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MINISTRY
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Ukraine **TRANSPORT MASTER PLAN**

Ministry of Infrastructure of Ukraine & Ukrainian Seaports Authority (USPA)

EU Assistance to Ukrainian Authorities for National Transport Model and Masterplan

Prefeasibility Study for Berdiansk Seaport

Presentation of 13 April 2021



A project implemented by

Egis International

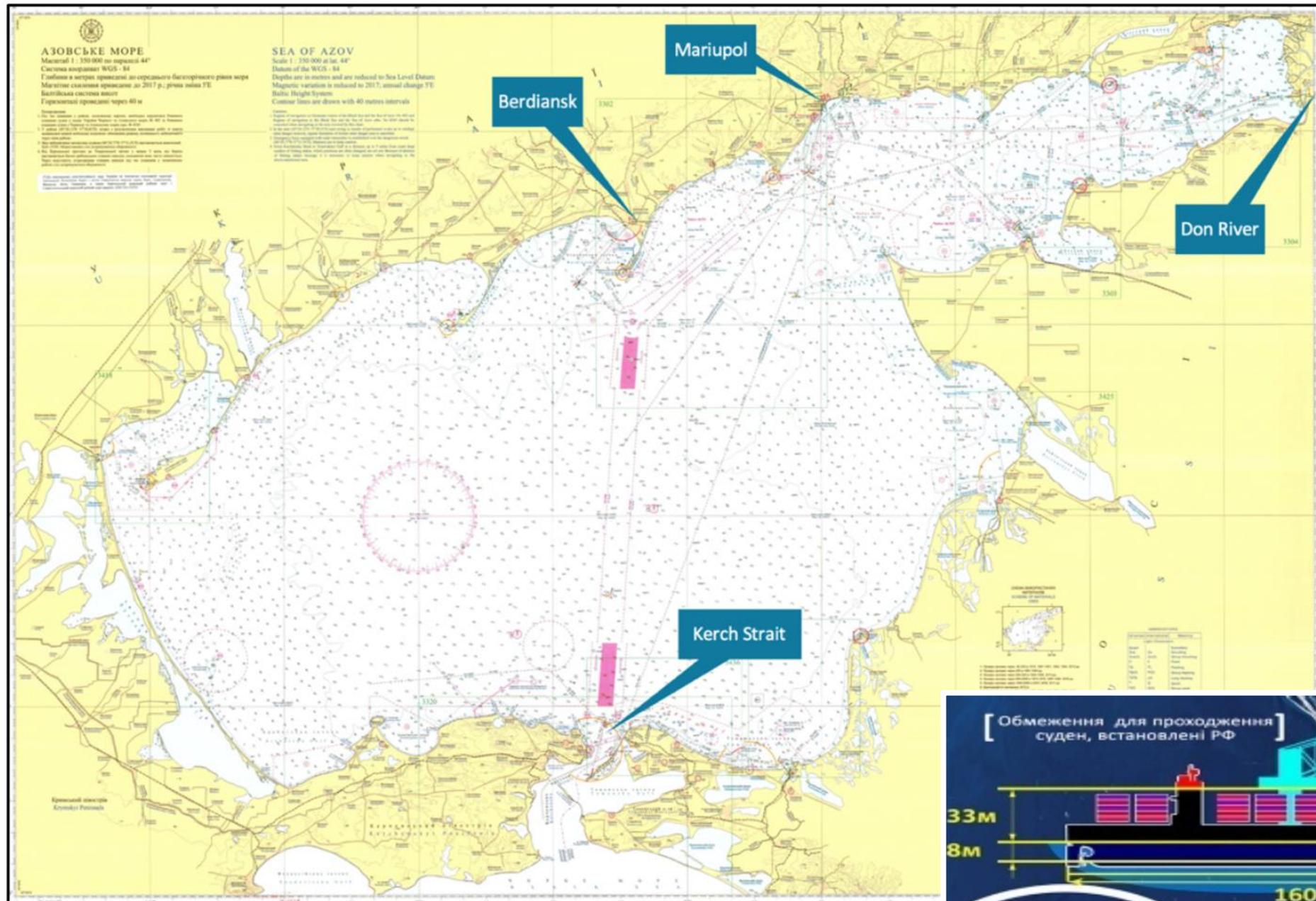
in association with  **A|PLUS|S**

Agenda:

1. Location in the Azov Sea
2. Approaches
3. Institutional and legal
4. Market and traffic
5. Traffic forecasts
6. Current port organisation
7. Local State companies
8. Development strategy
9. Concession outlook

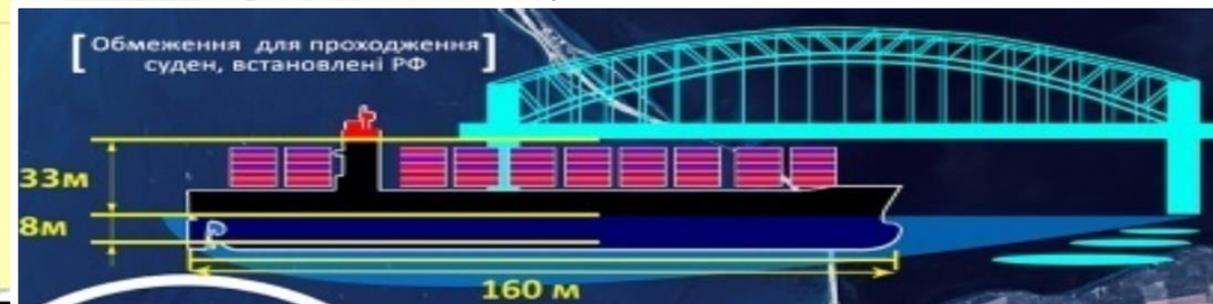


1. Location in the Azov Sea

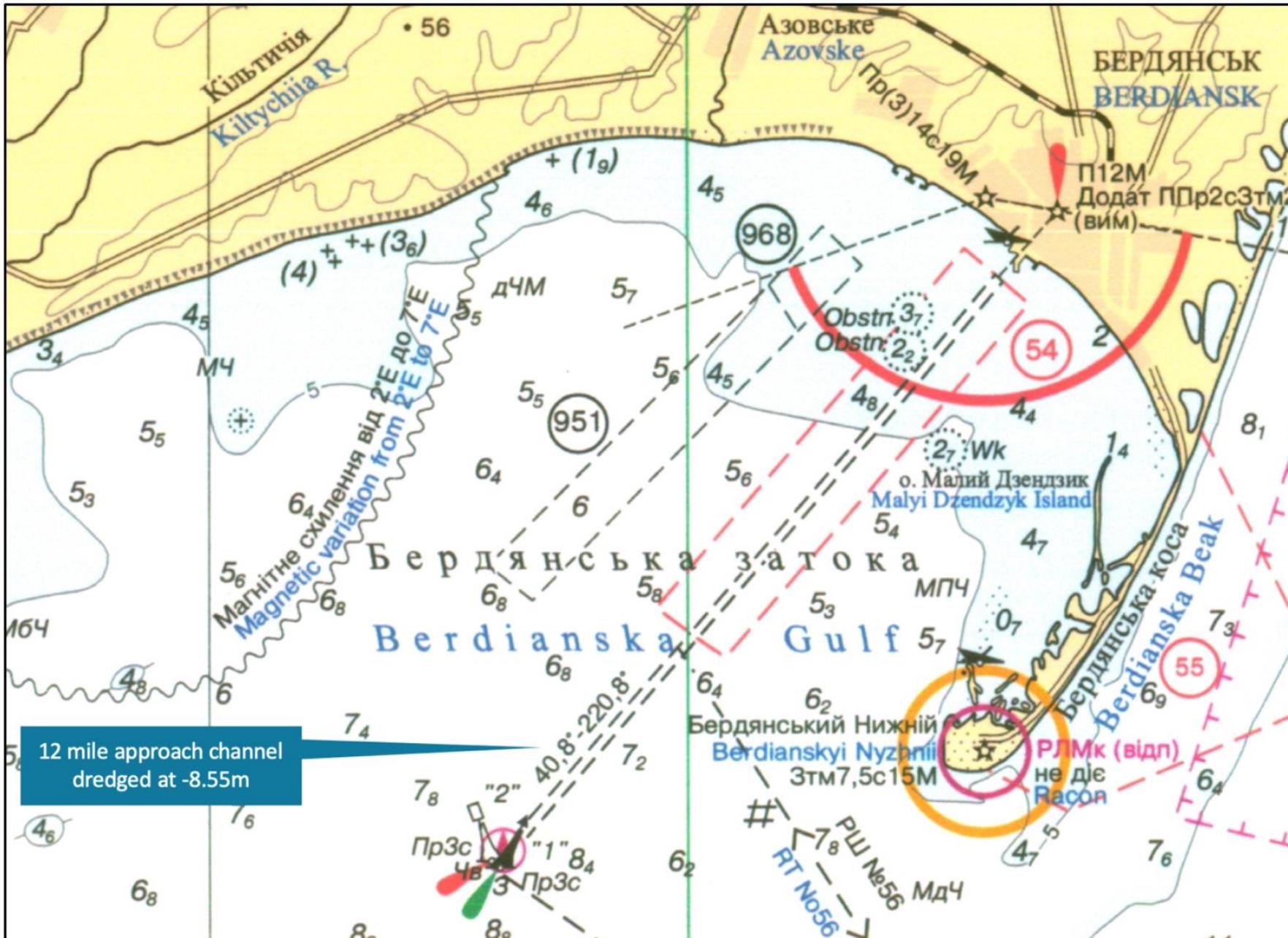


- Locked into the Azov Sea, 85 miles north of the Kerch strait
- Azov Sea water depths limited to 9 m (max. 20,000 dwt)
- Now restricted to 15,000 dwt because of Kerch bridge air draft limitation
- Waiting time before crossing the Kerch bridge, for Russian controls, so increased freight costs and increased insurance costs

Kerch bridge restrictions:



2. Approaches



12 mile approach channel dredged at -8.55m

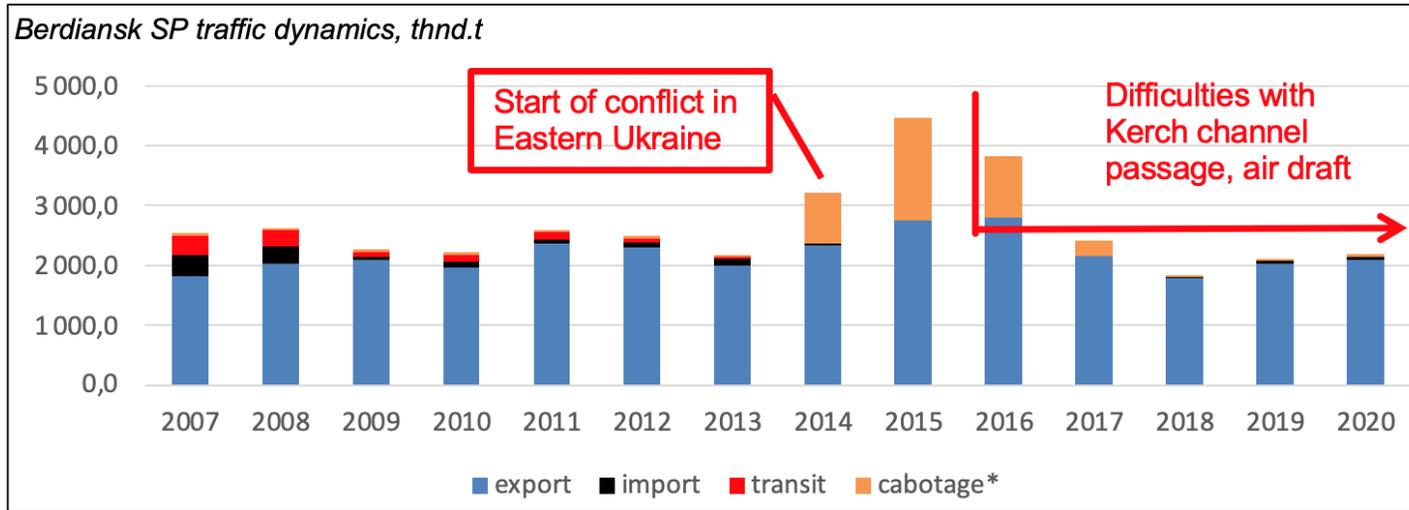
- Long navigation channel dredged at -8.55 CD (5m deep trench)
- Requiring 800,000m³ of dredging every year (average)
- High maintenance costs (about 6 MUSD p.a.)
- A 625m long breakwater
- The port is locked by the city of Berdiansk (access roads through the town, rail access through the city train station)
- The port is bordered by beaches and resorts, entailing traffic flow conflicts during the summer season (grain lorries)

3. Institutional and legal

- All land is public, either through the State (USPA and BMTP local State stevedore) or through the Municipality of Berdiansk - 2 land plots, rented to private port operators through lease agreements
- Port Authority role is played by USPA Berdiansk Branch
- 1 public stevedore: BMTP (all cargoes plus tug boats)
- 3 private stevedores:
 - Asket Shipping (global grain logistics): no land plot on the port (truck fleet)
 - BZPTO (grain handling): a land plot on the port (open air storage)
 - Nova Khortitsya (grain handling): a land plot and grain silos on the port
- BMPT was more competitive until the port stopped handling coal and metallurgical products (2015-2016)
- Now the port handles mainly grain (78% in 2020) and the private operators, more agile, have caught up to 80% of the flows

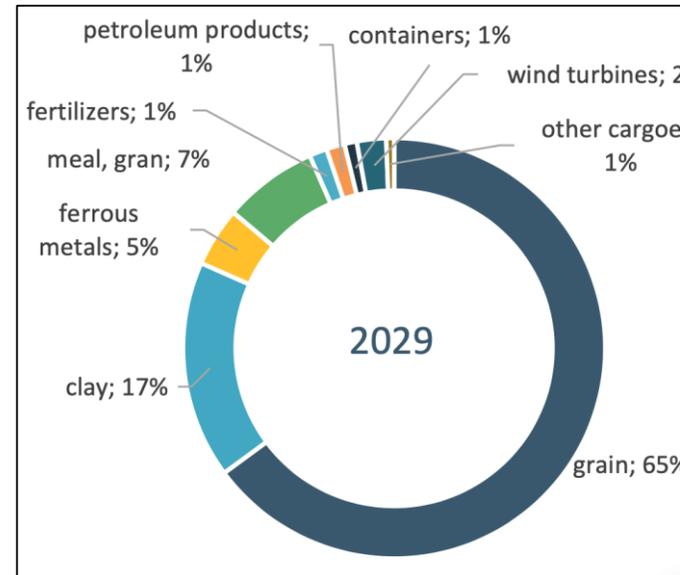
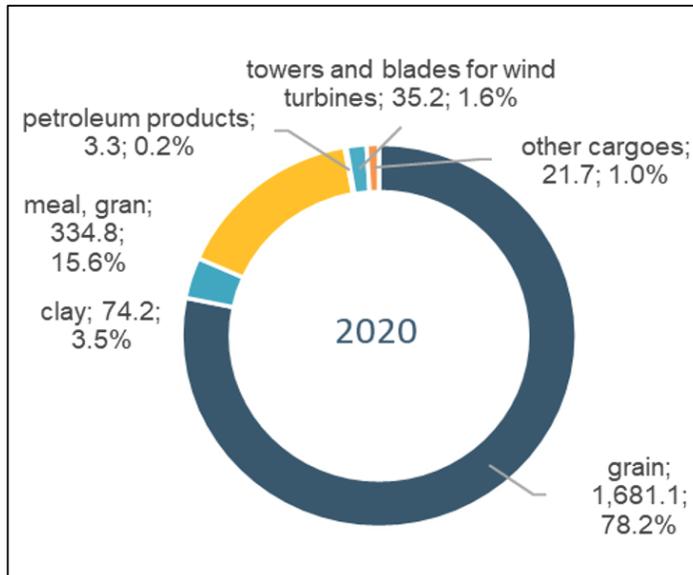


4. Market and traffic



Two key cargoes:

- Grain, arriving from the close hinterland (max. 150km) by lorries, through the town. En route to Mediterranean countries.
- Clay, arriving from Donetsk region, by train. En route to Italy and Spain for ceramic tiles industry (top quality).



BMTP's market share in Berdiansk (slightly rounded):

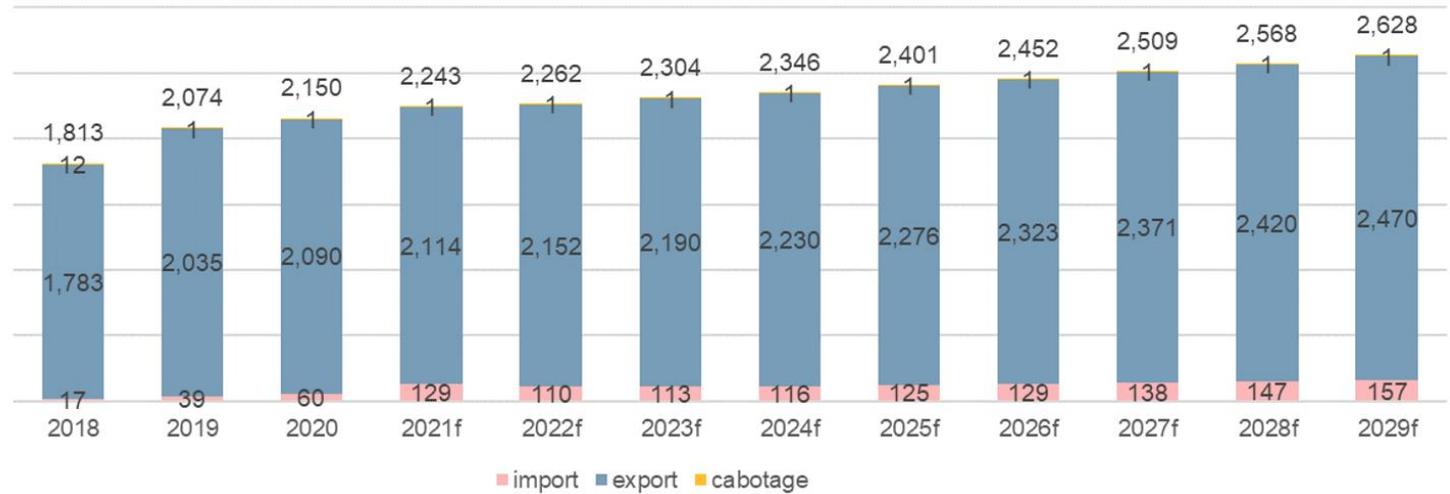
- 100% in 2017
- 50% in 2018
- 25% in 2019
- 20% in 2020

So, in 3 years BMTP lost 80% of its shares.

5. Traffic forecasts

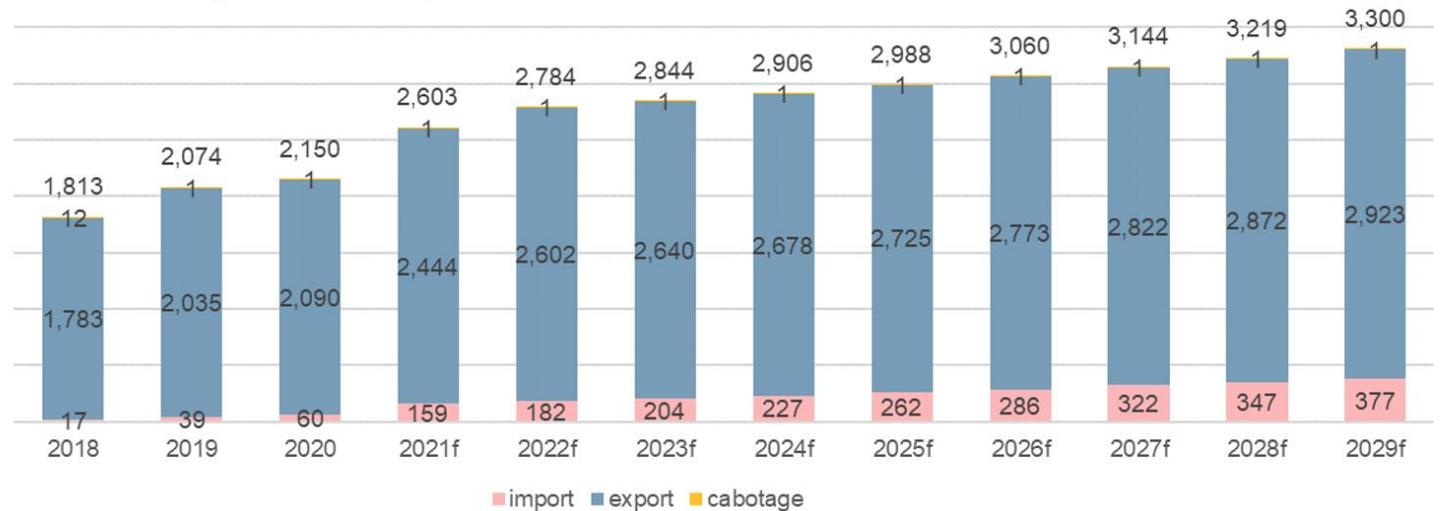
*Basic traffic growth scenario:
(reaching 2.6 Mt per annum)*

Berdiansk SP cargo base forecast, thnd. tons



*Optimistic traffic growth scenario:
(reaching 3.3 Mt per annum)*

Berdiansk SP cargo base forecast, thnd. tons



6. Current port organisation & weaknesses

- Highly fragmented organisation
- Four operators competing on the grain segment
- Grain silos installed along the shallowest berth (berth 9)
- BMTP equipped with old and obsolete cranes

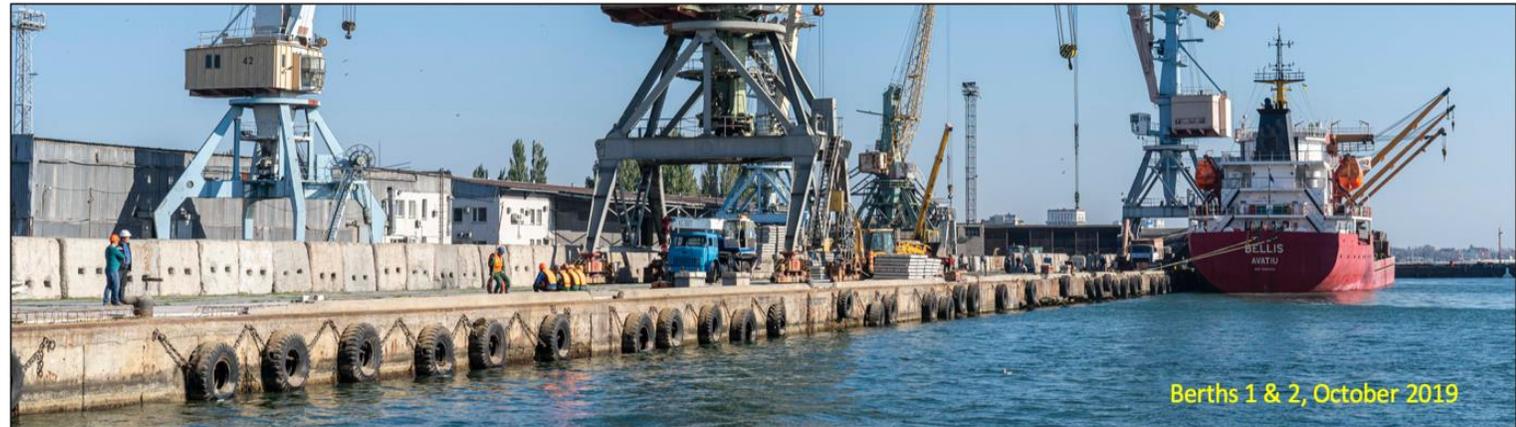
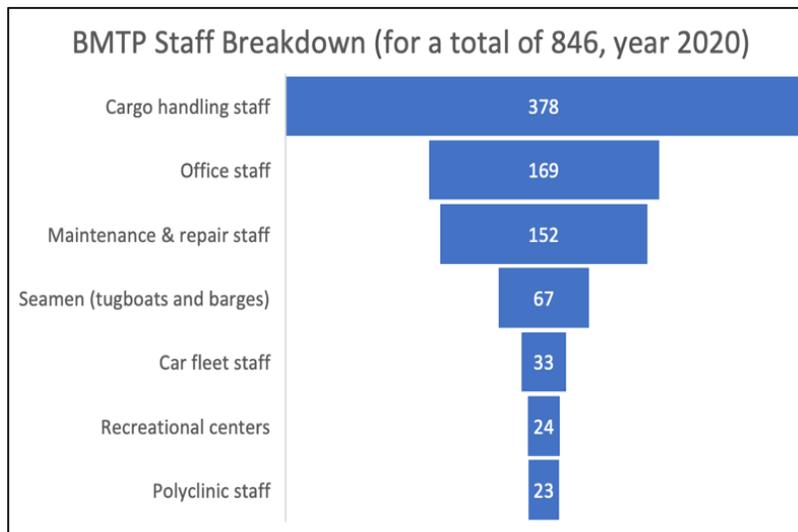


- Lack of a modern grain terminal
- Poor berthline performance (less than 3,000 tons per linear meter p.a.)
- Long dwell times on the port (2019):
 - Grain: 5 days
 - Clay: 24 days
 - Wind turbines: 29 days

7. Local State Companies

USPA Berdiansk: 200 employees (excluding Harbour Master Group)

BMTP (for a throughput of 450,000 tons only):



Compared to modern ports authorities and modern port terminals, there is room for optimization in organisation and staffing.

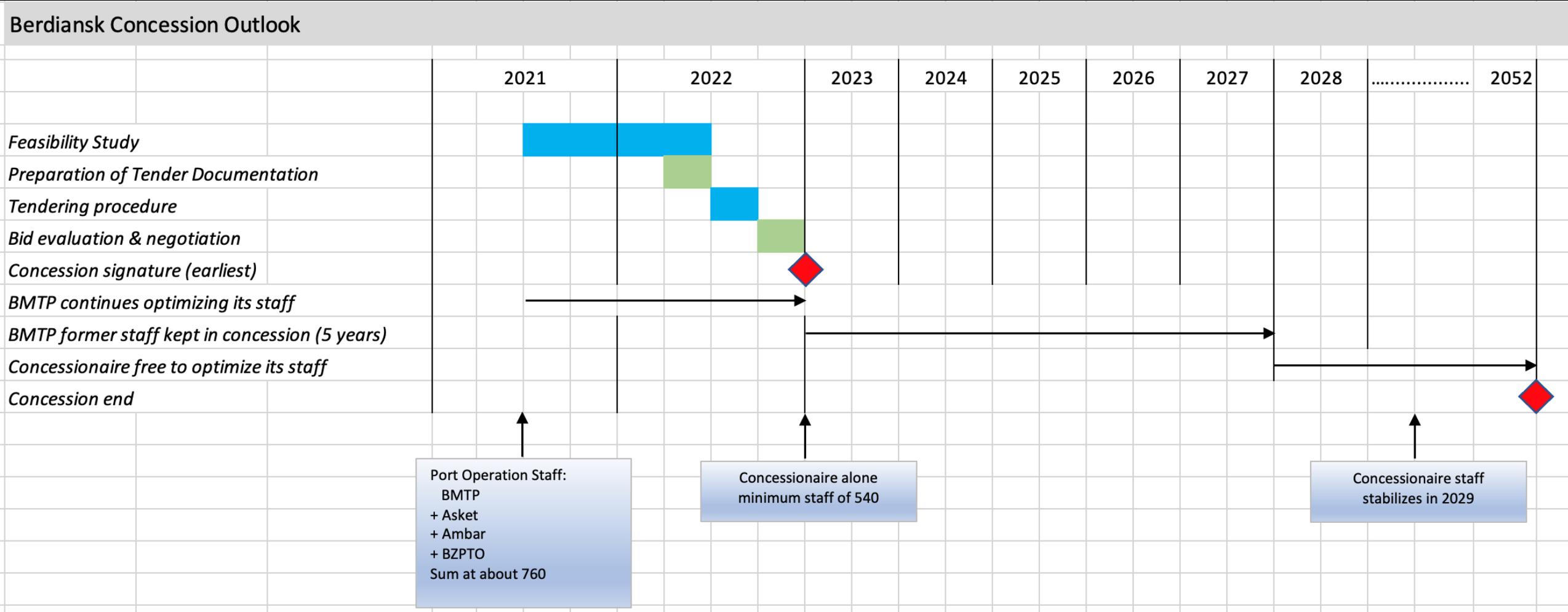
Do-nothing scenario: if no changes happen, BMPT will fall into deeper financial losses, requiring State subsidies to keep afloat.

8. Development strategy

- Key feature: a modern & compact grain terminal designed for 2Mt per annum
- Specialized terminals for clay, oil, metals, wind turbines and containers
- Required investment: 18 MUSD or 20 MUSD depending on traffic growth
- Reduce operational staff to 300 people (after a 5-year grace period)
- Be financially viable for the concessionaire (minimum 15% IRR)
- Provide concession fees to the State (minimum 5% of annual revenues)
- Contribute to maintenance of key infrastructure (channel & breakwater)



9. Concession outlook



Thank you for your attention !

