General

Ukraine presented a blueprint for post-war reconstruction at a two-day co-ordination conference in Lugano, Switzerland. The plan includes investments in infrastructure, climate and digital. Ukraine’s prime minister suggested the bulk of some USD 750 billion needed could be paid for with seized Russian assets.

Source: Bloomberg, 4 July 2022

Lithuanian transport authorities announced a ban on transporting sanctioned goods through their territory to the Russian exclave of Kaliningrad. Kaliningrad’s governor said that the ban would affect about half of Kaliningrad’s imports. The European Union then indicated that goods transport to Kaliningrad would be capped at the pre-war level but could continue to include otherwise sanctioned goods.

Source: Radio Free Europe, 18 June 2022; Der Spiegel, 1 July 2020

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Source: Bloomberg, 4 July 2022

Russia has pulled back forces from Snake Island, a strategically important island in the Black Sea off Odesa that controls access to ports west of the Crimean peninsular. Ukraine’s president said the Russian departure from Snake Island “significantly changes the situation in the Black Sea”.

Source: DW Deutsche Welle, 30 June 2022

Russia announced the creation of transport links between occupied regions of Ukraine and Russia. From 1 July, bus lines will connect the occupied Ukrainian cities of Kherson, Melitopol and Berdiansk with Simferopol, the capital of Russian-annexed Crimea. A railway line will operate between the Crimean town of Dzankoi and Kherson and Melitopol. The new transport links are part of a broader move widely seen as aiming at integration with Russia.

Source: La Presse (via AFP), 28 June 2022

Reports on a possible government reshuffle in Ukraine after the summer named current Minister of Infrastructure Oleksandr Kubrakov as a potential successor of Prime Minister Denys Shmyhal, along with several other candidates. The number of ministries could decrease from 20 to twelve, according to these speculations.

Source: Focus.ua, 30 June 2022
The transport ministers of Lithuania and the United Kingdom discussed support for Ukraine in rebuilding its transport infrastructure and ensuring efficient logistics channels for the country’s cargo exports to European and world markets (see also Aviation).
Sources: BNS via ELTA Lithuanian News Agency, 30 June

Infrastructure

A Draft Recovery Plan presented by Ukraine at the Lugano conference puts damages and losses to transport infrastructure at USD 41.8 billion. About 23 800 km of roads and 305 bridges and bridge crossings have been damaged. Reconstruction of roads will costs an estimated at USD 31.2bn and take three to five years at least. A total of 19 airports and civilian airfields were damaged or destroyed. The damage to the aviation industry, including aviation equipment, is about USD 2.04bn. At least 57 railway stations have also suffered war damage. The reconstruction and recovery for rail will require an estimated at USD 5.3bn. The damage to seaport and inland waterways infrastructure is estimated at USD 471 million.
Source: Draft Ukraine Recovery Plan/Materials of the “Audit of war damage” Working Group

Poland proposed building a broad gauge railway to the port of Gdansk to enable the shipping of Ukrainian exports via the Baltic Sea. Ukraine uses a larger rail gauge than Poland and other European Union nations.
Source: GMK Center (Ukrainian Steel Media), 17 June 2022

Rail

Rail cargo volume transiting Ukraine has dropped to one-tenth of the pre-war level, to only 300 000 tonnes, according to Ukrainian Railways. Overall volume transported by Ukrainian railways fell by 2.9 times to 27.1 million tonnes since the war began. Domestic cargo traffic was 2.7 times lower (14.5 million tonnes), export volumes 2.5 times (10.8 m tonnes) lower, and import volumes 6.4 times less.
Source: Interfax Ukraine News Agency, 28 June 2022

The UK agreed to provide up to GBP 10 million to Ukraine Railways to rebuild rail infrastructure to support Ukrainian grain exports. The UK also agreed to secure equipment and materials for rail repairs.
Source: Railway Technology, 27 June 2022

Freight rail tariffs in Ukraine will increase by 70% from July. Minister of Infrastructure Oleksandr Kubrakov signed off on a proposal by Ukraine’s railway operator Ukrzalinytsia to raise the price for the carriage of goods by rail within Ukraine uniformly for all 20 categories of rail cargo.
Source: Interfax Ukraine News Agency, 28 June 2022

Road

The Ukrainian Ministry of Infrastructure announced that Ukraine would sign a deal with the European Union to ease road transport regulations. The agreement stipulates that the EU will cancel the obligation for Ukrainian hauliers to obtain special permits for transporting goods into the EU.
Source: Global Times, 15 June 2022
**Aviation**

The Russian government has approved a support plan for the domestic aviation industry worth a RUB 770bn (USD 15bn) up until 2030, Prime Minister Mikhail Mishustin announced, according to reports in Russian media. The air carriers face returning over 500 leased passenger aircraft worth about USD 20bn to foreign leasing companies.

Source: bne IntelliNews (Paywall, via Factiva), 30 June 2022

Lithuania and the United Kingdom signed a memorandum of understanding on developing air transport services. Ministers Marius Skuodis (Lithuania) and Grant Shapps (UK) also discussed organising direct flights between Vilnius and London Heathrow airports. Another topic was support for rebuilding Ukraine's transport infrastructure and ensuring access to international markets.

Source: BNS via ELTA Lithuanian News Agency, 30 June

**Cargo turnover at Riga Airport is down 25%** due to war, according to its CEO. Large cargo planes from China were primarily Russia-registered and are no longer permitted to use Riga Airport. European carriers must make a detour to avoid Russian airspace, making Riga an unattractive destination. Chinese goods are now delivered to Latvia mainly by road from other European airports.

Source: Latvia Post English, 4 July 2022

**Maritime Shipping**

The cost of transporting dry bulk goods has increased 60% since February 2022, according to an UNCTAD report. The rise is expected to lead to a 3.7% increase in consumer food prices globally.

Source: UNCTAD, 28 June 2022

The Financial Times reported that Russia is evading sanctions by routing grain from occupied Crimea through a nearby Russian port. Satellite images show ships being loaded with grain in Sevastopol (Crimea), while cargo documents indicate Port Kavlaz in Russia as the origin. Food exports from Russia are not subject to sanctions.

Source: Financial Times, 30 June 2022

Meanwhile, a first cargo ship left the Russian-occupied Ukrainian port of Berdyansk with 7000 tons of grain destined for “a friendly country”, according to a local official. The official also said Russia’s Black Sea fleet was protecting the ship.

Source: Reuters, 30 June 2022

In another development, Türkiye halted a Russian-flagged cargo ship off its Black Sea coast and is investigating a Ukrainian claim that it was carrying stolen grain, a Turkish official said. Ukraine had asked Ankara to detain the ship.

Source: Reuters, 4 July 2022

The port of Mariupol may open to passenger ships from Russia in 2023, according to the port’s administration director Pavel Shvatsky. Shvatsky said that the port hopes to add passenger service between Mariupol and the Russian city of Novorossiyansk, as well as Crimea.

Source: TASS: Russian News Agency, 20 June 2022
Supply Chains, Logistics

The Romanian port of Constanta has become a transit hub for Ukrainian grain. **30% of Constanta's activity is now related to moving Ukrainian grain.** Constanta has a grain storage capacity of 1.5 million tonnes, and 616 000 tonnes of Ukrainian grain have already reached the port. Cereal must be brought in by land or via the Danube River. Source: *Al Jazeera*, 16 June 2022

Ukraine’s First Deputy Agriculture Minister said that **Ukrainian grain exports would increase to 2 million tonnes in June.** He said this was the maximum amount of grain that can currently be exported from Ukraine via land routes. Ukraine exported 1.7 million tonnes of grain in May. Source: *Successful Farming*, 20 June 2022

The Ukrainian Cabinet of Ministers **expanded the list of checkpoints through which vehicles can be imported.** Car imports can now be processed at the Black Sea Fishing Port, the Black Sea Shipyards, the Odesa Commercial Sea Port, the Pivdenny seaport, the Reniysky, Ust-Danubsky, Belgorod-Dnestrovsky seaports, as well as the ferry complex “Orlovka”. Previously, there were only three authorised entry points for automotive imports to Ukraine. Source: *Ukraine Open for Business Magazine*, 18 June 2022

Energy

China’s crude oil imports from Russia in 2022 have increased 55% compared to last year. **Russia is now China’s top supplier of oil.** Imports of Russian oil to China in May totalled 8.42 million tonnes. Source: *Reuters*, 20 June 2022

**Police blocked protesting truckers from entering Argentina’s capital** Buenos Aires. The truck drivers wanted to join a protest against rising prices and shortages of fuel across South America, due mainly to the war in Ukraine. Source: *The Washington Post*, 30 June 2022