International Transport Corridors and Ukraine: Benefits of Cross-Border Cooperation with Romania

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Abstract: One of the problems of modern Ukraine is the weak development of international transport corridors that would connect different regions of Ukraine with European countries. A separate issue is the lack of transport routes in the south of Ukraine (Odessa Region) that could become a connecting link for the development of trade, tourism and facilitate humanitarian contacts between the populations of the border regions. The main purpose of this work is to consider the potential of combining separate regions of Ukraine with the regions of European countries through highways and railroads, and to analyze the economic benefits of these transport connections. Particular attention is paid to the use of opportunities for cross-border cooperation for the implementation of promising projects in the transport sector. In particular, the paper considers international transport projects implemented over a decade (project of a transport ring around the Black Sea, the project of the Baltic Sea-Black Sea cooperation), as well as more recent projects that are worthy of attention (the project Via Carpathia). Also, the factors that may complicate the implementation of transport projects are taken into consideration.

Keywords: international transport corridors; cross-border cooperation; Ukraine; European Union

1. Introduction

An important aspect of the development of Ukraine’s regions is the establishment of cross-border cooperation between the border regions. One of the forms of such cooperation is the Euroregion. The European Commission considers cooperation within the Euroregions as the best form of developing relations between the border areas. Moreover, as demonstrated by practical experience, the European Commission is more willing to provide financing for projects within the Euroregions. Owing to the Euroregions, economic, cultural, and interethnic links between the border administrative and territorial entities of neighboring countries are greatly simplified. An important role in this respect is given to the creation of fundamentally new international transport corridors that have a positive impact on the economic situation of the neighboring countries and turn them from competitors to partners. That is why Ukraine is determined to use the mechanism of cooperation between the border areas of neighboring countries, and this is being realized through the activities of the Euroregions.

On the Ukrainian side, an important part is played by the Lower Danube Euroregion, which was created on August 14, 1998 in the Romanian city of Galați, where the agreement on its formation was signed. This Euroregion includes the Odessa region (Ukraine), the Vulcănești, Cahul and Cantemir districts (Republic of Moldova) and the counties of Brăila, Tulcea and Galați (Romania).

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It should be noted that the Odessa region is the only region in Ukraine that is a true member of 6 European regional structures: the Assembly of European Regions, the Association of European Border Regions, the Working Commonwealth of the Danube, the Conference of the Seaside Regions of Europe, the Assembly of European Wine Regions and the Lower Danube Euroregion. An important aspect of the Euroregion’s work is the ability to coordinate (directly or through the Euroregion Lower Danube Association) the efforts of participants in the preparation of bids for EU-Black Sea Bassin grant programs and the joint Romania-Ukraine program 2014-2020.¹

No less promising is the Euroregion “Upper Prut”, created on September 22, 2000 in Botoșani, Romania. It includes: Chernivtsi region (Ukraine), Bălți and Edineț districts (Republic of Moldova) and Botoșani and Suceava counties (Romania), later joined by Ivano-Frankivsk region (Ukraine), Briceni, Făleşti, Donușeni, Glodeni, Ocnița, Râșcani and Sângerei districts (Republic of Moldova).

Other Euroregions of Ukraine – “Carpathians” and “Bug” - were created in 1993 and in 1995, respectively. “Karpaty” Euroregion consists of northern regions of Romania, several areas of Hungary, part of Eastern Slovakia, part of the Podkarpacie region (Republic of Poland), Lviv, Transcarpathian and Chernivtsi regions (Ukraine). The Volyn Region (Ukraine) and parts of the territories of Poland and Belarus entered the “Bug” Euroregion.

In March 2017, Ukraine joined the Memorandum of Understanding on the beginning of cooperation with the Working Community of the Danube Countries (Arbeitsgemeinschaft Donaulander - ARGE), which aims to enhance cooperation and coordination of the overall economic development of regions in the process of transportation, as well as the development of cooperation among neighboring river ports and seaports.²

One of the objectives of the paper is to analyze the political and economic aspects of the implementation of cross-border projects in the transport sector within the specified Euroregions.

2. Theoretical Framework

Among the main scientific and political researches on the issues of cross-border cooperation in Ukraine, the scientific work of scholars such as V. Tetulyak, K. Nikitovych, V. Tsekhanovych, E. Kiss and G. Ozerskaya are of particular interest.

Tetulyak shows that the aim of European regional activity is not only expanding the existing subregional relationships, but also promoting the development of cross-border cooperation among administrative units, local authorities, institutions, businesses, non-governmental and community organizations and individuals, including members of national minorities, in the fields of economy, education, science, culture and sport, the development of new mechanisms of intergovernmental cooperation and ensuring the sustainable development of the region in the framework of integration to the current Pan-European process.³

According to Nikitovych, within the framework of Euroregions the cooperation in the domains of transport and communications, trade, development of exhibition activity, fight against organized crime, regional development and ecology is the most significant. The success of cooperation depends largely on how and with what level of the competency partners are able to approach the elaboration of a unified strategy for developing cooperation, while taking into account the experience of Euroregions.1

Tsekhanovytch considers that the limiting factor for the development of border relations is the lack of financial agencies specialized in carrying out payments between partners in national currency, credits and loans for implementing cross-border projects.2

According to Kiss, the integration of Ukraine's transport and road complex into European and world transport systems requires both the formation of a national network of transport corridors and the development of logistics centers, the formation of logistic clusters at the border, which are the main structures of the international transport system. Logistics is important in the cross-border region that covers the Hungarian Sabolch-Szatmar-Bereg region, the Ukrainian Transcarpathian region, the Slovak Košice region and the Romanian Satu-Mare region, where rail, road, air and river transport are combined.3

Ozerskaya argues that, in the conditions of implementation of cross-border cooperation, the creation and integration of regional transport and logistics clusters is one of the first instruments by which a state can implement regional policies aimed at increasing the living standards of the citizens of the border areas, ensuring the competitiveness of economic complex, introducing the innovative-investment model of development, harmonizing the regulatory and socio-economic conditions of industrial and agricultural production complexes, and promoting cross-border cooperation in various fields, including business, services, science and technology transfer.4

3. Current Projects

The Lower Danube Euroregion should become an important transport hub for an integrated Europe and Black Sea region, as well as Transcaucasia, Central Asia and the Middle East. Three free economic zones have already been established within the Euroregion: Galați (Romania), Giurgiuiești (Moldova) and Reni (Ukraine). The European Union has approved routes for international transport corridors that would cross the territory of the Odessa region, fixing its extremely favorable geopolitical and geo-economic situation. In particular, one of the directions is the transit of oil from the Caspian region to Western and Central-Eastern Europe through the Transcaucasian International Transport Corridor. It is also planned to use the Danube water channel to transit Caspian and Middle Eastern oil to Europe.

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It should be noted that the Danube transport complex (consisting of water routes, roads, railways and airways) takes a leading position in the containing the EU’s strategy for the Danube region is assigned to the Perspective Plan of Measures for Implementation in the Odessa Region. The Joint Operational Program Romania-Ukraine 2014-2020 also provides for the development of sustainable transport and communication networks and systems.

If by mid-2015 the implementation of cross-border transport projects between Ukraine and Romania was moving very slowly, since autumn 2015 work on them has become much more active. During 2015-2018, the Odessa-Reni highway was built. In addition, during this period the “Orlovka-Isakcha” ferry line was initiated. In June 2017, an agreement was reached between the Ukrainian and Romanian sides to set up the Izmail-Tulcea ferry service. In addition, some issues related to the construction of the highway linking Odessa and Bukarest and the direct railways connections Kyiv-Bucharest and Odessa-Galați have been considered in the context of establishing a communication between Ukraine and Romania.

Taking into account that the draft project of the ring road, developed by the BSEC, lost its activity due to the conflict in the Donbas, the role of the international hub could be given to Odessa. The Ministry of Infrastructure of Ukraine believes that the highway, that connect in the perspective three ports of continental Ukraine (from Reni to Mariupol), should have a branch towards the Orlovka-Isaccea ferry that crosses the Danube. This is especially important for the Ukrainian side in the context of the highway proximity to the port of Reni, as well as opens up the perspectives of motor transport connections to Romania and Bulgaria. In particular, it is planned that goods and passengers will be brought to Romania and Bulgaria via the Orlovka-Isacce ferry, and in the long term the ferry should be replaced by (or remain as a supplement to) the bridge over the Danube.

Currently, transport logistics envisage the movement of goods from the EU borders to the Black Sea ports. Nonetheless, the opening of the “Orlovka-Isakcha” ferry will reduce the time of crossing the Romanian-Ukrainian border from 2 hours to 15 minutes. In addition, thanks to the ferry, the time of cargo and passenger transport traffic from Odessa to the resorts of Bulgaria will be reduced to 5 hours. The subsequent replacement of the ferry by the bridge over the Danube will increase the small border traffic and reduce the time for tourists and trucks traveling from Odessa to Romania and Bulgaria and in the opposite direction.

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3 Izmail i Tulchu soyedinit paromnoy pereprava cherez Dunay” (Izmail and Tulcea will be connected by ferry across the Danube), available online at: https://uc.od.ua/ news/traffic/1194538. Last accessed: 14.04.2018, 16:50.


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Thus, in the next five years, a route connecting Ukraine, Romania, Bulgaria and Greece can be built. The Ukrainian side hopes that the construction of the highway will be surely implemented, and is ready to act as the organizer of interstate meetings within the project. The Minister of Transport, Information Technologies and Communications of Bulgaria, Christo Aleksiyev, promised full support to Ukraine on this issue. The Greek side also supported this initiative. Also, the EU is discussing the construction of the Via Carpathia highway, which may be branching to Ukraine.¹

During negotiations among the participants to the "Lower Danube" Euroregion meeting (April 13-14, 2014, Tulcea, Romania), it was also proposed to organize regular bus connections on the routes "Izmail-Galați" and "Renii-Giurgiulești-Galați" with an accelerated procedure of border passage. The Ukrainian carrier has already launched a weekly bus route Odessa-Izmail-Renii-Giurgiulești-Galați-București since 2016. However, possibilities of modernizing the access roads to the border crossing points within the Euroregion “Lower Danube” are taken into account, in order to develop road transport. As for rail transport, two projects were discussed: the restoration of the Berezino-Bessarabyska section, connecting the Odessa railway with the port of Reni to bypass Transnistria, as well as the redevelopment of the Cantemir-Feliciu railway bridge to the combined (railway-automobile) bridge to reduce the distance from Cantemir to București. In addition, for the purpose of tourism development, the possibilities of creating a network of mini-ports for small-sized vessels (boats), as well as the launch of seasonal passenger boats from Izmail to Tulcea are being considered.

In addition, in the context of Ukraine's integration into European bicycle routes, it is planned to analyze the possibility of continuing the branch of the “EvroVelo 6” route from the Romanian cities of Constanța and Tulcea to the southern regions of the Odessa region. The consolidation of the new route in international classifiers will become a benchmark for the development of both cycling infrastructure and roadside service facilities.²

The heads of Lviv and Chernivtsi regional councils and the leadership of the Romanian district of Suceava also agreed to implement a project to build a high-speed transport corridor across the Eastern Carpathians. In the future, cooperation will continue at the level of working groups in order to further implement the project of highway through the Eastern Carpathians (Lviv-Chernivtsi-Siret-Suceava-Pașcani-Bacău-Foșani-București), whose aim is connecting the Baltic Sea with the Black Sea. The most important point is the financial support for the construction of this highway and other infrastructure projects by European institutions.³ In case the project is implemented, the above mentioned highway may become a worthy alternative to the North-South highway, which should connect Russia with the countries of the Caucasus, Central Asia and the Middle East.

During his official visit to Romania on July 11, 2017, the Ukrainian Minister of Infrastructure, Volodymyr Omelyan, took part in the discussion on the prospects of cooperation between the countries of the Danube region in the transport sector, in particular, on the development of navigation in the Danube Delta. Thus, the issue of inland navigation was discussed, including options for reaching a comprehensive and long-term solution to the problems of the Bystre channel. Within the framework of the meeting, the prospects of bilateral cooperation between Ukraine and Romania in the

² Shemaev, V., loc. cit.
sectors of transport and infrastructure, including road and rail transport, navigation, interregional and border cooperation, as well as EU strategy in the Danube Region (EUSDR) were discussed.

During the negotiations, it was proposed to increase the total quota of permits for the international carriage of goods, to use piggyback transportations with the support of RO-LA type railroad platforms as an alternative to transit through the territory of Romania. It was also decided to use an expert level group to establish the status of a new border crossing point and the restoration of a road bridge over the Tisa River between the cities of Sighetu-Marmației (Romania) and Solotvyno (Ukraine). The parties also agreed to establish a joint working group of relevant government bodies with the possible participation of the Slovakian side to resume an expert-level analysis aimed at concluding a tripartite inter-governmental agreement on the realization of freight transport. For the first time in recent years, the parties have demonstrated readiness for a constructive dialogue in all areas of concern.

It is clear that the introduction of a visa-free regime between Ukraine and the European Union had an important contribution to the activation of Ukrainian Euroregions and the planning of promising projects, the realization of which is scheduled for the following years. At the same time, there are also problematic issues of implementation of cross-border projects in the transport sector, which, however, are gradually being solved.

4. Problematic Issues in Implementing Cross-Border Projects in the Transport Sector

The main problematic issue within the Euroregions is the need to combine the strategic policy of the bordered states with the interests and peculiarities of the border regions. Given the fact that the conclusion of international agreements is the competence of the central government, while local authorities are involved in the organization of border cooperation, there is a need for redistribution of powers between the center and the region. Another legal problem encountered by participants in the border cooperation is the discrepancy between the legislative bases of the participating countries, in particular, customs and tax.1 Also, there are problems with the construction of ferry complexes as well as border and customs control points in coastal zones.2

It should be noted that the implementation of Euroregions’ priorities is not limited to their financing from European sources, but requires significant investments from the state and local self-government bodies. A particular problem is the reduction of state funds aimed at developing and upgrading the infrastructure of Ukrainian ports. In particular, an expert of the Ukrainian Logistics Association of the Odessa region for water transport, Vira Baryshnikova, believes that certain legislative initiatives of the Ukrainian authorities do not take into account the needs of ports in updating the port infrastructure. Thus, according to the Decree of the Cabinet of Ministers of Ukraine no. 1156 of 30.12.2015, since 2016 state enterprises have begun paying 75% of the dividends to the state (according to the current Tax Code, the income tax and dividends make up 80-90% of the enterprise's income). Thus, the state ports of Ukraine practically do not have the means to develop and update the infrastructure.3

Equally important is the issue of assimilating the financial resources allocated by the European Union. So, in 2017, the European Commission announced the cessation of funding for development projects for more than 10 checkpoints on the western border of Ukraine. For the implementation of these projects, the European Union had to transfer 29.2 million euros. The main reason for the cessation of

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1 Bostan, S., op. cit., p. 6.
2 Shemaev, V., loc. cit.
funding was delayed implementation. Part of the allocated funds were to be directed towards the re-
equipment of checkpoints in Rava-Ruska, Shegina, Yagodin, Ustyluzi (Ukrainian-Polish border), two
border crossing points on the Ukrainian-Slovakian border, and two border crossing points on the
Ukrainian-Romanian border. In addition, within the projects, the reconstruction of the checkpoint in
Luzhanka (Ukrainian-Hungarian border) for the integration of Ukraine into the international transport
system was to be carried out. Despite the obvious facts of inadequate financial resources management,
the former head of the State fiscal service of Ukraine (the main consumer of funds allocated for these
projects) Roman Nasirov, insisted that implementation of projects on construction of checkpoints was
complicated by the fact that it is sometimes impossible to provide necessary co-funding in Ukraine¹
The situation has changed for the better only after the removal of R. Nasirov from the position of the
head of the State fiscal service of Ukraine on January 31, 2018, according to the relevant resolution of
the Cabinet of Ministers of Ukraine.

Thus, one of the options for solving these problematic issues is to establish control over the absorption
of financial resources both from state bodies and non-governmental organizations of Ukraine and from
the relevant authorities of the European Union.

4. Conclusion

The development of cross-border cooperation between Ukraine and Romania in the transport sector
has certain characteristics and advantages, in particular:

1. The application of European norms and the use of best European practices should be a guarantee of
improved governance standards in Ukraine.

2. The construction of bridges, the construction of new and the reconstruction of old border crossings
will significantly contribute to the modernization of the border and transport infrastructure in Ukraine.

3. The creation of regional transport and logistic clusters should become one of the priority
instruments of the implementation of the regional policy of Ukraine, aimed at increasing the living
standards in the border areas and ensuring the competitiveness of the economic complex.

4. Improving transport links in the border regions will contribute to the development of tourism as
well as to the establishment of contacts between the population of Romania and Ukraine.

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