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Logistics Processes and Motorways of the Sea II

LOGMOS Master Plan – Annex 9.2

Project Fact Sheets

UKRAINE

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1 INTERNATIONAL LOGISTICS CENTRE AT BORYSPIL AIRPORT COMMERCE PARK (BACP)

Region:	Western NIS
Country:	Ukraine
Location:	BACP area
Area:	350 ha (120 for logistics activities)
Mode	Multimodal (Road/Rail/Air)
Investment Volume:	EUR 96.4 M
Project status:	Under development

Promoter

Ministry of Infrastructure of Ukraine

Geographical Description

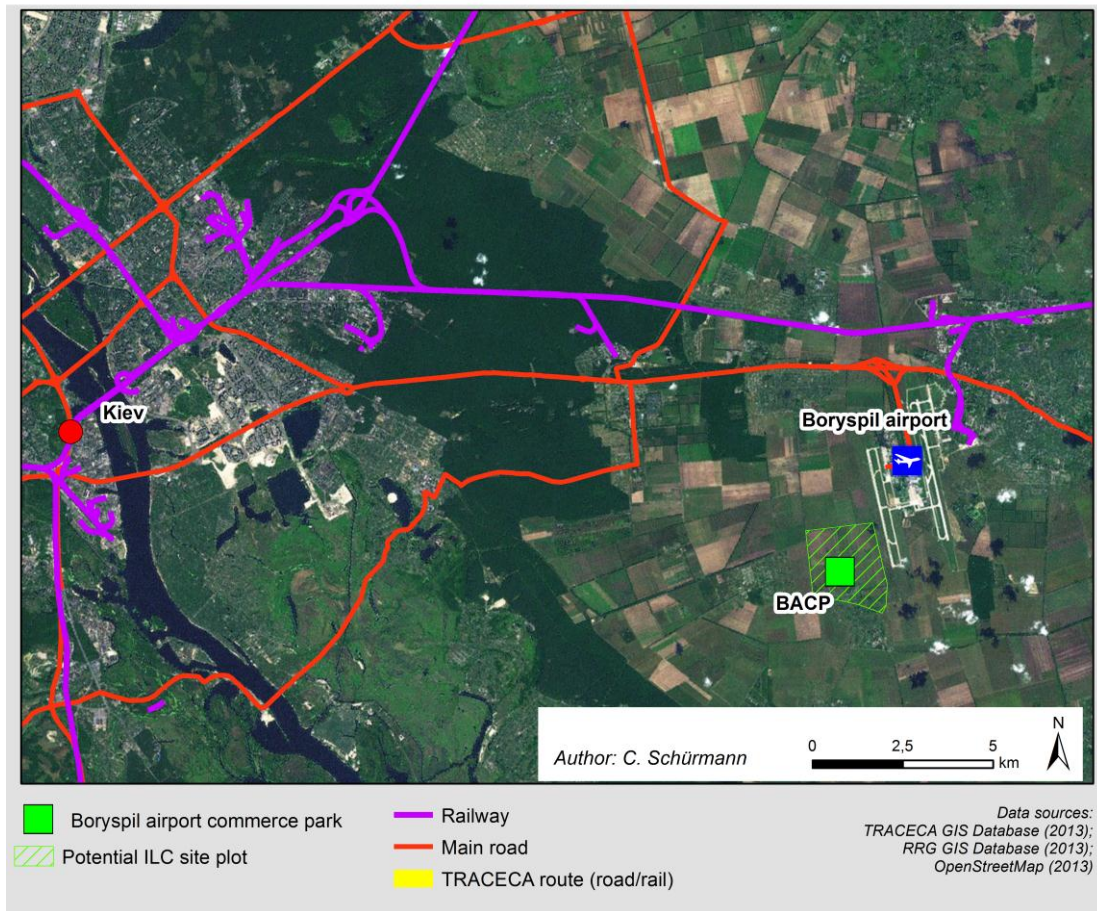
The BACP site is located 35 km from Kiev city centre. The plot is adjacent to Boryspil International Airport and is located in the vicinity of a planned Kiev Ring Road east of Boryspil.

Road: The site is located 5 km away from the M06/E40 Kiev-Kharkov main road. A new 6.8km access road to Highway M06/E40 is required to accommodate the increased future traffic. A decision has already been taken to build this road for reasons that are independent of this project, ensuring improved road access to the whole 350ha estate.

Rail: The nearest trunk railway line is about 7 km away from the site. This means that there is at present no railway access, which is considered essential for a successful ILC. A Feasibility Study for a passenger link at Boryspil International Airport is being prepared at the moment with the involvement of the financing Chinese banks.

Figure 1: ILC at Boryspil Airport Complex Park (BACP) Location

Location of Boryspil Airpark ILC



Technical Description

BACP is an operational facility adjacent to Boryspil International Airport. The owner, BF Group, has already constructed internal infrastructure and warehousing with a total area of 100,000m². Customs clearance is on site. The standard of construction is high and specifications meet an “A-class” standard. There is an industry expectation that with recovery from the global financial crises there will be a strong growing demand for A-class warehousing.

The total site size constitutes 350ha. There are areas reserved for future BACP planning with main focus on General Aviation Terminal (GAT), an air cargo centre, an exhibition and convention centre and a retail mall. The initial land allocation to the Logistics Centre is 120ha (34% of the total site area) with the possibility of expansion if warranted by demand.

Socio-Economic Description

The proposed ILC will primarily serve the city and conurbation of Kiev. The catchment area of the ILC, including the towns of Boryspil and Brovary to the north, is estimated to produce 17% of national GDP.

Positive impacts would mainly arise from:

- improving small farmer’s access to domestic and export markets, by bringing a reliable cold chain closer to the farm-gate,



- providing training for new job opportunities specifically targeted at disadvantaged groups in the vicinity.

Source of Repayment

Revenues will be created through fees from customers, rent for the site, rent for buildings and fees for services that are not included in the rental agreements, for example security services or maintenance.

Related Investments

Air cargo facilities and other airport related investment is planned by BF Group

Other Involved Parties

Ukzalyznitsya (UZ) as the owner and operator of the national rail network

A possible private investor (yet unidentified)

The CT operator

BF Groups two special purpose vehicles that act as the ILC operator and the owner/manager of ILC infrastructure

NIF (Neighbourhood Investment Facility)

Implementation

The facilities of the BF group have been extended during the last few years. Additional warehouses were constructed and leased to customers, but no major progress has been achieved concerning the improved road access and a new railway link.

At the time the Feasibility Study for this ILC project was prepared by the TRACECA project "International Logistics Centres for Western NIS and the Caucasus", railway access to the site was confirmed technically feasible within the planned construction of a new passenger railway line to the Borispol airport passenger terminals as part of Ukraine's preparation for the Euro 2012 football championship. However, this initial government plan, foreseeing a railway tunnel under the Kiev – Kharkov highway, was not implemented. During the LOGMOS project, direct contact has been promoted between the BF Group, the Ministry of Infrastructure and the railway design institute, which was entrusted with the technical design of the proposed passenger railway line to the airport terminals. As a bridge is now proposed over the Kiev – Kharkov highway, the trunk line to BF group logistics facilities is problematic due to height restrictions related to the runway of the airport.

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2 IMPROVING EXISTING VARNA – ILIYCHEVSK / KERCH - POTI / BATUMI MARITIME SERVICE

Region:	Black Sea
Countries:	Ukraine, Bulgaria, Georgia, Armenia
Sea Ports:	Iliychevsk - Kerch (UA), Varna Ferry Complex (BU), Poti / Batumi (GE)
Mode:	maritime-based multimodal (rail ferry, Ro-Ro and containers)
Investment Volume:	EUR 2 M (cost of 5 on-deck container heavy-lifters), plus EUR 0.9 M for improved safety and effectiveness at Varna Ferry Complex
Project Status:	Under development / heavily delayed by on-going (since end of 2011) privatization of its rolling stock by UZ and consequent unclear rules for rolling stock supply and therefore prospects for railferry operations

Main Stakeholders

UkrFerry (shipping company - Ukraine)

BMF (shipping company - Bulgaria)

Ukrzaliznytsia (UZ, National Railway Company of Ukraine)

BDZ (National Railway Company of Bulgaria)

Georgian Railway (GR, National Railway Company of Georgia)

South Caucasus Railways (SCR, National Railway Company of Armenia)

Poti Sea Port

Batumi Sea Port / Batumi International Container Terminal

Varna Ferry Complex

Iliychevsk Commercial Sea Port

Kerch Commercial Sea Port

Geographical Description

The maritime link Varna-Iliychevsk-Kerch-Poti/Batumi connects 3 sea hubs of Bulgaria, Ukraine and Georgia, respectively. TRACECA and other international routes pass through these sea ports:

- Pan-European corridor No8 – port of Varna (linking EU and Black Sea region);
- North Sea-Black Sea corridor – port of Iliychevsk (linking Northern EU countries with Black Sea region);
- East-West corridor/highway – ports of Poti and Batumi (linking Black Sea and Caspian Sea regions).

All ports are well integrated into inland (road and rail) transport network. Poti and Batumi are the only accesses to open seas for landlocked Armenia and the main sea hubs for Azerbaijani trade.



Figure 2: Varna – Ilychevsk – Kerch – Poti/Batumi Maritime Service



Technical Description

The project is:

- to facilitate maritime-based container transport along TRACECA by means of improving/upgrading container loading technique,
- to answer the demand of the market and alleviate the shortage of closed railcars in UZ stock by refurbishing and converting unemployed former reefer waggons existing in GE stock

At present, Ukrainian national shipping company UkrFerry uses mafi-trailers to load containers and ship them by ferries (rail and Ro-Pax ferries) on-deck to a destination port. The current container loading technique is costly and time consuming and makes the shipping company dependant on the availability of trailers at ports of call. It has been estimated that installing a container top-lifter (1 for each of 5 ferry vessels) will reduce THC on average by USD 50 per container at each port of call.

The project will have as immediate effect to:

- reduce vessel port handling time,
- increase volumes of cargo and
- attract new (containerized) trade in Black Sea to TRACECA.

Since the project duration is short, it can be divided into two conventional phases:

- **Phase 1** (years 1 through 3): definition of technical specifications for on-deck container handling equipment, tender winner selection, production/supply and installation of container forklifts, modernisation of 150-200 918-type rails cars and putting them into operation;



- **Phase 2** (years 4 through 6): renovation of rail ferry equipment (e.g., lifting transition bridge, sleepers, switches, roof and skylights) in Varna.

Related Investments

EUR 2 M - 2010 estimate for container handling equipment

EUR 0.9 M- 2010 estimate for Varna Ferry Complex renovation

In addition to EUR 0.18 M from national stakeholders (UkrFerry and BMF) it is planned to attract EUR 2.72 M from external sources to be defined.

Expected Benefits and Source of Repayment

The improved quality of service and shorter port calls will allow sailing a greater number of sea-voyages which will result in an increase in the volumes carried forecasted by the shipping lines as:

- 1,300 / 2,900 full TEUs (years 1 to 3)
- 1,000 / 2,000 full railcars (years 1 to 3)
- 450 / 900 mafi-trailers (which being no longer used for container carriage will be loaded with general breakbulk / packed cargoes)

For an additional turnover of USD 3.46 M to USD 7.115 M (all figures are 2010 estimates). Full business plan remains to be drawn and provided by Shipping Lines.

Other Involved Parties

MS Shipping (Bulgarian private forwarding company)

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3 ILIYCHEVSK-SAMSUN-POTI MARITIME-BASED SERVICE

Region:	Black Sea
Countries:	Ukraine, Turkey, Georgia
Sea Ports:	Ilychevsk (UA), Samsun (TR), Poti (GE)
Mode:	Maritime-based multimodal (rail ferry, Ro-Ro and container)
Investment Volume:	EUR 3 M
Project Status:	Technical surveys completed between Port and Shipping lines, Provisional design of works needed ashore and on board of the vessels and drawing of corresponding budget completed, results of market studies carried out by Shipping lines and Port found unsatisfying in terms of existing and potential volumes of traffic and therefore not justifying implementation of the project yet

Main Stakeholders

UkrFerry (shipping company - Ukraine)

BMF (shipping company - Bulgaria)

Geographical Description

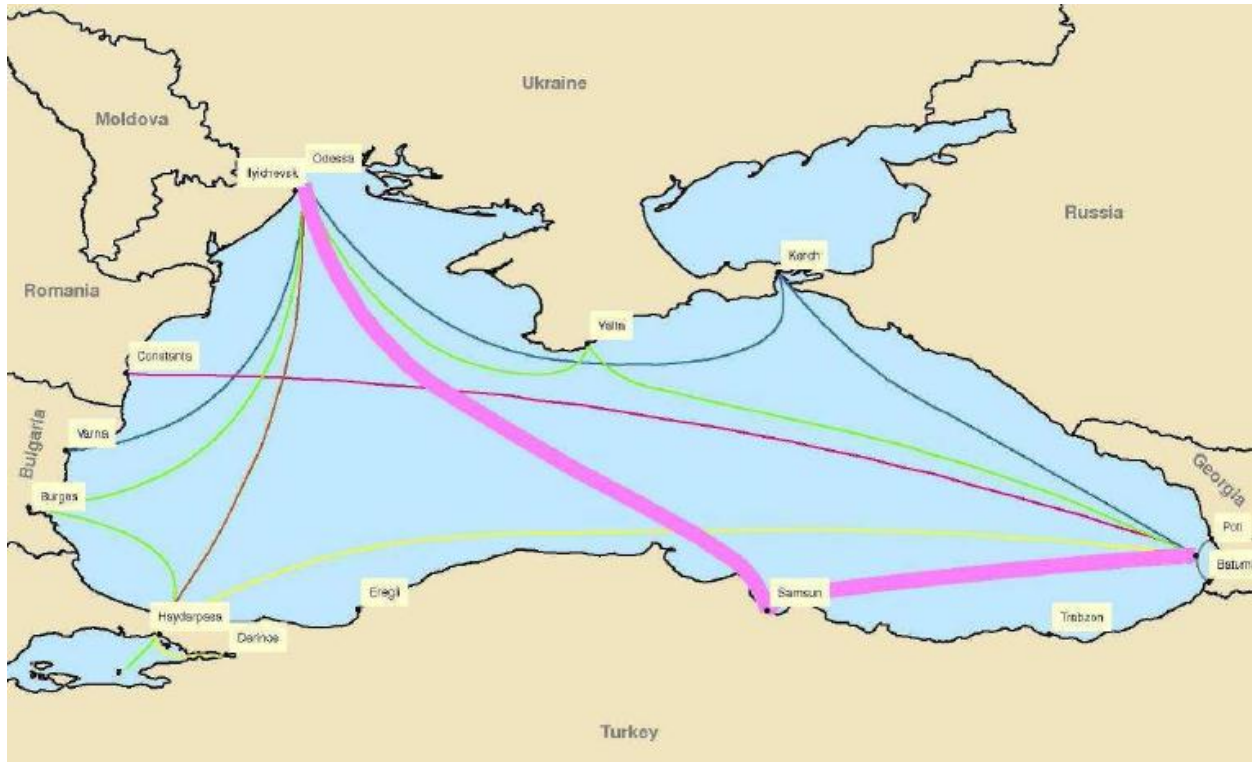
The maritime link Samsun-Ilychevsk-Poti connects 3 sea ports of Turkey, Ukraine and Georgia, respectively. TRACECA and other international routes pass through these sea ports:

- Pan-European corridor No4 – link to port of Samsun via Istanbul and Ankara (linking EU and Black Sea region);
- North Sea-Black Sea corridor – port of Ilychevsk (linking Northern EU countries with Black Sea region);
- East-West corridor/highway – port of Poti (linking Black Sea and Caspian Sea regions).

All ports are well integrated into inland (road and rail) transport network.



Figure 3: Ilyichevsk – Samsun – Poti Maritime Service



Technical Description

The project deals with establishing a new maritime-based link between Ukraine, Turkey and Georgia, which will allow to transport trucks, rolling stock, rail cars, containers, etc. It is planned to have 1-2 calls to ports of Samsun, Ilyichevsk and Poti per week. Also it is expected that owing to optimised/rational use of existing ferry fleet of UkrFerry and BMF it is possible to dedicate from 2 to 5 rail/Ro-Ro ferry vessels accommodating either 103-108 rails cars or 90-100 TIR trucks.

The project should help sea ports and operators to benefit from:

- shorten the route between Turkey and Central Asian countries (due to shift from road to ferry transport), thereby reducing the road haulage and respective transport costs,
- attract direct and transit traffic to Georgian sea ports,
- increase rail/rail ferry traffic in Black Sea region over all.

The project implementation could be split into two phases:

- **Phase 1** (year 1 through 3): prepare necessary legal framework, including the bi-/multilateral governmental agreements and operators` agreements,
- **Phase 2** (year 4 through 7): rehabilitate / upgrade existing rail ramp and create a boggie change station at Samsun port; renovation of rail ferry equipment (e.g., lifting transition bridge, sleepers, switches, roof and skylights) in Varna



Related Investments

EUR 3 M for the rehabilitation of Samsun rail ramp and construction of rail gauge-break (from Russian to European) and marshalling yard facilities.

Other Involved Parties

Samsun Port

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4 INTERNATIONAL LOGISTICS CENTRE AT THE DRY PORT EUROTERMINAL IN ODESSA

Region:	Western NIS
Country:	Ukraine
Location:	Odessa
Area	50 ha
Mode:	Multimodal (Road/Rail/Sea)
Investment Volume:	EUR 103 M
Project Status:	Under development

Promoter

Ministry of Infrastructure of Ukraine

Geographical Description

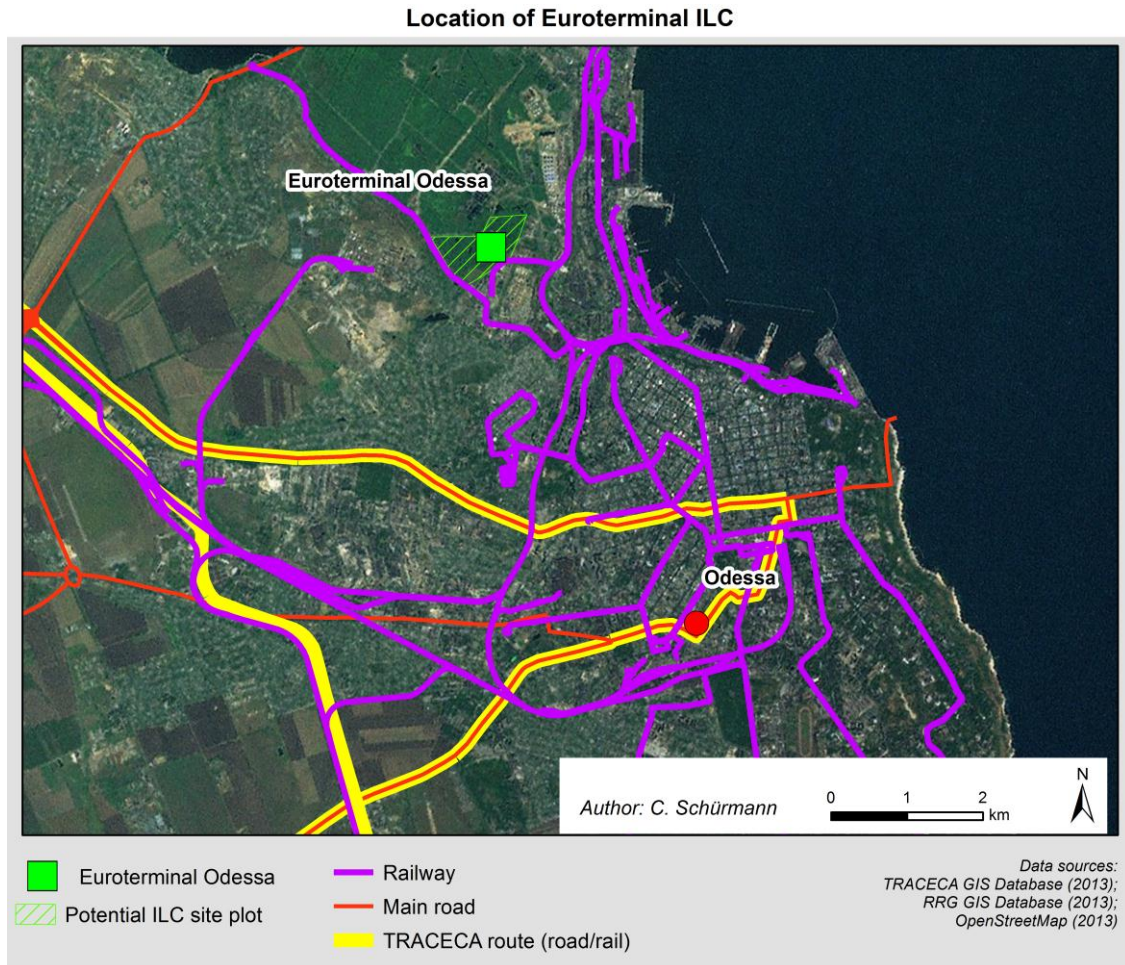
Dry Port Euroterminal is a functioning private facility on an inland 50ha site located 2 km west of the northern extremity of Odessa Commercial Sea Port. It is served by the following routes:

- **Road:** The Kiev - Odessa highway (E95/M05); The Nikolayev highway (E58/M14); Odessa - Russian border; the road route between Odessa/Ilychevsk and the Moldavian border (E95/M5 and M16/M14); the road route between Odessa/Ilychevsk via E87/M15 (or M22/M05) to Giurgiulesti on the Danube River in Moldova; the road corridor between Ilychevsk/Odessa and the Polish border via M22 - E95/M05.

These routes involve direct road connection to the TRACECA corridor via Odessa - E87/M15 - Ukrainian Border (Palanka) - R30- R31 - Chisinau, and via Odessa - E95/M05 - Kiev.

- **Railway:** the railway corridor to the Polish border (at Yagodin); the railway route to the Moldovan border and Chisinau, the railway routes between Odessa/Ilychevsk and Kiev; the eastward railway route between Odessa and the Russian border via Kherson.

Figure 4: ILC at the Dry Port Euroterminal in Odessa Location



For further development a direct improved road connection (Khadzibey-2 road) and new rail access is needed. Peresyp railway station is just 1.5 km away, with a functioning trunk line ending at an industrial facility on a neighbouring site.

Technical Description

The Euroterminal project will bring the following benefits:

- Stimulated efficiency and competition in the customs clearance and container handling markets and increased service quality.
- Synergies will be obtained from cooperation with the ILC and other hubs in the Kiev region, cooperation with ILCs in the three TRACECA countries in Caucasus, the Ro-Ro and rail ferry routes between Iliychevsk and Poti/Batumi in Georgia, planned Ro-Ro developments to Turkish Marmara and Black Sea ports and the container feeder vessel services between the Black Sea ports.

The project has three consequent steps with the following functional modules or components:

- **Development Stage 1 (2012–2015):** TIR-Parking and Empty Container Depot (already in operation), Customs Terminal (under construction), Multipurpose Railway Yard with new Railway Access - A, Production and Storage Facilities, Bonded and General Warehousing Buildings, Temperature Guided Warehousing Building, ILC Service Centre.



- **Development Stage 2** (2016–2018): Relocation of existing TIR-Parking and Empty Container Depot, New TIR-Parking, New Road Access – C with private access road, Container Terminal including two Loading Tracks with new Railway Access – B, Container Depot and Container Service Centre.
- **Development Stage 3** (2019–2022): Container Terminal extension including four Loading Tracks and one optional bypass line, General Warehousing Building, Freight Forwarding Facility.

Source of Repayment

Euroterminal LLC will act primarily as a landlord, deriving most of its revenue from leasing out warehouse space, open storage areas and parking areas. In addition Euroterminal LLC will earn revenue from providing a range of ancillary services to tenants and users. These may include facility management, customs terminal, TIR parking, security, equipment leasing, marketing, logistics management and training.

Related Investments

EBRD and EIB have already agreed to parallel cofinancing of the initial stages of development of Dry Port Euroterminal, to an amount of USD 27 M. A customs terminal has been constructed and is operating.

Other Involved Parties

EBRD, EIB, IFC, HPC and HHLA

Implementation

Dry Port Euroterminal has successfully extended its activities after the opening of the customs terminal in early 2012, which mainly functions as a buffer parking zone and customs inspection area for trucks.

- The company has financed design studies for both the new «Khadzibey-2» access road to the site and the new railway access (including extension of Peresip railway station) to the site for the development of a railway container terminal and other railway-related cargo operations. The implementation of both projects relies on public support. Investment EUR 10 M for the new access road is currently on hold and no private investor for the railway terminal has been found up to now.

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