Backgrounder No. 11
April 20, 2020

From the Baltic to the Black Sea: How the E40 waterway could bolster the Eastern European region

Alexandra Murphy

Summary

While recent attention has been focused on the renewal of the Chinese-backed Silk Road, there is a trade route being restored within Europe itself: the E40 waterway. It is a proposed 2,000 km inland shipping route linking up the Black sea with the Baltic. The waterway would stretch from Gdansk in Poland to Kherson in Ukraine, traveling along five rivers: the Vistula, the Bug, the Pina, the Pripyat and the Dnieper. The route would also run near major cities in the region, including Brest and Pinsk in Belarus, Warsaw in Poland, and Kyiv in Ukraine.

Contents

1 What are the aims and benefits?
2 Potential problems
3 How far along is the project?
4 How likely is the restoration of the E40 waterway?

The designers of the project have emphasized their intention is to restore a previously existing waterway, an ancient route used by Vikings on their way to Constantinople and the caravans of the old Silk Road. It could be seen as resuming construction work on the route carried out during the Polish-Lithuanian Commonwealth. The goal is to reinstate this pathway for modern usage.

The construction of the E40 waterway will involve linking together rivers and canals mostly by deepening existing waterways and building some new ones. Most of it is already navigable but use of the route as a waterway is largely hindered by the section between Warsaw and Brest, which requires a new canal. As well as other general construction, renovation and dredging work needed along most of the route.

There is enthusiasm in some quarters about the possibilities such a water route would have on development in the region. This route could lead to economic benefits for partners, especially Belarus and Ukraine, and have a large geo-political impact. However, there are numerous concerns, particularly regarding the environmental cost to the area, alongside questions of funding and cooperation. While progress is being made, there are still many unresolved issues to address.

What are the aims and benefits?

The restoration of the E40 waterway would make it possible to transport up to 6 million tons of cargo per year, leading to significant trade growth between Belarus, Poland and Ukraine. Materials such as coal in Poland, potash salts, refined oil products and stone products in Belarus, and metal products and grain in Ukraine could all be transported along the route.

The waterway could facilitate multi-lateral trade between the EU and the EaP countries, as well as between Europe and the rest of the world. There are also potential positive socio-economic impacts, for instance new jobs, sustainable development of regions, greater territorial cohesion of partner countries and new integration possibilities. The waterway could make it possible for the border regions to enhance their international roles by becoming 'trade gates' to the EU and EAEU.

For landlocked Belarus, this development would grant the country direct access to the sea.

> Given current strained relations with Lithuania over the Astravets power plant, and recurring difficult relations with Russia, it would give Belarus an alternative route to the Baltic sea through Gdansk, and allow the region as a whole to diversify transit routes.

The most controversial benefit is an environmental one. In comparison with other modes of transportation, water transport is considered to be the most environmentally friendly, creating far lower CO_2 emissions than other forms. One flat top barge used on the route can replace 40 container trucks. However, the environmental risks of the project arguably outweigh this benefit.

Potential problems

The overwhelming concerns regarding the waterway are environmental. The Pripyat River is one of the best preserved waterways in Europe and is an important example of biodiversity. Dr Helen Byron, the Save Polesia campaign coordinator, compared the Pripyat River to the Amazon. More than 90% of all birds in Belarus are found in Polesia, and the waterway will have a direct impact on more than 70 wildlife reserves along its route. In Poland, the waterway will pass through Natura 2000 sites, which are protected under the EU law. In Ukraine, the Dnieper estuary and the surrounding land are included in the Emerald network, an area of special conservation interest.

Matti Maasikas, Head of the EU delegation to Ukraine, heavily criticized the project's feasibility study in September 2019, arguing it was incomplete. Maasikas also stressed that the project poses a "threat of secondary radioactive pollution of the environment and human health as a result of activities in areas contaminated with radioactive isotopes after the 1986 Chernobyl incident," most notably potentially contaminating a reservoir that provides water for Kyiv.

Another concern that hasn't been fully addressed yet is funding. The cost of work on the Ukrainian part of the route has been estimated at €31 million, and the Belarusian section at between €96.2-171.2 million. The Polish section, where the most construction needs to be carried out, is estimated to cost at least €11.9 billion.

According to Ukraine's former deputy infrastructure minister, Oleksandra Klitina, the EIB and the EBRD are interested in financing the project, however they need more information on the potential environmental impact. Alexander Urbansky, a member of the Ukrainian Parliament and head of the state River and Maritime Institute, believes the E40 could form part of China's Belt and Road Initiative. Official documents suggest the Polish government has also requested investment through this initiative for the development of the Vistula River and the Warsaw-Brest connection.

> Ukraine and Belarus are planning to implement the project in small sections, but developing this project in fragments raises concerns about cooperation as all three countries need to secure funds in order for the project's completion and to ensure the benefits are felt equally.

Poland's implementation is contingent on securing funds. All partners are currently searching for funds.

How far along is the project?

An EU funded study was carried out in 2013-2015, but until recently progress had been limited. This changed in October 2019 when Ukraine allocated €340,000 to dredge 64.5km of the Pripyat river by May 2020. Belarus announced it will synchronize its works with Ukraine on the Belarusian section of the river (up to Mozyr). In October 2019, Belarus also signed a contract with Beltonenergo for the construction of a port on the Dnieper and the development of associated waterways. In December, Ukrainian and Belarusian officials signed a broader agreement about the E-40 project.

How likely is the restoration of the E40 waterway?

The project is moving forward but there are still many hurdles to overcome. Without confirmed financing for the bulk of the development, it is difficult to foresee the waterway being completed in the near future. Furthermore the current Covid-19 pandemic will almost certainly pause ongoing progress, and the ensuing financial crisis could slow development even further. Ukraine, Belarus and Poland need to address the environmental issues, which are most challenging to overcome.

However, the economic, social and geo-political arguments for the waterway are convincing, and if the funding can be secured, this waterway will be a transformational investment for the region. For Belarus, the ability to diversify trading routes and reduce reliance on Russia would be a particular advantage. For Ukraine, there is also the added benefit that the need to reload goods onto sea vessels for onward journeys would lead to more traffic and investment in Ukrainian ports. Thus, the political will for this development seems to be in place.

The publication is supported by the Belarus Office of Konrad-Adenauer-Stiftung (Germany).
The content of the publication represents the views of the author only.



Alexandra Murphy
Visiting Fellow, Minsk Dialogue Council on International Relations