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## COMPETITION IN THE SYSTEM OF ENSURING INVESTMENT SECURITY

### KONKURENCJA W SYSTEMIE ZAPEWNIENIA BEZPIECZEŃSTWA INWESTYCYJNEGO

### КОНКУРЕНЦИЯ В СИСТЕМЕ ОБЕСПЕЧЕНИЯ ИНВЕСТИЦИОННОЙ БЕЗОПАСНОСТИ

#### Abstracts

*The article investigates the problem of competitive environment formation in Ukraine, analyzes the dynamics of the level of competition in the economy as a whole and separately by industry. Also, a comparative analysis of the level of competition in commodity markets with the dynamics of investment expenditures of business entities was made. On the basis of this analysis it was concluded that the first is related to the changes in the second. It is proved that the nature of the problems that limit the development of the competitive environment lies in the plane of the institutional imperfection of the competition protection system, which is carried out by the Antimonopoly Committee of Ukraine.*

**Keywords:** *competition, level of competition, investment, security, state regulation, anti-monopoly committee.*

#### Streszczenie

*W artykule zbadano problem kształtowania się konkurencyjności na Ukrainie. Została przeanalizowana dynamika poziomu konkurencyjnego w gospodarce jako całości i w poszczególnych branżach. Dokonano także analizy porównawczej poziomu konkurencyjnego na rynkach towarowych z dynamiką wydatków inwestycyjnych podmiotów gospodarczych. Na podstawie tej analizy stwierdzono, że poziom konkurencyjny zależy od zmian w dynamice. Udowodniono, że charakter problemów, które ograniczają rozwój*

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*konkurencyjny, wynika z niedoskonałości instytucjonalnej systemu ochrony konkurencji, będącej w gestii Komitetu Antymonopolowego Ukrainy.*

**Słowa kluczowe:** konkurencja, poziom konkurencji, inwestycja, bezpieczeństwo, regulacja państwa, komitet antymonopolowy.

#### **Аннотация**

*В статье рассмотрена проблема становления конкурентной среды в Украине, проанализирована динамика уровня конкуренции в целом по экономике и отдельно по отраслям. Также был осуществлен сравнительный анализ уровня конкуренции на товарных рынках с динамикой инвестиционных расходов субъектов хозяйствования, на основе которого был сделан вывод о зависимости первого относительно изменений второго. Доказано, что характер проблем, которые ограничивают развитие конкурентной среды, лежат в плоскости институционального несовершенства системы защиты конкуренции, которая осуществляется Антимонопольным комитетом Украины.*

**Ключевые слова:** конкуренция, уровень конкуренции, инвестиции, безопасность, государственное регулирование, антимонопольный комитет.

Statement of the problem in general outlook and its connection with important scientific and practical tasks. Ukraine is currently in an active stage of reform, which aims to create a perfect and dynamic model of economic development, in the short term leading to a radical renewal of the technological structure and a significant increase in the level of social standards. The experience of many countries shows that one of the most important factors for solving these problems is the effective competition between companies that promotes the welfare of the population and stimulates innovation. Development of domestic production, diversification of its structure, introduction of innovative approaches in the organizational and technological spheres can be achieved thanks to the entrepreneurial initiative under the assistance of the state authority. This will form the basis of the competitiveness of national products in the world market. Thus, the steady increase of investments in the economy and providing favorable investment climate are the issues of the strategic importance for Ukraine. After all,

they are the main tools for structural modernization of the economy, ensuring stable positive economic dynamics and effective involvement in the world division of labor, and so on. Therefore, the main, but not the only, means of increasing investment activity is to ensure the functioning of the domestic market with an adequate institutional environment for the development of competition and freedom of entrepreneurship.

Analysis of latest research where the solution of the problem was initiated. A large number of scientific works of domestic and foreign scientists, such as V. Bazylevych, O. Denisov, A. Ihnatyuk, O. Kilievich, O. Kostusev, V. Lagutin, M. Porter, G. Filyuk, Z. Shershnev and others, are devoted to the study of the problems of the development of competition in Ukraine and its impact on economic development. Most of the scientific works relate to the formation of a policy in the sphere of competition protection. However, it should be noted that such policy is not static, it should reflect the tendencies of development of the domestic and world economy. It is impossible to ensure

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further economic development through the increase of investment, without availability of appropriate institutional environment in the sphere of competition protection, where the Antimonopoly Committee of Ukraine plays a major role as an independent authority.

**Aims of paper.** The solution of the above problems is seen in creating the conditions for further development of the investment potential of the national economy in terms of increasing the level of competitiveness in commodity markets. A prerequisite for achieving this goal is to improve the institution of ensuring competition protection.

Exposition of main material of research with complete substantiation of obtained scientific results. Analysis of the level of competition becomes especially important for the study of institutionalization features of the investment security system. It is worth noting that competition is a part of a market economy that provides interaction of supply and demand, and, in the case of an adequate market reaction, balances the market prices. In the system of market economy, fair competition has a key place, because the free competition of entrepreneurs, who aim to gain advantages over others through their own achievements (as noted, in particular, in the textbook [H. Gronkowska 2008]) provides an efficient allocation of limited resources and the creation and introduction of new goods, services, technologies, and promotion of scientific and technological progress. Only a high level of competition in the market can ensure the increase of quality and range of products and services, decrease of prices, introduction of scientific and technical achievements and innovations, transfer of capital to the most productive sectors and fields, crowding out of the market of inefficient economic agents and rational use of

financial and labor resources. [Z. Varnalij 2015, p. 13]

On the way of market reforms in Ukraine, the state management monopoly was destroyed. As a result, a variety of organizational and legal types of enterprises based on various forms of ownership were established. Privatization played the main role in the process of formation of new forms of economic activity. Thanks to privatization, the entry to the market by new business entities in the commodity markets in 1994-2000, the formation and, to a certain extent, the development of a competitive environment in the Ukrainian economy took place. At the same time, the possibilities of structural demonopolization were at the end of row. However, competition is even more important than privatization in case of formation of civilized market relations. The first one must precede and provide conditions for the second one. As noted by W. Eucken, "the competitive order is a precondition that private ownership of means of production does not lead to economic and social problems. Private property needs control from the side of competition" [W. Eucken 1955, p. 359]. In the opposite case, privatization preserves monopolistic structures, which will block the development of competitive market in the future.

In general, the study of Ukraine's investment security and factors affecting its growth, among the indicators used for its assessment in accordance with the Methodology- 2013 [Methodic 2013], there is an indicator that reflects the level of development of the competitive environment in the national economy (hereinafter - the level of competition): "The share of output sold in the competitive domestic markets, percent of total production (as of the beginning of the year)". Thus, there is a direct link between the level of investment security and the level of competition; the greater the

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level of competition, and therefore the number of operating enterprises, the greater the amount of investment expended by them, which in turn leads to the increase of investment security level.

In Ukraine, the Antimonopoly Committee of Ukraine (AMCU), which is the state control and supervisory authority, monitors the level of competition in commodity markets and enforcement of competition legislation in business activities. However, competition policy is the responsibility not only of the profile department, but of all three branches of government as well.

If the theoretical aspect of the peculiarities of the competitive environment are disclosed within the classification of types of market structure such as monopoly, oligopoly, monopolistic and perfect competition, then in practice AMCU uses the following methods for assessing the structural preconditions of competition: 1) the determination of aggregate shares of enterprises operating in a particular market, in the total volume of sold products; 2) comparison of the number of markets with different structural preconditions in the total number of markets in Ukraine.

The conditions of competition in various sectors of the economy depend essentially on the peculiarities of the technical and economic functioning of economic factors, that is, the scale of activity, the need for special knowledge, equipment, technology, financial resources, the existence of legal barriers, etc. According to the results of the relevant surveys, markets with a competitive structure include the markets for crop and livestock agriculture production, textile products, clothing, footwear, publishing and printing, construction, services in most types of financial activities, in the field of freight transport, advertising, in wholesale trade and in dealership in trade. Thus, the best structural preconditions for competition persist in trade, where 75.4%

of goods are sold on markets with a competitive structure. The comparatively favorable structural conditions are characteristic for the agro-industrial sector, where 59.1% of goods (works, services) are sold in markets with a competitive structure. At the same time, the competitive environment in the transport and communications sector can be assessed as ineffective: 14.4% of the total volume of goods (works, services) is realized in markets with a competitive structure [V. Krykunova 2014, p. 60].

Examples of oligopolistic commodity markets at the national level are the markets of mobile services, coke, peat, motor gasoline, beer, tobacco products, and cement. But at the regional level, markets for processing agricultural products has mostly oligopoly structure as well.

Monopoly in the form it functions in Ukraine is one of the most destructive factors hindering the processes of strengthening and building up domestic markets. It prevents entering the market of by new business entities, increases consumer spending and preserves the innovation and investment activities of enterprises. The most negative phenomenon is the monopoly in the raw materials industries (agriculture, mining of ferrous metal ores, energy resources). Excessive profit of the raw materials industry is a kind of additional tax on production of advanced technology products, which automatically makes its production too costly. That is why, in the global competitiveness rating, the effectiveness of the antitrust policy of Ukraine is estimated very low, in particular, in 2016 - 136 rank out of 138 countries [The Global Competitiveness Report 2016-2017, p. 350-351].

In domestic anti-monopoly legislation monopoly markets and markets with structural features of individual dominance are distinguished. Thus, markets with structural features of individual dominance are widespread in the mining industry, in particular

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sub-sectors of mechanical engineering, chemical industry, waste management and water transport. The high level of market concentration on them is predominantly caused by entry barriers in the form of high capital intensity, long payback periods of investments, dependence on limited or external sources of raw materials, infrastructure. The deconcentration of enterprises, at the same time, as a rule, is either impossible from a technological point of view or unjustified - from an economic one. At the same time, a significant number of national markets with structural features of individual domination has the significant impact on foreign competition.

The current position of economic competition, as well as the position in the early 2000s, correspond to the "structure of the economy of the industrialized countries of the mid-twentieth century" [Competition in Ukraine, p. 4]. This is how the ratio of competitive and monopoly sectors was described in the Analytical Report on the state, trends and problems of the development of economic competition in Ukraine

in 2000-2005. It is also noted that "in the modern information economy of the most developed countries of the world, according to experts, more than 80% of the total volume of goods, works and services is created in the conditions of significant competition, and in the lack of competition - no more than 2%" [Competition in Ukraine, p. 4].

During the 2000s, the share of competitive markets was steadily increasing, and the share of markets with signs of individual dominance and monopoly - declined. This positive trend was interrupted by the global financial crisis of 2008 and since 2009 it has changed to the opposite (Table 1, Figure 1). At the same time, if in 2009 the reduction of the share of competitive markets was due to the expansion of oligopolistic markets, in which competition under certain conditions is possible, then since 2010, a gradual growth of market shares with signs of individual dominance or monopolized markets in which competition has been practically eliminated.

**Table 1. Structural preconditions of competition in the economy of Ukraine in 2001-2016**

Type of markets	The share of enterprises operating in the market of a certain type in the total volume of production (sales) in% to the beginning of the year													
	2001	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Competitive structure	53,9	54,3	55,4	59,5	53,1	56,7	54,3	48,3	49,8	49,2	45,7	47,5	42,7	43,4
Oligopolistic structure	11,6	15,3	13,6	9,6	14,4	12,0	16,6	12,5	15,4	17,7	16,9	15,4	16,7	13,6
Features of individual domination	22,7	19,9	22,1	23,6	25,8	25,6	22,6	30,7	27,6	25,9	29,9	25,4	30,8	43
Monopolistic structure	11,8	10,5	8,9	7,3	6,7	5,7	6,5	8,5	7,2	7,2	7,5	11,8	9,8	

Source: author's remarks on basis [Report of the Antimonopoly Committee for 2012...2016 years]

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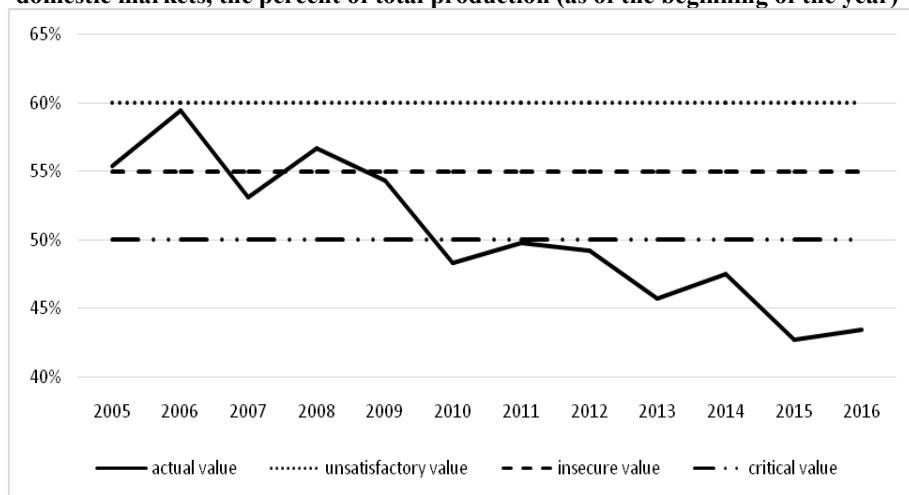
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**Figure 1. The trends of the indicators “The share of output sold in the competitive domestic markets, the percent of total production (as of the beginning of the year)”**



Source: author's remarks [Report of the Antimonopoly Committee for 2012...2016 years]

According to the Antimonopoly Committee of Ukraine's data in 2005-2016 the share of products sold in markets where the structural preconditions for competition were completely absent was about 7% (Table 2). However, the exceptions were in 2010 (8.5%) and 2014-2015 (respectively 11.8% and 9.8%), the causes of which were the global financial crisis and events in the East of Ukraine in 2014. However, the exceptions were in 2010 (8.5%) and 2014 - 2015 (respectively 11.8% and 9.8%), which is consistent with the effects of economic crisis caused by the financial crisis and sequence of events in the East of Ukraine since 2014.

As a rule, the small and middle enterprises that create the basis of competition experience repercussions of financial crisis (2008-2009) in the form of reducing the volume of production much more than large enterprises, especially monopolists. There were difficult conditions of functioning of the competitive environment in Ukraine in 2014. A number of factors, which adversely affected the preconditions for competition

in domestic markets, were observed in the national economy. In particular, there was the aggregate demand deterioration due to the combination of causes: the contraction of the markets, the devaluation of hryvnia which led to the inflation, the deterioration of the financial result of enterprises and, consequently, the growth of arrears of wages. At the same time, there was a decrease in goods supply, a reduction in industrial production, a decrease in investment and imports.

The analysis of dynamics of capital investments of large, medium and small enterprises, provide in Table. 2, and the level of competition indicator, given in Fig. 1., shows that there is a robust relationship between them. Therefore, for example, the growth of the level of competition indicator in 2011 to 49.8% (by 1.5 percentage points more than in 2010) could be the result of a faster growth of capital investments (2 times) in small and medium enterprises (SMEs) compared to large enterprises.

However, already in 2012, the growth of capital investments in large enterprises

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by 48% (+37 billion UAH) compared to 2011 and the reduction of total capital investments of SMEs by 0.4 billion. UAH led to a reduction of the indicator to 49.2%, and in 2013 - to 45.7%.

Reduction of capital investments of SMEs in 2014 by 21.7 billion. UAH compared with a reduction of 16.8 billion UAH in large enterprises also influenced the growing proportion of the monopoly markets in 2014, although the level of competition increased to 47.5% (+1.8 pp). This inconsistency in the relationship between two variables can be explained by the fact that the events of the second half of 2014 have made significant adjustments in decision-

making on expanded reproduction by the investment's subjects. One can assume that if there were no hot phase of conflict and hostilities in eastern Ukraine, then there would be no pessimistic, even hopeless expectations of the investors. According to uncertainty about prospects for resolving the conflict, investors were forced to make a decision on limiting or stopping capital investment, because capital investment is the income expected to be earned in the future. Investors as a rational entity are unlikely to invest in the economy of the country where the military action takes place and there are clouded prospects for the expectation of income.

**Table 2. Capital investments of enterprises**

Years	Capital investment, million. UAH					Addition to capital investment										
						Total		large enterprises		middle enterprises		small enterprises		among them microenterprises		
	Total	large enterprises	middle enterprises	small enterprises	among them microenterprises	abs.	%	abs.	%	abs.	%	abs.	%	abs.	%	
2010	130764.6	59141.7	50433.5	21189.4	6511.4	-	-	-	-	-	-	-	-	-	-	-
2011	193024.4	77953.9	80750.1	34320.4	7402	62259.8	48%	18812.2	32%	30316.6	60%	13131	62%	890.6	14%	
2012	229487.2	114813	77860	36814.2	12092.2	36462.8	19%	36859.1	47%	-2890.1	-4%	2493.8	7%	4690.2	63%	
2013	216986.9	104094.8	74125	38767.1	9284.2	-12500.3	-5%	-10718.2	-9%	-3735	-5%	1952.9	5%	-2808	-23%	
2014	178384.9	87240	63211.1	27933.8	8681.5	-38602	-18%	-16854.8	-16%	-10913.9	-15%	-10833.3	-28%	-602.7	-6%	
2015	213478.1	99170.8	78400.8	35906.5	9767.8	35093.2	20%	11930.8	14%	15189.7	24%	7972.7	29%	1086.3	13%	

Source: author's remarks on basis [Activities of subjects of large, medium, small and microenterprises, p. 142-144]

Such investors are the majority of representatives of SMEs, which, based on their peculiarities of functioning, are relatively more mobile and free to make radical decisions, based on the current economic and political situation. As a result, in 2015, the level of competition in commodity markets fell to the historic minimum in the last 15 years - 42.7%.

However, according to statistical data for 2015, capital investments in enterprises of all sizes has begun to increase since

2014, which may indicate both the return of trust to state institutions and the localization of the conflict, and the impact of the price factor caused by devaluation of hryvnia, which led to inflation (the highest in the period of more than 15 years). The dynamics of capital investment in SMEs again roughly doubled their dynamics in large enterprises (+23 billion UAH versus +12 billion UAH). According to the time lag between the changes in investment costs and

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the level of competition in commodity markets, the growth of capital investments in 2015 has led to increasing the indicator in 2016 to 43.4%.

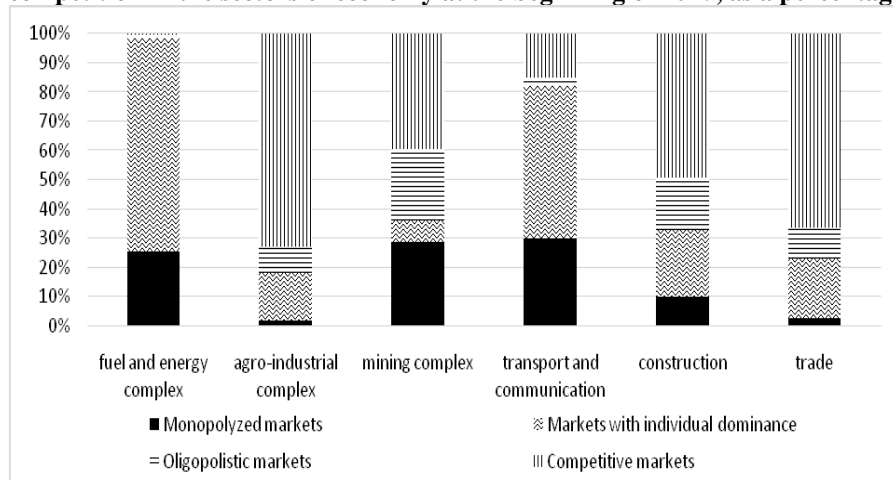
Concerning the level of competition in the branches of the national economy, their structural preconditions of competition show significant differences (Fig. 2). Traditionally, the markets of agriculture and the trade sector are highly competitive, and the structure of commodity markets of fuel, energy, mining and metallurgical complexes and the transport and communication sector, concentrated on the main markets of natural monopolies, remains the most unfavorable factors for competition.

The aggregate concentration level in the Ukrainian industry in 2014 was quite high (10 largest enterprises provided 28.2% of

the total volume of sales, while the 200 largest ones - 72.8%), while the decrease of concentration levels was observed from 2007 to 2009. The analysis of trends in the aggregate concentration level in Ukrainian industry showed that at the beginning of 2014 oligopoly and monopoly markets in the domestic industry had all signs of increase.

Among the problems that have a negative impact on the competition development, the most acute at the moment, in our opinion, are: unequal conditions of competition due to the influence of administrative factors; distortion of competition due to the development of the shadow economy; unfair competition; institutional restriction of competition

**Figure 2. The shares of markets with different structural preconditions for competition in the sectors of economy at the beginning of 2015, as a percentage**



Source: author's remarks on basis [Report of the Antimonopoly Committee for 2015]

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Inequality of competition conditions is one of the most serious negative factors in the development of entrepreneurship in Ukraine. Together with other factors, such as corruption, instability of legislation and political instability, unequal competition conditions are noted as a serious or very serious barrier to doing business. It is connected with the unequal taxation regime, subsidies and privileges of the state or local authorities, privileged access to land plots, infrastructure, etc. As a result, inefficient businesses are thriving, and their more productive competitors have difficulties. Contrary to the logic of a market economy, they are not able to squeeze out or absorb less effective rivals.

The greatest unequal conditions of competition business reveals in the field of public procurement. Public procurement is a sweet spot for business: a guaranteed and stable sales market and payment. If in 2013 the total volume of public procurement (capacity of the market) amounted to over 280 billion.UAH (of which 66% - in compliance with the legislative requirements for procurement procedures), or about 19% of GDP, in 2016 about 550 billion UAH was planned (of which 46% - in compliance with the legislative requirements for procurement procedures) or 23% of GDP [Report on the results of the analysis of the state procurement in Ukraine in 2015-2016, p. 9]. Thus, the demand of budget enterprises can absorb a significant part of domestic products. At the same time, the imperfection of the system for organizing public procurement, the system of monitoring the compliance with competition, as well as corruption in the authorities leads to a decrease in its potential as a factor of strengthening domestic markets. In particular, a significant part of the budget funds is being appropriated by the procurement procedure of one participant, which does not contribute

to improving the quality of products and reducing its cost to tenderers.

Increasing efficiency in commodity markets is the priority for the government, because without this, any expansion of capacity or volumes of domestic markets will be accompanied by a symmetrical expansion of existing problems and obstacles, which will reduce the positive effect of any state policy. In addition, the strengthening and development of domestic markets should necessarily be accompanied by a set of measures to support the domestic producers, because without such support the deficit of goods as a result of the domestic demand growth will be covered by imported products that in the end will intensify the pressure on the balance of the country payments.

Also, inequality of competition conditions is ensured in the most lucrative markets. To this end, there are created state and pseudo-private structures, as well as mandatory schemes of cooperation with a direct restriction to allow new ones enter the market. In this case, the formation of a competitive environment is hampered by limited access to resources and high transaction costs for entry into the market of new enterprises. Moreover, it concerns both foreign and domestic investors who are not part of the ruling coalition that controls the relevant market.

There is a practice of selective state support for state and corporate enterprises, which is carried out both in open (budget funds, subsidies, tax privileges and preferential lending), and in the hidden form (monopoly niches creation, state guarantees of bad loans, price protection, debt restructuring, netting, tax collection by illiquid products, etc.). Consequently, state intervention in the functioning of a market mechanism, limiting its action is the most important reason for the preservation of a large number of inefficient enterprises.

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Along with selective support, there is also the practice of selective discrimination of business entities by the authorities. If in 1994-1998 the average annual number of anti-competitive actions of the authorities made by the AMCU was 220, then in 1999-2003 - 451, in 2004-2008 - 737, in 2009-2010 - 648, and just in 2016 - 782 (26% of the total number of violations of antimonopoly legislation) took place [Report of the Antimonopoly Committee for 2016, p. 187].

Significant "shadowing" of some markets with a competitive structure distorts competition for them. In the "shadow" sphere, there are no legal mechanisms for protecting economic competition, as a result of which there is a high probability of market-sharing, the creation of entry barriers and other forms of anticompetitive arrangements. In addition, in the "shadow" sphere, sellers and buyers are much less informed about the overall condition of supply and demand than in the legal one, as a result of which the seller (buyer), even with a practically insignificant market share, can behave as a monopolist in their stance toward uninformed contractors.

This fact can be evidence about the volume of the "shadow sector": only in five types of economic activity, for which markets are characterized mainly as a competitive structure - agriculture, hunting and forestry, food processing and processing of agricultural products, construction, hotels and restaurants, terrestrial transport, - the amount of gross capital investment exceeded the result of operating activity in 2004 by 4.2 times. Such an excess is so great that it can't be explained either by the attraction of bank loans or by the getting the investments from the budget funds.

The problem of unfair competition, in particular, the unlawful use of business reputation of economic entities, the creation of obstacles and the achievement of unlawful

advantages in competition, the misappropriate collection, disclosure and use of commercial secrets, other actions in competition, contrary to the rules, trade and other honest practices in business activities, according to available observations, is less acute than the two above-mentioned, but the facts of detection are numerous.

Institutional restrictions of competition exist in many areas. So, if we consider agriculture, then we have an example of monopsony, which results in the purchase of goods at prices lower than perfect competition. The agricultural land market actually appeared only in the early 2000s, after the reform of agricultural enterprises. At the same time, in most regions, competition for renting land is absent or weak, so countrymen, as a rule, are forced to rent it for a significantly lower fee.

Also, the anti-competitive actions of certain state or local authorities have negative impact on the state and development of competition in commodity markets. So, unfortunately up-to-date particular law enforcement agencies are used to limit competition. Lately, (August 2017) the scandal concerning unreasonable price has increased and on the traditionally monopolized fuel market it has become public. At this time, the problem arose with prices for liquefied gas, which grew by more than 50% from mid-August 2017 in 2 weeks (from 11 to 16.5 UAH per liter).

There are many explanations: both objective and subjective factors have influenced the growth of prices. The objective ones include the reduction of imports (reduction of supply) from Russia and Belarus "due to certain administrative obstacles created in Russia, and the planned repairs of factories producing this product, and the seasonal factor - the peak growth of demand in August-September "[AMCU began checking liquefied gas market 2017]. The subjective factors include anticompetitive

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actions (conspiracies) of suppliers (importers). However, the decision on conspiracy can be made by AMCU only after processing the full amount of information received from the State tax service, the State Statistics Committee and the Ministry of Energy and Coal Industry.

At the same time, there are several reasons for deteriorating the situation on the fuel market: 1) an artificial shortage of competition and as result shortage of goods for the purposes of obtaining a surplus profit; 2) market share reallocations in favor of interested persons. Unfortunately, the practice of using the law enforcement agencies as a main tool to block the operation of individual suppliers still remains. As we know, it is possible to deal with the consequences, but it is much more problematic to tackle with the causes of the problem. And in this situation, the reason is corruption, rent-seeking behaviour of the officials employed in controlling and enforcement bodies, for which the abuse of power is a source of enrichment. The solution of this problem lies in the area of institutionalization of the control system in the economic sphere, which involves the creation of the Financial Intelligence Service. It is the authority which has to take over the control on the economic block, depriving the security service, the police and other structures of it. But all these bodies are sabotaged for various reasons.

**Conclusions.** Competitive environment is formed, however the intensity of competition in different markets is estimated from "fairly high" to "moderate" and "weak" value by economic entities. The post-crisis recovery of economic growth in Ukraine due to external and internal factors because

of stagnation of investment processes, is not accompanied with qualitative changes in the gross value added production, as evidenced by the low level of markets with a competitive structure. Growth of investments both operative entities and new ones, which are the basis of the competitive environment, is limited due to a number of problems: the inequality of competition conditions due to the influence of administrative factors; distortion of competition as a result of "shadowing" of economy; unfair competition; institutional constraints on competition.

Political dependence, procedural uncertainty, lack of funding and the lack of skilled and independent staff is not able to provide effective work of the AMCU, making it the tool for crackdown on competitors. Therefore, ensuring independence, procedural certainty, adequate funding for the recruitment of skilled independent personnel with decent pay for their work will make the AMCU advocates of competition in the commodity markets. That, in turn, will also create a positive image of the AMCU both in the country and abroad.

There is a need for institutionalizing the protection of competition through the introduction of an institution of experts at ministries and departments that would carry out an inventory of the current legislative framework and decisions that are being taken in order to comply with competition law. Also, in addition to steady monitoring of compliance with the competition rules of adopted legislative acts and those, that are in process of adoption, the need arises to develop a mechanism to prevent passing laws that will adversely affect the competition.

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