Dear Mr. Chairman!

Ladies and Gentlemen!

I represent here OAO Ukrainian Danube Shipping, a shipping company of Ukraine whose fleet carries out one-third of all cargo traffic on the Danube. The company has universal and special river and marine fleet, container facilities and fulfills cargo transportation in the Black Sea and the Mediterranean basins, as well as all along the Danube from the mouth to Kehlheim. Apart from that, the fleet fulfills river-marine intermodal carriage, with cargo handling in Ukrainian ports.

As is known, it was pointed out at the Rotterdam Conference on inland waterway transport in 2001 that the potential of water carriage was not fully used in cargo transportation in Europe. The Rotterdam Declaration specified the main lines of activity of the countries interested in developing water transport and set the tasks of making maximum use of, rationally improving and strengthening the positions of inland water transport in Europe.

In should be noted in this connection that today transport capacity of the Danube as the main trans-European water artery is not used to the full extent. This is obvious, especially in conditions of present-day development of Europe–Asia transcontinental cooperation which requires the attraction of great transport potential.

According to estimates by specialists in the sphere of international water transport, the volume of transit cargo traffic along the Europe–Asia axis via the Black Sea and the Danube basins is to grow by 35–40% by 2010.

All the above circumstances make it imperative that specific steps be taken to improve navigation conditions and raise the passing capability of the "Danube – Black Sea" natural arms and canals, with simultaneously increasing the capacity of ports, river tonnage and their efficiency.

From the scientific point of view it is important to estimate the actual transport capability of the Danube so as to develop, on its basis, a series of measures to maintain a reliable navigation situation and ensure an optimal shipping regime all through the year.

According to statistics by the Danube Commission, an intensified navigation and a continuous growth of cargo transportation along the Danube have been registered in recent years. This is connected with a gradual restoration of a free navigation on the Serbian section of the Danube, which was practically blocked following the destruction of bridges during the hostilities in Yugoslavia in 1999 and, to some extent, with the resumption, after a prolonged interval, of river-marine shipping in the Ukrainian part of the Danube delta.

In this connection, the resumption of sea ships navigation on the Ukrainian section of the Danube through the Bystroye arm is a significant contribution by Ukraine to the development of the
international transport system of the Seventh International Transport Corridor (ITC 7) since it provides an additional alternative and reliable communication of the Danube with the Black Sea.

On the other hand, the resumption of river-marine navigation via deep-water "Danube – Black Sea" waterway through the Bystroye arm meets the strategic national interests of Ukraine, a country that has made a course towards deeper mutual relations with the European Union and a complete integration into its structures the priority of its foreign policy. The alternative Danube – Black Sea communication also complies with the European and international norms of fair economic competition and excluding dominance by any one party.

The deep-water "Danube – Black Sea" waterway, through which navigation in the Ukrainian part of the river was regenerated, played the role of a tool that has ruined the one-country monopoly of exit from the Danube into the Black Sea and undertook a part of transit cargo traffic.

Apart from that the restoration of navigation as said above and the commissioning by the Russian Federation of the second parallel lock of the Kokchetavsky hydro power complex which connects two rivers, the Volga and the Don, makes it possible for Ukraine and Russia to develop, as part of cooperation in water transport, a new transport route: "Big transport ring" the Danube – Black Sea – the Sea of Azov – the Don – the Volga with an exit to the Caspian Sea.

Thus, Asian freighters from the Caspian Coastal Plain will also receive access to this route which will allow to transport cargo by river-marine vessels from the Caspian ports with reloading, at the ports in the delta of the Danube, to river barges to be delivered to the Danube countries.

In perspective, this route can be used as a base for a new transport system with full rights of an international transport ring which will unite the Black Sea, the Sea of Azov and the Caspian Sea, on the one hand, and the Baltic Sea and the North Sea, on the other hand.

Ukraine is open for cooperation with all interested countries. In order to create favourable conditions to encourage transit cargo traffic via its territory Ukraine undertakes measures aimed at expanding the capacity of its ports for all the nomenclature of goods, increasing the capacity of container terminals and carrying out intermodal and combined cargo transportation.

Appropriate measures have been taken to ease at Ukraine’s border crossing posts customs procedure and control of transit cargo following from the Black Sea to the Danube and vice versa. Such "single-window" points make customs clearance short-time.

Danube navigation problems

Danube navigation problems are connected, in the main, with the fact that until now free shipping has not been ensured because the restoration of the bridge in the area of Novi Sad (Serbian section) proceeded too slow.

Moreover, in some places, especially in the middle and lower reaches of the Danube, no work is being carried out to maintain their effective and reliable shipping condition and no steps are being taken to ensure and improve the navigation situation.

There are instances of vessels demurrage due to irregular operation of the locks, in particular, in the area of Dzherdap. Preventive maintenance of the lock equipment on the Rumanian and Serbian sections is carried out in summer time when navigation on the Danube is most intensive.

The development of cooperation with the countries of Europe's other water basins also encounters a lot of artificially created obstacles. For a long time now regulatory problems have been hindering the Ukrainian ships navigation on European waterways which are within the authority of the Central Commission for the Rhine Navigation (CCRN) and are connected with the Danube basin.
Thus, a restrictive navigation regime on the Rhine was introduced for our ships on October 17, 1997 under the Second Supplementary Protocol to the 1868 Manheim Convention. This act actually makes impossible free access to the basin's markets and cargo transportation along the Rhine – Main – Danube line for the vessels flying the flag of Ukraine.

Apart from the restrictions of this Convention and the statutory requirements raised by some countries and the European Union, there emerge substantial difficulties (now, with the expansion to the East) for East-European countries, connected with technical specifications of the ships, navigation and qualifying requirements to crew members, mutual recognition of certificates of registry, captain's patents, etc.

The expansion of the European Union to the East results in a tougher regime of border crossing for Ukrainian ship-owners and staying in the territory of EU countries for crew members.

Here is one example. Slovakia does not recognize identification cards of Ukrainian seamen, nor does it admit crew members to its territory.

Moreover, ship-owners are held liable for customs clearance and strict time limits are established for cargo delivery in the territory of the EU.

The new situation resulted in that, following the demand of the European Union, bilateral agreements on visa-free border crossing between Ukraine and many countries of Eastern and Central Europe, such as Rumania, Bulgaria, Slovakia and Hungary, ceased to be effective.

This means that the objectives and tasks of expanding Pan-European cooperation towards a free and strong inland waterway transport in Europe, as declared by the European Conference of Transport Ministers in Rotterdam in September 2001, come across serious obstacles.

One more aspect deserves mentioning. As a result of the embargo and two Balkan crises, especially that in 1999, ship-owners of the countries which did not take part in the hostilities in the Balkans sustained enormous material and financial losses.

The said events which also spread to Yugoslavia's territory along the Danube inflicted substantial damage to the Ukrainian Danube Shipping Company which lost some of its ships and there were casualties among crew members.

Financial losses of the Danube Shipping Company are also connected with the fact that for several years already there is no free navigation on the Danube. Our shipping company had to pay huge sums for raising the pontoon bridge in the area of Novi Sad.

All this has led to the destruction of the system cargo base of the Danube basin, and reorientation of the cargo traffic and the efforts to return it to the Danube have not been a success so far.

Whereas previously the question of paying compensation to the Danube shipping companies which had suffered financial damage was on the agenda of authoritative bodies of the United Nations and the European Union, now this problem is a rare item under consideration.