



**Flanders**  
State of the Art

A long-exposure photograph of a port at night. The image shows a central aisle between stacks of shipping containers on both sides. In the background, several large gantry cranes are visible, their lights creating a blurred, streaked effect due to the long exposure. The sky is a deep blue, and the overall scene is illuminated by the warm lights of the port infrastructure.

**SEAPORTS**

**IN RUSSIA**

FLANDERS INVESTMENT & TRADE MARKET SURVEY

# Russian seaports

November 2015

André DE RIJCK,  
Vlaams Economisch Vertegenwoordiger in Moskou  
Economic Representation of Flanders  
c/o Embassy of Belgium  
Mytnaya st. 1, bld.1, entrance 2, 119049 Moscow, RUSSIA  
T: +7 499 238 60 85/96 | F: +7 499 238 51 15  
[moscow@fitagency.com](mailto:moscow@fitagency.com)

## Table of Contents

Introduction .....	3
Russian largest seaports top-7 by cargo turnover .....	4
Brief analysis of seaport infrastructure in Russia.....	4
Dynamics of cargo turnover of Russian seaports (2010-2014 yy in mln.tons).....	5
Cargo turnover structure in 2014 (mln tons, “%” year–on–year changes compared to 2013).....	6
The dynamics of cargo turnover by essentials categories in 2013-2014 yy. (in mln.tons).....	7
Structure of the cargo turnover by category in 2014 .....	8
The cargo turnover structure by Russian ports in 2014 in mln.tons.....	9
Russian seaports market share structure .....	12
Largest port infrastructure projects.....	14
Industry regulation .....	15
Useful links.....	15
International maritime expositions & shows in Russia.....	15
Newspapers, journals, magazines, web-portals.....	17

---

## Introduction

---

Total number of ports: 63

Handling capacity: 867,5 mln.tons (2014)

Average utilization rate: 70%

Transshipment contribution in domestic transport operations:

- 100% of domestic grain exports
- 80% of crude oil and petroleum products
- 75% of coal

The main distinctive feature of Russian Seaports in compared with other Transport Infrastructure is that most Russian ports meet advanced requirements and run 70% of capacity



Most cargo in Russia is handled by seaports in the Baltic, the Azov Sea, the Black Sea, the Far East basins and the Arctic Basin. The most important ports of the Arctic Basin are: Arkhangelsk, Kandalaksha, Murmansk, Varandej. In the Baltic Basin: Ust-Luga, Vyborg, Vysotsk, Kaliningrad, Bolshoy Saint-Petersburg. In the Azov Black Sea Basin: Novorossiysk, Taman, Kavkaz, Tuapse. In the Far-Eastern Basin: Vostochny, Vanino, Nakhodka, Vladivostok.

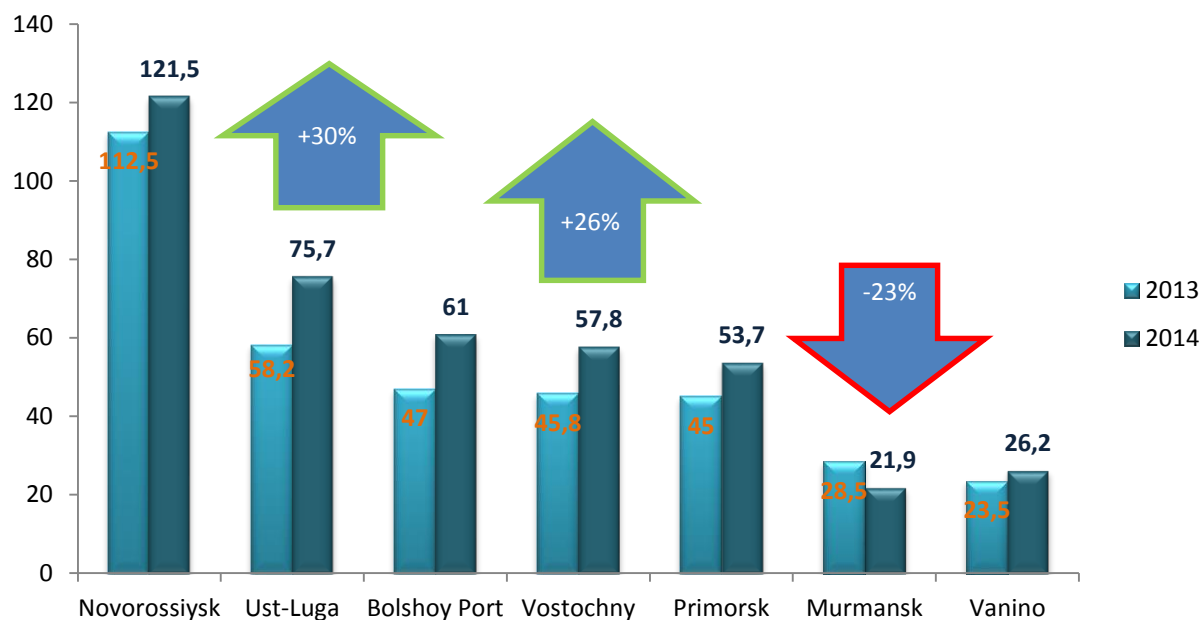
There are three major gateways in Russia: the Baltic Sea Basin, the Far East Basin and the Azov Black Sea Basin. The Baltic Sea Basin processes the majority of Russia's inbound and outbound container volumes, including transit cargo via Finland and Baltic countries. The Baltic Sea Basin accounted for approximately 53% of the total Russian container market in 2014. The Container terminals of the Baltic Sea are located in proximity to key transshipment hubs for Russia's inbound and outbound containers such as Hamburg and Rotterdam.

The significant cargo operations of the Far East Basin are destined for the Urals region, but an increasing percentage of cargo is handled for remote regions (for example, the Moscow region) via the Trans-Siberian Railway (TSR). The Far East Basin is the fastest route for transportation of containers from Asia to Moscow. The shorter transit time via the Vostochny Port in the Far East Basin is a key advantage for customers who are shipping the cargo of high value or time sensitive (it usually takes 25-52 days and via St. Petersburg 40-60).

The main advantage of the Azov and the Black Sea Basin seaports is the ability for cargo transshipment from the hinterland regions close to the port. However, transportation to Moscow and the central parts of Russia requires higher inland transportation costs. The dominant and key market player in the Black Sea Basin is the Novorossiysk Commercial Sea Port (NCSP), Russia's largest and most important Black Sea container port with a throughput of approximately 720 thousand TEUs in 2014, which accounted for 13,5% of Russian container traffic in 2014. Among the

essential constraining factors for cargo operations from the hinterland ports are the congested road and railway traffic, as well as stormy weather conditions.

## Russian largest seaports top-7 by cargo turnover



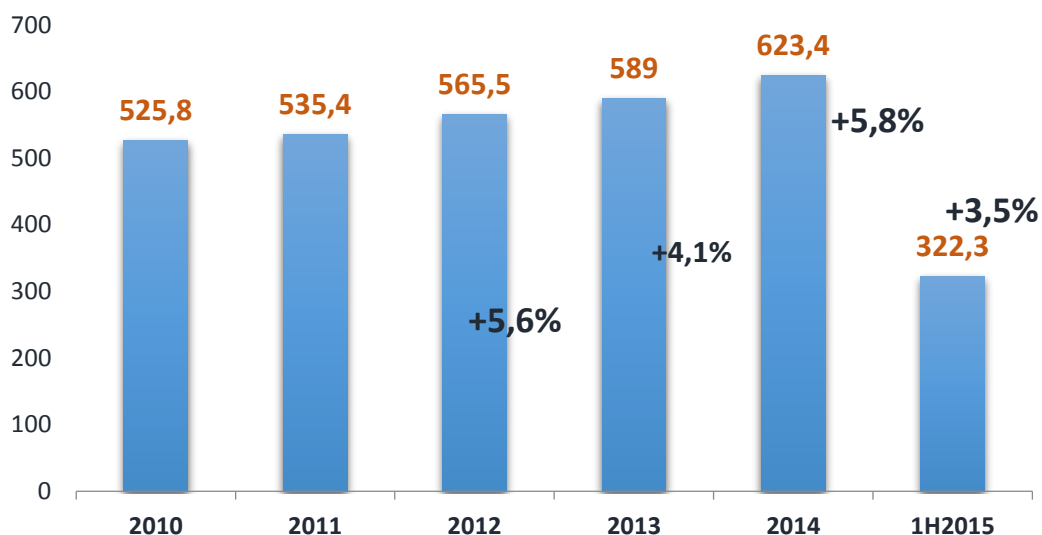
## Brief analysis of seaport infrastructure in Russia

Positive effect	Negative impact
Well-developed seaports network with sufficient handling capacity and high level of navigation security systems.	Geographical locations of the seaports: large distance between them and disconnection.
Strong growth rates of cargo turnover (+4 - +6% per year)	The volume of handling operations is lower than the world average one.
Reliable connections to economic regions, the concentration of consumption, production and distribution activities in the Russian biggest cities.	Bad operating conditions of seaport facilities and equipment.
Targeted infrastructure projects implementation to develop ports handling capacity: Sabetta, Ust-Luga ext.	Some ports have bad adequate connections to other transport modes as rail and road networks.
Creation of up-to-date logistics complexes located close to seaports, transport networks and hubs.	Railroad approaches to ports are the main limitation on rapid port infrastructure development, their handling capacity is insufficient to meet demands from cargo shippers.
Public-private partnership cooperation opportunities.	Low level of innovations and up-to-date seaport technologies.



Opportunities	Threats
Advantageous geographical position and big transit potential.	Low rate utilization of transit potential.
Geographical proximity to the Asia-Pacific region.	High competition level from neighboring States.
Transport corridor development.	Creation of container terminals at the seaports of Bulgaria, Romania, Baltic countries and ext.
Competitive tariffs.	
Potential of the Northern sea route to reduce the transport expenses and delivery terms as compared to traditional routes.	

## Dynamics of cargo turnover of Russian seaports (2010-2014 yy in mln.tons)



In 2014, the handling of export, import and transit cargo operations at the seaports of Russia increased by 5,8% YoY and totaled 623,4 mln.tons. Regardless of the economic situation in Russia which continues to be challenging, the cargo turnover of the Russian seaports has been growing steadily each year. In 2014, such turnover increased by 5,8% and in 1<sup>st</sup> half of 2015 the growth ratio equaled to 3,5% YoY and the cargo operations amounted to 322,3 mln.tons.

Liquid bulk decreased to 331,2 mln.tons (down 0,8% YoY), but dry cargo grew by 14,0% to 292,4 mln.tons (including container cargo that increased by 5,3% to 46,8 mln.tons).

Russian seaports handled 5,28 mln. TEU of containers in 2014, that is down by 1,3% from 5,35 mln. TEU in 2013. In the weight equivalent, container cargo turnover increased by 24,4 million tons or 5,4%. The container operations are concentrated at the ports of St. Petersburg, Vladivostok and

Novorossiysk, which accounted for respectively 45.0%, 16.2% and 13.7% of the total container turnover at the Russian seaports in 2014. In 2014, export cargo equaled to almost 80% of the total cargo turnover at the Russian seaports in 2014.

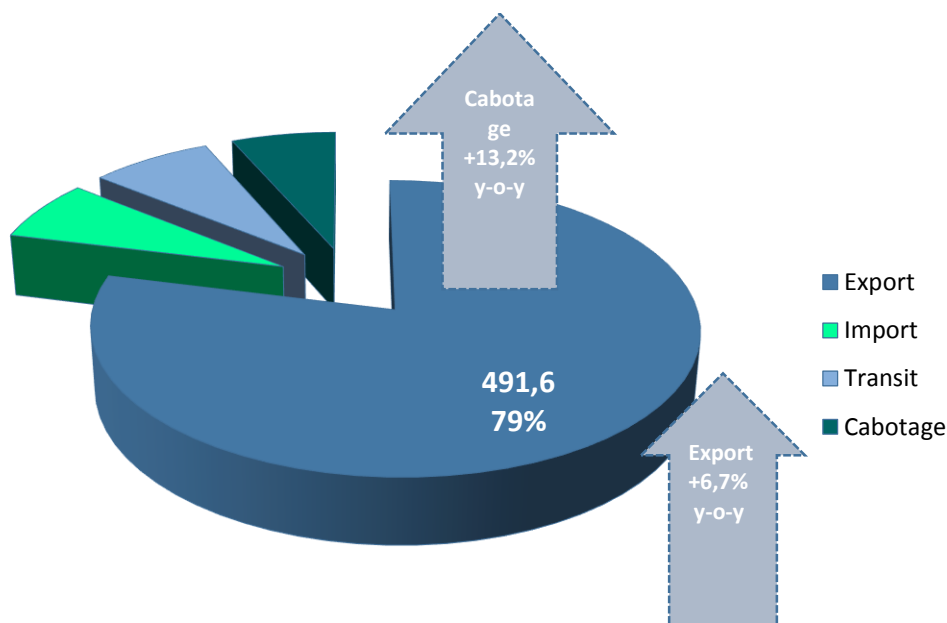
---

## Cargo turnover structure in 2014 (mln tons, “%” year–on–year changes compared to 2013)

---

Cargo export operations at the Russian seaports equaled to 491,6 mln.tons (an increase of 6,7%), import operations amounted to 43,4 mln.tons (a decrease of 5,7%), transit operations totaled 47,6 mln.tons (a decrease of 1,4%) and cabotage operations handled over 40,8 mln.tons (an increase of 13,2%).

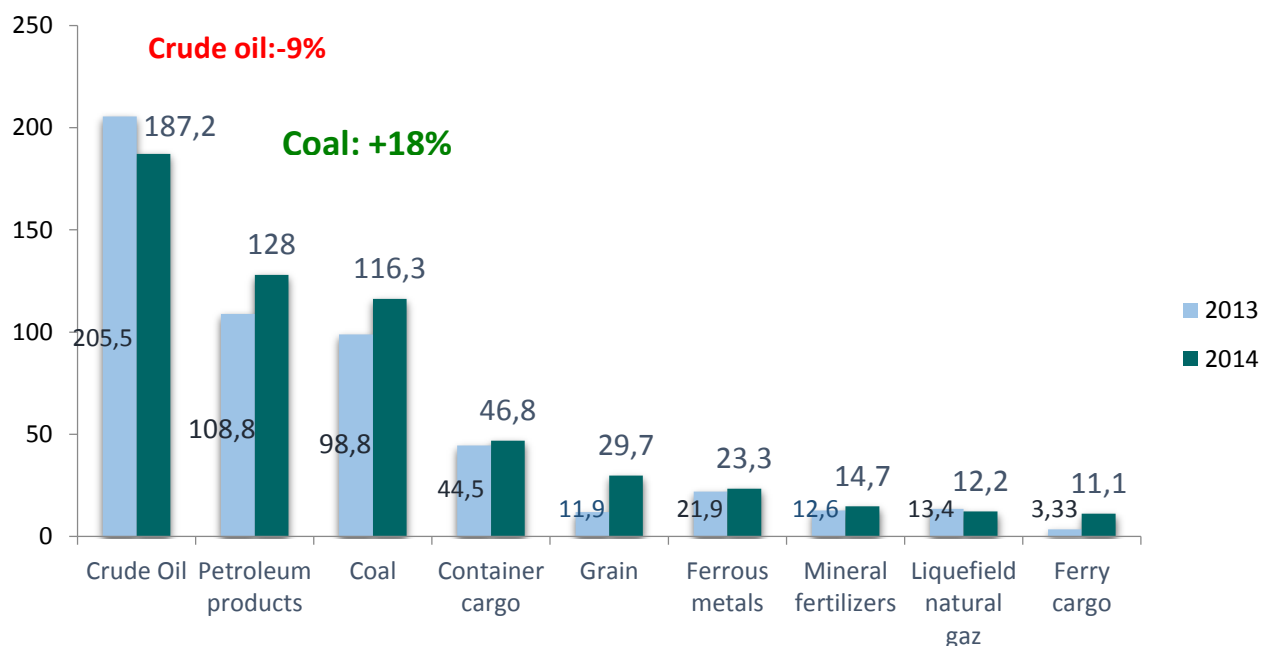
Export goods (mainly crude oil, petroleum products, coal) contributed around 80% of the total cargo, Import operations account for just 9% of total turnover, the remaining amount of cargo accounts for transit cargo and cabotage.



The growth of the export operations is explained by the increase of the petroleum products handling, coal and grains during spring/summer 2014 season.

The high ratio growth of cabotage operations is related to the increase of oil and ore transshipment in the first half of the year.

## The dynamics of cargo turnover by essentials categories in 2013-2014 yy. (in mln.tons)

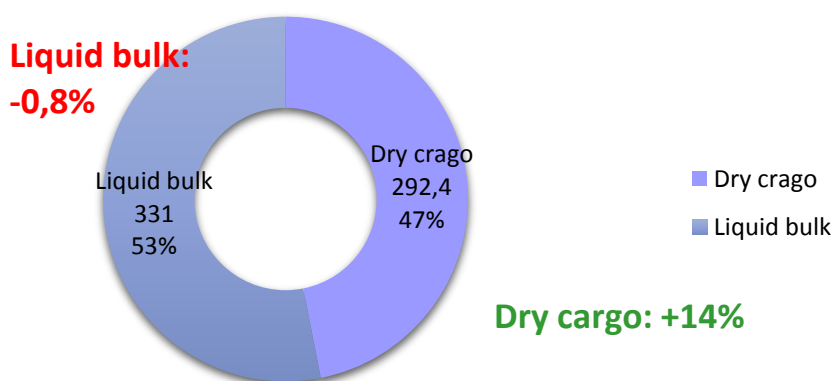


The transshipment of dry cargo amounted to 292,4 mln.tons (+ 14%), including:

- coal – 116,3 mln.tons (+ 17,7% due to the achieved contracts with China)
- containerized cargo – 46,8 mln.tons (+ 5%)
- grain – 29,7 mln.tons (a 2,5 times gain)
- ferrous metals – 23,3 mln.tons (+ 6%)
- mineral fertilizers – 14,7 mln.tons (+ 16,5%)
- scrap metal - 3.9 million tons (+33.3 %).

The increase in dry cargo turnover depended on the growth of coal transshipments, grain, chemical cargo and ferrous metals. There was a decline in volumes of ore by 18% to 6.1 mln.tons and of non-ferrous metals - to 3,3 mln.tons (-15,7%). This reduction was caused by the decrease of their export from foreign countries.

### Cargo structure in 2014 (mln/tons)





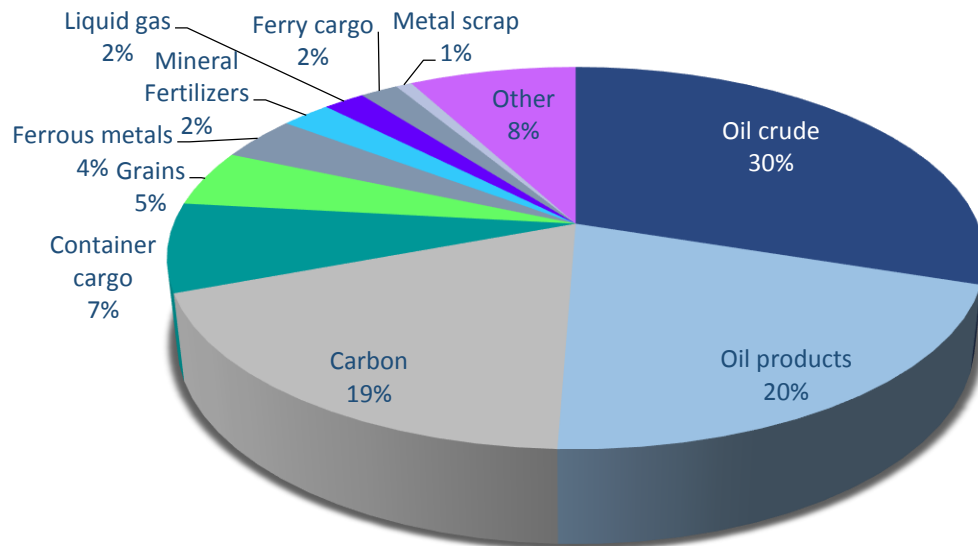
In 2014, the volume of liquid bulk edged up 0.8% to 331 mln.ton., including:

- Crude oil – 187,2 mln.tons (-9 %)
- Petroleum products - 128 mln.tons (+ 18%)
- Liquefied natural gas – 12,2 mln.tons (- 9 %).

---

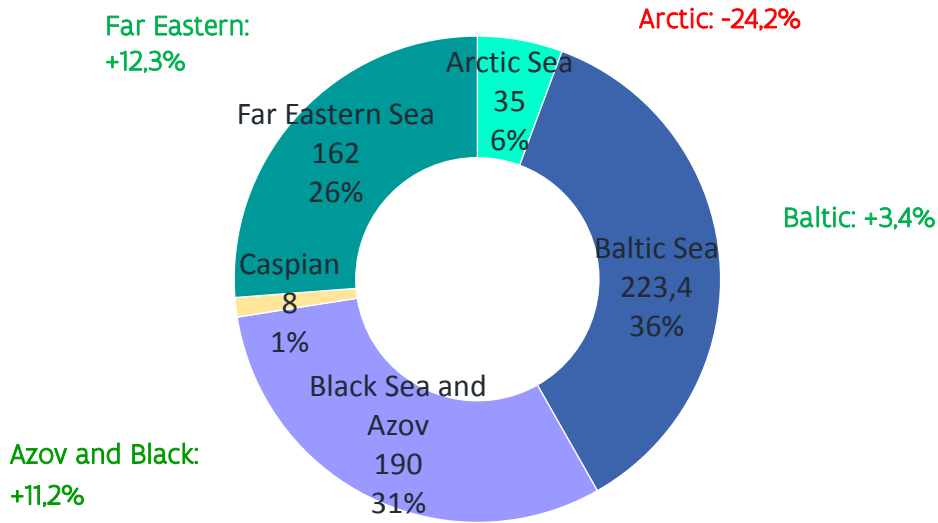
## Structure of the cargo turnover by category in 2014

---

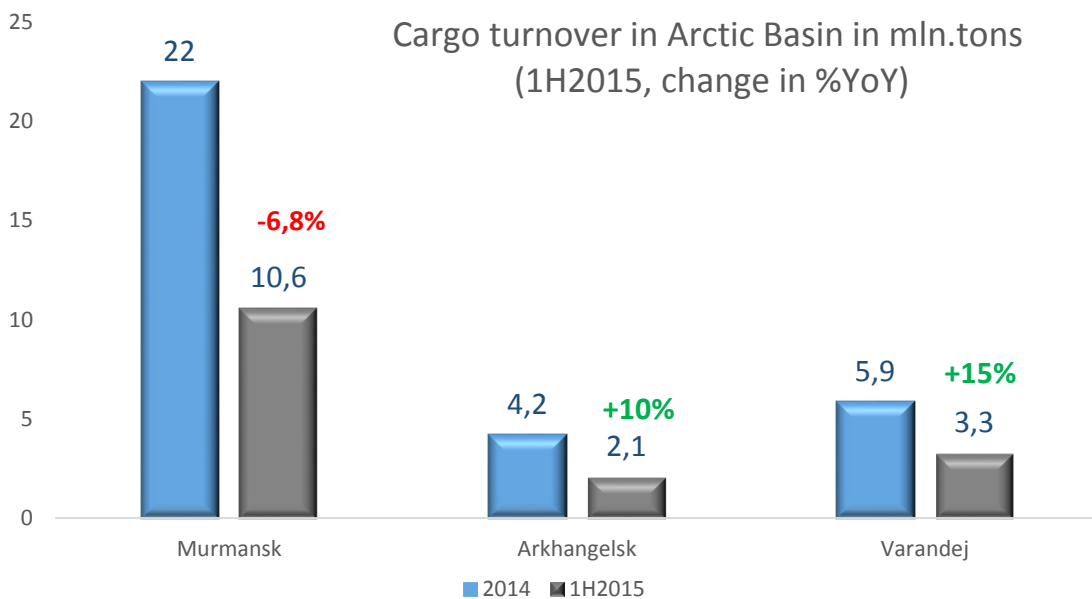


The reduction of the transfer of crude oil is caused by the decrease of its import, the prices reduction that partially stimulated its domestic processing that lead to the increase of petroleum products transshipment.

## The cargo turnover structure by Russian ports in 2014 in mln.tons



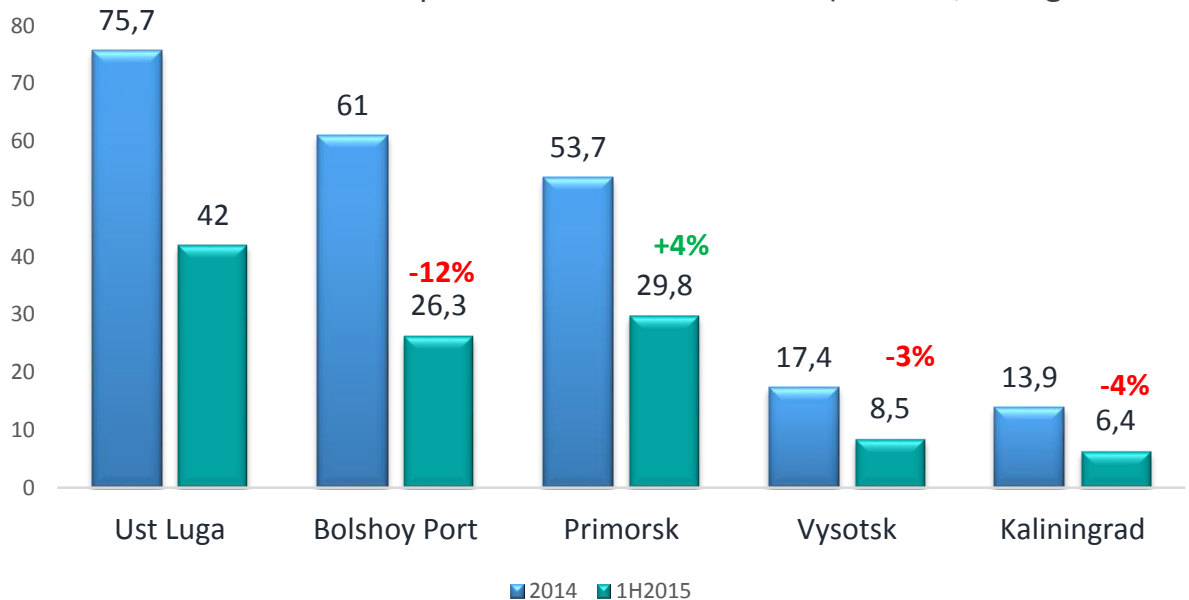
In 2014, the seaports in the Arctic Basin saw cargo turnover fall by 24.2% to 35.0 mln.tons, mainly because of the absence of oil transshipments at the port of Murmansk.



In 2014, the transshipment cargo of the Baltic basin ports equaled to 223,4 mln.tons, a 4.1% of growth. The Ust-Luga Port strengthened its positions and left behind the Bolshoy Port of St. Petersburg: the growth ratio of its cargo operations jumped up a 30% and amounted to 75,7 mln.tons. The Bolshoy Port of St. Petersburg handled 61 mln.tons (+30%), The cargo turnover of Primorsk Port increased by 19% and equaled to 53,7 mln.tons.



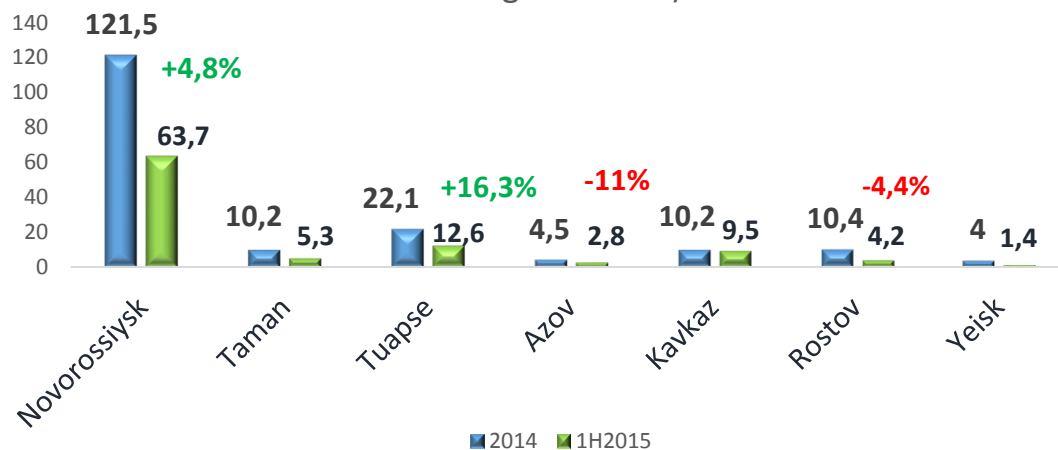
Baltic sea ports turnover in mln.tons (1H2015, change in % YoY)



The volume of cargo transshipment at the sea ports of the Azov Black Sea basin increased by 11,2% YoY to 190 mln.tons. The Novorossiysk port cargo operations totaled 121,5 mln.tons (+ 9.2%), at the Port of Tuapse - to 22.1 mln.tons (+24.7%), at the Port of Taman to 10,2 mln.tons (+7,3%).



Black Sea and Azov Ports turnover in mln.tons (1H2015,  
change in % YoY)

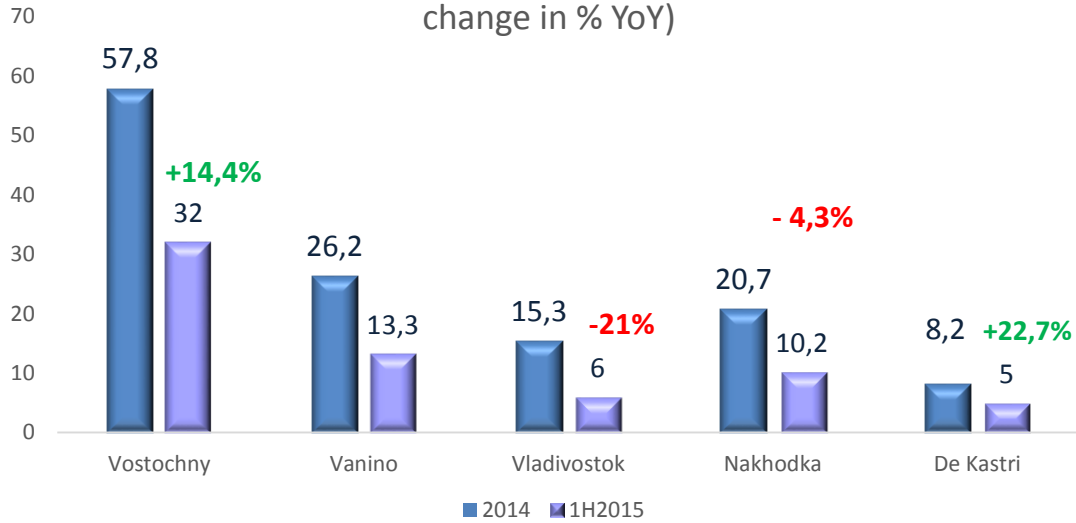


The Caspian Sea based ports handled 7.9 mln.tons of cargo (+ 1%), including 3.5 mln.tons of dry cargo (+ 14.2%) and 4.4 mln.tons of liquid bulk cargo (- 7.8%). The cargo operations at the port of Makhachkala declined by 3.9%, of Olya Port by 15.2% respectively, while cargo traffic at the port of Astrakhan increased by 13% and amounted to 2.7 mln.tons.

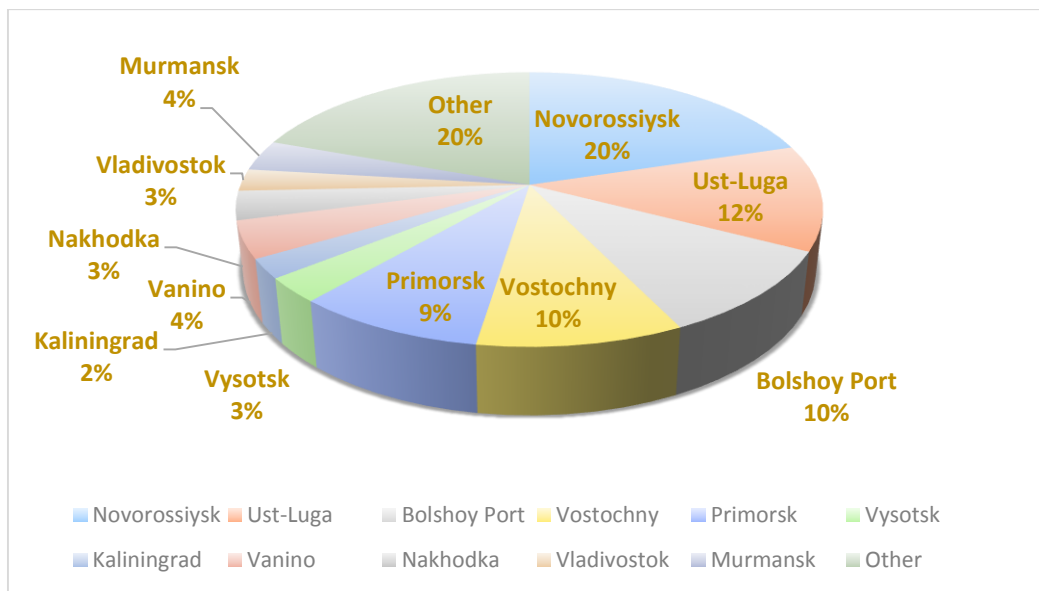
In 2014, the cargo turnover of ports of the Far East Basin increased by 12.3% to 162 mln.tons, including 97 mln.tons of dry bulk cargo (+16.3%) and 65.5 mln.tons of liquid bulk (+ 6.7%). The Transshipment operations of Vostochny port increased to 57.8 mln.tons (+ 20%), Port Vanino to 26.2 mln.tons (+ 10,4 %), Port Nakhodka - to 20,7 mln.tons (+ 13%).



Cargo turnover of Far East Ports in mln.tons (1H2015  
change in % YoY)



## Russian seaports market share structure



## KEY Players

Port	Region	Main operator	Financial indicators 2014/Speciality	Owner
Novorossiysk	Krasnodar region	Novorossiysk Commercial Sea Port Group, JSC NCSP	Market share: 19,5% Revenue: 955 645 (thousand/USD), Growth rate YoY: 3% EBIDTA Margin: 59,5% Metals, ore, timbre, grain, petroleum products	Transneft, Summa Group: 50,1% of shares
Bolshoy Port	St. Petersburg	“Sea Port of Saint-Petersburg” OJSC	Market share: 9,8% Revenue: 4,23 bln. RUB Growth rate YoY: 17,5% EBIDTA margin: 36% (+29% YoY) Machinery, metals, pipelines, timbre, coal, grain	UCL Holding
Vostochny	Primorsky Krai	Vostochny Port JSC	Market share: 9,3% Revenue: 6 bln.RUB Growth rate YoY: 50% EBIDTA Margin: 55% (+36% YoY) Coal, Oil, petroleum products	Kuzbassrazre zugol
Murmansk	Murmansk region	Murmansk Commercial Seaport company JSC	Market share: 3,5% Coal, metals, building materials, vehicles	SUEK, EuroChem
Vanino	Khabarovsk Krai	Public Joint Stock Company, «Vanino Commercial Sea Port»	Market share: 4,2% Revenue: 2,67 bln.RUB Growth rate YoY: 33% EBIDTA Margin: 61%	RZD entities – 99% of shares
Nakhodka	Primorsk Krai	EVRAZ Nakhodka Trade Sea Port EVRAZ NMTP	Market share: 3,3% Revenue: 4,54 bln. RUB Growth rate YoY: 51% EBIDTA margin: 53% Coal, Oil, Petroleum products, timber, fertilizers, vehicles	EVRAZ Holding
Tuapse	Krasnodar region	JSC Tuapse Commercial Sea port	Market share: 3,5% Revenue: 3,2 bln.RUB Growth rate YoY: 39% EBIDTA: 12,5% Oil & Petroleum products, grain, coal, fertilizers	UCL Holding

Under the Federal Target Program for 2016-20 yy, it is expected that the investments in seaport infrastructure will amount to around RUB 280 bln. The government will contribute 30% of the total sum, while the remaining 70% will be provided by private investors. However, according to



analytic estimation, the planned investment sum could achieve only 50% of that expected due to the current economic situation.

The mechanism of public-private partnership related to the modernization of seaport infrastructure is the following: the government is investing in preparation works in the water area of the port – bottom-dredging works, building of approach channels and moorage walls, and construction of access routes to the port. Private investors (stevedores) invest in the construction of cargo terminals.

Thus, the government fully financed the “water part” of the reconstructed seaports, while private investors usually build the cargo terminals or the “landside part” of these projects. In some instances, private investors take part in the construction of the “water part” of seaport infrastructure, but a concession agreement mechanism is not yet used in Russia. The reason for this is that stevedores usually own the land plots on which cargo terminals are located (or rent them for long periods at a relatively low price).

## Largest port infrastructure projects

Port	Project description/Total amount of Investments	Investors	Capacity after project implementation, mln.tons	STAGE/timeline yy.
UstLuga	This infrastructure projects is a successful case of private-public partnership. It is located 70 km from St. Petersburg in the Gulf of Finland. The location is convenient for servicing deepwater vessels and allowing year-round navigation. State and private investments over 10 years totaled around \$7 bln.	Kuzbassrazrezugol, Global Ports, Gunvor, NOVATEK, SIBUR, Eurochem, OMK, Gazprom and others	180	ACTIVE/2000-2020
Sabetta	New Arctic Sabetta port in Yamal is the cornerstone infrastructure facility of the Yamal-LNG project, developed by NOVATEK, Total and CNPC, which includes LNG production, storage and shipping capacities based on Yuzhno-Tambeiskoye gas field resources. The project is expected to be completed in 2017. Total investment: 73 bln.RUB	Yamal LNG (NOVATEK, Total, CNPC)	16,2	ACTIVE/2012-2020

<b>Bolshoy Port/Big Port</b>	Construction of marine multi-purpose handling terminal Bronka in St. Petersburg seaport. Overcapacities in the Northwest Region. Total investment: 59,6 bln.RUB	Holding Company Forum (St. Petersburg)	1.9 (TEUs)	ACTIVE/ 2012-2017
<b>Taman</b>	Development of Taman seaport Total Investment: 25%	Gazprom, Eurochem, Uralkali, SUEK, Metalloinvest, United Grain Company (OZK), Global Ports	93,8	INITIAL/2011-2020

---

## Industry regulation

---

There were no major changes in industry regulation in 2014. The activities of ports and stevedoring companies in Russia are regulated in various aspects by the Federal Transport Ministry and its Agencies; the Federal Tariff Service (FTS) and the Federal AntiMonopoly Service (FAS). The process of deregulation in the Russian port industry was completed in 2013. A transition was made from direct price regulation of stevedoring companies to a new method of regulation – price monitoring.

The FTS also stipulated that the geographical borders of the market of goods for seaports are considered to be the borders of the corresponding sea basins, with the exception of a number of ports in the Arctic and Far East basins with underdeveloped infrastructure.

This fundamentally changes regulators' approach to assessing the market share and monopolistic position of stevedoring companies, which are now viewed in a far broader competitive context, setting the stage for further liberalization of port tariffs and stimulation of private investment in the port industry.

---

## Useful links

---

### International maritime expositions & shows in Russia

#### International Maritime Defense Show 2015

01-05.07.2015 (biannual)

Saint-Petersburg

<http://www.navalshow.ru/eng/>

### **NEVA 2015**

*The International Maritime Exhibition and Conferences of Russia*

22-25.09.2015 (biannual)

Saint-Petersburg

<http://dolphin-uk.cergis.com/home/neva/>

### **Logistics. Warehouse. Transport. Customs 2015**

*16th Specialized International Exhibition*

27-29.10.2015

Ekaterinburg

<http://eng.uv66.ru/Exhibitions/2015/logistics/>

### **Transport Week 2015**

*Annual business event that includes a series of nationwide and international activities dedicated to the transport industry*

30.11–5.12.2015

Moscow

<http://transweek.ru/2015/en/week/>

### **TransBaltic 2016**

*2nd International exhibition of transport, logistics and customs services, technical equipment and warehouse technologies*

08-10.11.2016

Saint-Petersburg

<http://www.transbaltic-expo.ru/?lang=en-GB>

### **STL. Systems for Transport and Logistics 2016**

*22nd International Exhibition for Transportation Technologies, Logistics Solutions, Services and Storage Systems*

10-13.05.2016

Moscow

[www.stl-expo.ru](http://www.stl-expo.ru)

### **Marine Industry of Russia 2016**

*VI International Forum*

17-19.05.2016

Moscow

<http://www.mir-forum.ru/eng/>

### **TransRussia 2016**

*21st International Exhibition for Transport and Logistics Services and Technologies*

19-22.04.2016

Moscow

<http://www.transrussia.ru/en-GB/>

## Newspapers, journals, magazines, web-portals

### **FlotExpert**

<http://www.baltprint.ru>

*Magazine*

### **FlotProm**

<http://www.flotprom.ru>

*Web-Portal*

### **Korabel**

<http://www.korabel.su>

*Magazine*

### **Korabel.Ru**

<http://www.korabel.ru>

*Web-Portal*

### **Marine Information Agency**

<http://morinform.com>

### **Maritime Market**

<http://maritimemarket.ru/?lang=en>

*Magazine*

### **Maritime News of Russia**

<http://morvesti.ru>

<http://morvesti.ru/izdaniya/mvr/>

*Newspaper*

### **Morskoy Business**

**(Maritime Business)**

<http://mbsz.ru>

*Magazine*

### **Morskoy Petersburg**

**(Maritime Petersburg)**

<http://www.morspb.ru>

*Magazine*

### **Port News Information Agency**

<http://en.portnews.ru>

### **Russian Shipping**

<http://rus-shipping.ru>

*Portal*

**Sea Fleet**

<http://morvesti.ru/izdaniya/mf/>

*Magazine*

**Seaports of Russia**

<http://morvesti.ru/izdaniya/mp/>

*Magazine*

**Shipbuilding News**

<http://shipbuildingnews.ru/>

*Web-portal*

**Sudostroenie Info**

**(Shipbuilding Info)**

<http://sudostroenie.info/>

*Web-portal*

**SudProm.ru**

<http://www.sudprom.ru/>

*Web-Portal*

**Transport**

<http://indpg.ru/transport/>

*Magazine*

**Transport of Russia**

<http://www.transportrussia.ru/>

*Newspaper*

**Transport of Russian Federation**

<http://rostransport.com/>

*Web-Portal*