

WATERWAYS IN UKRAINE

MINISTRY OF INFRASTRUCTURE OF UKRAINE

March 2016



13,6% GROWTH OF GRAIN CARGO IN 2015

Cargo turnover by stevedores, Mt (2015)
Total 144.6 Mt (2015)



- ✓ 90% of grain export transported through seaports
- ✓ Attraction of private investments to State Stevedoring Companies
- ✓ Amendments of Law on Concessions
- ✓ International companies that already operating in Ukrainian seaports are Bunge, Arcelor Mittal, ADM
- ✓ Cargill, Soufflet group, Arcelor Mittal and Bunge have plans to invest in Ukraine in 2016

Attraction of private investments is critical for seaport sector

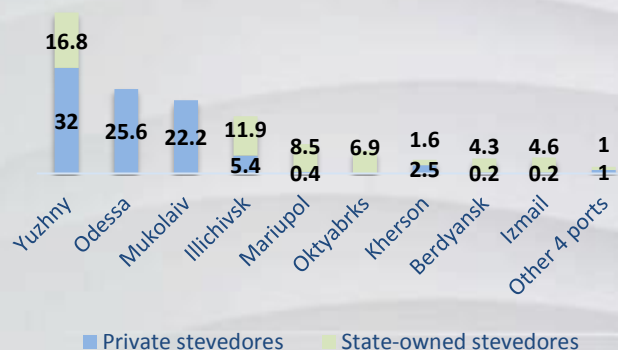
SEAPORTS REFORMS: FACILITATION OF TRADE

- ☑ Competitive Tariff System
- ☑ Simplification of Control Procedures
 - Introduced 'Single Window'
- ☑ Simplification of obtaining dredging permits
 - Conduction of systematic dredging
- ☑ National Seaport Strategic Study
- ☑ Law of Concession Amendments
 - Creation of Joint Working Group
 - Funding Requested from EBRD for International Legal Technical Assistance
- ☐ Transparent Tender Process

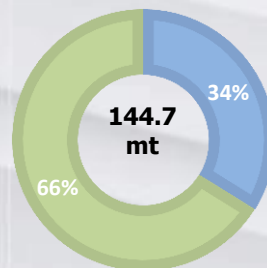
Increased transparency will result in increased trade

CONCESSION OF STATE STEVEDORING COMPANIES

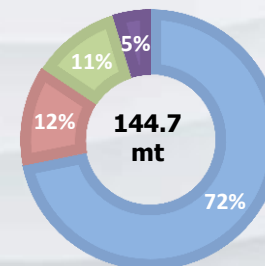
Cargo turnover by stevedores, mt (2015)



Stevedores by ownership (2015)*



Cargo turnover by direction (2015)*



*Note: industry data excludes cargo turnover of the Crimean ports

Odesa region

Yuzhnyi:

- Specialization: state-owned stevedores ("SOE") – ore, coal; Private stevedores ("Private") – ore, grain, chemicals, coal
- Max. draft: **13.5-18.5m**
- Vessel type: Capesize, Panamax

Odessa:

- Specialization: SOE – no operations; Private – grain, containers, metals, oil
- Max. draft: **13.5m**
- Vessel type: Panamax

Illichivsk:

- Specialization: SOE – ore, grain, auto; Private – containers, grain, oil
- Max. draft: **13.5m**
- Vessel type: Panamax

Mykolayiv region

Mykolayiv:

- Specialization: SOE – no operations; Private – grain, ore, metals
- Max. draft: **9.0-12.5m**
- Vessel type: Panamax

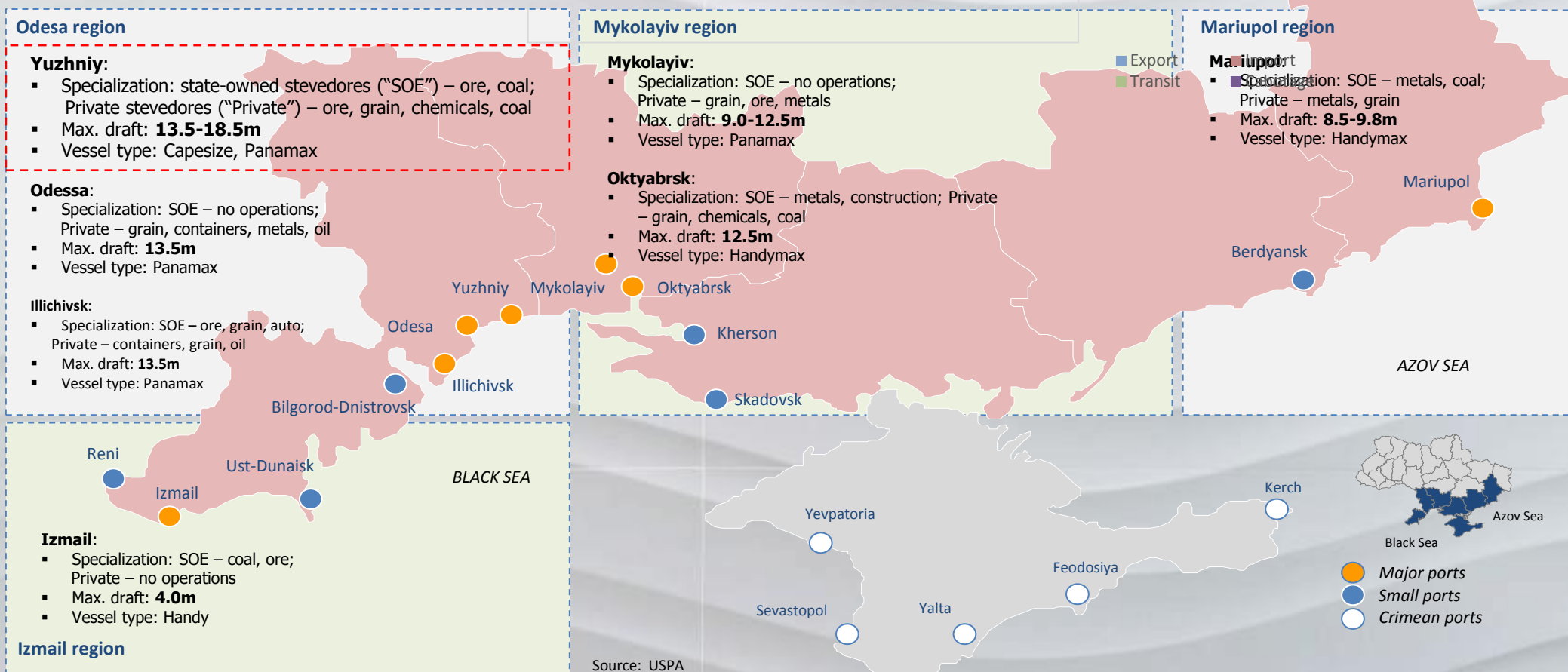
Oktyabrsk:

- Specialization: SOE – metals, construction; Private – grain, chemicals, coal
- Max. draft: **12.5m**
- Vessel type: Handymax

Mariupol region

Mariupol:

- Specialization: SOE – metals, coal; Private – metals, grain
- Max. draft: **8.5-9.8m**
- Vessel type: Handymax



Source: USPA

PILOT PROJECT SUPPORTED BY EBRD: CONCESSION OF OKTYABRSK SEAPORT



Net sales 2015 (mln USD)	Number of employees	EBITDA margin
16,6	750	58,3%

- ✓ 90% Freight turnover 2,4 Mt (2015) by the state seaport operating company
- ✓ Main products: grain, minerals, ferrous metals, coal
- ✓ Outdoor storage: 277200 m²; indoor storage: 41135 m²
- ✓ Depth near berths – 9,75-11,5 m; 7 berths – 1,53 km;
- ✓ General area of the seaport – 178,8 ha
- ✓ Freight arriving by train station "Oktyabrskaya" railway capacity 828 wagons / day
- ✓ General processing capacity of SE Oktyabrsk seaport operating company is 2,57Mt.

Exchange rate USD/UAH 26,2

Port has ideal location for transportation of agricultural products

UKRAINE IS USING ONLY 8% OF TOTAL RIVER CAPACITY

Draught limits in Dnipro river



In order to develop inland water transport, investments are needed to:

- ✓ Repair the six locks on Dnipro river
- ✓ Reconstruct six drawbridges
- ✓ Conduct systematic dredging to maintain and deepen the navigation channels
- ✓ the Law "On Inland Waterways" will instigate a number of important infrastructure projects and stimulate economic growth

Rivers are the most cost effective way of transportation

THE LAW ON INLAND WATERWAYS TRANSPORT

Map of Reservoirs and Locks



- ✓ Admission of foreign ships in the Ukrainian inland waterways for the transport of both passengers and cargo
- ✓ Strategy of river ports development
- ✓ Introduction of private river transport operators
- ✓ Cancellation of fees for passage the water locks

The new Law will stimulate development of inland waterways transport



**THANK YOU FOR YOUR
ATTENTION!**