

INSTITUTIONAL AND ECONOMIC FACTORS OF THE DEVELOPMENT OF FREIGHT TRANSPORTATION ACROSS THE UKRAINE-EU BORDER: ANALYSIS OF MAIN TRENDS AND PROBLEMS

Khrystyna Prytula

*the Cross-Border Cooperation Sector
SI "Institute of Regional Research named after M.I. Dolishniy of the NAS of Ukraine"
Lviv, Ukraine*

supported by

• Visegrad Fund

Round Table “Freight traffic flows across EU-Ukraine: current trends and future prospects”

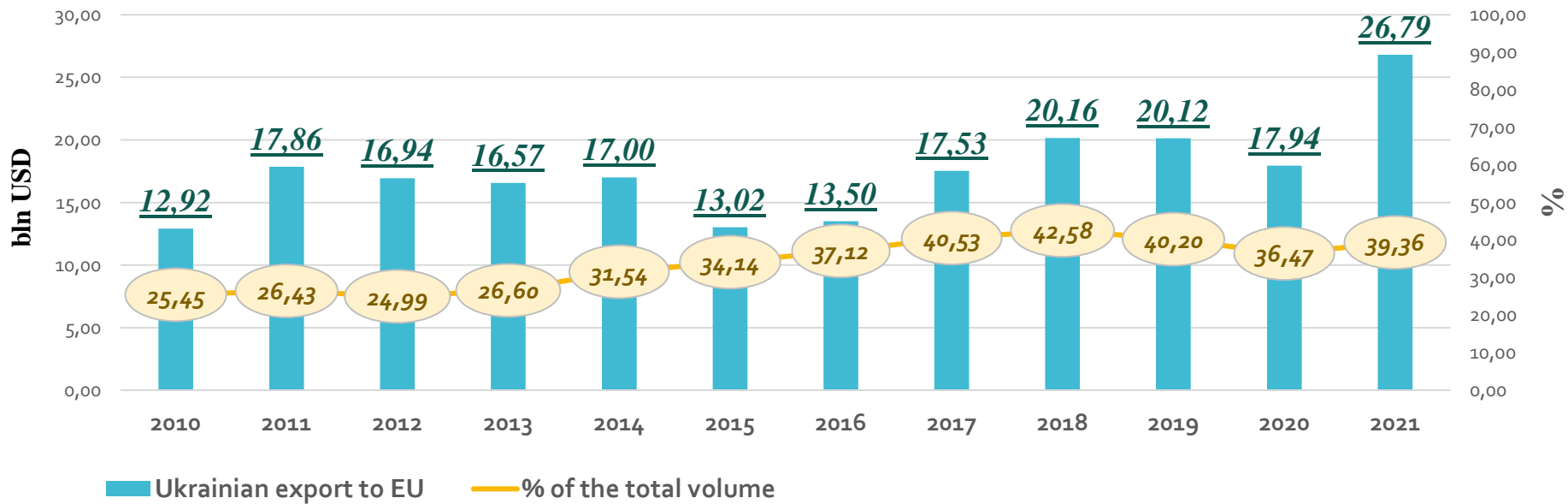
December, 8, 2022

CONTENT

- What factors influence the increase (decrease) of cargo flow across the Ukraine-EU border in the future?
- Assess the current state of international and transit transportation across the Ukraine-EU land border
- How to ensure the reliability, timeliness, and economic profitability of the growing volume of cargo transportation across the Ukraine-EU border?



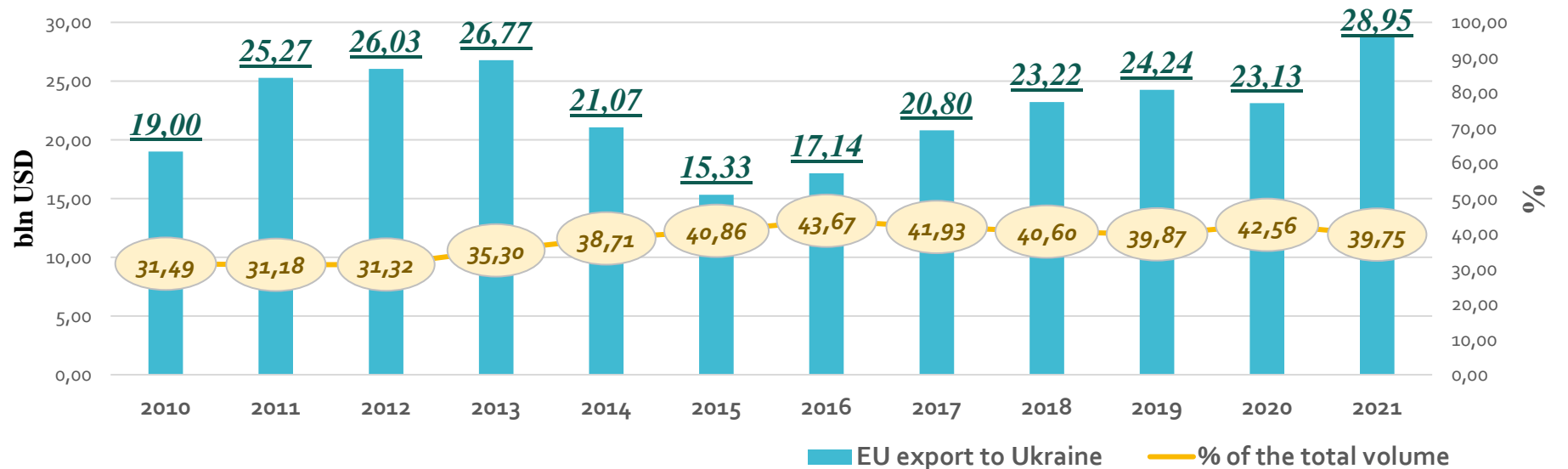
Trade in goods between Ukraine and the EU



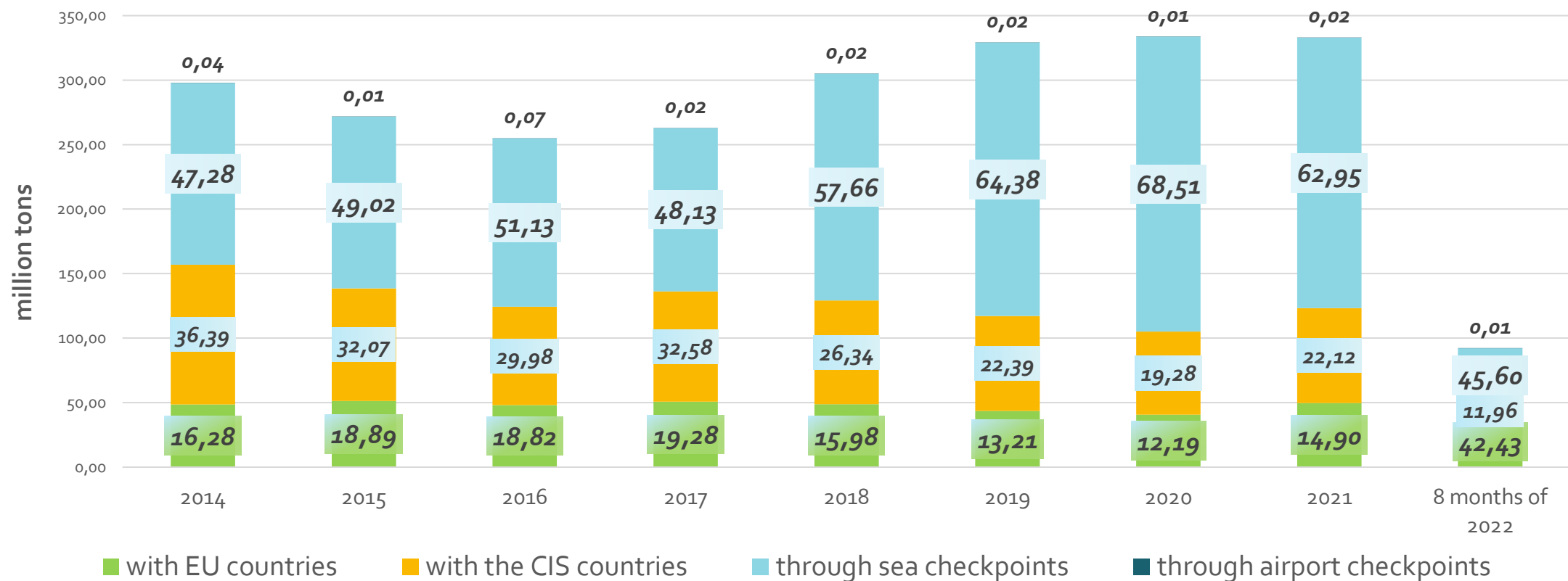
➤ Ukraine's export-import volumes are closely related to its GDP

➤ In 2014-2015, against the backdrop of a sharp drop in GDP, there was also a significant drop in exports and, to a greater extent, in imports of goods

➤ Since 2014, the share of the EU in Ukraine's foreign trade has begun to grow (given the signing of the Association Agreement and the unilateral opening of European markets in 2014-2015)

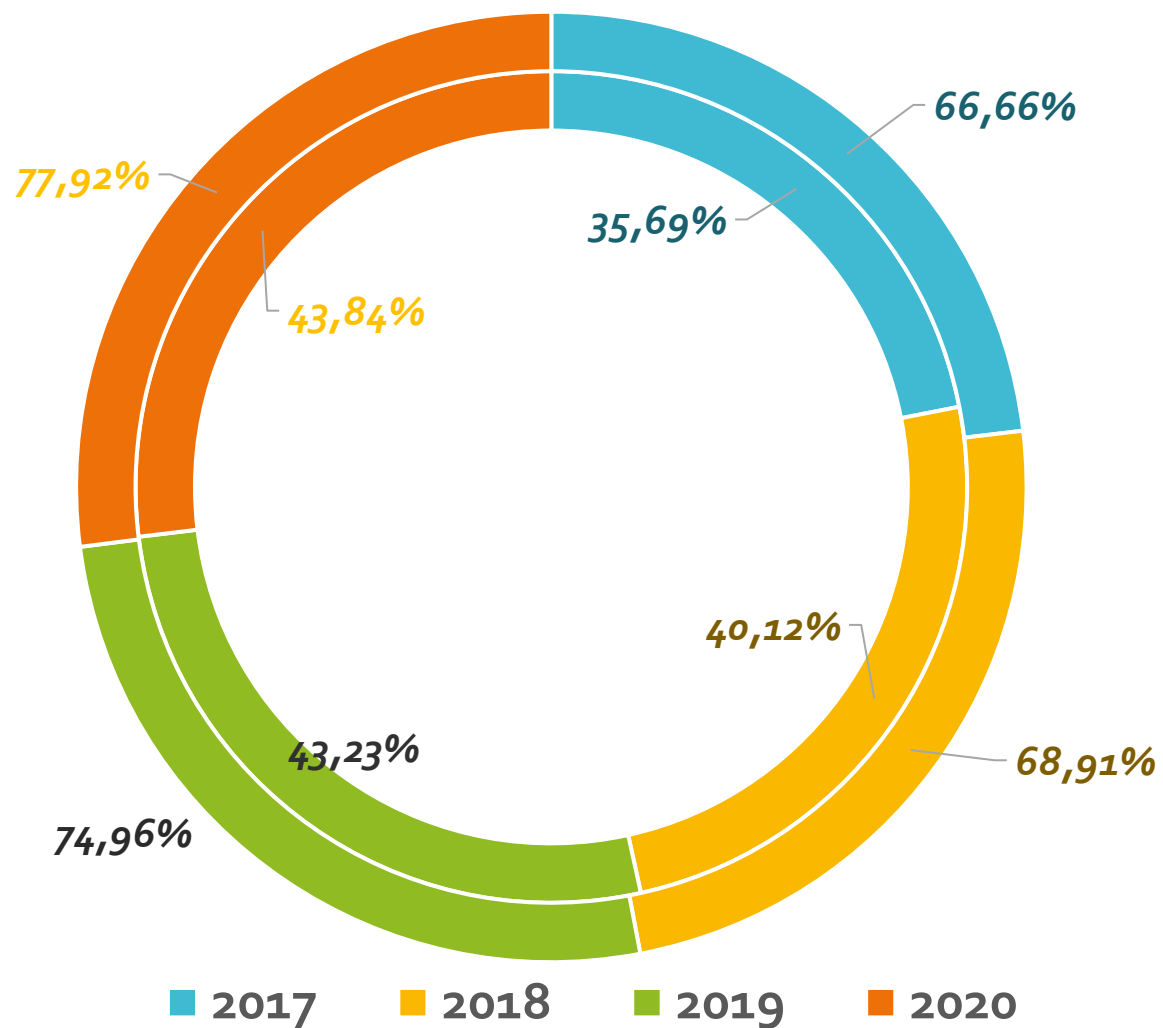


Passage of goods through the customs border of Ukraine (export, import, transit)



- During 2014-2021, the volume and share of sea transportation in the total volume of goods crossing the customs border of Ukraine increased significantly: from 47% to 63%
- During the same period, the share of goods passing through the customs border with EU countries fluctuated between 12-19%, while in 8 months of 2022 it reached 42%
- The share of air freight transport is extremely low, less than 1%

The share of sea transportation in the total volume of export and import transportation of products, %



The inner circle reflects the data on the import of products, the outer circle - the export of products

PROSPECTS FOR INCREASING FREIGHT TURNOVER ON THE UKRAINE-EU BORDER

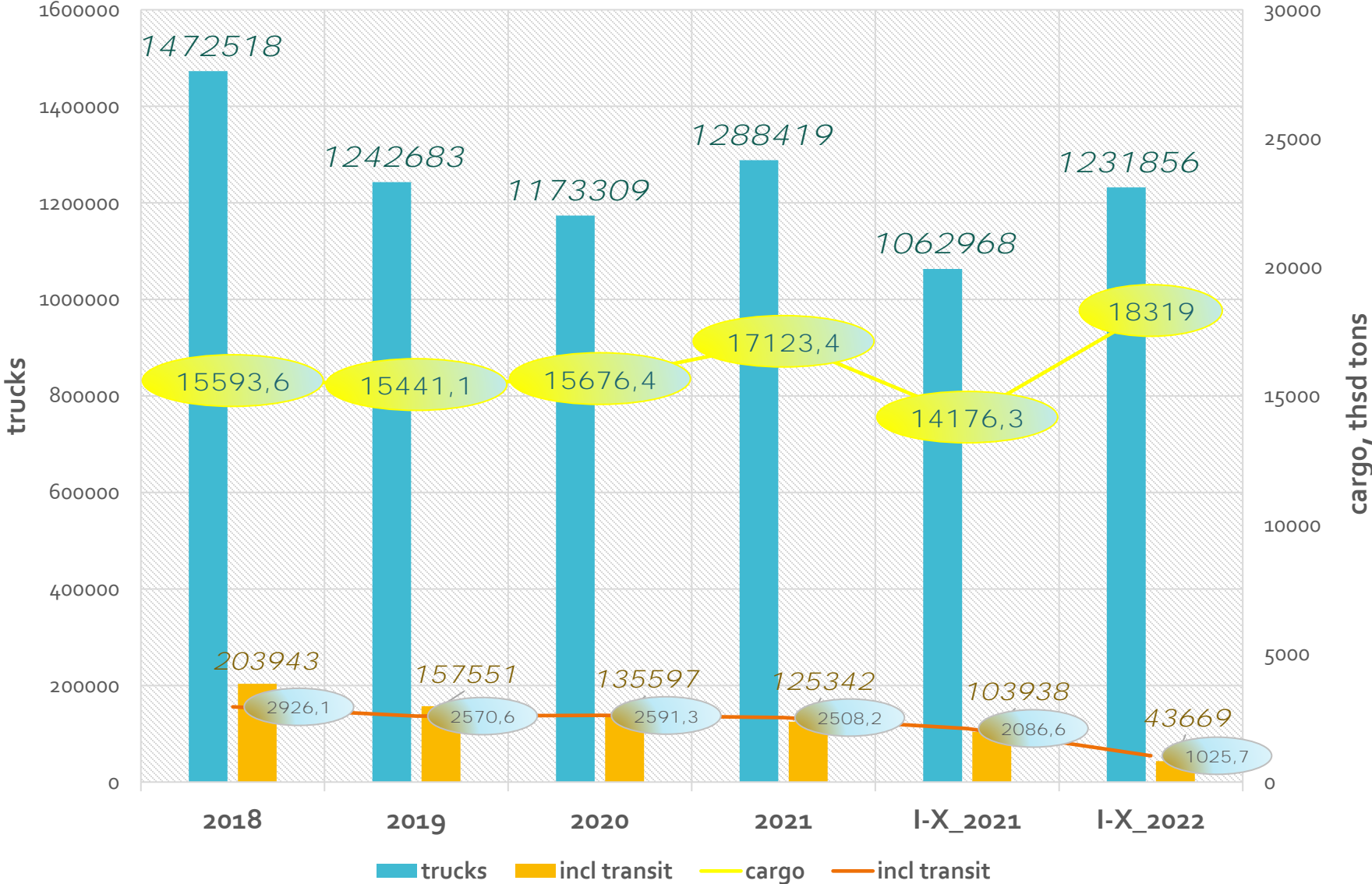
• In the short-term

- increasing the export of goods by land transport with the involvement of river ports in view of the blockade of Ukrainian ports on the Black and Azov seas (more than two-thirds of the goods passed (in physical terms) through the customs border of Ukraine were carried out through sea checkpoints).
- Adopting the Regulation(EU) 2022/870 of the European Parliament and of the Council of 30 May 2022 on temporary trade-liberalisation measures supplementing trade concessions applicable to Ukrainian products under the Association Agreement between the European Union and Ukraine
- signing the Agreement between the European Union and Ukraine on the carriage of freight by road (*Special Agreement on the Liberalization of Road Transport*), June 29, 2022. The term of the agreement is one year, with the possibility of extension, and it temporarily came into force on the day of signing.
- reorientation of Ukrainian exports to the EU in view of the termination of trade and economic relations with Belarus and Russia (in the 2nd quarter of 2022, 78% of exports went to the EU compared to 41% in the previous year).

• In the long-term

- Geopolitical:
 - On 23 June 2022, the European Council granted candidate status to Ukraine
 - increasing the volume of international and transit cargo transportation in view of the termination of trade and economic relations with Belarus and Russia (during 2019-2021, about 20-25% of cargo transportation by road transport in international traffic was carried out on the territory of Russia and Belarus)
- Logistic:
 - Ukraine is located at the intersection of important transport routes Europe-Asia-Middle East (4 out of 10 pan-European corridors pass through the territory of the country, Traceka...)
 - The European Commission has officially approved the revision of the maps of the Trans-European Transport Network (TEN-T), expanding them to include routes in Ukraine (on July 28 2022). Ukrainian road and railway routes are included in four of the nine main European transport corridors. In November 2017 Ukraine and the EU signed the document on the extension of indicative maps of the European transport network TEN-T to Ukraine
- Institutional:
 - An action plan for EU-Ukraine Solidarity Lanes to facilitate Ukraine's agricultural export and bilateral trade with the EU (COM(2022) 217 final) (was adopted by European Commission on May 12 2022
 - On October 1, 2022, Ukraine starts application of Common Transit Convention and the Convention on the Simplification of Formalities in Trade in Goods (the international application of NCTS)

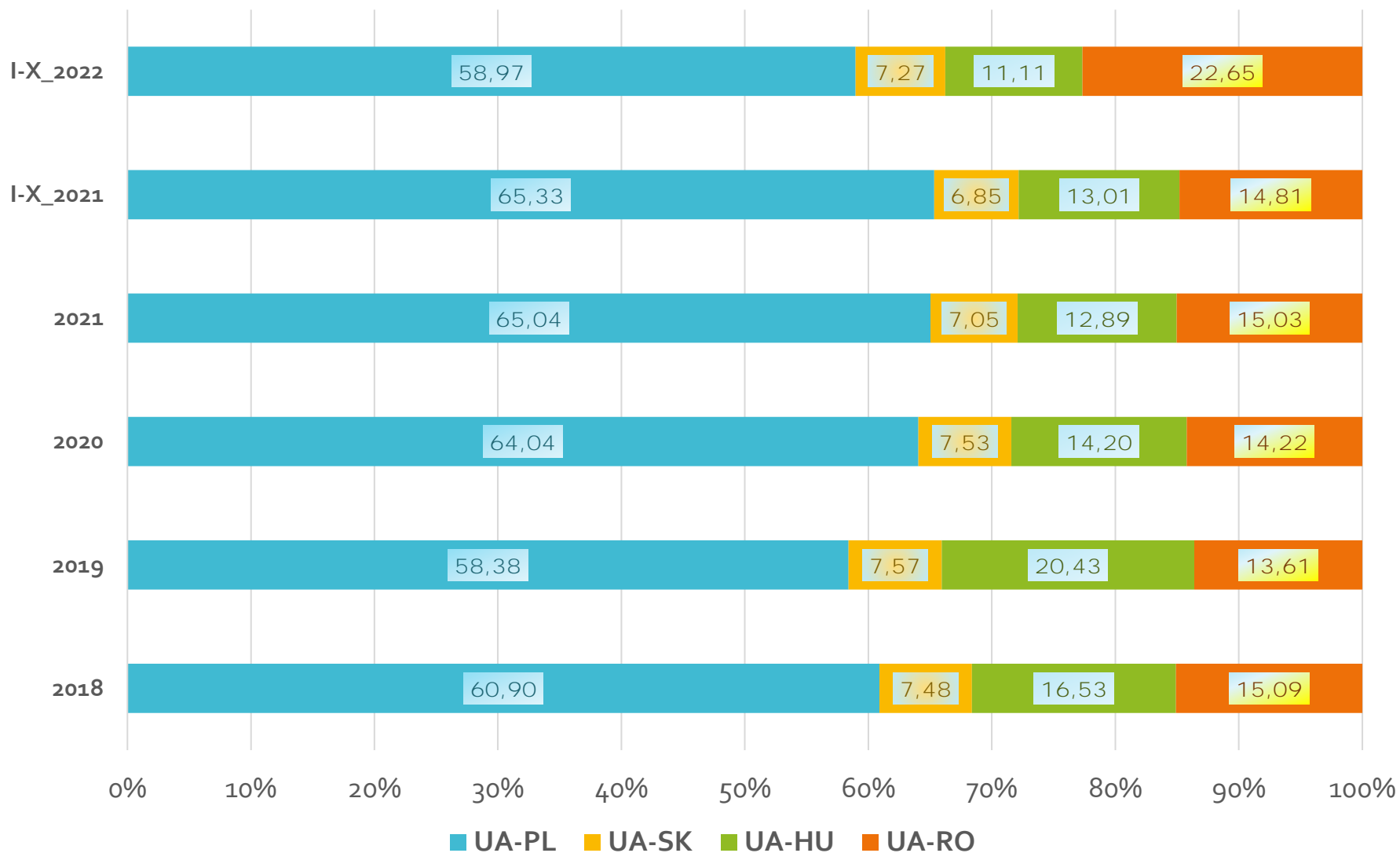
Dynamics of crossing the land border by trucks and the volume of transported goods



- During 2018-2020, a downward trend was observed in the number of border crossings by trucks
- At the same time, the volume of transported goods amounted to approximately 15.5 million tons
- Similar trends were observed with transit transportation
- During 10 months of 2022, compared to the same period last year, the number of crossings increased by 15%, and the volume of transported goods by 30%

Source: The State Customs Service of Ukraine

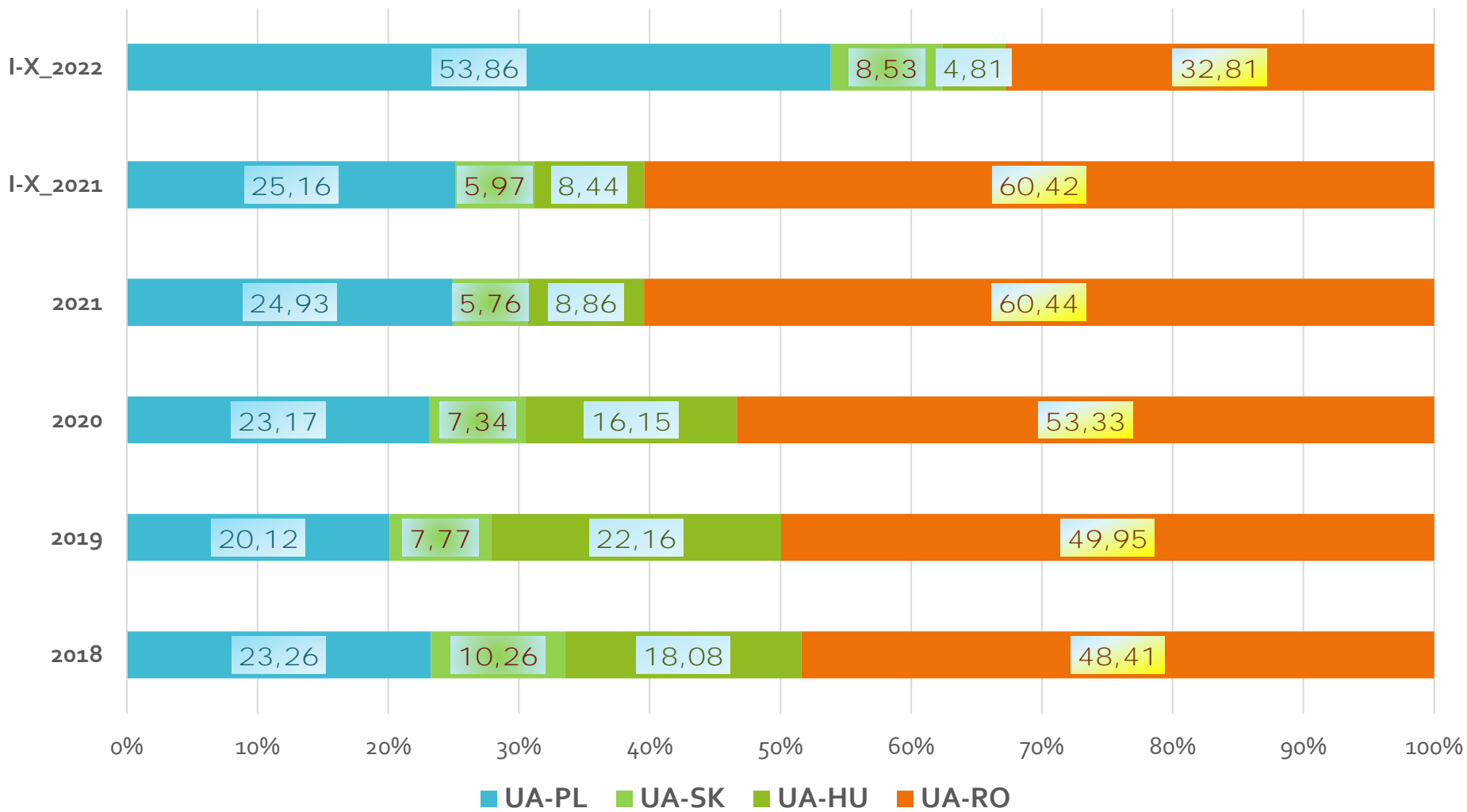
The structure of border crossings by sections of the Ukraine-EU border



➤ During 2018-2021, more than half of trucks crossed the Polish-Ukrainian section of the border

➤ In the 10-month period of 2022, compared to the same period last year, the share of the Ukrainian-Polish and Ukrainian-Hungarian sections of the border decreased, and the share of the Ukrainian-Romanian section of the border increased significantly to 22.65%

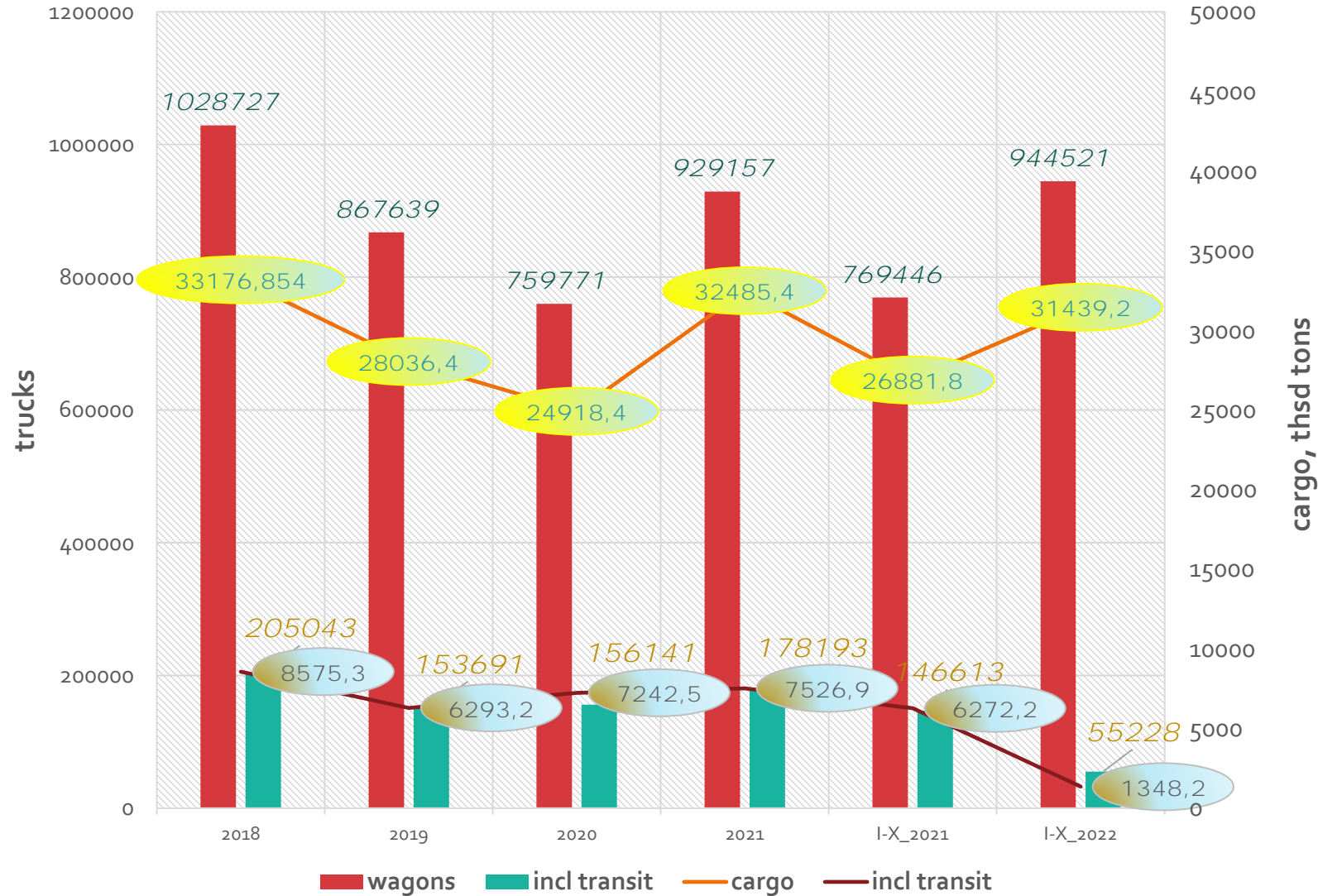
The structure of border crossings by trucks that carry out transit transportation, by sections of the Ukraine-EU border



➤ Until 2022, the main share of transit traffic fell on the Ukrainian-Romanian section of the border

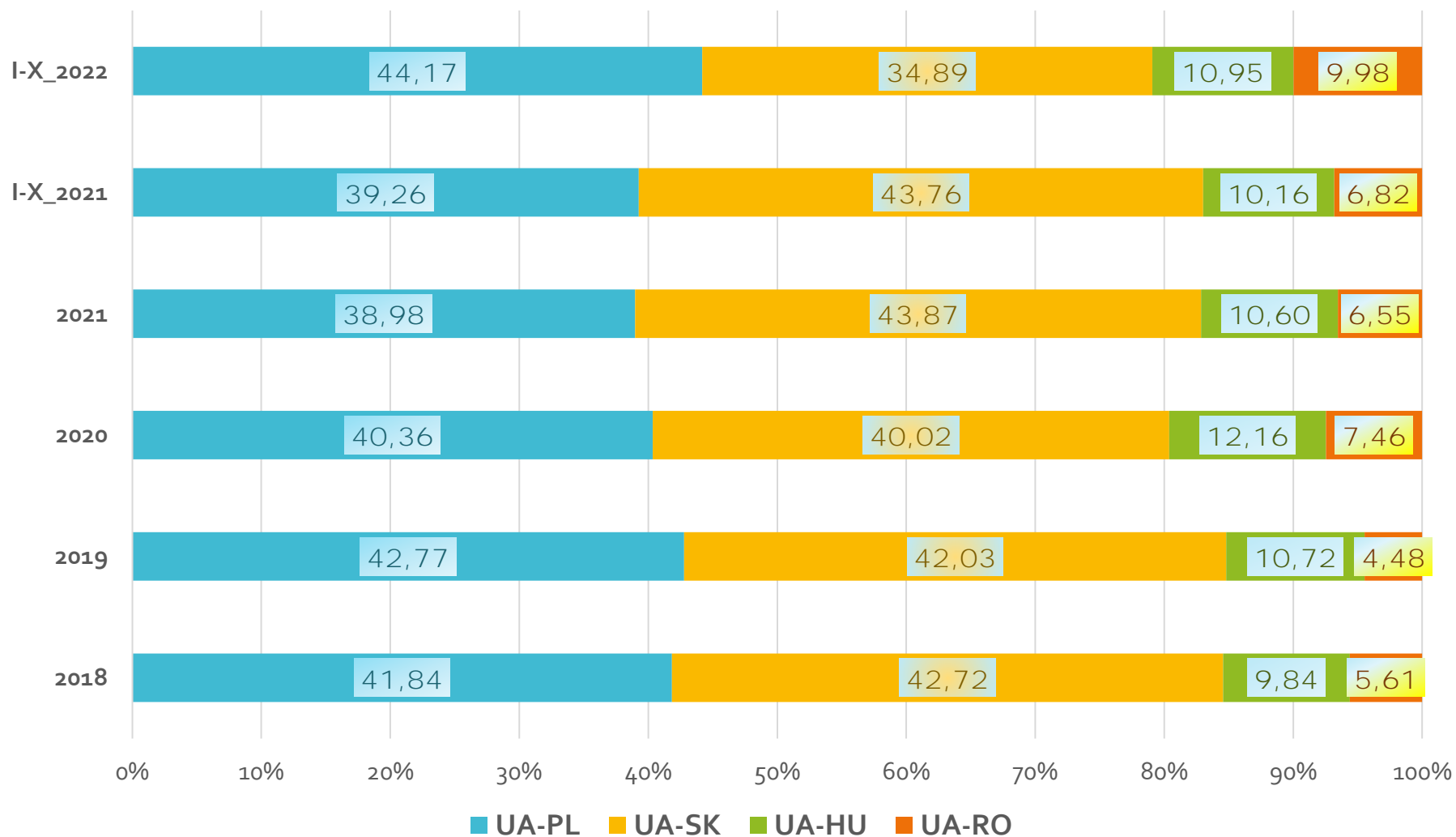
➤ During the period of 10 months of 2022, the share of the Ukrainian-Polish section has doubled

Dynamics of crossing the border by freight railway cars and the volume of transported goods



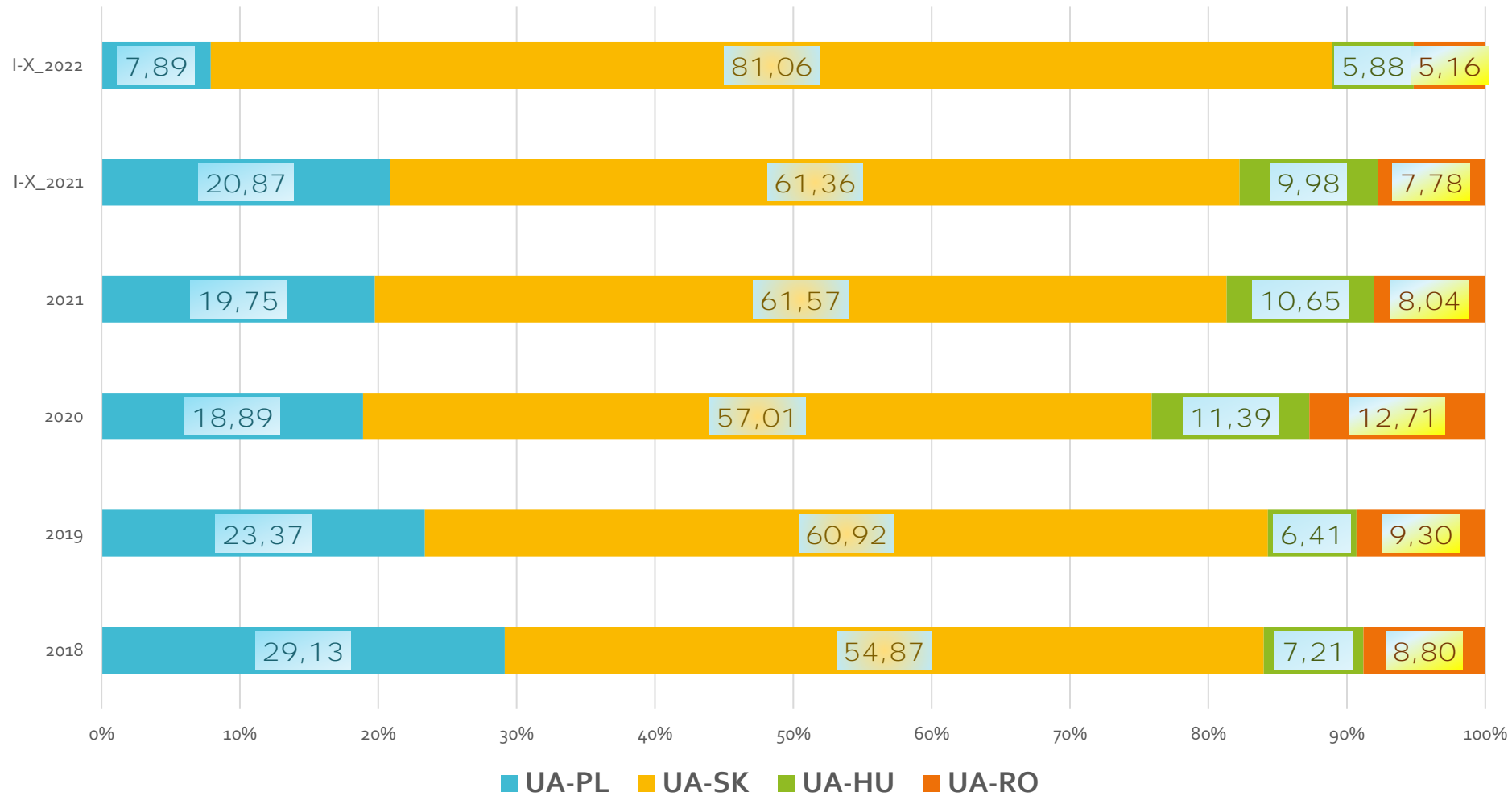
- The number of crossings by freight cars and the volume of transported cargo during 2018-2020 gradually decreased against the background of the increase in the volume of transportation by sea transport
- In 2021, due to the closure of Chinese ports and the restriction of transportation by sea in view of the Pandemic-19, transportation by both railways and cars increased significantly
- For 10 months of 2022, compared to the same period last year, the number of crossings increased by more than 20%, transit fell by almost 5 times (tonnage)

The structure of border crossings by rail freight wagons by sections of the Ukraine-EU border



- **About 80% of all crossings are on the Ukrainian-Polish and Ukrainian-Slovak sections of the border**
- **As in the case of road transport, the share of Ukrainian-Polish and Ukrainian-Slovak border crossings increased in 2022**

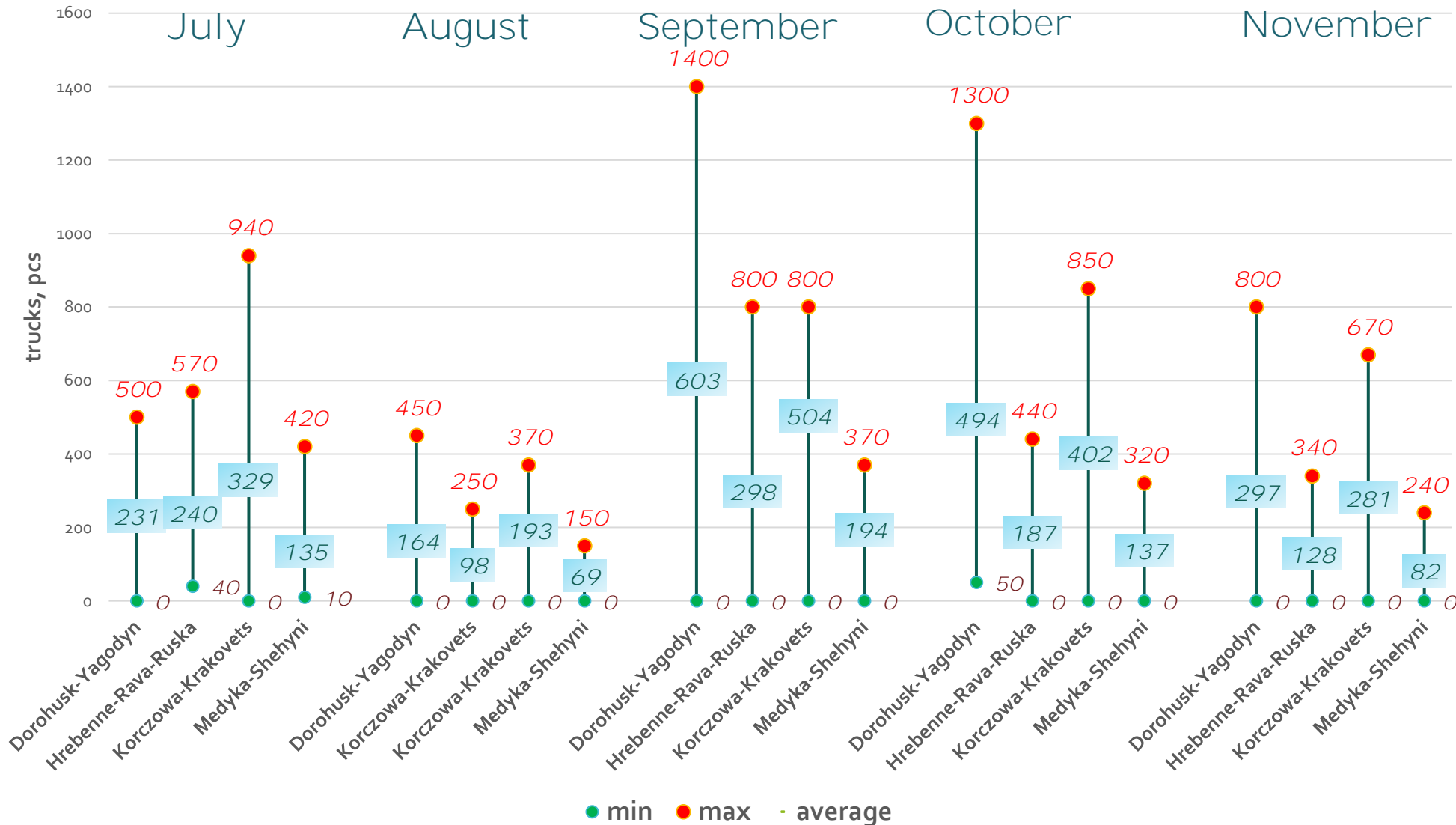
The structure of border crossings by railway wagons that carry out transit transportation, by sections of the Ukraine-EU border



➤ The main share of transit occurs on the Ukrainian-Slovak section of the border

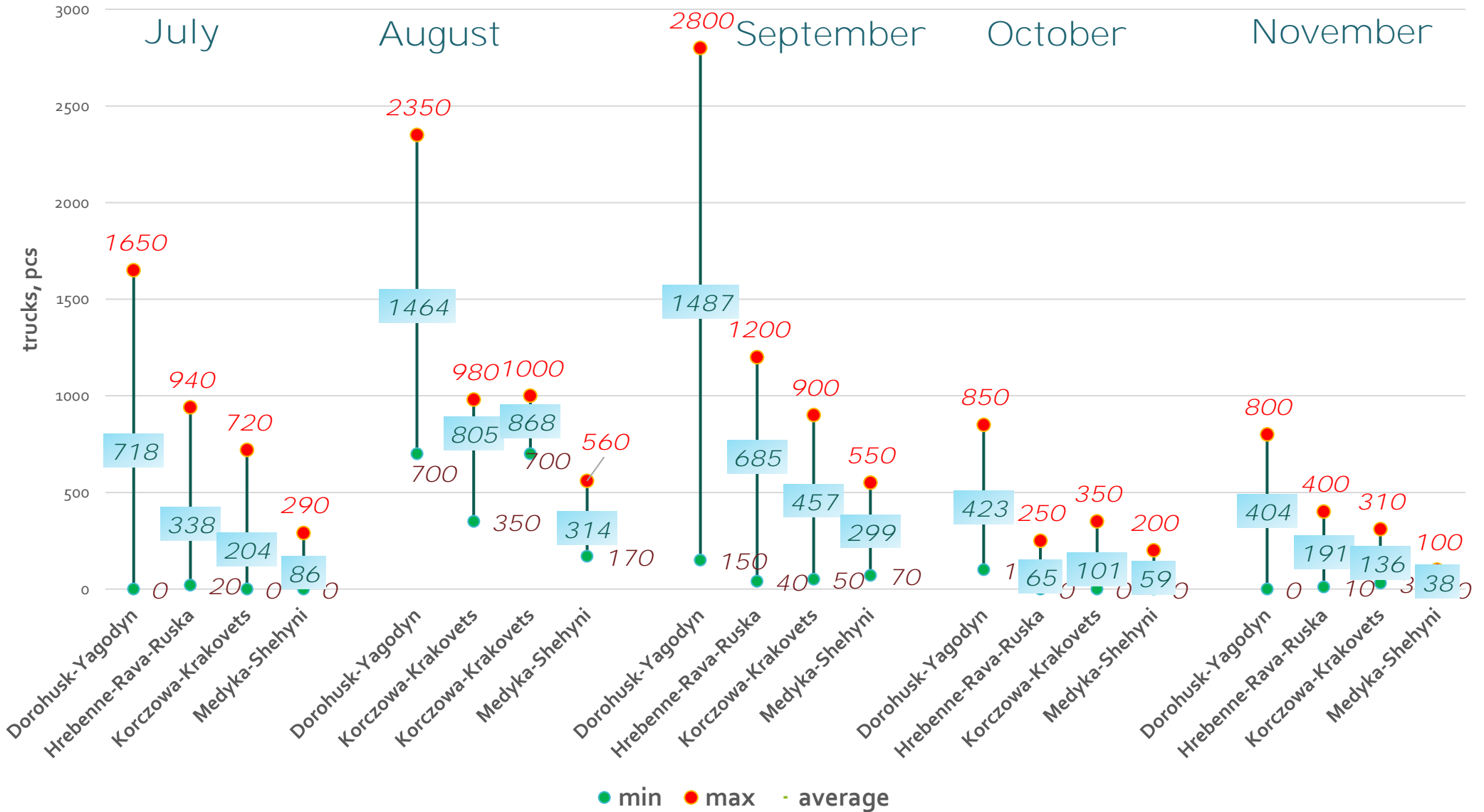
QUEUE OF TRUCKS AT THE BORDER, JULY-NOVEMBER 2022: Polish-Ukrainian section of the border

To Ukraine

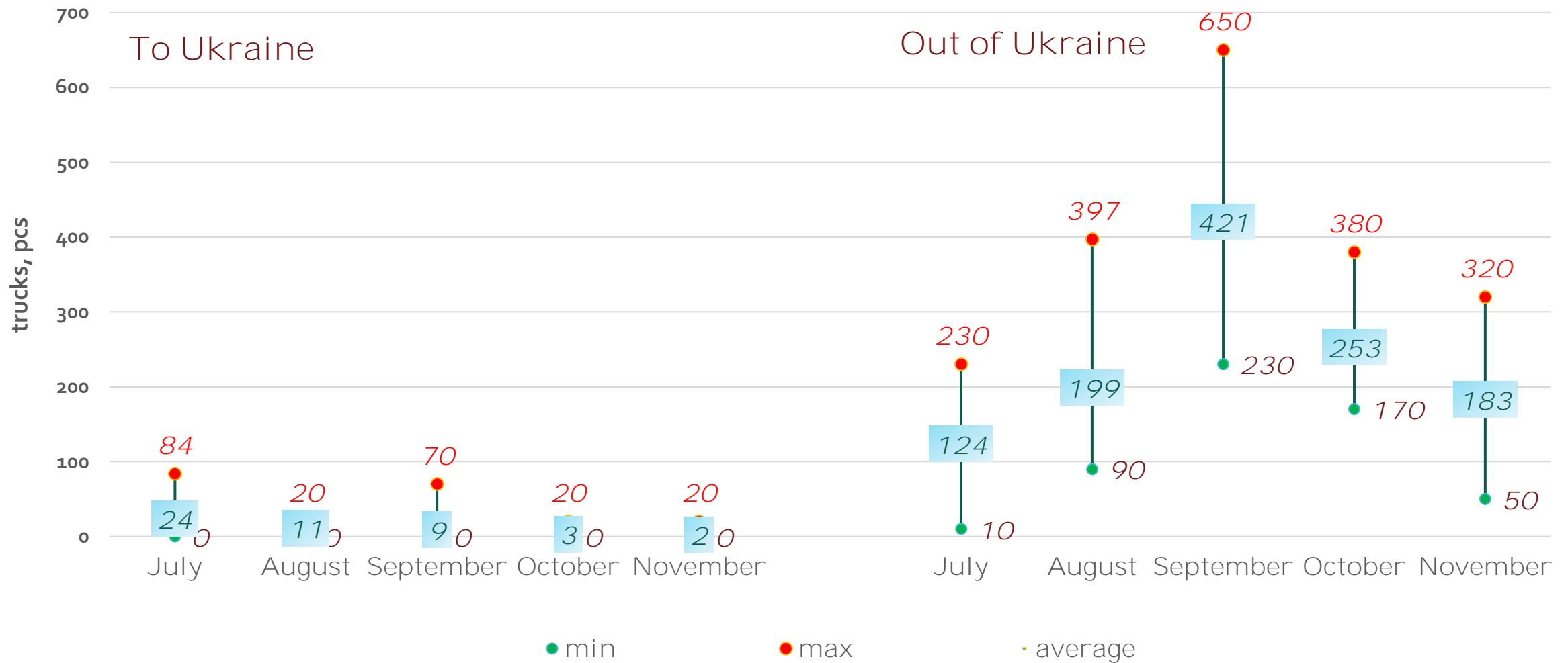


QUEUE OF TRUCKS AT THE BORDER, JULY-NOVEMBER 2022: Polish-Ukrainian section of the border

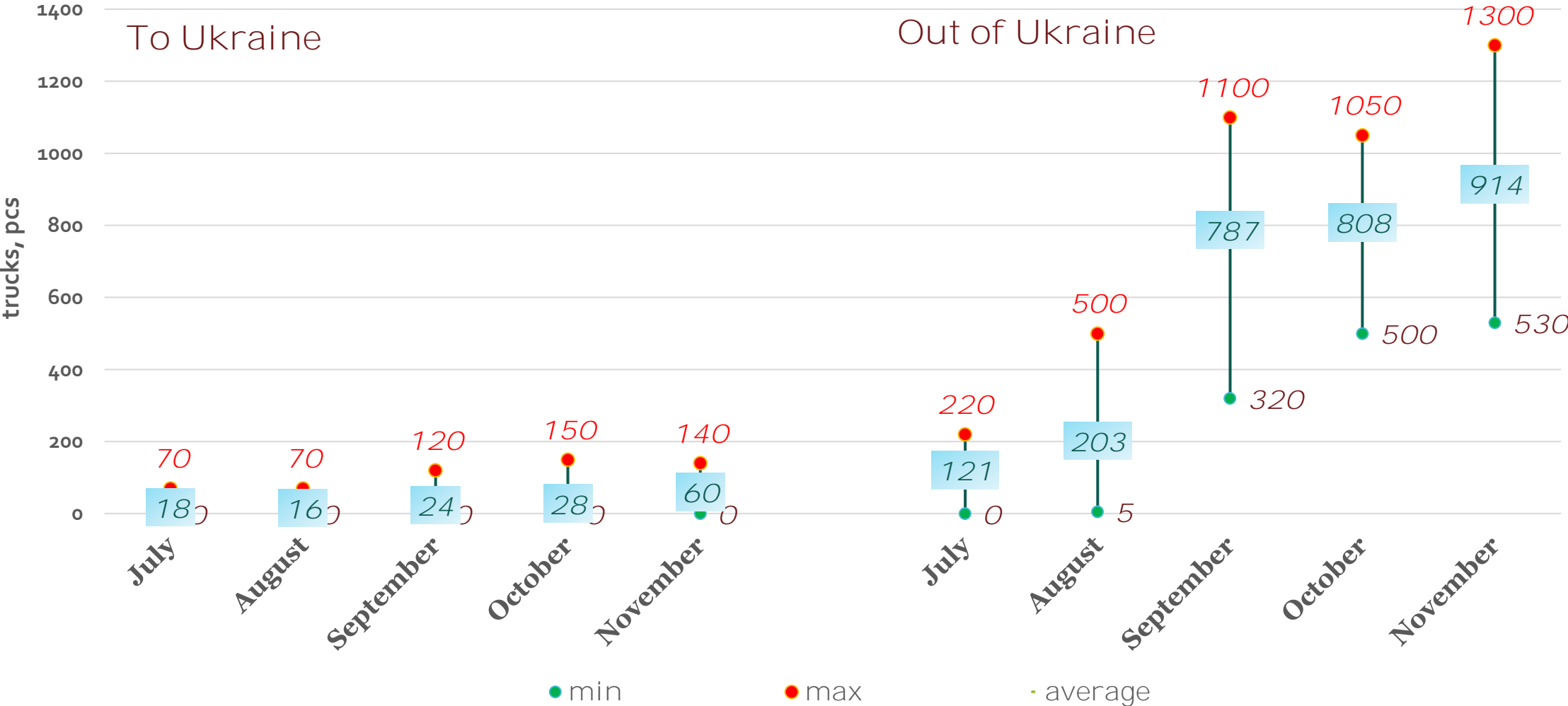
Out of Ukraine



QUEUE OF TRUCKS AT THE BORDER, JULY-NOVEMBER 2022: Slovak-Ukrainian section of the border

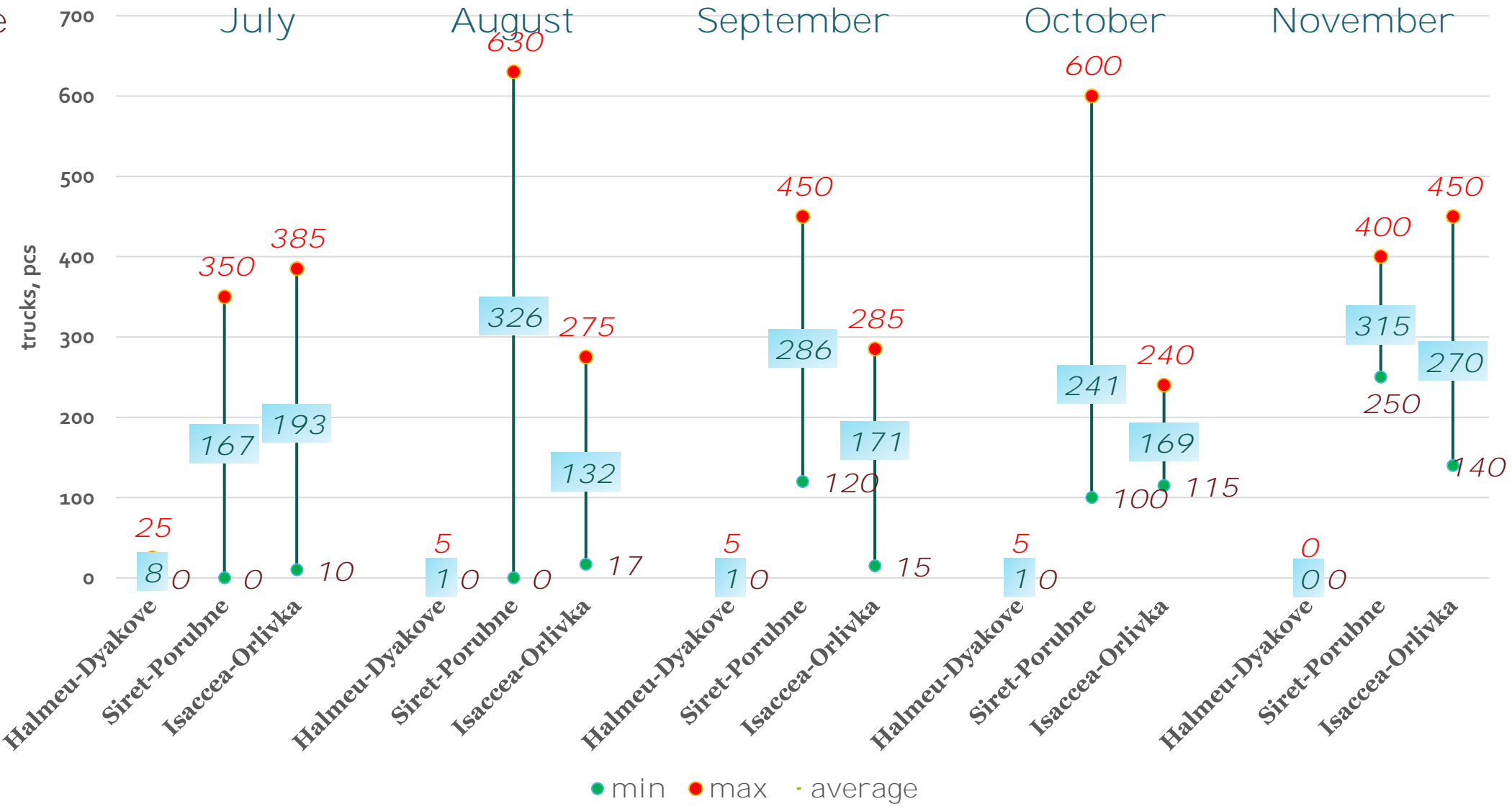


QUEUE OF TRUCKS AT THE BORDER, JULY-NOVEMBER 2022: Hungarian-Ukrainian border section



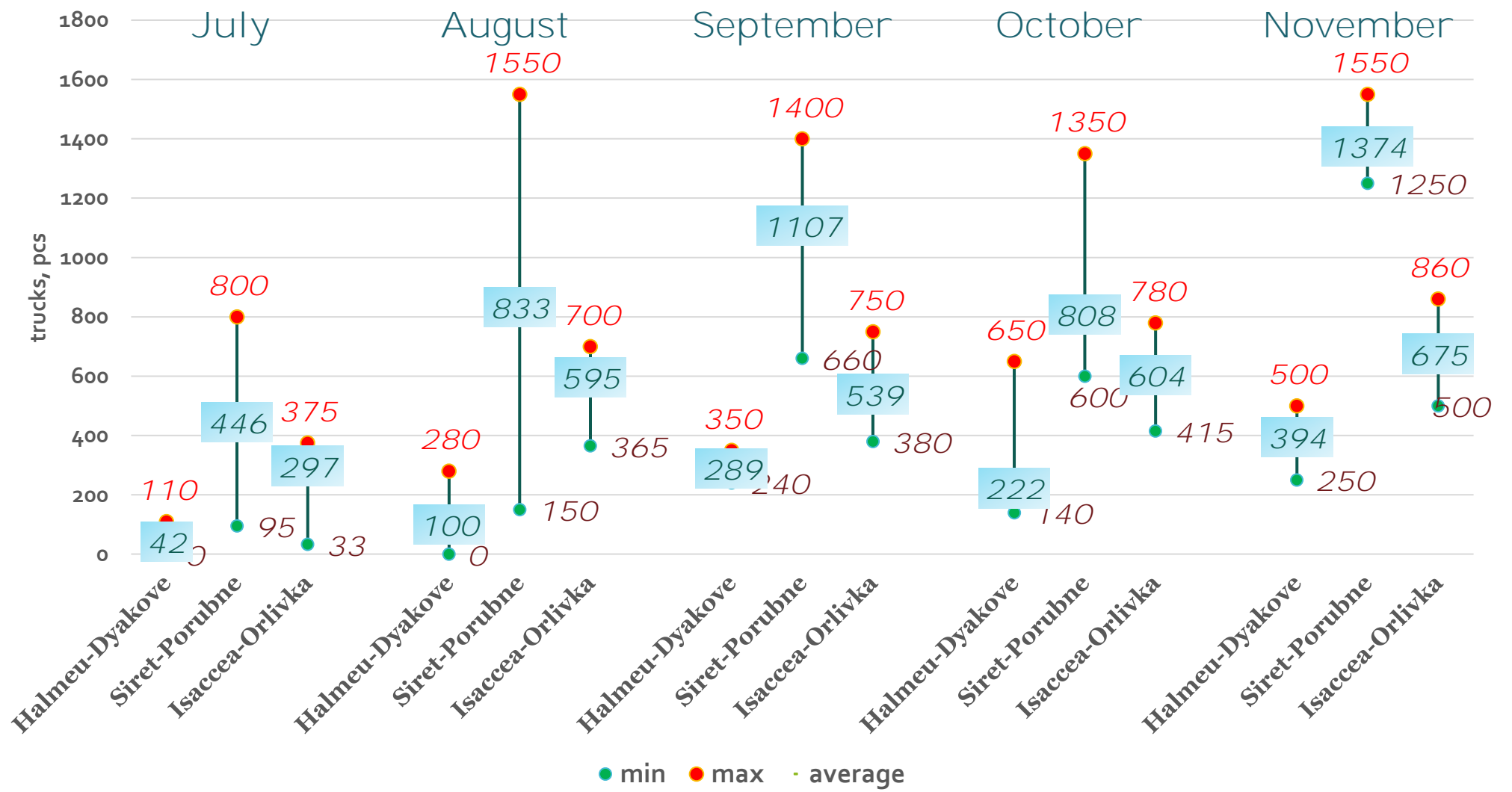
QUEUE OF TRUCKS AT THE BORDER, JULY-NOVEMBER 2022: Romanian-Ukrainian border section

To Ukraine



QUEUE OF TRUCKS AT THE BORDER, JULY-NOVEMBER 2022: Romanian-Ukrainian border section

Out of Ukraine



PROBLEMS NEED TO BE SOLVED TO INCREASE THE EU-UKRAINE LOGISTICS AND INFRASTRUCTURE CONNECTIVITY

➤ Institutional

- different, non-integrated models of cargo transportation in the EU and Ukraine
- lack of an effective state policy in the direction of development and creation of new freight corridors (primarily railway) (legislation regarding international transport corridors is no longer relevant and needs to be updated)
- absence of developed legal instruments for the introduction of joint customs and border control

➤ Infrastructural

- low throughput capacity of checkpoints (primarily automobile ones)
- a small share of motorways and expressways
- insufficient number of terminals for transshipment and storage

➤ Technological

- technological incompatibility of transport systems (differences in railway track gauge, wagons...)

➤ Technical

- updating the fleet of rolling stock (locomotives, wagons...)
- modernization of transport communications

➤ Organizational

- the equipment of the checkpoints does not meet the needs (weighing scales, ...)
- need to revise the existing regulations for crossing the border

➤ Intelligent (digital)

- the need to develop software for the distribution of bandwidth at the international level
- automation of the train formation process on the network of railway infrastructure operators
- the system of operative management of the pass for trucks

➤ Systemic

- low level of integration of all types of transport
- low use of river routes and lack of container terminals
- a low share of air freight transportation

➤ Spatial

- spatial coherence of the development of transport and logistics infrastructure between the European Union and Ukraine

THANK YOU

Khrystyna Prytula

E-mail:
khrystynka.prytula@gmail.com



- supported by
- Visegrad Fund
-
-