



TRACECA Investment Forum
Brussels, 28th February 2012

ID: UKR2

TRACECA PROJECT FICHE

DEVELOPMENT OF A MULTIMODAL COMPLEX OF THE STATE ENTERPRISE

SEA COMMERCIAL PORT OF ILLICHIVSK" (BERTHS NoS. 25, 26)

1. BASIC INFORMATION

TITLE: Development of a Multimodal Complex of the State Enterprise "Sea Commercial Port of Illichivsk" (berths 25, 26).

SECTOR: Transport

LOCATION: SE "Sea Commercial Port of Illichivsk" (hereinafter SE "SCPI") is a modern, international, highly mechanised multipurpose transport junction specialised in handling of general cargoes, dry and liquid bulk cargoes from inland transportation on sea-going vessels and vice versa.

The main production area of the port territory is 302ha.

The water area of the harbour is 11,990.85 ha. The inner water area spans 417.69 hectares, the outer roads 11,535 ha and the depth of the outer roads are 17.0-23.0m.

The port is connected to the sea by an approach channel with a depth of 14.5m.

The port has 28 berths (comprised of 25 berths for cargo handling and 3 auxiliary berths, including two that are specialised berths of port fleet), providing round the clock cargo handling operations. The total length of the berthing line is 5,251.4m and the depth of the berths range from 7.5 to 13.5 meters.

It has a developed infrastructure, power supply system, convenient sea approaches and can accommodate vessels with a draft up to 13 m and a carrying capacity over 100,000 tons.

2. PURPOSES OF THE PROJECT

2.1 GENERAL PURPOSES

Multimodal Complex of Terminal No.5 of the SE "SCPI" is included into a system of intermodal lines along the following international transport corridors:

- Transport Corridor: Europe-Caucasus-Asia (TRACECA);
- The Baltic Sea-Black Sea Corridor (block-train "Viking" between the ports of Klaipeda and Illichivsk);
- Transport Corridor No. 9, which connects the ports of the Baltic, Black, Azov and Caspian seas.



TRACECA Investment Forum
Brussels, 28th February 2012

ID: UKR2

Specialisation: Handling ferries with railway cars, containers and long-distance trucks. Berths Nos. 26 & 27 with depths of 9.7 m are used for handling ferries.

The total capacity of the Complex is 4,607,500 tons a year, including:

- 4.5 million tons of general cargo per year;
- 4,300 units (107.500 tons) of trucks with cargo (TI);

2.2 THE FINAL RESULT OF THE CURRENT PROJECT

The project will enable the SE "SCPI" not only to maintain a competitive position as the most major seaport, which provides services to handle cargoes carried by r/w and Ro-Ro vessels, but also to increase port capacity, improve service quality and speed up cargo handling.

2.3 CONTRIBUTION TO NATIONAL DEVELOPMENT PLAN

The project is included into the development program of the State Enterprise "Sea Commercial Port of Illichivsk", which was approved by the Order of the Ministry of Transport and Communications of Ukraine dated April 3, 2009 under resolution No. 367. The project was also included under the resolution of the Cabinet of Ministers of Ukraine dated January 6th, 2010, No.166-p into the list of investment projects in sea ports of Ukraine.

2.4 CONTRIBUTION TO TRANSBOUNDARY IMPACTS

The implementation of this project has the highest transboundary importance when SE "SCPI" is considered as an international transport hub. It has an important position in the multi-modal complex of the Terminal No.5 international transport corridors that links the countries of Europe with the Baltic states, Russia, Belarus Turkey, the Caucasus states and Central Asia.

3. DESCRIPTION

3.1 BACKGROUND AND JUSTIFICATION

Between 1997-2001 agreements between Ukraine, Georgia and the European Union initiated complex measures for the creation of the sea r/w ferry line Illichivsk (Ukraine)-Poti/Batumi (Georgia), which was identified the most important part of the newly implemented international transport corridor: Europe-Caucasus-Asia (TRACECA).

Due to the technical assistance of the European Union, the railway ferry complex in Poti (Georgia) was built and commenced operation in April 1999. Actual functioning of r/w ferry line Varna-Illichivsk-Poti/Batumi began on April 17, 1999 following the Agreement on the mutual operation of the railway ferry line between the respective authorities: the Government of the Republic of Bulgaria, the Cabinet of Ministers of Ukraine and the Executive Authority of Georgia.

The second part of the development of the r/w ferry line was the implementation of the Ukrainian part of the project in accordance with the Memorandum of Understanding between the Government of Ukraine and the European Commission dated October 24th, 1997.

Technical assistance provided includes:



**TRACECA Investment Forum
Brussels, 28th February 2012**

ID: UKR2

- Construction of a container-motor area of the ferry complex in the port of Illichivsk;
- Entire reconditioning of the railway tracks for the Illichivsk-Paromnaya stations;
- Purchase of cargo handling machinery for the container-motor area of the ferry complex;
- Reconstruction of the ferry "Heroes of Shipka".

The container motor transport area in the port of Illichivsk includes a special storage area, access r/w tracks, check-in point (for inspection of trucks with cargoes across the border of Ukraine), covered parking for cargo handling machinery, area for containers with dangerous goods, administration building and a new system of electric, heat and water supply, sewerage, communications and facilities for the collection and purification of waste water discharge and other objects.

Total area: 16,240m².

Storage area capacity: 440 containers and 31 trucks with trailers.

The total capacity of container motor transport area is 22,650 containers and 1,500 units of trucks (vehicles) per year.

The multimodal complex with berths Nos. 26 & 27 and storage area No. 26 serves the following lines: Varna-Illichivsk-Poti/Batumi and Illichivsk-Derince. Port facilities at berths Nos. 26 & 27 are equipped with special bridge crossings to connect the coastal and vessel r/w tracks. Loading and unloading of wagons is carried out by ro-ro using the locomotive.

The multimodal station complex is served by Illichivsk-Paromnaya; wagon turnover is up to 800 wagons a day.

Specialisation: Handling ferries with railway wagons, containers and long-distance trucks.

Berths Nos. 26 & 27, with depths of 9.7m, are used for handling ferries.

The total capacity of the complex is 4,607,500 tons per year, including:

- 4.5 million tons of general cargo per year;
- 4,300 units (107.500 tons) of trucks with goods (TIR).

On February 6th, 2003 the Viking train as an international intermodal transport project, connected the Black sea (Illichivsk) and Baltic sea (Klaipeda). The concept of expanding transcontinental connections and making more efficient use of Transport Corridor No. 9 was confirmed by in a combined decision. The agreement involves joint work by administrations of railways and forwarders from Lithuania, Belarus, Ukraine and the port authorities of Klaipeda, Odessa and Illichivsk and was established in the project arrangement of combined transport in the framework of international transport corridor Baltic-Black Sea. Multimodal Terminal No.5 of the Sea Commercial Port of Illichivsk is the starting point of the Viking train. As a part of the corridor Baltic-Black Sea development, Georgia and Moldova were joined to the other beneficiary countries (Lithuania, Belarus, Ukraine) in March 2011. Syria and Azerbaijan have the same intentions.

Since February 2011, a new auto ferry line that connects the ports of Turkey and Ukraine (Illichivsk) has started to function.



TRACECA Investment Forum
Brussels, 28th February 2012

ID: UKR2

3.2 RELATED PROJECTS

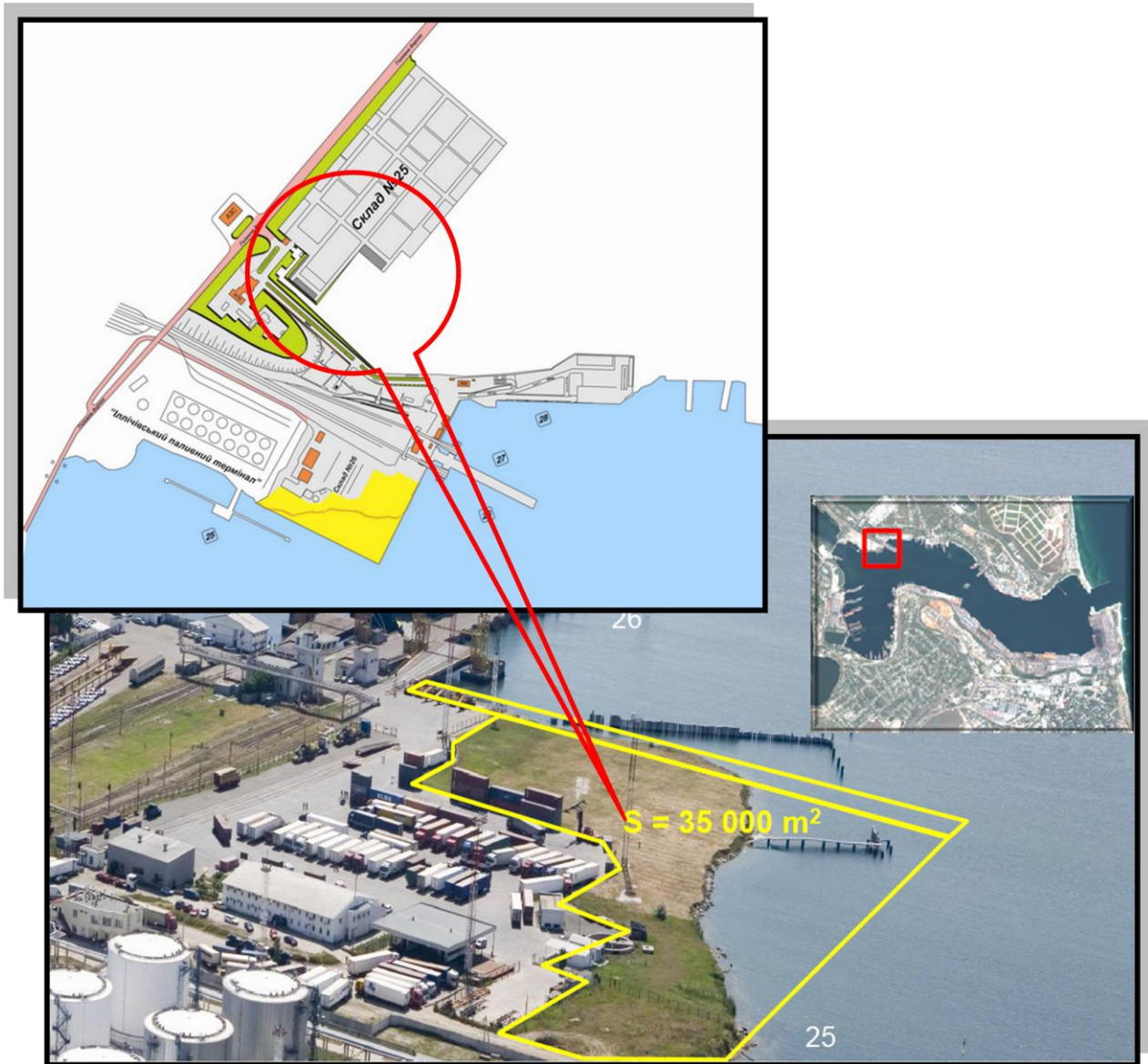
The reconstruction of the ferry complex in the port of Varna (Bulgaria) is very important for the development of the TRACECA corridor. The Illichivsk port project should be considered not only as facilitating further development of the Varna-Illichivsk-Poti/Batumi line, but also having strategic importance in the development of the TRACECA corridor as a whole.

3.3 COMPONENTS OF THE PROJECT

The development of intermodal transport within the framework of the international transport corridors (TRACECA, the Baltic-Black Sea and the Corridor No.9), create for SE "SCPI" issues concerning the further development of the Multimodal Complex in the shape of port terminal No.5.

In order to increase storage space for the accumulation and storage of cargoes (containers, heavy trucks), which are transported by rail and ferry lines, the following is required:

- Construction of the berth, which will be adjacent to berth No. 26;
- Carrying out shore protection in the area of berth No. 25;
- Execution of dredging works, bringing the depth at the berth up to 12,5m;
- Creating additional storage area of 35,000m²;
- Cargo handling machinery outfitting for the Complex.



3.4 EXPECTED RESULTS/FINAL RESULTS

After project implementation, a multimodal complex will be able to handle up to 120,000TEU and ten thousand trucks a year. The berth under construction will have a depth of 12.5 m and this will enable the handling of containers in the "free practice" mode, i.e. "transshipment", which will handle container feeder vessels, with further shipment of containers, followed to the consignees on ferries as well as by railway using the combined trains "Viking" and "Zubr".

4. PROJECT ORGANISATION AND IMPLEMENTATION

4.1 THE MANAGEMENT STRUCTURE OF THE PROJECT

The Multimodal Complex at the Terminal No.5 is a subdivision of the State Enterprise "Sea Commercial Port of Illichivsk". SE "SCPI" is a 100% state-owned enterprise and belongs to the organizational structure of the Ministry of Infrastructure of Ukraine.



4.2 OWNERSHIP

Name and initiator of the project:	State Enterprise "Sea Commercial Port of Illichivsk"
Address:	6, Truda str., Illichivsk 68001, Odessa Region, Ukraine
Telephone:	+38 (048) 760 8600, 760 8605 +38 (048) 760 0606
Email:	port@ilport.com.ua

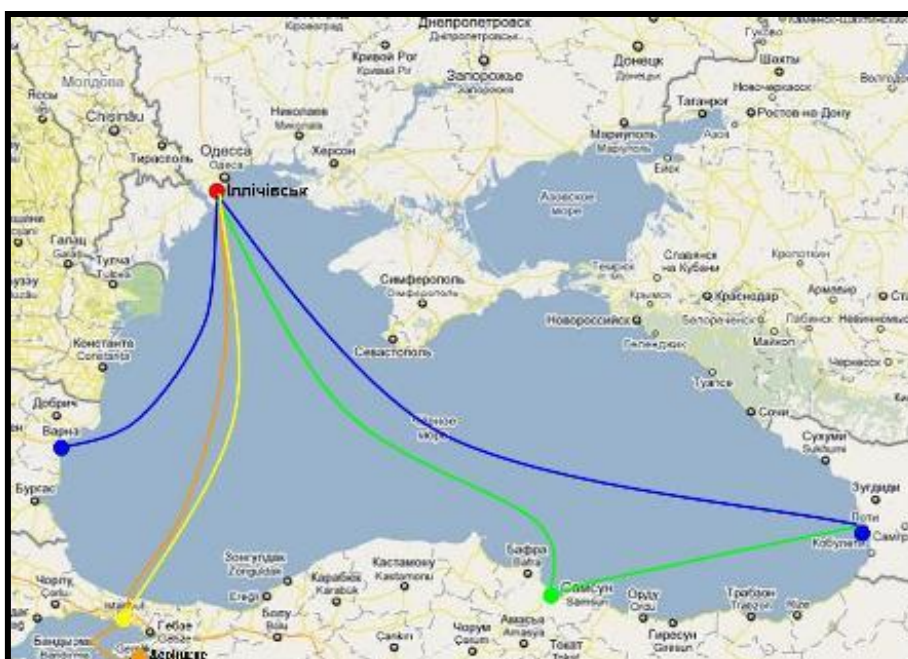
5. DETAILED BUDGET (EUR)

Estimated amount of capital investments is 14.8 million Euros.

No.	Description	Investment	Funding by SE "SCPI"	Co-Financing	Total
1	Construction of the berth	3,800	3,800		
2	storage area	1,000		1,000	
3	Coastal protection	1,500		1,500	
4	Dredging	2,000		2,000	
5	Cargo handling machinery	6,500		6,500	
Total		14,800	3,800	11,000	
%		100	25	75	

6. RISK ASSUMPTIONS AND CONSTRAINTS

Increased regional trade and exports in the Black Sea countries had an impact on the growth of ferry transportation market in the Black Sea. The importance of Black Sea market of ferry and ro-ro traffic keeps steadily growing. The region has a system of intermodal lines (transport corridors). The rail and ferry lines Varna-Illichivsk-Poti/Batumi and Illichivsk-Derince operate on the Black Sea and form the main part of the Europe-Caucasus-Asia (TRACECA) transport corridor. A new auto-ferry line Illichivsk-Istanbul opened in early 2011. Furthermore the Illichivsk-Samsun-Poti r/w ferry line is due to open in the future.





Cargo turnover of Ferry Complex in the SE "SCPI":

Years	Cargo turnover [thousands of tons]
2006	1,453.9
2007	1,510.2
2008	1,154.4
2009	715.4
2010	755.3

Another type of traffic on the Black Sea, which is developing rapidly, is a transportation of auto cars by specialized ro-ro vessels. The most requested vessels for transportation across the Black Sea region countries are ro-ro vessels with deadweight of 3,500-7,000 tons and a capacity for 700-1,300 auto cars, the minimum draft of which is about 5.5m. Modern ro-ro terminals should have the necessary capacity as well as specialised berths with an appropriate height above sea level; the most important factor, however, is sufficient space for the accumulation and storage of the motor-vehicles. Among the ports involved in ro-ro traffic, the most developed infrastructure of ro-ro terminals exist at the ports of Illichivsk, Derince and Samsun.

Ro-Ro Complex at the SE "SCPI" is one of the biggest in the Black Sea region. It is capable handling auto-ferries with a draft of up to 9m and has two storage areas with a total capacity of 11 thousand cars. The high quality of provided services is proved by the fact of handling vehicles of well known manufactures of world famous brands such as "Ford", "Toyota", "Hyundai", "Renault" and others. The shipment of vehicles from the Complex is provided in two ways: automobile carriers and railway transport including the combined Viking train (Illichivsk-Klaipeda). The growth rates for the turnover of vehicles increased between 2006 and 2008. Restoration and continuation of this trend can be expected after the decreasing of cargo handling volume in 2009:

Years	Turnover units
2006	40,291
2007	117,522
2008	248,465
2009	28,813
2010	50,052

7. IMPLEMENTATION SCHEDULE

Estimated duration of the project is 2.5 years:

7.1 DESIGN, EXPERT EXAMINATION OF THE PROJECT AND APPROVALS: 1 year

7.2 CONSTRUCTION WORK: 1.5 years

7.3 THE PURCHASE OF CARGO HANDLING MACHINERY (SIMULTANEOUSLY WITH THE START OF CONSTRUCTION WORK): 1 year

8. IMPACT ON THE ENVIRONMENT

As the multi-modal complex and future construction site are located away from human settlements and the construction work does not require the use of environmentally hazardous materials, the project will not adversely impact the environment or ecology.



**TRACECA Investment Forum
Brussels, 28th February 2012**

ID: UKR2

Additionally, during the preparation of design documentation, the project institute will perform a comprehensive analysis of project impacts on the environment determining measures to minimize them.

9. ECONOMIC AND FINANCIAL ANALYSIS

9.1 PAYBACK PERIOD OF THE PROJECT: 4.5 years

Pre-project study was performed by LLC "HTЦ YB MAHEБ" by request of the SE "SCPI" in 2007. In accordance with the above pre-project study, port specialists made a preliminary feasibility study for the project.

10. INVESTMENT CRITERIA

10.1 SOURCES OF FUNDING

According to Ukrainian legislation, hydro technical facilities (including berths) are not subject to privatization and sale. Therefore, construction of new berths should be executed with SE "SCPI" funds, with the possible involvement of loans from banks and international financial institutions.

A grant from the European Union is one of the possible options for funding.

10.2 CO-FINANCING

Co-financing is intended for construction of the storage area for the Complex, as well as for the purchase of cargo handling machinery.