SUPPORT TO THE TRANSPORT STRATEGY OF UKRAINE UNTIL 2020

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Cabinet of Ministers of Ukraine

Instruction No 2174-r dated October 20th, 2010 Kyiv

On approving the Transport Strategy of Ukraine for the period of up to 2020

1. To approve the Transport Strategy of Ukraine for the period of up to 2020

2. To the Ministry for Transport and Communication
   - to develop, together with other executive bodies of power involved, programs on development of modes of transport and road infrastructure for the period of up to 2015 and to submit them to the Cabinet of Ministers for the consideration
   - to submit a report on implementing the Transport Strategy approved by this instruction to the Cabinet of Ministers of Ukraine on an annual basis up to 31st of March

M. Azarov
Prime Minister of Ukraine

Ind. 21
Transport is one of fundamental sectors of national economy, and its efficient functioning constitutes a necessary condition for ensuring defense potential, protecting economic interests of the state, and improving the lives of its citizens.

Though Ukrainian transport sector meets general transportation needs of national economy, the level of its safety, quality and efficiency of passenger and freight services, energy performance, production-induced pressure on the environment do not comply with contemporary requirements.

The transport sector faces crucial challenges, i.e. a significant wear and tear of plant and equipment, in particular fleet; insufficient volume of investment required for renewing and developing innovatively the sector physical infrastructure; shortage of budget funding and depreciation payments; imperfect leasing procedure; a low level of the state's transit potential utilization.

Technical and infrastructure upgrade for railways, airports, and sea ports; expansion of public road network according to the country's car ownership growth rates require urgent attention.

The length of motorways almost increased for almost twenty years; their density falls considerably behind the developed countries’ indicator. The motorway conditions are unsatisfactory, with 51.1% of roads not meeting requirements for smoothness, and 39.2% - for strength. The average traffic speed on the motorways is 2-3 times lower than in the Western European countries.

The system of governance and management in rail, sea, and road transport as well as road infrastructure should be reformed.

The transportation safety rate is low. Road incident rates are much worse comparing to the EU countries. Aircraft of national airlines have been many times black-listed, including a ban to fly to the EU countries. The unsatisfactory shipping safety control has resulted in black-listing of the State Flag of Ukraine, according to the Paris Memorandum (Paris MoU on Port State Control).

General Provisions

Transport Strategy of Ukraine until 2020

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TRANSPORT STRATEGY OF UKRAINE UNTIL 2020

STRATEGY PURPOSE

Strategy purpose is to establish conceptual fundamentals for developing and implementing the state policy in order to provide sustainable and efficient transport sector operation, to create conditions for social and economic development of the country, to improve competitiveness of national economy and wellbeing of its people.

STRATEGY PRINCIPLES AND IMPLEMENTATION SCOPE

The Strategy is based upon such major principles:

- to make transport services accessible for all groups of residents, including disabled and low-income persons
- to harmonize transport infrastructure development plans with the master model for national development, and land resource use plans
- to implement rigid anti-monopoly policy
- to liberalize pricing of transport services
- to operate transport enterprises as self-sufficient companies
- to focus financial resources on achieving the primary objectives of transport sector development
- to cover costs for transporting privileged categories of population by State and local budget subsidies
- to ensure environmental safety, to enforce environmental standards and regulations in transport sector operation
- to enhance the development of energy saving and environmentally friendly modes of transport.
The main aspects for Strategy implementation are:

- DEVELOPMENT OF TRANSPORT INFRASTRUCTURE THROUGH
  - expanding the road network, first of all, highways and bypasses;
  - increasing traffic capacity of main railways, transport hubs, rail and road approaches to sea ports, road-and-street system of major cities;
  - upgrading the industrial rail transport;
  - building and rehabilitating bridges in Kyiv, Dnipropetrovsk, Zaporizhia, Mykolaiv, and Kherson cities;
  - building sections of metro systems in Kyiv, Kharkiv, Dnipropetrovsk, and Donetsk cities;
  - building and rehabilitating terminals (primarily for containers) in the sea ports;
  - establishing a logistic center network;
  - upgrading transport network for 2012 UEFA European Football Championship (EURO 2012).

- RENEWAL OF TRANSPORT FLEET THROUGH
  - rationalizing the vehicle fleet structure its load carrying capacity, passenger carrying capacity, dedicated use of vehicles in particular;
  - renewing public services’ transport fleet (privileged passengers, rural residents, disabled people);
  - introducing vehicles, with operational, technical, and economic specifications that meet current European requirements in terms of safety and security, sustainability and energy performance of transport.

- IMPROVEMENT OF INVESTMENT CLIMATE THROUGH
  - creating favorable conditions for attracting investment, particularly foreign, into the transport sector to renovate and upgrade the sector infrastructure;
  - promoting the public-private partnership development;
  - involving investment on concession base;
  - improving leasing procedure to provide the transport fleet renewal.

- ACCESSIBILITY OF TRANSPORT SERVICES AND THEIR QUALITY INCREASE THROUGH
  - developing and introducing state social standards and regulations on transport services;
  - shortening freight delivery time and increasing passenger transport traffic speed, on the basis of world’s practice;
  - reducing the time required for handling goods in the ports and border crossing points;
  - introducing advanced GPS-based information and communication technologies;
  - developing intermodal services;
  - increasing volumes and classes of containerized goods;
  - introducing electronic document circulation;
  - improving the procedure for freight traffic operator certification;
  - setting up integrated information systems for controlling, monitoring and identifying goods and containers, with arrival notification;
  - equipping vehicles with GPS devices integrated into the unified coordinate control system;
  - optimizing air, road, and rail routes;
  - institutionalization and legalization of road operators and establishment of integrated road company network;
  - introducing a transparent tariff regulation procedure, working out and approving guidelines (methods) for developing and changing tariffs;
  - improving services for disabled people;
  - establishing a non-cash fare collection system for public city transport based on smart cards;
  - setting up the unified system for state regulation and control of passenger services provided by taxis and rented road vehicles.
• developing training and skill improvement programs for taxi drivers and dispatch operators, with the relevant amendments of Job Classification.

**INTEGRATION OF NATIONAL TRANSPORT NETWORK INTO EUROPEAN AND WORLD’S SYSTEMS THROUGH**

• developing transport service exports, using efficiently transit potential, increasing competitiveness of national transport at international transport service market;
• acceding international transport conventions and agreements, and enforcing their observance;
• harmonizing national laws with the EU transport legislation;
• developing and implementing technical and technological regulations and standards in line with international requirements;
• unifying operators’ requirements;
• cooperating with the EU in order to develop international transport corridors and axes identified by the EC High Level Group;
• in cooperation with Poland, Belarus and other states development of combined transport services;
• providing the interoperability of transport networks of Ukraine and neighboring states;
• cooperating in the use of satellite navigation systems within the framework of Co-operation Agreement on a Civil Global Navigation Satellite System (GNSS) between the EU, its Member-States, and Ukraine;
• signature of bilateral agreements on transport communication between Ukraine and EU member states;
• integrating the civil aviation into the Joint Air Space;
• facilitating the procedure for transferring goods across the state border and rationalizing the reduction of time required for check procedures at the state border crossing points, and adjusting the conditions of such border crossing point operation to the European standards;
• upgrading the border crossing point infrastructure;
• setting up the multifunctional integrated system – Electronic Customs;
• creating, with the use of EU customs electronic databases, an inter-state information exchange system to ensure the efficient operation of border crossing points;
• introducing automated systems for rail rolling stock transfer from the wide-gauge track to the narrow-gauge one;
• improving the customs statistics system to monitor and forecast the goods transit;
• creating an efficient system for monitoring weight and dimensions of road vehicles at the border crossing points.

**IMPROVEMENT OF PUBLIC GOVERNANCE EFFICIENCY IN THE TRANSPORT SECTOR THROUGH**

• reforming the public governance system for railways, public roads, and sea commercial ports, improving the bus station operation;
• providing the state regulation of transport business entities according to the European standards and establishing a regulative body for rail transport after its reformation;
• improving the staff potential and increasing the social security level for transport employees;
• implementing institutional reforms aimed at developing and improving market relations in the transport sector;
• creating a competitive environment at the transport service market;
• coordinating operation of various transport modes;
• establishing conditions for fast transfer of transit goods;
• improving the licensing system for certain types of activities in the transport sector;
• implementing the efficient tariff and price policy aimed at balancing the interests of transport companies and their customers;
• mitigating the adverse impact of transport on the environment;

**PROVISION OF SAFETY AND SECURITY OF TRANSPORT PROCESSES THROUGH**

• improving the state transport safety and security system
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• setting up a state inspection (monitoring) body for transport safety and security within the transport executive power central body framework
• implementing advanced information technologies for monitoring the transport safety and security, establishing satellite systems for monitoring and controlling vehicle traffic
• improving the procedure for authorizing the business entities to transport passengers and goods
• improving the infrastructure level of roads, streets, and level crossings to provide the road traffic safety
• raising requirements to the vehicle design safety
• improving and developing the national safety and security system for transporting hazardous goods, working out relevant regulative documents, and compiling the hazardous goods register

IMPROVEMENT OF SUSTAINABILITY AND ENERGY EFFICIENCY OF VEHICLES THROUGH

• applying international environmental standards for vehicles and engine fuel,
• promoting the use of energy efficient, environmentally friendly and alternative types of liquid and gas fuel
• optimizing service life, maintenance, and repairs of vehicles
• improving the tax system subject to sustainability and energy efficiency of vehicles
• reducing the noise and vibration impact on the environment
• operating energy efficient modes of transport – electrical, rail, river – in the cities
• introducing an enhancement system for using alternative types of liquid and gas engine fuel.

REFORMING PUBLIC RAIL TRANSPORT THROUGH

• refining the rail transport institutional structure;
• separating business operation and state regulation functions in rail transport sector;
• setting up a rail transport governmental body;
• setting up a business entity composed of railways, enterprises, institutions, and organizations of rail transport necessary to provide its activities in production and technological integration;
• maintaining social sector facilities in the business entity structure to provide the traffic safety and security, labor protection, and stability of rail transport staff potential;
• establishing an automated system for rail operation control via main and regional control centers, and centralizing the train operation control;
• setting up a vertically integrated system for rail transport business management;
• provision of railways with rolling stock capable of improving significantly technical and technological parameters, including:
  • increase of passenger train speed to 160kph (200kph in the future) and of freight train speed to 100-120kph
  • extending the rolling stock service life, and improving its performance, reducing power resources and materials costs
  • shortening freight delivery time and passenger travel time
  • providing facilities for transporting disabled passengers

TECHNICAL REFURBISHMENT OF RAILWAY INFRASTRUCTURE FACILITIES THROUGH

• upgrading railway lines along international transport corridor destinations;
• increasing the traffic capacity of railway sections, including destinations Znamianka – Dolynska – Mykolaiv – Kherson – Dzhankoy and Kyiv – Trypillia – Myronivka;
• electrifying further rail lines with dense freight traffic;
• building a new tunnel at Beskyd – Skotarske rail section;
• expanding major marshalling yards;
DEVELOPMENT PRIORITIES PER TRANSPORT MODE

RAILWAY TRANSPORT

- IMPROVEMENT OF OPERATION PROCESSES AND THEIR INTENSIFICATION THROUGH
  - launching day passenger trains
  - optimizing the train traffic schedule and the procedure for composing rolling-stock flows
  - setting up a network of inter-connected logistic centers and multimodal terminals in the major transport hubs, and at border crossing points
  - operating trains by destinations dedicated mainly to one type of traffic (passenger or freight)
  - automating maximally processes of operation and repairs, and diagnostics of rail rolling-stock technical condition

- IMPROVEMENT OF THE RAIL SERVICE TARIFFING SYSTEM AND INTRODUCTION OF PRICING MARKET MECHANISM THROUGH
  - balancing interests of railways and their customers in freight services, with establishing the proper value of transport component in the product price and the profitability level;
  - introducing a tariff differentiation tool for the passenger services, on the basis of international practices, eliminating step-by-step the cross-subsidizing of passenger services on the account of other business activities, establishing the self-sufficiency of services in international and inter-regional traffic.
  - Improvement of competence level and social security of rail transport staff, enhancement of labor motivation.
  - State support for renewal of the rolling stock and construction of rail facilities of public significance; introduction of effective procedure to cover the railways’ losses caused by transporting privileged groups of passengers.

- PRIORITY FOR DEVELOPMENT OF INDUSTRIAL RAIL TRANSPORT:
  - improvement of legal and technical regulative framework for industrial rail transport;
  - improvement of state regulation system to guarantee efficient and safe operation of industrial rail transport;
  - introduction of traffic safety and security monitoring procedure for industrial rail transport;
  - establishment of conditions for technical and technological upgrading of industrial rail transport, with involving investment;
  - development and efficient utilization of infrastructure of industrial rail transport state enterprises.
DEVELOPING ROAD TRANSPORT THROUGH

Establishing favorable conditions for transport services market and improving road safety and energy efficiency:

- implementing the National Road Safety Program;
- aligning road traffic operation with executive functions, setting up a control system harmonized with the EU;
- enhancing requirements for road operators and monitoring their compliance with transport safety legal provisions;
- improving the system for monitoring the use of driving time and the time of rest of drivers, pursuant to the European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR) and the 1979 International Labour Organisation Convention No 153 – Hours of Work and Rest Periods (Road Transport);
- improving the technical regulation system for vehicle access to the road traffic, the regular technical inspection, and maintenance and repairs of vehicles;
- establishing the unified system for training and certifying the road transport employees, according to European standards;
- improving the procedure for alternative fuel use;
- setting up a testing centre for establishing the compliance of road vehicles, engines and exhaust gas conversion systems with national and international standard provisions;
- introducing international environmental standards EURO-3 and EURO-6 for vehicles and engine fuels.

EFFICIENCY OF ROAD TRANSPORT OPERATION THROUGH

- approving and implementing the State Target Economic Program for Road Transport Development;
- improving the road transport technology, increasing the share of combined transport services, developing proper technological models for transport junctions
- renewing the fleet by purchasing nationally made vehicles and optimizing its structure according to the service life, passenger carrying capacity, and capability for transporting disabled people.

DEVELOPMENT OF ROAD SYSTEM THROUGH

- prioritizing the development of national public roads, first of all under the projects for preparing the roads to the final part of EURO 2012;
- implementing actions to increase the financial support for the road infrastructure;
- building approach roads with hard covering to all rural settlements.

INNOVATION IN ROAD INFRASTRUCTURE DEVELOPMENT PROJECTS THROUGH

- applying up-to-date materials and innovative technologies for building, rehabilitating, repairing and maintaining the roads;
- re-equipping the technical base of road enterprises.

IMPROVEMENT OF ROAD SAFETY THROUGH

- implementing road traffic safety actions on particularly dangerous stretches of roads;
- introducing efficient road traffic technical devices on roads (automated road traffic operation systems, antidazzle screens, markings with improved reflective properties, etc.);
- improving the information support for road traffic participants.

REFORMING PUBLIC ROADS GOVERNANCE THROUGH

- combining properly the centralized administration of national public road network and the regional administration of local roads.
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- providing the proper funds for construction, rehabilitation, and repairs of national and local public roads;
- restructuring the State Joint Stock Company ROADS OF UKRAINE OJSC;
- establishing a road operation system based on geoinformation technologies;
- improving the quality assurance system for construction, repairs, and maintenance works on roads by the set-up of the State Road Inspection.

SUSTAINABLE CONSTRUCTION AND MAINTENANCE OF ROADS THROUGH

- applying environmentally-friendly and energy saving materials and innovative technologies;
- introducing technical means for mitigating the adverse impact of roads on the environment (noise protective screens, water treatment facilities, animal passages, fencing, etc.)

ADJUSTING AIR TRANSPORT WITH INTERNATIONAL REQUIREMENTS THROUGH

- building, rehabilitating, repairing, and upgrading airports in cities of Kyiv, Donetsk, Lviv, Kharkiv, Dnipropetrovsk, Odesa, and Simferopol;
- approving and implementing the State Target Program for Airport Development for the Period of up to 2020;
- keeping the integrated property complexes of airports;
- developing the airport infrastructure under leasing and concession conditions;
- providing the required technical level of navigation devices, radar observation, communication, airfield equipment, aviation ground engineering, service facilities for passengers, luggage, and cargo;
- increasing volumes of transit passenger and cargo services and establishing a key hub-terminal complex on the base of BORYSPIL International Airport State Enterprise.

RENEWAL OF AIRCRAFT FLEET THROUGH

- purchasing up-to-date planes with high rates of comforts, energy efficiency, and reduced costs for their maintenance according to international requirements;
- improving the model and procedure of leasing to renew the aircraft fleet.

INTEGRATING AIR TRANSPORT INTO THE EUROPEAN AIR TRANSPORT NETWORK THROUGH

- making an agreement on Joint Air Space between Ukraine and the EU;
- ensuring Ukraine’s membership in the European air organizations;
- harmonizing and integrating the air traffic control system into the European one.

PROVISION OF AIR SAFETY AND SECURITY THROUGH

- approving and implementing the State Target Program for Flight Safety for the Period of up to 2015;
- setting up the National Commission for Air Accident Investigation;
- setting up a scientific research and methods centre for flight safety.

IMPROVEMENT OF CIVIL AVIATION LEGISLATION THROUGH

- adopting the Air Code of Ukraine and amending Law of Ukraine ‘On State Air Safety Program for Civil Aviation’;
- harmonizing the air navigation service and air traffic control regulations with the requirements of the International Civil Aviation Organisation, the European Organisation for the Safety of Air Navigation;
- meeting the convergence and implementation plan for Ukraine, in line with the European Convergence and Implementation Plan.

MEETING OF NATIONAL AND FOREIGN AIRLINES DEMANDS IN HIGH QUALITY AIR TRAFFIC SERVICE THROUGH

- meeting the requirements of the International convention relating to co-operation for the safety of air navigation and the Multilateral agreement relating to route charges.

AIR TRANSPORT

- making an agreement on Joint Air Space between Ukraine and the EU;
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MARITIME TRANSPORT

- TECHNICAL AND TECHNOLOGICAL UPGRADING OF MARITIME TRANSPORT ACCORDING TO THE INTERNATIONAL STANDARDS AND REQUIREMENTS THROUGH
  - working out the Master Plan for Sea Commercial Port Development
  - expanding a network of special purpose terminals in the ports
  - building new waterways and sea port harborage areas and deepening the existing ones for an unimpeded passage of large deadweight ships
  - completing the construction of the Danube – Black Sea deep-water navigation pass

- INCREASE OF MARITIME TRANSPORT COMPETITIVENESS THROUGH
  - creating service auxiliary, technical, and rescue fleet
  - improving the navigation safety level, utilizing new, environmentally friendly types of ship fuel
  - improving the efficiency of logistic operations in the sea ports
  - upgrading and developing the port infrastructure

- REFORMING OF MARITIME TRANSPORT GOVERNANCE SYSTEM THROUGH
  - adopting Law of Ukraine ‘On Sea Ports’ and amending the Merchant Shipping Code of Ukraine
  - developing and approving the sector program for sea port development
  - restructuring state enterprises (sea commercial ports), establishing state and maritime administrations of ports
  - compiling a list of port infrastructure facilities to be transferred under the control of the port state administrations
  - setting out legal and institutional conditions for port operators’ business
  - identifying specific conditions for development and functioning of sea ports of national strategic significance located in the junction points of international transport corridors, pursuant to the international standards

- IMPROVEMENT OF SHIPPING SAFETY AND SECURITY AND PROVISION OF ENVIRONMENTAL SAFETY THROUGH
  - establishing and observing the shipping rules in the Ukrainian part of the Sea of Azov and Kerch Strait
  - improving the governance system in terms of shipping safety and security, according to the responsibilities of Flag State, Port State and Coastal State
  - adjusting engineering and information support coastal systems for shipping safety in line with the international requirements
  - establishing the unified maritime picture monitoring system for the Black Sea and the Sea of Azov
  - providing navigation hydrographical and hydrometeorological support for shipping in line with international requirements

- CREATION AND INTRODUCTION OF ENERGY SAVING TECHNOLOGIES AT THE MARITIME TRANSPORT THROUGH
  - applying wind generators and solar cells for stand-alone power supply facilities instead of diesel generators
  - designing and installing plants for producing alternative types of fuel to be used by boiler units, out of processed oil-containing secondary raw materials.

INLAND WATER TRANSPORT

- improvement of legislation on inland water shipping
- approval and implementation of the State Program for Inland Waterway (DWW) Development
- operational reliability of navigational hydraulic structures (locks), and planned preventive repairs
- renewal and upgrading of technical and special purpose fleet
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- improvement of IWW shipping navigation support systems and real-time operational communication
- upgrading and construction of river fleet
- establishment of river information system and its operation in interaction with river picture monitoring system
- improvement of inland water transport carrying capacity rate through extension of navigation period, employment of ice breakers, and establishing safe conditions for 24h ship traffic
- guaranteed dimensions of fairways along the whole length of transit waterways
- compiling and logging of river hydraulic engineering structures.

Priorities for development of city transport:

DEVELOPMENT OF PUBLIC CITY PASSENGER TRANSPORT THROUGH

- renewing and upgrading the fleet
- promoting development of environmentally friendly modes of transport (tram, rapid tram, trolleybus, metro, light rail, monorail, etc.)
- building parkings and parking lots for motor vehicles
- dedicating specific lanes on the street carriageway for the public passenger transport traffic and creating cycle lanes
- improving the fare collection system for city transport

LONG-TERM PLANNING OF URBAN AND SUBURBAN TRANSPORT NETWORK DEVELOPMENT THROUGH

- developing transport communication models
- increasing the rate of street-and-road network traffic capacity
- establishing city transport traffic controlling centers
- setting up transport systems for city transport traffic operation
- developing programs for city transport safety improvement

USE OF PUBLIC CITY TRANSPORT DURING THE FINAL PART OF EURO 2012 TO BE HELD IN UKRAINE THROUGH

- establishing centers for coordinating various modes of transport and a controlling office in the hosting cities
- creating a unified road information sign system
- operating public city transport service at night.

Financial Provisions

The implementation of the Strategy should be financed out of own funds of transport sector enterprises, funds of State and local budgets, and other sources allowed by the law.

Expected Results:

- upgrading the transport system and improving its operation efficiency
- satisfying a need of national economy and residents in transport and improving the quality and accessibility of transport services
- delivering goods in proper time
- refining the transport sector management system
- improving the transport safety rate
- reducing volumes of hazardous substance emissions in the atmosphere by 30%
- decreasing the transport power consumption by 15-20%, including road transport – from 43.6 to 34.8gram of coal equivalent per 1 ton/km, rail transport – from 10.32 to 8.75gram of coal equivalent per 1 ton/km
- accelerating rates of national transport system integration into the European and global transport systems, with the maximum utilisation of state’s transit potential.

CITY TRANSPORT