

Draft in English from the Ukrainian original as of 16 October 2009. A review of the English text will be made when all adjustments are received.



CABINET OF MINISTERS OF UKRAINE

RESOLUTION

of _____ 200_#_____

Kyiv

On approval of Transport Strategy of Ukraine for the period up to 2020

1. To approve the Transport Strategy of Ukraine for the period of 2020 that is attached.
2. To realize the Transport Strategy, the Ministry of Transport and Communication must develop the Program of development of the transport economy of Ukraine for 2010-2015 and submit it to the Cabinet of Ministers of Ukraine.
3. The Ministry of Transport and Communication is to report to the Cabinet of Ministers of Ukraine on the Strategy implementation progress every year by 31 March.

Prime-Minister of Ukraine

Y. Timoshenko

Approved by the Order of the Cabinet of Ministers of Ukraine

TRANSPORT STRATEGY OF UKRAINE FOR THE PERIOD UP TO 2020

GENERAL PROVISIONS

Ukraine is actively involved into the worldwide social-economic processes as it joined the World Trade Organisation and has the strategic aim of obtaining associate membership of the European Union. Transport infrastructural needs to be further advanced to support the quickening economic development of the country and its participation in the international labour market.

The transport strategy aims at defining key problems of transport development, objectives, principles and priorities of the Ukrainian transport system development from the point of view of general national needs and interests for the period up to 2020. It proposes political, economic, organisational and legal measures. Applied new technology to the development of transport will aim at the formation of an integrated transport system; it will create conditions for further development of the sector and its subsectors.

The strategy covers railway, road, maritime and river, aviation and public passenger transport, efficiency of the work depends to a great extent on the state policy and regular methods.

The results of the Strategy implementation shall enable Ukraine to have a developed transport infrastructure integrated to the Pan-European transport networks, to be competitive at international markets and to efficiently realise its geopolitical potential. Implementation of the strategy will contribute to a substantial improvement of the transport system efficiency in general, sustainable development of economy and welfare of Ukrainians.

Transport strategy of Ukraine for the period up to 2020, has been developed by the working group created by the Ministry of Transport with the technical support from EU projects "Support to the Integration of Ukraine in the Trans-European Transport Network TEN-T" and the Twinning Project "Support to Transport Policy Design and Implementation in Ukraine"

1. PROBLEMS OF DEVELOPMENT OF THE TRANSPORT SECTOR OF UKRAINE

The transport sector plays a vital role in the socio-economic development of the country, in that a developed transport system is a precondition for strong economic growth, improvement of the national economy, competitive ability and the well being of the population.

The transport sector accounted for 9.3% of gross domestic product (GDP), in 2008. The industry employs almost 7% of the total employed population.

Ukraine has developed infrastructure of the railway and water transport. The length of the railway network of Ukraine is the second largest in Europe with 21,700 km of track, 18 commercial sea ports are located in the Black Sea, Sea of Azov and Danube basins. Ukraine has 2,200 km of national waterways on the largest European rivers Danube and Dniepro (Annex 1).

Ukraine has a favourable geographical location due the Pan-European road transport corridors # 3, 5, 7 and 9; and rail corridors # 3, 4, 5, 7, 8, 10 and the transport corridor Europe-Caucasus-Asia (TRACECA) that transits the country. (See Annex 1, Chart of Highways of International and National Transport Corridors, and Annex 2, Railway Network of International and National Transport Corridors).

There is a great transit potential of Ukraine that enables the development of export services which carried USD 7.6 billion of traffic in 2008 (Annex 3). The general structure of the export services, the export share of the transport services is almost 70% and the import about 20%, therefore the transport services of Ukraine demonstrate a sustainable positive surplus in foreign trade.

In 2008, the transport system transported 1.8 billion tons of freight and more than 8.0 billion passengers. In consequence of the world financial crisis and shortening of demand for main export goods there was a lowering of freight transportation volume observed during the first half of 2009 by 31.8%, compared to the previous period.

In line with the programme document "Ukraine 2020: *Strategy for national modernisation*" the prospective development of Ukrainian economy is evaluated optimistically as investment and innovative that may allow strengthening of its competitiveness. If within 2009-2012 it is foreseen slowing down of the development due to impact of the world financial crisis, then period of 2013-2020 would be important stage of acceleration of economic and social development of Ukraine and ensure 6 to 6.5% growth of GDP per year.

It is anticipated that within period of 2009-2012 average annual tempo of freight transportation growth would comprise 3.7% and passenger transportation, 2.3%. This period requires support of the transport sector with implementation of efficient tariff, taxation policy and with attraction of investments. During post-crisis period of 2013-2020 the expected average annual tempo of freight transportation growth would comprise 6.3% and passenger transport, 2.8%.

It is expected that in 2020 the freight transportation volume would increase in comparison with 2008 by 43.1% and comprise 2,535 million ton. The cargo handling by the state commercial seaports would increase by 43,2% to a total of 190 million ton. The passenger transport would grow by 31.2% and comprise 6,334 million passengers. (Annex 4).

The transfer to investment and innovative stage of the economy development, accession to WTO, obtaining of associated membership in EU require development of transport on qualitative new basis.

At present the transport sector in principal meets only basic demands of the economy and population in transportation. The level of safety, indicators of quality and efficiency of passenger and freight transportation, energy consumption efficiency, technological load on environment are not in compliance to modern requirements.

There is an observed lack of road transport network infrastructure development to meet the growing passenger car numbers. Over the last 20 years the roads network length has not been increased whereas within the last 30 years in Europe the international highways have being significantly increased. As a result, the density of the roads in Ukraine in 5.9 times less than compared in France (correspondingly 0,28 and 1,65 km of roads per square km of the country area). The length of highways in Ukraine is 0,28 thou km, whereas in Germany - 10,9 thou km, and in France – 7,1 thou km (Annex 5).

This may be explained by a number of objective reasons, such as heavy burden of transport network maintenance per capita in comparison with European countries due to relatively low density of population (78 persons./square km), low purchasing capacity of population (that is 20% of the purchasing capacity of Euro zone), relatively small car fleet and vast territory of the country.

The technical and operational status of roads is unsatisfactory where 51.1% do not comply with roughness requirements and 39.2% with the established durability requirements. Average speed on Ukrainian roads is 2-3 times lower than in European countries.

The European railways implemented high-speed traffic with 200-250 km per hour speed and high frequency of passenger trains traffic. Although the railway transport of

Ukraine has been introducing traffic of passenger trains at speed of 160 km / h, it is necessary to resolve quite complicated problem of dividing the railway network for freight and passenger traffic and increase the frequency of trains. The railway freight and passenger service to Crimea is often working at its maximum capacity.

The maritime ports of Ukraine are still operating at a level of quality and technical condition (such as depth, mechanical handling, storage facilities, quayside equipment, mechanisation and automation), established almost 20 years ago.

Airports require substantial modernisation, initially for those cities planned to host the Euro 2012 championship.

The unsatisfactory level of national innovation and high-tech component of the transport industry is due to low level of tariffs for transportation, subject to state regulation, limited funding from state and local budgets, lack of funds for the simple reproduction of fixed assets due to underestimation of their cost and insufficient level of depreciation, lack of investments under concessions, public-private partnership, poor mechanisms of leasing.

Lack of investments led to aging of the rolling stock, which leads to incompliance of technical and technological level of national transport to European requirements.

Customer service levels remains low, the existing transit potential and favourable geographical location of the country are used inefficiently. There is also a lack of development of logistics technologies, multimodal transport and in the use of containers. These factors result in a high share of transport costs in the delivered cost of products.

Growing of passenger cars number becomes an alternative to public transport, creating a new lifestyle and provides mobility for population. Number of private passenger cars in Ukraine has increased between 2003-2008 by 22% or by 1100 thou units. However, this leads to congestion in cities, increase of the environmental burden and substantial energy loss, since transport is the largest consumer of the light oil products.

At the same time the social standards of passenger transportation have been worsening, such indicators as room in public transport, availability of municipal electric transport and large city buses, regularity of their traffic. Over 15 years of mileage are 92% of trams, metro wagons - 78%, 63% trolleybuses; over 25 years mileage – are 50.6% of passenger rail wagons. Public passenger transport enterprises are not profitable due to low tariffs, inadequate compensation of state budget funds, due to free transportation of privileged categories of passengers; ineffective system for collecting revenues from urban and suburban passenger transportation.

During 2008 the transport sector mastered investments amounting about 13.6 billion UAH. That is 9.3% of overall investments in Ukraine (see Annex 6). However, the industry is critical lack of resources for development. Major part of investments is for account of own funds of the transport sector companies and bank loans. Due to incompleteness of structural reforms private capital yet has not become a significant factor in the sector development.

For the "Transport" sector it is planned to allocate 12,9 billion UAH from the State budget of Ukraine in 2009, that is only 0,54% of the budget funds. (see Annex 7). Whereas EU spends considerably more of state funds for development of the transport infrastructure.

The environment at transport has been formed as a variegated: of completely privatized road and river transport at the beginning of 90's to 100% state owned railways, road sector and seaports. European countries and most CIS countries have already implemented reforming of railway transport, separating business activities from regulatory functions, natural monopoly infrastructure from potentially competitive market of operator companies. Seaports and river ports management still requires reforming.

Transport considerably impacts creating technological burden on the environment and is a source of one third of harmful substances in Ukraine. Most of all it concerns road transport in urban areas, where its share in emissions is up to 90%.

The issue of traffic safety is very serious with an average of over 20 people killed and about 200 injured in road accidents per day. The number of dead per 100 car crashes in Ukraine exceeds the rate for Poland by 2.5 times, France 5 or 6 times, Sweden 10 to 11 times. (See Annex 8)

According to International Civil Aviation Organization (ICAO) data related indexes of level of safety significantly lower than average international indexes. Within period from 1998 to 2007 16 air crashes, 31 accidents and 76 serious incidents happened in civil aviation industry. There were cases of inclusion of the aircrafts of Ukrainian aviation companies to "the black list" at safety control in European airports under SAFA programme. Due to unsatisfactory aviation safety management system flag of Ukraine is included to "the black list" of Paris memorandum.

To improve transport effectiveness a comprehensive renewal and modernisation programme is needed. This has to combine legal and regulatory measures with the creation of a favourable investment climate comprising budgetary and non-budgetary investment sources. A number of structural reforms are proposed in the strategy.

2. PRINCIPLES OF TRANSPORT POLICY

Social Principles

- ◆ The transport system ensures the territorial integrity of the country and facilitates social and economic development of the regions.
- ◆ The transport system shall ensure freedom of mobility for the population (including the disabled) and encourage freedom of choice between transport modes based on rational price signals that reflect the cost of transport to the economy.
- ◆ Creation of conditions that shall encourage provision of safety and access of transport services for all levels of society.
- ◆ Planning of transport infrastructure shall be in line with land usage plans with long-term perspectives of distribution of production centres of the country
- ◆ Enhancement of partnership of the central and local authorities of the executive branch of power, local self-government authorities, transport enterprises, trade unions and public organisations in the process of implementation of the transport strategy, monitoring and assessment of the progress of fulfilment of tasks.

Economic principles

- ◆ A homogeneous competitive environment shall be created for different modes of transport and within each mode for all individuals and legal entities irrespective of the form of ownership.
- ◆ A strict antimonopoly policy shall be implemented, and where a competitive environment exists, it is reasonable to adopt a free pricing approach.
- ◆ It is necessary to attract investments and encourage private sector participation providing fair, transparent and stable grounds.
- ◆ Transparency in transport system regulation.
- ◆ Using the transport resources according to the market demand.

Financial principles

- ◆ Providing priority for concentration of the finance resources according to the formulated objectives and economic efficiency.
- ◆ Transport enterprises shall operate on the principle of self-sustainability.
- ◆ Transport infrastructure shall be financed mutually either directly through general taxation or through user charges.
- ◆ Financing of investment project benefits shall be closely connected with the project benefits or income flows.
- ◆ If the government sets out any reduced tariffs or free of charge privileges for some categories of citizens, transport operators of socially important services shall be fully reimbursed against such losses to be able to provide sustainable services.

Environmental principles

- ◆ Priority of environmental safety, strong compliance with environmental standards and regulations in transport activities.
- ◆ Prevention of environmental pollutions and adverse impact on human health that arise from rapid motorisation of city transport.
- ◆ Implementation of the economic mechanism of environmental management and protection based on the principle of “polluter pays”.
- ◆ Enforcement and strengthening of existing international regulations on all transport modes for the carriage of dangerous goods.
- ◆ Stimulation of the priority development of energy saving and environmentally friendly modes of transport and intermodal technologies.

3. OBJECTIVES AND KEY PRIORITIES OF THE TRANSPORT STRATEGY

The purpose of the transport system development is to enable stable economic growth, raising level of competitiveness of the national economy and improving the quality of life through access to safe and good quality transport services as well as satisfaction of social requirements, foreign trade, defence, environmental protection and the mobility requirements of the society.

The main strategic directions for the transport sector of Ukraine development for the period to 2020 are as follows:

- Modernisation of the transport infrastructure and fleet to meet the needs that arise out of increasing level of the population and flows of goods mobility;
- Providing competitive and high quality transport services for the economy
- Providing affordable and high quality transport services for the population
- Integration with the European Union transport system and development of export transport services
- Improvement of the state administrative function and development of competitive environment
- Improvement of the safety level in transport processes and energy efficiency.

The main priorities of the state transport strategy must be:

- development of the transport infrastructure, its modernisation and compliance with European standards, development of the network of international transport corridors and border-crossing points network in accordance with tempos of international trade growth;
- preparation of transport infrastructure (as a short term objective within the overall plan) for the final part of European football championship in 2012;
- development and implementation of state social standards of the public transport services;
- realisation of the integration strategy with the purpose to integrate transport system of Ukraine into European and international system; accelerated adaptation of the national legislation to European standards; introduction of legal acts that comply with the provisions and requirements of international agreements;
- development of export transport services, efficient realisation of the transit potential of Ukraine, improvement of competitiveness of the national transport at the international market of transport services;
- Improvement of the investment climate, attracting investments under terms of concessions, public-private partnerships, improved leasing mechanisms; creation of favourable conditions that can attract private domestic and foreign capital;
- Develop an efficient and appropriate tariff policy and secure the revenue base of enterprises;
- Completion of structural reforms on railway, maritime transport, urban and suburban public transport, road infrastructure provision coupled with reduction of direct state involvement in transport activities;
- Improvement of public administration efficiency, development and implementation of transport strategy, implementation control and results monitoring. Separating the functions of public administration and business management. Further implementation of structural reforms in order to optimise management functions and improve the efficiency of economic activities in the transport sector; development of competitive environment;
- Improvement of the national system of traffic safety;

- Stimulation of sustainable development of transport giving priority to the environmentally friendly and energy efficient modes of transport. Development of public passenger transport as an alternative to the use of the private car.

4. MAIN DIRECTIONS OF THE TRANSPORT STRATEGY

4.1. MODERNISATION OF THE TRANSPORT SYSTEM

1. Development of transport infrastructure

In the near future Ukraine will require rapid development of, first of all, the road network of state importance: international transport corridors, motorways, express railways and airports.

This issue is complicated by the fact that all the transport infrastructure is state-owned and it requires substantial investment and largely relies on finance from state and local budgets. Taking into account the need to support these budgets and to introduce new techniques and technologies, innovative financial methods based on partnership between the private and public sectors shall be encouraged. The other important issues are the reservation of land for construction and development of transport infrastructure coupled with the preparation of relevant legal framework for this.

- Increase of the capacity of the transport network
- Introduction of the high speed railway passenger services
- Development of the road network, first of all for roads of state significance
- Development of the sea ports capacities
- Development of transport links and rail and road access routes to sea ports
- Development of the border-crossing points network
- Development of airport network, first of all those that come within the framework of preparation for Euro 2012
- Creation of a network of logistic centres and dry ports
- Improvement of the network of information-communication technologies of transport.

The most important investment projects will be further investigated for the short and long-term perspective. These include:

- ◆ implementation of high speed passenger trains: Kyiv-Poltava-Kharkiv; Kyiv-Dnepropetrovsk-Simferopol; Kyiv-Ternopil-Lviv; Kyiv-Zhmerinka-Odessa, and between large oblast centres;
- ◆ construction, upgrading and rehabilitation of highways: Lviv-Brody, Lviv-Krakovets, Vinnitsa-Kyiv, Kipti-Bachivsk, Kyiv-Chop, Kyiv-Kharkiv-Dovzhanskiy, Kyiv-Odessa, Kyiv-Kovel-Yagodin, L'viv-Kirovograd-Znamianka, Kherson-Simferopol, Kharkiv-Simferopol-Sevastopol, Kyiv great by-pass road around Kyiv;
- ◆ preparation of the transport networks for holding Euro 2012 football championship which includes construction, upgrading and repair of airports in Kyiv, Donetsk, Lviv and Kharkiv
- ◆ improvement of throughput capacity in Crimea direction, development of the second railway route Dolyns'ka-Mykolayiv-Kherson-Dzhankoy;
- ◆ construction of a new railway tunnel Beskid-Skotarske (ITC №5);
- ◆ metro development in Kyiv, Kharkiv, Dnipropetrovsk and Donetsk;
- ◆ improvement of the system for monitoring of transport vehicles satellite guidance system;
- ◆ construction and reconstruction of terminals (primarily container terminals) in sea ports;
- ◆ modernisation of port auxiliary and ice-breaking fleets and port equipment;
- ◆ creation of logistics centres in key locations;

- ◆ construction of the second stage of deepening the Danube – Black Sea canal;
- ◆ construction of railways and roads in the Ukrainian part of Danube estuary, including a railway Izmil-Reni.

4.1.2 Transport Fleet

Accelerated replacement of the fleet is one of the main objectives of modernisation in the transport sector. This will significantly improve the quality of services to the economy and people, improve competitiveness of national transport operators at the international transport markets, and improve transport safety and protection of environment. The transport fleet renewal shall be paid for by the respective operators who will be eligible for financial support for socially important passenger transport, which shall be financed from the state and local budgets.

The modernisation the transport fleet is intended to achieve:

- fast and balanced implementation of up-to-date European standards for a safe, environmentally friendly and energy efficient transport sector;
- rational structuring of the transport fleet in terms of power, load and passenger capacity, specialisation, fuel types etc in accordance with the current structure of transport demand;
- creation and modernisation of municipal enterprises for passenger city transport and acquisition of the necessary vehicle fleet of coaches for intercity and international transport services in the cities of EURO-2012 events
- rehabilitation of rail locomotives and freight wagons, renovation of passenger coaches to extend their lifespan.

4.1.3. Investment Policy

Mechanisms of the investment activities are:

- Use of different sources of funds: own funds of enterprises, funds of state and local budgets, the funds of investors on the basis of concession, leasing and bank credits and funds of international financing institutions (IFIs);
- Re-assessment of the capital assets, enhancement of measures that aim at attraction of investments to public transport development being supported by the state, which will contribute to the process of introduction of national innovative use of applied new transport technology and modernisation of the transport fleet;
- Introduction of the concept of public-private partnership (PPP) with a view to concentrate resources of mixed funding for the development of transport infrastructure, combining state capital investments and private capital from domestic and foreign investors;
- Investigate the possibility of long-term preferential credit systems of investments in resources and energy saving technologies;
- Extension of user pays and polluter pays principles for the users of transport infrastructure;
- Establishment of import duties in accordance with WTO requirements.

One of the mechanisms of the provision of investment activity remains state budget funding for the transport sector, which shall be directed initially to the following:

- To ensure the functions of state management in the transport sector;
- To maintain the transport infrastructure in good condition;
- To initiate budget financing of the most essential transport projects;
- To ensure the financing of state liabilities related to the development programmes of transport sector;

The legal framework shall be improved for development and implementation of economic and financial mechanisms of infrastructure financing. The laws of Ukraine “On Concessions”, “On Public-Private Partnership”, “On Public-Private Partnership in the field of road construction and operation”, “On Investment Activities”, “On Leasing” and issues on land allocation for new construction in transport field.

4.2. DEVELOPMENT OF COMPETITIVENESS AND QUALITY OF TRANSPORT SERVICES FOR ECONOMY

Creation of a stable, effective and economically efficient system of freight transport and logistics will lead to improved competitiveness, quality and safety of transport, meeting the requirements of international trade and ensure reasonable use of resources. Goods should be transported in a reliable, safe and efficient way, with minimal impact on the environment and other users of transport.

4.2.1. Development of the market of freight transport shall be realised through

- Elaboration of technical and organisational measures directed at providing guaranteed safety of freight transported;
- Refinement of regulatory framework (transport, customs, tax legislation), control of handling operations and responsibility for cargo owners and forwarders' activity;
- Assertion of rights and protection of carriers, creation of an effective system of access for carriers and transport vehicles to freight traffic services, including the problem of tariffs and financial loading for small and medium size enterprises, simplification of procedures of visa obtaining for drivers;
- Improvement of penalty application for violation of legislation requirements at freight traffic by foreign carriers on the territory of Ukraine;
- Providing preferential tax treatment of services, related to freight transit on the territory of Ukraine;
- Introduction of the latest information and communication technologies based on the latest satellite technology;
- Strengthening of the interaction between transport modes through development of multimodal traffic and international transport corridors;
- Improvement of freight forwarding activity;
- Improvement of the certification and licensing framework for freight transport operators;
- Reduction in delays to freight transport to reach international standards including reduced consignment handling time in ports and state border crossings;
- Providing compatibility between transport networks and development of freight transport routes;
- Creation of national transport companies, able to compete with the world market;
- Introduction of standard commercial freight and transport documents of international standard, standardization of procedures, rules and requirements to the carriers.

4.2.2. Creation of effective intermodal transport system

Creation of favourable legal, organisational and financial and economic conditions for the development of intermodal traffic and fair market conditions between the modes of transport, guaranteeing the quality of intermodal traffic, their attractiveness and availability for transport operators which can be achieved through the following:

- Establishment of regulatory and legal principles of intermodal transport functioning;

- Identification of strategic network for intermodal transshipment points and corridors, determination of intermodal container and contrailer routes within the framework of international transport corridors;
- Determination of demand for intermodal transport services;
- Introduction of a “single window” for intermodal transport, and single transport document for all freight carriers;
- Attracting investment in the new standards of intermodal equipment;
- Improvement of the tariff and price regulation and fiscal policy for promotion of transit container traffic development, elaboration of optimal tariffs related to transport profitability of road and railway transport;
- Development of technology for interoperability of all traffic modes;
- Creation of an institute of intermodal and multimodal transportation operators.
- -Identification and realisation of priority projects for intermodal transport infrastructure development in the long-term prospective including the networking of modern high technology container terminals and increased carrying capacity of existing terminals;
- To provide technical support in establishment of a universal carrier profession;
- Development of cooperation with Poland and the Baltic countries in terms of contrailer transportation organisation.

4.2.3. Development of logistics

Development of transport storage and information infrastructure and the implementation of concepts and technologies of supply chain management, and integration of transport and production processes require:

- Improvement of the regulatory and legal framework, directed at providing equally favourable conditions for the participants in the transport and logistics markets, functioning of logistics centres, use of electronic documents (electronic data interchange, EDI) in the field of freight transport;
- Establishing effective co-operation with the private sector and local authorities to identify preferred locations for introduction of strategically located logistic centres that link many transport modes and their formation;
- Development and modernisation of transport, storage infrastructure, improvement of technical and operational level of freight terminals;
- Support of public-private partnership projects, attraction of investments in logistics infrastructure development and innovative technologies;
- Increase of staff skills in the field of logistics, introduction of an effective certification system for logisticians;
- Creation of advanced management information systems, telematic facilities of navigation and monitoring (“intelligent transport systems”, systems for checking and identification of freight and containers, reporting systems of arrival in ports, and others), innovative processing technologies in intermodal terminals, equipping transport vehicles with satellite navigation systems integrated into a single coordinate management system.

4.2.4. Development of international transport corridors network

Ensure the priority development of transport corridors, which function on the basis of modern logistic technologies, through tariff, speed of delivery, safety of freight, information support and absence of administrative barriers.

This envisages:

- Development and implementation of the programme of national network of international transport corridors development in Ukraine for 2011-2015;
- Attraction of investments for the development of the network of international transport corridors (state financial support of infrastructure projects, concessions, etc.);
- Monitoring international freight traffic on international transport corridors, preparation of proposals and feasibility studies for expansion of the range of goods transported and upgrading transport handling, forwarding and information services for freight traffic;
- Development of guidelines for the infrastructure of terminals on international transport corridors;
- Improvement of the ability to handle increased volumes of traffic in areas of high concentration, development of railway links to ports, terminal networks, marshalling yards and reloading equipment;
- Creation of the automated system of recording of freight and passenger transit traffic by direction, introduction of modern information and communications technology (ICT) linked through fibre optic lines;
- Increase in the train speeds on international transport corridors;
- Elaboration, together with the neighbouring states, of common technologies for transit traffic and through tariffs
- Extension of participation in international projects on development of the pan-European transport network;
- Improvement of tax and customs policy for transport in international transport corridors.

4.3. PROVIDING HIGH QUALITY AND AFFORDABLE PUBLIC PASSENGER TRANSPORT SERVICES FOR THE POPULATION

Transport has to provide affordable and good-quality transport services for all layers of society according to social standards. Taking into account the steady tendency to urbanisation of the country and the particularly intensive development of large cities, development of public passenger transport must become an alternative for private cars use in cities. The priorities for public passenger transport are:

4.3.1. Long-term planning of cities, city and suburban transport network

Developments include:

- Development of long-term spatial planning for city development, perspective building and transport connections.
- Implementation of design decisions to increase the street network carrying capacity.
- Forecast of passenger city transport demand and ways to satisfy this with different transport modes

- Optimisation of common-use route networks and parking provisions on the basis of periodic passenger flows inspection
- Improvement of the public transport management structure, including creation of city traffic regulation centres.
- Introduction of intelligent transport systems in city traffic control, modernisation of automatic traffic control systems (traffic-lights);
- Elaboration of programmes to improve traffic safety in cities;
- Introduction of projects to minimise environmental impact of vehicle use in cities.

4.3.2. Accelerated development of general use public transport as an alternative for the use of passenger cars in private ownership through:

- Stimulation of environmentally clean electric power for transport development, including metros and light rail transit (LRT) systems.
- Completion and expansion of underground metros in the cities of Dnepropetrovsk, Donetsk, Kyiv and Kharkiv and solving problems concerning building of metros in other cities, where necessary;
- Apply administrative, juridical and economic penalties that reduce the use of personal cars where alternative high-quality public services are provided.
- Allocation of separate lanes for public passenger transport and ensure compliance
- Realisation of priorities for public passenger transport in road traffic regulation schemes
- Stimulation of pedestrianised areas in the cities, cycle tracks etc.

4.3.3. Providing population with high-quality services provided by public transport in cities and suburban areas through:

- Development and introduction of state social standards and norms for passenger transport provision.
- Improvement of services for people with disabilities;
- Introduction of obligatory ticketing for passengers on and its control;
- Automated transmission of ticket sale and revenue information
- Development and introduction of a system of non-cash payments using SMART cards on bus services
- Improvement of competition conditions for city and suburban bus routes to develop a powerful carrier with adequate material and technical base, for the level of organisation and safety of operations.

4.3.4. Improvement of public passenger transport services state regulation through:

- development and introduction of a mechanism for payments of direct grants to the identified categories of citizens instead of indemnifying losses to the carriers from of passengers in privileged categories;
- introduction of legal norms concerning organisation of passenger transport, drivers' working hours and control mechanisms over them;
- providing state control of bus station activity , improved carriers' legal relations, bus station ownership and executive power bodies;
- enlargement of carriers by legal and organisational provision of network passenger transport enterprises with the right to attract other route carriers to maintain services
- state control and introduction of incentives in licensing and competing for the right to carry out transport for the modernisation of the fleet, in particular for large passenger capacity vehicles;

- gradual reduction of state regulation of tariffs on services in carrying passengers by the transport of general use which works in uncongested areas such as suburban, intercity and interregional transport;
- introduction of transparent order of tariffs forming on the routes of general use, mechanism of their indexation in accordance with the rates of price on fuel and effective procedure of tariff regulation by central and local bodies of executive power;
- Introduction of a single system of government control over taxi operations, rules, requirements, quotas, state re-registration of vehicles, limitation of admitting to self-employed carriers who hold two jobs.

4.3.5. Stimulation of public passenger transport use during European football championship finals in 2012:

- creation of coordinating centres in the Euro-2012 cities of Kyiv, Donetsk, Kharkiv and Lviv to effectively coordinate between Ukrzaliznytsia, Ukravtodor, airports and transport operators;
- determination of the general carrier for Euro-2012;
- creation in the designated cities , additional municipal enterprises for passenger transport;
- purchase of the necessary transport fleet of large capacity vehicles and luxury coaches for intercity and international transport
- management of traffic and pedestrian control during the tournament on the basis of an appropriate system of road signs;
- determination of payment order for transport services (development of a single ticketing system and procedures for revenue allocation between the public transport modes);
- determination of the appropriate principles of parking and inter-connection with public transport;
- development of specific safety measures for transport during the tournament
- Information support for participants and guests of Euro-2012 (Internet, electronic cards, creation of information sites, logotypes, enquiry offices, connection point for e-mail etc.) Multilingual information sources (Ukrainian/ Russian/English).

4.4. EUROPEAN INTEGRATION AND DEVELOPMENT OF EXPORT POTENTIAL FOR TRANSPORT SERVICES

Ukraine's policy to pursue membership of the EU creates new requirements for integration of the transport system of Ukraine into the Trans-European transport network (TEN-T), harmonisation of legislation and approximation towards European norms and standards.

The location of Ukraine matches with pan-European transport Corridors III, V, VII and IX that form the Pan-European transport axis:

- **The Central axis** links the EU centre with Ukraine and Black Sea as well as with Trans-Siberian railway in Russia;
- **The Northern axis** links Scandinavian and Baltic countries with Russia and provides links with the central axis.

Ukrainian territory is located within the Black Sea pan-European transport area (PETrA) zone which is a priority for development according to the concept of "Motorways of the Sea" (under elaboration). This multimodal network includes corridors and areas that are shown on figure 1

The above mentioned corridors have main ports of Ukraine located in the Black Sea: Odessa, Illechevsk and Yuzhny

Ukraine is in the process of completing the implementation of the Ukraine-EU action plan and is currently negotiating an Association Agreement with the European Union.

Co-operation between the Parties shall aim at enabling Ukraine to facilitate the restructuring and modernisation of the Ukrainian transport sector and gradually converge towards operating standards and policies comparable to those in the European Union. Co-operation shall also aim at improving the movement of passengers and goods, increasing fluidity of transport flows by removing administrative, technical and other obstacles, improving transport networks and upgrading the infrastructure in particular on the main axes that link the two parties. This cooperation shall include actions to facilitate border-crossings.

Co-operation shall support information exchange and joint activities at regional level, in particular taking into consideration and integrating progress achieved under various regional transport cooperation arrangements such as TRACECA, the Baku process and the Black Sea Synergy; at international level including multilateral transport organisations and international agreements and conventions ratified by the Parties and in the framework of the various transport agencies of the European Union.

The agreement on Associate Membership shall cover the following areas:

- The Parties will cooperate with a view to the extension of the trans-European transport networks (TEN-T), transport axes identified by the High Level Group. These priorities provide the basis for financing of the strategic transport network. Ukraine will define and allocate the financing and adopt the financing strategy, also in light of obtaining financing by international financing institutions (IFIs) and the private sector, in order to implement infrastructure projects on these main axes. This will also cover transcontinental transport corridors (in particular ITC Europe-Caucasus-Asia (TRACECA), "Motorways of the Sea" and the Black Sea transport area (Black Sea PETrA). A steering group supported by a technical secretariat will monitor the implementation of this;
- joining the international conventions and agreements in the transport sector, including procedures of ensuring clear introduction and efficient implementation of international transport agreements and conventions;
- harmonisation of the national legislation in accordance with their provisions and approximation of the transport legislation of EU ([acquis communautaire](#));
- Application of new technology to be compliant with European standards;
- ensuring the interoperability of the transport networks;
- improvement of border crossing technologies, further development together with the European Union of shared border crossing points;
- support the intermodality and cooperation in application of the satellite navigation systems in accordance with the agreement on cooperation on the civil, global and other satellite based navigational system between the European Union and Ukraine signed in 2005;
- making bilateral agreements on transport links (by the transport modes) between Ukraine and EU countries.

The policy of closer ties between membership of Ukraine in the EU envisages unification of norms and standards in the transport sector, as well as harmonisation of Ukrainian legislation with European legislation that shall be implemented as follows:

- development of infrastructure (transport, customs, informational etc);
- membership of the European Common Aviation Area (ECAA),
- improved interoperability of network systems,
- access to the transport profession and transport markets,
- competition policy,
- state support and fiscal harmonisation,

- traffic safety,
- technical requirements,
- statistics,
- environmental and social requirements, and
- intermodal transportation.

Ukraine will participate in the World Transport Forum, the United Nations European Economic Commission (UNECE), International Civil Aviation Organisation (ICAO), International Aviation Transporters Association (IATA), International Maritime Organisation (IMO), pan-European aviation organisations: the European Civil Aviation Conference, European Aviation Safety Agency (EASA), Intergovernmental organisation on international railway transport (OSJD), etc.

The policy aims at improving the competitiveness of Ukrainian transporters and to increase the export of transport services. It shall be based on the principle of non-discrimination and will be implemented within the trade and transport policy of the state. It will set out favourable conditions for Ukrainian exporters of transport services, supporting Ukrainian transporters at the European level and in world markets of transport services. It will improve state control in different segments of the international transport markets, where bilateral system of permits is used.

It is necessary to remove the barriers for goods and people crossing the Ukrainian borders and harmonise Ukrainian and European customs procedures. Reduced costs will facilitate transport of goods. For this, it is necessary to improve customs legislation, simplify the procedures of cross-border and customs control and improve the facilities at border crossing points in accordance with European regulations.

Unified border crossing procedures for all crossing points shall fully comply with the requirements of international conventions and agreements (Istanbul Convention on temporary imports, conventions on containers, convention on TIR, etc.) and implementation of a “single window” concept.

The policy will also aim at:

- Application of new technology in the modernisation of infrastructure of the border-crossing points;
- reasonable time reduction during control procedures, simplification of the control mechanisms at the state border-crossing points in Ukraine;
- accelerated development of the container service using inland clearance depots (ICDs).
- development of customs technologies, information systems, electronic data interchange (EDI) and infrastructure of transit transport which facilitate the delivery and customs clearance of transit freight and formation of the multifunctional system “Electronic Customs”;
- integration into international customs clearance databases, creation of an effective system of interstate information exchange and control at the border-crossing points transferring to a “non-paper” informational communication environment;
- introduction of an automated system for facilitation of transition of railway rolling stock from broad gauge to European standard gauge;
- improvement of the collection and dissemination system of the customs statistics which will enable to create a monitoring system and forecast system for international transit freight;
- providing an efficient system to control weights and dimensions of road vehicles at border crossing points.

4.5. IMPROVEMENT OF STATE MANAGEMENT EFFICIENCY

The Ministry of Transport and Communications (MoTC) is the state regulatory body for all transport except urban tram, trolleybus, metro transport modes and pipelines and through this body the government seek to improve the efficient development of the transport sector and implement the agreed transport policy using existing laws and regulations and by proposing new laws and regulations.

The government policy is to reduce government intervention to the minimum, wherever possible focusing on the core functions of the state that includes development and implementation of a clear transport policy, monitoring its implementation and evaluating the results. State regulation should be directed at protecting the interests of the country and society through economic independence of the transport sector enterprises.

4.5.1. Main principles of the state regulation

The following should be state regulated:

- Provision of the legal basis for transport activities and its supervision;
- Development and technical improvement of transport infrastructure;
- Structural reforms and institutional transformations in transport;
- Tariff policy for the services of monopolies;
- Technical and environmental safety;
- Ensuring that state security of transport is ensured
- Social and labour laws are clear and uniform in the transport sector.
- Areas of responsibility of the country in transport management:
- Management of the infrastructure;
- Coordination between the different types of transport infrastructure, including transport interchange facilities and logistics centres;
- Implementing the agreed mechanisms for licensing and certification of products and transport services;
- Implementation of the agreed tariff and tax policies;
- Managing the supervisory activities in the transport sector;
- Cooperating with central and local government executive bodies in the development of the transport sector;
- Provide agreed social standards of transport services for all groups of population and regions of the country;
- Comply with competition rules and conditions of access to the industry;
- Reliably report the necessary statistical data requested that in future will be based on best practice within the EU.
- Ensure road safety laws are implemented within their influence.
- Implement the agreed environmental standards and ensure their compliance.

While implementing the Ukrainian **tax policy**, the need of the transport sector should be considered and this includes:

- Ensure equality of taxation for entities that operate in the same conditions and performing the same type of services, irrespective of fleet size;
- Assistance to the industry to increase investment opportunities in transport
- A policy that will reduce subsidies from the budget;
- A policy that will attract additional sources of funding;
- A policy that will help to improve competitiveness of domestic and international transport operators

Structural reforms aimed at the improvement of market relations, reduction of direct state involvement in the transport activity, distribution of potentially competitive and monopoly activities and a reduction in the monopoly sector. Implementation of the transport policy envisages:

- Separation of business functions and state regulation functions of transport;
- Reform of railway transport by means of separation of monopolistic and competitive sectors, ensuring equal users' access to the infrastructure, creation of operators by their types of activities;
- Reform of the public road management system by separation the management and responsibilities of local roads by their transfer to local executive bodies after legislator definition of the sources of financing and local road management structure;
- Reform of the management of sea ports by creation on their basis of state and maritime administrations under the authority of the Ministry of Transport and Communications in order to prevent duplication of permit and control functions and decrease their number;
- Preservation of strategic state-owned airports and retaining their management by the central executive body on transport and communications, while considering the separation of investment in runways from terminal infrastructure in order to ensure strategic ownership of the runway infrastructure is retained.
- Reform of urban public transport through the introduction of targeted subsidies instead of the current policy which gives the right for free use of public transport to multiple categories of citizens.

4.5.2. Improvement of the market of transport services, providing their quality, accessibility and competitiveness

Formation of clear and transparent rules that establish fair competition, improvement of competitiveness, quality assurance and accessibility of transport services for all customers shall be implemented as follows:

- development of transport-forwarding services and the systems of the transport operators;
- elaboration and implementation of highly efficient freight logistics which ensure the quality of all transport services and increases in the efficiency;
- establishing favourable conditions for development and functioning in strategic sea ports due to their location on international transport corridors;
- creation of an appropriate state leasing company to motivate and develop national vessel ownership and the development in the field of sea and river transport;
- implementation of financial and economic model which will ensure clear and transparent distribution of financial flows of the railways;
- implementation of the already agreed international legislation for control of the working hours of commercial vehicle drivers;
- elimination of cross subsidies between rail freight and rail passenger services;
- identification of all activities not directly connected with railway operations for further review.
- improve the management and control of access to the transport profession for goods and passengers, vehicle costing, environmental protection, road safety and the issue of operator licensing to EU standards;
- state regulation of bus stations and the improvement of legal relations between transport operators, bus station owners and executive bodies;
- consideration of the policy towards creation of favourable customs and tax regime so that the carriers can acquire modern transport equipment;
- development of effective and transparent tariff policy for services of monopolies in transport and communication sector.

4.5.3. Technical regulation envisages:

- Introduce Certificate of Professional Competence (CPC) that will improve the image of operators and provide a competitive advantage;
- encouragement of the introduction by the enterprises of quality assurance systems compliant with international standards;
- implementation of international standards for safety, environmentally friendly and energy efficient transport.

4.6. IMPROVING THE LEVEL OF SAFETY OF TRANSPORT PROCESSES AND ENERGY EFFICIENCY

Safety of transport services includes: traffic safety, antiterrorist security, dangerous goods transport safety, environmental safety, energy security – improvement of energy efficiency and using of alternative types of fuel.

Taking into account the unsatisfactory state of road safety which is one of the worst in Europe regarding casualties on roads, improvement of the safety level of transport processes is among the priorities of the transport strategy. Transport is one of the main consumers of light oil products, so ensuring the energy security in Ukraine largely depends on energy efficiency of transport means and technology of transport processes. *It is necessary to stimulate priority development of environmentally friendly and energy sufficient modes of transport – railway, water and public passenger transport as an alternative individual transport in cities, as it is envisaged in European transport policy.*

4.6.1. Main tasks in the area of traffic safety:

- distribution of functions of the state management in road traffic among the agents of executive branch of power and types of their activity, creation of the management system that would comply with the European best practice
- establishment of a national committee on investigation of accidents on transport;
- application of a systems approach to revealing and eliminating the sources of danger and to risk management;
- introduction of contemporary information technologies for control over traffic safety (quality of flights), satellite control systems and regulation of vehicle traffic, intelligent transport systems;
- strict control from state authorities to ensure compliance with safe transport operations and infrastructure as a state requirement for carriers;
- to enhance state requirements for transport operators, improve control over compliance with norms and standards set out in legislation;
- to improve the system of the access to profession of business entities engaged in passenger and freight transportation;
- to enhance performance and safety of roads, streets and railway crossings;
- to improve the analysis of road accident causes and their statistics;
- to improve training of drivers control over the safety of transport;
- to enhance the requirements to construction safety by certifying vehicles and control of their technical condition in accordance with Ukrainian and European legislation;
- to introduce a system of independent control over traffic, drivers' working and rest hours and to introduce and use emergency rescue equipment;
- to improve medical assistance in cases of road accidents;
- to set up a network that would instruct the general public on rules of conduct on roads and on responsibilities for their violation in order to improve road safety.

For improvement of traffic safety, the following programme shall be adopted:

- a state programme on the improvement of road safety in Ukraine;
- a state programme on the safety of flights;
- a concept and a state programme on the safety of maritime navigation.

4.6.2. Improvement of safety level of dangerous goods transport requires:

- operational and detailed information exchange on various aspects of the state of dangerous goods transportation safety by all modes of transport;
- raising of state standards towards carriers, enhancing of control over compliance with norms and standards of existing legal regulatory acts;
- improvement and development of the state system of ensuring safety of transport operations with dangerous goods, specifically:
 - enhancing coordination of activities with other central authorities of executive branch of power (Ministry of Internal Affairs, Ministry of Industrial Policy, Ministry of Emergency Situations, Ministry of Defence, State Consumption Standards and others);
 - urgent completion and putting into operation of state and interstate standards of terminology, classification, identification of dangerous goods and compliance of all technical requirements for the products that can be classified as dangerous goods with Ministry of Transport and Communication and State Consumption Standards.
- elaboration of the main legal regulatory acts:
 - State register of dangerous goods;
 - National rules of safety of transport operation with dangerous goods in containers and in bulk by sea, river, railway and road transport;
 - Rules and directives on port operations with dangerous freight for introduction of a circular IMO MSC. 1/Circ.1216 (2007).
- enhancing of new technologies implementation in loading operations that will provide environmental protection from pollution through dangerous goods, modernisation of handling complexes for dangerous goods in maritime and river ports;
- taking additional measures aiming at improvement of the sector system of control over safety of transport operations with dangerous goods;
- providing recommendations for transport educational institutions and other competent bodies that are involved in preparing specialists on dangerous goods transportation, advising them to include special subjects on safety aspects at dangerous goods transport operations into the standard curriculum.

4.6.3. Improvement of environmental safety is to become a high priority due to accelerated motorisation of the country and the fact that the main source of air pollutions in Ukraine is motor transport. Consequently, it is necessary to implement the following environmental safety measures:

- staged transition to application of international ecological norms for vehicles and automotive oil;
- extension of the use of energy efficient and environmentally friendly vehicles with systems of adaptation to gasohol mixes (so-called “flexible fuel vehicles”), and in the future – of vehicles with fuel elements, electromobiles, hybrid vehicles);

- improvement of the system of technical regulation in the field of safety, environmental impact and energy consumption of vehicles by creating a state science and research centre;
- optimization of vehicle operation, organisation of technical service and repair of vehicles;
- certification of fuel and enhancement of control over the quality of fuel and oil, used in vehicles;
- development of legislation for the differentiation of taxation of the vehicle depending on the energy efficiency and the kind of fuel;
- introduction of differential excise duties on traditional fuels of oil origin and alternative fuels.

4.6.4. Improvement of energy efficiency in transport requires the following:

- encouragement of use of energy saving modes of transportation: railway, river, electric transport in cities;
- improvement of legal framework on energy efficiency, energy saving and the use of the alternative fuels on transport;
- optimisation of the system of management, regulation and control in the field of energy consumption and energy saving on transport;
- implementation of the projects of reconstruction and modernization of communications and the infrastructure (electrification of railways; optimization of road sector development);
- improvement of vehicle operation, organisation of vehicle technical maintenance and repair;
- keeping records on and control of the consumption of fuel and energy;
- introduction of more efficient energy sources, including alternative fuels: compressed natural gas, biofuel (petrol mixes, bioethanol and biodiesel fuels), hydrogen, and additives

5. PRIORITIES OF THE TRANSPORT STRATEGY BY TRANSPORT MODES

5.1. RAILWAY TRANSPORT

Railway transport is a very significant transport mode in Ukraine that satisfies the economic demands for freight transport and provides significant socio-economic requirements of the population. It has a major role in providing the state with a defence capacity and to the, development of its foreign economic relations. Railway transport is fully government controlled and is state owned. This provides for stable functioning even during recession period, but it endangers its own future, since the state is unable to provide sufficient financial resources for its sustainable development, unless it creates conditions for the effective introduction of public private partnership (PPP).

This results in the following priorities of transport strategy in railway transport industry.

5.1.1. Structural transformation and formation of transport services market

Realisation of restructuring of the railway system aims at the gradual, regulated and state supported formation and development of a competitive transport services market. This will be a pre-condition for achieving the optimal value for money and the reduction of transport costs that should lead to lower prices. By achieving this target the requirements of EC directives in relation to the commercial separation of the transport service from the state owned infrastructure, are realised. Restructuring experience on rail in Russia, Kazakhstan is to be taken into account, integration of railway systems of Estonia, Latvia, and Lithuania into EU railway system with the gauge of 1520 mm is to be remembered.

In Ukraine the rail network primarily serves the high volume demand of the mining and smelting industry both domestic and international and is sensitive to fluctuations of demand on the world market as witnessed by the current financial and economic crisis. In passenger traffic railways have had to compete with the increasing share of air and road transport, but in recent years have failed to improve the service they offer and have lost market share.

To recover the environmental, economic, and social advantages of rail transport and to increase its transit potential the railways will have to provide a high-quality service level. This can only be attained by improving *rolling stock, infrastructure, technology and management*.

5.1.2. Reforming of the railway transport envisages the following stages:

- introduction of changes and amendments necessary for structural transformations in the current legislation of Ukraine: “On Railway Transport”, “On Natural Monopolies”, “On the State Property Objects that are not subject to privatisation” and also to the Statute of Ukrainian railways;
- elaboration and adoption of the State targeted programme on railway transport reforming in Ukraine;
- separation of activities, not directly related to traffic, that will allow, in particular, to decrease the financial loading on the prime cost of freight traffic and the transport element in the cost of products;
 - introduction of financial and economic model which will provide a clear and transparent account and distribution of financial flows by the types of activity;
 - stage-by-stage elimination of cross-subsidizing of passenger traffic with revenues from freight;
 - creation of favourable conditions for attracting investments, required to update and modernize technical and production base of railways, with making the corresponding changes and amendments to the national legislation and branch regulatory acts, if necessary;
 - improvement of regulatory and legal framework, which should set single requirements and terms to infrastructure access for any traffic operators with simultaneous introduction of certification and licensing system to provide quality and safe services.
 - improvement of tariff policy on freight traffic in accordance with the WTO requirements at retention by the state of regulatory functions concerning tariffs on socially important passenger traffic, and introduction of effective compensation for unprofitable suburban, privileged and other transport.

5.1.3. Introduction of new generation rolling stock with the higher level of operating, technical and economic indicators of exploitation will provide:

- an increase of passenger and freight trains speed to the European countries standards in order to reduce time of trip for passengers and transit of freight;
- increase the level of railway traffic interoperability on the networks of track width of 1520 mm and 1435 mm, acceleration of border crossing procedures;
- development of multimodal traffic;
- adjusting for transport of passengers with disabilities;
- reliability, increase of operating period due to application of new materials and optimal design concepts;

- substantial reduction in maintenance costs;
- economy, decline of materials consumption, and fuel and power resources consumption;
- maximising automation of operating processes and repair works, technical condition diagnostics of the rolling stock.

5.1.4. Further development of railway infrastructure shall be implemented through:

- increase of carrying capacity in the Crimean direction and development of the second railway link to Crimea (Dolinska – Mykolayiv – Kherson – Dzhankoy) which will satisfy the demand for passenger and freight traffic, to realise both the commercial freight and the holiday passenger traffic in the Crimea;
- development of railway infrastructure in international transport corridors, that will allow to reduce time of foreign trade freight transit;
- the separation of passenger and freight traffic on different tracks will allow the optimal use of the transport capacities and investments in the infrastructure development;
- optimisation of quantity and location of marshalling yards on railway network with priority development of the key marshalling yards;
- electrification of key rail routes that will lead to the improvement of the technical and operational facilities and decrease the prime cost;
- the need for a coordinated technical and investment policy for all main rail routes and taking into account the customer needs to minimise non-productive expenses and to optimise the use of the rolling stock.

5.1.5. Intensification and improvement of traffic technologies for passengers and freight shall be implemented through:

- introduction of high speed passenger trains in Kyiv-Kharkiv, Kyiv-Donetsk, Kyiv-Dnipropetrovsk, Kyiv-Lviv, Kyiv-Odessa, Dnipropetrovsk-Simferopol' directions, that will significantly raise population's mobility, decrease the environmental impact of road transport;
- introduction of new schedules and rational routes of passenger trains introducing daytime long distance services that will allow reductions in rolling stock demand at lower cost.;
- new schedules for freight trains and their composition;
- networking of interrelated transport-logistic centres and multimodal terminals in key locations and scheduled rail services between;
- the development of intermodal, multimodal and combined transport systems etc. and the introduction of the legal framework to maximise their use;
- introduction of improved systems at borders to introduce "one stop window" in co-operation with customs, border and other state controlling services
- introduction of electronic data interchange (EDI);
- introduction of improved management information system (MIS) and providing interoperability with neighbouring countries;
- improvement of legal and financial and economic mechanisms of interoperability with customers on a mutually beneficial basis.

5.1.6 Innovative development and improvement of the scientific and technical and human resources provision

The envisaged actions are:

- - Support of research and educational institutions of railway transport, subordinate to the Ministry of Transport and Communications and Ukrzaliznytsya, with purpose to develop updated scientific and technical products;
- to revitalise the existing scientific and rail transport establishments controlled by the MoTC to ensure the latest innovations are developed in Ukraine for export to the international market;
- to revitalise the existing non-core activities such as those that undertake maintenance and the production of sleepers and running rails;
- to revitalise the rail universities in order that they can provide training and retraining high standard system for all levels of personnel at higher educational establishments of railway transport. Support and development of technical institutions and laboratories that that issue certificates for service providing at the railway transport.
- encourage the entrepreneurship initiative, increase motivation and improve social protection of the railway personnel.

5.2. ROAD TRANSPORT

Priorities of industry development should take into account the nature of road transport as a fast, comfortable, mobile and socially significant mode of transport. Although the activity has risks in relation to safety and ecology it is subject to regulation by international standards and legal acts. The industry is mainly privately owned and there is fierce competition in the market.

Priorities of road transport market development are:

5.2.1. Providing equal competitive terms on the road transport services market through:

- creation of equal taxation for all road transport companies;
- providing equal and transparent terms of access to the profession leading to improvement of operator licensing procedures as required under EU legislation;
- market access by operators who will provide a better more comfortable service in all areas including rural areas and for people with disabilities;
- introduction of free market mechanisms that eliminate the need for setting tariffs.

5.2.2. Increase of the efficiency of transport and reduction of the transport element in the product sale price which can be achieved through:

- application of the newest transport technologies: intelligent transport systems, information systems, application on the motor transport of the satellite navigation systems, tracking and management of vehicles;
- improvement of traffic technology, application of transport logistics methods, various forms of the centralised transport service and passengers and freight traffic management;
- creation of the recurrent refresher training system and certification of professional competence ("CPC") of motor transport personnel;
- implementation of measures that will facilitate the renewal of road vehicles by age, technical fitness, environmental suitability and energy efficiency;
- introduction of the "user pays" principle, in particular, in relation to charging and payment of tax by owners of road vehicles;
- increase of the percentage of road/rail combined transport share and development of best practice in the road/rail terminals.

5.2.3. Improvement of road safety through:

- Adoption, implementation and enforcement of the state program on road safety, strengthening of control over keeping rules in relation to road safety;
- improvement of the system of training and retraining of drivers;
- improvement of the system of control and checking of drivers' hours under AETR rules and the introduction of control devices on vehicles, in particular digital tachographs;
- installation on road vehicles of systems of active and passive safety systems such as antilock brakes and speed limiters, etc.;
- improvement of the safe transport of dangerous goods, large-sized, heavyweight and perishable goods;
- introduction of the requirements and procedures to conform with international and EU best practice.

5.2.4. Reducing the harmful impact of the road transport on environment can be realised through:

- improvement of legislative framework on environmental protection, energy efficiency and using of alternative fuels on road transport;
- implementation of modern European technologies of safe, environmentally friendly and energy efficient road transport;
- providing control of correspondence to requirements and technical base for efficient work of the state regulation that includes experience of EU countries;
- staged transition to application of international ecologic norms EURO-3 EURO-4 and EURO-5 for vehicles and automotive oil;
- diversification of energy supply, introduction of effective and transparent mechanism of stimulating consumption of alternative motor fuels, in particular bio fuels;
- enhancement of state control over the quality of fuel and oil materials, used in vehicles;
- reduction of energy element in the services, ensuring of the effective use of fuel-energy resources together with optimisation of the structure of energy consumption and increasing the share of non traditional fuels.

Ensuring competitiveness of domestic road transport in Ukraine and overseas through:

- Development of a programme on competitiveness of domestic road operators with the involvement of public transport organisations;
- Exemption from import duty on road vehicles not made in Ukraine, giving advantages to the domestic producers of transport vehicles where they correspond to modern requirements on safety, environment and energy efficiency;
- improvement of border control procedures to establish better co-ordination between the officers of all participating control services;
- achievement of parity between all types of permissions, control procedures for observing the norms of national and international legislation, and also strictness of proper sanctions on motor transport networks of Ukraine and other states.

5.3. ROAD SECTOR

Ukraine needs further development of its national highways. The construction of new and development of existing motorways is expected, as well as bringing their standard in accordance with the increasing requirements of traffic density, weight loadings, elimination of black spots and expansion of roads on approaches to cities, border crossing points and sea ports. The early focus will be significant sites related to the EURO 2012 football championships.

5.3.1. Development of road network requires:

- to provide priority development of roads of state importance and improvement of such roads so that they meet the requirements of the existing regulatory documents;
- development of the network of the modern roads of highest categories in Ukraine and between all regional centres and large industrial hubs involving credit funding and nongovernmental investments on the base of concessions or mechanism of public private partnership;
- introduction of user fees for the newly built concession roads;
- introduction of changes to the effective tax legislation to increase tax and duties paid to the Road fund;
- to provide development of the rural roads network, provide hard-surface approaches to all rural settlements;
- to implement projects on preparation of highway network of Ukraine to the final part of Europe football championship Euro-2012.

5.3.2. Improvement of the innovative element through:

- use of road-buildings material of high quality to repair or build roads;
- providing of modern technologies with the proper stock of modern machines, mechanisms and equipment;
- improvement of the qualification level of road construction staff and vocational training on the latest equipment;
- increasing of requirements to the qualitative characteristics of the materials and engineering at planning of capital repair, reconstruction and new construction;
- improvement of engineer element in designing and construction of roads;
- improvement of methods of prospective and operational planning of road works resulting from the system of management of cover and analytical-expert system of bridge management; development and implementation of the system of road management on the basis of geoinformational technologies with obligatory provision of the social service of providing information on the state of motor roads on a website.

5.3.3. Improvement of traffic safety requires:

- to create a national road traffic accident (RTA) database and permanent monitoring of black spots in regions and on national roads.
- to develop measures to eliminate black spots;
- to introduce road traffic safety management systems;
- to introduce the technical measures on preventing RTA (for example, anti-glare screens, mirrors, lane identification with light-reflecting properties)
- to improve the supply of road traffic information.

5.3.4. Reform of the road maintenance system through:

- establish a state association of enterprises which undertake national road maintenance and transfer the responsibility for local roads to local executive management;
- creation of a state structure for the implementation of the contractor function on national highways and transfer the responsibility for local roads to local executive management
- distribution of management and responsibility by the significance (national or local) of roads with transfer of local roads to the local executive powers after legislative determination of sourcing and local roads management structure;
- creation of a powerful market of road works by increasing competition.

5.3.5. Ecological element of construction and maintenance of roads can be improved through:

- using materials and technologies which do not result in climatic change;
- using industrial waste products in road construction (slags, ashes, hillrocks);
- to use materials and technologies that will minimise environmental impact;
- to reduce noise impact from roads in confined built up areas by such means as noise-protective screens.

5.4. AVIATION TRANSPORT

Ukrainian aviation transport system is on the way to integrate with Europe. To introduce in Ukraine the concept of “Single European sky”, the system of air navigation taxation has been put in line with the standards of Eurocontrol. All regional centres of air traffic control have been automated, a number of measures have been taken to enable opening of Ukraine air space for all its users.

Further integration is foreseen in general aviation space which requires air transport economic regulation system adaptation to the European legislation.

The network of airports will be developed starting with cities involved in Euro 2012, and steps must be taken to assist in aircraft fleet updating

The priorities in Transport strategy of the industry are the following:

5.4.1. Putting of aviation transport infrastructure in line with international requirements through:

- building, reconstruction, repair of airports in Donetsk, Kyiv, Lviv and Kharkiv in terms of preparation for the European football championship in 2012;
- ensuring activity co-ordination of central and local executive authorities, involved in airports development;
- ensuring transference for concession and lease, sale of passenger and freight terminal complexes, facilities of aviation fuel provision and non-aviation activity sites exceptionally through open auctions;
- problems solving on airports infrastructure development on leasing and concession conditions and other modern forms of public private partnership;
- provision of the necessary technical level for navigation facilities, commuter equipment, land aviation engineering, facilities for passengers, luggage and load attendance;
- ensuring preservation of airport integral property complexes by making alterations to legislative acts concerning prohibition of alienation, mortgage transmission of lands and objects of commuter complexes;
- assistance in passengers and freight transit traffic concentration the airports of Ukraine and creation of terminal main area in Ukraine on the basis of “Borispol” state international airport.

5.4.2. Integration to the European aviation transport system through:

- conclusion of Common Aviation Area Agreement between Ukraine and EU
- participating in the Programme of air traffic management in the Single European Sky (SESAR);
- adaptation of the European legislation on economic regulation: access to the transport market, carriers' licensing, rights of passengers and people with disabilities etc.;
- introduction of European standards and requirements in respect of flights safety, in particular the system of Joint Aviation Requirements (JAR) and requirements of European organisations on safety of air navigation, in particular Multilateral system of route collections;
- strengthening of Ukraine's participation in European aviation organisations: in European conference of civil aviation (ECCA), European organisation on air navigation safety (European control), European Aviation Safety Agency (EASA).

5.4.3. Ensuring aviation safety by:

- adopting and fulfilment of the State targeted programme of flight safety for the period up to 2015 according to the international standards of ICAO;
- development and implementation of the common state policy in the sphere of ensuring aviation safety and protection of the civil aviation against acts of illegal intrusion and encroachments;
- implementation of the flight safety management system by each agent of aviation sector and in the area in general;
- improvement of works on aviation incidents investigation by establishment of a National committee on aviation incidents investigation;
- improvement of the system of aviation security in all objects of the sector infrastructure to provide continuous work on handling a great flow of foreign visitors to Ukraine during Euro 2012;
- collaboration with and delivering consultancy for the state authorities regarding aviation safety of the civil aviation by international organisations from civil aviation;
- improvement of the efficiency of control over the risk factors in aviation transport system to ensure standards of flight safety level;
- information provision with regards to functioning of the flight safety management system which includes creation and formation of a database for aviation incidents and accidents;
- improvement of procedures of the aviation safety services to ensure passenger safety, safety of the crew, aircrafts, aviation personnel and civilians in the aviation area;
- introduction of methods of the safe exploitation of aircrafts in enterprises that provide technical service for aircrafts, their developers and makes in compliance with ICAO requirements;
- ensure that the ground infrastructure creates favourable conditions that enable the best using of modern aircrafts potential to perform flights under complicated meteorological conditions;
- development of requirements for the level of qualification and professional competence of the aviation personnel on safety issues;
- improvement of state rules of certification and oversight over the services of aviation safety in Ukraine;
- to provide aviation personnel with better medical supply;
- creation of scientific-research centre on flight safety on the basis of leading educational establishments in civil aviation area.
- improve the efficiency in assessment of financial capability of aviation operators.

5.4.4. Improvement of the aviation regulation

- adoption a new edition of Air code of Ukraine; adoption of new edition of the Law of Ukraine "On State Program of Aviation Safety of Civil Aviation";
- bringing of regulatory and legal framework of Ukraine in line with ICAO and European Union requirements and standards.

5.4.5. . Meeting the needs of the national and foreign aviation companies in the quality service of the aviation space in Ukraine through

- Improvement and reorganization of air traffic control towers of SOE "Ukraerorukh" ATM of Ukraine
- subsequent integration to the central flow management unit system (CFMU) of the European civil aviation conference of state members;
- introduction and improvement of central flow management unit system workplaces in all regional controller's centres (RCC) of Ukraine;
- development of air traffic control towers modernization plan, optimization of their amount and bringing them in line with standards and recommended practice of ICAO and recommendations of ECCA;
- development of automated air traffic management systems modernization plan in regional structural subdivisions of Ukraine.
- effective use and development of Ukraine air navigation system potential.

5.4.6. Modernisation of aircraft fleet

- Assistance to national airlines modernization of aircraft fleet with replacement of most present fleet with modern airplanes of high comfort level, fuel efficiency and reduced costs on their maintenance in accordance with international requirements;
- Improvement of aircraft leasing mechanism and procedures and determining the steps to simplify the customs clearance procedure at import of air machinery and spare parts which move through the customs border of Ukraine, to provide exploitation, repair and modernization of aircrafts;
- Improvement of regulatory and legal framework and procedures of aviation machinery certification.

5.4.7. Harmonisation of aviation personnel professional training

Introduction of international standards in educational establishments of Ukraine in relation to aviation personnel theoretical and practical knowledge acquirement in the industry of civil aviation, working out technological and operating procedures on trainers for their subsequent application on workplaces through:

- introduction of standardised qualification requirements to the aviation personnel of Ukraine in accordance with recommendations of ICAO and Eurocontrol;
- providing of students' centralized training in airlines, regional structural subdivisions of SOE ATM of Ukraine "Ukraerorukh" and other aviation industry enterprises;
- improvement of regulatory and legal framework and procedures of Ukraine aviation personnel certification;
- introduction of curricula and programs of the primary, special training and in-plant training due by standardized methodology of ICAO.

5.5. MARITIME TRANSPORT

Sea ports are the key points of transport system in foreign trade. The effectiveness of their activity results in quality and volume of transport services export, level of national commodities competitiveness on the world market.

Maritime transport must further develop being strategically important unit for the state in relation to ports building up and reformation of their management system, fleet revival, navigation safety improvement.

5.5.1. Technical and technological modernization of maritime transport in accordance with international standards and requirements to ports through.

- Elaboration of a Master Plan of ports development and sea-economic complex of Ukraine;
- Creation of mechanised lines, based on modern load equipment;
- Development of railway and automobile sidings to sea ports to increase their carrying capacity;
- Expansion of terminals network and concordance of freight traffic carrying capacities for motor, railway and water transport in the charts of combined (intermodal) traffic.
- Introduction of effective mechanism of transport designation lands provisioning for sea ports development for a period of 25-30 years.
- Restoration of deep-water ship motion Danube - Black sea on the Ukrainian site of Danube delta.
- Construction of new and deepening of existent water-ways in the sea port areas for unimpeded passing of large deadweight ships;
- Determination of terms and guarantees of private capital attraction in port complexes development and state's support of investor; Adoption of the Law on public private partnership;
- State support of port development through introduction of crediting system on security of Government.
- Creation of more attractive investment environment for private investing and development of market relations in maritime industry.
- Adoption of Laws - "On maritime policy of Ukraine";- "On features of joint-stocking and privatization in sea ports"; - "On free economic zones in sea ports"

5.5.2. Increase of the Ukraine transport system competitiveness and realisation of transit potential of the country through:

- Introduction of an economic tariff system, which depends on the market state of affairs, ensuring its stability, predictability and flexibility.
- Application of preferential tariff policy for attraction of transit traffic of goods and regulation and simplification of transit freight registration procedures.
- Making alterations to The Law of Ukraine "On freight transit" to create conditions for port-hubs and introduction of transshipment in ports.
- Simplification and harmonization of customs procedures in line with international standards and rationalization of controlling bodies' activities, directed on accelerated development of direct container service.
- Taking logistic functions outside of maritime ports to optimize the use of existent infrastructure;
- Introduction of electronic paperwork document control system and electronic information exchange.
- Creation of single informative space to integrate into the world information network.

5.5.3. Reforming of maritime transport management system, effective use of state property, attraction of private capital in the development of port complexes through:

- Introduction of transparent mechanism of state and sea ports administrations maintenance, economically grounded system which stimulates the development of competitive environment on the market of port services and investing in port infrastructure;

- Drafting of state register of maritime ports and terminals;
- Determination of basic organisational and financial-economic principles of delegation of main part of port activities to the operators of non-state ownership, adjusting of the effective control system over the use of state property; drafting registers of these objects, obtaining of state acts;
- Setting the requirements to organisations, which provide specialized services in port, creation of their registration mechanism and control over their activity;
- Improvement of the regulatory and legal support of the state property use during joint activity in sea ports;
- Improvement of legislative base on the use of public private partnership which meets interests of the state, and leasing and concession charts, in maritime industry;
- Adoption of The Law “On sea ports” and making alterations to the Commercial Maritime Code on commercial navigation;
- Development of international cooperation on maritime transport in regional international organisations.

5.5.4. Increase of navigation safety and environmental safety insurance through:

- Reorganisation of the state system navigation safety insurance, determination of the financing sources for international obligations of the country related to navigation safety.
- Development of norms and regulations base for navigation safety, accelerated introduction of the obligatory requirements of international conventions on navigation safety, recommendations of international maritime organizations, procedures recommended by the Directives of EU in national legislation.
- Bringing of the state navigation safety oversight into accordance with active national legislation and recommendations of the international maritime organizations, introduction of relevant amendments to Maritime merchant Code of Ukraine and Code of Ukraine on administrative infringements.
- Ensuring the effective functioning of the national system of search and rescuing in Ukraine responsibility maritime area and determination of financing sources for its maintenance.
- Completion of the construction of infrastructure stations of Ukrainian part of maritime communication system for events of disaster and insurance of required cover of the Ukraine responsibility maritime area.

5.5.5. Innovative development and formation of human resources potential through:

- Introduction of government orders for scientific researches in relation to ports work optimisation;
- State investing in development of scientific and technical standards in relation to the development of port infrastructure in accordance with modern world requirements.
- Studying of leading technologies and their approbation and introduction in ports.
- Increase of scientific and staff potential.
- Improvement of requirements criteria to the professional level of specialists for high-quality services provision.

5.6. INLAND WATER TRANSPORT

Priorities of Transport strategy envisage the revival of river transport as environmentally friendly; development of Dnieper as Pan-European axis “North-South”, its inclusion to the European system of internal water-ways.

5.6.1. Determination of state administration basic principles in the conditions of mainly private operating enterprises functioning through:

- adoption of The Law "On inland water transport";
- determination of creation perspectives (partial renewal) of operating state (joint) enterprises;
- creation of organisational structure in the system of central executive authorities, which would be directly engaged in state administration of internal water-carriage.

5.6.2. Active inclusion of internal water-ways in the system of functioning of international transport corridors due to their technical and technological modernisation through:

- adoption of The Law "On the order of financing of Ukraine internal water-ways";
- development of the internal water-ways state development programme;
- defence of domestic navigable companies interests;
- building of specialised container terminals;
- development of intermodal and multimodal transportations on the basis of their organisation logistic principles;
- creation of economic conditions for Internal water transport to encourage investments on technical and technological modernization;
- implementation of instrumental inspection of submarine hydro technical parts of Dnieper basin locks;
- creation of national register of Ukrainian river hydro technical facilities.
- modernisation of navigable locks on the Dnieper;
- creation and introduction of modern navigation facilities and equipment for technological communication;
- reforming and development of the state navigation safety oversight on inland water ways;
- organization of the state navigation safety oversight on inland water ways in compliance with active legislation of Ukraine;
- accelerated implementation of modern navigation safety standards on inland water ways, bringing them closer to requirements applied in EU states;
- establishing automated lines in ports using cutting-edge technologies on the basis of modern freight handling machinery;
- enhancing of cooperation with international organisations in relation to issues of national water transport.

5.6.3. Setting conditions for priority development of internal water-carriage, taking into account advantages of energy effectiveness and ecology friendliness in comparison with other types of transport through:

- improvement of the system of pricing for the objective evaluation of the real charges on every transport mode;
- setting reliable rates, port, locks, pilot and other collections at the level, which would provide profitability of transportations and work of ports and personal interest of goods owners;
- creation of equal terms for all market participants;
- modernisation and construction of the fleet.

5.6.4. Realisation of internal water-ways transit potential

- adoption of the Law "On joining of Ukraine to the European agreement on the major internal water-ways of international significance";
- creation of regulatory and legal framework, adapted to the legislation of EU;

- to support and actively participate in realisation of international projects of interbasin connections:
 - a) Daugava-Dnieper;
 - b) Dnieper-Prypiat'-Niman;
 - c) Dnieper-Visla-Oder;
- application of preferential tariff policy to attract transit freight traffic.
- development of international water tourism.

6. FINANCIAL PROVISION

Financing of Transport strategy for the period until 2020 will be carried out on the mixed basis attracting private funding of the transport industry, budget support in line with the limits of state capital investments; local budgets funds to provide a transport services for the population in regions, enterprises and organisations; attraction of direct investments of internal and external strategic investors; investments from concessions and PPP and other sources not prohibited by the legislation.

Specific sources and financing amounts will be defined in relevant programmes of transport and roads management for 5 years with specifications for each year.

7. IMPLEMENTATION OF THE TRANSPORT STRATEGY, MONITORING OF THE RESULTS

Transport strategy is to be implemented in a long-term prospect. Taking into account vital importance of transport sector for society and economy, it will be a complicated process that needs monitoring and control to ensure achievement of the expected results. To implement the Transport Strategy, Ministry of Transport and Communication will develop a Program of development of a transport industry on middle- and long-term prospect that will define:

- Mutual co-ordination of main priorities of transport strategy for the nearest period of five-ten years.
- Development of transport sub-sector policies, which will be connected with the general consistent transport policy.
- Realisation of Transport strategy coordinated with the main sectors of economy.
- Projects of modernisation, reconstruction and building new infrastructure, related to present public and private costs in long-term investment plans.
- Improvement of normative and legal base and other non-investment measures;
- Timing for implementation of the programme actions.

For the effective process of the drafted Transport strategy introduction MoTC must set a network of internal (state administrations by modes of transport, design development organizations) and external institutions (Ministry of economy, Ministry of finance, Ministry of justice, Ministry of internal affairs, State Customs Service, State Committee on entrepreneurship; World Bank and a number of European and national banks; contract design development and construction organizations, etc.), to be controlled and co-ordinated. This network must introduce important economic elements for the process of policy implementation, namely

- Analysis of profitability of investment in infrastructure. The reliable estimation of financial and non-financial costs and benefits on comparative basis for all projects of infrastructure will enable to avoid inefficiency to define priority projects to coordinate investment charges with present investment costs.

- Long-term traffic forecast to 2020 which will enable MoTC to define the high-priority sectors of Transport strategy, develop plans based on transparent assumptions and to take rational and coordinated decisions. They enable to withdraw certain forecasts for the transport modes and analysis of profitability and planning of the infrastructure projects.
- The general forecast of transport must be made based on general economic forecasts for the Ukrainian economy, its spatial and sectoral development, and the expected flows of export and import from neighbouring countries. Forecast volumes of traffic by the types of load must be compared with the present carrying capacity of infrastructure, thus identifying bottlenecks at present time and long-term future prospect.
- Improvement of the transport statistics reporting system.

Institutional and organisational changes are needed to strengthen the competence of the Ministry of Transport and Communication on policy implementation and the supporting network of internal and external institutions must be enhanced by the appropriate human resources development in the proper organisations, especially in the Ministry of Transport and Communication, in particular through experience exchange and the best practice in other countries.

If necessary in the future the Strategy document may be amended. Mechanism of introduction of changes to the Strategy will be developed by the Ministry of Transport and Communication.

8. EXPECTED RESULTS OF THE TRANSPORT STRATEGY IMPLEMENTATION

Transport sector of Ukrainian economy is to become the backbone factor of the national economy in the result of the Transport Strategy implementation. The sector will become competitive in terms of the costs, safety, environmental issues, quality and availability of the transport services. Speed of commercial transport, timely delivery of freight, availability of transport services for the population will achieve the level of those in developed countries.

Integration in the Trans-European Transport network (TEN-T) will be the base for integration of Ukraine in Europe, that will provide improvement of the transport services efficiency, increase demand for their export and more sufficient realisation of the transit potential.

Implementation of the Strategy envisages:

- Improvement of the quality and accessibility of the transport services for the population in accordance with the state social standards and norms.
- Increase of the capacity of the transport network, elimination of the bottle necks and increase of the traffic intensity on international transport corridors by 25 to 30%, as a result there will be a reduction of delivery times for freight and passengers.
- Increase of the capacity and volume of cargo handling in the maritime ports by 25%
- Reduction of the depreciation level of rail rolling stock from 65% to 50%, improvement of the level of comfort for passengers.
- Improvement of the flight safety level by 50%, aviation safety, safety of the road traffic and shipping. Reducing the number of deaths resulting from the road accidents by 25 to 30%, risks and danger reduction by transport modes.
- Reducing of the general amount of the toxic emissions in the atmosphere by 20%
- Reduction of transport power consumption by 15%.

The sector will provide satisfaction for all needs of the economy and society in quality transport services, competitiveness on the international level and will create the necessary conditions for the further successful development of the country.