

Reforms Prioritized for Ukrzaliznytsia, Tariff Increases Not the Only Solution – Alona Lebedieva

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[/EINPresswire.com/](https://EINPresswire.com/) -- According to the [press service](#) of Ukrzaliznytsia, the Supervisory Board of JSC Ukrzaliznytsia has approved the company's management proposal to index freight tariffs by 37%. This figure is allegedly based on the producer price index (PPI) growth for the third quarter of 2024, which rose by 23.8% compared to the previous quarter. However, relying solely on the increase in producer prices appears somewhat



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inappropriate. By that logic, for instance, when producer prices fell by 7.4% in 2020, Ukrzaliznytsia should have lowered its freight tariffs accordingly. Yet, not once in all these years has Ukrzaliznytsia revised its tariffs downward, regardless of economic developments. Moreover, comparing producer price changes quarter-on-quarter is also not correct: this indicator is usually compared month-to-month or year-on-year relative to the same period in the previous year—that is, using a so-called “base index.” The approach proposed by Ukrzaliznytsia uses a so-called “chain index” (comparing against the immediate previous period), which is suitable for comparing physical volumes (for example, freight volumes) but not for prices.

Ukrzaliznytsia representatives emphasize that the tariff indexation will consider the ongoing needs of infrastructure maintenance and transport safety. According to Chairman of the Board Oleksandr Pertsovskiy, the proposals will be presented to shippers for review, and the company plans to discuss with them expectations regarding compensatory measures and operational improvements.

However, businesses and experts are concerned about such abrupt steps. Alona Lebedieva, the owner of the Ukrainian multi-profile industrial and investment group Aurum Group, points out that during wartime, industry is already under critical pressure. In her view, significantly raising tariffs without prior open consultations and without accounting for the positions of both businesses and society may lead to reduced export competitiveness, a halt in investments, and

even the shutdown of production in key sectors, which would logically drag down the entire economy. "Raising tariffs without understanding the needs of businesses is a signal that the state does not hear its own producers," Lebedieva stresses.

On the other hand, Ukrzaliznytsia's tariff increase creates another problem: freight owners who cannot afford these "golden" services will be forced to switch to road transport, placing additional strain on roads. This will lead to the deterioration of the road surface, into which millions of budgetary funds have already been invested.

Note that in EU countries, rail transport is the backbone of freight logistics. It is environmentally friendly, cost-effective, and has a long service life. European governments actively support their railways by introducing tariff incentives, modernizing logistics hubs, and strictly controlling truck overloading to protect roads. If we are moving toward the EU, it would be wise to leverage existing decades of experience rather than making the simplest, short-term decisions that fail to resolve the situation in a global context.

Instead of a sharp tariff increase, which may only temporarily offset Ukrzaliznytsia's financial difficulties, Lebedieva suggests implementing systemic reforms and improving the company's efficiency. It must be understood that simply raising tariffs will not solve the industry's longstanding strategic problems.

Thus, the situation with the freight tariff indexation demonstrates the importance of avoiding the repetition of the same arguments without further explanation and encouraging a balanced discussion that takes into account the interests of all stakeholders.

"In a time of war and massive economic transformation, it is extremely important to make strategic decisions openly, professionally, and with respect for the needs of both producers and society," Lebedieva is convinced, "since this is how we can find optimal ways for the stable development of the logistics system and the economy as a whole."

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