

Analysis of the VII International Conference "Ukrainian Railways: Development and Investments" by EU-Trans LLC

SESSION I. Draft Law "On Railway Transport" and the reform of the Ukrainian Railways

The draft law "On Railway Transport" should be adopted in two readings by the end of 2025 in accordance with Ukraine's commitments under the Ukraine Facility and cooperation with the World Bank. This involves the division of JSC "Ukrzaliznytsia" into separate business units. However, given the current situation, there is a risk of delaying its adoption, as the draft law is currently under consideration in parliament.

The Law "On Railway Transport" will become the foundation for further bringing the Ukrainian railway industry into line with EU standards within the framework of the National Transport Strategy. In particular, this concerns the implementation of the private traction mechanism, which is currently in a state of experimental implementation without clear results.

EU-Trans hopes that after the adoption of the aforementioned law, wagon owners will receive the status of operator/carrier and the corresponding rights. Currently, the company, despite the fact that it provides its own wagons for transportation, including international routes and transportation for the needs of the Armed Forces of Ukraine, pays railway tariffs, invests significant funds in maintaining rolling stock in good condition, and ensures foreign exchange earnings for the country, cannot obtain the status of a critically important enterprise. The reason for this is the lack of the status of a participant in the transportation process, since the company does not act as a sender or recipient of cargo, which is a limitation and does not correspond to European practice.

SESSION II. Tariff increases and possible alternatives

Representatives of the agricultural and metallurgical sectors, which continue to use rail transport, declare the risk of insolvency in the event of another 37% increase in tariffs. According to Ukrzaliznytsia, the transportation of agricultural and metallurgical products accounts for more than 80% of the total volume of freight transportation.

For its part, Ukrzaliznytsia argues for the need to increase tariffs by the need to cover losses, which currently reach 7 billion US dollars, as well as the need to increase employee salaries. Ukrzaliznytsia is also currently taking active measures to find and attract new customers, therefore it presents its own services and facilities at all platforms.

As an alternative to increasing tariffs, some speakers proposed measures to digitalize and optimize processes at Ukrzaliznytsia. They noted that a significant part of the company's losses are due to outdated technologies, bureaucracy, corruption risks and excess personnel. The proposed IT solutions (API integration, process automation) can significantly reduce operating costs, reduce corruption, and improve resource management.

SESSION III. Railcar management: challenges and proposals

The reorganization of the wagon management at «UZ Wagon-service» has encountered numerous problems, including delays in the process of repairing wagons. Currently, wagon owners are faced with delayed procedures: from the moment of receiving a notification of a defect to the start of repairs, it can take 2 to 5 days, which causes additional costs for using the wagons.

Main problems and suggestions from the market:

- ✓ Prompt notification of owners about defects.
- ✓ Quick issuance of prepayment invoices.
- ✓ Introduction of liability of "UZ Wagon-service" for delays in repairs.
- ✓ Availability of an operational warehouse of spare parts for wagons.
- ✓ Improving the quality of repair works.

Several initiatives were also presented:

- **The Kryukiv Wagon Building Plant** presented a new type of wagon for the transportation of bulk cargo that does not require protection from atmospheric precipitation.
- **LDZ Rolling Stock Service** offered car and locomotive repair services at its own production facilities.

- **Kremenchuk Steel Plant** announced the resumption of production of castings for freight cars, declaring its readiness to meet market demand.

SESSION IV. Logistics initiatives and international cooperation

The branch of "CTS Liski" is expanding the possibilities of international transportation, in particular along the route of the Trans-Caspian International Transport Corridor (TCITC). For this purpose, the companies UZ Kargo Poland and UZ Kargo East (Kazakhstan) are involved. In addition, it is planned to increase ferry capacities and resume the operation of the ferries "Heroes of Plevna" and "Heroes of Shipka".

A project for the development of the Lviv railway junction was also presented, which involves dividing it into freight and passenger directions.

Conclusions and recommendations:

- ✓ For successful reform of the railway industry, it is necessary to accelerate the adoption of the law "On Railway Transport".
- ✓ Wagon owners should receive official status of a transportation participant to ensure equal conditions in the transportation process.
- ✓ It is necessary to ensure a balance between the economic feasibility of increasing tariffs and the competitiveness of railway transport.
- ✓ Process optimization and digitalization can significantly improve the financial condition of Ukrzaliznytsia without the need for a sharp increase in tariffs.
- ✓ It is important to create an effective communication mechanism between wagon owners and the «UZ Wagon-service» branch to eliminate delays in repairs.

EU-Trans calls for an active discussion of reforms that will allow for the formation of an efficient and competitive railway sector in Ukraine.