

Financial Provision of Oil and Gas Complex as Foreground Direction of Ukraine's Economy Development

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Abstract – Current state of development of oil and gas complex and sources of its funding are investigated. Position of oil and gas complex as a foreground direction of energy independence and economic security is justified. Problems and perspectives of oil and gas complex development funding via the state credit in form of capital investments are investigated.

Key words – oil and gas complex, investment project, capital investments, state budget funding, state credit.

I. Introduction

In modern conditions of national economy establishment the state of oil and gas complex rises as key element of Ukraine's economic development in aspect of provision of economic and energetic security.

II. Results of research

Ukraine belongs to countries, which satisfy only small part of demand for fuel and energy from its own resources. Such kind of trends indicating significant dependence on imported energy supplies. According to the said above, the problem of financial provision of Ukraine's oil and gas complex efficient functioning is urgent and it appears as foreground direction of national economy development.

Significant part of Ukraine's energy resources are provided by oil and gas complex. In fact, oil and gas complex has become a carrying structure for economy and state as a whole, what determines it as one of the most important tools of national interests' realization and method of economic and political pressure, as this sphere is subject of struggle on the international arena.

The main purpose of oil and gas complex functioning is to meet the needs of national economy in hydrocarbons in current and future periods and provision of efficient usage of oil and gas domestic reserves [1].

Provision of oil and gas complex efficient functioning supposes significant amount of funding and includes following tasks:

- rational use of explored oil and gas reserves;
- provision of expanded reproduction of oil industry resource base;
- conservation of resources and energy, costs reduction on all stages of technological process of oil and gas reserves preparation, production, transportation and processing;

- improvement of refining and process of complete removal and use of all associated and dissolved components;

- development of gas processing industry;

- formation and development of new vast centers of oil and gas production and processing, first of all on a shelf of Azov and Black seas;

- development and reconstruction of transporting infrastructure of complex, in order to enhance transportation efficiency of gas, oil and oil products and its diversification by directions, methods and routes of supply on external and internal markets;

- timely formation of transportation system in new productive regions [3].

Oil and gas industry is strategic branch, which provides economic and energetic security of the state and represents itself as one of the most important strategic foreground directions of each country development.

In period of last ten years in Ukraine were discovered new productive reservoirs which are under exploration or development. Today there are 235 production companies, which are developing natural gas, oil, condensate and oil and gas fields. Including SC Ukrgazvydobuvannya – 135 fields, PC Ukrnafta – 90 fields and PC Chornomornaftogaz – 10 fields [2].

The main trend of previous ten years is that stable volume of natural gas production has been maintained through the implementation of measures which improved the efficiency of exploitation of resources and production bases, as well as the discovery and development of new fields and areas. At the same time dynamics of hydrocarbon reserves, presented on Fig.1, demonstrates declining trend, that means that existing production process is losing its efficiency [2].

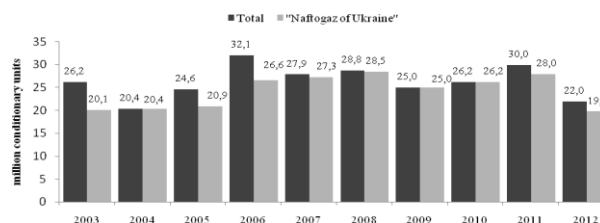


Fig.1 Addition of Hydrocarbon Reserves in Ukraine.

It is necessary to admit that major part of productive fields are at the final stage of development and they are characterized by complicated geological and technological conditions of operation. Current situation is aggravated by the fact that main part of equipment is outdated and depreciated. So it is obviously that oil and gas complex feels extreme need in great amount of funding.

According to authors' opinion the main way out of critical state and further development of this sphere is to attraction of available financial resources, aimed exactly on updating and enhancement of productive facilities, through funding of equipment technological updates.

The main tool of solution of problems described above is realization of investments projects. This process involves large financial resources and comprehensive plan of actions, aimed on formation of new production process

or its modernization, in order to receive economic and social effect.

In modern conditions private sector of economy is untenable to provide in full measure required investment resources – the absence of self-financing and deficit of available funds of enterprises of other sectors of economy actualizing the problem of state budget resources attraction in process of financial provision of oil and gas complex development. The participation of state in investment projects funding takes an important place in a process of investment activity intensification.

The part of budget funding of investment projects is not significant, what related with constant deficit of available financial resources in structure of budget revenues. Unbalanced structure of budget revenues and expenditures requires attraction of external financial resources in a form of state credit, which must be directed on capital investments of branches of strategic importance, not on current expenses.

According to this statement improvement of fiscal and debt policy in context of investment field of resources usage, which were attracted via state credit, is urgent problem as it is efficient tool of innovative economic development of national economy and oil and gas complex in particular [4].

State credit is not constant source of funding of Ukraine's innovative changes in a sphere of social and economic development for today. Existing amount of debt obligations has character of consumption, as it is directed on current expenditures of state budget and it doesn't bring any capitalization effect for national economy. Such kind of trends indicating the growth of debt burden and it creates negative disparities of budget structure in its turn, which result constant deficit of available financial resources in a state budget.

According to the said above, transformation of state credit into leverage of reformative changes appears as a first turn task in a process of provision of efficient functioning of oil and gas complex, as a foreground direction Ukraine's economy development.

Realization of investment projects must be accompanied by strengthening of state control and regular reporting concerning spending of attracted state funds, as

ineffective management leads to errors and failures of investment projects tasks.

Conclusion

Funding of oil and gas complex via state credit in a form of capital investments can intensify development of energy potential. In its turn it will provide implementation of state energy conservation policy, including reduction of energy costs part in prices of goods and services, what enables reduction of import and facilitates servicing of state external debt.

As result it will give possibility of balancing state budget structure and balance of payments of Ukraine. Such kind of investment policy will enable enhancement of own oil and gas production and its transportation. In its turn it will provide the increase of state energy sovereignty and strengthen Ukraine's positions on a world energy market.

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