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THE FEATURES OF FINANCIAL CONTROL OF STATE-OWNED OIL AND GAS ENTERPRISES: MODERN UKRAINIAN EXPERIENCE

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Abstract. The author found out the influence of state-owned oil and gas enterprises on the national economy, energy security and influence on stability of energy sector. In the article were analysed the specific features of financial control of state-owned oil and gas enterprises in different countries, including developing economies such as Ukrainian is. The author concluded that the effective mechanisms and instruments of financial control of state-owned oil and gas enterprises are important to enhance development of national energy sector and even the development of national economy.
Keywords: state financial control; state-owned enterprise; oil and gas sector; oil and gas enterprise; energy resources; energy safety.

In a globalized world economy the main actors of the energy market are vertically integrated companies operating at all stages of the production cycle – from mining and production of oil, coal and gas, to transportation and logistics services, and sales. Moreover, the state-owned oil and gas enterprises control about 90 % of world oil and gas reserves, 75 % of production and infrastructure. Among the world's 25 largest oil and gas corporations, 18 are the state-owned enterprises.

Thus, the state-owned oil and gas enterprises play an important role in the national economy, energy security and influence on stability of energy sector [6; 9].

Therefore, it determines the relevance of the research of state-owned oil and gas enterprises and its influence of energy sector development. Until nowadays, scientists and experts of energy sector ignored the importance to study the impact of state-owned oil and gas enterprises on the national and world economies. Most of the researches [1; 8] pay attention on the difference between the efficiency of the state-owned oil and gas enterprises and the private companies of energy sector, but do not release from the consideration that state-owned oil and gas enterprises influence on wide socio-economic and political problems, as private owners focused only on maximizing return on invested capital.

Modern oil and gas companies work in different forms. They can act as monopolists or operate in a competitive market conditions; manage assets freely or exist as financial holding companies. The significant differences are:

- the nature of their specialization and level of added value;
- the degree of commercialization;
- the level of internationalization of production.

It should take into account that the state-owned oil and gas enterprises occupy significant or even dominant positions in the domestic energy market. Any arguments for and against the development of the state-owned oil and gas enterprises are often too general or have simplified character. In fact, public ownership does not mean state monopoly, such as private property is not always entails competition [7].

The analysis of trends in the oil and gas sector indicates an importance to consider the differences in impact factors on energy security priorities. Thus, for the high-industrialized countries (that are net importers of energy resources) to ensure their energy security should remain:

- ensuring the reliability of energy supplies;
- diversification of energy supplies;
- security of energy infrastructure;
- innovative technologies integration to reduce dependence on imported energy.

Given the growing demand for primary energy sources, increasing dependence of many countries on imported oil and gas, the importance of capital investments in the energy sector and the development of energy infrastructure in order to achieve global energy security, the efforts of one country will not be enough.

Mentioned above argument about growing importance of state-owned enterprises of oil and gas sector could be proved by the results of the analysis "Fortune Global 500" (table 1).

Table 1

Dynamics of number of state-owned enterprises in the ranking of "Fortune Global 500", classified by industries

Industry	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Banking	10	11	10	11	15	18	15	16	17	16
Investments	1	2	2	2	5	6	8	10	13	15
Communications and Transport	11	9	10	9	9	8	10	10	12	12
Building	0	3	3	5	5	5	8	9	10	9
Oil and gas	*12*	*14*	*15*	*13*	*15*	*15*	*17*	*17*	*18*	*18*
Utility	10	10	8	8	9	10	10	12	12	12

Source: adopted by the author based on "Fortune Global 500" [2].

According to the World Bank [3], the role of the state-owned enterprises in developing countries is significantly important, due to their use in the key sectors of their economies. The share of GDP (excluding the financial sector) ranges from about 30 % (China, Brazil, Vietnam) to the dozen (12% in Singapore; 13.1 % in India; 14 % – Turkey) [4; 5].

The results of these researches are relevant to Ukraine.

Ukraine is an important element of the energy security of the European community, as it has adopted its own energy strategy, has ratified the Energy Charter Treaty and the Kyoto Protocol, and therefore integrated into the global energy system.

The main problems of Ukrainian energy companies are similar to the mentioned above worldwide problems: free access to raw materials, lower costs and economies of scale, improve competitiveness that directly affects the dynamics of economic growth.

The state-owned oil and gas enterprises play dominant role in the Ukrainian economy. The relevant task at this stage is restructuring based on modern technologies. It requires considerable investments and development the effective institutional structure.

In terms of government regulation of oil and gas sector of Ukraine, the relevant task is to develop efficient mechanisms and tools to implement the state financial control in practice, namely the rational use of financial resources, which contributes to the effective functioning and development of the energy sector and national economic system.

Developing a system of financial control of state-owned oil and gas enterprises is an important part of government policy for increasing transparency of state-owned enterprises and managing the potential risks.

At the same time, some obvious problems cause non-effectiveness of financial control of state-owned oil and gas enterprises in Ukraine. Among such problems are:

- inertia in making strategic decisions, which depends on rapidly changing political environment in the country;
- non-progressive legislation base that causes bureaucracy and long-term procedures of decision-making;
- increasing budgetary expenditures, which are less investment oriented, but used for making social benefit, etc.

Thus, we can name the following criteria to design the basics of Ukrainian energy sector structuring and their importance for national economy:

- the structure of state-owned oil and gas companies and their presence among strategic Ukrainian enterprises;
- quantitative participation of state-owned oil and gas enterprises in the economy: assets value, influence on the effectiveness of budgetary policy, etc.

The effective financial management of state-owned oil and gas enterprises ensures the interests of both – the government and the enterprises, and all other economic agents.

Financial control of state-owned oil and gas enterprises includes the next measures:

- control for using the financial resources (equity, borrowed capital);

- analysis and control of financial results;
- control transparency and reliability of financial reporting;
- monitoring the financial stability and liquidity.

State financial control of state-owned oil and gas enterprises designed to implement financial policy and in terms of market transformations taking place in Ukraine, and in particular, in the oil and gas sector of the country. The relevant areas for using its mechanisms and instruments must change from controlling the financial results to preventing imbalances. As a result, should deepen purposes and economic efficiency of spending the financial resources of state-owned oil and gas enterprises in terms of approval the state budget and other non-budgetary funds.

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