

careful design, tourism may be able to operate at a sustainable level. Because of its potentially high impact, tourism should be considered in the same manner as any other industry and should be subjected to the same environmental and social impact assessment processes during the planning stages.

Sustainable tourism and recreation development is activity which is developed and maintained in an area (community, environment) in such a manner and at such a scale that it remains viable over an indefinite period and does not degrade or alter the environment (human and physical) in which it exists to such a degree that it prohibits the successful development and well being of other activities and processes.

Tourism has often been ignored by public sector agencies. It has often been viewed as a "soft" option, which can be pursued relatively easily and which does not require much in terms of specific planning or resources. While this view has changed somewhat in recent years as the magnitude and importance of tourism has begun to be appreciated, ignorance about tourism and many of the processes associated with it is still widespread.

Recreation and tourism tend to be globally driven by market forces influenced by such factors as advertising (by public or private agents at the tourist destination), the perceptions of the traveling public about security, amenity values, etc., and, in the case of international tourists, by currency factors.

TELECOMMUNICATION REGULATIONS: PRICING POLICY

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The last decade of the 20th Century saw unprecedented changes in the global telecommunications industry. Numerous state-owned telecommunications operators were privatized, and a wave of pro-competitive and deregulatory policies swept the world.

Good price regulation mimics the results of efficient competition. The objectives of price regulation may be grouped into three categories: financing objectives, efficiency & equity objectives.

An important financing objective is to ensure, that regulated operator are permitted to earn sufficient revenue to finance on-going operations and future investments. The minimum amount of revenue is often referred to as the operator's "revenue requirement". Three aspects of efficiency objectives are allocative, productive and dynamic efficiency. The first is achieved when the prices of services reflect their relative scarcity. The second deals with the most efficient mix and minimizing of inputs (capital, labour...). The third means the movement of resources over time to their highest value uses. Equity objectives are concerned with fair distribution of benefits between consumers and the regulated operator and between different classes of telecommunication consumers. This means that the regulator will often have to make trade-off between these objectives in the course of implementing price regulation.

Different pricing approaches have been developed over the years to regulate telecommunications prices. Some, involving rules-based approaches, are designed to provide stability and certainty, as well as achieving regulatory objectives. Others have been more ad hoc and discretionary.

Traditionally, in many countries, price regulation was focused heavily on social objectives. Discretionary price setting means pricing by chance, usually with little or no analysis of the economic impact of such policy. Where this method exists, it is usually characterized by below-cost prices for connection, subscription and local calls. The shortfall is made up by higher-than-cost international and long-distance call prices. In this way regulators try to achieve social and financial objectives. But discretionary pricing can affect operator's ability to function as a normal business enterprise.

Rate of Return (ROR) regulation provides an operator with relative certainty that it can meet its revenue requirement on an ongoing basis. First, the regulated operator's revenue requirement is calculated. Then the operator's individual service prices are adjusted so that its aggregate service revenue cover its revenue requirement. The main weakness of such regulation is that it doesn't provide operator with a strong incentive to operate efficiency by reducing their operating costs. ROR-incentive regulation is a variation of ROR

regulation that were developed in different countries to respond to perceived weaknesses in traditional ROR regulation. It provides different types of inducements and penalties that encourage an operator to meet regulatory goals.

Today, price cap (PC) regulation became the preferred form of rules-based price regulation around the world. PC regulation uses a formula to determine the maximum allowable price increases for a regulated operator's services for a specific number of years. The formula is designed to permit an operator to recover its unavoidable cost increases (for instance, inflation, tax increases) through price increases. It requires the operator to lower its prices regularly to reflect productivity increases that an efficient operator would be expected to experience. PC regulation also reduces the possibility of regulatory intervention into micro-management and protect consumers and competitors by limiting price increases. The duration of the plan should be sufficiently long to allow efficiency incentives to be acted on.

UKRAINE SHOULD DEVELOP A PILOT EMISSIONS TRADING PROGRAM

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There are two general models for environmental regulation. One is called command-and-control (or an administrative form of regulation) and the other is called marketbased. The latter is the foundation for so-called emissions quota or credit trading systems.

It is well known that economic incentive-based approaches to environmental and energy policies can provide good outcomes for the public and for the private sector. Since 1976, there has been more than \$10 billion in cost saving in the United States due to the use of these trading concepts.

Ukraine could become one of the largest suppliers of emission credits and allowances for the international GHG reductions market. It is the eighth largest source of GHG emissions in the world. Ukraine will be able to realize this potential only if it develops the