

EVALUATION OF THE AIR SERVICE LIBERALIZATION BETWEEN UKRAINE AND MEMBER STATES OF THE EUROPEAN UNION

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Air passenger market liberalization creates the need to assess the openness and freedom of air transportation between Ukraine and Member States of the European Union.

Liberalization in the EU was completed thirty years after the founding of the Economic Community and the adoption of many laws. The decision to create a single European aviation market has become a part of the EU actions towards creating a common market under the Single European Act. The process of building a common aviation area in the EU is combined with accession processes by third countries. So, nowadays it is relevant for the relations with Ukraine.

The agreement on Common Aviation Area (CAP) was initialled on 28 November 2013. But there are different problems to sign it as for Ukraine, as for EU. Today, the practice of the European Union is to provide free market access in air transportation within the region. Therefore, Ukraine should be ready

to make necessary changes in bilateral agreements with the EU that will be seen as a necessary condition for admission. To assess their openness when agreement on the CAP is not signed yet, it was used the Air Liberalization Index. The maximum value is 29 from 50. It means the transition from the state regulation to liberal relations. But average value is quite low (12) and reflects that access is closed.

Access without restrictions to the Ukrainian air transportation market significantly undermines the possibilities of domestic airlines, as competition increases significantly. Immediate liberalization decreases the opportunism of domestic airlines, but at the same time undermining the development of Ukrainian airlines, the completion level of which is significantly different from European. Therefore, such a situation requires gradual implementation of the agreement with the EU, the gradual creation of a common aviation area with regard to the adaptation period for Ukrainian carriers and laws.