



A Comprehensive New European Architecture

Redrawing Europe's Transport Maps

by Adina Vălean



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2 4 February 22 will forever be associated with tanks rolling into Ukraine. Russia's invasion – unprovoked and without justification – recalled the darkest hours of European history, and brought death and destruction back to the continent. The invasion also changed geopolitics in a way that cannot be reversed rapidly. And it triggered a rethink of the EU's connections with its neighbours.

The impact of the war reaches beyond just Ukraine – the face of the European continent has radically changed: politically, militarily, diplomatically and economically. The world is not what it was before 24 February. Transport is no exception and new realities are still in the making.

From a transport perspective, it is true to say that the EU was not fully prepared for such dramatic changes. Who could have imagined such violence on the EU's doorstep? But once the reality became clear, the EU was quick to put in motion a raft of measures to isolate Russia, and to show solidarity with Ukraine.

Solidarity

The EU has taken immediate and unprecedented action against Russia with eight packages of sanctions – the first adopted on 24 February. The sanctions affect all transport modes, and range from airspace and port bans to restrictions on the movement of spare parts.

From the outset however, ensuring that none of the EU's restrictive measures impinged upon the export of food products and fertilisers from Russia was imperative. It is our shared responsibility to ensure that food remains affordable and available for populations around the globe.

On a financial level, the first EU package to support Ukraine came in May, and was worth €9 billion. A proposal for an €18 billion package of highly concessional loans for 2023 followed in November. On top of covering Ukraine's immediate funding needs, the package is also intended to help Ukraine restore its transport infrastructure.

Shorter term, the war has unleashed countless transport challenges, with the impacts reaching far beyond Ukraine. Traditional continental transport routes are disrupted. Traffic from Ukraine's Black Sea ports is limited, and was for several months non-existent. Moldova has lost access to its traditional markets. And traffic on the northern East-West rail corridor, between China and Europe, is decreasing for the first time in a decade.

Against this background, the EU has had four key priorities:

- » To ensure that Ukraine in particular, but also Moldova, are not isolated as a consequence of Russia's aggression.
- » To facilitate exports from Ukraine, as well as the import of goods it needs, such as fuel and humanitarian aid. Enabling Ukraine to export its products is not only fundamental for its economy, but also for global food security.
- » To maintain supply chains at a time when the world economy faces increasing shortages and rising inflation.
- » To plug Ukraine and Moldova firmly into the EU transport network.

These priorities pose challenges for Ukraine, Moldova and their European neighbours. And they have already started to reorient and reshape EU transport policy. It is clear that the EU needs to look afresh at connectivity within its neighbourhood, from both infrastructure and regulatory perspectives.

Four initiatives in particular have changed the shape of EU-Ukraine transport operations, and will continue to have an impact once peace returns.

EU-Ukraine Solidarity Lanes

Few among the wider population realised before the war that Ukraine had been a bread basket to the world. The Action plan for EU-Ukraine Solidarity Lanes adopted on 12 May was designed to protect that status. With Ukraine's Black Sea ports blocked by Russia, opening up alternative transport routes was urgent – the produce in storage within Ukraine needed moving before it went to waste, and to create space for the following harvest.

Getting exports moving again has been a joint effort between the Commission, the EU Member States, the Ukrainian and Moldovan authorities, and stakeholders. The resulting Solidarity Lanes have had a huge impact: since May, around 17 million tonnes of Ukrainian grain/oilseeds and other products have been exported from Ukraine along them.

Agricultural exports are important for Ukraine's economy, and to avert a global food crisis. Many of the world's poorest countries depend on them. But the Solidarity Lanes achieve more than this. They allow trade flows across all sectors and in both directions. They are currently the only option for Ukraine to export non-agricultural goods, such as iron and steel, and the only way for Ukraine to import what it needs. As a result, the Solidarity Lanes also represent a crucial source of revenue for Ukraine's economy: according to our estimates, the goods exported via the Solidarity Lanes between May and September generated revenue of over €15 billion for Ukraine. It is no exaggeration to say that the Solidarity Lanes have become a lifeline for the country.

The Black Sea Grain Initiative brokered by the United Nations and Türkiye in July is very welcome, and it naturally has the EU's full support. Since implementation began in August, it has enabled the export of more than 10 million tonnes of grain. But vessels covered by the agreement are facing long waiting times for inspections. And as the extension of the agreement beyond November was for a while in doubt, it is no surprise to see a surge in demand for transport via the Danube corridor – one of the EU-Ukraine Solidarity Lanes.

The new logistics corridors between Ukraine and the EU are now firmly in place. They involve several transport modes (rail, road and inland waterways) and new logistics partnerships. They are here to stay. This shift was bound to happen. Russian aggression has pushed Ukraine and Moldova to change their old trade patterns, and turned inland exchanges via the EU's Eastern borders into a realistic and interesting alternative.

Once Russia's war against Ukraine ends, these logistics routes will become the vital connections required to help Ukraine rebuild its own transport infrastructure. With Ukraine's trade having shifted westwards and the pre-accession process underway, these strong transport connections will also tie Ukraine and Moldova to the EU in the long term.

That is not to say that our work here is done. All partners have worked hard to increase the capacity of the Solidarity Lanes, but bottlenecks remain. Long waiting times at the EU/Ukraine borders are estimated to account for about 40% of the logistics costs involved in exports/imports. And although there is room for improvement at border control points, the limits of what can be achieved with 'soft' measures are approaching. Concrete investment in border infrastructure and connectivity will be needed to further develop the Solidarity Lanes and bring down costs.

Even relatively small equipment innovations, such as new scanners and scales, additional traffic lanes, upgraded port infrastructure along the Danube, increased parking places and extra facilities for staff could have a real impact on waiting times.

The commitment on 11 November by the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development and the World Bank Group to mobilising €1 billion for the Solidarity Lanes will help us to make concrete changes on the ground that make a real difference. Funds from the Commission's Connecting Europe Facility could be used to help make transport flows smoother in border areas, for example.

Road transport agreements

The EU has signed temporary road transport agreements with both Ukraine and Moldova. These are the first of their kind.

The agreements provide flexibility and certainty to transport operators, and additional agility in terms of the logistics chains needed for trade. They are also helping to shape new connectivity patterns and to reduce isolation.

While these agreements are temporary, the EU is looking into their possible extension, at the request of Ukraine and Moldova. Their impact in terms of new trade routes is likely to remain visible long after that.

The Trans-European Network (TEN-T)

Extending the EU's TEN-T eastwards is more important today than ever before. In December 2021, in a proposal to revise its TEN-T Regulation, the Commission outlined plans to extend the EU's main transport corridors – the European Transport Corridors – to the Western Balkans. In July this year, the Commission amended this proposal to include an extension of the European Transport Corridors to Ukraine and Moldova.

By extending four European Transport Corridors to the territory of Ukraine and Moldova – including the ports of Mariupol and Odesa – the EU is laying the ground for greater connectivity in the long term, between economies, businesses and people.

Once the war is over, these corridors will be key to reconnecting Ukraine to the rest of Europe and permitting seamless land connections between Kyiv and the other EU capitals. Europe will rebuild Ukraine's transport infrastructure, but not as it was before. This is an opportunity to remove interoperability barriers, particularly in the rail sector.

The different rail track gauge used in Ukraine compared to its immediate EU neighbours is a huge obstacle to seamless transport operations, pushing up both costs and border waiting times. Together with the European Investment Bank and the initiative 'Joint assistance to support projects in European regions' (JASPERS), the Commission has already launched a pre-feasibility study to identify and assess the

options for a new EU standard-gauge railway corridor connecting the cities of Krakow (Poland), Lviv (Ukraine), Suceava (Romania) and Chisinau (Moldova).

The TEN-T maps determine the priorities for border crossings and interoperability issues (rail signalling, rail track gauge, traffic information, etc.). But the maps are also important from a financial perspective as they are used by the European Investment Bank and the European Bank for Reconstruction and Development to determine eligibility for financial support and to prioritise investments.

Transport Community Treaty

In November, Ukraine and Moldova, as well as Georgia, became observing participants in the Transport Community Treaty (TCT) – an international organisation working towards the convergence of Western Balkan transport markets with that of the EU.

The closer and systematic involvement of the three countries in the TCT marks a watershed. It means additional support for them as they begin to implement the relevant EU transport ‘acquis’ – the standards, laws, safety, social and environmental agreements that make EU transport what it is.

Preparing for a new era in transport connectivity

As 2022 draws to a close, it raises the curtain on a new era for Europe; one that redraws the map of Europe and brings Ukraine and Moldova – EU candidate countries as of June 2022 – closer to the EU.

Transport networks provide the backbone for trade and people-to-people connections. Europe now has new routes to strengthen both. Work will continue to develop them further, to increase capacity and efficiency.

The future economic integration of both Ukraine and Moldova into the EU will unquestionably drive up transport demand longer term. Traffic at the EU’s Eastern borders will also increase as Ukraine relaunches its economy, moves closer to the EU’s single market and, importantly, starts reconstruction.

At the same time, it is highly likely that transport links through the Caucasus to Central Asia will become more travelled.

Once the war is over, the EU will celebrate with Ukraine. But it is then that the next phase in this new era starts. That the work to set in stone – literally – what was started in haste begins. The EU is guided by its Sustainable and Smart Mobility Strategy – a roadmap to cutting transport emissions by 90% by 2050; Ukraine and Moldova will eventually need to align themselves with these policies and long-standing high standards.

This has never been so relevant – sustainability gives the transport sector a licence to grow, but also reduces the EU’s dependency on fossil fuel imports from Russia. Working together, we will build a sustainable and smart transport network that works for the EU of today, and the enlarged EU of tomorrow. The EU continues its work to roll out low-emission vehicles, vessels and aircraft, to put in place the infrastructure to refuel and recharge them, and to make cleaner alternatives available to citizens and businesses. The time will come when issues such as these are the focus of EU-Ukraine transport relations, and we look forward to that day.