

Ukraine Maritime Report 2016

Will this giant awaken?

Bloem Doze Nienhuis: André Tienpont, Katya Lukash, Sergii Komarenko and Natalya Krotenko
Interlegal: Natalia Myroshnychenko, Danil Hristich
ZSD-AYDU: Yuriy Zhukov, Yuriy Kamenetskiy, Andrey Zherebetskiy

Content

SUMMARY	4
1. UKRAINE	5
1.1 GEOGRAPHY	5
1.2 HISTORY	6
1.3 CULTURE	8
1.4 ECONOMY	8
1.5 POLITICS	11
2. SEAS, RIVERS AND PORTS	12
2.1 BLACK SEA	12
2.2 SEA OF AZOV	13
2.3 SEA PORTS OF UKRAINE	14
2.3.1 <i>Odessa Merchant Sea Port</i>	17
2.3.2 <i>Ilichevsk Merchant Sea Port</i>	19
2.3.3 <i>Yuzhny Merchant Sea Port</i>	20
2.3.4 <i>Reni Merchant Sea Port</i>	21
2.3.5 <i>Mariupol Merchant Sea Port</i>	22
2.3.6 <i>Feodosia Merchant Seaport</i>	23
2.3.7 <i>Izmail Merchant Sea Port</i>	23
2.3.8 <i>Nikolaev Merchant Sea Port</i>	24
2.3.9 <i>Kherson Merchant Sea Port</i>	25
2.3.10 <i>Skadovsk Merchant Sea Port</i>	26
2.3.11 <i>Kerch Merchant Sea Port</i>	26
2.3.12 <i>Oktyabrsk Specialized Sea Port</i>	27
2.3.13 <i>Yalta Merchant Sea Port</i>	28
2.3.14 <i>Belgorod-Dnestrovsky Merchant Sea Port</i>	29
2.3.15 <i>Ust-Donaisk Merchant Sea Port</i>	29
2.3.16 <i>Yevpatoria Merchant Sea Port</i>	30
2.3.17 <i>Berdiansk Merchant Sea Port</i>	31
2.3.18 <i>Sevastopol Merchant and Navy Sea Ports</i>	32
2.4 RIVERS AND RIVER PORTS	33
2.4.1 <i>Chernigov River Port</i>	34
2.4.2 <i>Kiev River Port</i>	34
2.4.3 <i>Cherkassy River Port</i>	35
2.4.4 <i>Kremenchug River Port</i>	36
2.4.5 <i>Dneprodzerzhinsk River Port</i>	36
2.4.6 <i>Dnepropetrovsk River Port</i>	37
2.4.7 <i>Zaporozhye River Port</i>	38
2.4.8 <i>Nikopol River Port</i>	38
2.4.9 <i>Novaya Kahovka River Port</i>	39
2.4.10 <i>Kherson River Port</i>	39
2.4.11 <i>Nikolaev River Port</i>	40

3. FLEET AND SHIPOWNERS	42
3.1 MERCHANT FLEET	42
3.2 RIVER FLEET	44
3.3 NAVY FLEET	44
3.4 SHIP OWNERS	45
4. SHIP BUILDING AND SHIP REPAIRS	46
4.1 SHIPBUILDING YARDS	46
4.1.1 Shipbuilding yard named after 61 Communards, Nikolayev	46
4.1.2 Chernomorskiy shipbuilding yard, Nikolayev	47
4.1.3 Shipyard "Ocean", Nikolayev	47
4.1.4 Kherson shipbuilding yard	48
4.1.5 The Shipyard "Pallada", Kherson	48
4.1.6 The Shipyard "Leninskaya Kuznitsa", Kiev	48
4.2 SHIP REPAIR	49
4.3 EVALUATION OF THE LIMITS OF TECHNOLOGICAL CAPABILITIES	49
4.4 SHIPBUILDING HOLDING AS A POSSIBLE REVIVAL AND DEVELOPMENT OF UKRAINIAN SHIPBUILDING	49
5. YACHT BUILDING	51
6. SHIP DESIGN AND ENGINEERING OFFICES	53
6.1 CHERNOMORSUDOPROEKT	53
6.2 CDB CORALL	53
6.3 CDB SCHUNA	53
6.4 MDEM	53
6.5 ZSD-AYDU	54
6.6 POSS AND POSS TOROLA	54
6.7 SIGO MARINE	54
6.8 MEB	54
6.9 PROLINE	54
6.10 DESIGN GROUP ALA	54
6.11 STATE R&D SHIPBUILDING CENTRE	54
7. SUPPLY INDUSTRY	56
8. MARITIME UNIVERSITIES AND INSTITUTES	57
8.1 ODESSA NATIONAL MARITIME ACADEMY	58
8.2 AZOV MARITIME INSTITUTE OF ONMA OF ODESSA NATIONAL MARITIME ACADEMY IN MARIUPOL	58
8.3 MARITIME SCHOOL NAMED AFTER MARINESKO A. I.	58
8.4 ODESSA SECONDARY MARITIME COLLEGE OF TECHNICAL FLEET OF ONMA	58
8.5 KHERSON STATE MARITIME UNIVERSITY	58
8.6 KIEV STATE ACADEMY OF WATER TRANSPORT	59
8.7 SEVASTOPOL NATIONAL TECHNICAL UNIVERSITY, FACULTY OF MARINE TECHNOLOGY AND SHIPPING	59
8.8 ODESSA SECONDARY MARITIME SCHOOL OF FISHING INDUSTRY NAMED AFTER SOLYANIK	59
8.9 NA — NAVY ACADEMY NAMED AFTER NAKHIMOV P. S.	59
8.10 KSMTU — KERCH STATE MARITIME TECHNOLOGICAL UNIVERSITY	59
8.11 NUS OR NUOS — NATIONAL UNIVERSITY OF SHIPBUILDING, NAMED AFTER ADMIRAL MAKAROV	59
8.12 UMI — UKRAINIAN MARITIME INSTITUTE	61
8.13 ONMU — ODESSA NATIONAL MARITIME UNIVERSITY	62
8.14 KMSFI — KHERSON MARITIME SCHOOL OF FISHING INDUSTRY	63
8.15 NIKOLAEV MARINE SCHOOL	63
9. GOVERNMENT	64
10. DOING BUSINESS	67
10.1 FOREIGN INVESTMENT IN UKRAINE	68
10.2 STEP-BY-STEP PLAN	71
10.2.1 Step 1: Evaluating/entering the Ukrainian market	71
10.2.2 Step 2: Expanding	72
10.2.3 Step 3: Setting up local operations	72
10.2.4 Step 4: Taxation	72
10.2.5 Step 5: Currency Regulations	80

Summary

Ukraine is one of the largest countries of Europe. Geographically, economically and politically it is between the Russian Federation and the European Union.

The country can only be understood in historical hindsight. For long periods the country belonged respectively to the Russian Empire and the USSR and it is very much influenced by and connected with the Russian culture. Many of its inhabitants are of Russian origin. Significant is the cruel modern history during which many millions of Ukrainians were killed in the Holodomor (1932–1933) and the Holocaust (1940–1945). Nowadays the country is striving for its own identity. The Ukrainian language is mostly spoken in the Western part and Russian is mostly spoken in the East. Although the country is strategically important for the Russian Federation the country is aiming for stronger ties with the European Union.

The Ukraine has a huge potential. It has a well-educated population, fertile soil, good geographical location and ample natural resources. However, many developments were slowed down by improper functioning government. In 2014 the Ukraine had the worst corruption ranking in Europe, being as low as number 142 out of 175 countries worldwide in the corruption index. Inevitable consequences are a flourishing informal economy and a badly functioning tax system.

It is still uncertain what the outcome will be of the recent Maidan revolution, the Russian invasion in the Crimea and the Donbass war. Crimea is, however, still incorporated in this report.

After a difficult start in the nineties, the Ukrainian economy showed nice growth figures in the new millennium, which, however, faded away in today's crisis during which the balance of trade became negative. Considering the fast growing amount of expensive cars and luxurious villas the informal economy is still growing.

Ukraine is a sleeping maritime giant. The country is the former southern maritime wing of the USSR. It has plenty of port capacity connected with the hinterland by road, rail, the Dnieper, the Russian waterways and the nearby Danube. The Ukrainian fleet is old and diminishing and the bigger ships are flagged out. Many Ukrainian seafarers are employed on foreign ships.

Also it has a strong shipbuilding tradition and there is ample knowledge and craftsmanship available. The shipbuilding capacity is huge but it is performing far below capacity.

The water sports sector is growing and the yacht and boat building industry is following in its wake.

This sleeping maritime giant could wake up very quickly if the Ukrainian government should adopt the right policies. Nevertheless, today the Ukraine is already offering interesting prospects in the maritime field.

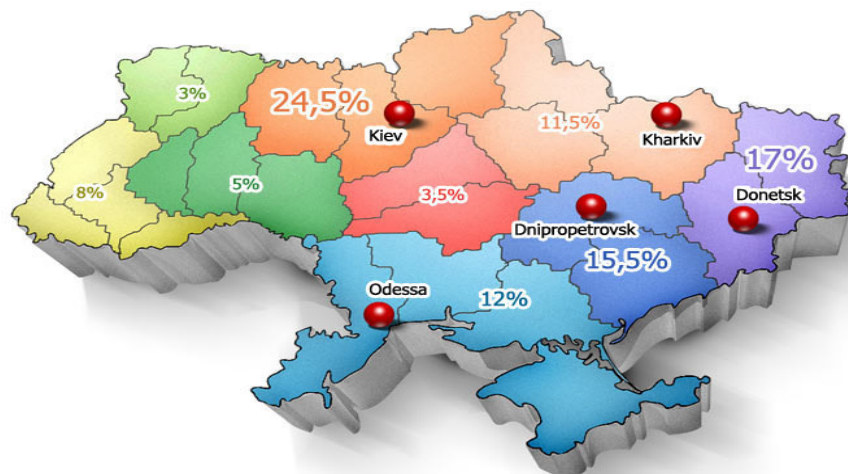
Expertise is needed to do business in the Ukraine and to cope with the rules and regulations. The Ukrainian business culture is more about using smart chess-like strategies in business and opportunity hopping than striving for long-term goals.

1. Ukraine

1.1 Geography

Ukraine is a country in Eastern Europe. The population of Ukraine is 45.4 million people (2014). The national language is Ukrainian and about half of the Ukrainians speaks Russian as well. The ability to speak English is increasing rapidly.

The capital is Kiev with a population of 2.8 million. Kharkov is second with about 1.5 million. Other big cities are Odessa and Dnepropetrovsk which have a population of around 1 million. Donetsk was also one of the biggest in Ukraine before war in Donbass. Important maritime centres are Odessa, Yuzhniy, Illichevsk, Nikolayev, Kherson and Sevastopol (before the annexation of Crimea by Russia).



Source: www.pakline-logistics.ua/advice-en/investor-recommendations-on-logistics-business-organization.php

Ukraine's total area is 603,628 square kilometres, making it the second largest European country following the Russian Federation. Ukraine borders the Russian Federation to the east and northeast, Belarus to the northwest, Poland, Slovakia and Hungary to the west, Romania and Moldova to the southwest, and the Black Sea and Sea of Azov to the south and southeast, respectively.



Source: uinvest.com.ua/invest-in-ukraine

Significant natural resources in Ukraine include iron ore, coal, manganese, natural gas, oil, salt, sulphur, graphite, titanium, magnesium, kaolin, nickel, mercury, timber and an abundance of arable land.

The Ukrainian landscape consists mostly of fertile plains (or steppes) and plateaus, crossed by rivers such as the Dnieper (Dnipro), Seversky Donets, Dniester and the Southern Buh as they flow south into the Black Sea and the smaller Sea of Azov. To the southwest, the delta of the Danube forms the border with Romania. Its various regions have diverse geographic features ranging from highlands to lowlands. The country's only mountains are the Carpathian Mountains in the west, of which the highest is the Hoverla mounting at 2,061 metres (6,762 ft), and the Crimean Mountains on the Crimean peninsula, in the extreme south along the coast. However, Ukraine also has a number of highland regions, such as the Volyn-Podillia Upland in the west and the Near-Dnipro Upland on the right bank of Dnieper; to the east there are the south-western spurs of the Central Russian Uplands over which runs the border with Russia. Near the Sea of Azov can be found the Donets Ridge and the Near Azov Upland. The snowmelt from the mountains feeds the rivers, and natural changes in altitude form a sudden drop in elevation and create many opportunities to form waterfalls.

1.2 History

- 882** Formation of the centralized state 'Kievan Rus'.
- 950–1150** It became the largest and most powerful state in Europe. In the following centuries, it laid the foundation for the national identity of Ukrainians and Russians. Kiev, the capital of modern Ukraine, became the most important city of the 'Rus'. The Golden Age of Kievan Rus' began with the reign of Vladimir the Great (980–1015), who turned Rus' toward Byzantine Christianity. During the reign of his son, Yaroslav the Wise (1019–1054), Kievan Rus' reached the zenith of its cultural development and military power. This was followed by the state's increasing fragmentation as the relative importance of regional powers rose again. After a final resurgence under the rule of Vladimir Monomakh (1113–1125) and his son Mstislav (1125–1132), Kievan Rus finally disintegrated into separate principalities following Mstislav's death.
- 1239–1240** Tataro-Mongol (Khan Baty) beat 'Kievan Rus'.
- 1325** The Lithuanian prince Gedimin broke the Russian army of prince Stanislav (Svyatoslav) in a fight on the river Irpen and took control of the Kiev principality.
- 1362** Became a part of the Grand Duchy of Lithuania.
- 1530** Formation of the Cossack stronghold — Zaporozhye Sechi.
- 1569** Became a part of the Polish-Lithuanian Commonwealth.
- 1648–1654** National liberation war of the Ukrainian people against Polish domination. (B. Khmelnytsky).
- 1708–1709** Campaign of Swedes (Charles XII) to Ukraine. Hetman Mazepa tries to get away from the Russian power.
- 1709** Defeat of Swedes by Russians at the battle of Poltava.
- 1775** Liquidation of the Cossack stronghold Zaporozhye Sechi by the Russian armies.
- 1906–1910** The Stolypinsky agrarian reform promoted development of large-scale husbandries in Ukraine.
- 1917** Creation parliament Central Rada in Kiev. The independence of the Ukraine was declared.

- 1917–1920** Civil War. The Ukrainian Bolsheviks together with the Russian Red Army won a victory.
- 1920** War against Soviet Russia and Poland. Western Ukraine is added to Poland.
- 1922** Ukraine becomes member of the USSR.
- 1932–1933** Holodomor, a man-made famine during which millions of Ukrainians died from starvation.
- 1939** USSR attacks Poland and Western Ukraine returns to the Ukraine.
- 1941–1944** German occupation of Ukraine during World War II. The territory of Ukraine was the arena of operations of the Great Patriotic War. It has been estimated that 93% of all German casualties happened on the Eastern Front. The total losses inflicted upon the Ukrainian population during the war are estimated between five and eight million, including over half a million Jews killed by the Einsatzgruppen. Serious damage was caused to the economy and infrastructure of the republic. Nowadays the Holodomor and the Holocaust are still huge and traumatic tragedies for the Ukrainians affecting almost every family.
- 1991** Ukrainian parliament adopted the Act of Independence in which the parliament declared Ukraine an independent democratic state.
- 1991 – 1999** Ukraine lost 60% of its GDP and suffered five-digit inflation rates. The Ukrainian economy stabilized just before the new millennium.
- 1996** A new Constitution of Ukraine was adopted which turned Ukraine into a semi-presidential republic and established a stable political system. However, opponents criticized President Leonid Kuchma for corruption, electoral fraud, discouraging free speech and concentrating too much power in his office.
- 2004** Orange Revolution: Viktor Yanukovich, then Prime Minister, was declared the winner of the presidential elections, which had been largely rigged, as the Supreme Court of Ukraine later ruled. The results caused a public outcry in support of the opposition candidate, Viktor Yushchenko, who challenged the outcome of the elections. This resulted in the peaceful Orange Revolution, bringing Viktor Yushchenko and Yulia Tymoshenko to power, while casting Viktor Yanukovich in opposition.
- 2006** Yanukovich returned to a position of power when he became Prime Minister in the Alliance of National Unity.
- 2007** Elections in September 2007 made Yulia Tymoshenko Prime Minister again.
- 2010** Yanukovich was elected President by a small win over Yulia Tymoshenko. A number of criminal cases were opened against Tymoshenko. A Ukrainian court sentenced Tymoshenko to seven years in prison after she was found guilty of abuse of office when brokering the 2009 gas deal with Russia.
- 2012** Parliamentary elections confirmed the power base of Viktor Yanukovich.
- 2014** Maidan Revolution. Yanukovich exiled, Yulia Tymoshenko out of prison. Annexation of Crimea by Russian Federation. Start of war in Eastern Ukraine with pro-Russian separatists and Russian military forces. Petro Poroshenko is elected the President of Ukraine. Ukraine signs the European Union Association Agreement.
- 2015** At a summit in Minsk on 11 February the leaders of Ukraine, Russia, France, and Germany agreed to a package of measures to alleviate the ongoing war in the Donbass region of Ukraine.

1.3 Culture

Ukraine has a shared culture with neighbouring nations, dating back to the 9th century and the Land of Rus. Mutual influence is particularly apparent among the cultures of Russia, Ukraine, Poland and Belarus.

Religion is practiced throughout the country. Eastern Orthodox Christianity and Eastern Catholicism and Roman Catholic are the three most widely practiced religions. The Ukrainian Orthodox Church is the largest in the country.

Different branches of culture — architecture, music, dance, theatre, cinema, literature, fashion, mass media, education and sports are well developed.

There are nearly 5,000 different museums in Ukraine, e.g. National Art Museum of Ukraine, National Historical Museum of Ukraine, Museum of Western and Oriental Art, Ukrainian National Chernobyl Museum in Kyiv, Lviv National Art Gallery, Poltava Art Museum, Simferopol Art Museum. Maritime museums can be found in Odessa, Sevastopol and Nikolayev.

Many Ukrainians are well educated and the ability to speak English is increasing rapidly.

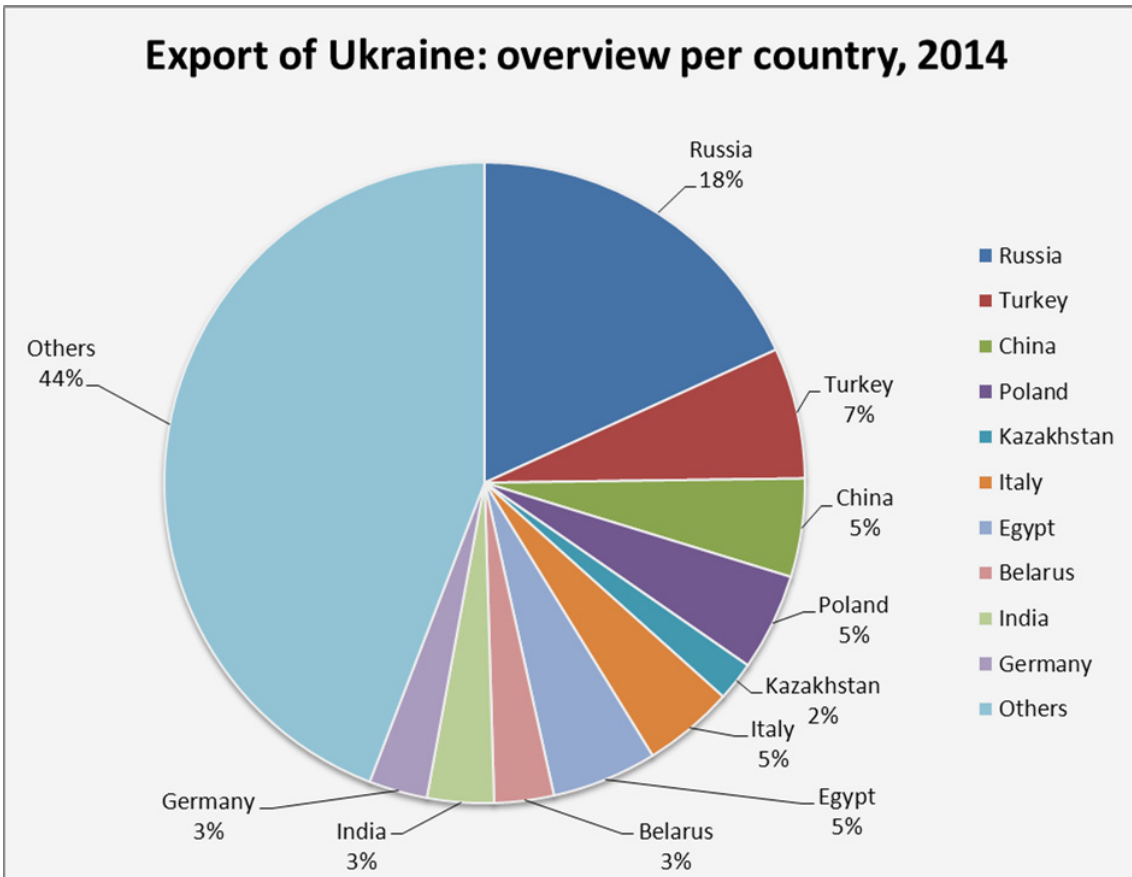
1.4 Economy

In the 1990s the Ukraine lost 60% of its GDP and suffered five-digit inflation rates. The Ukrainian economy stabilized by the end of that decade. A new currency, the Hryvnia, was introduced in 1996. Since 2000, at first the country enjoyed steady real economic growth averaging around 7% annually. In 2006 the trade balance became negative and in 2009 the Ukraine was hit by the international economical crises and GDP decreased. Considering the fast growing amounts of expensive cars and luxurious villas the informal economy is still growing.

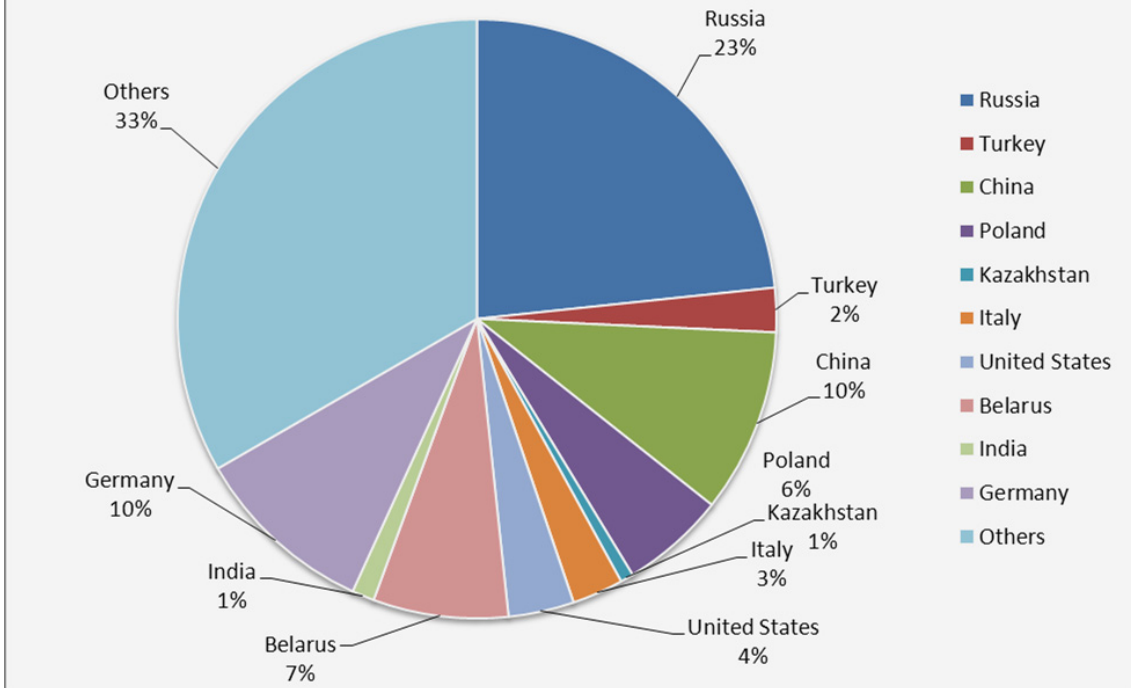
Industry is the most important economical sector (32%) and includes mining, heavy industries (including steel) and also shipbuilding. Agriculture is second with 13%, trade 12% and transport 11%. At the Crimea and in Kiev and Odessa there is also tourism.

Forecast of Development of Ukraine, July 2013

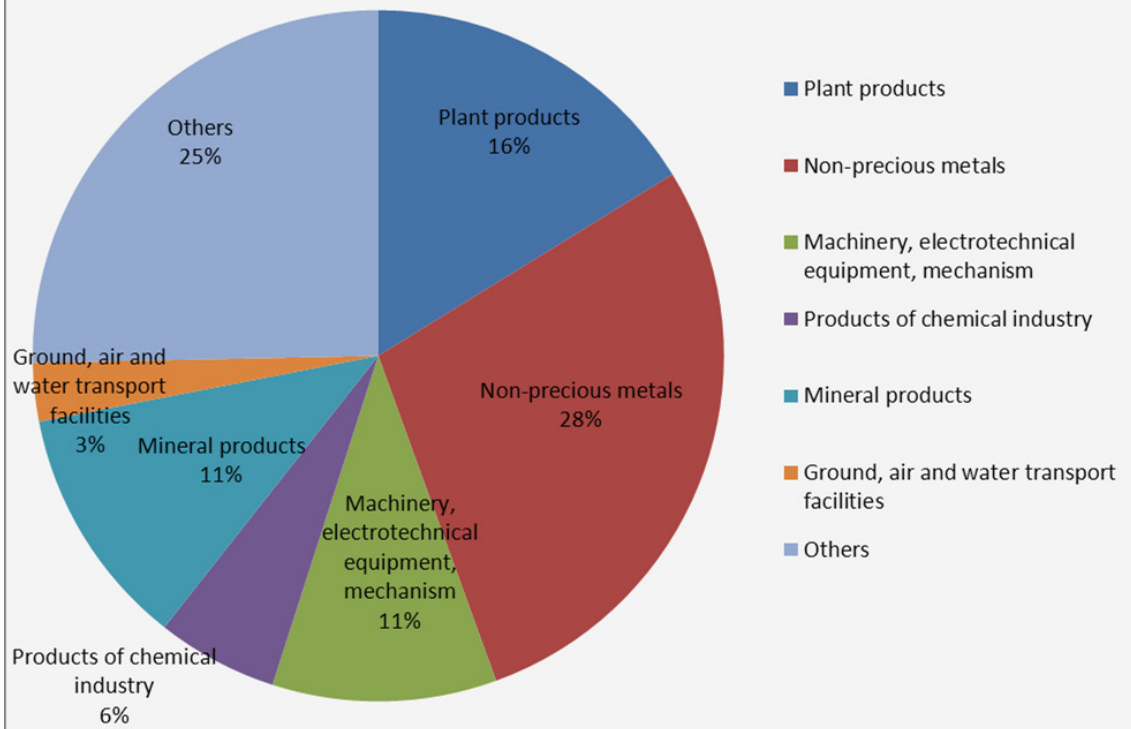
	2011	2012	2013	2014	2015	2016
Growth of a real internal gross product (% a year)	5.2	0.1	0.3	3.9	4.5	4.4
Growth of a consumer price index (%)	8.0	1.7	2.0	6.0	5.5	5.5
Balance of the account of the current operations (% internal gross product)	-6.3	-8.9	-6.7	-6.3	-5.8	-5.2
Cumulative external debt (% internal gross product)	82.3	88.2	94.9	94.9	91.6	87.9
Interest rate for the short-term credits (%)	7.8	7.5	7.0	7.1	7.1	7.0
Average annual rate of national currency (to US dollar)	8.0	8.0	8.3	8.7	8.7	8.8
Balance of the state budget (% internal gross product)	-2.8	-4.9	-5.1	-4.0	-3.4	-2.5
Population (millions people)	45.2	45.0	44.7	44.5	44.2	44.0
Nominal Internal Gross Product (billion US dollars)	163.4	165.8	163.3	172.4	188.2	205.7
Internal Gross Product per capita (in the current prices in US dollars)	3615.3	3688.4	3652.6	3877.7	4256.1	4675.4

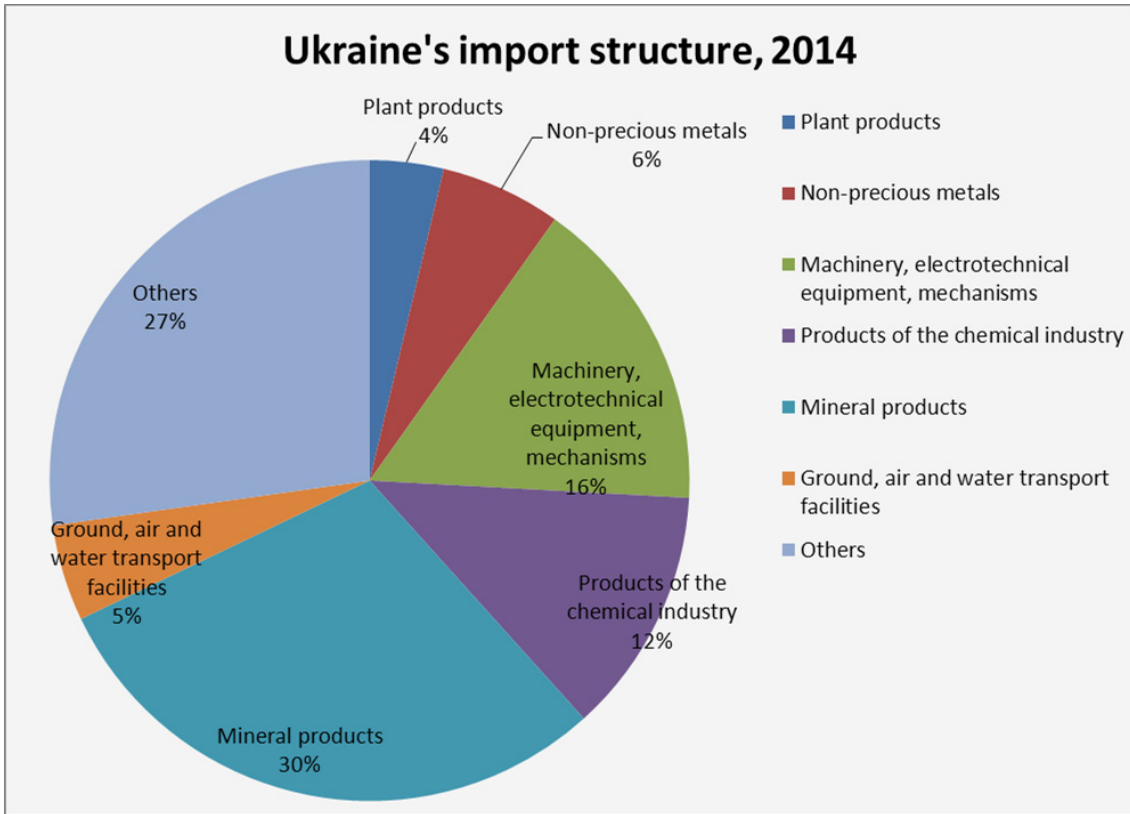


Import of Ukraine: overview per country, 2014



Ukraine's export structure, 2014





1.5 Politics

With the proclamation of its independence on August 24, 1991, and adoption of a constitution on June 28, 1996, Ukraine became a semi-presidential republic. The highest legislature is the parliament, Verkhovna Rada of Ukraine.

The political situation is pretty unstable now and the outcome of the recent Maidan revolution has to be waited for. Ukraine is still ranked 142 out of 175 countries in the Corruption Index 2014.

All major political parties in Ukraine support association with the European Union, although the eastern part of the country has close ties with Russia. The historical, cultural and economical ties with Russia may never be neglected. After the May 25th elections the situation might become more clear and stable. Ukraine could get a lot of financial but also non-financial support with new legislations etc. Huge European development subsidies are potentially available.

2. Seas, Rivers and Ports

2.1 Black Sea

The Black Sea is bounded by Europe, Anatolia and the Caucasus and is ultimately connected to the Atlantic Ocean via the Mediterranean and the Aegean Seas and various straits. The Bosphorus connects it to the Sea of Marmara, and the Strait of the Dardanelles connects that sea to the Aegean Sea region of the Mediterranean. These waters separate eastern Europe and western Asia. The Strait of Kerch connects the Black Sea to the Sea of Azov. Via the Russian Waterways the Sea of Azov is connected to the Caspian Sea.



Source: http://www.vacationstogo.com/cruise_port/Black_Sea.cfm

Primary sources	Danube, Dnieper, Rioni, Southern Bug, Kızılırmak and Dniester
Primary outflows	Bosphorus
Basin countries	Bulgaria, Romania, Moldova, Ukraine, Russia, Georgia, Turkey
Max. length	1,175 km
Surface area	436,402 km ²
Average depth	1,253 m
Max. depth	2,212 m
Water volume	547,000 km ³

The climate of the Black Sea is, due to its position mid-continental to mostly continental. The Black Sea coast of the Caucasus and the southern coast of the Crimea mountains are protected from the cold north winds, and consequently have a mild Mediterranean climate, and to the south-east of Tuapse (Russia) — a humid subtropical climate.

Most rain falls in the Black Sea on the coast of the Caucasus (up to 1500 mm per year), the lowest — in the north-western part of the sea (about 300 mm per year). Clouds per year on average are 60%, with a maximum in winter and minimum in summer.

The waters of the Black Sea, as a rule, are not subject to freezing. However, in very severe and prolonged winters, the northern part of the sea may be covered with ice, but it happens only once in a few decades. On average the seawater temperature does not fall below +7–8 °C.

Average water temperature in the Black Sea

Depth (m)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
0	7,7	7,2	6,8	9,2	14,1	19,8	22,8	23,8	20,8	18,7	11,7	9,5
10	7,7	7,1	6,8	9,0	12,8	18,5	21,8	23,6	20,7	18,6	11,8	9,6
20	7,7	7,0	6,7	8,4	10,2	11,9	12,2	13,6	19,2	17,9	11,6	9,6
30	7,7	7,0	6,6	7,7	7,9	7,8	8,5	9,0	9,1	12,0	10,4	9,2
50	7,6	7,4	7,3	7,6	7,4	7,3	7,4	7,6	7,2	8,0	7,6	7,8
100	8,3	8,4	8,4	8,4	8,3	8,3	8,4	8,3	8,3	8,2	8,3	8,3
200	8,7	8,7	8,7	8,7	8,7	8,7	8,7	8,7	8,7	8,7	8,7	8,7
500	8,9	8,9	8,9	8,9	8,9	8,9	8,9	8,9	8,9	8,9	8,9	8,9
1000	9,0	9,0	9,0	9,0	9,0	8,9	8,9	8,9	9,0	8,9	8,9	9,0
1500	9,0	9,0	9,1	9,0	9,0	9,0	9,0	9,0	9,0	9,0	9,0	9,0

The Black Sea has a positive water balance; that is, a net outflow of water 300 km³ per year through the Bosphorus and the Dardanelles into the Aegean Sea. Mediterranean water flows into the Black Sea as part of a two-way hydrological exchange. The Black Sea outflow is cooler and less saline, and floats over the warm, more saline Mediterranean inflow — as a result of differences in density caused by differences in salinity — leading to a significant anoxic layer well below the surface waters. The Black Sea also receives river water from large Eurasian fluvial systems to the north of the Sea, of which the Don, Dnieper and Danube are the most significant.

Important cities along the coast include Batumi, Burgas, Constanța, Giresun, Hopa, Kerch, Mangalia, Năvodari, Novorossiysk, Odessa, Ordu, Poti, Rize, Samsun, Sevastopol, Sochi, Sukhumi, Trabzon, Varna, Yalta and Zonguldak.

2.2 Sea of Azov

The Sea of Azov is an inland sea in the east of Europe. The Azov Sea is connected to the Atlantic Ocean long chain straits and seas (Kerch Strait – Black Sea – Bosphorus – Marmara – the Dardanelles Strait – Aegean – Mediterranean Sea – the Strait of Gibraltar – Atlantic Ocean).

Ships sail via the Russian waterway system (if not frozen) from the Sea of Azov to the Caspian Sea.

Primary inflows	Don and Kuban
Max. length	360 km (220 mi)
Max. width	180 km (110 mi)
Surface area	39,000 km ² (15,000 sq mi)
Average depth	7 metres (23 ft)
Max. depth	14 m (46 ft)
Water volume	290 km ³

Average water temperature in the Azov Sea (coastal line)

City	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Taganrog	0,1	0,1	1,2	9,6	18,1	22,4	24,8	23,6	18,4	11,1	4,6	0,9
Mariupol	0,1	0,0	1,1	8,4	17,3	22,0	24,5	23,6	19,1	12,4	6,1	1,5
Berdiansk	0,0	0,0	1,3	8,4	17,0	22,3	24,6	23,7	19,0	12,5	6,4	1,7
Eisk	0,2	0,2	1,7	9,5	17,6	22,4	24,9	23,7	18,6	11,9	5,5	1,7
Henichesk	0,2	0,2	2,3	9,5	17,2	21,9	23,5	23,5	19,2	12,7	6,9	2,0
Temriuk	1,1	1,2	3,5	10,2	17,1	22,3	24,2	24,2	19,6	13,5	7,8	3,2

In winter the surface of the Azov Sea is often covered with ice.

2.3 Sea Ports of Ukraine

Along the Ukraine Black and Azov Seas coast there are 18 merchant seaports and 3 marine fisheries ports, from west to east: Reni, Izmail, Ust-Dunaisk, Belgorod-Dnestrovskiy, Ilyichevsk, Odessa, Yuzhniy, Nikolaev, Oktyabrsk, Kherson, Skadovsk, Yevpatoria, Sevastopol, Yalta, Theodosia, Kerch, Berdyansk, Mariupol.



Source: <http://www.sifservice.com/index.php/en/information-en/ports-ukraine>

In March 2014 Russia annexed Crimea. Since then Russia has de facto administered the territory as two federal subjects — the Republic of Crimea and the city of Sevastopol — within the Crimean Federal District. Thus, the ports of Crimea became in fact inaccessible for Ukraine.

On the 15th of April 2014 the Law of Ukraine “On the rights and freedoms of citizens and legal regime of the temporarily occupied territory of Ukraine” was adopted. This Act amended the Criminal Code of Ukraine with the Art. 332-1. The article defines *corpus delicti*” such as violation of the regime of entry into the temporarily occupied territory of Ukraine and exit from it. Thus, the vessel call to Crimean port may be recognized as the violation of this regime.

On the 16th of June 2014 the Ministry of Infrastructure of Ukraine issued the order No. 255 “On closing of sea ports”. According to the order, Kerch, Sevastopol, Theodosia, Yalta and Yevpatoria ports would be closed until the retrieval of constitutional order of Ukraine on the temporary occupied territory of Crimea.

It should be noted that a part of the ship-owners perceived these amendments with scepticism and continued to perform voyages to and from Crimean ports. In December 2014 the General Prosecutor’s Office informed that it had started more than 60 criminal investigations on the ground of the vessels’ calls to ports of Crimea. In some cases these investigations led to serious consequences for

the ship-owners. For example, on the 24th of March 2015, the Kyiv Court of Pechersky district confiscated the m/v “Kanton” for illegal call to Sevastopol in June 2014. The vessel still remains confiscated and the final outcome of the case is unknown. Thus, the ports of Crimea do not de facto belong to Ukraine and the government punishes calls at Crimean ports.

The list of seaports opened for foreign vessels’ calls is provided by the order of the Cabinet of Ministers of Ukraine dd. 26.06.2013 No. 466-p “On the list of seaports of Ukraine opened for entry of foreign vessels” (with amendments made on 29.04.2015) and it includes:

- Reni
- Izmail
- Ust-Dunaisk
- Belgorod-Dnestrovskiy
- Ilyichevsk
- Odessa
- Yuzhniy
- Nikolaev
- Oktyabrsk
- Kherson
- Skadovsk
- Berdyansk
- Mariupol

The waterfront and port territories are equipped with about 600 gantry cranes, thousands of lift trucks of different types and other units of port machinery. These ports have over 330,000 m² of sheltered warehouses and over 2.5 million m² open storage yards.

The most important Ukrainian ports are those of Odessa, Ilyichevsk and Yuzhniy (Odessa), all situated not far from each other in the north-western part of the Black Sea. These three ports alone totally account for 61.9% of the entire cargo turnover in Ukrainian merchant seaports and 43% of cargo handling in all ports and terminals of the country. These ports offer the best approach ways (draughts of vessels accommodated are 11.5–14.5 m). The other ports in Ukraine can only accommodate ships with considerably less draught.

The major container terminals in Ukraine are also located in the ports of Odessa, Ilyichevsk and Yuzhniy. At the mouths of the largest Ukrainian rivers, the Dnepr and Yuzhniy Bug, there is another cluster of merchant seaports, namely Nikolaev, Kherson, Oktyabrsk, which handle both bulk and general cargoes. Around the Crimean Peninsula’s seacoast, there are the merchant seaports of Yevpatoria, Sevastopol, Yalta, Theodosia and Kerch. They are destined primarily to serve Crimean transport needs given the Crimea’s tourism potential.

On the northern coast of the Sea of Azov, there are the Ukrainian merchant seaports of Berdyansk and Mariupol, which distinguishing feature is their closeness to the industrially developed regions of Donbass and Pridneprovye. The export of metals and other commodities from these regions provides the main workload for these two ports.

Since 2001, all merchant seaports of the country have been united in the established non-governmental organization UKPORT (Ukrainian Ports Association). The association comprises also other ports, enterprises and companies, being one of the most authoritative non-profit establishments representing the interests of those engaged in the water transport industry of the country.

The long-awaited Law on Sea Ports of May 2012 influenced all market participants, including cargo terminals, stevedore companies and ship-owners.

The key goals and provisions of the law included:

- Distribution of administrative functions in seaports
- Promotion of investment in port infrastructure
- Settlement of land disputes at sea ports
- Adjustment of port economy management and planning
- Liberalization of rates on port services

Port administrations are entitled to perform administrative functions only, while commercial services are delegated to private companies. Cargo terminals — already relatively independent from the ports where they are located — became more independent from the state and will have to change their present relationships with ports.

The law provides opportunities and mechanisms for investment in port infrastructure, including strategic opportunities (e.g., dredging, berths and railways) and guarantees for investors. The list of possible investment mechanisms is not exhaustive; private investors and port administrations may establish relationships based both on traditional lease and joint venture agreements in addition to other legal mechanisms, such as concession and superficies.

The incorporation of new joint stock companies based on integral economic complexes (usually on separate terminals) is also provided for in the law. The concession agreement is given priority for new investment based on large port infrastructure and separate ports. Privatisation of infrastructure (except strategic infrastructure) is allowed and infrastructure created with private investments will remain private property.

Land in ports may be held in any form of ownership permitted by the laws of Ukraine. The new law provides that land in ports may be state owned or privately owned, or even municipal property. This creates opportunities for financing the construction of new cargo terminals and ensuring a return on investments.

The management structure of ports is also facing revolutionary changes. The ports became branches of a single Ukrainian Sea Ports Authority, which manages the ports from its headquarters in Kiev and local branches, and acquires the rights of a single legal entity. This reorganisation formally ended the Soviet system of port economy management and brought the Ukrainian regime in line with long-established international standards.

The most distinctive and liberal provision of the Law on Sea Ports is on the direct determination of free port service rates, including those for loading and unloading operations and other commercial services. The provision applies to all services, except those deemed to be natural monopoly services and several specific services that are unrelated to the oil handling or transportation business. However, not all stevedore business participants are ready to deregulate port rates.

The law is aimed to foster development of private investment, so those interested in the development, business organisation or infrastructure of ports may now actively lobby their interests both at port level and in the corresponding centralised institutions of authority.

None the less, despite the new law the disbursement account in Ukrainian ports is the biggest among the Black Sea countries.

Supporting and auxiliary transport services of sea and river ports and berths in 2014

Millions of tons	Total	Including			
		Export	Import	Transit	Internal
Processed goods	147.4	104.1	17.1	20.4	5.7
Sea transport	142.3	101.8	16.8	20.4	3.1
% to 2013	104.6	109.8	92.3	87.8	179.7
River transport	5.1	2.2	0.3	0.01	2.5
% to 2013	124.7	176.9	78.2	942.2	105.0

An analysis of maritime regions of Azov, Black and Mediterranean, where Ukrainian ship owners operate mainly special vessels carrying up to 5,000 tons. In recent years the volume of traffic in the region has increased (annually by 10–15%), especially bulk cargo, such as cereals, metal, fertilizer. However, most of these ships were built in 1970–80.

Ukrainian Sea Ports

No.	Name of Port	Capacity mln t/year	Websites
1	Odessa Merchant Sea Port	40	www.port.odessa.ua
2	Ilichevsk Merchant Sea Port	30	www.ilport.com.ua
3	Yuzhny Merchant Sea Port	20	www.port-yuzhny.com.ua
4	Reni Merchant Sea Port	14.5	www.portreni.com.ua
5	Mariupol Merchant Sea Port	12	www.marport.net
6	Feodosia Merchant Sea Port	11	www.portkafa.com
7	Izmail Merchant Sea Port	7.7	www.izmpport.com.ua
8	Nikolaev Merchant Sea Port	5.5	www.portnikolaev.com
9	Kherson Merchant Sea Port	5	www.seaport.kherson.ua
10	Skadovsk Merchant Sea Port	5	www.ukrport.org.ua
11	Kerch Merchant Sea Port	2.5	www.ukrport.org.ua/p-skadovsk.htm
12	Oktyabrsk Specialized Sea Port	2	okt-port.com
13	Yalta Merchant Sea Port	2	yaltaport.com.ua
14	Belgorod-Dnestrovsky Merchant Sea Port	1	www.bdport.com.ua
15	Ust-Dunaisk Merchant Sea Port	1	www.ukrport.org.ua/p-ust-dunay.htm
16	Yevpatoria Merchant Sea Port	0.8	www.emtp.com.ua
17	Berdiansk Merchant Sea Port	0.7	www.bmtpport.com.ua
18	Sevastopol Merchant Sea Port	0.6	www.morport.sebastopol.ua

2.3.1. Odessa Merchant Sea Port

Coordinates	46°32'00 N, 30°54'00 E
Total area	400 ha
Total length of berth	8 km
Specialization	Bulk, general cargo, cruise liner
Capacity	40 mln t/year
Covered storage facility	60,420 m ²

Specialization

Port of Odessa can handle up to 40 million t of cargo a year incl. 15 million t of dry cargoes and 25 million t of liquid cargoes. The port is fitted out with equipment, machinery and devices for handling the following cargoes: crude oil and petroleum products; liquefied gas, tropical and vegetable oils, containers, ferrous and non-ferrous metals, non-ferrous metal ores, cast iron, scrap metal in bulk, bulk raw sugar, bulk grain, paper in rolls, citrus fruits, bananas on

pallets, perishable goods, different general cargoes in bags, boxes, packets, big bags, barrels, etc. It can accommodate large passenger cruise liners and has the most modern passenger terminal in Ukraine which admits up to 4 million passengers a year.



Odessa port is in front of the famous stairs

Port facilities

There are 45 protected berths with depths ranging from 6.2 up to 13.5 m. The berthing line totals over 8 km. The port has 8 terminals for handling dry cargoes, as well as passengers, oil and container vessels of 12.5 m draught and 240 m long are accommodated terminals, harbours and terminals to handle tropical and technical oils.

Special (Free) Economic Zone Porto-Franco

Since 2000, a certain territory of the port is a Special (Free) Economic Zone (FEZ). This special economic zone Porto-Franco covers an area of 32.5 hectares within the borders of the artificially deposited and filled territory of Quarantine mole. The FEZ territory is granted a special customs duty regime and has special investment regulations, allowing investment only over one million USD. Investors on FEZ territory enjoy certain benefits, such as exemption from taxation during the first three years of operation and during the following three years the profits made by these enterprises will be taxed by only 50% of the current tax rate. Goods and other items carried to the territory of FEZ are excluded from customs duties and VAT. So far, the FEZ territory has a container terminal, a terminal for handling technical oils, a plant that manufactures radio-electronic devices, TIR parking lot, and storage areas.



Odessa Port Complexes:

- Oil harbour
- Grain terminal
- Production handling terminal
- Transit cargo Terminal
- Passenger terminal with exhibition centre and hotel
- Railway service

Storage Facilities

Odessa port's open storage area totals 425,070 m². Sheltered warehouse area totals 6,042 m². It offers the possibility for simultaneous storage of more than 14,000 m².

**2.3.2 Ilichevsk
Merchant Sea Port**

Coordinates	46°18'00 N, 30°40'00 E
Total area	346 ha
Total length of berth	6 km
Specialization	Terminalling by railway ferries and Ro-R vessels
Capacity	30 mln t/year
Covered storage facility	54,200 m ²

Ilichevsk Merchant Sea Port (IMSP) is situated on the coast of Sukhoy Liman (estuary), 12 miles southwest of Odessa. Ilichevsk Sea Port has the key position at the crossroad of the main industrially developed regions of Ukraine, Russia and Kazakhstan and maritime routes leading over the Mediterranean to the Atlantic and Indian Oceans. At present, Ukraine is linked to more than 100 countries of the world via Ilichevsk port.

Specialization

Accommodation of vessels of with maximal draught up to 14 m and up to 100,000 DWT, all year navigation and icebreaking pilotage, towing, maintenance and repair of vessels, collection of bilge, ballast water and garbage from ships, handling technology for unique large-size and heavy cargoes weighing up to 400 t by means of floating cranes.

The most important feature of Ilyichevsk port is its universality. Specialized terminals with a number of loading machines and load-gripping devices enable the handling of a wide range of cargoes, including containers and Ro-Ro cargoes, bulk and liquids.



Port facilities

The port of Illichevsk has facilities enabling the handling of more than 32M t of cargo a year. It has about 6,000 m of berths, storage areas that allow storage of 1.5 million for all kind of cargo, outdoor storage of 575,000 m², sheltered warehouses of 27,000 m², railway infrastructure — 6 entrances to the port, more than 50 km of railways in the port, handling of 1,300 wagons a day — good road infrastructure with 5 gates to enter the port.

Specialized complexes and terminals:

- Multipurpose terminals
- Ample container capacities
- Berths Nos. 1-22
- Multimodal complexes
- Specialized ore complexes
- Specialized complex for sulphur Handling
- Grain handling facilities
- Specialized facilities for storage and handling of liquid vegetable oil
- Fuel terminal
- Facilities for handling of liquefied gases (1st stage)
- Plants located near IMSP: plant for deep proceeding of agricultural Products, Ilyichevsk oil-and-fat integrated Plant (1st stage), plant for extraction of vegetable oil.

2.3.3 Yuzhny Merchant Sea Port

Coordinates	46°37'20 N, 31°06'03 E
Total area	
Total length of berth	3 km
Specialization	Bulk, general cargo
Capacity	20 mln t/year
Covered storage facility	2,000 m ²

Besides facilitating the export of on the spot produced chemical products, such as ammonia, methanol, carbamide-ammonia mix, the port was intended for throughput handling of ammonia coming in through the pipeline from Tolyatty, Russia, and some chemical cargoes, mostly fertilisers, carried by railway from Ukraine, Russia and Belorussia. The port is also equipped with terminals for handling bulk cargoes, such as coal, ores and general cargoes.



Specialization

The port specializes in handling of bulk, chemical, ore and general cargoes, including coal, metal, cast iron, pellets, palm oil, carbamide, ammonia, methanol, crude oil and grain.

Main shipment: Black Sea and Mediterranean Sea basins, Latin America, the United States of America, Middle East countries, Southeast Asian countries. The transit cargoes amount to 50% of the entire cargo turnover and mostly come from Russia.

Port facilities

Port terminals are located on the eastern and western banks of the Ajalykский Liman. The total length of the berths is approx. 3 km. The port has two cargo handling areas and three railway stations on the Odessa Railway line, namely Beregovaya, Chimicheskaya and Promyshlennaya. These stations are connected to the outer railway system through Chernomorskaya Station. The inner port roadways are connected to Odessa — Nikolaev highway. Port berths are connected to the access railway lines and equipped with gantry cranes of rated lifting capacity up to 84 t. Cargo handling operations may be performed 24 hours a day, Sundays and holidays included. The port is open to navigation all year round.

Storage Facilities

There are 185,500 m² of open storage areas in the port. The area of sheltered warehouse comprises 2,000 m².

2.3.4 Reni Merchant Sea Port

Coordinates	45°27'00 N, 28°17'00 E
Total area	94 ha
Total length of berth	4 km
Specialization	Bulk, general cargo, Ro-Ro vessels
Capacity	14.5 mln t/year
Covered storage facility	30,000 m ²

Reni merchant seaport is situated on the left bank of the Danube — one of the longest European rivers.

Specialization

Reni merchant seaport is a multipurpose transport hub in Ukraine where sea, river, railway and road transport are closely interconnected. Reni port is also river port. The port of Reni is located in the south-eastern part of Ukraine at the interface of Ukrainian, Romanian and Moldavian borders and on the crossing of four transport corridors. With 30 specialized berths the port can handle practically all kinds of freights: general cargo, bulk (dry and liquid), heavyweight, off-gauge cargoes, containers.



Port facilities

The projected annual capacity of the port amounts to 14.5 million t. The territory covers 940,000 m². The berthing line extends to 3,927 m. Water depths at the wall amount to 12 m. Sheltered warehouses cover 30,000 m² and open storage yards 195,000 m². The port consists of 3 cargo areas, the oil handling site and a ferry complex. Port Reni has railways and is connected to the railway system. Handling cargoes of up to 250 t. Navigation is possible all year round.

Storage Facilities

The sheltered warehouses cover an area of 30,000 m², the open yards cover 195,000 m².

2.3.5 Mariupol Merchant Sea Port

Coordinates	47°03'00 N, 37°30'00 E
Total area	77,6 ha
Total length of berth	3.9 km
Specialization	Bulk, general cargo, containers, heavy-lifts, oversize cargo
Capacity	12 mln t/year
Covered storage facility	11,800 m ²

Over land the port is situated 180 km from the big industrial Russian city of Rostov on Don situated on the crossroads of many transport routes. Russian cargo comprises the great amount of cargo turnover of Mariupol Port. Via the Volgo-Don Canal, the Mariinsk system, and the Belomor-Baltic Canal, the port is connected to all regions of Russia down to the Volga River, and thus also goes out to the Caspian, Baltic and White Seas.

Specialization

Mariupol port provides handling of all kinds of cargo: bulk, dry bulk, general, heavy-lifts, oversize cargo, containers and liquid cargo.

Port facilities

The territory of Mariupol port covers 74.4 ha. The overall length of the berths is 4.2 km.

Heavy lift and oversize cargoes are handled by two floating cranes of 100 and 150 t l/c respectively and by three floating cranes of 16 t l/c each.

Specialized terminals

There is a specialized coal handling terminal on berth No. 14 (263 m long, 9.25 m deep). The terminal turnover is 5 million t of coal per year. The container terminal is situated on berth no. 17 (length 200 m, depths 9.75 m). The terminal area totals 34,000 m². Its capacity is 50,000 TEU per year. There are 3 container loaders on the berth. Sheltered warehouses cover 14,100 m² and the open storage area 263,700 m².



2.3.6 Feodosia Merchant Sea Port

Coordinates	45°1'42 N, 35°23'20 E
Total area	13.44 ha
Total length of berth	2.65 km
Specialization	Bulk, general cargo, passenger ships
Capacity	11 mln t/year
Covered storage facility	2,520 m ²

Feodosia is at the eastern side of Crimea and is the second largest port in Ukraine with respect to the volumes of crude oil and petroleum products handled. The port can handle up to 11 million t of cargo a year. This number includes 1.5 million t of dry cargo. There is a possibility for further loading on the roadstead by means of lighters, ship's cranes or floating cranes. The port is equipped with railways and handling machinery, and devices for handling all year round metal rolled stock — up to 500,000 t, mineral fertilizers — up to 100,000 t and clay — up to 1 million t.

Port facilities

The port land territory covers 13.44 hectares. There are 2 cargo areas in the port. One is designed to handle dry cargoes, the other handles oil and petroleum products. On grab operation with l/c of 32 t it can handle all kinds of bulk and dry products at a high speed, including road operation when cargo is delivered by 8 lighters with a carrying capacity of 1,080 t each and airtight hatch covers. There is a site to receive containers and one for passengers.

The port has two oil berths in the roadstead. The northern berth, with depths up to 13.5 m, can accommodate tankers of 115,000 DWT with draught up to 12.5 m. The southern berth can take tankers up to 80,000 DWT with draught up to 11.5 m. Both berths provide handling of crude oil and light petroleum products. They can both work simultaneously, but in different directions. The monthly handling of liquid cargo is about 800,000 t.

Storage Facilities

The port has sheltered warehouses on a total area of 3,280 m² and an open storage yards on a total area of 19,304 m².



2.3.7 Izmail Merchant Sea Port

Coordinates	45°21'00 N, 28°50'00 E
Total area	107.5 ha
Total length of berth	2.528 km
Specialization	Bulk, general cargo
Capacity	7,7 mln t/year
Covered storage facility	19,700 m ²

Izmail, a city in the Odessa region, is situated in the Kiliya mouth of the Danube River, 93 km off the Black Sea.



Specialization

Izmail Port can accommodate vessels with a maximum length of 150 m, a width of up to 30 m, and a draught of 7 m. Izmail Port is fitted with facilities and equipment that allow handling bulk freights, boxes and packages and containerized cargoes.

Port facilities

The territory of Izmail Port comprises 24 berths which extend for 2,619 m. The depths of the berths are from 3.5 m to 7.5 m. The port is divided into three cargo handling terminals.

Storage Facilities

Izmail Port has at its disposal 8 sheltered warehouses with a total area of 19,700 m². The open cargo storage area covers 201,100 m².

2.3.8 Nikolaev Merchant Sea Port

Coordinates	46'11'00 N, 30'20'00 E
Total area	69.3 ha
Total length of berth	2.42 km
Specialization	Bulk, general cargo
Capacity	5.5 mln t/year
Covered storage facility	27,300 m ²

Nikolaev is situated on the left bank of Bugskiy Liman (estuary) of the Black Sea where the Yuzhniy Bug and the Ingul River join.

Specialization

Nikolaev port handles ferrous and nonferrous metals of all sorts and shapes, pig iron, large and small diameter pipes, various ores, iron ore pellets, ferroalloys, clays, bulk potassium fertilizers, equipment including over-size and heavy lifts, bulk grain, foodstuffs of all kinds, packed cargoes, and timber products.



Port facilities

Territory of Nikolaev port covers 69.3 ha. Water area is 323 ha. The length of the railroad bed is 27 km. Total berthing line amounts to 2,420 m. There are 39 gantries in the port.

Nikolaev Port's Complexes

Distribution cold-storage warehouse for storage of deep-frozen products.

- Complex for chipping of timber
- Multipurpose handling complex
- Grain handling complex
- Oil terminal

Storage Facilities

The area of sheltered warehouses comprises 27,300 m². The total area of open yards covers 181,500 m².

2.3.9 Kherson Merchant Sea Port

Coordinates	46°38'00 N, 32°36'00 E
Total area	
Total length of berth	1.262 km
Specialization	Bulk, general cargo
Capacity	5 mln t/year
Covered storage facility	17,700 m ²

Kherson is at the mouth of the Dnieper.

Specialization

The port is designed to handle 4 million t of cargo a year. The port handles general and dry bulk cargoes. More than 40 % of all cargoes handled in the port are mineral fertilizers and chemicals in bulk and in bales, about 40 % is grain. In addition, all kinds of ferrous metal, pig iron ingots, coke, ferrous alloys, timber, peat, etc. are handled.

Port facilities

There is one cargo handling area in Kherson Sea Port for handling general and bulk cargoes. Its berthing line runs 1,262 m. The grain terminal is situated here. It includes a warehouse (cap. 20,000 t). Grain from railcars and motor vehicles is discharged into special bins and then it goes to the warehouse via the conveyor. A direct scheme of grain handling is also envisaged. There is a special device to pack fertilizers into 50 kg bags. The capacity of this device is 750 t per day. The bags are packed into soft containers, placing up to 2 t of cargo. Other bulk cargoes are packed in the port too, for example round timber, etc. To store grain, fertilizers and other cargo, 11 vessels of DM type with a carrying capacity of 1,000 t are used and 2 barges with a carrying capacity of 2,400 t.



2.3.10 Skadovsk Merchant Sea Port

Coordinates	46°07'00 N, 32°55'00 E
Total area	11.12 ha
Total length of berth	0.929 km
Specialization	Bulk, general cargo, Ro-Ro, tanker
Capacity	5 mln t/year
Covered storage facility	1,000 m ²

Port Skadovsk is less than 100 km east of the mouth of the Dnieper at the Black Sea coast. The port mainly carries out cargo/passenger and ferry services to Turkey, as well as quarrying activities, production of beach sand, and handling of grain cargo. The port point Khorly is assigned to Port Skadovsk.

Specialization

The port can handle up to 500,000 t of bulk cargo, 100,000 t of general cargoes and up to 100,000 t of grain a year. The port ferry terminal can handle up to 20,000 heavy motor vehicles a year. In 2009, the port handled 735,000 t of cargo and 9,836 heavy motor vehicles. The port is open for international transportation. Shipping lines for transportation of motor vehicles from and to Turkey are available.

Port facilities

Port territory totals 11.12 hectares and may be expanded up to 20 hectares. The total length of its berthing line is 800 m. There are no railway access lines.

Storage Facilities

The port has three sheltered warehouses of around 1,500 m² in total and open storage of 20,700 m².



2.3.11 Kerch Merchant Sea Port

Coordinates	45°20'19 N, 36°28'05 E
Total area	19.48 ha
Total length of berth	1.224 km
Specialization	Bulk, general cargo
Capacity	2.5 mln t/year
Covered storage facility	11,812 m ²

Kerch city is situated on the Ukrainian shore of the Kerch-Yenikalsky Strait, which joins the Black Sea and the Sea of Azov. Besides Port Kerch and the ferry complex TIS-Krym, there is also SE Kerch Fishery Port. Local enterprises include an integrated iron and steel plant, and the Zaliv Shipyard.



Specialization

Kerch Sea Port can handle up to 2.5 million t of cargo per year. The port handles general cargo such as steel products, equipment, bulk cargo, ferroalloys, cast iron, coke, coal, scrap metal, iron ore pellets, containers, wheel motorcars, and bulk grain.

Port facilities

The territory of Kerch Sea Port totals 615,328 m² including 564,036 m² of the operational area. There are two handling terminals.

Storage Facilities

The total open cargo storage area is 105,864 m². The port's 8 sheltered warehouses for general cargo have a total area of 16,842 m².

2.3.12 Oktyabrsk Specialized Sea Port

Coordinates	46°49'59 N, 31°57'22 E
Total area	
Total length of berth	1.9 km
Specialization	General cargo
Capacity	2 mln t/year
Covered storage facility	40,000 m ²

The Sea Port of Oktyabrsk is located 25 km from the city of Nikolaev, on the left shore of the Dnepro-Bugskiy estuary. The port is open to foreign flagged ships.

Specialization and facilities

Port Oktyabrsk can handle up to 3 million t of general cargo. The port has 7 berths, with a total berthing line of 1.9 km. The port has sufficient railway and motor vehicle access tracks and roads.

Its sheltered warehouse area covers 40,000 m² and open storage area covers 264,800 m².



2.3.13 Yalta Merchant Sea Port

Coordinates	44'29'00 N, 34'11'00 E
Total area	20.35 ha
Total length of berth	
Specialization	Bulk, general cargo, passengers ship
Capacity	2 mln t/year
Covered storage facility	

Yalta Merchant Sea Port specializes in passenger carriages. The port also handles domestic cargoes, mainly building materials.

Specialization

The port receives cruise vessels both at its berths and in the roadstead. The terminal can handle up to 2M t of cargo per year. In the USSR times, the port's fleet of recreational vessels carried up to 6M passengers per year. At present they can still carry up to 1.5M passengers per year.

Port facilities

The port Yalta comprises a passenger terminal area, which is situated on the city centre's coastline (5.51 ha), a cargo-passenger port point, situated one mile eastwards of the city centre (Massandra district, 3.34 ha) and a number of other port points from Sudak to Foros. The total area of open cargo storage amounts to 15,000 m².

Passenger Terminal

The passenger terminal can handle ships of up to 293 m in length (in favourable weather conditions) and with a draught of up to 8.6 m. For passengers arriving on larger vessels, a special port shuttle boat service is provided.

Cargo-Passenger Port Point

The cargo-passenger port point area has a berth equipped with cranes that have lifting capacities of 10 to 20 t and a berth for Ro-Ro vessels with aft ramp ferryboats with a draught of up to 6 m.

Port Point and Berths

Foros, Simeiz, Alupka, Miskhor, Lastochkino Gnyezdo, Zolotoy Plyazh, Livadiya, Inturist, Donbass, Moris Torez, Nikitskiy Botanicheskiy Sad, Gurzuf, Frunzenskoye, Rabochiy Ugolok, Alushta, Malorechenskoye, Rybachye, Morskoye, and Sudak provide passenger transport by means of the port fleet.



2.3.14 Belgorod-Dnestrovsky Merchant Sea Port

Coordinates	46°11'00 N, 30°20'00 E
Total area	64.44 ha
Total length of berth	1.36 km
Specialization	Bulk, general cargo
Capacity	1 mln t/year
Covered storage facility	11,000 m ²

Belgorod-Dnestrovsky is situated at the Black Sea Coast, some 40 km SW of Odessa.

Specialization

The port specializes in handling foreign trade and coastal cargoes (grain, timber, general cargoes, mineral building materials). The port is able to handle around 1 million t of cargo. The lion share of the cargo flow at Belgorod-Dnestrovsky Merchant Sea Port is exported to Turkey and Mediterranean countries.

Port facilities

The territory of Belgorod-Dnestrovsky Port covers 59.04 ha, 21.57 of which are deposited territory. The territory of port point Bugaz covers 5.371 ha. There are 10 berths in the port with an overall length of 1.23 km and with depths at berths of no less than 4.3 m. The port can handle up to 100 loaded wagons per day.

Storage Facilities

Belgorod-Dnestrovsky Port has 4 yards in the rare areas of berths (60,669 m² in all). There are 6 open warehouses in the port covering 95,695 m². The port also has seven barges to store grain. Their total capacity amounts to 7,000 t.

Port Point Bugaz

Port Point Bugaz is situated 14 km south of the port, on the mouth of the Dnestrovskiy Estuary. The territory of Port Point Bugaz covers 5.4 ha. It has one berth of 127 m in length and up to 5.5 m in depth. There is a sheltered warehouse with a total capacity of 5,500 t of grain or 3,500 t of seeds.



2.3.15 Ust-Donaisk Merchant Sea Port

Coordinates	45°23'38 N, 29°35'31 E
Total area	15 ha
Total length of berth	
Specialization	Bulk, general cargo
Capacity	1 mln t/year
Covered storage facility	22,600 m ²



Ust-Dunaisk Port is situated in the southern part of Zhebriyanskiy Bay of the Black Sea, adjacent to the Ochakov mouth of the Danube River. Nowadays, the port specializes in trans-shipment of cargoes from sea going to river-going vessels via the Danube. The port also comprises the port point Kiliya and a berth in Vilkoovo for handling river-going vessels only.

Specialization

The port provides handling, transport and forwarding services for transit, foreign trade and coastal shipping cargo, as well as storage service. It provides reception, safe shelter and handling of lighters, barge and their accumulation for further transportation. The port's cargo turnover consists primarily of bulk cargoes, such as ore, ore concentrates, and grain. Cargoes are transported into the port by ships, non-self propelled barges, and lighters.

Port facilities

Port Ust-Dunaisk comprises two cargo areas: one for seagoing and one for river-going vessels.

The cargo berth at Vilkoovo specializes in handling bulk and general cargo. Its length is 117 m and its depth is 1.6 m. The cargo berth of port point Kiliya specializes in handling of bulk and general cargoes. Its length is 150 m. Depth is 2.8–4.4 m.

Grain Handling Terminal

The terminal is located in the port point of Kiliya. It is designed for handling grain exported to the Middle-Eastern and Mediterranean countries. Due to the depths at the berths, the port can accommodate vessels of 5,175 DWT. Turnover capacity of the port is 100,000–120,000 t monthly. Rate of handling is 2,500 t of grain per day.

2.3.16 Yevpatoria Merchant Sea Port

Coordinates	45°12'13 N, 33°21'41 E
Total area	6.4 ha
Total length of berth	0.938 km
Specialization	General cargo, passenger ships
Capacity	0.8 mln t/year
Covered storage facility	

Yevpatoria Sea Port is in the west of the Crimea peninsula, about 40 km north of Sevastopol.

Specialization

The port capacity is big enough to handle cargo of up to 2.0M t per year. Cargo-passenger carriages from the port are performed towards Turkey. The hydro powered transfer of sand is executed by means of pile-line barges. The ferry port complex accepts Ro-Ro ships and can handle more than 10,000 of extra-heavy trucks per year as export-import. Last years the inner passenger transportation was 2.8 M passengers per year. Nowadays the demand for such transportation is not high and is about 63 thousand people.



Port facilities

The total area of the port in Yevpatoriya covers 6.4 ha. The cargo area in port station Krimskiy on the North Spit is 1.9 ha and 14 ha on the South Spit. The total length of the mooring is 1,300 m. The passenger pier is 438.0 m. There is no railway line in the port. The nearest railway station Yevpatoriya-Tovarnaya is 5 km from the port in Yevpatoriya. There are two loading areas in the port: a cargo-passenger area in Yevpatoriya and a cargo area in Donuzlav.

2.3.17 Berdyansk Merchant Sea Port

Coordinates	46'45'02 N, 36'46'45 E
Total area	27.5 ha
Total length of berth	220 m
Specialization	Bulk, general cargo
Capacity	0.7 mln t/year
Covered storage facility	8,876 m ²

Berdyansk Merchant Sea Port is located in the Zaporozhye Region at the Sea of Azov and West from Mariupol.

Specialization

Berdyansk Merchant Sea Port provides admittance and accommodation of vessels with a draught of up to 7.9 m. and up to 220 m. length. The port handles bulk, dry bulk, general cargo, liquid cargoes, as well as containers at 9 berths of the port and in the roadsteads. All port's berths are multipurpose and are supplied with railway tracks and approach roads.

Port facilities

The total length of the berthing line in the port is 1.4 km. The open storage yards cover 103,715 m². The sheltered warehouses cover an area of 14,742 m². There are specialized terminals and berths, including a terminal for petroleum products, a complex for handling of edible oils, a container terminal, and a grain terminal.



2.3.18 Sevastopol Merchant and Navy Sea Port

Coordinates	44°37'00 N, 33°32'00 E
Total area	2.93 ha
Total length of berth	2 km
Specialization	Bulk, general cargo, passenger liners, Russian and Ukrainian Navy.
Capacity	0.6 mln t/year
Covered storage facility	500 m ²

Specialization

The port handles bulk cargo, scrap metals, timber, boxes and packages. The port's capacities enable handling of 600,000 t of cargo a year. In 2009, 401,700 t of cargo was handled. The port accommodated 80 cruise river-sea liners and 50 large capacity cruise liners. Currently the main cargoes handled in the port are coal, sand and timber.

Port facilities

The merchant port has two passenger berths, 200 and 135 m long respectively, on the shoreline of the city centre and the number of other passenger berths and jetties. Large numbers of passengers are transported via the harbours of Sevastopol. The total cargo area covers 4.8 hectares. The berth is 112 m in length. Railways and highways are connected with the cargo area.

Storage facilities

Open storage yards cover 7,000 m². Warehouses total 29,343 m².

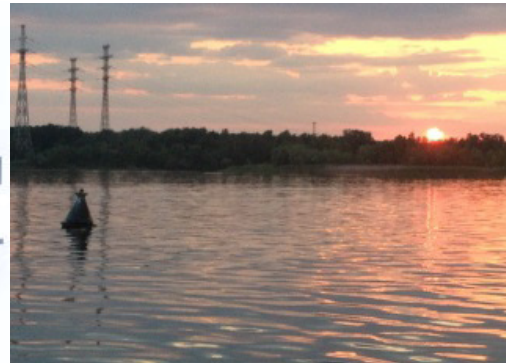
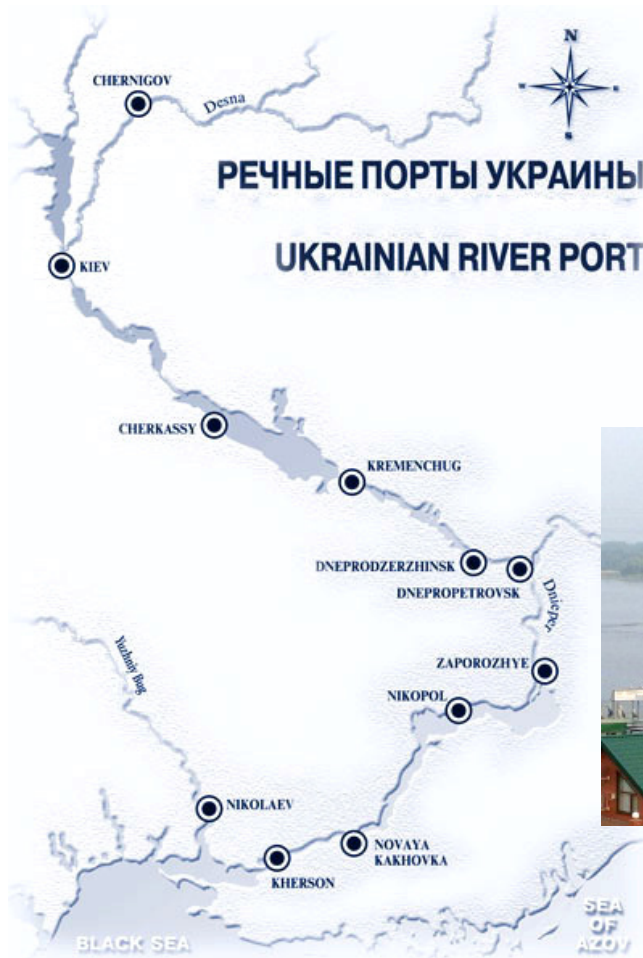
Navy port

The port of Sevastopol is, however, first of all a navy port. The natural harbours of Sevastopol provide shelter and safe anchorages. Sevastopol is homeport of the Southern Russian Fleet under a long-term lease agreement between Russia and the Ukraine. The former Southern USSR fleet was split up between Russia and the Ukraine, and the Ukrainian Navy fleet, too, uses Sevastopol as homeport.



2.4 Rivers and River Ports

Main navigable rivers are the Danube and the Dnieper. The Dnieper, which flows through Ukrainian territory, is with 2,201 km the third largest river of Europe after the Volga and the Danube. The river system is neglected in Russia and needs dredging and other maintenance. On average the Dnieper is frozen for four months and unnavigable.



Sunset at the Dnieper



Barges pushed one by one through a river lock in the Dnieper

Source: www.pakline-logistics.ua/advice-en/investor-recommendations-on-logistics-business-organization.php

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There are numerous river ports and quays along the banks of the Dnieper and Yuzhnyy Bug.

In USSR times, eleven Ukrainian river ports, namely those of Chernigov, Kiev, Cherkassy, Dneprodzerzhinsk, Dnepropetrovsk, Zaporozhie, Kremenchug, Nikopol, Novaya Kakhovka, Kherson and Nikolaev, used to handle up to 100 million tons of cargo annually, primarily mineral building materials. However, following the collapse of the USSR and the ensuing economic crisis, constructional activity was much reduced and the fleet of river tonnage going off to seek work on the Danube led to an abrupt fall in cargo handling of these river ports, indeed putting some of them on the verge of survival. The river ports are in private ownership.

Ukrainian River Ports

No.	Name of Port	Capacity mln t/year	Websites
1	Chernigov River Port	5	–
2	Kiev River Port	–	krp.com.ua
3	Cherkassy River Port	–	–
4	Kremenchug River Port	5	–
5	Dneprodzerzhinsk River Port	–	–
6	Dnepropetrovsk River Port	–	–
7	Zaporozhye River Port	6	–
8	Nikopol River Port	–	–
9	Novaya Kahovka River Port	–	–
10	Kherson River Port	4	www.riverport.kherson.ua
11	Nikolaev River Port	5	www.rechport.mksat.net

2.4.1 Chernigov River Port

Chernigov, the regional centre of Ukraine, is located on the Desna River, the left inflow of Dnepr.

The population is about 300,000 people.

Navigational information

Navigation is possible 240 days in a year, from April to December.

Specialization

Chernigov River Port specializes in sand and building materials.

Port facilities

The port has three berths. The total length is 808 m. Depths at a wall of berths do not exceed 1,45 m. A railroad is available. There is a container platform.



2.4.2 Kiev River Port

The port mainly handles scrap metal, sand and crushed stone. The port's warehousing is well developed.

The navigable period is from March 25 to December 1. The Port of Kiev can receive vessels of up to 130 m in length, and up to 3.2 m draught.

Specialization

Kiev River Port specializes in mining and handling of sand, crushed stone, and other building materials for local use. The port also offers land for lease to open yards and sheltered warehouses, which are located on its territory.



Port facilities

Although the port has three cargo areas, only two are used at present: area No. 2 for general cargoes and area No. 3 for bulk cargoes. The access railway lines connect the cargo areas with the Kiev-Petrovka Railway station. The port has its passenger and cargo berths in Kiev, Pereyaslav-Khmelnytskyi, and Rzhishchev. Self-propelled and non-self propelled vessels with their capacities of 2,700 and 2,100 t respectively can be accommodated there.

2.4.3 Cherkassy River Port

The city and the port of Cherkassy are located on the shore of the Kremenchug reservoir.

The population of Cherkassy consists of 311 thousand people.

Navigational information

The navigable period is from April 15 to November 15. The depth near the port and at the berths is 3,6 m.

Specialization

Metal, equipment, ferroconcrete products, general cargo, minerals and building materials.

Port facilities

The territory of port is 10 hectares. The length of the berth is 594 m. The passenger quay is 110 m.

Storage facilities

The area of open storages is 13684 m². The area of covered storages covers 1656 m².



2.4.4 Kremenchug River Port

Kremenchug River Port provides the neighbouring industrial regions with the transportation, handling and storage of different cargoes, such as steel products, mineral building materials, and general cargo such as equipment, boxes and packages, and timber. The port carries out dredging works, sells river sand, concrete, provides ship repair, docking, supplying and bunkering of vessels. River transportations by port tugs are carried out with the stream up to the port of Chernobyl and down the stream to the port of Kherson. The total port throughput capacity is up to 5 million tons per year.

Navigational information

Kremenchug River Port is open from April to November. The port admits vessels of max. 120 m length and max. 3.5 m draught.

Specialization

Via the port of Kremenchug industrial-agricultural companies from the Dnepr region can get various cargoes from the ports of the Dnepr, the Black and Mediterranean seas and export their own products to the European market.

Port facilities

Kremenchug River Port's total area comprises 21.4 ha. The port's cargo handling waterfront totals 608 m.

There are sheltered warehouses covering an area of 1,063 m² and open yards totalling 30,600 m² to store handled cargo.



2.4.5 Dneprodzerzhinsk River Port

Dneprodzerzhinsk River Port is situated on the Dnepr's right bank. The highest turnover achieved by the port was about 1.5 million tons per year.

Specialization

Dneprodzerzhinsk River Port specializes in handling metal rolled stock, iron ore, sand, and building materials.

Port facilities

The Dneprodzerzhinsk River Port territory totals 5.025 hectares. The berthing line totals 340 m.

The port has two specialized terminals for handling dry-bulk mineral and building cargoes, as well as for metal handling.



Storage facilities

Dneprodzerzhinsk River Port's open storage yards cover 6,100 m².

2.4.6 Dnepropetrovsk River Port

For the countries on the Danube, Black Sea and Mediterranean Sea, the river port is known as a foreign trade transshipment point.

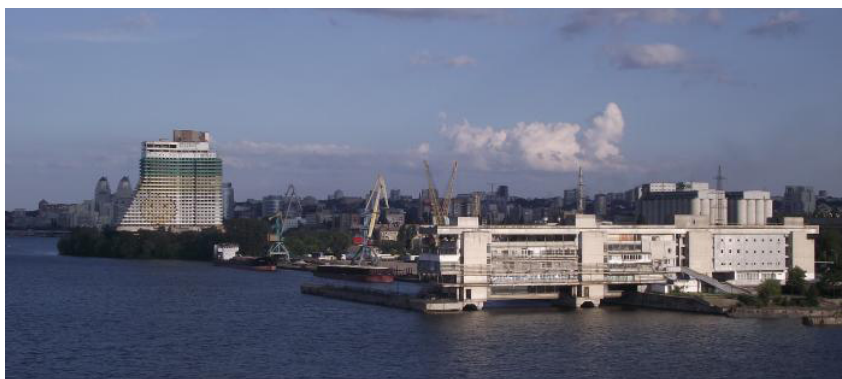
Specialization and port facilities

The port's territory comprises 2 cargo areas. The total length of the berths is 2,250 m.

The Amur-Gavan cargo area specializes in handling rolled metal, heavyweight containers, heavyweight cargoes, coal, coke, sand, iron ore pellets, mineral building materials, as well as loading grain cargoes on the bridge conveyor terminal. Loading is carried out by gantry and floating cranes from non-self-propelled ships. The port put into operation the second line of the grain berth for loading grain from wagons and road vehicles by direct scheme. The total capacity is 400 t per hour. There are 6 barges with a total cargo capacity of 7,000 t to accumulate grain cargo. The port handles general cargoes, metals, pipes, sand, crushed rock, slag, heavy lifts cargoes, mineral fertilizers. There are 7 passenger terminals in the port with a total length of 164 m. Passenger vessels with a passenger capacity of 700 people can be accommodated there.

Storage Facilities

There are 2,600 m² of sheltered warehouses and 60,000 m² of open air storage areas in the port.



2.4.7 Zaporozhye River Port



Navigational information

The period of navigation at Zaporozhye River Port is usually from March until November.

The port accommodates river-sea type vessels with a maximum length of 180 m and 4 m of draught.

Specialization

The port can handle up to 6 million t of various cargoes a year. The main kinds of cargo handled are ore, coke, coal, scrap metal, fertilizer, clay, sand, ferroalloys, and bauxite. There is a berth for passenger ships on local lines.

Port facilities

The territory of Zaporozhye River Port is 39.7 hectares. The port has 13 berths with an overall length of 2787.7 m.

2.4.8 Nikopol River Port

Nikopol is a town in the Dnepropetrovsk region. It is situated on the bank of the Dnepr River, 70 km from the city of Zaporozhye.

Port facilities

Nikopol River Port handles mineral building materials that are mainly carried on local lines. Dolomite is the import cargo, ferroalloys is the export cargo. The port's harbour construction and facilities are designed for sea-river type ships. The territory of Nikopol port totals 3.4 hectares. The ports coastline stretches to 460 m. It is not equipped with railway access lines.



Storage facilities

Nikopol River Port has 4,000 m² of open storage area on the Nikopol cargo berth, 1,100 m² — on the cargo berth in Novopavlovka. Passenger transportations are carried out on the Nikopol – Kamenka – Dneprovskaya ferry line.

2.4.9 Novaya Kahovka River Port

Novaya Kahovka River Port is situated in the town of Tavriysk, which is adjacent to the town of Novaya Kahovka, in the Kherson region.

Navigational information

The navigable period lasts 270 days. The icy period begins in mid December and ends in mid March.

All types of river going and river-sea vessels are admitted. Draught max. 3.6 m.

Specialization

The port deals mainly with mineral building cargoes, including crushed stone (of various fraction with a hardness of up to 1,400 units, mainly from Zaporozhye pit), granule siftings, blast furnace slags for road works, river sand (modulus 1.1 and more), lime crushed rock, etc.

Port facilities

The port territory comprises 8.82 hectares. Overall berthing line has a length of 1.2 km. It is equipped with the crane way — 336 m, natural bank — 700 m. The port has one cargo area, the central one. The area has its own approach road, but there is no railway access. The nearest railway terminal is at 6 km from the port.

Storage facilities

The total area of open storage covers 61,500 m².



2.4.10 Kherson River Port

Kherson River Port is an important transport hub. River, sea, railway and road transport means interact there.

Navigational information

The port is situated in the mouth of the Dnepr River, at a distance of 28 km from Dnepro-Bugskiy liman, on the left riverbank of the Koshevaya River. Kherson River Port is the river port with all-year navigation.

At present, the enterprise handles foreign and transit cargoes and accommodates seagoing vessels with a load draught of up to 7.8 m, as well as river-sea type ships bound for the Black Sea and Mediterranean ports.

Specialization

In the Soviet period the characteristic feature of Kherson River Port was the transport of large amounts of passengers on tourist and local lines. On average, the port transported 9–11 million passengers. Today this figure has dropped to 1.2 million. The port used to specialize in sand handling from the Kardashinskiy quarry. Out of 230 hectares allocated to the port for sand quarrying, 190 hectares have been exhausted.

In 1975–1985 up to 1.5 million t of sand were handled by the port every year. At present, there is no sand quarrying. Since the 80s Kherson River Port has

been handling bulk and general cargoes, including rolled ferrous metal, timber, bauxite, scrap metal, coal, and coke. Besides timber, which became traditional for the port, they restarted handling export scrap metal. It is mainly carried to Turkey and Italy. The port also ships rolled stock produced at Zaporozhstal Integrated Plant. Another export cargo is mineral fertilizers (Russian saltpetre, carbamide and urea). Kherson River Port handles 33–35,000 t per month. Mineral fertilizers are exported to Africa and Greece. The port handles Turkish building materials, transit scrap metal from Kazakhstan, clay, and lead.



Port facilities

Kherson River Port has 7 berths. The berthing line is 950 m long. The usual practice is to handle vessels of up to 7.8 m draught on berths Nos. 1–2 and up to 5 m on berths Nos. 3–7.

Storage facilities

The open storage area of Kherson River Port covers 9,500 m². The sheltered warehouse area totals 2,500 m².

2.4.11 Nikolaev River Port

Nikolaev River Port provides handling of scrap metal, metals, timber, coal, coke, rolled wire, iron ore concentrate, building materials, agricultural products, etc.

Navigational information

Nikolaev River Port is navigable all year round. The port waters are linked to the transit route for ships by an approach channel which width is 70 m, its length is 800 m and its depth is 5.8 m.



Specialization

Nikolaev River Port can handle up to 5 million t of general and bulk cargoes a year. It handles ferrous metals, pipes, iron ore pellets, ferroalloys, ores, clay, saltpetre, coal, scrap metal, grain, and packed cargoes.

Port facilities

Nikolaev River Port has its own cargo and passenger area. The entire area of the port totals 56.62 hectares. The passenger berths and terminal cover 1.72 ha. The overall length of the cargo area berths amounts to 919 m. A railroad is available.

3. Fleet and Shipowners

3.1 Merchant Fleet

From the three former state-owned shipping companies only the Ukrainian Danube company has remained more or less the same. However, it has lots of serious financial and other problems. The largest of the former shipping companies, BLASCO, operated 240 ships. By now it has lost its tonnage and has virtually ceased to exist as a shipping company. Azov Shipping Company has almost left its entire fleet, which has been transferred to the LLC Merchant Fleet of Donbas. As a result the share of marine cargo transportations through Ukrainian ports under Ukrainian flag has dropped to just 5–7%. Nowadays Ukrainian vessels sail mostly on inland waterways but the volumes of these transportations are a scanty part compared to those in 1990, however. Both maritime passenger traffic and inland water passenger transportations have been reduced to a minimum. Moreover, ships are often used for other purposes than for which they were designed, for example, research and fishing vessels carry general cargo.

Today, the seagoing merchant vessels entered into the State Ships Register of Ukraine are not hard to count, please see the overviews.

Under Ukraine Flag

Date	Fleet Number	DWT in million	Average Age
1-Jan-05	536	0,96	25,8
1-Jan-06	533	0,95	26,7
1-Jan-07	537	0,98	27,4
1-Jan-08	538	0,99	28,2
1-Jan-09	532	0,97	29
1-Jan-10	520	0,85	29,8
1-Jan-11	506	0,74	30,7
1-Jan-12	503	0,67	31,6
1-Jan-13	495	0,61	32,3

Ukraine Ownership

Date	Fleet Number	DWT in million	Average Age
1-Jan-05	764	2,61	25,9
1-Jan-06	778	2,92	26,6
1-Jan-07	799	3,07	27,3
1-Jan-08	818	3,33	27,9
1-Jan-09	826	3,51	28,6
1-Jan-10	814	3,42	29,1
1-Jan-11	812	4,26	29,8
1-Jan-12	794	3,89	30,4
1-Jan-13	786	3,76	30,9

An overall trend is that the fleet under Ukrainian flag is disappearing and rapidly aging out. Bringing vessels under Ukrainian Flag does not provide an advantage. The Ukrainian Register is bureaucratic, very high tax rates apply, and the fleet is black listed under the Paris Memorandum of Understanding of Port State Control (www.parismou.org). Only small seagoing ships and river going vessels still sail under the Ukrainian flag. Long lasting discussions to open a second tax friendly Ukrainian Register have shown no result yet.

Whenever possible Ukrainian ship-owners opt for foreign flags.

Structure of the Ukrainian Fleet

Ukrainian Fleet 2008 >100 GRT

Type	Units	GRT	Average tonnage
Barges	824	762960	926
Dry cargo ships	185	499638	2701
Fishing vessels	115	161553	1405
Passenger vessels	192	109249	569
Bulk carriers	7	104275	14896
Ferries	8	42078	5260
Reefers	21	44662	2127
Container carriers	6	41367	6894
Tankers	20	19478	974
Others	876	437890	500
Total	2254	2223150	986

* Note: The largest Ukrainian vessels are the train ferries "Geroy Plevny" (20,000 GRT) and "Geroy Shipki" (19,019 GRT) of UKRferri. More than 2.000 small crafts < 100 GRT are registered.

As of 16.06.2015, the Register of Ships of Ukraine contains:

- 565 ships with a total gross tonnage of 961182,7
- 125 ships with a total gross tonnage of 6615,53
- 1007 ships with a total gross tonnage of 524316,26

Approximate structure of the Ukrainian fleet (2015):

- Dry cargo ships: 308
- Tugs: 272
- Passenger ships: 145
- Barges: 126
- Fishing vessels: 86
- Floating cranes: 72
- Dredgers: 60
- Tankers: 61
- Walking ships: 50
- Lighters: 31
- Floating causeways: 26
- Pontoons: 19
- Floating docks: 13
- Floating landing stages: 12
- Repair ships: 11
- Diving boats: 11
- Ro-Ro: 10
- Pleasure ships and boats: 7
- Diving vessels: 6
- Working boats: 6
- Purifying stations: 5
- Guard ships: 5
- Unloaders: 5

- Reefers: 5
- Floating restaurants: 3
- Ferries: 2 (including 1 passenger ferry)
- Container carriers: 1

Source: Register of Ships of Ukraine: <http://shipregister.ua/pdf/reg-ships.pdf>

3.2 River fleet

It is worth mentioning that besides tonnage for transportation there is also a rather large dredging tonnage made up of dredgers and ground-removing scows. Furthermore, there are tugs, floating cranes and patrol vessels.

3.3 Navy fleet

The Ukrainian Navy fleet consists of:

No.	Class	Fleet number
1	Submarine	1
2	Frigate	1
3	Corvettes	9
4	Missile boats	3
5	Artillery boats	4
6	Mine-sweeping ships and boats: <i>marine minesweepers</i> <i>base minesweepers</i> <i>minesweeping boats</i>	5 (total) 2 2 1
7	Amphibious ships: <i>large amphibious ships</i> <i>average amphibious ships</i> <i>small amphibious ships</i> <i>amphibious boats</i> <i>patrol boats</i>	7 (total) 1 1 2 2 1
8	Special-purpose ships <i>command ships</i> <i>small exploration ships</i>	3 (total) 2 1
9	Supply ships <i>hydrographic vessels</i> <i>hydrographic boats</i> <i>diving ships</i> <i>rescue tugs</i> <i>search and rescue ships</i> <i>fire-prevention boats</i> <i>diving raid boats</i> <i>transport ships</i> <i>tankers</i> <i>boats and raid supply ships</i> <i>tug boats</i> <i>demagnetization ships</i> <i>ships of control of physical fields</i> <i>marine tugs</i> <i>anchor handling tug supply ships</i> <i>seafarer ships</i> <i>research ships</i> <i>marine barges</i> <i>torpedo recovery boat</i> <i>amphibious shields</i> <i>raid watercrafts</i> <i>anti-terror boats</i> <i>target ships</i> <i>small floating docks</i>	65 (total) 1 5 3 1 1 2 7 4 2 3 2 1 1 1 2 1 1 1 1 1 1 1 2 1 2 1 2

	<i>raid repair ships</i>	2
	<i>raid tugs</i>	3
	<i>crane vessel</i>	2
	<i>oil clean-up boat</i>	2
	<i>training ships</i>	1
	<i>training boats</i>	4
	<i>walking ships</i>	3
10	Ships of State Border Guard Service of Ukraine	52

Source: official publication of Ministry of Defence of Ukraine: <http://fleet.sebastopol.ua/gallery/>

Replenishment of the Ukrainian fleet

The Ukrainian fleet hardly has any new build vessels. The latest ships are the dry cargo vessels owned by UKRRECHFLOT: 'Geroy Stakhorskiy', 'Dmytro Kotyuzhenko' and 'Mykola Bobrovnikov' built in 2005–2006. These ships were financed with EBRD (European Bank for Reconstruction and Development) loans. At the moment this ship-owner has a vessel under construction at Zaliv Shipyard in Kerch. Furthermore, there are the tugboat 'Gaydamaka' of SE Delta-Pilot and the crane ship 'Atlas 1' owned by TRANSSHIP Company, both built in 2005. In the last two decades less than 200 vessels were replenished to the fleet. Those were mostly small auxiliary and other ships, including barges, launches and floating restaurants. Together these ships do not make much tonnage.

Replacement and renewal programs are in force for the fishing and navy fleet, but are mainly lying idle because of lack of budget. One new corvette for the navy is under construction at Chernomorsky Shipyard in Nikolaev.

3.4 Ship Owners

In the state ship register of Ukraine vessels of about 600 different companies or natural persons are registered. It varies from very large private companies, such as JSC Ukrrechflot, to single ship companies. JSC Ukrrechflot followed by JSC Torgovy flot Donbassa, which got the vessels of the Azov Sea shipping company. Almost half of the tonnage of the merchant fleet belongs to the biggest three Ukrainian shipping companies. Foreign owned vessels transport more than 90% of the cargo in the Ukrainian ports.

4. Ship Building and Ship Repairs

Ukrainian shipbuilding, being a part of the USSR shipbuilding industry up to 1991, included 9 shipyards and 68 related business entities, including engineering and research institutions, deck equipment and machinery production enterprises, electrical equipment manufacturers, and other businesses that supply equipment for ships and vessels under construction.

All these enterprises fell under the responsibility of the Ministry of the shipbuilding industry. This is reflected in the centralized planning, financing, and construction management cooperation between enterprises. Ship repair yards were within the fell under the responsibility of Ministry of the Navy. After 1991 shipbuilding in independent Ukraine remained without qualified management, planning, funding and lost its market because of economic liberalization. The emergence of a new financial system, industrial management bodies, as well as inflation and unreasonable privatization led to the collapse of the shipyards in Ukraine. Over the past 20 years, the average occupancy of Ukrainian shipyards does not exceed 10–12% per year.

4.1 Shipbuilding Yards

4.1.1 Shipbuilding yard named after 61 Communards, Nikolayev

Founded in 1788, the shipyard is equipped with three longitudinal slipways. Two of them currently cannot be used. The third slipway has been used for the constructed hull of the unfinished modern reefer vessel over the past twenty years. The shipyard is located in the centre of the city, on the banks of the river Ingool. The passage of ships from the Dnieper-Bug estuary to the water area of the shipyard is impeded by 3 drawbridges, which has a negative impact on the development of the yard. Comprehensive modernization of its production has not been done. The plant is equipped with outfitting quays and a floating dock. In the 20th century the shipyard provided a full range of construction work, trials and delivery of ships and vessels to the customer. A series of destroyers, large anti-submarine ships, guided missile cruisers, whalers, and reefer ships with deadweight of 11.3 thousand tons, 4.9 thousand tons, 11.3 thousand tons were built at the shipyard for domestic and foreign customers. Labour costs of shipbuilding works at the shipyard were higher than at other yards. At present the basic production assets and the financial and staffing problems leave no hope for the possibility of a revival of shipbuilding at the shipyard. The yard is not actively being used.

4.1.2 Chernomorskiy shipbuilding yard, Nikolayev

Founded in 1897, the plant is equipped with two longitudinal slipways and a horizontal slipway in a covered berth. One of the inclined slipways (slipway 0) is equipped with a horizontal assembly platform. Slipway 0 is the main point of a technological complex of large-tonnage ships block-modular construction.

The assembly platform allows the creation of block-modules with a weight of up to 1700 tons. The formation of the block-modules hull on the slipway is carried out by using two cranes with a capacity of 900 tons each. The dimension of the slipway is 350×50 m (up to the caisson). The water depth at the threshold is up to 4 m. Trigger weight can be up to 30 thousand tons. The heavy aircraft-carrying cruiser “Admiral Kuznetsov”, which is serving in the Navy, was the largest object launched. During its construction the block-modular method was fully used.

Sloping slipway 1 is without caisson with a dimensions of 200×30 m (+40 m underwater part). The slipway is served by 4 cranes with a capacity of 80 tons each. The depth of the water on the threshold of a slipway is up to 1.8 m. The trigger weight limit is 5 thousand tons.

A boathouse with horizontal slipway are the small production line intended for the construction of vessels with limited width — up to 16 m. Hull construction is carried out using two bridge cranes with a capacity of 200 t each, moving along the slipway. Usage of this assembly space allowed to use thread-positional method while serial construction of large freezer trawlers.

The necessary technology, equipment and facilities enabling the construction of ships are available, but they require repair work. Outfitting quays are stretching approx. 2 km and are served by cranes with a load capacity of 25 tons. All kinds of energy and water supplies are available as well.

A series of aircraft carriers, cruisers, unique research vessels, the largest RoRo's with a capacity of 60 thousand cubic meters with unique a gas turbine plant and a capacity of 50 thousand horse powers, large cargo vessels, and large freezer fishing trawlers were built at the shipyard. Modernization of the shipyard in order to be able to use advanced technologies for the construction of aircraft carriers was carried out on slipway 0. In the second half of the 1990's the launching slipway tracks were dismantled. The yard is not actively being used.

4.1.3 Shipyard “Ocean”, Nikolayev

Founded in the year 1951, the shipyard is focused on the construction of transport and fishing vessels. The shipyard has two production lines for the construction of medium and large-tonnage vessels. The small line is autonomous for hull works and launching vessels. The formation of the hull is carried out on the horizontal slipway and further using of transfer floating dock. Hull works at the big line are done at other parts of the assembly area. The hull is formed in the dry dock, which is served by two cranes with a lifting capacity of 300 tons. The dock's area has a dimension of 270×70 m.

The available technology, equipment, and other facilities at the factory/ship yard? enable all kinds of shipbuilding works ranging from metal processing to the delivery of a vessel. Outfitting quays have sufficient length and are equipped with lifting devices and escalators. All kinds of energy, water supply, and mooring are available as well.

Series of oil and ore carriers (PSB), 100 thousand tons DWT bulk carriers tankers 50 and 70 thousand tons DWT, large freezer trawlers, as well as container ships and bulk carriers were built at the factory. Short stay ownership by DAMEN Group (The Netherlands) and later on by Aker Yards (Norway) had a positive impact at an organizational and technical level. Currently, the shipyard is not in use.

4.1.4 Kherson shipbuilding yard

This shipyard was founded in 1954. It is focused on building of civil vessels. The first products were tankers with DWT of 10 thousand tons. They were built in the year 1954. The plant has two shipbuilding production lines. The main production line is a horizontal slipway with a dock chamber with two levels at the bottom. The vessel hull formed on horizontal slipway starts through the dock chamber entrance gate by the slipway. Then the gates are closed, the chamber is filled with water before surfacing of the vessel and then the vessel moves to the deep channel of the chamber. The chamber is dehydrated, the discharge gate opens and the vessel is transferred from the chamber to the assembly area. The time needed for filling and draining the dock chamber does not exceed 20 hours. The main dimensions of vessels to be launched can not exceed 170×26 meters.

The workshop for the manufacturing of block-modules was built at the beginning of the horizontal slipway. The hull part of the block-module is filled with equipment and piping in the workshop. To form the hull block-module ready to berth tracks from workshop to open slipway.

Series of feeder container vessels with a capacity of 300 containers, ore carriers with DWT 14.5 thousand tons, a carrier with DWT of 40 thousand tons (a vessel designed to provide the construction of two separated hull parts with the following floating dock (the series consisted of four ships), multi-purpose dry cargo vessels DWT of 18 and 12 thousand tons, product tankers DWT of 28 thousand tons, arctic supply vessels DWT of 9 thousand tons with a helicopter cargo handling, and river-sea tankers were built at the factory.

On the main production line a unique vessel named “Parisian Commune”, a cargo ship DWT of 18 thousand tons with a gas turbine of 13 thousand horsepower capacity and CPP (1967), and the first USSR drilling vessel Gazprom-1 with a dynamic stabilization system (1995) were built.

The water area of the factory with outfitting quay is closed and autonomous. It is equipped with cargo cranes and everything necessary for ships completion. Despite the significant losses of the last 20 years, the shipyard has the necessary technological base for the construction of vessels and further development. Currently, the shipyard has a partial download.

4.1.5 The Shipyard “Pallada”, Kherson

The shipyard was established in 1936. The yard specializes in the construction of floating docks of various sizes and for different purposes. Docks with a capacity ranging from 9 up to 28 thousand tons were built at the shipyard. The reinforced concrete pontoon and the steel towers are a design feature of Kherson docks.

The constructive types of the docks include an outdoor repair dock, an indoor boathouse for the northern territories, and docks for the disposal of nuclear submarines, etc. The plant’s products are still in demand. 15 concrete floating docks controlled by a unique automated docking system were delivered for the different countries around the world in last 15 years. Customers appreciate the products as the best in the world.

4.1.6 The Shipyard “Leninskaya Kuznitsa”, Kiev

The shipyard was founded in 1862. Shipbuilding started in 1928. It is located on an island in the centre of Kiev on the Dnieper River. Vessels sailing via the Dnieper to the sea are limited in dimensions by 140×16 m, draught 3.6 m. A series of fishing seiners, gunboats, port and technical vessels, cargo ships, and barges were built at the shipyard. At present there is not a bright prospect for shipbuilding developments at the shipyard.

4.2 Ship Repair

The continuous development of global navigation generates the need for fleet repair. Ukrainian shipyards engage in repairing ships from the Black Sea, the Mediterranean, Russia, and the Baltic countries, as well as Ukraine. The main ship repair yards in Ukraine are:

- “Komintern” (Kherson city)
- Illichevskiy (Illichevsk city)
- Kiliyskiy (Kiliya city)
- Odesskiy (Odessa city)
- Zaporozhskiy (Zaporozhiye city)
- Kievskiy (Kiev city)
- Izmailskiy (Izmail city)

All the shipyards have piers and waters enabling entrance and repair. The factories are equipped with devices to lift vessels, such as slips with horizontal repair platforms, and floating repair docks (Kherson, Zaporozhie). All kinds of repair jobs on the vessels’ hull, equipment, and other parts are done at the yards. The technical equipment available at the yards does not comply with modern standards for repairing the equipment of vessels. But still, at present all shipyards are being used.

4.3 Evaluation of the limits of technological capabilities

In order to determine the feasibility and possible ways to revive the Ukrainian shipbuilding attempts were made to assess the real limit of the technological capabilities and planned production load of the shipyards, taking into account the joint action aimed at the intensive cooperation of Ukrainian shipyards owners and Government authorities. To obtain the required information settlement and analytical works based on the shipyards for large-tonnage shipbuilding in Ukraine were implemented.

The estimated production programme included the vessels, approaching on their weight and size parameters to limit restrictions of building areas of the shipyards and tailored to the needs of Ukrainian cargo flows by their transport characteristics. There are vessels such as container ships with a capacity of 2700 containers, bulk carrier with DWT of 36 and 70 thousand tons, tankers with DWT of 28 and 90 thousand tons, as well as middle-tonnage multi-purpose dry cargo vessels with DWT of 5.5 and 9 thousand tons. Constructive types of these vessels are not a problem to be built in Ukrainian shipyards.

With regard to the mentioned shipyards and specific labour capacity that can be reached after modernization in the second five-year period of time, the total planned limit laboriousness may amount to approx. 70 million man-hours per 5 years, including 20% of medium sized shipbuilding.

4.4 Shipbuilding holding as a possible revival and development of Ukrainian Shipbuilding

Considering the options for sustainable recovery of the remaining productive resources of the Soviet shipbuilding in Ukraine, it would be most effective to create a shipbuilding holding based on Chernomorskiy shipyard, the Kherson shipyard, and the “Ocean” shipyard.

Centralized management based on a vertically integrated production structures will help to minimize the cost of repair of the existing technological equipment in the shipyards and industrial areas, to organize and optimize the technological process of production and management, to stabilize the load, attract investors, improve marketing, and reduce the workload.

In the near future the most likely production program of the holding should be targeted at different types of medium-tonnage ships such as dry bulk carriers DWT of 5–7 thousand tons, tankers DWT of 7 thousand tons, arctic supply vessels with DWT 6 thousand tons, chemical tankers with DWT 8 thousand tons, gas LPG with DWT of 4 thousand tons, corvettes and mother ship for Ukrainian naval forces.

Calculations (details are available if needed) show that making full use of the planned production capacity of the holding, 100 medium-tonnage ships with deadweight of approx. 600 thousand tons can be built for a second five years, following the revival period of shipbuilding. It provides a total labour capacity of 21 mln man-hours per 5 years. This product can be competitive on the world market in the sector of medium-tonnage ships.

Under favourable conditions and with effective consultation between holdings owners and official authorities when dealing with regulatory, financial, technical, and staffing problems, it will take 7–10 years to revitalize and modernize the Ukrainian shipbuilding sector.

When the expected growth of the European shipbuilding market will become a trend, the implementation of the above mentioned processes will contribute to the return of Ukrainian shipbuilding to a multi-skilled and high-tech production level, providing additional employment opportunities and the need for transport, fishing and research vessels, and ships for the Ukraine navy with a steady presence on the world market of medium-tonnage shipbuilding.

The main contenders for the effective participation in the export of vessels can be Kherson Shipyard, Ocean shipyard, Chernomorskyi shipyard (after restoring slipway 0), and “Pallada” shipyard.

(The world renowned Chernomorskyi shipyard will not be profitable as a shipyard without running a technological complex slipway 0, but would be a part of history).

5. Yacht Building

The water sports sector in the Ukraine is growing and the yacht and boat building industry is following in its wake. Companies have been founded building GRP and aluminium motor and sailing boats. Many of the motorboats are fast crafts, because they have to sail long distances over the rivers.



Regatta «Transbunker CUP», taking place on the base the Black Sea Yacht Club

A few yards, mainly around Nikolaev, have constructed bigger yachts. Interesting are the two yards that build super and mega yachts and strive for a quality level equalling the Turkish Yacht Industry. Liman (www.liman.ua) in Nikolaev, has built two yachts (46 and 28 m) at a reasonable quality level. The yard is Ukrainian owned. Fifth Ocean Yard (www.foyacht.com) at the Okean Yard in Nikolaev is building a Dutch (Ginton) designed motor yacht for a Russian brewer from Moscow. The brewer is also the yard owner.

Name	Place	Websites
Fifth Ocean Shipyard	Nikolaev	www.foyachts.com
Flagman	Nikolaev	www.flagmanyachts.com
Liman	Nikolaev	www.liman.ua
ESTA	Nikolaev	www.esta-ltd.com.ua
Around World	Nikolaev	www.aw.mk.ua
Kruz Yachts	Kherson	yachtsworld.ru
Altair	Kherson	29740.ua.all.biz
AVALON	Kiev	–
Adventure	Kiyv	www.adventure.kiev.ua
Alexander Yakhths	Kharkov	www.aquamarine.com.ua
BRIG	Kharkov	www.brig-ltd.com
Sails of Ukraine	Kherson	sailsofukraine@ukr.net
SP Master	Cherkassy	eng.master.ck.ua
Banzhukov	Berdyansk	www.banzhukov.com.ua
PRIMOREC	Feodosiya	primorec.biz-gid.com
Oriyana	Kiev region, Vyshgorod	www.oriyana.com
Akvaton	Odessa	–
Navigal	Nikolaev	www.navigal.mk.ua
UMS	Kiev	ums-boat.com



New construction on one of the Nikolaev shipyards

6. Ship Design and Engineering Offices

UIn the USSR period, ship design and engineering occurred in large and highly bureaucratic central design bureaus (CDB's). These design bureaus often employed between 500–1,000 people, or even more. These bureaus had their own specialism, and also the employees were very often highly specialized in their disciplines and not multi-skilled. The bureaus also performed R&D and sometimes had their own towing tanks etc. The bureaus served several shipyards. The shipyards were only focussed on manufacturing.

The CDB's have existed until today, albeit downsized and no longer state owned. Typical examples are CDB Corall in Sevastopol and the Chernomorsudoproekt in Nikolayev. In the mean time many smaller entrepreneurial naval architecture and engineering companies have emerged, very often as offshoots of the CDB's.

6.1 'CHERNOMORSUDOPROEKT'

www.chsp.mksat.net

This central design agency in Nikolayev is no longer state owned. The office was founded in 1955 and specializes in all kinds of merchant ships. It employs over 200 people.

6.2 CDB CORALL *www.cdbc corall.com*

Corall in Sevastopol is now an open joint stock company. The office was established in 1965 and specializes in crane barges. Nowadays, Corall also focuses on pipe laying barges and all kinds of offshore materials and platforms.

6.3 CDB SCHUNA *fis.com/schuna*

Schuna in Kiev was founded in 1967 and has a proven track record in fishing vessels, but it has also designed other types of vessels such as dredgers, research vessels, and military vessels.

6.4 MDEM *www.mdem.ua*

Marine Design Service (MDS), parent company of MDEM in Nikolayev, was founded in 2000 with the purpose to provide shipbuilding engineering/ advisory/supervisory services. MDEM has started long-term cooperation with the DAMEN Shipyards Group, which has become its major and only client. MDEM is growing quickly with more than 100 permanently employed naval architects and mechanical engineers. The market in which MDEM currently operates is West Europe. The office and engineering facilities are located in Nikolaev and work is predominantly performed in Ukraine and in NUPAS-Cadmatic.

6.5 ZSD-AYDU

www.zalivdesign.com

ZALIV Ship Design group, consisting of Zaliv Ship Design (ZSD LLC) and Aker Yards Design Ukraine (AYDU LLC), is one of the globally competitive ship design and engineering agencies in Ukraine (Nikolayev) with more than 80 permanently employed naval architects and mechanical engineers. ZALIV specializes in three main markets: merchant vessels, cruise & ferries, and offshore & special vessels. Its main clients include some of the biggest shipyards groups, such as DAMEN, STX Europe, VARD, Noryards, and other shipyards and ship design agencies from Germany, France, Holland, Norway, Ukraine, Romania, Canada, Malaysia, and Singapore etc. Design and engineering services from ZALIV are supplied in most of shipbuilding CADs, such as AVEVA-Marine, TRIBON, NUPAS-Cadmatic, Ship Constructor, Micro Station, and Smart Ship.

6.6 POSS and POSS TOROLA

www.torola.mk.ua

These limited companies in Nikolayev, founded in 1999, are jointly Norwegian and Ukrainian owned and employ more than 50 engineers. The scope of these companies is the technical support and development of shipyards, as well as project support, including operational management and workshop information.

6.7 SIGO MARINE

naval-arch.com

Sigo marine in Odessa was founded in 2006 and specializes in technical documentation for merchant vessels and small crafts.

6.8 MEB

meb.com.ua

MEB — Marine Engineering Bureau in Odessa was founded in 1995 and has a strategic alliance with MEB in Saint Petersburg, Russia, which was founded in 2000. The company has developed itself quickly in designing many types of civil ships. It employs more than 60 people.

6.9 PROLINE

www.proline.ua

Proline in Nikolayev is a yacht design and engineering office and has designed motor yachts of up to 47 m. LOA.

6.10 DESIGN GROUP ALA

www.dg-ala.com

Design Group ALA in Nikolayev was founded in 1987 and specializes in sailing boats and sailing vessels of up to 36 m.

6.11 STATE R&D SHIPBUILDING CENTRE

www.srdsc.com

From 1975 to 1991 the State Research & Design Shipbuilding Centre carried out and participated in numerous design and modernization projects regarding various surface warships, auxiliary vessels, and special floating samples for the Soviet Navy, Maritime Border Guard Troops of KGB of USSR, Indian and Polish Navy, including guided missile cruisers (CGs), large antisubmarine vessels (DDGs), escort vessels (FFGs), offshore patrol vessels (OPVs), rescue ships, and floating docks.

Since 1991 the State Research & Design Shipbuilding Centre has been the only specialized Ukrainian scientific-technical organization that designs warships, auxiliary vessels and special floating units, conducts investigations in naval weaponry and shipbuilding science, provides scientific and technical services

in the field of naval shipbuilding, and is engaged in international military and technical cooperation with NATO, PRC, Poland, Turkey, Vietnam etc. The State Research & Design Shipbuilding Centre has gained advanced expertise and experience in naval design. It employs highly qualified professionals. In addition, close cooperation with numerous research institutes and industries, both in the Ukraine and abroad, are valuable assets. The State Research & Design Shipbuilding Centre is open to mutually beneficial cooperation and is ready to offer its services.

7. Supply Industry

In Ukraine there is also a well-developed infrastructure of smaller and bigger companies supporting the local shipping and shipbuilding industry. Furthermore, many international maritime brands are represented in the country. Especially the Turkish maritime supply industry is trying to get a foothold in Ukraine. Ukraine hardly has any maritime brands or products for export to the world market. Nevertheless, it is worthwhile to mention that the steel mills also provide shipbuilding steel for export. Kryvorizhstal, officially ArcelorMittal Kryvyi Rih, is Ukraine's largest integrated steel company located in the Ukrainian city of Kryvyi Rih. Bought in 2005 by Mittal Steel, the company is one of the most important businesses in Ukraine and an important global steel producer.

8. Maritime Universities and Institutes

Traditionally education is at a high level in Ukraine. The main problem is the ability to speak English, although this is improving rapidly. Maritime education is also at a high level and it is still very popular. Every year, the institutes deliver more graduates than the local maritime industry can employ. Many graduated seafarers find their work on foreign ships and have to overcome their language problem. Graduated naval architects find employment in Norway and the Middle East, as long as they cannot get a permanent work permit in the European Union.

	Institutes	Place	Website	Students	Teachers	Candidates of science	Professors and doctors of science
1	Odessa National Maritime Academy	Odessa	www.onma.edu.ua	8000	370	150	50
2	Azov Maritime Institute of ONMA Odessa National Maritime Academy	Mariupol	www.onma.edu.ua	–	–	–	–
3	Maritime School named by Marinesko A.I.	Odessa	www.marinesko.org.ua	–	–	–	–
4	Odessa Secondary Maritime College of Technical Fleet of ONMA	Odessa	www.omctf.od.ua	–	–	–	–
5	Kherson State Maritime University	Kherson	www.kma.ks.ua	2000	134	58	11
6	Kiev State Academy of Water Transport	Kyiv	www.maritime.kiev.ua	5196	174	56	78
7	Sevastopol National Technical University	Sevastopol	sevntu.com.ua/ chairSPEMS.html	10000	373	60	–
8	Odessa Secondary Maritime School of Fishing Industry named Solyanik	Odessa	avms.com.ua	–	–	–	–
9	Navy Academy named by Nakhimov	Sevastopol	avms.sevastopol.ua	2400	246	103	13
10	Kerch State Maritime Technological University	Kerch	www.kamtu.edu.ua	2460	181	77	11
11	National University of Shipbuilding named by admiral Makarov	Nikolayev	www.nuos.edu.ua	11000	455	290	66
12	Ukrainian Maritime Institute	Sevastopol	www.umi.com.ua	1101	132	47	7
13	Odessa National Maritime University	Odessa	www.osmu.odessa.ua	5964	418	87	58
14	Kherson Maritime School of Fishing Industry	Kherson	www.fishers.com.ua	–	–	–	–
15	Nikolaev Marine School	Nikolaev	www.marineschool.com.ua	–	–	–	–
				48121	2483	928	294

8.1 Odessa National Maritime Academy

Sea Navigation Faculty

- Deep-sea navigation
- Cargo transportation
- Chartering and Agency Service

Maritime and Inland Waterway Navigation Faculty

- Navigation on sea and inner water ways
- Sea-going hydrographic ships' navigation
- Technical service ships' navigation and dredging operations

The Engineering Faculty

- Ships' power plants operation
- Ships' power and refrigerating plants operation

Automation Faculty

- Automated control of ships' power plant
- Operation and maintenance of ship's automated systems

Electrical Engineering and Radio Electronics Faculty

- Radioelectronic appliances, systems and complexes

Maritime Law Faculty

- Maritime law speciality
- Organisational management, specialization
- Management of sea transport companies

8.2 Azov Maritime Institute of ONMA (Odessa National Maritime Academy) in Mariupol

- Economics and management of maritime transport
- Navigation and shipping
- Operation of ship power plants
- Electrical and information technology
- Pure and humanities

8.3. Maritime School named after Marinesko A. I.

- Navigation on maritime routes
- Operation of ship power installations
- The organization of transportations and overloads over water
- Operation of means of mechanization and automation of reloading works

8.4. Odessa Secondary Maritime College of Technical Fleet of ONMA

- Navigation and dredging operations
- Maintenance of ship's power plant
- Operation of power plants on specialized ships
- Hydrotechnical constructions, electrical engineering

8.5. Kherson State Maritime University

- Navigation
- Marine energy
- Transport infrastructure
- Sea and river transport
- Operation of ship power plants
- Transport and transport infrastructure
- Sea and river transport navigation
- Electrical Engineering and electromechanics

- Electromechanics
- Maintenance of electrical equipment and ship automation

The educational institute also includes Kherson Marine College for special training.

8.6 Kiev State Academy of Water Transport

- Informatics and computer facilities
- Management and administration
- Law
- Transport and transport infrastructure
- Economy and business

Including the Sevastopol faculty of sea transport and the educational consulting centre in the city Izmail.

8.7 Sevastopol National Technical University, Faculty of Marine Technology and Shipping

- Power plants, ships and structures
- Ocean engineering and shipbuilding
- Navigation and the navigation safety
- Marine and industrial electromechanical systems
- Descriptive geometry and graphics

8.8 Odessa Secondary Maritime School of Fishing Industry named after Solyanik

- Navigation at sea
- Operation of ship power plants
- Maintenance of electrical equipment and ship automation
- Installation and maintenance of refrigeration and compressor machines and installations

8.9 NA — Navy Academy named after Nakhimov P.S.

- Exploitation of ship power installations
- Navigation

8.10 KSMTU — Kerch State Maritime Technological University

- Navigation
- Maintenance of ship's power plants
- Operation of ship's electrical equipment and automation means
- Electrical engineering automation systems and electrical drive
- Economics of the enterprise
- Accounting and audit
- Ecology and protection of marine environment
- Aquatic biological resources
- Technology of storage and processing of aquatic biological resources
- Equipment for processing and food production
- Social work

8.11 NUS or NUOS — National University of Shipbuilding named after Admiral Makarov

The Admiral Makarov National University of Shipbuilding (NUS) was founded in 1920. It is now a leading higher educational establishment in Ukraine, which trains professionals for shipbuilding and other related fields. More than 55,000 graduates from the University specialize in:

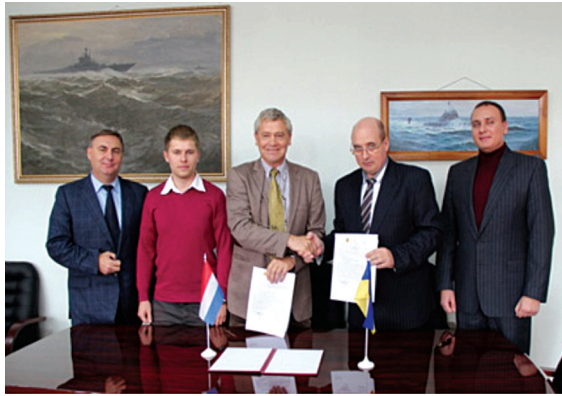
- Naval architecture and shipbuilding
- Marine engineering and machine building
- Electrical engineering and automation
- Economics and international law

Most of them work for national and foreign shipbuilding companies and other industries.

One of the university's strategic priorities is to integrate in the global educational process in order to establish more international contacts, initiate joint research, and educational and methodological projects. NUS was recently awarded the European Quality Award in Oxford, UK.



Bloem Doze Nienhuis lecturing at NUOS University in Nikolayev



NUS and Bloem Doze Nienhuis establishing cooperation

The University aims at the effective realization of the Bologna Declaration. One of its main aims is joining curriculums together with prominent higher educational institutions in Europe. The National University of Shipbuilding is actively engaged in an academic exchange programme with foreign partner universities, including student exchange programmes with the Jiangsu University of Science and Technology (PRC), Zhejiang International Maritime College (PRC), Harbin Engineering University (PRC), Vietnam Maritime University (SRV), Glyndŵr University (Great Britain, Wales), and Stord/Haugesund University College (Norway).

Scientists from the university travel to the USA, Asia, Europe, and Africa in order to give lectures. They carry out contract-based research projects for foreign customers in the fields of shipbuilding and ocean engineering, ship power engineering, technology and new materials, electronics and electrical engineering, and ecology and environmental protection.



NUS scientists' delegation establishing cooperation with Jiangsu University of Science and Technology.



NUS international graduates

Many international students study on a contract basis at the National University of Shipbuilding. The students are from the People's Republic of China, the Socialist Republic of Vietnam, Iran, Pakistan, Jordan, Turkey, Lebanon, Libya, India, Saudi Arabia, Tunisia, Nigeria, Cameroon, Guinea, Kenya, and the CIS countries, such as, Russia, Belarus, Turkmenistan, Georgia, Kazakhstan, and Moldova.



NUPAS-Cadmatic international conference at NeoNEC

The Research and Training Institute of Neoteric Naval Engineering and Cybernetics (NeoNEC) of NUS is a unique and specialized R&D and Training Centre focussed on providing up-to-date knowledge and practical skills in ship design and engineering, job preparation and construction. It cooperates with world leading shipyards, ship design agencies and CAD/CAM/CAE suppliers, such as DAMEN Group, C-Job, STX-France, ZSD, Aker Yards Design Ukraine, MDEM, AVEVA, NUPAS-Cadmatic, Schneider Electric, etc.

8.12 UMI — Ukrainian Maritime Institute

- Navigation
- Ship power
- Hotel and restaurant, cruise business
- Philology and tourism
- Transport technologies and management
- Economy and technologies

8.13 ONMU — Odessa National Maritime University

Ship engineering faculty

Bachelor:

- Ship's power plants
- Engineer mechanic
- Ship building and ocean technologies

Specialist:

- Exploitation of ship power plants

Master and specialist:

- Ship power plants and equipment
- Operation of ship power plants

Faculty of transport technologies and systems

Bachelor:

- Transport technologies

Master and specialist:

- Transport systems
- Transportation logistics and transport management

Faculty of economics and management

Bachelor:

- Economics of enterprise
- Management

Master and specialist:

- Economics of enterprise
- Management of organizations and administration

Faculty of water transport and shelf constructions

Bachelor:

- Construction

Master and specialist:

- Hydrotechnical construction

Shipbuilding faculty

Bachelor:

- Shipbuilding and ocean technologies
- Computer Sciences

Master and Specialist:

- Ships and ocean technologies
- Information management systems and technologies (by industry)

Law faculty

Bachelor:

- Law

Specialist:

- Law

Faculty of port engineering

Bachelor:

- Machine engineering
- Mechanical engineer

Master and Specialist:

- Lifting and transport
- Road-building
- Construction
- Melioration machines and equipment

8.14. KMSFI — Kherson Maritime School of Fishing Industry

- Navigation
- Exploitation of ship power installations
- Exploitation of radio communication equipment and electro radio navigation of vessels

8.15 Nikolaev Marine School

- Sailor
- Motorman, fisherman coastal fishing
- Sailor-rescuer
- Steward, waiter
- Ship's steward
- Electric Ship
- Skipper small tonnage vessel

9. Government

There is one governmental department in the sector of water transport, which is the State Department of Maritime and River Transport (Ukrmorrichflot). There are, however, a number of institutions in the industry, established by Cabinet of Ukraine and the Ministry of Transport, which are subsidiaries of the Ministry of Transport:

- State Inspection of Ukraine on the safety of navigation (Shipping Safety Inspectorate of Ukraine). However, the status of the Shipping Safety Inspectorate was unclear, which resulted in inconsistent activities by the Shipping Safety Inspectorate and Ukrmorrechflot for a long time.
- Inspection of the chief state registrar of fleet, maintaining the State ship register of Ukraine, and the Ship book of Ukraine.
- Inspectorate for questions concerning preparation and certification of seamen.
- Register of Navigation of Ukraine is a national classification society that exercises technical supervision and carries out the classification of sea and river trade vessels.
- State association “Ukrmorport”. The creation of the state association “Ukrmorport”, with the purpose to unburden Ukrmorrechflot from the execution of duties as an economic board, and to create a trust fund which deals with actual problems in the branch, solved the problem partially. The state shipping companies and ship-repair plants which are currently least profitable were not a part of the association. Thus, Ukrmorrechflot is not completely exempted from its duties as an economic board. Nevertheless, the profitable enterprises have been removed from its influence. On the other hand, although Ukrmorport functions of safety of navigation are not assigned, services of captains of sea trade ports, being a part of ports, are under its direct leading influence, which, in addition, decentralizes management the safety of navigation.

Water transport management is currently exercised in three main directions:

- Management of the public sector of sea and river transport. Enterprises act on a self-supporting basis (sea trade ports, ship-repair plants, the state shipping companies, etc.);
- Management of enterprises, establishments, and organizations whose activities are connected with safety of navigation, vessels, ports and port constructions (“Gosgidrografiya”, GP “Delta pilot”, pilot services of sea trade ports, GP “Morkom”, GP “Sea Rescue Service”, inspectorate which handles questions about preparation and certification of seamen, maritime enterprises, scientific institutions, etc.);

- The organization of supervising activities in the sea and river transport branch (Gosflotinspektion, the Register of Navigation of Ukraine, inspection of the state port supervision, inspection of the chief state registrar of fleet).

The governmental body of public administration in the field of sea and river transport is the State Department of Sea and River Transport (Ukrmorrechflot), which operates as a part of the Ministry of Transport and reports to it. Ukrmorrechflot's main objectives are:

- Participation in the field of sea and river transport;
- Ensuring development of sea and river transport;
- Implementation of the state control on transportations of passengers and freights by sea and river transport;
- Observance of requirements of the legislation concerning navigation safety;
- Execute a uniform economic, tariff, social, scientific, technical, and investment policy in the sea and river transport sector;
- Development of the state's scientific, technical, and other programmes and branch development plans;
- Provides assistance and services for the formation of the transport market in order to improve the management structure in the sector;
- Takes part in the formation and realization of an antimonopoly policy.

It should be noted that this department has considerable power concerning the definition of safety rules of sea and river navigation and supervises the execution of the rules.

The main authority which executes the state policy related to sea and river transport, traffic safety, navigation, and hydrographical support of navigation, is the Ministry of Infrastructure of Ukraine.

The Ministry of Infrastructure of Ukraine is one of the central bodies of executive power which is coordinated directly by the Cabinet of Ministers of Ukraine.

The main duties of the Ministry are as follows:

- development and implementation of the state policy in the field of transport;
- development and implementation of the state policy in the field of safety, navigation and hydrographical support of navigation, and merchant shipping.

The Ministry of Infrastructure of Ukraine is responsible for the marine administration of Ukraine.

The main rights and obligations of the Ministry concerning marine and river transport are as follows:

- determines the amount of charges, fees, and tariffs for services provided to vessels at sea and river ports of Ukraine;
- determines the amount of charges, fees, and tariffs for the use of hydrotechnical structures;
- determines the order of use of such charges, fees and tariffs;
- regulates and coordinates all government authorities concerning maritime and river transport;
- supervises the ports of Ukraine.

State Inspection of Ukraine on the Safety of Sea and River Transport (Ukrmorrichinspectsiya) is a government authority which is directly controlled by the Ministry of Infrastructure of Ukraine.

The inspection acts according to the order of the Cabinet of Ministers of Ukraine dd. 17.07.2014 No. 300 "On approval of the provision of the State inspection of Ukraine on the safety of sea and river transport".

According to the order, Ukrmorrichinspectsiya:

- investigates the causes of accidents in river and sea transport;
- issues permission to provide services for the transport of hazardous cargo, passengers and luggage by river and sea transport;
- prevents environmental pollution due to sea and river transport;
- registers the vessels in the State vessel register of Ukraine and issues permission to sail under Ukrainian flag;
- keeps records of the State vessel register of Ukraine and publishes relevant data on its website;
- performs the state supervision on the safety of traffic concerning sea and river transport;
- checks the compliance of vessels which enter the ports of Ukraine with the standards of safety rules, and the prevention of environmental pollution;
- has additional rights and responsibilities prescribed by the law.

The Ministry of Infrastructure of Ukraine also manages the state register of Ukraine — the national classification society which carries out technical supervision and conducts classification of sea and river merchant vessels. The state register of Ukraine acts on the basis of the order of the Cabinet of Ministers of Ukraine dd. 08.06.1998 No. 814 "On the improvement of technical, classification, and vessel supervision on sea and river transport".

The state register of Ukraine:

- classifies sea and river vessels;
- approves the technical requirements standards for vessels;
- conducts the technical supervision upon the hydrotechnical structures;
- keeps the base of hydrotechnical structures.

On the 17th of May 2012 the Law of Ukraine "On sea ports of Ukraine" came into force. The new law enacted the state enterprise "Ukrainian Sea Ports Authority" (USPA), which coordinates the functioning of the sea ports of Ukraine.

SE "USPA" is a unitary enterprise based on the right of economic authority. It consists of a head office (Kiev), a main representative office (Odessa), 13 branches in the ports of Ukraine, "Delta-pilot" brunch (provides pilotage services in sea and river ports), Maritime Search and Rescue Service, and has more than 8.000 employees.

The USPA:

- general control upon the stay of vessels in sea ports;
- issues the Code of Customs of the sea port;
- provides services for vessels in the water area of the sea port;
- provides the safety of navigation;
- collects the port (fees?) dues;
- performs other functions prescribed by the law.

10. Doing Business

Taking an optimistic view that the recent Maidan revolution will lead to less corruption and bureaucracy may be rapid improvements for doing business in the Ukraine will appear.

Besides corruption, a ranking of number 142 out of 175 countries in 2014, and it being the worst country in Europe, there is also a structural lack of trust among the population. Considering the country's history this is not surprising at all. Ukrainians are more of an opportunity hopper than that they strive for long term goals.

Nevertheless, in a ranking concerning the ease of doing business, Ukraine moved up 28 positions in 2014 in comparison with a 112th position in 2013. This is stated in a report by experts of the World Bank and the International Finance Corporation (IFC). According to the report, reforms in Ukraine were recorded in 8 out of 10 criteria. Thanks to this, Ukraine was among the countries with the most improved results in 2012–2013 in the criteria measured in the report "Business".

In general, Ukraine improved its performance in areas such as business registration (3 points), dealing with construction permits (145 points), registering property (paragraph 61) lending (11 points), taxation (4 points). Deterioration, according to World Bank experts, occurred in areas such as providing electricity (–2 points), protecting investors (–1 point), and the resolution of insolvency (–5). For the criteria "International Trade" and "Enforcing Contracts" experts changes were recorded (the 145th and 48th place respectively.)

The nearest neighbouring countries of Ukraine, Russia, Moldova, Belarus and Poland, rated 92, 78, 63 and 45 respectively. The report "Doing Business in 2014: Understanding the regulation of the activities of small and medium-sized enterprises" measures the regulations applicable to local businesses in 189 countries and ranks countries on 10 areas of business regulation, such as a business, insolvency resolution, and implementation of foreign trade. Last year the report took into account the applicable regulations in the period from June 2012 to May 2013.

In 2014, Ukraine rose 15 points in the ranking of a favourable business environment, which is annually the World Bank and International Finance Corporation. In the ranking of Doing Business Ukraine ranked 137th in 2013, but dropped another 3 positions later, to 140, due to changes in the methodology for calculating the rating. In 2011, Ukraine ranked only 152 in the ranking of the World Bank.

According to Doing Business 2015, Ukraine rose 14 positions in comparison with 2014 and took 96th place. In comparison with 2014, Ukraine has significantly improved registration of property (+29 points) and taxation sphere (+49 points).

When doing business in Ukraine you should pay attention to the following factors:

- Check if the Ukrainian party is registered as a legal entity or entrepreneur (otherwise they cannot effectuate or receive payment)
- Meet with your Ukrainian partner (and inspect their office/place of doing business) before you sign any agreements
- Know your agent! Trust is not enough (background research?)
- Enter into several small contracts instead of one large transaction
- Start small (test) and gradually increase (re-invest profits)
- Register Ukrainian presence only when absolutely necessary
- Always hire a good lawyer to draft/review your agreement to make sure it complies with Ukrainian laws (i.e., do not use standard global forms).

10.1 Foreign Investment in Ukraine

Ukrainian legislation provides that (with a few exceptions) foreign investors are authorized to carry out their investment activities in Ukraine on the same basis as Ukrainian domestic investors. This relates to the types of investments, the available investment vehicles, and the investment targets.

Under the Foreign Investment Law, the term “foreign investment” refers to all forms of value invested by foreign investors into objects of investment activity in accordance with the applicable Ukrainian legislation for purposes of obtaining profits or achieving social effects. Pursuant to the Commercial Code of Ukraine (the Commercial Code), adopted on 16 January 2003, and the Foreign Investment Law, any Ukrainian company will qualify as an “enterprise with foreign investment” if foreign investments in its charter capital amount to at least 10%.

Foreign investors are entitled to certain privileges and guarantees under the Foreign Investment Law, provided that their investments have been duly registered with the appropriate local state authorities.

Such privileges and guarantees include, inter alia, the following:

- Protection against changes in legislation: foreign investors are guaranteed protection against changes in the foreign investment legislation for a period of ten years, although certain changes in other areas of Ukrainian legislation and their implementation have, in fact, limited the applicability of the above guarantee to changes in Ukrainian legislation on matters relating to nationalization, expropriation, and similar matters;
- Protection against nationalization: foreign investments may not be nationalized. State bodies may not expropriate foreign investments, with the exception of emergency measures (such as national disasters, accidents, epidemics, etc.) and then only on the basis of decisions of bodies authorized to that effect by the Cabinet of Ministers of Ukraine;
- Guarantee for compensation and reimbursement of losses: foreign investors have the right to be reimbursed for their losses, including lost profits and moral damages incurred as a result of the action, the failure to act, or the improper performance on the part of state or municipal bodies of Ukraine or their officials with regard to their obligations owed to foreign investors or enterprises with foreign investment as required by law. All expenses and losses of foreign investors must be reimbursed at the current market rate and/or on the basis of a well-founded valuation certified by an independent auditor or auditing firm;

- Guarantee in the event of the termination of investment activity: foreign investors are guaranteed the right to remit their revenues and to withdraw their investments from Ukraine free from export duties within six months from the termination of their investment activity;
- Guarantee of repatriation of profits: after the payment of taxes, duties, and other mandatory payments, foreign investors are guaranteed the right to the unimpeded and immediate transfer abroad of all profits and other proceeds in foreign currency legally earned as a result of their investment activity (subject to applicable currency exchange regulations).

The Foreign Investment Law also extends certain privileges to “enterprises with foreign investments”. The latter are exempted from paying import duties on their foreign investors’ in-kind contributions to their charter capitals (except for goods for sale or goods provided for such enterprises’ own consumption). However, in the event that the corresponding assets are sold or otherwise disposed by such enterprises within three years from the date of their respective contributions to their charter capitals (including in the event of the termination of the activities of such enterprises), or the foreign investor sells its stake in the enterprise to a resident so that the enterprise loses its status of an “enterprise with foreign investments” within the three year period, then the enterprises will be required to pay the applicable import duty in full on the aggregate value of the alienated assets.

Two categories of restrictions apply to foreign investment activity in Ukraine. The first relates to general restrictions on investment activity, which are applied both to foreign and domestic investors. Pursuant to the applicable Ukrainian legislation, certain types of business activity may be pursued only by state-owned enterprises (e.g., the rocketry industry, banknotes, blank forms of securities certificates, etc.).

The second category relates to certain restrictions applicable only to foreign investors. Principally, such restrictions represent the legally established threshold on the maximum permissible percentage of foreign investment in the charter capital of a Ukrainian enterprise doing business in a particular industry. The number of such restricted industries is extremely limited and is expected to decrease even further. For instance, such restrictions currently apply to the publishing business. Certain indirect limitations apply to banking and auditing activities. In addition, foreign citizens and legal entities are prohibited from owning agricultural land in Ukraine, and are authorized to own only land designated for non-agricultural use, under the current version of the Land Code of Ukraine.

Specifics of investment activities are set out in the Laws of Ukraine On Public-Private Partnership, On Concessions, On General Principles of Creation and Functioning of Special (Free) Economic Zones, On Holding in Ukraine of the Final Part of the European Football Championship 2012 etc.

A foreign investor may make cash contribution to a Ukrainian legal entity either through special investment accounts opened by the foreign investor with a Ukrainian commercial bank or by transferring funds from abroad directly to the bank account of its Ukrainian subsidiary.

Generally, investors have the following options when making both portfolio and direct investments in Ukraine:

To transfer funds in foreign currency from abroad directly to an account of a resident in Ukraine;

To open an investment bank account in Ukraine and to transfer funds in foreign currency from abroad to this investment account;

To convert funds in foreign currency kept in an investment account at a Ukrainian commercial bank into Ukrainian currency for further portfolio or direct investment;

To transfer funds in Ukrainian and foreign currency from its investment account to an account of a resident in Ukraine or an investment account of another foreign investor, as the case maybe;

To receive funds in foreign currency received as profits, interest, and other proceeds from investment activity in Ukraine from a bank account of a resident in Ukraine to an investment account or a bank account of such foreign investor abroad, as the case may be;

To transfer funds in foreign currency received as profits, interest, and other proceeds from investment activity in Ukraine from an investment account to its own account abroad;

To transfer funds in Ukrainian and foreign currency received as profits, interest, and other proceeds from investment activity in Ukraine from an investment account to an investment account of another foreign investor.

Foreign investors may also make an investment deposit at a Ukrainian commercial bank. An investment deposit consists of the funds, which a foreign investor, pursuant to a deposit agreement, puts into a deposit account at a Ukrainian commercial bank in order to receive interest. Such a deposit agreement must be in writing and must be concluded for a term of not less than one year. In addition, a deposit agreement must provide that it may not be terminated early at the initiative of the foreign investor. The general rule that foreign investments must be made only in convertible foreign currency also applies.

Foreign investors are entitled to certain privileges and guarantees under the Foreign Investment Law, provided that their investments have been duly registered with the appropriate state authorities. Depending on where the foreign investment activity may be deemed to be economically concentrated, the foreign investment should be registered with the regional (oblast) state administration, the state administration of the Cities of Kyiv or Sevastopol, or the government of the Autonomous Republic of Crimea. The registration of a foreign in-kind investment must be effected in the course of three business days following the submission of the required set of registration documents. The procedure for the registration of a foreign investment is established by the Order of the Cabinet of Ministers No. 139 “On the order of the state registration of foreign investments and its cancellation”, dated 6 March 2013, as amended.

In order for a foreign investment to be registered, an investor or its authorized representative is required to submit the following documents to the relevant registration body: an informational notification of the foreign investment confirmed by the local state tax administration; documents certifying the form of the foreign investment (e.g., copies of the constituent documents of the Ukrainian company into which the foreign investment is made, a copy of a joint activity agreement, a concession agreement).

The Foreign Investment Law provides that, in the event of the termination of its investment activity, a foreign investor has the right, within six months from the date of the termination of such activity, to recover its investment in-kind or in the currency of the investment in the amount of the actual contribution (taking into account any possible reduction of the charter capital), without the payment of any fees or duties. A foreign investor has the right to recover the benefits from its investments in cash or in-kind on the basis of the actual market value of the investment at the moment of the termination of the investment activity, unless otherwise stipulated by the applicable Ukrainian legislation or international agreements to which Ukraine is a party.

All enterprises with foreign investment are taxed on their profits on a par with other Ukrainian domestic enterprises, with the exception of certain state guarantees for foreign investments (see Section 2.1 above), and the duty-free import of in-kind contributions to charter capitals of enterprises with

foreign investment (see Section 2.1 above). The Foreign Investment Law also contemplates the possibility of the establishment of a priority regime with respect to certain projects with the participation of foreign investors, which will be implemented pursuant to state programs promoting key sectors of the economy, the social sphere, and territories.

In addition, the current Ukrainian legislation provides for the establishment of free economic zones. The legal status of foreign investments into such zones is regulated by separate legislation on free economic zones, under which foreign investors may be granted additional privileges and benefits.

In the event of a dispute arising with respect to a foreign investment, a foreign investor may seek recourse through a number of institutions. As a general matter, the Foreign Investment Law provides that a dispute arising between a foreign investor and the state of Ukraine must be settled in the Ukrainian courts, unless otherwise provided by international treaties, while all other disputes involving a foreign investor must be settled in the Ukrainian courts or in courts of arbitration (including international arbitration courts).

Furthermore, the Law of Ukraine On Foreign Economic Activity (the LFEA), adopted on 16 April 1991, allows the parties to a commercial dispute to select a forum for its resolution. In accordance with Article 38 of the LFEA, disputes between parties regarding foreign economic activity may be resolved by the Ukrainian courts, the International Commercial Arbitration Court or the Maritime Arbitration Commission of the Chamber of Commerce and Industry of Ukraine, or by other dispute resolution bodies chosen by the parties to the dispute. In addition, the Law of Ukraine On the International Commercial Arbitration Court (the Law on International Arbitration), adopted on 24 February 1994, specifically provides that both foreign investors and Ukrainian enterprises with foreign investment have the right to resolve disputes between themselves and third parties in international commercial arbitration courts.

Ukraine is currently a signatory to Treaties On the Mutual Protection of Foreign Investments with various countries, including:

Albania, Argentina, Armenia, Austria, Azerbaijan, Belarus, the Belgium — Luxembourg Economic Union, Bosnia and Herzegovina, Brunei, Bulgaria, Canada, Chile, China, Croatia, Cuba, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Gambia, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Korea, Kuwait, Kyrgyzstan, Latvia, Lebanon, Libya, Lithuania, Macedonia, Moldova, Mongolia, Morocco, The Netherlands, Oman, Panama, Poland, Portugal, the Russian Federation, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Syria, Tajikistan, Turkey, Turkmenistan, the United Arab Emirates, The United Kingdom, the United States of America, Uzbekistan, Vietnam, Yemen, and Yugoslavia.

Ukraine also signed the Treaty On Partnership and Cooperation between Ukraine and the European Union in 1994. On 16 May 2008, Ukraine became a member country of the World Trade Organization.

10.2 Step-by-step plan

10.2.1 Step 1: Evaluating/entering the Ukrainian market

In order to start your own business in Ukraine, you have to take several steps:

Most import-export deals are effectuated purely on contractual basis, without any registrations in Ukraine. All you need is a properly drafted agreement that complies with Ukrainian legislation.

- You do not need a registered presence in Ukraine to do business with Ukrainian companies.
- Most Ukrainian companies (and even individual entrepreneurs) are able to conclude commercial agreements with foreign parties.
- All transactions are effectuated in foreign currency.

The advantages of working in Ukraine purely on a contractual basis include:

- No up-front investment
- No local registrations
- Testing the entire Ukrainian market at low cost

10.2.2. Step 2: Expanding

Once your business is growing, you may wish to capitalize on the momentum and expand by hiring a Ukrainian agent or distributor. In such a case, you will need to enter into an agency or distribution agreement to develop the market/clients for your Dutch company.

The advantages of this expansion include:

- No local registrations of your business
- Your agent assigns, monitors and controls all actions performed on your behalf in Ukraine
- You can terminate your relationship with the agent/distributor anytime with or without cause, provided this right is clearly stated by the relevant agency agreement.

If you wish to expand your business activities in Ukraine, a number of business structures are available. However, the most common business forms used by foreigners are the representative office and/or limited liability company.

10.2.3. Step 3: Setting up local operations

Representative office (non-resident). Establishing a representative office makes sense once you need to supervise, coordinate, and control contracts with local counterparties. A representative office engages in marketing, promotional, and other auxiliary activities on behalf of its parent company. If your business requires day-to-day presence in Ukraine, you will need to:

- Register a representative office
- Rent office space and hire staff
- Rent warehouse space (if necessary)

Associated costs include:

- State registration fees
- Office rent
- Employee salaries and social security deductions
- Warehouse rent

10.2.4. Step 4: Taxation

10.2.4.1. General

The general principles of the Ukrainian tax system, as well as the taxes and duties (mandatory payments) which may be levied in Ukraine, are defined in the new Tax Code of Ukraine of December 2, 2010 No. 2755-VI (the Tax Code). The Tax Code stipulates that tax rates, tax exemptions, and procedures and mechanisms for tax assessments and payments may not be introduced or changed by legislative acts other than those introducing changes to the Tax Code. In addition, any changes or amendments with regard to the determina-

tion of tax rates, tax exemptions, and procedures and mechanisms for their assessment and payment may be introduced into the tax legislation not less than six months before the beginning of a new budget year.

With the adoption of the Tax Code, uniform rules were established for, inter alia, filing tax returns and the settlement of tax liabilities; a statutory period of limitations of three years for the payment of tax liabilities; the rates and procedure for calculating penalty interest for late tax payments and penalties for the violation of tax rules; and the administrative procedure for appealing the assessment of tax deficiencies.

10.2.4.2 Corporate Income Tax

Section III of the Tax Code is the principal law governing the income tax liabilities of corporate taxpayers in Ukraine. It entered into force as of April 1, 2011.

The following persons and entities are subject to the Corporate Income Tax:

- Resident business entities, state, public, and other types of enterprises, institutions, and organizations which generate profits from their activity, both within and outside of the territory of Ukraine
- Foreign legal entities which derive profits from Ukrainian sources (with the exception of diplomatic establishments and other organizations enjoying immunity from taxation)
- Branches, divisions, and other separate units of the taxpayers identified above which are not legal entities and which are located in a territorial community other than the territorial community of such taxpayer
- Permanent establishments of foreign entities, which such foreign entities may acquire either through their fixed place of business in Ukraine or through a Ukrainian resident entity.

The Tax Code has established the basic Corporate Income Tax rate at 18% (since the 1st January 2014). The corporate income tax is levied on “profits,” which are considered to be equal to the adjusted gross income of the taxpayer in any given reporting period less all allowable expenses and depreciation allowances. “Gross income” is defined as the aggregate income received (accrued) by a taxpayer both within and outside of the territory of Ukraine in monetary, in-kind, or non-material forms from all of its activities carried out in Ukraine and abroad during the reporting period.

Under the Tax Code, all reasonable business expenses of the corporate taxpayer are allowed as deductions. However, certain deductions are expressly limited or prohibited by law:

- expenses which are not related to the business activities of the Ukrainian corporate taxpayer are non-deductible
- expenses incurred in connection with the acquisition of land plots are neither deductible nor subject to depreciation allowances (there is separate accounting for expenses and income on transactions with land plots)
- according to a “transfer pricing” restriction certain types of payments to affiliated persons in excess of arm’s length are non-deductible
- according to an “earning stripping” restriction interest on a shareholder loan is non-deductible under certain conditions

Under the Tax Code it is also not allowed to deduct royalty payments made in favour of those foreign entities (non-residents), which are:

- Considered “offshore” entities, i.e. entities based in one of the defined offshore jurisdictions, unless a non-offshore tax status certificate is provided by those entities

- Residents of the jurisdictions which do not tax royalty income
- Non-beneficial owners of royalties, unless there is a confirmation that the owner of royalties gives the right to receive royalties to the actual recipient
- Payment of royalties for an item of intellectual property, the original right to which was created initially in Ukraine (there are further rules regarding establishment of such original right)

10.2.4.3. Taxation of Non-residents

The Tax Code establishes the following general principles with respect to the taxation of foreign legal entities:

- foreign legal entities will be taxed in Ukraine on their incomes derived from their commercial activities undertaken on the territory of Ukraine through.

According to art. 141.4.1 of the Tax Code, the incomes are:

- Interest, discount incomes payable to non-residents, including interest on loans and debt issued by a resident
- Dividends paid by a resident
- Royalties
- Freight and engineering incomes
- Lease/rental fee, paid by residents or permanent establishments to non-residents — the leaser under lease agreement
- Incomes from sale of immovable property situated in the territory of Ukraine, which belongs to non-residents, including the property of a permanent establishment of a non-resident
- incomes from operations of sale or other disposal of securities, derivatives or other corporate rights
- incomes from joint activities on the territory of Ukraine, revenues from long-term contracts in Ukraine
- remuneration for conducting of cultural, educational, religious, sports, and entertainment activities in Ukraine by non-residents or their authorized persons
- brokerage, commission or agency fees received from residents or other permanent establishments of non-residents in respect of brokerage, commission or agency services rendered by non-resident or a permanent establishment in Ukraine in favour of residents
- contributions and premiums for insurance or reinsurance of risks in Ukraine (including life insurance risks) or insurance against the risks of residents outside Ukraine
- incomes derived from activities in the field of entertainment (except lottery activities)
- incomes in the form of charitable contributions and donations to non-residents
- other incomes of non-residents (permanent establishments of non-residents), earnings or other compensation of the cost of goods, works, services transferred performed given to a resident by the non-residents (permanent representations), including the cost of international communications services or international information security

The art. 141.4.2. of the Tax Code provides the basic 15% tax rate on incomes of non-residents (with certain exceptions).

10.2.4.4 Taxation of Permanent Establishments

As mentioned above, for the purposes of the Tax Code, permanent establishments of foreign entities are deemed to be independent (of such foreign entities) as taxpayers in Ukraine. Under Article 14.1.193., of the Tax Code, a “permanent establishment of a foreign entity” in Ukraine is created (i) through a fixed place of business through which the business activities of such foreign entity are either fully or partially conducted in Ukraine or (ii) through an agent, commissioner or other resident entity acting in a similar capacity.

The definition of a permanent established has been expanded under the new Tax Code, apparently with a view to align it with the definition under most Double Tax Treaties. The most worrying aspect of this expansion is that the domestic definition of a permanent establishment now includes (1) a construction site and (2) provision of services, including consultancy services, by a foreign entity through its employees working in Ukraine for the period exceeding 6 months in any 12-month period.

The Tax Code provides that income derived by a foreign entity which conducts its business activities in Ukraine through a permanent establishment, is subject to taxation at the general tax rate, which is currently 18%.

10.2.4.5. Value Added Tax

The Value Added Tax rules are contained in the Tax Code. In accordance with Article 180.1 of the Tax Code, any Ukrainian or non-Ukrainian legal entity will be required to pay VAT, if that entity: has sold goods (or provided works or services) subject to VAT during the last 12 calendar months with an aggregate value in excess of UAH 1 000,000 (approximately US\$ 44,000);

The Tax Code provides 3 VAT rates:

- 20% (basic rate);
- 7% for:
 - supply in the customs territory of Ukraine and import into the customs territory of Ukraine of pharmaceutical products, authorized for manufacturing and application in Ukraine and entered into the State Register of Pharmaceutical Products as well as medical products on the list approved by the Cabinet of Ministers of Ukraine;
 - supply in the customs territory of Ukraine and import into the customs territory of Ukraine of pharmaceutical products, medical products and/or medical equipment authorized for application within clinical trials, the authorizations for the conduct thereof was granted by the central executive authority ensuring the formation of the state health care policy.
- 0% for:
 - export of goods outside the customs territory of Ukraine:
 - a) under the customs procedure for export;
 - b) under the customs procedure for re-export
 - c) under the customs procedure for duty-free trade;
 - d) under the “free customs zone” procedure.
 - supply of goods:
 - a) for fuelling and maintenance of sea craft:
 - intended for navigation, passenger and cargo carriage for remuneration, trade, fishing or another business activity carried out outside the Territorial Waters of Ukraine;
 - intended for rescue or support within neutral waters or territorial waters of other states;
 - incorporated in the Ukrainian Naval Forces and sailing outside the Territorial Waters of Ukraine, including without limitation for anchorage;

- b) for fuelling and maintenance of aircraft:
 - performing international flights for navigation or passenger or cargo carriage for remuneration;
 - incorporated in the Ukrainian Air Force and departing outside the air boundary of Ukraine, including without limitation to temporary bases;
 - c) for fuelling (refuelling) and maintenance of spacecraft, space launch vehicles or earth satellites;
 - d) for fuelling (refuelling) and maintenance of land military vehicles or other special contingent of the Armed Forces of Ukraine taking part in peacekeeping operations outside Ukraine, or in cases otherwise provided by law;
 - e) duty-free stores, according to the procedure established by the Cabinet of Ministers of Ukraine.
- supply of services as follows:
- a) international passenger and luggage carriage and cargo carriage by rail, road, sea, river, and air.
 - b) services related to operations with movable property previously imported into the customs territory of Ukraine to execute the said operations and exported outside the customs territory of Ukraine by the executor of operations or by the non-resident recipient
 - c) services for maintenance of aircraft performing international flights.

10.2.4.6 Personal Income Tax

10.2.4.6.1. Introduction

The Tax Code principally regulates issues of personal income taxation. The Tax Code has introduced a number of significant changes and amendments to the taxation of individuals, including tax rates; rules and principles of tax residency qualification and taxable income determination, tax administration, favourable tax credit rules, and others.

10.2.4.6.2. Tax Rates

Effective from 1 January 2011, the Tax Code introduced the progressive tax rate. These tax rates apply to almost all income received by a resident individual in Ukraine, regardless of the source of income. Thus, under the Tax Code, the general tax rate is 15%, whereas monthly income exceeding 10 times minimum monthly salary (i.e. UAH 12180 on September 1, 2015) should be taxed at 20%. The progressive tax rates of 15%/20% generally apply to employment Ukrainian source income of the tax resident and non-residents.

Tax residents could benefit from certain tax exemptions and reduced tax rates (e.g. 5% applicable to income from sales of real estate and movable property). The Tax Code decreases the tax rate applicable to Ukraine-source dividends to 5% from 15% under the Tax Code. In addition the Tax Code postponed till 2015 taxation of the interest paid on bank deposits which would be then taxed at the 5% PIT rate. Prizes (except for the state lottery) and, arguably, gifts, are subject to PIT at the double rate, i.e., 30%.

Income from sale of real estate is taxed at 5% for tax residents, and 15%/20% for non-residents. The Tax Code reduces the general tax applicable to the income received by tax residents, from sales of movable property from 15% under the Tax Code to 5%. Income of non-residents, from sale of movable property, is taxed at the rate of 15%/20%. Special rules of taxation are established for inherited property, securities, and other specific items.

10.2.4.6.3. Tax Residency

The concept of the determination of tax residency, which is incorporated into the Tax Code, is now very similar to that of most bilateral double taxation treaties drafted on the basis of the OECD Model Tax Convention.

Specifically, unlike the prior Ukrainian legislation, which linked the taxable status of a foreign individual solely to his/her physical presence in Ukraine during more than 183 days in a tax (calendar) year, the Tax Code lays down a number of additional conditions (e.g., domicile, centre of vital interests, citizenship, etc.), under which a foreign individual may be treated as a tax resident in Ukraine.

To be more precise, pursuant to the Tax Code, the following criteria are used to determine the resident status of a person:

- A tax resident of Ukraine is an individual who has a permanent residence in Ukraine
- If an individual has a permanent residence in more than one country, he/she will be a tax resident in that country, with which he/she has closer personal or economic ties (e.g., his/her centre of vital interests). The Tax Code specifically outlines that the place of the permanent residence of the members of an individual's family or the place of an individual's registration as a business entity (as a subject of entrepreneurial activity) will be a sufficient (but not an exclusive) condition for determining the location of the centre of vital interests of such individual
- If it is impossible to determine the country in which the individual has his/her centre of vital interests, or if the individual does not have a permanent residence in any country, then the individual will be considered a Ukrainian tax resident if he/she is present in Ukraine for at least 183 days of the tax period (including days of arrival and departure)
- If it is impossible to determine tax residency on the basis of the above provisions, then the individual will be a tax resident of Ukraine if he/she is a Ukrainian citizen
- The Tax Code stipulates that an individual's own identification of his/her principal place of residence on the territory of Ukraine according to the procedure established by the Tax Code, or the registration of an individual as a self-employed person in Ukraine, will constitute a sufficient basis for identifying such individual as a tax resident of Ukraine.

A person who fails to qualify as a Ukrainian tax resident will be considered a "non-resident" for purposes of the Tax Code.

The latter criterion of "one's own identification", as well as the variety of the criteria in and of themselves, combined with the absence of clear guidance, might create situations where an individual is treated as being a tax resident in several jurisdictions simultaneously. Moreover, the above set of criteria makes it difficult in practice to identify the solely correct criterion when several of them can be easily applied. The latter circumstances can also raise a conflict between two residents. Certainly, in the majority of cases, the rules of the effective double tax treaties may be applied to solve such residency conflicts.

10.2.4.6.4. Taxable Income

Ukrainian residents are taxed on their aggregate worldwide income. Non-resident individuals are taxed only on all income derived from sources within

Ukraine. Non-resident individuals are not eligible for certain exemptions or deductions available to residents for PIT purposes.

The Tax Code provides for a list of items specifically included in the gross income of either a resident or a non-resident individual. These include, inter alia: gifts; insurance payments and premiums; rental income; fringe benefits (including the cost of received property, food, assistance of home servants, expense reimbursements, amounts of financial aid, etc.); amounts of punitive (vs. actual) damages received; forgiven debts and obligations; interest and dividend income; investment income; and inheritances.

At the same time, a number of items are specifically excluded from the taxable income of both residents and non-resident individuals. Apart from such excluded items, the Tax Code allows an individual resident taxpayer to claim as non-taxable deductions certain expenses made during the taxable year, provided that such expenses can be confirmed by the relevant documents. In particular, an individual resident taxpayer will be able to claim a deduction for, inter alia, the following: a part of the interest payments made under a loan secured by a mortgage, provided that the loan is used to finance the purchase or construction of the taxpayer's principal home (pending); charitable contributions of not more than 4% of the taxpayer's annual taxable income; a certain amount of expenses paid to educational institutions for receiving professional or higher education; and a certain amount of expenses paid to health institutions for personal medical needs.

The Tax Code also allows certain categories of low-income taxpayers to reduce their respective incomes by an amount of the so-called "social tax benefit."

Taxes paid by a resident taxpayer outside Ukraine may be taken as credits against Ukrainian taxes due, in the event that the taxpayer provides a written acknowledgment from the foreign tax authority that such foreign taxes have, in fact, been paid. However, the total of such foreign tax credits may not exceed the amount of the Ukrainian personal income tax due.

10.2.4.6.5. Tax Administration

The general rule of the Tax Code is that it is the duty of the payer of source income i.e., "tax agents" in the parlance of the Tax Code, to report, charge, collect, and remit personal income tax to the Government. Thus, employers are deemed to be tax agents with respect to the personal income tax due on the wages and salaries payable to their employees. The relevant tax returns are filed by tax agents quarterly and the remittance is made at the time of payment of income.

If income is received from payers who are not regarded by the Tax Code as tax agents, then the recipients will be obligated to file an annual tax return for the year in which such income is received. A tax return may also be filed voluntarily if a tax resident, otherwise not required to file a tax return, wishes to claim the applicable tax credits. The return must be filed by the income recipient individual by 1 May of the year following the reporting year. Sums due for personal income taxes must be paid by 1 August of the year following the reporting year. Personal income tax is payable in the local Ukrainian currency.

10.2.4.7 Tax Controversies

Under the Tax Code, a tax audit may be carried out in the form of either: a chamber audit, a documentary audit (scheduled or non-scheduled; on-site or off-site), or an actual audit. The chamber tax audit is conducted by the tax auditors in the tax office on the basis of the tax returns and other mandatory filings of the taxpayer related to the computation of the latter's tax liability. A "scheduled" on-site tax audit of a taxpayer is carried out only if and when

such audit is scheduled in the so-called “plan of works” of the relevant tax office. An “unscheduled” on-site tax audit, in contrast to a “scheduled” one, is not pre-planned and is conducted upon the occurrence of any of the statutory defined events e.g., where the taxpayer fails to file a tax return.

The expected periodicity, i.e., frequency of tax audits, depends on the type of the tax audit in question. A chamber tax audit may be carried out by the Ukrainian tax authorities on a discretionary basis. A “scheduled” on-site tax audit may not be carried out more often than once during the course of a calendar year. An “un-scheduled” on-site tax audit may be conducted only upon the occurrence of one or more of the statutory defined events. In any eventuality, each taxpayer is likely to be audited at least once every three years, which corresponds to the applicable statute of limitations.

The general rule is that the Ukrainian tax authorities can exercise their authority to issue an assessment of a taxpayer’s liability with respect to a tax return only within a period of 1,095 days following: (a) the final statutory date for filing for the tax return, or (b) the date of the actual filing, of the tax return, whichever is later. After the expiration of this period of limitations, the taxpayer may not be assessed additional taxes, tax penalties, or late payment interest with respect to such past due tax liability.

A tax audit starts with a review of the correctness of the tax returns filed by the taxpayer and how they reconcile with the taxpayer’s tax ledgers. Based on their findings, the tax auditors usually proceed with an in-depth study of the taxpayer’s commercial documentation. As a matter of law, a taxpayer may be denied otherwise deductible expenditures if they have not been properly documented.

For the purposes of inquiring into a tax return, the auditing tax officer may require the taxpayer to produce documents or information, which are in the taxpayer’s possession or within its power to secure, and which may be reasonably required to establish whether the tax return is incorrect or incomplete. The applicable tax law extends the Ukrainian tax authorities’ rights of access to information, which is stored electronically, rather than in documentary form only during tax audits of taxpayers which qualify as “big taxpayers”. Ukrainian tax authorities in certain circumstances may conduct an unscheduled on-site tax audit of a taxpayer on the basis of information obtained from a third party. Special conditions may apply for right to access by tax authorities to the information subject to legal privilege or bank secret.

Ukrainian tax authorities may also address foreign tax authorities with a request to assist in obtaining of documents and information from third parties located in their own foreign jurisdiction. Such documents and information may be requested from foreign tax authorities pursuant to an applicable double tax treaty.

Penalties for the failure of a taxpayer (a) to file, or to file timely, a tax return; (b) to pay, or pay timely, taxes; (c) to comply with other tax obligations, can be generally divided into two broad categories: administrative, financial (tax) and criminal penalties. Financial (tax) penalties are imposed by the Ukrainian tax authorities and may be appealed by a taxpayer either: (a) to a higher level tax office in accordance with the administrative appeal procedure; or (b) to an administrative court in the course of tax litigation. Criminal penalties are imposed by the criminal courts in cases of tax evasion in “significant” amounts.

Under the applicable Ukrainian law, the Ukrainian tax authorities may not enforce collection of outstanding taxes, tax penalties, and/or penalty interest omitting preliminary administrative or court procedure of agreeing tax obligations with a tax payer. The recovery of tax debt from bank accounts of a taxpayer, or from property of an individual or from debtors of the tax payer is possible only based on the court decision.

10.2.5. Step 5: Currency Regulations *10.2.5.1 General*

The principal act of legislation in Ukraine in the area of currency regulation is the Decree of the Cabinet of Ministers of Ukraine On the System of Currency Regulation and Currency Control (the Currency Decree), dated 19 February 1993. In its implementation of the Currency Decree, the National Bank of Ukraine (the NBU) has adopted a large number of regulations and instructions.

10.2.5.2 Status of National Currency

The Ukrainian national currency is Hryvnia (UAH), introduced in September 1996. The Currency Decree provides that UAH is the only lawful means of payment on the territory of Ukraine, and that it is acceptable without any limitations in the settlement of any obligations.

10.2.5.3 Use of Foreign Currency within Ukraine

The Currency Decree sets forth the general rule that any use of foreign currency on the territory of Ukraine, as a means of payment or as a collateral, may legally be carried out only pursuant to a permit of the NBU issued on a case-by-case basis (the so-called “individual license”).

The foregoing rule does not apply to foreign currency transfers performed within Ukraine by a Ukrainian commercial bank or financial institution pursuant to its general license for the carrying out of currency transactions, issued by the NBU.

10.2.5.4 Transfer of Foreign Currency from Ukraine Abroad

The Currency Decree sets forth the general rule that any transfer abroad of foreign currency from Ukraine requires an individual license of the NBU, subject to an exhaustive list of exemptions provided in the Currency Decree. Such exemptions include:

- transfer of foreign currency abroad by a Ukrainian resident individual within the limit determined by the NBU;
- transfer of foreign currency abroad by a Ukrainian resident or non-resident individual within the limit of the amount previously imported into Ukraine by such resident or non-resident on a legal basis;
- transfer of foreign currency abroad by a Ukrainian resident (legal entity or individual) in discharge of a contractual obligation in such foreign currency to a non-resident on payment for goods, services, works, intellectual property rights, or other property rights acquired or received by such resident from such non-resident (N.B.: an acquisition of securities or other “currency valuables” does not fall within this exemption);
- payment of interest under a loan or income earned (e.g., dividends) from a foreign investment in foreign currency abroad;
- repatriation from Ukraine abroad of the amount of a foreign investment in foreign currency previously made in Ukraine upon the termination of the relevant investment activity;
- payment in foreign currency abroad to the European Organization for the Safety of Air Navigation as a fee for the services on aircraft navigation.

10.2.5.5 Other Licensable Transactions

Under the Currency Decree, an individual license of the NBU is required, inter alia, for:

- Repatriation and transfer of funds in Hryvnia into Ukraine, if in excess of the amounts in Hryvnia which have been transferred abroad on legal grounds;

- Depositing funds in foreign currency and other “currency valuables” (e.g., securities, banking metals, etc.) in an account or on deposit outside Ukraine (except, inter alia, the opening by a duly licensed Ukrainian commercial bank of a correspondent account with a foreign bank, and the opening by a Ukrainian resident individual of a bank account with a foreign bank for the duration of such individual’s stay abroad);
- Investing abroad, including transferring foreign currency abroad in connection with acquisition of assets and securities.

In addition, receipt of a foreign currency loan by a Ukrainian resident (including a Ukrainian commercial bank) from a non-resident is subject to the registration of such loan with the NBU.

Finally, under Ukrainian law resident legal entities and individuals are required, upon opening a foreign bank account, to notify the NBU regarding such an account within three days from the date on which such account is opened. This requirement does not extend to the opening of correspondent accounts by Ukrainian banks, opening of a foreign bank account by a Ukrainian resident individual for the duration of its stay abroad and by the entities which enjoy diplomatic immunity and privileges.

10.2.5.6 Settlements under Export and Import Contracts

Ukrainian legislation allows the settlements under the export or import contracts between a Ukrainian resident and a non-resident to be carried out in foreign currency as well as in Hryvnia. If in foreign currency, it is required that a Ukrainian resident’s foreign currency proceeds under an export contract must be collected on such resident’s own bank account within 180 days from the date of the customs clearance of the exported goods. Similarly, the current Ukrainian legislation requires that goods prepaid by a Ukrainian resident in foreign currency, pursuant to an import contract concluded with a non-resident, must be imported and cleared through the Ukrainian customs border.

This 180-day period may be prolonged only pursuant to a conclusion issued by the Ministry for Economic Development and Trade of Ukraine.

A resident’s failure to comply with this 180-day requirement may result in the imposition on such resident of a 0.3% fine of the amount due under the contract for each day of delay in receiving the foreign currency proceeds or the imported goods. The total amount of the accrued fine is limited to the amount of the non-received proceeds or the value of the non-delivered goods, as the case may be. The calculation of such 180-day period is suspended if the resident files a claim in court or arbitral tribunal for the collection of overdue foreign currency proceeds from a non-resident party or delivery of goods.

10.2.5.7 Purchase of Foreign Currency

A resident, Ukrainian legal entity or individual entrepreneur may acquire non-cash foreign currency in Ukraine only through a duly licensed Ukrainian commercial bank or non-bank financial institution which received a general license from the NBU, and only in a limited number of cases and subject to its submission to such bank or non-bank financial institution of various documents confirming the legitimacy of the purchase. Instances in which such a purchase will be permitted include, inter alia, the need for such resident to discharge its payment obligation to a non-resident in connection with:

- purchase of goods or services from such non-resident;
- repayment of a loan extended by such non-resident and/or the payment of interest thereon;
- payment of dividends or other income earned as a result of such non-resident’s investment.

10.2.5.8. Trade in Foreign Currency

Trade in foreign currency on the territory of Ukraine may be carried out only by or through Ukrainian commercial banks and licensed financial institutions, and only on the inter-bank currency market of Ukraine.

10.2.5.9 Payments for Services Rendered, and Works Performed by Non-Residents

On 30 December 2003, the NBU adopted Resolution No. 597 On the Remittance of Funds in National and Foreign Currency to Non-Residents under Certain Operations (the Remittance Resolution). The Remittance Resolution is aimed at restricting the remittance of funds from Ukraine as payment for works performed and/or services provided by, or the IP rights purchased from non-residents on “commercially unreasonable” terms and at making such a remittance of funds more transparent.

If the aggregate amount of such service payments as specified in the preceding paragraph would exceed, in respect of each respective agreement or each foreign payee, EUR 50,000 or its equivalent, the payer would be required to obtain, prior to the making of any such payment, either (a) a certificate of price evaluation (the Price Evaluation Certificate) issued by the State Enterprise National Research and Information Centre for Monitoring International Commodity Markets (Derzhzovnishinform), confirming that such payment does not exceed the “fair market price” for such works or services, or (b) an individual approval of the NBU for the making of such payment, if the External Derzhzovnishinform has refused to issue the Price Evaluation Certificate. The NBU approval cannot be issued if a Price Evaluation Certificate has been obtained in respect of the payment and indicates that the amount of such payment exceeds the applicable “fair market price.”

The Remittance Resolution does not apply to, inter alia, financial, transport and communications services rendered by a non-resident service provider, as long as the resident-recipient possesses a license allowing it to engage in the relevant business activity, and the payments made under the loan registration certificates and individual licenses issued by the NBU.

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Видавець та виготовлювач Торубара В. В.
вул. Наваринська, 5–17, м. Миколаїв, 54001
тел.: (0512) 37-81-28, (067) 800-70-70
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