

## THE DEVELOPMENT OF THE TRANSIT POTENTIAL OF UKRAINE: MULTIMODAL TRANSPORTATION AND CUSTOM ISSUES

*Ukraine occupies a unique geopolitical position that has both advantages and disadvantages. It borders on land with Belarus, Hungary, Moldova, Poland, Romania, Russia, and Slovakia, and on sea with Bulgaria, Georgia, Romania, Russia, and Turkey.*

*The article discusses the advantages of such a location, especially at the crossroads of strategically important trade and transportation routes, which allows the development of transit potential, because, as is known, the economic situation dominates even the geographical one. The geopolitical position of the country is extremely advantageous, but at the same time difficult, as Ukraine is located in the buffer zone between the West and the Russian Federation.*

*It turned out that this advantage of Ukraine has also become a disadvantage and Ukraine is forced to defend its independence from the enemy Russia. Russia has destroyed much of Ukraine's infrastructure, transportation and industry.*

*But the destruction also provides a unique opportunity to modernize Ukraine's economy by building state-of-the-art infrastructure. A unique combination of political and economic goals can be achieved by investing in infrastructure, connecting Ukraine to Europe and facilitating access to international markets for the country's strong industrial base and highly educated workforce. We live in the era of globalization; therefore, it is very important that the national economy, especially that of our country Ukraine, meets the global requirements of the world. Due to its advantageous geo-economic location between the West and the East, its central position in Europe and its abundant natural resources, Ukraine has every chance to become a truly integral part of this global economy.*

*The article is devoted to the study of the issue of the possibility of developing the transit potential of Ukraine with the help of the reform of the transport industry, in particular the multimodal transport, with an important role being assigned to the proper customs regulation.*

*Ukraine has a great transit potential, but it is not realized at present. According to the British Institute of Transport Research, the transit index of Ukraine in 2018 is 3.75 (with a maximum of 5), which is the best indicator among European countries (for comparison, Poland, which has the second highest indicator, has only 2.92) (Kurgan M., Kurgan D, 2018).*

*The transport system, in particular the railways, has been reformed for a long time, but decisive positive developments are underway. In addition to railways, the leading place in the professional sense is occupied by maritime transport. 75% of Ukraine's foreign trade is conducted through sea ports. Normal logistics and transport routes changed in February 2022 due to the Russian invasion of Ukraine.*

**Key words:** transport infrastructure, transit potential, multimodal transportation, national economy, customs issue.

**JEL Classification:** F50.

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**Study Issue.** Before the armed aggression and full-scale invasion of 2022, sectors of the economy such as agriculture and metallurgy were the most export oriented. However, they could not fully realize their export potential due to morally outdated and technically obsolete infrastructure. An important gap in this regard is the insufficient development of internal transportation and interaction between internal transportation modes to ensure a sustainable synergistic transit and export effect. Inadequate transportation infrastructure and overloading of products is the acute problem that requires immediate solution.

Proper development of logistics, efficient and interconnected between different modes of transport, logistics has a positive impact on increasing competitiveness and development of the economy,

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growth of macroeconomic indicators of the country. The restoration of Ukraine, the construction of a sustainable economy is inseparable from investments in transport infrastructure, the development of green and efficient logistics. Logistics efficiency is measured by the Logistics Efficiency Index.

The Logistic Performance Index (LPI) is a global index that measures the and the state of trade logistics at the national and international levels. It is a weighted average of six parameters: (1) Efficiency of the registration process (speed, simplicity and predictability of formalities) by border predictability of formalities) by border control authorities, including customs; (2) the quality of trade and transport of trade and transport infrastructure (e.g. ports, railways, roads, information technologies); (3) the ease of organizing supplies at competitive prices; (4) the competence and quality of logistics and quality of logistics services (e.g., carriers, customs brokers); (5) ability to track and trace shipments (6) the speed with which the shipment arrives at its destination in the planned or expected delivery time (Data, the World Bank, 2024).

**The study's goal of the paper** is to demonstrate that developing the green strategy for the multimodal the growth of transport and establishing digital regulations of customs are vimportant question in the economical recovery and development. **Methods:** The paper employs a dialectical blend of theoretical and empirical approaches to cognition. The primary techniques employed include induction, statistical analysis, shifts, and comparisons in structural dynamic evaluation approaches.

Certainly, the problems of outdated and worn-out transport infrastructure and insufficient internal interaction between different modes of transport were aggravated during the armed aggression of the Russian Federation against Ukraine. However, the support of Ukraine's foreign partners and the search for new transport corridors, considering integration processes, currently provide Ukraine with a unique opportunity to develop transport infrastructure, attract foreign investment, in particular, the development of multimodal transport infrastructure. On the at the legislative level in 2020, the Government of our country supported the bill «On Multimodal Transport», developed by the Ministry of Infrastructure, which will contribute to the will contribute to the protection of the environment only through reorientation a significant part of transportation from highways to other ecological modes of delivery, and significantly optimizes time and costs by implementing a single contract for multimodal transport.

The goal of modernization, recovery of the transport complex of Ukraine

Provision of high-quality transport services to business entities and the population, improvement of transport infrastructure and tariff policy, acceleration of liberalization of customs procedures in transit of cargo and passengers. Tools for modernization and restoration of the destroyed transport infrastructure areas, implementation of projects public-private partnership, concession agreements, attracting foreign direct investment, grants for the recovery of the national economy and integration into European and global transportation systems (Smerichevskyi, 2022: 7).

**The Development of Multimodal Transportation in Ukraine.** Increasing the efficiency of freight transport with the participation of different modes of transport is an important condition for reducing the imbalance of transport capacities in the transport systems and developing systems and the development of competition in the market of transport services (Koval, 2018: 167-172).

This is a task that I believe is positively invested in the European integration process of Ukraine. The European Union is developing a transport policy to create environmentally friendly, energy-efficient and sustainable mobility. Optimal integration of different modes of transport can be achieved by multimodal transport.

The European Commission offers technical support to Ukraine in order to establish an environment that is conducive to the growth and enhancement of multimodal transportation and logistics services quality. The Ministry of Infrastructure of Ukraine is assisted in developing the concept of primary legislation in compliance with EU Directive 96/53 on combined transport and in adopting the law on multimodal transport in Ukraine by the EU-funded project «Support to the Implementation of the Association Agreement and the National Transport Strategy in Ukraine (AASISTS)». Albert Bergonzo, a key expert in the EU AASISTS project, said: “The EU experience shows that the implementation of multimodal transport has significant advantages in terms of safety and environmental impact. Ukraine, with its vast territory and extensive railway network, is ideally suited for the implementation of a transport policy that will lead to equal opportunities and the achievement of EU standards, the provision of new types of transport services and help Ukraine pave the way to economic growth» (NATO, 2024).

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A competitive and efficient transport system, innovative development of the transport sector and international investment projects, as well as safe, environmentally friendly and energy efficient transport are the results that the AASISTS project aims to support the Ministry of Infrastructure and the relevant transport authorities and stakeholders. Expertise France and Egis International are working together to implement the technical assistance project. The project has a budget of 3.9 million euros.

So far, multimodal transportation in Ukraine has only just begun to take shape. The percentage of container shipping in Ukraine is still incredibly low. Unfortunately, no investments have been made to create an environment conducive to the development of multimodal transport. Nevertheless, major international multimodal carriers such as Maersk Line, DHL Global Forwarding, DB Schenker and Rail Cargo Logistics are already operating in Ukraine. Ukraine has great logistic potential due to its advantageous location in the «China – EU» region and the need to bring together the West and the East.

The national transport strategy of Ukraine was approved in May 2018 and is valid until 2030. «Low level of development of intermodal, multimodal transport, transport logistics» is one of the problems that needs to be solved in the sphere of transport in the near future (Cabinet of Ministers of Ukraine, Law “On approval of the National Transport Strategy of Ukraine for the period up to 2030”, 2018).

Issues that need to be addressed in the development of multimodal transportation include:

1) Development of an effective competitive multimodal of the national transport system, in particular: – ensuring the operational compatibility of the national transport system with a multimodal international transport network; – creation of passenger and cargo logistics infrastructure complexes; – the «six rules of logistics» in supply chains-freight, quality, quantity, time, place, and cost-that is, the required items, of the required quality, in the required quantity, delivered at the right time to the right place at the minimum cost-are assured for door-to-door delivery and fulfillment (Dua, 2019: 167-194).

2) Development and implementation of the appropriate concept (plans) for the development of multimodal transport and logistics technologies, including – strengthening the legal framework; – ensuring the development of multimodal transport technologies and infrastructure complexes to ensure the interaction of various modes of transport; – creating a network of regular container/multimodal freight train routes synchronized with train routes of EU Member States; – harmonizing the development of port infrastructure, including capacity ports, railways and highways; – reducing cargo processing times and formalities in international transport by streamlining administrative procedures; -ensuring uniform technological compatibility on major transport routes and connections between transport modes.

3) Creation and execution of the update program (activity plan) railway rolling stock.

4) Ensure the growth of air transport and provide the framework for its sustainable development.

The signing of the Association Agreement between Ukraine and the European Union by the European Atomic Energy Community and its Member States (the Ukraine-EU Association Agreement, Chapter 7 «Transportation») was a crucial step – in fact, the main reason – on the way to establishing the regulatory and legal framework for multimodal transportation in our country (Association Agreement, 2024).

The Law of Ukraine «On Multimodal Transportation» (CIS Legislation, 2021). The Law of Ukraine «On Multimodal Transportation» defines multimodal transportation as the transportation of goods by two or more parties using one mode of transportation on the basis of a multimodal transportation contract executed in accordance with the multimodal transportation document.

First of all, it provided a precise definition of the basic terms used in the field of multimodal transportation, including integrated cargo transportation, multimodal terminals, multimodal transportation contracts and others. The aim of the law is to reduce the use of motor vehicles in transport by shifting a significant part of transport to road transport (long distance transport) and using more environmentally friendly transport methods, which create conditions for promoting and maintaining the health of the population. In addition, the legal and organizational principles of multimodal cargo transportation in Ukraine are determined. In addition to providing economic benefits to the country’s economy, the law aims to reduce automobile traffic by shifting a significant portion of traffic to road transportation.

In addition, Ukraine does not currently have a state policy for the development of multimodal transport. Nevertheless, the full implementation of state initiatives for the construction and repair of transport infrastructure under the Recovery Plan of Ukraine can help to effectively revitalize the functioning of domestic multimodal transshipment terminals under the current circumstances.

### Transportations by different types of transport

Different transport processes

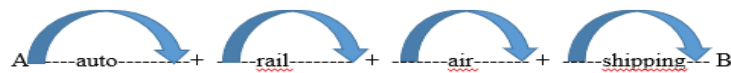


### Intermodal Transportation 2+more types of transport

Several operators with own responsibilities

Several transport declaration + different tariff rates

Several transport process+goods are not loaded

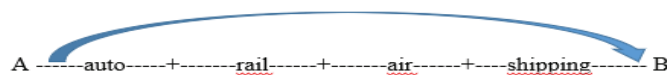


### Multimodal Transportation 2+more types of transport

1 operator and 1 responsibility

Single transport declaration + single tariff rate

Single beended transport process+ goods are not loaded



*Resource: developed by the author*

### **Limitation in the connection East and West through Ukraine**

- 1) Ukraine is not a part of EU and has additional transport borders and taxes
- 2) High cost of shipping (Ukraine uses Sulynskyyi Romania Channel and pay for it)
- 3) Loss of own deep-sea shipping channel (DSC) from the Black Sea to the Danube along the Prorva channel
- 4) Not realizing own quite alternative deep-sea shipping channel Danube-Black Sea along the Kili branch
- 5) Old infrastructure, technical and technological limitations
- 6) Operational incompatibility
- 7) Absent real transport hub in Ukraine
- 8) Legal limitations
- 9) Bureaucratic limitations
- 10) Absence General Real detailed not Declarative Plans for each kinds of transport (based on the International law and agreements) Absence the integrated Transport Policy, that will connect all kinds of transports and provide multimodal potential

### **Achieving multimodal transportation: What we have and what we need**

#### ***What we have:***

- 1) Geopolitical location of Ukraine between West and East, transit potential
- 2) Products for export: products of the agro-industrial complex, food industry, natural gas, metallurgical complex and machine building.
- 3) The laws of Ukraine on multimodal transportation, for investment activity, public-private partnership
- 4) Transport infrastructure
- 5) Government policy in this sphere and government agencies, international transport organizations

#### ***What we need:***

- 1) Review and search alternative transport corridors
- 2) Review and adopt the legal regulatory of Ukraine for the real provision of multimodal transportation and relative's services, including the Contract Code, Tax Code, Customs Code and others
- 3) Renovate and improve transport infrastructure
- 4) Create a system of multimodal container transfers in Ukraine
- 5) Implement the principles of green logistics

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6) Concrete government policy, make certain detailed and based plan (not declarative) of the cooperation between government agencies and international transport organizations, develop public-private partnership in this sphere and think what type of the PPP will be the most perspective and reasonable.

Customers issues in the development of the multimodal transportation

It is impossible for terminal capacity development in Ukraine to take place without official support. As the only entity capable of controlling infrastructure development, the public sector should always take the lead in both regulating and initiating it. Currently, one of the most talked about government structures is Customs. The way the transportation and shipping industry operates determines how companies in the sector conduct their daily operations (Hutsul, 2021).

The interdependence of economies and global supply chains required the growth of transportation infrastructure, and to keep up with business demands, customs procedures needed to be modernized and digitized. The use of standardized data formats, such as those provided by the World Customs Data Model organization, facilitates data exchange and interaction between different customs systems, both domestically and internationally.

By automating and expediting customs processes and minimising errors and delays at the border caused by human document processing, electronic customs contribute to the efficiency of handling high commerce and transit volumes.

The Union Customs Code, the EU's flagship project to create a modern, paperless customs environment, has made the EU a leader in the adoption of electronic customs.

The preparation and adoption of key legislation, together with several months of work related to the entry into the New Computerized Transit System (NCTS) for national transit, were crucial components of Ukraine's customs integration with the EU. From the first Ukraine began the worldwide use of NCTS in October 2002, when it became a member of the Convention on the Common Transit Procedure. The Convention on the Common Transit Procedure was incorporated into the national customs legislation.

The main advantages of electronic filing of customs declarations form has a significant reduction in the time spent on customs clearance, elimination of subjective subjective factor in this process and general simplification of the procedure customs clearance of goods and vehicles. But one thing is certain, considering the challenges of the development of multimodal transport, the issue of the procedure for electronic customs clearance of goods under a single waybill requires close attention and proper development with further implementation.

In addition, e-Customs reduces the openness, predictability and harmonization of customs procedures, which undermines the development of trust between traders and customs administrations and a positive business climate (Mykulyak, 2019: 53-66).

The need to strengthen the position of customs infrastructure objects is obvious and is supported by examples of positive dynamics of their development from the international customs practice, in particular with the course of European integration and the development of multimodal transportation.

**Conclusions.** The current management structure of the transport system, the quality of the infrastructure, and the organization of cargo and passenger transport in many respects do not meet international standards, which is detrimental to Ukraine's aspirations to be integrated into the trans-European transport network. The development of the state industry of wartime transport policy, the use of public-private partnerships, the decentralization of management, and the expansion of the transport potential complex for the defence and military economy are necessary to make the transport complex in Ukraine more competitive (Smerichevskyi, 2022).

The development of a state program for the harmonious growth of multimodal infrastructure is critical. This program should be based on a review of current terminal capacity and projected and actual cargo flows.

Examples of positive dynamics of their development from the international customs practice, especially in the course of European integration and development of multimodal transport, support the obvious need to strengthen the position of customs infrastructure objects.

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## **РОЗВИТОК ТРАНЗИТНОГО ПОТЕНЦІАЛУ УКРАЇНИ: МУЛЬТИМОДАЛЬНІ ПЕРЕВЕЗЕННЯ ТА МИТНІ ПРОБЛЕМИ**

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*Україна займає унікальне геополітичне положення, яке має як переваги, так і недоліки. Межує на суші з Білоруссю, Угорщиною, Молдовою, Польщею, Румунією, Росією та Словаччиною, а на морі з Болгарією, Грузією, Румунією, Росією та Туреччиною.*

*У статті розкрито питання переваги такого розташування, зокрема на перехресті стратегічно важливих торгово-транспортних шляхів, що дозволяє розвивати транзитний потенціал, адже, як відомо, економічне положення домінує навіть над географічним. Геополітичне положення держави, хоч і надзвичайно вигідне, але водночас складне, оскільки Україна знаходиться в буферній зоні між Заходом та рф.*

*З'ясовано, що ця перевага України також стала недоліком і Україна змушена відстоювати свою незалежність від ворога Росії. Росія знищила в Україні багато інфраструктури, транспорту та промисловості.*

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*Але руйнування також дає унікальну можливість модернізувати економіку України шляхом побудови найсучаснішої інфраструктури. Унікального поєднання політичних та економічних цілей можна досягти шляхом інвестицій в інфраструктуру, зв'язуючи Україну з Європою та сприяючи виходу потужної промислової бази країни та високоосвіченої робочої сили на міжнародні ринки. Ми живемо в період глобалізації; тому дуже важливо, щоб національна економіка, особливо нашої країни України, відповідала глобальним вимогам світу. Зважаючи на вигідне гео економічне розташування між Заходом і Сходом, центральне положення в Європі та численні природні ресурси, Україна має всі шанси стати справді невід'ємною частиною цієї глобальної економіки.*

*Стаття присвячена вивченню питання можливості розвитку транзитного потенціалу України за допомогою реформування транспортної галузі, зокрема мультимодального транспортування із приділенням значної ролі належному митному регулюванню при цьому.*

*Україна має великий транзитний потенціал, але наразі не реалізований. За даними Британського інституту транспортних досліджень, показник транзиту України в 2018 році становить 3,75 (при максимумі 5), це найкращий показник серед європейських країн (для порівняння в Польщі, яка є другою за показником і має лише 2,92) (Курган М., Курган Д, 2018).*

*Вже давно транспортна система, зокрема залізниця, реформується, але вирішальні позитивні зрушення в процесі. Крім залізниці, провідне місце в професійному сенсі займає морський транспорт. Через морські порти здійснюється 75% зовнішньої торгівлі України. Звичайна логістика та транспортні маршрути змінилися в лютому 2022 року внаслідок російського вторгнення в Україну.*

**Ключові слова:** транспортна інфраструктура, транзитний потенціал, мультимодальні перевезення, національна економіка, митне питання.