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TRANSPORT 2025

CHALLENGES AND OPPORTUNITIES
ON THE WAY TO THE EU



policy brief

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Effective and well-organized logistics are critical to Ukraine's economic security and its integration into the EU. Transportation sector currently faces a number of unprecedented challenges: damage caused by attacks from the Russian Federation, limited investment for recovery and modernization, and the need to reconfigure logistics routes.

In this context, the European integration of the transport sector takes on particular significance and becomes one of the key drivers of reconstruction. It creates incentives for infrastructure modernization, improved management efficiency, the adoption of modern safety and environmental standards, and Ukraine's integration into European logistics networks.

This policy brief provides an assessment of the state of the transport system and Ukraine's compliance with its obligations, particularly under the Association Agreement, Ukraine's Plan under the Ukraine Facility, and the European Commission's recommendations for EU membership. Based on this analysis, priority steps aimed at enhancing the resilience and efficiency of the transport sector have been identified.

This document may be useful for government agencies, local authorities, expert groups, and international partners interested in the development of Ukraine's transportation system and the acceleration of Euro-integration processes.

Author:

Vitalii Nabok, Senior Policy and Data Analyst at the Institute of Analytics and Advocacy

Design:

Anton Gunia, Graphic Designer at the Institute of Analytics and Advocacy

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LIST OF ABBREVIATIONS

UZ	Ukrainian Railways – Joint-Stock Company Ukrzaliznytsia
CMU	Cabinet of Ministers of Ukraine
EU	European Union
VRU	Verkhovna Rada of Ukraine
TEU	Twenty-foot Equivalent Unit; a unit of measurement used to standardize container volume; 1 TEU is equal to the volume of a standard 20-foot container
TEN-T	Trans-European Transport Network
CEF	the EU's "Connecting Europe Facility" funding instrument

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TRANSPORTATION SECTOR: HELICOPTER OVERVIEW



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According to the latest World Bank [report](#) (RDNA4), damage to the transportation sector ranks second in terms of value, following housing, and amounts to USD 46.7 billion as of the end of 2024. The sector's reconstruction requires USD 77.5 billion.

As of December 2025, the Russian Federation continues to strike at Ukraine's logistics infrastructure, targeting primarily railways, ports, engineering structures, and transportation routes. In the railway sector alone, the total damage incurred over the year has reached [nearly USD 6 billion](#).

Restoration and modernization of the transport infrastructure is funded through the State Budget of Ukraine, by the EU (in particular through the Connecting Europe Facility (CEF) and the Ukraine Facility), international financial institutions (EIB, EBRD), as well as with private investment.

At the same time, the transport sector forms the basis of the country's economic stability, as it ensures the functioning of logistics routes and the transportation of goods. In 2025, trade turnover amounted to nearly USD 120 billion. The maritime transport sector accounted for the lion's share of this, due to the work of the ports of Greater Odesa. During the period of the Agreement on the Liberalization of Road Transport, the share of Ukraine's trade with the EU via road transport increased by nearly 55%. Conversely, there has been a decline in the volume of cargo transportation by rail, which creates the risk of further exacerbating problems in the sector.

With regard to the digitalization of transport, Ukraine has made progress in rolling out the DocPort and RIC-Danube systems, as well as other solutions for maritime, inland waterway, and road freight transport. International and interregional road passenger routes have also been digitized. The [Transport Data Hub](#) initiative launched by the Ministry plays an important role and is expected to facilitate data consolidation and analysis on the path to implementing the [eFTI Regulation](#).

Ukraine has also taken steps to align its own regulations and practices with EU standards. This has been facilitated by the implementation of the [National Transport Strategy](#) and the [Strategy for the Development and Expansion of Border Infrastructure](#) with EU Countries and the Republic of Moldova.

As part of its European integration process, Ukraine has undergone screening and prepared its negotiating positions for Chapters 14 "Transport" and 21 "Trans-European Transport Networks".

The screening results indicate that nearly 400 EU legal acts need to be implemented into Ukraine's legal system.

Subsequently, in approximately the first quarter of 2026, a National Plan for the Adaptation of Ukrainian Legislation to the EU Acquis will be prepared, outlining steps toward European integration across all negotiation chapters, including Chapters 14 and 21.

At the legislative level, the Verkhovna Rada of Ukraine's priorities for 2026 include the adoption and entry into force of the laws concerning:

- safety and interoperability in rail transport (draft law No. [14174](#));
- rail transport market (not registered with the Verkhovna Rada);
- commercial shipping and navigation on inland waterways (draft law No. [14344](#)).

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ROAD TRANSPORT



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➔ Current Status

The visa-free regime for road transport with the EU [has been extended](#) until March 2027. At the same time, additional conditions have been added to the Agreement on the Liberalization of Road Transport. These conditions pertain to the business reputation of companies, the use of smart tachographs, and the training of managers at transport companies.

The e-TTN project has been reinstated for domestic road freight transport, and the first electronic document management platforms have been approved.

For international passenger transport, an online portal for international routes was launched, and the eQueue project was expanded to include buses. By the end of May 2025, eQueue had recorded 2 million border crossings (1.77 million by trucks and 0.23 million by buses) via online registration. The streamlining via eQueue helped reduce waiting times by 24–70% (depending on the border crossing points). Reducing the time spent in physical queues helps minimize business losses and lowers harmful emissions.

All existing interregional routes for domestic passenger transportation have been digitized. In addition, an electronic tender has been held for the first time to select carriers for 43 interregional routes, and a digital registry of bus stations has been created.

Digital Interbus logs have been launched to facilitate irregular transportation services.

Communities have been authorized to use public transportation vehicles repurposed for humanitarian needs — over 1,000 vehicles for more than 100 communities.

➔ Challenges

The illegal domestic transportation market accounts for a [significant share](#) in Ukraine:

- interregional routes (72%);
- [taxi](#) (up to 90%);
- intracity and intercity routes (94%).

[The average age of trucks](#) in Ukraine is over 16 years, and that of buses is over 20. Consequently, vehicles in this sector face operational safety issues, and drivers often avoid undergoing medical examinations, which increases the level of danger on the roads. The black market for transportation services distorts competition with legitimate businesses by offering cheaper services without any real guarantees. [Estimates](#) put the amount of lost tax revenue at over UAH 1.5 billion annually. The government has already begun addressing this issue, but further steps are needed, such as establishing safety standards and monitoring drivers and the condition of the vehicle fleet, standardizing the use of digital tickets, and developing a standard contract template between carriers and bus stations.

Ukraine does not have a system of road tolls. This makes it impossible to upgrade the transportation infrastructure on key routes, particularly those identified in the TEN-T indicative maps. The introduction of tolls would also encourage the use of more environmentally friendly vehicles on these routes.

Road transport safety also requires attention — there is a need for the gradual introduction of smart tachographs, periodic vehicle inspections, and the alignment of Ukrainian drivers' work and rest regulations with EU requirements.

➔ Proposals for 2026:



- Implement the reform roadmap for the Agreement on the Liberalization of Freight Transport (Transport Visa-Free Agreement): establish requirements for business reputation, require companies to appoint managing directors, and mandate the installation of smart tachographs in new trucks starting from July 1, 2026.
- Launch a reform of the taxi and domestic transportation sectors. The reform should aim to combat the shadow market and establish requirements for driver certification, taxation of services, occupational safety, insurance, and the roles of digital platforms and local governments. Some of these issues may be addressed by the adoption of draft laws No. [14280](#) and No. [11025](#) and the update of Order No. [340](#) of the Ministry of Transport and Communications of Ukraine.
- Create a foundation for the rollout of tolling in Ukraine: develop a methodology for calculating tolls, implement a unified electronic vehicle database, and differentiate tolls based on a vehicle's environmental class (Euro standard). Create a pilot IT solution based on charging vehicles according to the distance travelled on the road.
- Expand the eQueue project for buses to other road border crossings and begin piloting the project for passenger cars.
- Modernize and implement the e-TTN system for all types of cargo (special e-TTN forms).
- Verify existing bus routes to ensure the current network remains up to date.

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RAIL TRANSPORT



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➔ Current Status

In 2025, Russia attacked Ukraine's railway system more than 1,100 times, damaging over 3,000 railway facilities. The resulting damage amounts to nearly [USD 6 billion](#).

For the first time in a long while, the freight transport sector of JSC Ukrzaliznytsia may end the year with a financial loss. Freight turnover by the end of 2025 will amount to 160–165 million tons of cargo, which is less than the 2024 figure (175 million tons). The level of losses is influenced by low freight rates and reduced demand from businesses due to the loss of production capacity in the coal and ore sector.

In 2025, the Company transported 28 million passengers on long-distance trains, an improvement over 2024. The company plans to add another 2.2 million passenger seats in 2026 by increasing the efficiency of its rolling stock.

In addition, the company continues to fulfil its social responsibilities. For example, through the UZ-3000 initiative, Ukrainians have been able to purchase tickets to and from frontline areas. During the program's first month, 80,000 tickets were purchased. For regions affected by Russian shelling, UZ has converted 100 railcars into "resilience centers" to provide heating, communication, and recreational facilities for the population.

Thanks to support from the Connecting Europe Facility (CEF), the first section of standard-gauge track built in Ukraine since independence opened in September 2025. A 22-kilometer stretch of 1,435-millimeter-gauge track was laid between Uzhhorod and Chop, and electrification of these tracks is currently underway. Under a new CEF call for proposals, Ukraine received co-financing from the EU in the amount of EUR 73.5 million to upgrade the infrastructure on the section from Lviv to the Polish border, specifically the Mostyska II–Sknyliv segment. The project is expected to be completed in the second quarter of 2027.

To improve service delivery, the Company has signed a contract for the supply of [100](#) new domestically manufactured passenger cars and [55](#) Alstom Traxx Hauler electric locomotives. Deliveries will take place between 2026 and 2029.

To streamline its administrative staff, Ukrzaliznytsia plans to merge six regional railway branches into a single infrastructure operator in 2026.

As part of its European integration process, Ukraine must implement [EU Directive 2016/797](#) on the interoperability of the EU rail system. This obligation is detailed in Ukraine's Plan, which sets out several indicators. Currently, one of them — regarding the entry into force of the law on traffic safety and interoperability — has not been fulfilled (deadline: fourth quarter of 2025). The Verkhovna Rada adopted the corresponding draft law No. [14174](#) as a basis on December 17, 2025.

➔ Challenges

Freight traffic at JSC Ukrzaliznytsia [decreased by 49%](#) between 2021 and 2025. This sector used to be the Company's most profitable. The Company's forecasts for the coming years do not anticipate any growth in freight volume.

As a result of the full-scale invasion, the company lost more than 340 passenger cars. Between 2019 and 2024, 1,087 passenger cars were taken out of service by UZ due to wear and tear. Between 2025 and 2029, another 300 cars will be taken out of service upon reaching the end of their service life. The situation is the same with other infrastructure: 96% of locomotives are worn out, 95% of commuter trains are worn out, and 70% of the tracks (in some places, 90%) are worn out. Restoring worn-out or lost equipment and infrastructure is a complex and lengthy process due to limited production and financial capabilities.

Cross-subsidizing the passenger sector of the railway at the expense of freight transport has become not only ineffective but also impossible due to the negative financial results of freight transportation.

Domestic transportation is also unprofitable, especially commuter services — fares cover less than 5% of costs, and local governments often do not pay for transportation services provided to subsidized population groups.

The fare updates implemented by UZ are accompanied by difficulties in communicating with customers. Current passenger fares have not been updated since 2021, and freight fares since 2022.

As a result, UZ is expected to incur losses of UAH 5.5–7 billion in 2025.

In addition, JSC Ukrzaliznytsia faces [significant problems with its external debt](#), the lion's share of which is denominated in foreign currency. The projects for which funding was previously secured were largely unprofitable and sometimes even unrelated to the railway sector. In 2026, the company is set to repay creditors approximately [EUR 800 million](#) under its old financial obligations, which amounts to about one-third of all expected revenues of Ukrzaliznytsia.

Market liberalization is expected to have a positive impact due to attraction of private investment, but this is likely to happen only in the medium term.

➔ Proposals for 2026:



- Restructure the financial obligations of JSC Ukrzaliznytsia. Currently, Ukrzaliznytsia is working toward this goal, in particular through the sale of [non-core assets](#). To facilitate restructuring, options such as extending repayment terms, refinancing, and partial debt forgiveness could be proposed.

- Adopt Draft Law No. [14174](#), "On the Safety and Interoperability of Rail Transport," in its entirety. The law is intended to ensure the technical integration of rail transport in accordance with EU directives, including the establishment of a national safety and investigation authority, as well as a legal framework for safety certification and the authorization of rolling stock.

- Secure funding for infrastructure projects from EU development instruments and banks.

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MARITIME AND INLAND WATERWAY TRANSPORT



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➔ Current Status

There are 18 seaports in Ukraine, located in the Black Sea–Azov Sea basin and the Danube Delta, including 13 on the mainland. As a result of Russia's military aggression and occupation, only 7 ports are currently operational in the territory controlled by Ukraine.

Total cargo transshipment volume for 2025 amounted to 76.1 million tons, with the ports of Greater Odessa accounting for the majority of it — 67.8 million tons. As of mid-December, more than 92% of the annual target had been met.

From August 2023 to mid-December 2025, more than 163 million tons of cargo were transported via the [Ukrainian maritime corridor](#), of which more than 98 million tons were grain, with approximately 7,000 vessels involved.

The Danube ports sustained the industry during the critical period of the maritime blockade of the Greater Odessa ports. In 2023 the total cargo throughput amounted to [32 million tonnes](#), nearly six times the 2021 figures. In 2025 the Danube ports of Izmail, Reni and Ust-Dunaisk handled more than 8.2 million tonnes of cargo.

The digitization of inland waterway transport is being implemented through the “River Information Service on the Ukrainian Danube — RIS-Danube” project, which includes integration with the EuRIS portal and the CEERIS information system.

The Ukrainian Sea Ports Authority continues to implement the “Port Logistics System (DocPort)”. DocPort is the Ukrainian version of the Maritime Single Window, which Ukraine is required to implement as a member of the International Maritime Organization. This system is designed to ensure a single submission of information on vessel calls and automated data exchange among all participants in port logistics. [In December 2025](#), testing of the first phase of the platform at the Port of Pivdennyi was completed; over time, the system will be rolled out to all Ukrainian ports.

In September 2025, a public-private partnership investment project was launched at the Port of Chornomorsk. The initiative aims to generate up to USD 1 billion in additional revenue through the transshipment of over 250,000 TEU and 3 million tons of bulk cargo.

In late December 2025, the Cabinet of Ministers of Ukraine approved and submitted to the Verkhovna Rada draft law No. [14344](#) “On Amendments to Certain Legislative Acts of Ukraine Concerning Merchant Shipping and Navigation on Inland Waterways.” Its entry into force is part of Ukraine's commitments under the Ukraine Facility instrument.

The draft law proposes to amend the Merchant Shipping Code of Ukraine, specifically regarding the organization of vessel traffic in high-traffic areas, emergency response readiness, and the coordination of search and rescue operations at sea.

It is also proposed to bring Ukrainian legislation into line with the provisions of the United Nations Convention on the Law of the Sea, other conventions of the International Maritime Organization, and the International Labor Organization. In addition, a unified national maritime window — a digital platform for data exchange — should be implemented as well.

➔ Challenges

The number of strikes on Ukrainian seaports doubled compared to 2024, reaching 90 combined attacks in 2025. As a result of the shelling, the throughput capacity of maritime terminals dropped to 50%. About 20 civilian vessels were damaged in a year. Heavy bombardment also struck Danube ports, causing fires and destruction. In July, the dredger "Ingulsky" struck a Russian mine while working at the Bystre mouth, disrupting vessel traffic.

Damage to infrastructure negatively impacts future cargo transshipment capabilities, particularly for agricultural and oilseed products, which are major export goods for Ukrainian ports.

In addition, targeted Russian attacks cause environmental damage, as was the case in December 2025 with the oil spill at the Port of Pivdennyi.

Russian mines in the Black Sea pose a danger to vessels from other countries, and there is a risk of them being damaged or sinking.

To further revitalize the sector, it is essential to maintain the operation of the Ukrainian Maritime Corridor. In addition, logistics on the Danube require additional resources, particularly for dredging operations and the maintenance of existing port infrastructure.

As part of its European integration, Ukraine must establish a framework for port services and general rules for financial transparency in ports. It is also necessary to create incentives for registering ships under the Ukrainian flag, implement legislation on port state control, establish a body to investigate transport accidents, and develop multimodal transport links.

➔ Proposals for 2026



- Continue the digitalization of processes in maritime and inland waterway transportation, in particular through the implementation of the "DocPort" and "RIS-Danube" projects.

- Enact the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning Merchant Shipping and Navigation on Inland Waterways," in accordance with the requirements set forth in Ukraine Facility.

- Implement a public-private partnership project at the Port of Chornomorsk.

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AIR TRANSPORT



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➔ Current Status

There are 20 civil airports in Ukraine, located throughout the country, primarily near regional centers. However, due to Russia's military aggression, Ukraine's airspace is closed to civil aviation. Civil aviation companies can only operate in other countries.

Half of the aircraft fleet is located in Ukraine, while the other half is abroad.

More than two-thirds of aviation personnel have been furloughed. Companies are sending Ukrainian employees on contract to foreign partners to continue working outside Ukraine.

In February 2025, Ukraine and the EU [signed an agreement](#) to extend the operation of the European ATM Voluntary Solidarity Fund for the years 2025–2026. In Ukraine, the Fund is a key source of funding for the air navigation service provider, Ukrainian State Air Traffic Services Enterprise. Throughout 2023 and 2024, the Fund has provided and continues to provide funding for Ukraine's entire air navigation system, totalling over EUR 70 million.

In addition, the Ukrainian authorities and UkSATSE, in close cooperation with Eurocontrol, have developed a [detailed plan for the recovery of air navigation services](#) and have simulated scenarios for the resumption of flights in Ukrainian airspace.

The Ministry of Community and Territorial Development of Ukraine has prepared a [draft Strategy](#) for the Development of Civil Aviation and the Use of Ukraine's Airspace for the period up to 2030. The document outlines priority areas for European integration in the aviation sector and steps toward safer, more environmentally friendly, and more efficient flights.

➔ Challenges

Due to the full-scale war, civilian passenger and cargo air transportation in Ukraine remains impossible. At the same time, the aviation industry must maintain the operational capacity and key infrastructure necessary to resume flights once airspace reopens. In this regard, the priority of state policy is to preserve existing infrastructure and, to the extent possible, jobs in the aviation sector.

Efforts to update the regulatory framework and implement European legislation should focus on the adoption of safety and environmental standards and flight operation requirements (in particular, the development of sustainable aviation fuel and the creation of a single centre for the collection and analysis of civil aviation incidents) and the implementation of the legislative acts specified in the [EU-Ukraine Common Aviation Area Agreement](#).

➔ Proposals for 2026



- Approve and start implementing the Strategy for the Development of Civil Aviation and the Use of Ukraine's Airspace for the Period up to 2030.
- Assess the infrastructure readiness of airports for the resumption of flights. Identify the needs of companies in the industry for the resumption of air transportation.
- Begin preparing a grant funding program and investment projects in the form of public-private partnerships to modernize aviation infrastructure.

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CONCLUSIONS



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Ukrainian transportation continues to play a critical role in the economy, ensuring the movement of people and goods.

Russian aggression has exacerbated existing challenges in the sector, particularly in rail, maritime, and inland waterway transportation.

The road transport sector is characterized by a high proportion of the shadow economy and an ageing fleet, the modernization of which should be a priority in 2026. The key tools for this should include certification, monitoring of drivers' performance and the condition of the fleet, digitalization, and incentives for energy-efficient transport. Projects such as eQueue, e-TTN, the digitization of routes, and the creation of digital registries are already helping to bring transparency to the sector. The industry needs to develop new datasets to support high-quality policy decisions, particularly regarding vehicle technical specifications, environmental performance, traffic incidents, and more.

Ukrainian Railways are in crisis due to rising operating costs, ongoing damage to infrastructure, low freight rates, and declining demand from businesses. Realistic steps to ensure their sustainability include restructuring financial obligations, participating in EU infrastructure projects — particularly the CEF — adjusting freight rates with commitments to modernize the rolling stock, and implementing technical inspections and investigations into railway incidents.

Maritime and inland waterway transport accounts for the lion's share of the country's foreign trade. The stable operation of the Ukrainian Maritime Corridor is key to further economic growth. The implementation of the concession project at the Port of Chornomorsk and support for the operation of the Danube ports form the foundation for stability and increased investment.

Civil aviation is currently on hold due to the closure of airspace. Government policy in this sector during martial law should focus on maintaining the existing airport network and redeploying contract staff to other countries. At the same time, efforts to meet European integration commitments, particularly regarding the updating of the regulatory framework, may continue with the participation of companies operating in the air transport market.

The commitments regarding transport reforms fall under Component I of the Ukraine Facility — the Ukraine Plan — and the EU-Ukraine Association Agreement. The priorities for implementation in 2026 include commitments to introduce safety and interoperability standards in rail transport and the transport market, as well as the entry into force of legislation on merchant shipping and navigation on inland waterways.

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+380 50 566 77 38

