

Tadeusz Palmowski\*

## DEVELOPMENT OF THE GDAŃSK - ODESSA TRANSPORT CORRIDOR

Political and economic changes in Central and Eastern Europe after 1990 had a significant impact on conditions shaping the national and international hinterland of Polish seaports. The altered environment provided new grounds for the transport markets in this part of the continent increased the attractiveness of Poland - the country's location predestining it for servicing latitudinal transit destinations.

The independence gained by Belarus, Ukraine, Lithuania, Latvia and Estonia and the uniting of the German States changed the environment shaping the potential longitudinal hinterland of Polish ports. The hinterland of Gdańsk and Gdynia ports has expanded to include transport markets of the Baltic states, Belarus and western Ukraine [8].

The advantage of the ports of Gdynia and Gdańsk, apart from being an outpost in the central part of the southern Baltic, is the favourable location with reference to the whole domestic and transit hinterland of Poland. Approximately 80% of the Polish population tends to favour ports of the Gdańsk agglomeration. This hinterland is complemented by two international transit segments:

- Southern transit hinterland covering Slovakia, eastern part of the Czech Republic and Hungary;
- Eastern transit hinterland covering Belarus, western Ukraine and possibly the Kaliningrad District [12].

The sea ports of Gdańsk and Gdynia are located centrally on the north-south route. The main communication axis of central Europe passes through the ports of Scandinavia, through central Europe, the Balkans and the Middle East.

Thanks to shipping lines; ferries joining Gdynia with Karlskrona and connecting Gdańsk with Nynashamn and Stockholm and Copenhagen, ro-ro lines

\* Tadeusz Palmowski Ph. D., Department of Economic Geography Regional Development Gdańsk University, Gdańsk, Poland.

to Helsinki, Kotka and Rauma, these ports provide convenient links with Scandinavian ports thanks to container delivery services to and from Hamburg, Bremerhaven, Belgian Antwerp, British Felixstowe, Hull, Southampton and the Baltic ports of Copenhagen, Aarhus, Turku, St Petersburg, Riga, Kłajpeda and Kaliningrad. Cargo can be forwarded to all Atlantic ports via the ports of Hamburg and Rotterdam. (Fig. 1)

The share of Gdańsk and Gdynia ports in providing services for the international hinterland is conditioned to a large extent by efficient road and railway links in the given area and service capacity of modern border crossings. The port complex of Gdańsk and Gdynia is linked via two pairs of railway connections running southwards towards the domestic and transit hinterland.

The programme, credited by the World Bank, for improving access to Polish sea ports focuses on infrastructure investment in the direct vicinity of the ports as a priority project. It covers, inter alia, the links joining the ports of Gdańsk and Gdynia by the existing TriCity ring road and the projected motorway A1<sup>1</sup>. Realisation of the above investment projects will create a modern transport node - the backbone of the whole network. All basic components of the transport infrastructure in Poland are presently subject to upgrading to adapt the infrastructure to the technical standards of the European transport network.

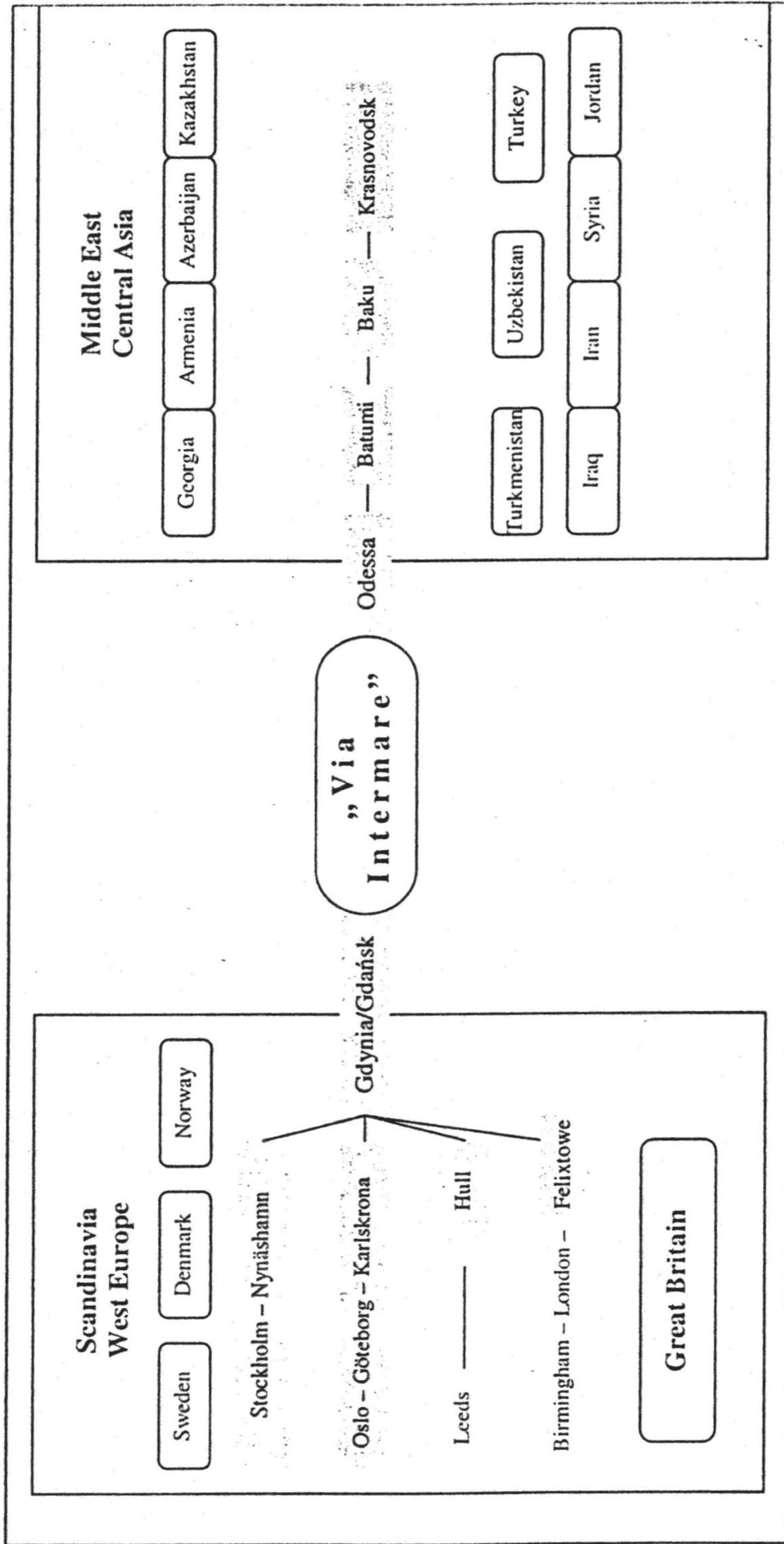
The strength of Gdańsk and Gdynia ports is their geographical location with respect to Kaliningrad, Kłajpeda and Tallinn. The latter feature relatively good access means - especially railway system, effective services and favourable service rates. Cargo shipped is more secure. The port of Gdynia specialises in general cargo, especially in containers and ro-ro shipments and is fit to play the role of an international node in the transport chain. The efforts of the port of Gdynia to construct a large and modern ferry terminal in the near future coincides with the Polish-Swedish initiative of integrating transport systems and have been included in the World' Bank aid programme.

Activation of the sea link Gdynia - Karlskrona is an element of TEM/TER. The northern part of the motorway ends in the Gdynia ferry terminal. The project is called the Baltic Ferry Bridge. Gdynia is a continental outpost of the bridge, which is linked to the port of Karlskrona on the other side of the Baltic. The ferry connection Gdynia - Karskrona is the principal extension of the VI transport corridor TINA<sup>2</sup>.

<sup>1</sup> A new suspension bridge over Martwa Wisła was commissioned in 2001. This bridge is part of the new port ring-road linking Port Gdańsk with the TriCity ring-road and future motorway A1.

<sup>2</sup> TINA - Transport Infrastructure Needs Assessment

FIG. 1. Potential influence range of „Via Intermare”

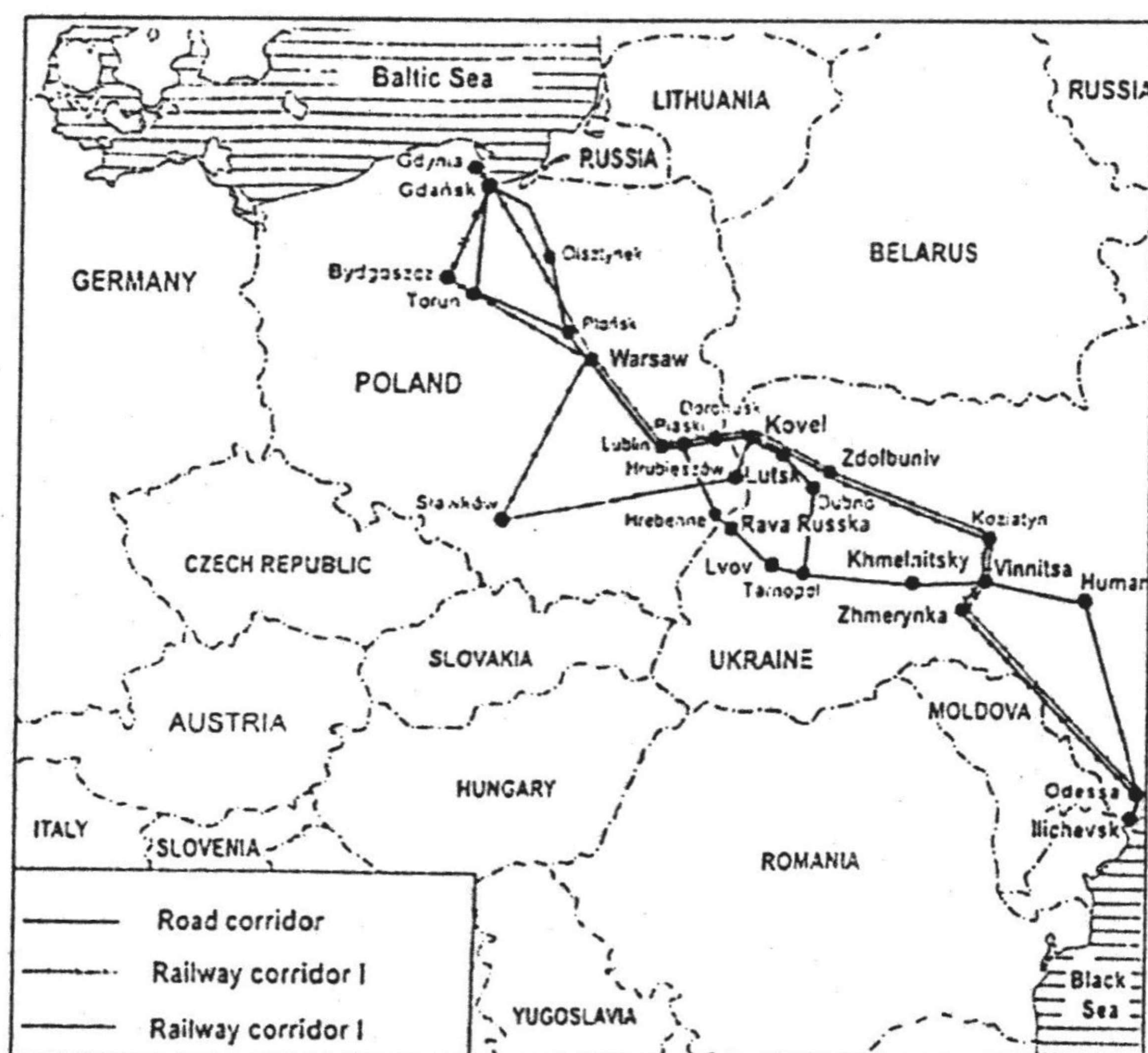


Source: Own analysis.

Development and modernisation of the land transport system especially longitudinally provide an opportunity for enhancing the importance of the Gdańsk and Gdynia regions as an intermodal transport node and associated extended range of logistic services.

A favourable political climate in Polish Ukraine relations and Poland's recognition of Ukraine as a strategic partner have all contributed to the concept of building a transport corridor linking Odessa with the ports of Gdańsk and Gdynia called "Via Intermare" and are taking on a realistic shape. The corridor called "Via Pontica" from Odessa to Łódź and its extension to Gdańsk called "Via Gothica" is a proposal made by a renowned Polish specialist in the field of transport prof. A. Pikożub. "Via Pontica" is to integrate the largest European Ukrainian port and city of Odessa with Europe [10].

FIG. 2. Transport corridor Via Intermare Gdańsk-Odessa



Source: Own analysis based on the data of the Administration of Sea Port Gdańsk.

Joint efforts were initiated in November 1998 by talks held in Odessa by the presidents of Poland and Ukraine. In December 1999, the Polish and Ukrainian ministers of transport signed a memorandum on activities to be undertaken towards developing a Polish Ukraine Transport Corridor linking the Baltic with the Black Sea. The second article of the memorandum sets out the corridor route as follows:

>For road transport: Gdańsk - Olsztynek - Płońsk - Warszawa - Lublin - Piaski - Dorohusk/Jahodyn - Łuck - Dubno - Ternopil - Chmelnyckyj - Winnica - Umań - Odessa/Iljiczewsk, branching to Gdańsk - Toruń - Płońsk and Piaski - Hrebenne/Rawa Ruska - Lvov Ternopil;

>For railway transport:

>Route I: Gdynia/Gdańsk - Warszawa - Lublin - Dorohusk /Jahodyn - Kowel - Zdolbuniv - Koziatyn - Winninca - Żmerynka - Odessa/Iljiczewsk,

>Route II: Gdynia/Gdańsk - Warszawa/Bydgoszcz - Sławków - Hrubieszów/Izow - Kowel - Zdołbuniv - Koziatyn - Winninca - Żmerynka - Odessa/Iljiczewsk.

The corridor covers road, rail and port infrastructure with accompanying infrastructure including access roads, border crossings, cargo terminals and equipment necessary to control traffic along the corridor as well as the links with the other transport means.

During a meeting in Gdańsk, in March 2000, three Working Groups were established:

>For studying cargo streams;

>For tariffs, prices and information;

>For establishing a service operator company.

Procedures relating to the project were initiated in Odessa in September 2000. The last technical details of the project were agreed to during a meeting in Gdynia in March and in Przemyśl in April 2001. Principles at simplifying and harmonising customs duty and border control were worked out in co-operation with representatives of central customs and border control administration of Poland and Ukraine for the whole route.

Following two years of intensive preparations the transport corridor from Gdańsk and Gdynia to Odessa and Iljiczewsk was officially opened on May 15, 2001.

Ukrainian ports in Odessa and Iljiczewsk, the Ukrainian rail transport company (UZ), a private operator and forwarder Liski from Kiev, port authorities of Gdańsk and Gdynia, PKP - Railway Cargo Carriers in Gdynia and Railway Carrier Directorate from Katowice were involved in the project, as well as Intermarine and Mirtrans, two companies.

Mirtrans<sup>3</sup> became the operator of the corridor on the Polish side and Liski, from Kiev, the operator on the Ukrainian side. The latter also provided its own containers for the "Baltica Train". After leaving Gdańsk and Gdynia, the trains

<sup>3</sup> Mirtrans, from Gdynia has been transporting containers and goods into Russia via the ports of Gdańsk and Gdynia. The company also handles Russian, Belarussian and Ukrainian cargo exported via Polish ports.

are joined into one twenty-wagon-long train at the junction station of TriCity ports in Zajączkowo Tczewskie and reaches the border crossing in Żurawica Medyca within 24 hours. As Ukrainian railway tracks are of wider span the containers are transferred. Reloading takes place on the Polish side of the border, which provides appropriate technical facilities<sup>4</sup>. This operation lasts another 24 hours including border customs, fito-sanitary and medical-veterinarian clearance. Next the trains reach, within 24 hours, the ports - of departures. Thus containers from Gdańsk and Gdynia reach Odessa or Iljiczewsk with 72 hours instead of 26-31 days required for the journey by ship.

Unfortunately, the official opening of the "Baltica" from Gdańsk to Odessa did not start with regular weekly services. This development still requires time. According to the Ukrainian side the situation is difficult. On the Polish side Mirtrans is negotiating favourable terms for a regular line with PKP (Polish Railways)

The handling capacity of the ports in Ukraine comprises 18 commercial ports and 12 loading terminals<sup>5</sup>. Odessa, Iljiczewsk and Jużnyj are the main ports of Ukraine. These ports account for 60% of Ukraine's national turnover. The biggest port of Ukraine, Odessa is a universal port with many specialised wharves. Several million tons of cargo are handled there every year. The handling and storage space is limited giving rise to problems in introducing modern transport on arteries leading to the hinterland. The port also lacks an intermodal logistic centre. In 1998 Ukrainian ports, mainly Odessa and Iljiczewsk handled 98 thousand TEU<sup>6</sup>.

As part of the new transport corridor a new container terminal is planned in the port of Iljiczewsk. By 2004 Ukraine plans to invest a sum of approximately 7 billion dollars in international transport lines mostly focusing on the Euroasian corridor. The Ukrainian partners at Żurawica-Medyca border are planning investments to reduce the time required for container transit or change of wagons' axle span.

The biggest Ukrainian ferry operator UKRFERRY initiated a regular ferry link in 1997"between the port of Iljiczewsk near Odessa and Georgia's port of

<sup>4</sup> The border crossing in Żurawica is equipped with, inter alia, three gantry cranes the use of which had in fact been marginal.

<sup>5</sup> The turnover structure reads as follows: export 50,2%, transit 44,2% with import and coastal trade amounting to barely 5,6%. Exported cargo structure is dominated by metal products 43,7%, grain 13%, ore 11% oil products and liquid chemicals 10,8% as well as 9,7% of fertilisers and 7,3 of coal. Transit is dominated by oil products 53.9%, metal 13,9%, fertilisers 9,7% and coal 7,3%.

<sup>6</sup> All the principal commercial ports of Ukraine are state owned. Their status is defined in the Marine Code of Ukraine. 'The programme for stability and development of sea and inland waterway network of Ukraine by 2005" includes an option for changing the legal status of these ports.

Batumi. This link is to facilitate railway and road transport from Northern and Eastern Europe to the Middle East and to Central Asia (Georgia, Armenia, Iraq, Iran, Syria and Jordan). Activation of this link may generate cargo shipment for the "Via Intermare" transport corridor.

Presently we are at the stage of shaping new loading/cargo streams from and to the independent states of the former USSR. Opportunities for cargo transit through Gdańsk and Gdynia are estimated jointly at several million tons.

The location of the Ukrainian Consulate in Gdańsk has promoted the development of economic ties and trade via the TriCity ports. The establishment in Gdańsk of a Polish- Ukraine Chamber of Commerce is well justified.

The favourable political Polish - Ukraine relations and efforts on both sides to overcome still numerous barriers, resulted in a rising turnover in trade from 285,4 m USD to 1600 m USD between 1992-1997. After a temporary drop in 1999 it again rose to 1273,6 m USD in 2000 (Table 1).

TABLE 1. Polish-Ukraine turnover in the years 1992-2000.

Years	Export		Import		Turnover	
	Million USD	Dynamics	Million USD	Dynamics	Million USD	Dynamics
1992	161.6	100	123.8	100	285.4	100
1993	187.5	160.3	201.1	162.4	88.6	136.2
1994	280.4	173.5	204.9	165.5	485.3	170.0
1995	742.6	459.5	290.8	234.9	1033.4	362.1
1996	973.9	602.7	418.1	337.7	1392.0	487.7
1997	1200.0	742.6	400.0	323.1	1600.0	560.6
1998	1086.4	672.3	177.2	143.1	1263.6	442.7
1999	690.4	427.2	283.3	228.8	973.7	341.2
2000	798.2	493.9	475.4	384.0	1273.6	446.3

Source: Author's study based on data provided by Main Statistical Office (GUS).

Opening of the first railway link of the transport corridor "Via Intermare" Gdańsk - Odessa may bring positive results not only in increasing turnover of the ports of Gdynia and Gdańsk but also in developing Ukraine's close economic ties with Poland and Western Europe [11].

In order for the corridor to assume the rank of a European transport route further development of trade between Poland and Ukraine is required. Another fundamental requirement is a sufficient cargo load coming from Scandinavia and Western Europe to Gdynia and Gdańsk intended for Ukraine and further southwards and return cargo, shipped across the Black Sea from the Middle

East and Ukraine through Odessa and Gdańsk to Sweden, Norway and Great Britain.

Decisions have already been taken regarding the location of the oil pipeline outlet running from Odessa. The pipeline is part of the "Via Intermare" transport corridor joining the Baltic and the Black Seas<sup>7</sup>. The pipeline Odessa - Brody - Gdańsk shall be part of a transport route for Azarian crude oil exported from Baku to Suspa along the existing pipeline. Next, oil shall be shipped by tanker vessels to Pivdenny near Odessa, where a new handling terminal is under construction, and through Brody to Gdańsk

In April 2002 the Ukrainian corporation Ukratransnafta published results of a feasibility study carried out by an American company, Halliburton, confirming the profitability of transporting Caspian crude oil to Europe by the Odessa-Brody pipeline. American experts emphasise that perspectives of the new route depend to a large extent on the time of building the pipeline section from the Ukrainian border to Płock and on whether the Ukrainian transport system "Družba" is connected with the Balkan system "Adria".

The Ukraine partner plans to complete construction of the 670 km long section Odessa - Brody in autumn 2001. This leaves the last section from Brody to Płock as the section of pipeline from Płock to Gdańsk is in place. Completion of the whole project Odessa-Gdańsk is planned for 2004. The pipeline will provide all oil transport from Azerbaijan through Gdańsk to Western Europe. This will bring benefits to the Northern Port [Port Północny] which is capable of handling 32 m tons of oil annually whereas Poland requires 16 m tons of oil. Poland intends to start with importing 7 m tons of oil from Azerbaijan<sup>8</sup> and targets 20 m tons annually.

Ukraine may be the first country, which on activating the pipeline proposes terms and conditions for exporting Caspian Oil to Western Europe. This will strengthen the transport corridor of Gdańsk Odessa.

The perspective of developing road transport within the corridor is a question for the relatively distant future. Road transport encounters major difficulties due to primarily long waiting periods on border crossing at the Polish \Ukraine border, high risk of losing cargo, container and vehicle. There are cases of carriers refusing eastward courses (irrespective of proposed rates). According to forwarding companies introduction of state guarantees for cargo transit could alter the situation.

From the point of view of long term interests of the Baltic region co-ordination of development with that of the Black Sea region is important. Development of communication links in the north south axis is a great opportunity

<sup>7</sup>This pipeline is very important to Ukraine for national security reasons. If oil delivery were cut off on the Russian side Ukraine could obtain deliveries from Gdańsk.

<sup>8</sup>Azerbaijan guarantees the delivery of 10 m tons to Poland.



for the east Baltic region. It may, according to A. Grzelakowski, strengthen its position with reference to the western Baltic sub-region. Development of the transport infrastructure on the Baltic-Black Sea axis, which was not covered by the pan-European concept of transport corridors allows for an optimal link with the Middle and Far East. This solution may add a new quality in the spatial transport system of Central and Eastern Europe and provide an alternative solution for the pan-European transport corridor Saint-Petersburg - Black Sea. In effect a certain balance could be assured in the transport network and the transport market in this part of Europe.

If the concept of the "Via Intermare" is to evolve towards an intermodal land sea transport chain and gain a stable position as a Baltic-Black Sea link and at the same time remain a competitive transport corridor for western Europe and the Middle East and Central Asia in XXIst century an increase in trade turnover in the new corridor is indispensable as are proper marketing and further integration of Polish and Ukraine transport systems in the economic, technological, organisational and legal spheres.

Poland actively supports the development of this transport axis by its involvement in building the transport corridor "Via Intermare: Gdynia/Gdańsk - Odessa/ Iljiczewsk and ensures the progress of the combined north-south transport. This development lies in the interest of Poland, Ukraine and the eastern sub-region of the Baltic Sea.

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