5	2	4	0,32
3. Technological								
An outdated fleet of rolling stock	0,08	-	5	5	4	4	4,5	0,36
Inappropriate level of technology in the organization of the transportation process	0,07	-	2	4	5	5	4	0,28
Insufficient level of infrastructure development of regional and international airports of Ukraine	0,08	-	5	4	5	3	4,25	0,34
Insufficient level of the system of transport-logistic complexes	0,05	+	1	3	4	3	2,75	0,14
4. Social								
Age structure of the population	0,07	+	2	4	5	4	3,75	0,26
Training level	0,06	-	4	3	4	2	3,25	0,20
Educational level	0,08	+	4	3	5	5	4,25	0,34
Cultural level	0,06	+	3	2	4	2	2,75	0,17

The following specialists were selected as experts: personnel policy specialists, marketers of the public relations department, economists of the economic and analytical department, legal advisers, leading aviation specialists and employees of the Ministry of Infrastructure of Ukraine.

Insufficient state support is a major factor among the political factors. There is no basic state policy for Ukrainian airlines in a difficult competitive environment. The weak point is also a discrepancy legislation of Ukraine in the field of air transport to international and European standards, including the International Civil Aviation Organization (ICAO), the European Union, the European Civil Aviation Conference (ECAC), and the European Organization for the Safety of Air Navigation (EUROCONTROL). Gradual displacement of a domestic air carrier to foreigners is due to weak state regulation of competition in the aviation market.

Regarding "oligarchization", there are no effective market means to combat this negative phenomenon today. Real methods of counteracting excessive monopolization and seizing control over the market by one entity are only direct administrative power and prohibitive actions, very unpopular and counteracting normal market laws. Therefore, it is necessary to take measures to prevent the situation with the prerequisites for the oligarchic seizure of the market to eliminate this problem.

For Ukraine, "open skies" means the intensification of the process of the air transportations market development due to: update of airport infrastructure; establishment of high technical standards for airplanes and air services; security enhancement; modernization of air traffic control procedures; updating sectoral legislation, etc. In order to solve these problems, it is necessary to implement the provisions of the Concept for the development of the aviation complex and the development of programs for the period up to 2020 and to ensure the safety of flights by improving the mechanisms of supervision and control of transport activities.

Economic factors include: weak investment climate in the domestic aviation industry; high customs duties and tariffs during the flight; an increase in the inflation rate that affects the rise in fuel prices; the growth of fares for flights. The price policy of flights is controlled and regulated not by the government, but by airlines, which leads to fluctuations in prices for services of various airlines. The growth of the rates of conclusion of various types of agreements with other airline companies for the sale of commercial rights (interlays, block-space agreements, marketing agreements, code-ranging agreements, agreements on joint operation of airlines), as well as the creation of

aviation alliances take place. In accordance with social factors, here it is possible to note the regulation of relations in the field of training; taking into account the age structure of the population, the level of education and culture.

Among the technological factors, insufficient level of the system of transport-logistic complexes, insufficient level of regional and international airports infrastructure development in Ukraine can be distinguished. It is necessary for the government of the country to adopt uniform concepts for the development of airports, which will allow passengers to travel more quickly and with greater comfort. There is reluctance to use domestic airplanes for air transportation. There is an inappropriate level of technology in the organization of the transportation process, insufficient information provision.

This issue can be addressed through the introduction of CNS / ATM global satellite systems for air traffic services, automation and computerization of airlines at international level; the creation of a system of transport and logistics complexes (to shorten shipping time, reduce transportation costs and optimize tariffs) and further development of information and logistics technologies.

The result of PEST analysis is the selection of key environmental factors that will create the ability and smooth out the threats to companies in the projected period. Analysis of Table 3 allows us to conclude that: the absence of basic public policy for Ukrainian airlines does not allow opportunities to expand business; the lack of compliance of Ukrainian legislation in the field of air transportation with international requirements has little impact; weak state regulation of competition in the aviation market is a major threat to companies, as well as the economy as a whole; economic instability in the country is a threat to the company.

SWOT analysis of Boryspil International Airport (Table 4)

Strengths	Weaknesses
1) Possibilities of the flight field (runway № 1 allows to serve long-distance flights); 2) Base airport for leading Ukrainian airlines; 3) Existing opportunities for expanding the infrastructure without significant additional costs; 4) A large share of international air transportation; 5) Availability of a network of transcontinental flights.	1) High level of formalities when crossing the State border (border and customs), which prevents an increase in the transfer passenger flow; 2) Underdeveloped transfer infrastructure; 3) Relatively high cost of services provided by the airport; 4) Insufficient development of affordable commercial infrastructure (shops, catering, transport).
Opportunities	Threats
1) The geographic location that facilitates the development of a network of routes; 2) Strengthening the position of the basic airline (increase of volumes of transportations and connecting flights); 3) Delayed demand for air transportation, which will be satisfied after the stabilization of the situation in the country.	1) Economic crisis, falling purchasing power of the population; 2) More successful and dynamic development of competitive airports.

Based on the SWOT analysis, the priority directions of the enterprise development are defined:

- cooperation with airlines in terms of stimulating the opening of new destinations and preserving existing routes in order to restore passenger flows and increase the share of transfer passenger traffic;
- development of infrastructure for servicing transfer passengers;
- introduction of measures to improve the level of passenger service, in the first place, in the provision of non-aviation services;
- enhancement of security measures;

- cost cutting, including reduction of the cost of services;

- approaching the profile of successful foreign airports without increasing the debt burden (application of outsourcing).

SWOT analysis of Kyiv airport (Table 5)

Strengths	Weaknesses
1) New terminal infrastructure; 2) Flexible system of charges and fees.	1) Restrictions on noise characteristics, environmental restrictions; 2) Restrictions on the categories of aircraft; 3) Bandwidth limits.
Opportunities	Threats
1) The attractiveness of the airport for low-cost carriers in the event of the implementation of the "Open Skies" 2) Convenient location for passengers within the city.	1) Falling the attractiveness of Ukraine for potential passengers as a result of combat operations; 2) Economic crisis, falling purchasing power of the population; 3) Strengthen environmental and noise restrictions for the operation of the airport within the city.

With the fact that Kyiv airport has significant infrastructure constraints that do not allow the reorientation of large network carriers, there is the danger of the Boryspil airport hiring charter airlines in connection with the Kyiv airport's aggressive marketing policy and the use of a flexible system of discounts.

2.3 Consideration of UIA's competitive advantages in the air transportation market

In January-June 2019, passenger traffic on International Airlines flights of Ukraine increased by almost 9% compared to the same period in 2019 and reached 3 million 760 thousand passengers. The share of transfer passengers on UIA scheduled flights was 50,4%. During this period, UIA performed 29,000 flights, which is 0.3% less than in

2019. At the same time, the employment rate of passenger seats increased and reached 81% compared to 75% last year.

The punctuality rate of UIA flights for the first 6 months of 2019 was 82% compared to 76% in 2018.

During the reporting period, the volume of cargo and mail traffic by UIA flights reached 11 thousand tons, which is 7% higher than last year.

Since the beginning of the year, UIA has launched two new international scheduled flights: from Kyiv to Izmir and from Kherson to Bourgas, further expanding the geography of flights, and replenishing its fleet with two medium-haul narrow-body narrow-body aircraft Embraer-195.

Despite the growth of the number of traffic each year, the growth of the quality of services of airlines, Ukraine is in a crisis position in the aviation industry. Of course, a lot of work has been done during the period of European integration, increased attractiveness of tourists to Ukraine, and investments of world leaders. Ukraine International Airlines must compete with foreign companies, including low-cost carriers such as VISAIR or PEGASUS, etc. Despite this, many Ukrainians still cannot afford mostly air travel. Therefore, now all the difficulties lie on the shoulders of managers who have to deal with the following factors of competition:

- Market;
- Consumer;
- Economic;
- Organizational;
- Production.

In the airline market, the segment of greater development and planned actions of companies will win. At the moment, low-cost carriers are reducing the cost of tickets by reducing logistics costs.

In 2019, UIA bought two new Embraer-195 aircraft. The aircraft with a capacity of

116 seats has a traditional two-class cabin layout - business and economy class cabins. For passengers of medium-haul and domestic flights of the airline, the benefits of the economy class premium product are also available. The aircraft will be operated on UIA's short-haul and regional routes. The first commercial flights of the aircraft began on May 25 this year.

The second Embraer-195 has joined UIA's fleet this year. The results of two months of operation of the first Embraer-195 aircraft, which arrived at the UIA fleet in mid-March, confirmed the efficiency of this type of aircraft on UIA's short-haul and domestic routes, said UIA Communications Director Yevhenia Satska. - Unfortunately, the delay in the delivery of three Boeing-737 MAX aircraft due to reasons beyond the control of the airline forced us to review and optimize the schedule - some flights were canceled, the frequency decreased on a number of routes. The delivery of the next plane will give the airline the opportunity to adhere to the announced schedule and provide passengers with comfortable and punctual flights.

An important achievement in 2019 was obtaining from the aviation authorities of the People's Republic of China a license for the carriage of dangerous goods of categories 2, 3, 5, 6, 8, 9. UIA became one of the first among about 50 applicant airlines to have such a license DGR. Having a license entitles UIA to transport consumer goods from / to China, which fall under the category of "dangerous goods". These include smartphones, computers, tablets, cameras and other electronics of world-famous brands, whose production facilities are located in China. "It took us more than three years to obtain the right to transport dangerous goods, during which we were subject to repeated thorough inspections by the Chinese aviation authorities. As a rule, China is very meticulous in checking the reliability of carriers who plan to transport goods that fall under the definition of "dangerous goods". At present, all procedures have been completed, and now UIA has new opportunities to organize the transportation of consumer goods on the direct route Kyiv - Beijing - Kyiv by wide-body long-haul Boeing-777 aircraft, - said UIA Director of Cargo Transportation and Logistics Petro Kukharchuk.

At the end of 2019, changes took place in the top management of Ukraine

International Airlines. Due to the expiration of the contract, Yuri Miroshnikov, who has worked for the airline since 1993 and managed it for 16 years, leaves the position of UIA president on September 13. From September 17, 2019, UIA will be headed by Yevhen Dykhne. Under the leadership of Yuri Miroshnikov, UIA from a small hybrid airline with 8 aircraft, 860 employees and 639 thousand passengers has become the flagship of Ukrainian aviation with a fleet of 42 medium and long haul aircraft, a network of more than 49 routes, a team of almost 3 thousand employees and 8 million passengers. for a year. UIA has become one of the leading network airlines in Eastern Europe, offering passengers international-class services.

Yevhen Dykhne has a reputation as a crisis manager and experience in managing infrastructure companies: Lviv Airlines, Ukrzaliznytsia JSC. Prior to joining UIA, he served as General Director of Boryspil International Airport from 2015, and in 2018 was appointed First Deputy General Director of Boryspil International Airport.

The key task of UIA under the new president is to return to the area of profitability with a sustainable balanced development of the network business model.

One of the last events of 2019 was the introduction of a break-even flight program. The airline is optimizing the hub system at Boryspil International Airport taking into account fluctuations in demand, transit flows, forecasts of Ukraine's economic development and the situation with the need to fly over the territory of the Russian Federation. The reduction of the flight program is due to the need to optimize the costs of the airline and return it to the break-even point. The new schedule is introduced from November 16, 2019 for the entire winter and summer seasons of IATA 2019/2020 navigation. The frequency of flights between Kiev and Brussels, Copenhagen, Stockholm and Madrid will increase to daily. Twice a day there will be flights on the routes Kyiv - London - Kyiv and Kyiv - Vilnius - Kyiv. Due to the negative profitability, UIA will suspend flights to Amman, Minsk and Riga. Air communication between Kyiv and Beijing will be suspended, and the frequency of flights on the route Kyiv - Bangkok - Kyiv will be reduced to 3 weekly flights. Such changes came into force on November 15 and will last until the Ukrainian government makes an effective decision to create a level playing field for Ukrainian and foreign carriers when operating

flights around the territory of the Russian Federation.

Due to the coronavirus epidemic in China, the next flights Kiev-Sanya-Kiev of UIA will be performed exclusively for the removal of passengers. Flights from Sanya will take place according to the standard schedule - January 29 and February 5. The air carrier and the tour operator agreed to suspend flights in this direction before 24.02.2020 and the final normalization of the situation.

Conclusions: The main problems of Ukrainian air carriers are:

- Low level of development of organizational structures and documentation;
- Fuzzy delimitation of tasks, functions, processes and works;
- Unformed responsibilities in accordance with the powers;
- Unformed model of company development;
- Lack of strategy and policy;
- High cost of infrastructure (airport services, air navigation, fuel, etc.);
- Lack of professional managers.

In 2018, SKYup entered the international transportation market, which was formed in 2016, and now it has gained momentum very quickly and has become a full-fledged competitor in some areas for UIA. At lower ticket prices, last year the low-cost fleet was replenished with 5 aircraft. There are currently 10 Boeing medium-haul aircraft in the carrier's fleet. Of these, 6 Boeing 737-800 NG for 189 seats, 2 Boeing 737-700 NG for 149 seats and 2 Boeing 737-900 ER aircraft for 215 seats. In 2020, SkyUp Airlines plans to replenish its fleet with 2 more Boeing aircraft, so it is another worthy opponent for Ukraine International Airlines, so we hope that market conditions will improve the work of airlines and Ukrainians will use air transport more often. The change in UIA's top management must address a number of serious issues, including reputational and financial losses in the destruction of a Boeing near Tehran on January 8, 2020, to attract passengers by competing with foreign low-cost carriers. Despite the growth of the number of traffic each year, the growth of the quality of airline services, Ukraine is still in a crisis position in the aviation industry.

specific markets. Overall, Boeing expects the support and service market to reach \$ 3.2 trillion between 20120 and 2020, at an average annual rate of 3.4 percent. Commercial services have a forecast of \$ 1.71 trillion. and include services to support growing business and the overall aviation market. According to forecasts, public services will amount to 1.38 trillion. dollars Support and service functions are diverse in terms of sales, business volume, capital intensity and competitive environment. Segmenting these service functions into parts and supply chain; engineering, maintenance and modifications; training and professional services; and digital solutions and analytics.

Now consider our position in the global aircraft market. After the formation of its independence, the Ukrainian state was in a difficult position in the aviation industry, there was no management and relations with European countries, although Ukraine's capabilities were considerable in the former Soviet republics. The situation began to improve in 2000, and statistics show a steady increase in air traffic since then. Since Ukraine's economy suffers from constant changes, often a negative impact, the growth of air transport indicates the presence of Ukraine's potential in further development.

The basis for the success of UIA's development was the aviation technical staff. Now it has 35 aircraft of various modifications, including 3 wide-body long-haul ships "Boeing 777-200ER",

2 long-haul wide-body vessels "Boeing 767-300ER", also 24 medium-haul "Boeing-737" of New generation, 5 medium-haul "Embraer-190" and 3 medium-haul "Embraer-195".

Thanks to the established relations, diligent work for many years, reliability, and successful certification of activity at the international level, Ukraine International Airlines has achieved the stability of its routes and the growth of the number of traffic.

The location of the Ukrainian state has many advantages in terms of the development of air transportation, but currently the development of infrastructure does not allow us to take full advantage of our geographical advantages. Transit opportunities can be provided in greater numbers, in order to connect flights through Ukraine.

Consider the domestic market of Ukraine. UIA operates flights to Kharkiv twice a

day from Kyiv's Boryspil Airport. She is the only carrier on this line. In general, only three airlines operate in the domestic market of Ukraine (a total of about a dozen commercial passenger carriers are registered in the country): UIA, Dniproavia and Motor Sich. Thus on six lines from eight only one air carrier flies. There is competition on only two routes: Kyiv-Zaporizhia and Kyiv-Dnipropetrovsk. In addition to UIA, another carrier operates on them: Motor Sich and Dniproavia, respectively. The latter works very closely with UIA. The connection between regional airports is also poorly developed. The only domestic route outside the capital was the Dnipropetrovsk-Lviv line, on which flights were operated by Dniproavia. The remaining airlines are the communication of the capital airports Boryspil and Zhulyany with the regions.

We will note that according to the Air code of Ukraine for access to an air line (regular and charter transportations) the document - the right is necessary. In the case of an international flight, it is issued at the destination (note sent through diplomatic channels). For domestic flights, each carrier should also receive this right, but it is rather a formality. The domestic market is fully liberalized for Ukrainian airlines. As a rule, the rights are granted to all carriers that have a Ukrainian operator's certificate, license and no debt to the aviation special fund.

The Aviation Special Fund is a fund of the state budget of Ukraine, which is replenished at the expense of the state fee for administrative services provided by the State Aviation Service. This is, for example, certification of aviation entities, issuance of permits and permits. A significant part of the proceeds to the fund is the state fee, which is levied on each departing passenger: on domestic routes - \$ 0.5, on international - \$ 2.0. UIA dominates the domestic market. From its hub at Boryspil Airport, it flies to six regional centers - Kharkiv (about 380 km), Lviv (490 km), Dnipropetrovsk (380 km), Odessa (430 km), Ivano-Frankivsk (465 km) and Zaporizhia. km).

UIA flies to all these cities, as these are the only lines that have a minimum sufficient passenger traffic (in fact, these are the largest regional centers of Ukraine). In addition, these regional airports are able to accept the types of aircraft on which UIA flies. UIA accounts for 83% of domestic capacity. Compared to May last year, the carrier increased the number of seats in the domestic market by 19% to 68 thousand

units. The key to the airline's success was transfer traffic and the network model, which it has been developing since 2014. More than half of all passengers carried on domestic flights are transferred to other flights of the airline in the hub.

Other Ukrainian airlines focus mainly on direct passenger traffic, which has declined significantly over the past few years.

Thus, in May peak 2012, the carrying capacity in the domestic market was 130 thousand seats (64% more than in May 2017). At that time, several airlines operated regular flights around the country: UIA, Motor Sich, Aerosvit, Utair Ukraine, Wizz Air Ukraine, and others. The last three left the market in the following years. The cessation of air transportation to Donetsk, Luhansk, Simferopol, the decline in welfare, the economic downturn and the devaluation of the hryvnia have led to a significant reduction in the market. Today, the cost of domestic flights often exceeds the average salary in the country.

The issue of switching passengers to cheaper modes of transport requires separate consideration. Land transport has been the main type of communication within Ukraine for many years. This situation has developed primarily due to the peculiarities of the geography of Ukraine.

However, it is impossible to say unequivocally that land and air transport compete with each other. Fare and travel time by plane and train are still incomparable. These are rather two separate markets (3-6% of the population flies). In addition, the relatively small size of Ukraine (1321 km from west to east and 730 km from north to south) does not contribute to the development of domestic aviation. The only exception is Uzhhorod (Zakarpattia region; about 640 km from Boryspil airport), which is separated from the rest of Ukraine by the Carpathian Mountains, which significantly extends the duration of the trip by train or car.

Ukrainian airlines have repeatedly talked about the unprofitability of domestic traffic. The main problems they include the high cost of aviation fuel at Ukrainian airports, expensive loans, the need for mandatory sale of foreign exchange earnings (carriers must sell 64% of foreign exchange earnings, and then again buy foreign money to pay bills abroad), etc. .

Also, Ukrainian airlines regularly raise the issue of introducing a zero VAT rate (now 21%) for domestic flights. However, the effectiveness of such a state subsidy requires calculations. The fact is that in the air transport market (especially in its interior) demand is inelastic. Therefore, reducing the cost of the ticket by 11-18% will not increase passenger traffic. This is not enough for citizens to start flying. Most likely, domestic transportation will begin to develop only with the growth of the welfare of the population.

It should be noted that there are no real plans for the development of domestic air transportation in Ukraine. There is a lot of talk about this, but they do not move into the practical plane. UIA's model in the domestic market is now optimal - partly direct traffic, partly transportation to its hub Boryspil. Despite all the difficulties, the market is gradually growing. All airlines operating within Ukraine are introducing new domestic flights.

But the transport vessels in the domestic market of competitors are gradually aging. They generally consist of Ukrainian or Russian aircraft from the Soviet era, but also have foreign, also obsolete.

On domestic routes, UIA uses Boeing 737 cars of several modifications (-300, -500, -800, -900) with a capacity of 135 to 215 seats, as well as Embraer E190, designed to carry 104 passes. The rotation of these aircraft includes both domestic and international flights. For example, between arrival and departure to Boryspil, the carrier operates international charter and scheduled flights from regional airports, thereby increasing the utilization of the fleet.

Dniproavia puts regional Embraer ERJ145 on domestic routes, and Motor Sich uses 49-53-seat An-140 and An-24.

For the development of domestic transportation, Ukrainian airlines should pay attention to the renewal and development of the fleet of regional aircraft. On domestic routes, a large proportion are business passengers, who when choosing the mode of transport are very sensitive to the time of departure and frequency of flights. Thus, it is advisable to perform domestic flights in the morning from the regional airport to Kiev, and back in the evening. The most optimal are modern turboprop aircraft - both in terms

of number of seats and the cost per seat. Such aircraft show the best economic efficiency on short flights.

According to the survival in the air transportation market, we can cite the following features of the formation and development of aircraft:

- The use of ships of promising manufacturers today, the world's leading aircraft manufacturers;
- Use of decommissioned vessels or discontinued upgrades, but they are currently certified;

In general, regional aircraft need to be upgraded, as most of them have remained since Soviet times. Currently, the trend of leasing in the world is widespread and becoming widespread. According to statistics, the share of leasing aircraft in the world is growing every year, and is now close to 79%.

3.2 Leasing of air transport in Ukraine

Aviation leasing is a type of civil law relationship, the subject of which is aircraft, as well as ancillary equipment (used for the purchase and operation of aircraft). Each participant in the lease has its own interest. For the lessor, aircraft leasing is a profitable way to invest capital and a means of efficiently placing free cash assets. The main benefit is that lessors invest in property, ie the risk of non-repayment is reduced. Aircraft owners can actively influence the aircraft rental market and thus expand sales of their aircraft. Another benefit is the ability to get the full value of the object with the help of intermediaries, which are usually leasing companies. In turn, the lessee is attracted by the possibility of transferring obligations for the maintenance of the object to the lessor. Thus, there is no need to find special workers to repair and upgrade the aircraft, ie thus the lessee reduces the cost of maintenance of the leased object. Each economic category has its own types and leasing is no exception. Most often we come across the concepts of financial and operating leasing. Financial leasing is a type of leasing according to which the lessee receives a leased object for paid use for a period not less than the term for which 75% of the value of the object determined on the day of concluding the contract is depreciated. The main advantage of this type of leasing,

because all the risks associated with the use of aircraft pass to the lessee. It should be noted that after the expiration of the agreement, the aircraft may become the property of the lessee, if provided by the lease agreement. Operating leases provide the airline's basic production needs for additional aircraft, usually for a short period, and then the aircraft is returned to the owner. The competitive advantage of this type of leasing is the fact that the short term of use causes the lessor to retain the residual value of the aircraft in order to lease or sell the aircraft in the future. Forms of financial and operating leasing are "dry" and "wet" leasing. According to the Air Code of Ukraine, "wet" leasing (leasing with a crew) is a lease under which the aircraft is included in the certificate of the operator - lessor, which is responsible for ensuring flight safety. There is also a "raw lease" - an agreement under which the lessor provides aircraft, crew and flight services, but the lessee provides flight attendants. "Dry" leasing (unmanned leasing) - leasing under which the aircraft is included in the certificate of the operator - the lessee, which is responsible for flight safety, "Dry" and "wet" leasing are forms of financial and operational leasing. Today, most companies use "wet leasing", because: Due to wet leasing, the company gets flexibility, it becomes able to manage the composition and size of the fleet, reduce and expand it according to demand. "Wet" leasing is usually used during the peak season of traffic or when opening new flights, or during mass annual inspections of the technical situation. Airlines obtained through this type of lease can carry out air transportation in those countries where lessees are prohibited from working. So, "wet" leasing is a great tool for the airline to reach a new level and the opportunity to take a worthy place in the market.

An important condition for the effective functioning of air transport enterprises of Ukraine is the renewal of the fleet of aircraft. It is possible to take a competitive place in the market only using modern models and types of aircraft. It is clear that the cost of new aircraft is very significant, for example, the Boeing-737-800 costs about 56.8 million US dollars, Airbus A319 - 43 million US dollars, An-178 - about 39 million US dollars. The value of the used Boeing-737-500 (1994) is 12.1 million dollars. USA. None of the aviation companies is able to purchase new aircraft directly due to lack of working capital. Domestic airlines do not buy planes, much less new ones. Operating

leasing is a priority tool for renewing Ukraine's outdated fleet. In total, commercial Ukrainian airlines operate more than 100 passenger aircraft. Most are leased. In particular, most passenger aircraft are leased in the United States - 22 units (of which the operator of most units is UIA), in Cyprus - 19 units, in Ireland - 13 units, in the UAE - 9 units, in Singapore and Portugal – 6 units. Also among the countries where Ukrainian airlines lease aircraft: the Virgin Islands, Seychelles, Bermuda, Luxembourg, Canada. According to the State Register of Civil Aircraft for 2018, only five airlines have their own aircraft. The fleet of DAP "Ukraine" consists entirely of its own aircraft (Airbus, An, Mi), "Motor Sich" (An, Mi, Yak), "Urgi" (Cessna, AN, SAAB) and "UIA" (Boeing, Embraer) - part. It should be noted that out of 19 Motor Sich aircraft, 19 are own, only 1 is not leased out of 36 vessels in total at UIA. Half of Urga's air fleet is leased, half is its own. It should be noted that only four carriers have more than 10 aircraft: UIA - 34, "Motor Sich" - 19, "Urga" - 15, "Wind Rose" - 16 and "Horse" - 9. According to the Register of Civil Aircraft of Ukraine, the average age of aircraft is about 26 years. The youngest fleet in SAP Ukraine is a little over 13 years old, about the same age as UIA aircraft. Urga has 6 aircraft, Urga is constantly expanding its fleet and today the company has 19 aircraft at its disposal, including: 12 passenger SAAB-340B; 3 freight and passenger An-26-100; 1 freight An-26; 1 training Cessna-172R. Therefore, in order to expand the opportunities to upgrade the material and technical air base, Ukrainian airlines should lease aircraft.

If the subject of the lease is an aircraft, this means that, firstly, it must have all the necessary certificates for sale at any time at the early expiration of the lease, and secondly, it (or its manufacturer) has to have an appropriate reputation in the aircraft market, which allows to assess this residual market value with minimal risk, and, thirdly, the situation in the relevant secondary market sector must be fairly stable.

Unfortunately, due to all these factors, the situation in recent years for domestic aircraft is not very favorable. Most of them are aircraft of previous generations, which are decommissioned due to new international restrictions. This sharply reduces the prices of aircraft that have been in operation for a long time. As for new domestically produced aircraft, even high technical characteristics and compliance with modern

environmental requirements do not make them available to airlines without the introduction of a leasing mechanism. Thus, the cost of the An-158 short-haul passenger plane today is \$ 28 million. US, and the regional An-140 - 19 million US dollars, while the short-haul Boeing-737 can be leased for 130 thousand US dollars, and the regional Boeing767 - for 180 thousand US dollars. Note also that both loans and investments, regardless of their source, can be attracted to finance aviation leasing on terms not worse than those operating in the available leasing company "money market", ie at an interest rate not less than that formed in this market, otherwise the capital will simply go out of the field of leasing (the exception may be, perhaps, the attraction of public funds on protectionist terms).

A distinctive feature of modern aviation leasing in Ukraine is the limited and underdeveloped leasing relations, the predominance of state funding of leasing structures, their complete dependence on the position of the leadership of the aviation industry. As a result, the restrictions on the domestic and foreign markets for aircraft trade deprive both the aviation industry and civil aviation of Ukraine of an effective lever to increase their competitiveness, which in the global economic economy may lead to complete displacement of domestic airlines and carriers from the international aviation market. . To avoid the loss of independence and its own scientific, technical and intellectual potential, as well as to solve the problem of support and development of air transport, it is necessary to create an effective administrative mechanism to regulate and encourage the Ukrainian market of the best models of aircraft, mostly domestic. One of the tools of such a mechanism is the adoption of a special law on aviation leasing, which will not only expand its scope in the civil aviation industry, but will create attractive conditions for private Ukrainian and foreign airlines, aircraft manufacturers and various investment groups. Thus, world experience proves that the development of the institute of aircraft leasing (namely operating leasing, which has become the main development of aviation worldwide) and the creation of an appropriate legal framework for the formation of the leasing market is a lever that will significantly increase the international status of Ukrainian aviation.

CONCLUSIONS

Thus, some conclusions can be drawn about the need for further study of environmental analysis, especially the development of possible situational approaches and models that would enable modern airlines to use real-world management tools under changing environmental conditions. This approach requires a new quality of organizational and economic transformation, which is to raise the standards of implementation of economic relations. The most effective use of national competitive advantages, due to the availability of personnel, technological and scientific and technical potentials of the Ukrainian economy, should become the core of the international competitiveness of both the economy of the country and its business entities, including airlines.

Investigation of the factors of influence becomes important in the analysis of the airline's activity. To determine the future behavior of the organization, its management needs to know as the internal and the external environment, its potential and trends, and its place among other organizations. The impact of both external and internal factors on the enterprise is diverse. An analysis of the environment gives the company the ability to minimize the dangers and negative effects that it encounters during its operation. Analysis of the internal environment allows company to identify the strengths and weaknesses of the enterprise and outline the prospects for its development. The following specialists were selected as experts: personnel policy specialists, marketers of the public relations department, economists of the economic and analytical department, legal advisers, leading aviation specialists and employees of the Ministry of Infrastructure of Ukraine.

Insufficient state support is a major factor among the political factors. There is no basic state policy for Ukrainian airlines in a difficult competitive environment. The weak point is also a discrepancy legislation of Ukraine in the field of air transport to international and European standards, including the International Civil Aviation Organization (ICAO), the European Union, the European Civil Aviation Conference (ECAC), and the European Organization for the Safety of Air Navigation

(EUROCONTROL). Gradual displacement of a domestic air carrier to foreigners is due to weak state regulation of competition in the aviation market.

In sum, it can be argued that the "open sky" policy, increased competition and ownership change have the most significant effect on organizational and economic changes.

Expansion of the presence of foreign airlines in the market significantly affects the competitive situation. The union of Ukrainian airlines is one of the options for strengthening the position of Ukrainian civil aviation, another option may be an alliance with major foreign airlines.

It should be noted that the leading domestic air carriers do not meet the modern requirements of the world aviation community, which results in the low competitiveness of our airlines in the air transportation market in Ukraine and in the world. However, the achievement of high requirements is possible only with the gradual harmonization of Ukrainian legislation with the international, implementation and application of international aviation standards in Ukraine.

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