

Transformation of Ukrainian transport system and its perspectives for the EU integration

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Introduction

Russia's full-scale invasion of Ukraine has led to significant changes in the Ukrainian transport sector due to disruptions in supply chains, cargo flows, and damage of the country's infrastructure. The Ukrainian transport system has undergone significant transformations. The country's borders with Russia and Belarus and its airspace have been closed. In the first months of the full-scale war, the temporary blockage on the operation of Black Sea ports forced Ukraine to develop land transport corridors to the EU countries and neighboring Moldova to enable both export and import of goods needed for the economy. Despite the ongoing war, Ukraine has accelerated a long-planned reform of the country's transport system to adapt its infrastructure to the EU standards and integrate it with the European transport network. Ukraine, as well as other countries like Belarus, Moldova and the Baltic states, inherited broad-gauge infrastructure (1520 mm) from the USSR. For economic and security reasons and symbolic connection with European transport infrastructure, the construction of standard-gauge railways (1435 mm) remains a high priority for the country. In the recent revision of the TEN-T network, four corridors were extended to Ukraine. In addition, since 2023, Ukraine can apply for funds for transport infrastructure projects under the Connecting Europe Facility (CEF) Transport instrument, which shows the highest priority given to transport connectivity by the European Commission (EC). One of the main challenges in the context of Ukraine's European integration process is how to fully transform the local transport sector, link it to the EU transport infrastructure and adapt it to the EU standards.

Accession as a priority

Ukraine's primary goal is to join the European Union. From the very first days of the war, Brussels sent clear political signals that it would support Ukraine for as long as necessary. As EU officials emphasize, an unstable Ukraine means an unstable EU. Russia's full-scale invasion of Ukraine accelerated Brussels' political decision to grant Ukraine official candidate status for EU membership, which occurred in June 2022. Subsequently, in December 2023, the EC decided to open accession negotiations with the country. In June 2024, the accession negotiations were formally launched. Currently, the EC expects to open three clusters (out of six) in the EU accession negotiations with Ukraine in the first half of 2025. These are the "Fundamentals" cluster which includes the judiciary, fundamental rights, public procurement, financial control public administration reform, as well as functioning of democratic institutions chapters, the "Internal market" cluster which covers the free movement of goods and capital, free movement for workers, and intellectual property law, and the "External relations" cluster.¹ Ukraine's ambitions are greater, and President Volodymyr Zelensky announced in December 2024 that Kyiv aims to open almost all negotiation clusters with the EU in 2025.² The previous EU Commissioner for Neighbourhood and Enlargement, Oliver Varhelyi, stated in one of his speeches that Ukraine could join the EU by 2029, provided it implements the necessary reforms.³ However, considering the complexity of the negotiation process and the transposition of EU law into national legislation, this timeline seems unrealistic.

¹ ['European Commission hopes to open three negotiation clusters for Ukraine's EU accession by June'](#), Ukrainska Pravda, 24 February, pravda.com.ua/eng.

² ['We Have an Ambitious Goal to Open 5-6 Negotiating Clusters with the EU This Year – the President at the Meeting with the Ukrainian Community in Poland'](#), Official website of the President of Ukraine, 15 January 2025, president.gov.ua/en.

³ ['Ukraine could join Union by late 2029, EU official says'](#), The Kyiv Independent, 31 October 2024, kyivindependent.com.

The current EU Commissioner for Enlargement, Marta Kos, emphasized that any expansion of the Union would be based on merit rather than geopolitics⁴ and must serve existing Member States as well as future ones. The EC is thus sending a clear signal to all candidate countries that progress in the implementation of EU law will be key in the accession process. Since candidate status had been granted to Ukraine, Moldova and Georgia, the Western Balkan countries had become increasingly concerned that the EU would focus on Eastern Europe, especially on Kyiv, and reduce its involvement in the Balkans as a consequence.⁵

Ukraine's future accession to the EU will pose a challenge for Brussels in many respects – institutional, economic, energy-related, agricultural, and transport-related. The future of the country and the development of military actions on its territory remain uncertain. Accession is impossible under the conditions of an ongoing armed conflict, as approximately 20% of Ukraine's territory is occupied by Russia⁶. According to Ukrainian law, referenda are required to implement reforms in several key areas (e.g., changes to regulations concerning the purchase of agricultural land by foreigners). Currently, this is not feasible due to martial law and the occupation of significant parts of Ukrainian territory by Russia.

A key question is to what extent the necessity to adopt EU legislation, which may not align with Ukrainian interests or the preferences of certain social groups in the country, will affect public support for accession. While support remains high at 88%⁷, the need to implement unpopular reforms – as seen in other countries which joined the EU – could face social resistance.

On the integration path

Last year, the EU launched a new support mechanism for the years 2024 to 2027, called the Ukraine Facility, to help the country in its recovery, reconstruction and modernisation efforts. It is a dedicated instrument which will allow the EU to provide Ukraine with up to €50 billion (through loans and grants) in stable and predictable financial support during this period.⁸ These measures are intended to help Ukraine's war-torn economy, which allocates more than half of its budget to defence (2.2 trillion hryvnias, approximately 53.3 billion dollars, over 55% of the total budget)⁹. However, according to the requirements of the Ukraine Facility, Kyiv must simultaneously implement 69 reforms demanded by the EU. Financial support is provided on a quarterly basis for the fulfilment of the indicators included in the Ukraine Facility Plan. Most of the reforms concern the energy sector. In the case of the transport sector, there are 6 reforms, which include: restoration of the transportation infrastructure, modernization of the routes for exports to the EU, competitive rail transportation market and safety and high-quality port services. The EU aims to modernize Ukraine's transport sector and to facilitate close integration with both the EU and global economies.

Nevertheless, the most important aspect of the accession process is the implementation of the EU acquis in accordance with the EU-Ukraine Association Agreement (AA) of 2014. On October 30, 2024, the European Commission published its annual country reports, which include a detailed assessment of the preparation for accession of candidate countries, including Ukraine, as well as their progress in this regard.

⁴ [‘EU Commissioner Kos says enlargement will remain based on merit rather than geopolitics’](#), Euronews, 14 January 2025, euronews.com.

⁵ P. Wankiewicz, [‘The EU is starting accession talks with Bosnia and Herzegovina’](#), OSW, 22 March 2024, osw.waw.pl.

⁶ [‘ISW provides facts about war in Ukraine and Western aid’](#), RBC-Ukraine, 22 February 2025, newsukraine.rbc.ua.

⁷ [Poll reveals 88% of Ukrainians back EU membership, 86% support NATO accession | Ukrainska Pravda](#)

⁸ [The Ukraine Facility](#), European Commission, commission.europa.eu.

⁹ S. Matuszak, [‘Ukraine: another difficult wartime budget’](#), OSW, 25 November 2024, osw.waw.pl.

The overall assessment for Kyiv was largely positive – the Commission emphasized that despite the Russian invasion, Ukraine has demonstrated "extraordinary resilience and commitment to following the European path."¹⁰ The Commission also noted some progress in the transport sector. It highlighted that Ukraine is gradually implementing the EU acquis in this area, as outlined in the AA. This pertains to regulations in the field of road, rail, inland waterways, maritime transport and aviation.

However, EU legislation in the field of transport policy is one of the most extensive, which poses a challenge for Kyiv. On average, the transposition period for EU law in this area for candidate countries (in times of peace) ranges from 7 to 10 years.¹¹ The level of alignment of Ukrainian legislation regarding rail and road transport with the acquis is low. As part of the self-screening conducted by the Ukrainian government in December 2023 on the compatibility of national legislation with EU law, approximately 28,000 legal acts currently in force were examined. The analysis showed that the greatest challenges in transposing EU legislation into the Ukrainian legal system concern transport policy (399 legal acts).¹²

In its report, the European Commission emphasized that Ukraine needs to adopt and start implementing the revised National Transport Strategy by 2030 as well as to adopt and start implementing the Strategy for developing and expanding the border infrastructure with the EU Member States and the Republic of Moldova until 2030.¹³ Both were adopted at the end of December 2024.¹⁴

As the European Commission pointed out, in road transport, significant regulatory reforms and legal acts have yet to be adopted by Ukraine, including the law aligning road transport services with EU standards. The transposition of social and market regulations is crucial for Ukrainian carriers to compete fairly with companies from other member states in the single market.

In June 2024, the road transport agreement to temporarily liberalize bilateral and transit road transport between the EU and Ukraine was extended until 30 June 2025.¹⁵ The agreement only abolished the requirement for Ukrainian companies to obtain permission for bilateral transport operations, but it did not grant them the right to freely engage in cabotage (transport of goods by a foreign carrier between locations within another country) or cross-trade in the EU (transport of goods between two locations in different countries abroad).¹⁶ The rights to provide these services are distributed through multilateral agreements made during negotiations within the framework of the European Conference of Ministers of Transport (ECMT) under the auspices of the International Transport Forum. The future of the agreement between Brussels and Kyiv remains uncertain due to the lack of support from neighboring countries and controversies surrounding the unrestricted implementation of cabotage and cross-trade, which disrupts the functioning of the single market. It also gives Ukrainian road carriers an advantage over those from the EU due to lower labor costs and the lack of other requirements imposed on drivers in the EU.¹⁷ Currently, there is only one state-owned railway company on the Ukrainian market – Ukrzaliznytsia (UZ) – which serves as the railway infrastructure manager, responsible for its maintenance, repairs, construction, and modernization, as well as being a passenger and freight carrier.

¹⁰ [‘Ukraine Report 2024’](#), European Commission, 30 October 2024, neighbourhood-enlargement.ec.europa.eu.

¹¹ Based on unofficial talks with the representatives of the EU institutions.

¹² [‘Polska-Ukraina: sektor transportu. Konkurencja i współpraca’](#), Bank Gospodarstwa Krajowego, July 2024, bgk.pl.

¹³ [‘Ukraine Report 2024’](#), European Commission, 30 October 2024, neighbourhood-enlargement.ec.europa.eu.

¹⁴ [Про схвалення Національної транспортної стратегії України на період до 2030 року та затвердження операційного плану заходів з її реалізації у 2025—2027 роках | Кабінет Міністрів України](#)

¹⁵ [‘EU and Ukraine update and extend Road Transport Agreement’](#), European Commission, 20 June 2024, transport.ec.europa.eu.

¹⁶ K. Popławski, [‘Unequal competition. The consequences of the liberalisation of EU–Ukraine road carriage for Central Europe’](#), OSW, 4 April 2024, osw.waw.pl.

¹⁷ [‘Ukraine Report 2024’](#), European Commission, 30 October 2024, neighbourhood-enlargement.ec.europa.eu.

In EU member states, these functions are typically separated. The so-called ‘unbundling’ of UZ is also one of the conditions for Ukraine’s accession to the EU. For the authorities in Kyiv, separating the company will be a huge challenge. UZ is a massive enterprise that generates significant budget revenues for the state¹⁸ and has been responsible for about 2.5–3% of the country’s GDP for years.¹⁹ One of its main problems is corruption. Recently, new anti-corruption measures have been introduced, including the establishment of an anti-corruption office within UZ. Additionally, UZ has long struggled with an excessive number of employees, which leads to low wages and ongoing corruption. Although the number of UZ employees has decreased recently (it had been 235,000 people at the beginning of the full-scale invasion), it is still a large number, currently at 191,000 people.²⁰ By comparison, the entire railway sector in Poland, including private railway carriers, employed about 90,500 people in 2022.²¹

A condition for Ukraine's EU membership will also be ensuring a ‘level playing field’ in the railway market, including fair treatment and access for railway carriers from other EU countries. UZ is currently a monopoly in this market. It also determines the network of connections and timetables, prioritizing its own operations on cross-border sections, where railway carriers from other countries can enter for transshipment between standard and broad-gauge tracks (or the reverse, though to a lesser extent) and customs procedures. Ukraine is aware of the need to create a competitive rail market. In the Ukraine Plan for 2024–2027, a technical document adopted by the Ukrainian authorities, it is stated that this is “the essential requirement of European Union legislation”.²²

In the area of maritime transport, the European Commission noted minimal progress in harmonizing legislation with EU maritime principles. This also applies to port state control and vessel traffic monitoring. As the Commission pointed out, "Ukraine's maritime sector struggles with regulatory compliance and safety standards."²³ Ukraine is also aware that it will have to align its legislation on maritime safety, technical rules, qualifications, and social protection of seafarers, which has been included in the Ukraine Plan.

The EC also stressed in its report that work is underway in Ukraine on the development and implementation of inland waterway transport regulations, which aim to increase the safety of navigation and the functionality of the market. Ukraine is committed to the EU Strategy for the Danube Region and bilateral agreements with coastal states to facilitate inland navigation. As the EC emphasized in the country report, Ukraine should continue to work on fulfilling all necessary requirements for the ongoing process of recognition of certificates on inland waterways.

Although civil aviation in Ukraine remains grounded due to the closure of airspace, regulatory alignment with EU aviation rules is in progress. However, the revision of the EU-Ukraine Common Aviation Area Agreement transposition list has not yet been addressed. The European Commission also pointed out that no progress has been made in the area of multimodal transport. Ukraine is aware that it should undertake a series of reforms and improve the functioning of the transport sector in order to create conditions for better functioning of the entire economy and to "increase private investments, specifically in ports and logistics centers."²⁴

¹⁸ [‘The Cabinet of Ministers of Ukraine approved the financial plan of Ukrainian Railways for 2024’](#), Ukrzaliznytsia, 20 November 2023, uz.gov.ua.

¹⁹ See: W. Konończuk, [‘Keystone of the system. Old and new oligarchs in Ukraine’](#), OSW Point of View, 18 August 2016, osw.waw.pl.

²⁰ [‘The number of employees at “Ukrzaliznytsia” has decreased’](#), Railway Supply, 23 April 2024, railway.supply/en.

²¹ [‘Zatrudnieni w sektorze kolejowym w 2022 r.’](#), UTK, 4 August 2023, utk.gov.pl.

²² [‘Ukraine Plan 2024–2027’](#), ukrainefacility.me.gov.ua.

²³ [‘Ukraine Report 2024’](#), European Commission, 30 October 2024, neighbourhood-enlargement.ec.europa.eu.

²⁴ Ibid.

In public opinion in Ukraine, there are voices suggesting that, under wartime conditions, full liberalization of the transport sector is not possible, as the state cannot afford to lose control over one of the key sectors of the economy, which is transport.²⁵

The work on transposing EU law into the Ukrainian legal system requires effort from the government, but it also benefits from the support and technical assistance from the European Commission, the International Transport Forum within the OECD, USAID, the EIB, the EBRD, and bilateral cooperation with EU countries.

The Role of Transport for Ukraine’s War-Torn Economy

Transport plays a significant role in ensuring the smooth functioning of the economy in wartime conditions. In the early days of the war, Ukrainian Railways ensured the transportation of citizens who wanted to seek shelter in the western part of the country or abroad. In the first months, when Ukrainian seaports were blocked, imported and exported goods had to be transported by land routes, mainly to/from Romania, Poland, and Moldova. This was made possible by the so-called *Solidarity Lanes*, which were initiated in May 2022 by the EU, together with Ukraine and Moldova, to establish new transport routes to keep Ukraine’s imports and exports flowing via rail, road, and inland waterways.²⁶

A key issue for Ukraine's land connections with neighboring countries is the limited capacity of railway lines, roads, and border crossings, as well as their underfunding. Before the full-scale invasion, the development of border infrastructure was not a priority for Ukraine, nor for its neighboring countries. However, currently, as much as 80% of Ukraine’s imports and around 60% of its exports of non-agricultural products are transported through the *Solidarity Lanes*, highlighting the crucial importance of these corridors for Ukraine.²⁷ Mainly fuel, vehicles, fertilizers, as well as military and humanitarian assistance are being transported.

In comparison, currently, only about 20% of Ukrainian imports are transported through the Black Sea.²⁸ This is due to the proximity of major economic partners (Poland is the largest importer from Ukraine and the second-largest exporter to this market)²⁹ and logistical routes, the cost-effectiveness of transport via the EU border to the western and central parts of Ukraine, where the country's economic life has now shifted, the dominant role of road transport in Ukrainian trade (which accounted for nearly 80% of the value of sales in 2023)³⁰, and the limited capacity of container terminals in Ukraine.

However, 80% of Ukrainian exports of grain, oilseeds, and related products are transported through the Black Sea.³¹ Before the war, along with the transit through the Azov Sea, these accounted for about two-thirds of Ukraine’s total exports of goods.³² The blockade was partially lifted between August 2022 and July 2023, when the Black Sea Grain Initiative allowed for the export of agricultural products from the Greater Odessa ports (Chornomorsk, Odessa, and Pivdenny). After Russia withdrew from the agreement in September 2023, Kyiv decided to launch a new Black Sea corridor, through which, by December 2023,

²⁵ [‘Polska-Ukraina: sektor transportu. Konkurencja i współpraca’](#), Bank Gospodarstwa Krajowego, July 2024, bgk.pl.

²⁶ [‘Solidarity Lanes: Latest figures’](#), European Commission, December 2024, transport.ec.europa.eu.

²⁷ Ibid.

²⁸ Ibid.

²⁹ S. Matuszak, [‘Ukraine’s trade in 2024: restoration of logistical routes’](#), OSW, 17 January 2025, osw.waw.pl.

³⁰ S. Matuszak, [‘A key partner. Ukraine–EU trade in 2023’](#), OSW, 4 March 2024, osw.waw.pl.

³¹ [‘Solidarity Lanes: Latest figures’](#), European Commission, January 2025, transport.ec.europa.eu.

³² [‘The EU increases its agri-food imports from Ukraine: causes and reactions from Central European states’](#), OSW, 11 April 2024, osw.waw.pl.

more agricultural production was exported than during the best months of the grain corridor's operation. It is also possible to export not only food, but also other commodities, primarily iron ore and metallurgical products.³³ In April 2024, container traffic to the Greater Odessa ports was also resumed, although still the volumes are not large.³⁴

In contrast to bulk goods, container transport had limited importance for Ukrainian ports even before the war. Prior to the invasion, it amounted to about 1 million TEUs annually, with nearly two-thirds handled by Odessa, which has the CTO (Container Terminal Odessa) container terminal, operated by the German logistics company HHLA, which also manages three terminals in the Hamburg port as well as terminals in Tallinn and Trieste. Currently, most of the containerized cargo for the Ukrainian market is handled by the port of Constanța.

Standard Gauge as a Priority

In the Ukraine Plan, transport was recognized as one of the key sectors, alongside energy and agri-food. The main objectives in the field of transport policy were identified as follows:

1. Increasing efficiency of border infrastructure – border crossing points to EU Member States and the Republic of Moldova and access routes will need to be upgraded and procedures streamlined;
2. development and physical protection of the Danube port cluster and the maritime ports of Great Odesa and further on east of Ukraine;
3. development of multimodal container transportation;
4. restoration and protection of road infrastructure (priority – key bridges, which are critical for the logistics of goods).

Ukraine also hopes to reopen its airspace, which would allow for cargo movements and increase connectivity for the large community of Ukrainians, estimated by Ukrainian authorities to number between 20 and 25 million living abroad.³⁵

However, investment plans for transport infrastructure require significant financial resources, which war-torn Ukraine currently lacks. These investments are primarily funded through external sources – international organizations and donors such as the EU, the USA, the UK, Japan, Canada, and many others. The Ukrainian government estimates that the total reconstruction and recovery needs in the transport sector currently amount to around \$78 billion³⁶ (€74.3 billion), making it the second largest investment need after the housing sector. Overall, according to the updated joint Rapid Damage and Needs Assessment (RDNA4)³⁷ released on February 25, 2025, by the Government of Ukraine,

³³ S. Matuszak, '[Ukraine: the new Black Sea corridor is a success](#)', OSW, 22 December 2023, osw.waw.pl.

³⁴ See: A. Itimoudis, '[Condition of Ukrainian Ports 30 Months After the Russian Invasion](#)', Container News, 30 September 2024, container-news.com; V. Vesselovski, D. Melnychenko, A. Khromov, '[Black Sea Containerized Freight Rises](#)', Maritime Executive, 14 January 2025, maritime-executive.com.

³⁵ '[Ukraine is trying to get its refugees back from Germany](#)', Politico, 21 January 2025, politico.eu.

³⁶ '[Ukraine needs US\\$524bn for recovery and reconstruction](#)', Ukrainska Pravda, 25 February 2025, pravda.com.ua/eng.

³⁷ 'Ukraine - Fourth Rapid Damage and Needs Assessment (RDNA4) : February 2022 - December 2024 (English)', World Bank, 31 December 2024, worldbank.org.

the World Bank Group, the European Commission, and the United Nations currently estimates that as of 31 December 2024, the total cost of reconstruction and recovery in Ukraine is \$524 billion (€506 billion) over the next decade.³⁸ It is approximately 2.8 times the estimated nominal GDP of Ukraine for 2024.

The goal of Ukraine's reconstruction plans is ultimately also to create a modern, efficiently functioning country that also meets low-emission objectives. One of the most important infrastructure projects in Ukraine is the construction of a standard gauge railway (1435 mm), which would symbolically integrate Ukraine's railway network into the EU transport system. This would also improve freight rail transport towards Poland, Romania, Slovakia, and Hungary, as well as bring benefits to Ukraine's TSL (transport, shipping, and logistics) sector, including transshipment terminals, which are being built on an increasing scale across the country. A positive effect would also be the growth in trade exchanges transported between Ukraine and the EU by land.

Currently, nearly the entire railway network in Ukraine is broad gauge (1520 mm), similar to Russia, Belarus, and the Baltic states, a legacy of the USSR. In nearly the entire EU railway lines are standard gauge. However, there are currently several sections of 1435mm track gauge in Ukraine, mainly in the vicinity of the borders with Poland, Hungary, Slovakia and Romania.

In “*A Strategy for the EU Integration of the Ukrainian and Moldovan Rail Systems*”, prepared by the Joint Assistance to Support Projects in European Regions (JASPERS) team in 2023,³⁹ it was indicated that the European track gauge should be deployed on the lines to Lviv as a first step. Considering the potential demand, relevance, and location, the connection from Medyka/Mostyska (UA/PL border) to Lviv in Ukraine was recognized as having the highest priority.

The second priority, according to the JASPERS team, is the connection of Lviv and Kyiv, plus the provision of additional 1435mm corridor connections between Ukraine and the EU. Other connections identified as most relevant are from Poland to Kyiv and Lviv to Hungary/Slovakia/Romania. The first one would be predominantly for passenger trains, with the potential to develop a significant connection for container traffic. The connection between Lviv and Hungary/Slovakia/Romania would be predominantly for freight, where speed parameters are less relevant.

Additionally, the JASPERS team identified specific sections that, in their view, are the most relevant for the transition to 1435mm in Ukraine: Să to Krakow–Lviv, Warsaw–Kyiv, Lviv–Kyiv, Slovakia/Hungary–Lviv, Kyiv–Kharkiv/Dnipro, Warsaw–Lviv, Lviv–border with Romania and Odesa–Chisinau.

According to the report, the containerised trade will increase between Ukraine and the EU, requiring adequate intermodal connectivity between European and Ukrainian logistics nodes. Additionally, manufacturing production activities, as well as grain production plants, have been relocated to the Western part of Ukraine. Thus, according to the JASPERS team, new factories will be constructed ‘along the main transport corridors to ensure the efficient connectivity of production and logistics facilities to the transport network’.⁴⁰

In 2024, Ukraine started the construction of two important sections of the standard-gauge railways, namely Sknyliv (near Lviv)–Mostyska and Chop–Uzhhorod. The first one will connect Lviv with the Polish border, whereas the second one will be going to the borders with Slovakia and Hungary. Ukrzaliznytsia has secured USD 225 million in support from USAID for the construction of the 1435 mm gauge track on

³⁸ [‘Updated Ukraine Recovery and Reconstruction Needs Assessment Released’](#), World Bank, 25 February 2025, worldbank.org.

³⁹ [‘A strategy for the EU integration of the Ukrainian and Moldovan rail systems’](#), JASPERS, 11 July 2023, jaspers.eib.eu.

⁴⁰ Ibid.

the first section.⁴¹ In none of the previous projects by the Ukrainian side was the construction of a 1435 mm track to the center of Lviv planned. These tracks will primarily serve freight transport and strengthen the economic potential of the region.

Additionally, new transshipment terminals are being built in the western part of the country, located at the junction of broad and standard gauge tracks. In 2021, a new terminal was opened in Klevan (Rivne Oblast), and the following year, another transshipment terminal was launched in Mostyska. A transport hub in Sknyliv is also planned, which is expected to serve routes to Poland, Slovakia, Hungary, and Romania.⁴² In March 2024, the construction of a transshipment terminal was started in the Chernivtsi Oblast, near the border with Romania, at the intersection of standard and broad gauge tracks.

These investments are being financed through Ukraine's budget and from external funds provided by the EC, EBRD, EIB, and the World Bank. Most of this support is in the form of loans. Additional funds for integrating Ukraine's transport network with the EU will be allocated through the Ukraine Facility. As part of this funding, from 2024 to 2027, Ukraine plans to allocate at least EUR 350 million for the development of transport infrastructure (both freight and passenger).

Long-term funding for the development of transport infrastructure in Ukraine is possible through EU funds, following the inclusion of four transport corridors from the Trans-European Transport Network (TEN-T) into Ukraine. In the revision of the network, which came into force in July 2024, Ukraine is now part of the following corridors: North Sea–Baltic, the newly created Baltic Sea–Black Sea–Aegean Sea, Rhine–Danube, and a segment of the Mediterranean corridor. Since June 2023, Ukraine has also been eligible to apply for financing for transport projects from the EU's Connecting Europe Facility (CEF) Transport.⁴³ In December 2024, the EC made the decision to allocate EUR 43 million from these funds to Ukraine for the project "Integration of the Ukrainian Railway System into the EU Transport System"⁴⁴ which will focus on the construction of the 1435 mm gauge. In 2023 alone, Ukraine received EUR 82 million from the Connecting Europe Facility (CEF) for infrastructure projects,⁴⁵ primarily cross-border ones.

Until the end of the war in Ukraine, it is unlikely that the EU will decide to support large-scale projects for Ukrainian transport infrastructure, which representatives of the EU institutions unofficially acknowledge in conversations.⁴⁶ The focus is currently on supporting cross-border projects towards EU member states. The EU also has no intention of funding the modernization and repair of the broad-gauge infrastructure. Moreover, more than 30% of the 22,000 km of the Ukrainian railway network requires immediate repairs.⁴⁷

This presents another challenge for the authorities in Kyiv: how to maintain the current railway infrastructure, which is crucial for the functioning of the state, with limited budgetary resources, while also pursuing investments in the standard-gauge infrastructure.

⁴¹ H. Yermolenko, 'USAID to allocate \$225 million for the construction of the Eurotrack Lviv-Mostysk', GMK Center, 7 December 2023, gmk.center/en.

⁴² S. Matuszak, K. Popławski, '[Running on European tracks. Modernising the rail network in western Ukraine during wartime](#)', 26 February 2024, osw.waw.pl.

⁴³ '[European Commission further integrates Ukraine into EU Single Market through the Connecting Europe Facility for infrastructure funding](#)', European Commission, 6 June 2023, transport.ec.europa.eu.

⁴⁴ '[Ukrainian Railways to receive about €43 million from the EU for European gauge development projects](#)', GMK Center, 23 July 2024, gmk.center/en.

⁴⁵ '[Polska-Ukraina: sektor transportu. Konkurencja i współpraca](#)', Bank Gospodarstwa Krajowego, July 2024, bgk.pl.

⁴⁶ Interviews that the author conducted with representatives of EU institutions in Brussels.

⁴⁷ '[A strategy for the EU integration of the Ukrainian and Moldovan rail systems](#)', JASPERS, 11 July 2023, jaspers.eib.eu.

Perspectives and Challenges

One of the main challenges for Ukraine and its future transport policy is the ongoing war and its demographic consequences. Currently, the population in territories under Kyiv's control is estimated to be 7 to 9 million fewer than before the full-scale invasion (before, the population was around 38 million, excluding occupied territories).⁴⁸ The question remains as to how many citizens will decide to return to the country, in which regions they will settle, and where future industrial and educational centers will concentrate. This should also be considered when designing new infrastructure investments in Ukraine.

Ukraine is also aiming to be integrated into international transport corridors connecting Europe to Asia, bypassing Russia. Even before the war, it had such plans, and the first test trains were running to China. In 2024, representatives from PKP (Polish State Railways) and UZ signed a memorandum of cooperation regarding the development of intermodal transport to Asia within the Trans-Caspian corridors, including the Middle Corridor.⁴⁹ The route through the Black Sea and Ukraine could also reach Budapest, which has ambitious plans to become a logistics hub for Central European countries, such as Slovakia. At the same time, the Ukrainian side ensures the security of goods transported by rail on its territory.

When asked about the main challenges for Ukraine related to EU accession in the transport sector, the representatives of the EU institutions cite "administration capacity" as the primary issue.⁵⁰ They point to insufficient staff in ministries and central offices, low salaries, and frequent rotation of key positions. There is also a shortage of personnel in government and local administrations capable of executing large investment projects. The European Commission, along with other organizations such as the EBRD, EIB, and USAID, provides technical assistance to address these gaps. Ukrainian officials are also compensated for their participation in these projects. In addition, there are various regional, bilateral, and twinning programs. However, the problem lies in the large number of support mechanisms, making it difficult for the Ukrainian side to absorb this aid effectively.

The issue of administrative capacity also extends to customs services. The Ukrainian Ministry of Finance is currently working on a new Customs Code, which is expected to be completed by June 2025, followed by public consultations. At the same time, the Verkhovna Rada (Ukrainian Parliament) plans to increase salaries for customs officers and carry out a complete reform of the staff.⁵¹ This reform aims to remove officers involved in corruption. However, this may be an overly idealistic goal, as corruption has been a widespread issue in the system.

Conclusions

The temporary blockade of Ukrainian ports, particularly in the first four months following the start of the war, and later the breakdown of the grain corridor agreement by Russia, forced Ukraine to accelerate its integration with the EU's transport system. This involved increasing the capacity of railway and road border crossings, expanding linear infrastructure, streamlining customs procedures and border control processes, as well as establishing new cross-border transshipment terminals and grain silos.

⁴⁸ M. Jędrysiak, 'Ukraine's new ministry for communication with the diaspora', OSW, 5 December 2025, osw.waw.pl.

⁴⁹ D. van der Laan, '[Ukraine and Poland sign agreement to restore intermodal Eurasian logistics | RailFreight.com](https://www.railfreight.com/news/ukraine-and-poland-sign-agreement-to-restore-intermodal-eurasian-logistics)', 25 September 2024, [railfreight.com](https://www.railfreight.com).

⁵⁰ Interviews that the author conducted with representatives of EU institutions in Brussels.

⁵¹ Ibid.

The full-scale invasion led to further disruptions in supply chains and the flow of goods, altering both global and regional transport routes. Before the invasion, Ukraine was almost entirely dependent on Black Sea ports and had not developed alternative transport routes.

The war also served as a catalyst for the EU to rethink European transport policy. A political decision was made to extend four transport corridors within the Trans-European Transport Network (TEN-T) to Ukraine and Moldova. The situation in the Black Sea and the functioning of its ports remain crucial. The intensification of military activities, including attacks on port infrastructure, may result in greater use of Romanian and Polish seaports. This would particularly apply to containerized goods imports and bulk shipments (mainly grain) in exports. The construction of the standard-gauge railway line from Mostyska to Skniłów would also enable the port of Klaipėda, provided the Rail Baltica extension is built there, to partially service the Ukrainian market.

Further transport integration between Ukraine and the EU will remain a challenge for Kyiv, Brussels, and individual EU member states. This will particularly concern the transposition of EU transport laws, which is one of the most extensive areas of EU's *acquis* and the transformation of Ukraine's railway infrastructure. There will also be challenges related to ensuring equal access for European carriers to the Ukrainian market on the terms granted to *Ukrzaliznytsia*, as well as the operations of Ukrainian road carriers within the EU's internal market. The construction of standard-gauge lines and new logistics hubs at the intersection of normal and broad-gauge tracks will enhance rail transport and trade exchange between the EU and Ukraine, and it will also be crucial for military mobility and efficient delivery of military equipment to Ukraine. On the other hand, it will also result in the loss of some transshipment traffic to neighboring countries, which could increase revenues for UZ (Ukrainian Railways) and terminal operators within Ukraine.

These trends will be reinforced by the relocation of production facilities from the eastern to the western parts of the country, a shift that is already occurring. The EU accession process for Ukraine may also face resistance from certain sectors of the transport industry in member states, as seen in 2023 and 2024 when road carriers in Poland, Hungary, Slovakia, and Romania protested against competition from Ukrainian companies operating in the EU market.

The future of Ukraine's transport system and the shaping of transport policies in neighboring countries (Poland, Slovakia, Hungary, Romania, Moldova) will depend on the ongoing development of the war. Black Sea port activity limitations will affect land traffic toward Romania and Poland, particularly in export flows. However, there should be preparation for a sudden increase in land transport flows if the situation in the Black Sea worsens.

Recommendations – Key Considerations for Ukraine's Transport Policy and EU Integration

- Diversification of Transport Routes:** The Russian invasion of Ukraine has highlighted the need for diversified transport routes in transport policy planning. This includes balanced investments in road, rail, and port infrastructure, as well as the modernization of border crossings. This strategy should be applied both in Ukraine and its neighboring countries. The development of transport infrastructure along the North-South axis is especially critical. This will not only improve connectivity in the region and boost economic exchanges but also enhance military mobility, which is essential for Ukraine's defense needs.

- **Increasing Border Crossing Capacity:** A critical priority is enhancing the capacity of railway and road border crossings, both on the Ukrainian side and in neighboring countries. Simultaneously, there is a need to streamline customs procedures and border control mechanisms by relevant authorities to speed up trade flows and ensure security at the borders.
- **Coordinating Technical Assistance:** The EU should consider creating a coordination mechanism for the technical assistance provided to Ukraine by international organizations and institutions. Currently, this assistance is fragmented and given the limited human capital and the scale and complexity of the projects, it has been challenging for Ukraine to absorb it effectively. A more structured approach could optimize the utilization of this support and ensure that projects are implemented more efficiently.
- **Accession Negotiations and Market Liberalization:** As part of Ukraine's EU accession negotiations, key steps should include the liberalization of the Ukrainian rail market. This would allow European companies to participate on equal terms, creating a competitive and modern rail sector. Ukrainian road carriers must also align with EU requirements, including the Mobility Package. Additionally, there is a need to implement regulations that protect foreign investors seeking to build transshipment terminals in Ukraine.
- **Private Investment in the Transport Sector:** Reforms in Ukraine's transport sector should be designed with the goal of improving market functioning. This will encourage more private investments, particularly in the development of transshipment terminals and logistics centers. A more robust private sector involvement will help modernize Ukraine's infrastructure and improve its overall transport capabilities, driving both economic growth and integration with the EU market.

These steps are essential for Ukraine to modernize its transport sector, increase its connectivity with the EU, and ensure a more secure and efficient transport infrastructure, which is key for both economic recovery and long-term development.

About EUROPEUM

EUROPEUM Institute for European Policy is a non-profit, non-partisan, and independent think-tank focusing on European integration and cohesion. EUROPEUM contributes to democracy, security, stability, freedom, and solidarity across Europe as well as to active engagement of the Czech Republic in the European Union. EUROPEUM undertakes original research, organizes public events and educational activities, and formulates new ideas and recommendations to improve European and Czech policy making. We are the recipient of institutional funding from the European Commission under the Citizens, Equality, Rights and Values (CERV) programme.



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