



OPINION

European Economic and Social Committee

EU-Ukraine Solidarity Lanes

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions –
An action plan for EU-Ukraine Solidarity Lanes to facilitate
Ukraine's agricultural export and bilateral trade with the EU
[COM(2022) 217 final]

TEN/781

Rapporteur: **Marcin NOWACKI**

www.eesc.europa.eu

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Referral	European Commission, 28/06/2022
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Transport, Energy, Infrastructure and the Information Society
Adopted in section	04/10/2022
Adopted at plenary	26/10/2022
Plenary session No	573
Outcome of vote (for/against/abstentions)	156/12/17

1. Conclusions and recommendations

- 1.1 The EESC points out that the Russian Federation's unprovoked military aggression of Ukraine has led to the destruction of a significant part of the infrastructure and the blockade of seaports and sea roads, resulting in the collapse of Ukraine's foreign trade. Therefore, alternative trade lanes using road and rail transport between the EU and Ukraine need to be explored.
- 1.2 The EESC calls on the Member States, the Commission and the Council to take action to improve customs clearance at border crossing points by increasing both the number of officials and cooperation between EU and Ukrainian officials. These measures should continue a trend already developing in some EU countries. For example, Poland has opened dedicated lanes for freight traffic at the Korczowa-Krakovets and the Dorohusk-Yahodyn border crossing points. It should also be pointed out that there is a need for cooperation between the EU countries and Ukraine to improve customs clearance, among other things through simultaneous customs clearance by all the relevant services, while respecting all the procedures of both the EU Member States and Ukraine.
- 1.3 It is worth noting that one of the latest key efforts to increase trade by land is the signing of two agreements between the EU, Ukraine and Moldova to liberalise road transport of Ukrainian goods to the EU via Moldova. The road transport agreements will contribute to this effort by facilitating the transport of goods by road between the EU and Ukraine and Moldova, allowing Ukrainian, Moldovan and EU carriers to transit through and operate between their territories without having to obtain permits for these operations. The EU-Ukraine agreement also provides for the recognition of Ukrainian driving licenses and professional qualification certificates¹.
- 1.4 The EESC points out the need for urgent infrastructure investment to increase border crossings and enable trade by rail. These investments can only be made with the support of European funds. Support for the investment process, payment guarantees and insurance for entrepreneurs involved in the transport of goods between the EU and Ukraine are necessary to increase the volume of transportation.
- 1.5 The EESC highlights the need for close cooperation with Ukrainian partners, not only in implementing the investment process and improving procedures for the transport of goods, but also in enabling Ukrainian workers to work in the EU. That concerns both, governmental partners as well as social partners.
- 1.6 The EESC notes that the European Commission's communication accurately identifies significant burdens and their causes in trade between the EU and Ukraine. The ongoing armed conflict on Ukrainian territory caused by Russia's completely unjustified invasion has led to the large-scale destruction of Ukraine's infrastructure and the blockade of its Black Sea seaports, hence cutting it off from its international trade channel.

¹ [Supporting Ukrainian exports and improving connections to the EU: EU strengthens cooperation with Ukraine and Moldova \(europa.eu\)](#) **Error! Hyperlink reference not valid.**

2. **Background**

- 2.1 This opinion is a response to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on *An action plan for EU-Ukraine Solidarity Lanes to facilitate Ukraine's agricultural export and bilateral trade with the EU* [COM(2022) 217 final] of 12 May 2022.
- 2.2 One of the main commodities produced by Ukraine and exported to the EU as well as numerous African and Asian countries is food, and above all, grain. Ukraine is one of the largest food producers. The blockade of its foreign trade means a significant decrease in the supply of many food products in the EU and worldwide. Together, Ukraine and Russia produce 10% of the world's wheat, and account for 30% of the global wheat trade.
- 2.3 The EESC welcomes the European Commission's proposal to create alternative and optimised logistic routes – new "EU-Ukraine solidarity lanes" – to facilitate trade in Ukrainian agricultural products and bilateral foreign trade. The lanes will also give Ukraine access to European trade routes via seaports, which will enable our eastern neighbour to participate in global trade. However, it is generally agreed that exports over land may only compensate for between one third and one half of what Ukraine normally exports via the Black Sea. Besides, the costs of transport over land to Europe are much higher than exporting by ship via the Black Sea. Moreover, Ukrainian exports are limited within the EU's internal market. This removes opportunities from farmers while failing to help with urgently needed food supplies in many African and Asian countries.
- 2.4 The opening of a safe grain corridor in the Black Sea may be good news for food importing countries and Ukrainian farmers. However, the real test is yet to come as trust in Russia is low. On top of that, we are facing a period of high fuel and fertiliser prices. Much of Ukraine's agricultural land is controlled by Russia or at risk of Russian attacks. Suppose farmers cannot farm anymore because of high costs and low security. In that case, they may give up farming, putting more strain on international food security while taking away jobs from workers. There is an urgent need to find solutions. There is no time to lose.
- 2.5 The EESC notes that the Commission correctly identifies the bottlenecks, i.e. the most problematic areas hampering trade between the EU and Ukraine, and proposes several measures to address the problems identified.
- 2.6 The main burdens in the development of trade between the EU and Ukraine concern infrastructure issues. Therefore, urgent investment is needed to keep border crossings clear and facilitate rail transport between Ukraine and EU Member States. Cooperation should be established and expanded between EU institutions, Member States, Ukraine and Moldova, which can play an active part in the transport of goods.

3. General comments

- 3.1 It is difficult to estimate the damage caused by Russia's invasion of Ukraine, especially since we do not know how long the war will last. Nevertheless, thought should already be given to planning for Ukraine's reconstruction, its economic development and integration into the economic ecosystem of the European Union. An important step toward Ukraine's reconstruction was the Lugano Conference, held on 4-5 July 2022. It is even more important as EU leaders decided on 23 June 2022 to grant Ukraine candidate status to join the European Union. The Plan proposed by the European Commission to create "solidarity lanes" in order to increase trade between the European Union and Ukraine is certainly an essential step towards this goal.
- 3.2 Ukraine has 18 ports from which goods can be exported to European countries and other parts of the world. According to recent information from Ukraine, 15 of them have been blocked. Only three ports are operational: Reni, Izmail and Ust-Donaisk. Russia also prevented the departure of nearly 80 foreign ships with their crews. Ukrainian sources say that only 400 000 tonnes of cargo left the ports in March. In May, port output rose to 1.3 million tonnes². However, this is only a drop in the ocean of what is needed. Hope for increased sea trade has been placed in an agreement under which Russia is to allow merchant ships to sail out of Ukrainian ports. The first ships with Ukrainian grain have already left the port of Odessa. It should be stressed that the agreement with Russia is fragile, and the ports could be completely blocked again at any moment³.
- 3.3 After all, Ukraine is one of the largest food producers in the world. Around half of the world's exports of sunflower oil, 16% of maize and 10% of wheat come from the country. Ukraine is also an important producer and exporter of other cereals and food products⁴. Food exports are a key source of revenue for Ukraine, generating USD 27.7 billion in 2021⁵. Ukrainian agricultural products are sold in Southeast Asia, the Middle East and Africa. EU countries such as Spain, the Netherlands and Italy are also among the largest importers of these goods.
- 3.4 Prior to Russia's invasion of Ukraine, around two-thirds of Ukrainian goods exports were by sea. At that time, cereals were exported almost exclusively by sea; for vegetable oils, the figure was more than 90%⁶. The blockade of commercial seaports in the Black Sea directly impacts international food security and the economic situation in many countries around the globe. The limited food supply from Ukraine is certainly an important factor in price inflation across the EU and will continue to be so. The harvest was hampered by the war as Russian troops were stealing crops in the occupied territories. In addition, they have mined the area and burned crop fields. Under these conditions, Ukraine's harvest is lower than in previous years. This combined

² <https://ubn.news/russian-invaders-have-seized-and-blocked-15-ukrainian-ports/>

³ https://www.business-standard.com/article/international/ukraine-russia-sign-un-deal-to-export-grain-and-fertiliser-on-black-sea-122072201213_1.html

⁴ <https://www.bbc.com/news/world-europe-61583492>; <https://www.apk-inform.com/en/news/1526701>; see also *The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the war in Ukraine*, Food and Agriculture Organization of the United Nations.

⁵ <https://www.weforum.org/agenda/2022/07/ukraine-s-food-exports-by-the-numbers/>

⁶ <https://www.bbc.com/news/world-europe-61583492>

with difficulties in exporting could lead to hunger in many regions of the world. Furthermore, it is estimated that about 30% of the wheat-producing areas of Ukraine are now controlled by Russia (August 2022). The production status in occupied areas is unclear: who controls those supplies, and can these still reach world markets? Also, when the war broke out, it was estimated that between 20 and 25 million tonnes of grain from the 2021 harvest had been held up in Ukraine.

3.5 These problems fully justify the Commission's proposals to create "solidarity lanes". However, the EESC points out that the Commission's proposal should include measures to increase investment security, in addition to measures expanding border crossing capacity.

4. **Specific comments**

4.1 **Work coordination of the EU Member States and Ukraine customs services**

4.1.1 Joint customs controls at the EU border with Ukraine are not a new development. A similar mechanism was employed during UEFA Euro 2012. Over a million people crossed the Polish-Ukrainian border during the European Championship. However, the special procedures at the time only covered the movement of persons, not goods. Nevertheless, the coordination of customs services has made it possible to increase the capacity of border crossings. The special circumstances triggered by Russia's invasion of Ukraine certainly justify considering similar measures for the movement of goods. There is no doubt that customs controls are necessary at the border crossings with Ukraine. Nonetheless, we recommend carrying them with full cooperation and coordination in one place and at the same time by officials of both the EU Member State and Ukraine.

4.2 **Increasing the capacity of border crossing points. Road transport solutions. The opening of new border crossings and lanes for the clearance of goods, in particular agri-food products.**

4.2.1 Opening border crossings and increasing their capacity is crucial to enable the free exchange of goods between EU Member States and Ukraine. This trend is emerging in countries bordering Ukraine and should be supported, also financially, through investments in the necessary infrastructure. It is necessary both to expand the capacity of currently existing border crossings, e.g. by increasing the number of customs staff and to open new border crossings, in locations where this is possible, especially for goods clearance. It is worth citing the example of Poland, which has increased the capacity of goods exchange at the Korczowa-Krakovets and Dorohusk-Yahodyn border crossings. Thanks to the expansion and use of existing infrastructure, Poland has, in a short time, reduced waiting times for goods to be cleared at other border crossing points.

4.2.2 It is worth noting that there is the possibility of using seaports not only in Poland but also in the Baltic countries for the trade in Ukrainian grain. It is necessary to use the rail network in Poland effectively and allow Ukrainian authorities and businesses to use ports in Poland, Lithuania, Latvia and Estonia. It is important to mention that a significant amount of Ukrainian grain is

stored in warehouses on the Polish-Ukrainian border. This means there are still barriers to trade logistics that need to be eliminated.

- 4.2.3 It should be noted that the Commission is also proposing to open negotiations to conclude an agreement between the European Union and Ukraine on road freight transport. After its initial period of validity, it could stay in force for as long as the serious effects of Russia's military aggression against Ukraine on transport infrastructure and operations remain. However, it should be emphasised that the Ukrainian and European business environments differ considerably. It is therefore essential that any agreement between the EU and Ukraine include a roadmap for regulatory changes in Ukraine so that domestic regulations converge with European standards, including the Mobility Package. Otherwise, Ukrainian transport companies may gain a significant competitive advantage over their European counterparts, leading to serious economic consequences for the European transport industry.
- 4.2.4 In Action 4, the Commission calls for Ukrainian agricultural export shipments to be channelled as a priority towards freight corridors with the best available capacity. This is important from the administrative point of view. However, it should be stressed that without additional economic incentives and adequate insurance, private transport operators may not be willing to take risks associated with transporting agricultural products. Private companies will follow the principle of maximising profit and minimising risk, so they may choose other commodities or completely different courses of action instead of transporting agricultural products from Ukraine.
- 4.2.5 The EESC welcomes the fact that the Commission rightly identifies the need to eliminate the numerous barriers for Ukrainian drivers to work in the EU. Joint action should be taken with the Ukrainian partners to allow Ukrainians to work in European transport companies and cross borders freely. After all, European transport companies operating in the region are contending with a significant shortage of workers. Many Ukrainian citizens had worked in EU countries before the war, but were forced to return to their homeland after the war had broken out. They are currently unable to leave Ukraine and work in the EU, which impacts the situation of European companies.

4.3 Rail links between the EU and Ukraine

- 4.3.1 The EESC notes that the European Commission rightly identifies problems in the area of rail freight transport. The rail gauge used in the EU is 1 435 mm and 1 520 mm in Ukraine. This makes it impossible for European freight trains to run on Ukrainian tracks and vice versa. However, the Commission points out the practice of changing wagon bogies, which may not be sufficient in every case. It is worth noting that Ukrainian wagons are sometimes wider than those used in Europe, which may prevent them from running on European tracks.
- 4.3.2 In Action 5, the Commission commits itself to work with Member States and industry to identify the key transshipment/gauge changing centres at and beyond EU-Ukraine borders in order to determine the volumes that could be transhipped on a daily basis, for bulk and through container transport. It should be pointed out that EU coordination assistance should go beyond transport and should also cover freight forwarding. Ukrainian companies are currently facing

great difficulty in establishing new logistics chains (booking border terminals and organising rail freight, booking terminals at ports, contracts with shipping companies). They often deliver grain only to the border, which creates bottlenecks. The problem could be solved by large-scale matchmaking events and mechanisms (also online), such as connecting Ukrainian exporters with European freight forwarders, logistics companies, etc.

4.3.3 The implementation of solidarity lanes requires several investments in infrastructure, especially railways. A notable example is the extension of the European railway infrastructure within the proposed Poland-Ukraine-Romania corridor, on the Gdańsk-Lublin/Przemyśl-Lviv-Chernivtsi-Suceava-Constanța line. The project could be an eastern branch of the new TEN-T Baltic-Black Sea-Aegean corridor, which is being discussed as part of the cyclical revision of the TEN-T network. Once the necessary investments in Poland have been made, such as the Solidarity Transport Hub and the adaptation of the high-speed railways to cargo transport, this will likely be the fastest route for transporting goods from Ukraine to the Baltic seaports. Carrying out rail investments as part of the TEN-T network will enable Moldova to better connect with the EU and open more freight transport routes to Odessa and Chișinău.

4.4 **Financial support and risk reduction for entrepreneurs**

4.4.1 The reconstruction of Ukraine requires very significant investment. A significant part of the country's infrastructure and agriculture has been destroyed by military action. These investments require sources of funding and payment guarantees to provide certainty in cases where the investor is unable to pay the contractor. Therefore, European funds to support entrepreneurs who make investments in Ukraine need to be included. With high fuel, fertiliser and insurance costs, many farmers will not risk investments. Many farms in occupied areas will be left abandoned, meaning no employment for the population and no food production.

4.4.2 The Commission correctly points out that EU wagon owners are reluctant to send their rolling stock and vehicles to Ukraine. Ukraine's response to these concerns is a government decree in which Ukraine committed to cover costs arising from losses of wagons or barges. However, the decree does not offset insurance risks, and does not apply to road transport. European rolling stock is already partially entering Ukraine, but still in limited numbers. It makes sense to support the EU, in cooperation with Ukraine, and to allocate specific funds to this instrument. The risk related to military activity on Ukrainian territory significantly affects the willingness of businesses (also in the road transport sector) to engage in freight trade between the EU and Ukraine.

4.4.3 The Commission refers in a number of points to the need for significant investment, e.g. in the construction of rail links, freight transshipment infrastructure or storage infrastructure. It should be noted that a key challenge for private investments in grain infrastructure (terminals, elevators, purchases of wagons and rolling stock, development of port piers, etc.) is the uncertainty throughout the war and thus the risk of over-scaling investments. Given the global dimension of the problem, there are good grounds for the calls for support from states and international organisations to create financial instruments to cover the risk of key investments in grain transport and storage infrastructure for private companies. Potential stakeholders include the European Investment Bank or other development banks of the countries in the region.

Brussels, 26 October 2022

Christa SCHWENG
The president of the European Economic and Social Committee

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N.B.: Appendix overleaf.

APPENDIX
to the
OPINION
of the European Economic and Social Committee

The following amendment, which received at least a quarter of the votes cast, was rejected during the discussion:

AMENDMENT 1

TEN/781

EU-Ukraine Solidarity Lanes

Point 4.5

Tabled by:

CAÑO AGUILAR Isabel

HAJNOŠ Miroslav

QUAREZ Christophe

SZYMAŃSKI Mateusz

Insert new point:

Position: After existing point - Same level

Insert a new point after the point 4.4.3

<i>Section opinion</i>	<i>Amendment</i>
	<p><i>4.5 The protection of workers' rights in the new draft Labour Code</i></p> <p><i>The Ukrainian Parliament has recently abandoned its long-held principle of consulting trade unions and employers' associations over policies related to changes in labour legislation. As a result, the Ukrainian Parliament has passed Law 2434-IX, which entered into force in August 2022, discriminating against workers in organisations with fewer than 250 employees and with wages higher than eight times the minimum wage level by enabling their employer to propose that they sign individual labour contracts, which, if accepted, may impose on such an employee additional responsibilities and obligations not foreseen by labour legislation or collective agreements. The law was adopted for martial law, however, it is obviously part of a broader agenda of deregulation and stripping back of workers' rights. Its adoption and inclusion of its provisions into new labour legislation in peacetime would be contrary to the EU acquis, including the freedom to provide services, working and living conditions of workers, sustainable employment conditions and the principle of non-discrimination, but also the obligations under ratified Conventions of the International Labour Organization and the</i></p>

	<i>European Pillar of Social Rights on secure and adaptable employment, adequate minimum wages and minimum income.</i>
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Outcome of the vote on the amendment:

Votes in favour: 81
Votes against: 97
Abstentions: 17
