LOGISTICS IN WAR ECONOMY: OPPORTUNITIES AND PROSPECTS FOR BUSINESS
UKRAINE: CRITICAL TRANSPORT INFRASTRUCTURE

UKRAINE HAS ONE OF THE LARGEST TRANSPORT NETWORKS IN EUROPE

**RAILWAY TRANSPORT**
- 21,640 km of rail tracks
- 1,402 railway stations
- 3,571 locomotive (electric and diesel locomotives)
- Freight transport (2021) – 314.3 million tons
- Potential - 364 million tons per year

**Plans of Great Construction Project:**
- electrification of 500 km of rail tracks
- construction of 2,100 km of new rail tracks
- 46,000 new freight cars
- 192 passenger trains

**AIR TRANSPORT**
- 5 key international airports
- Passenger traffic (2021) - 16.2 million passengers

**Plans of Great Construction Project:**
- modernization of the existing network
- construction of 3 new airports in Mukachevo, Sviatohirsk and Berdiansk

**ROADS**
- 46,600 km of state roads
- More than 123 100 km of local roads
- 16 155 bridges

**WATER TRANSPORT**
- 13 seaports
- 4 navigable rivers - Dnipro, Danube, Pivdennyi Buh and Prypiat
- Cargo Transshipment (2021) - 153 million tons
- Potential - 200 million tons per year

**Plans of Great Construction Project:**
- modernization of ports (UAH 17 billion investment)
- concession of part of the ports
LOGISTICS OF WAR: INTEGRATED SOLUTIONS

WE SIMPLIFY THE LOGISTICS OF EXPORT/IMPORT AS MUCH AS POSSIBLE:

- agreed with 12 EU countries on the free passage of trucks, including on the free transit of fuel trucks by the territory of Poland
- logistics hubs have been established on the territory of Poland, designed to simplify the transportation of humanitarian and military cargoes to Ukraine
- joint control is being implemented at checkpoints with Poland and Romania
- Danube port hub was created for cargo transshipment (Ust-Dunaysk, Reni and Izmali)
- it is planned to build two railway routes for servicing ports:
  - Izmai – Reni
  - Basarabyasca – Berezine
- expanding the capacity of roads leading to the border
- negotiations are underway on the construction of additional rail transshipment terminals on the border with the EU
- it is planned to build a EU standard railway line

UKRAINE AND THE EU SIGNED THE AGREEMENT ON LIBERALISATION OF ROAD TRAFFIC
DEVELOPMENT OF LOGISTICS CAPACITY

DYNAMICS OF FREIGHT TRANSPORTATION IN THE CONDITIONS OF WAR, THOUSAND TONS PER MONTH

<table>
<thead>
<tr>
<th>Month</th>
<th>Railway</th>
<th>Danube Ports</th>
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</thead>
<tbody>
<tr>
<td>March</td>
<td>8,299</td>
<td>390</td>
</tr>
<tr>
<td>April</td>
<td>9,156</td>
<td>893</td>
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<tr>
<td>May</td>
<td>9,641</td>
<td>1,327</td>
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<tr>
<td>June</td>
<td>9,434</td>
<td>1,447</td>
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<tr>
<td>July</td>
<td>9,560</td>
<td>1,500</td>
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<td>August</td>
<td>9,560</td>
<td>1,500</td>
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IN THE CONDITIONS OF WAR WE ARE SIGNIFICANTLY INCREASING THE LOGISTICS POTENTIAL OF THE WESTERN BORDERS AND THE DANUBE PORTS

CARGO CIRCULATION IN THE CROSS-SECTION OF AUTOMOBILE CHECKPOINTS IN MARCH-JUNE 2022 (THOU. TONS)

- March: 878.0
- April: 1,391.5
- May: 1,952.2
- June: 2,291.7
DEFENSE POTENTIAL AND INFRASTRUCTURE DEVELOPMENT

KEY CHALLENGES

- systematic enemy shelling of railway, roads and bridges
- negative affect on economic processes in Ukraine and the effectiveness of a number of defense activities
- shortage of materials and structures for fast and effective renovation

KEY AREAS OF COOPERATION

- Engineering and technical solutions
  Allow quick establishment of transport connection on the site of a destroyed artificial structure

- Construction machinery and materials
  Needed for the possibility of operational arrangement of highways, roads and crossings through them, railways, anti-traffic ditches, etc.

- Security equipment
  Needed for ensuring anti-terrorist and anti-sabotage activities in the largest transport hubs of Ukraine

INFRASSTRUCTURE DAMAGE

- Roads
  24,700 km

- Bridges
  309

- Railways
  6,300 km

- Airports
  12 civilian airports
  all blocked

DIRECT DOCUMENTED CAUSED DAMAGE TO UKRAINIAN INFRASTRUCTURE REACHED ALMOST 95 BILLION US DOLLARS
NON-MARITIME TRANSPORTATION ALTERNATIVES
4 COMPONENTS TO INCREASE THE CAPACITY OF THE DANUBE PORTS

Investment needed: 200 million US dollars

Water ways
- dredging of Ukrainian ports on the Danube
- further implementation of the project of deep-sea navigation «Danube — Black Sea»

Fleet
- construction of an inland navigation fleet
- repair and modernization of the existing fleet
- attracting a used fleet for the fastest possible effect

Transshipment
- modernization of the ports of Izmail, Reni, Ust-Dunaysk
  The goal is to increase the capacity of Danube ports by 1.7 times — to 25 mln tons/year
- construction of new terminals (including multimodal ones) and hubs
- attraction of private investments for the construction of terminals

Access
- construction and modernization of access railway tracks
- direct railway connection
- creation of conditions for unhindered road communication

An insurance fund has already been set up for investors to ensure navigation on the Danube River

BASIC SYSTEM SOLUTION FROM PARTNERS — INCLUSION OF THE UKRAINIAN DANUBE IN THE TRANS-EUROPEAN TRANSPORT NETWORK (TEN-T)
LOGISTICS IMPROVEMENT PROJECTS: KEY AREAS FOR COOPERATION

RAILWAY EXPORT INFRASTRUCTURE

KEY STEPS:
- Construction of new and modernization of existing tracks (both 1435 and 1520 mm) in the direction of the border with the EU and Danube seaports;
- Modernization of rolling stock for freight transportation;
- Modernization of equipment for changing the track width.

Realization – 2022-2025

TOTAL COST ~ $1.5 BLN

BORDER CHECKPOINTS

KEY STEPS:
- Increasing the capacity of checkpoints;
- Building of new checkpoints for road transport (Bila Tserkva, Dyida, Ruska);
- Arrangement by state bodies of service zones for waiting (accumulation) of vehicles near checkpoints.

In cooperation with international partners, we determine project modalities.

ROADS TO CHECKPOINTS CONSTRUCTION

KEY STEPS:
- Increasing the capacity of western roads to checkpoints;
- Improving the quality of roads to the borders;
- Construction of the concession road Krakivets – Brody – Rivne (implementation period – 5 years);
- Improvement of road service for drivers.

Realization – 2022-2023

TOTAL COST ~ $468 MLN
CONSTRUCTION OF THE CONCESSION ROAD: $2.7 BLN
THE BUSINESS IS ALREADY INVESTING IN NEW LOGISTICS SOLUTIONS IN UKRAINE

New terminals construction in the river ports

 KERNEL
 NIBULON

and other Ukrainian and International companies

+90$ mln investments

New terminals on rails

LT LEMTRANS TIS

- New terminal was built in Mostyska station – joint investment
- New terminal is building in Yagogyn station (for grain, oil, petroleum products). The investment amount is 8-10 mln $

3 stations increased cargo volume:
- Matsevy (KERNEL)
- Mostyska 2 (Agroperspektyva)
- Sknyliv (container terminal «Liski» owned by Ukrainian Railways)

<100% at the end 2022
DIGITAL RECONSTRUCTION MANAGEMENT AT ALL STAGES OF IMPLEMENTATION

Electronic solution based on e-construction (Diia) for transparent, accountable and efficient planning, prioritization, and management of country reconstruction

The owner of the system is the Ministry of Infrastructure of Ukraine

Technical Administrator – State Enterprise «Diia» (Ministry of Digital Transformation of Ukraine)

Users – RSA, Local governments, CMU, International partners, construction customers, contractors, technical supervisors, auditors and controllers

Access to data and reporting is worldwide

- Single space for accounting of damaged and destroyed infrastructure
- Formation of a single database of projects, including their definition, appraisal and release of funding (including international funds)
- Analytics for decision-making on reconstruction, dismantling, relocation of objects and prioritization of projects
- Procurement or concession auctions, PPP (through Ukrainian Prozorro & Sale) Automatic start and commissioning permits through Diia
- Project implementation and reporting on implementation stages (including problems) Reports on project implementation, including for auditing and risk management online
- Convenient management dashboards on a smartphone and publication of data (Open Contracting Data Standard) for international partners and the civil society
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