



EUROPEAN
COMMISSION

Brussels, 12.5.2022
COM(2022) 217 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**An action plan for EU-Ukraine Solidarity Lanes to facilitate Ukraine's agricultural
export and bilateral trade with the EU**

1. Introduction

The Ukrainian economy is severely impacted by Russia's war of aggression. Exports in particular have been drastically constrained due to the blockade of Ukrainian Black Sea ports by the Russian navy as these ports accounted for 90% of export of grain and oilseeds before the war.

Russia's unprovoked and unjustified invasion is already having major impacts on global food markets and will further undermine global food security. Without swift action, global grains supplies will be affected also next year. Under normal circumstances, 75% of Ukraine's grain production was exported, generating around 20% of national annual export revenues¹. Around a third of the exports is destined for Europe, China and Africa, respectively.

The EU is committed to supporting Ukraine's economy and economic recovery, as well as to contributing to stabilising world food markets and improving global food security. It is thus a common challenge to enable Ukraine to export the goods it wishes, continue supporting local production and ensure that connectivity with Europe is greatly enhanced for both exports and imports. With this objective in mind, the Commission recently proposed to temporarily eliminate all outstanding customs duties on imports from Ukraine under the EU-Ukraine Association Agreement, as well as to suspend all trade defence measures on Ukrainian steel².

With regard to global food security in particular, it is urgent and important to enable Ukraine to export the agricultural products currently stored in the country onto world markets. We need to help Ukraine ensure that the forthcoming harvests can be safely stored and that new crops can be sown.

In order for the agricultural goods to reach the EU and world markets, and also to ensure that Ukraine could import goods of first necessity (such as humanitarian aid, food, animal feed, fertilizers, fuel), **there is an urgent need for the establishment of alternative logistics routes using all transport modes, linking the EU to Ukraine**, while Ukraine's access to Black Sea routes is restored. This requires the upscaling and development of corresponding freight services along these logistic routes linking Ukraine to seaports in the EU, where goods could be shipped farther or potentially also be stored. **This is key not only for farmers in Ukraine, but also for consumers in the EU and beyond.**

This Communication has identified key bottlenecks as reported by the EU Member States, Ukrainian authorities, EU and Ukrainian stakeholders. As part of the EU's solidarity response with Ukraine, the European Commission is now putting forward an action plan with short, medium and longer-term measures to address these. The Commission will work with Member States, the Ukrainian authorities, transport operators, equipment suppliers and all other relevant stakeholders on both sides to establish alternative and optimised logistic routes: the new '**EU-Ukraine Solidarity Lanes**'. These lanes will facilitate in particular the forwarding of agricultural produce from Ukraine, but also our bilateral trade in goods and access of Ukraine to international markets and global supply chains making sure much needed cereals reach the world market.

¹ Ukraine is the world's largest exporter of sunflower oil (50% of world exports), the third largest one of rapeseed (20%) and barley (18%), the fourth largest one of maize (16%) and the fifth largest one of wheat (12%).

² COM(2022) 195 final

2. Bottlenecks

At present, thousands of wagons are waiting for clearance at the Ukrainian side of the border of neighbouring Member States. More grain is still stored in silos ready for export. The average current waiting time of the wagons is 16 days with up to 30 days at some EU-Ukraine border crossing points. Waiting times for lorries at relevant borders are also too long. Due to these logistical obstacles the Ukrainian authorities had to impose export restrictions in certain directions.

The Commission, in close cooperation with EU Member States, public authorities of Ukraine and industry representatives in the areas of transport and agriculture, has identified several bottlenecks that may hinder the much needed re-routing of Ukrainian exports and imports, namely:

- Ukraine uses **a rail gauge of 1520 mm width³ (broad gauge) while the EU standard gauge (UIC gauge) is 1435mm wide**. This means that Ukrainian wagons cannot be used in most of the EU Member States and that goods have to be transhipped from wagons running on the wide gauge to ones on the EU standard gauge. Such transhipment has to take place at logistics sites near to the border crossing points⁴ on both sides of the border, either by changing the bogies of the wagons or by loading goods from wagons on broad gauge to wagons on EU standard gauge.
- The current **transhipment capacity is by far insufficient** and not adapted to operate substantial volumes of cargo. In addition, transhipment is time consuming and requires special machinery, which may not be present at large enough numbers at transhipment points or the capacity of such machines does not measure up to the sudden increase of demand.
- While the **Ukrainian seaports are under Russian blockade**, the Ukrainian inland waterway ports on the Danube can also be reached by certain sea-going vessels. However, currently they can only cover a rather small share of the total export needs, and their operation is exposed to increased risks of sailing in the northern areas of the Black Sea; rail and road access from Odesa are also vulnerable.
- **Connectivity using lorries is difficult** due to the lack of available vehicles, certain restrictions in the framework governing transport rights, other rules hampering cross-border movement of vehicles, administrative issues for documents issuance and validity as well as the shortage of lorry drivers both in Ukraine and EU. Waiting times for lorries at borders often exceed 12 hours.
- Feedback from stakeholders suggests that there are still **unnecessary⁵ and costly delays to shipments due to border checks** (phytosanitary and veterinary controls and customs clearance).

3. An action plan for EU-UA Solidarity Lanes

While the European Commission cannot substitute the commercial arrangements between EU operators and the Ukrainian grain sellers, it can help to facilitate coordination between

³ The same wide gauge is used in the Baltic States and Moldova and 1524 mm gauge in Finland.

⁴ With the exception of the LHS line linking the border crossing point of Hrubieszów with Sławków (close to Katowice) in Poland.

⁵ EU legislation does not require any veterinary or phytosanitary certification either for grain imports or for transit through the EU.

stakeholders as well as relevant authorities. Short-term measures must unlock the existing logistics potential, while additional medium- and long-term actions should serve as enablers of Ukraine's post-war trade and support the reconstruction of the country.

The temporary naval blockade in the north of the Black Sea as well as the grounding of civil aviation in Ukraine require that new supply routes for Ukrainian exports and imports will have to be organized mainly via land transport and inland waterway operations. Member States which find themselves in the proximity of Ukraine are allocating significant resources and efforts to enable smooth exports from Ukraine to the EU and beyond. The Commission recognizes the efforts borne by these frontline EU Member States, and intends to continue its support for the relevant actions they take.

The priority now is to mobilise and make the best possible use of the existing infrastructure and equipment, upscale capacities to the extent possible and increase as well as diversify the number of routes that could be used for continuity of trade. Investments in new infrastructure and equipment as well as upgrading existing ones are also necessary, however they often require medium and long-term horizons.

Short term measures

3.1 Additional freight rolling stock, vessels and lorries

A large number of wagons on EU standard gauge is required to meet the continuous demand in the logistics chain towards relevant export markets. This could be partially addressed by ensuring the most effective use of the rolling stock (e.g. by minimizing the travel time as well as the loading/unloading time at transshipment centres and in ports), but evidently, the insufficient supply of wagons on EU standard gauge remains a significant bottleneck.

Grain-hopper and intermodal wagons as well as containers and tank containers (for liquids, e.g. sunflower oil) are urgently needed. Concerning transport on the Danube, **more barges and coasters are needed.** As intermodal wagons are available to a larger extent in the EU, (mobile) craning of containers at border crossings can be scaled up relatively fast. It is, therefore important to urgently assess the option of an increased use of containers for the transport of cereals and their availability both in Ukraine and the EU.

In order to match the demand and supply of rolling stock, barges/coasters, and other relevant vehicles and equipment, the **Commission will put in place a matchmaking platform.** On the side of Ukraine, the Ministries, customs authorities and Ukraine's newly created Coordination Council for Logistics in Agriculture as well as the Ukrainian stakeholders are best placed to forecast demand for transport services. In the EU, in addition to participation by the relevant industry stakeholders (e.g. transport companies, transshipment operators, the Rail Freight Corridors, ports), each Member State will be asked to designate **a dedicated Solidarity Lanes contact point (one-stop-shop)** charged with liaising with its domestic logistic chain actors and ensuring the quick resolution of all logistical problems related to issues under the control of their respective authorities. The Commission will lead the establishment of the platform and play the role of facilitator between the various actors to significantly improve the organization of the transport operations. The EU Advisory Mission Ukraine (EUAM Ukraine) will continue to advise Ukrainian Authorities.

<u>Actions:</u>

(1) The Commission calls on EU market players to **urgently make available necessary equipment, rolling stock, vehicles, barges and vessels**. Relevant industry associations⁶ should urgently mobilise their members in this regard.

(2) The Commission will work closely with Member States, Ukrainian authorities and industry stakeholders to set up a **matchmaking platform** to facilitate exchanges between logistic chain actors to optimise cargo flow.

(3) The Commission calls on each Member State to identify a **dedicated Solidarity Lanes contact point** which would allow stakeholders to notify problems along the logistical chain.

3.2 Capacity of transport networks and transshipment terminals

Freight lines are in many cases congested in several Member States, therefore planning and effective use of rail infrastructure is of high importance when additional large volumes of freight need to be handled. While Ukrainian traders currently concentrate most of their efforts on shipments through Romania and Poland, the **use of alternative freight lines, transshipment and container capacities as well as sea port capabilities should be actively explored** in other Member States⁷ where there may be spare capacity such as for example the Baltic States or Bulgaria.

Given the urgency, it is also justified that **Ukrainian export related freight trains be given priority on the European transport network on a temporary basis**. To make this happen, it is necessary to ensure sufficient availability of rail slots from transshipment centres to EU ports.

The current transshipment capacity (including through the change of wheels or bogies of rail wagons) is by far insufficient and not adapted to operate substantial volumes of cargo. Transshipment is a time-consuming activity and it requires special machinery, which is not available in sufficient numbers at transshipment points. **Mobile grain loaders⁸ can significantly speed up transshipment**, however production of such equipment is scarce in the EU. Therefore, the possibility to transfer available existing equipment to the EU-Ukraine border terminals – e.g. through temporary rental contracts – should be explored.

Loading of EU standard-gauge wagons can take place at both sides of the border as the different gauges enter in some points (up to 60 km) into the Ukrainian territory and vice versa. EU wagon owners have however been hesitant until now to **allow their rolling stock and vehicles to enter Ukraine**. Ukraine has adopted a government decree⁹ to financially cover the cost of damage for lost wagons/barges. However, additional guarantees could be necessary to ensure EU operators are encouraged to continue operations. Whether a top-up instrument – to be set up by the EU, in cooperation with EU Member States (e.g. national export credit

⁶ Such as UIP, ERFA, CER, UIRR, FEPORT, EFIP, ESPO, ESO/EBU, CEMA, ECSA, WSC

⁷ E.g. Slovakia has a daily transshipment capacity of 30-40 trains on European gauge (with a potential to 50-60 trains) that is not yet used, there is an EU standard-gauge line from Poland to Kaunas, Lithuania, where transshipment capacity exists). Klaipeda port has ice-free port capacity all year round.

⁸ Such machines can load two wagons (130 t) per hour (90,000 tonnes a month) and several machines can work parallel along a train. With a relative low level in investment, transshipment can be scaled up.

⁹ Cabinet of Ministers of Ukraine Order of March 30, 2022 № 255-r (<https://zakon.rada.gov.ua/laws/show/255-2022-%D1%80#Text>)

agencies), or by international financial institutions¹⁰ – would be needed to offer additional guarantees for using transshipment capacities on both side of the border will need to be investigated.

Other options – such as road transport – should also be considered. This will necessitate overcoming some of the current limitations linked to transit permits, driver tachograph cards, driving licences, certificates of professional competence, or other rules hindering the operation of Ukrainian lorries and drivers in the EU. Appropriate simplifications, including guarantees, should be also considered in order to facilitate the operation of EU lorries in Ukraine. The Commission adopted on 6 April 2022 a recommendation¹¹ to the Council to open negotiations on a **road transport agreement with Ukraine**, which beyond its initial duration could apply for as long as the impact of Russia's military aggression against Ukraine on transport infrastructures and operations remains severe. The recommendation¹² aims at granting Ukrainian and EU hauliers certain access rights regarding transit and bilateral operations between the respective territories.

Actions:

(4) The Commission calls for **prioritisation of Ukrainian agricultural export shipments towards freight corridors with best available capacity**. The matchmaking platform under Action (2) should assist on a continuous basis in identifying where such capacity exists.

(5) The Commission calls on infrastructure managers to **make available the necessary rail slots** between transshipment centres and EU ports.

(6) The Commission through the matchmaking platform will work with Member States and industry to **identify the key transshipment/gauge changing centres at and beyond EU-Ukraine borders** in order to determine the way to optimise the volumes that could be transhipped on a daily basis, for bulk and through container transport.

(7) The Commission calls on market players to urgently produce **mobile grain loaders** and/or lend/sell such equipment to relevant transshipment locations. The Commission will support identifying existing availabilities and linking interested authorities and companies with producers of such machinery through the matchmaking platform.

(8) With the help of the matchmaking platform, the Commission will launch a call of interest to EU ports to identify the ones towards which rail and road services could be launched, and assess how to give priority to these shipments in ports.

(9) The Commission will **investigate further whether top-up guarantees would be necessary** and consider cooperating with EU Member States' national export credit agencies, international financial institutions (e.g. World Bank/EIB/EBRD) and other finance providers to establish additional guarantees to support rail freight and inland waterway undertakings and wagon as well as lorry owners.

(10) The Commission will aim to swiftly conclude a **road transport agreement with Ukraine** as soon as the mandate by the Council is granted.

¹⁰ Such as the World Bank that own an expertise in this sector.

¹¹ COM(2022) 167 final

¹² The same is proposed for Moldova (COM(2022) 168 final).

(11) The Commission will monitor the developments of the issuance of driver tachograph cards, and may provide additional guidance that will be made available online¹³. National Transport Contact Points Network¹⁴ will play an important role in this exercise. The Commission also intends to adopt a legislative proposal for a Regulation laying down specific and temporary measures in view of Russia's invasion of Ukraine concerning driver documents.

3.3 Customs operations and other inspections

While we aim at facilitating logistics, customs procedures are still necessary for all consignments and it may take up to several days to receive customs clearance due to lengthy procedures¹⁵. Therefore, it appears urgent to determine which customs procedures are not essential and could be **simplified**, and to explore where **additional capacity** would be necessary.

EU legislation does not require any veterinary or phytosanitary certification either for grain imports or for transit through the EU. As part of a national control programme, Member States may take samples to verify compliance with EU requirements both on imports and on the national market. Those **controls must, however, be risk-based, proportionate and non-discriminatory**. Currently unfortunately, such checks may take up to several days and may differ from one border crossing point to the other and between Member States. Delays not only impede swift freight forwarding but also mean additional costs to traders and transport operators.

In addition, not all border crossing points are equipped with the number of personnel required to handle incoming wagons 24/7. **Improving capacity for the control and inspection procedures, more proportionate application or exemption thereof through improved understanding of the applicable rules would speed up procedures significantly.** Hence it is also necessary for Member States to ensure adequate staffing of officials on the border posts to accelerate all existing checks, and provide round-the-clock services at all relevant border crossing points. In addition, checks and inspections should be carried out in places other than the border (such as in seaports or at destination).

The same approach is to be promoted in ports where administrative, border, and customs controls or clearance should be carried out swiftly to minimize the turnaround time of rolling stock in the port area.

The Commission encourages further **simplification of the procedures concerning the issuance of necessary export certificates** in Ukraine. Streamlining such procedures would help to avoid build-up of delays in the transport of grains out of Ukraine.

¹³ https://transport.ec.europa.eu/ukraine/keeping-transport-running-smoothly/road-transport_en

¹⁴ This informal network of Ministries of Transport has been established by the Green Lanes Communication (2020/C 96 I/01, OJ C 96I, 24.3.2020, p. 1–7) in March 2020 and was re-activated when the aggression of Russia started. The network, chaired by the Commission, has been an effective way of sharing information among Member States.

¹⁵ In the medium term, Ukraine will be encouraged to step up the implementation of their Authorised Economic Operators programme, join international customs conventions, as well as build capacity of human resources and enhance customs equipment on both side of the border between Ukraine and EU.

The EU Advisory Mission Ukraine (EUAM Ukraine) and the EU Border Assistance Mission to Moldova and Ukraine (EUBAM), in line with their respective mandates, may provide support to Ukrainian border and customs authorities in order to facilitate the entry of goods to the EU.

In its guidelines¹⁶ for external border management to facilitate border crossings at the EU-Ukraine borders, the Commission also recommended that in case the configuration of a border crossing point allows for, and a sufficient number of border and customs officers can be deployed by the Member States, the designation of ‘emergency support lanes’ for lorries is encouraged, in order to ensure the continued supply of good and services.

Actions:

(12) The Commission with the involvement of national authorities and the matchmaking platform, will **identify bottlenecks caused by EU or national certification or other procedures** and encourage Member States’ customs authorities to adopt measures to address them, such as for instance moving controls away from the border.

(13) The Commission urges Member States to apply risk-based, proportionate controls and sampling. It invites Member States to apply maximum flexibility or even waive non-essential requirements which derive from national legislation on a temporary basis, and to facilitate administrative procedures to minimise administrative burden.

(14) Member States should ensure **adequate capacity and presence of border control, customs officials, phytosanitary and veterinary inspectors** on the borders to accelerate the control procedures.

(15) The Commission will convene regular meetings to address any emerging issues and apply a **coordinated approach** between the Member States. Regular meetings should also take place with Ukrainian authorities to follow-up the situation and address any bottlenecks. The Commission will also convene meetings with industry to ensure that no requests for official certificates are made if not required by the competent authorities of destination.

3.4 Storage of goods on the territory of the EU

While the most important priority is the transfer of agricultural product to seaports, it should not exclude using the storage capacity available in the EU in order to free it up on the Ukrainian side. This could ensure that a buffer is created – preferably in the vicinity of border crossing points, stations along the broad gauge lines that are available in the EU and in EU seaports – and the use of rolling stock is more effective. To this extent, a mapping of storage capacity is required. Such an assessment of the storage capacity in EU ports would be beneficial not only in the short term but also in the medium one (harvest summer-autumn 2022) as a certain number of facilities to store grain in Ukraine may not be accessible or even destroyed.

Action:

(16) The Commission will **assess available storage capacity in the EU** and coordinate with Member States to help securing more capacity for temporary storage.

¹⁶ Communication from the Commission, Providing operational guidelines for external border management to facilitate border crossings at the EU-Ukraine borders, C(2022)1404, 02.03.2022

3.5 Increasing the infrastructure capacity on the new export corridors

Beyond the urgency to find alternative routes to cope with the critical issue of grain exports, medium term measures should also be implemented as soon as possible to improve the infrastructure (including transshipment and multimodal terminals, and the necessary rail-road connections in the relevant ports) in the EU and on the territory of Ukraine and Moldova and to increase connectivity with the EU.

The Commission will continue to assess the current gaps and identify additional bottlenecks. For example, some of the border crossing points with double gauge have not been in use for a long time or the capacity has been low in the recent years. An enlarged operation would, however, require these lines on EU territory be urgently refurbished. The 2021-2027 programmes financed by the Cohesion Fund and the European Regional Development Fund (under the Interreg programmes)¹⁷, coupled with the external financing instruments of the Union, could contribute to the related works with the use of the appropriate procurement procedures. Extending the capacity of existing gauge changers for wagons and the capacity of transport infrastructure at border points is another priority, which can also be supported via the above-mentioned instruments.

Action:

(17) The Commission will provide **guidance on the available funding and on the most appropriate procurement procedures** to be used in order to support (re-)building or strengthening infrastructure where quick interventions can bring swift results.

3.6 New infrastructure connections

New infrastructure connections will need to be established in the framework of the reconstruction of Ukraine, which will go much beyond what was so far envisaged in the framework of the Economic and Investment Plan for Ukraine. The assessment of the future needs should focus on:

- upgrading of the cross-border connections (road-road, rail-road and rail-rail) between the EU and Ukraine and optimisation and modernisation of transport flows in terms of infrastructure capacity, interoperability and efficiency of the border crossing services, including reopening of additional border-crossing points. The necessary investments can be supported by the Connecting Europe Facility (CEF) programme;
- developing new Trans-European Transport (TEN-T) core network corridors connecting EU to Ukraine and Moldova;
- improving the connectivity and navigability on the Rhine-Danube corridor to ensure a more efficient traffic through a strengthened coordination between ports and river authorities in the EU, Ukraine and Moldova.

CEF calls for proposals will allow to provide support to projects improving the transport connections between the EU and Ukraine. There are notably possibilities to finance railway

¹⁷ Member States will be able to introduce such funding requests in their investment plans which form the basis of the operational agreements, thus facilitating funding for projects started after January 2022.

connections, rail-road and rail-rail terminals (including ones to address the gauge change), and projects aiming at facilitating traffic flows at border controls areas at the external border of the Union. Projects aimed at increasing navigability on the Danube can also receive support through the CEF. Dual use projects for roads and airports are also eligible under the dedicated Military Mobility CEF calls. Beyond CEF, an assessment on the other EU funding facilities that could be mobilized to cover needs is being carried out. In this context, an assessment is currently under way on the feasibility of refurbishing and upgrading with EU funding certain border crossing points on Ukrainian territory at the EU border (e.g. two with Romania and one with Slovakia) with a view to increase their capacity and allow them to process cargo. Additional border crossing points could be envisaged in the future.

Actions

(18) As part of the ongoing TEN-T revision¹⁸, the Commission will assess the extension of TEN-T corridors in Ukraine to offer increased connectivity with the EU through the development of EU standard-gauge rail lines into both Ukraine and Moldova.

(19) In order to prepare the ground, the Commission will adopt urgently a decision to conclude, after being empowered by the Council, a **high level agreement with Ukraine** on the revision of the TEN-T Maps.

(20) CEF call for proposals will allow to focus support in particular at projects aiming at improving the interoperability and connectivity of the Union's transport network with Ukraine.

4. Conclusions

Given that the high degree of uncertainty and instability that will prevail for as long as the Russian war of aggression against Ukraine continues, flexibility, agility and resilience will be indispensable to keep transport routes and supply chains operational between the EU and Ukraine.

In the short term, it is essential that Ukraine remains fully integrated in global supply chains and agricultural markets.

Bringing more agricultural products on the world markets is crucial to address mounting global food insecurity resulting from Russia's invasion of Ukraine and its devastating consequences. In order to absorb to the greatest extent possible the volumes that had previously gone via Ukrainian seaports, all transport modes have to be mobilised to the maximum capacity.

The establishment of EU-Ukraine Solidarity Lanes and the other actions outlined above are aimed to cover this emergency period for Ukrainian exports but they will also play an important role to cover Ukrainian needs for import of essential goods. To implement these actions, the Commission will work with Member States, the Ukrainian authorities, EU and Ukrainian transport operators, infrastructure managers, owners of rolling stock, vessels and vehicles, international financial institutions and other relevant stakeholders across the region.

¹⁸ https://ec.europa.eu/commission/presscorner/detail/en/ip_21_6776