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**Date:** 8/4/2015

**GAIN Report Number:** RSATO018

## Russian Federation

**Post:** Vladivostok

### Port of Magadan Snapshot

**Report Categories:**

Agriculture in the News

Agriculture in the Economy

Agricultural Situation

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**Report Highlights:**

The port of Magadan is located on the shore of the Nagayeva bay which is convenient for large-tonnage ships to transit. Approximately 99 percent of the cargo that comes to Magadan enters through the Sea of Okhotsk, the region's lifeline to the rest of the Russian Far East and beyond. The port is open for navigation all year round. Overall amount of imports through the port had declined in the past year following Russia's food import ban of August 2014. The major U.S. agricultural commodities exported to Magadan were meat and poultry products.

**General Information:**

A visit to Magadan by ATO Russia Director Erik Hansen and ATO Vladivostok marketing specialist Oksana Lubentsova took place in June 2015. The visit included courtesy calls with city and oblast officials and a tour of the port hosted by the port's General Director and the Minister of Transportation and Communications of Magadan Oblast.

With a population of about 95,000 in its capital, and a total of 125,000 residing in the oblast, Magadan is an important part of Russian Far East, but typically does not receive the same attention as other larger, and less isolated, regions of the Russian Far East. Approximately 99 percent of the cargo that comes to Magadan enters through the Sea of Okhotsk, the region's lifeline to the rest of the Russian Far East and beyond. Magadan is a "destination port," not a transit hub – it receives about one million metric tons of cargo per year and, in turn, only ships out scrap metal and returns leased heavy equipment following its use in mining and other ventures.

The Sea Port of Magadan was founded on December 6, 1933. The total area is 32 hectares including the infrastructure and the port employees 232 people. The port is located on the shore of the Nagayeva bay which is convenient for large-tonnage ships to enter. The port is accessible for large vessels and open for navigation all year round. In winter period, from November to March, pilotage to the port is arranged by means of linear icebreakers. The main city pair routs of the port of Magadan are Vladivostok, Nakhodka and Vostochny. The port is open to foreign vessels; it has border and customs posts, and a customs warehouse. Today, its major foreign port partners are located in South Korea although in the past, it imported fruits, vegetables, and meat from the United States, usually via Seattle.

Nine berths are used for the processing of goods. Berth number 5 is specialized for processing large capacity containers. Its workload is 90 percent. The other berths are specialized for processing general, bulk and dry bulk cargo. Universal mechanization scheme is applied at the most berths: gantry cranes are used as the main fuel-handling machines. In total, the port has 14 gantry cranes with a capacity of 10 to 40 metric tons (MT), the most of which are at least 30 years old. There is a specialized warehouse for cargo handling and multi-tonnage containers.

The port has operational and support units: a production and handling system, electromechanical and electrical service, port fleet and others. The port waters locate local small fleet, which is used during summer navigation for carrying cargos to the coast of the Sea of Okhotsk settlements of Magadanskaya Oblast, Kamchatkskiy and Khabarovskiy Krai.

Since 1999, annual growth in turnover of the Port of Magadan had been 4 – 6 percent per year. Starting from the second half of 2012, total turnover increased significantly which is associated with the creation of large-scale cargo traffic in major mining companies: "Polymetal", "Polyus-Zoloto", «Pavlik Gold Mining "as well as enterprises of the North-East of the Republic of Sakha (Yakutia). However, overall amount of imports through the port declined in 2014 following Russia's food import ban efforts to push for import substitution of food and agricultural products. Food products last year constituted approximately one-quarter of the goods that entered Magadan via its port.

**Table A. Russia: Cargo turnover of the seaport of Magadan in 2009-2013, Thousand MT**

Description/Year	2009	2010	2011	2012	2013
Bulk dry cargo	323.8	373	286	338	371
Liquid bulk cargo	244.7	296	322	380	380
General cargo	421.3	469	119	92	138
Containers (gross)	368	393	499	540	649
Export	32.1	62	55	43	57
Import	31.1	45	42	47	52
Cabotage	926.6	1,031	1,129	1,260	1,429
Total turnover	989.8	1,138	1,226	1,350	1,538

Source: <http://www.mcx.ru>

**Table B. Russia: Magadan Oblast Import Commodities in 2014, Thousand USD**

Commodities	Amount, USD	Share, %
Food products and agricultural raw materials	27,401.13	24.4
Mineral commodity	3,345.88	3
Fuel and energy	2,306.52	2.9
Chemicals, Rubber	9,970.29	8.9
Wood, Pulp and Paper	302.42	0.3
Textile, Textile Goods and Footwear	258.69	0.2
Metals and Metal Products	3,850.07	3.4
Machinery, Equipment, Transport Vehicles	65,271.51	58
Other	2,063.94	1.8
Total	<b>112,463.91</b>	<b>100</b>

Source: <http://magfer.ru/>

Food and agricultural products are delivered to Magadan mostly via Primorskiy Kray by sea from the port of Vladivostok. Most goods are shipped from Vladivostok after customs clearance although some imported commodities arrive in Magadan to be cleared there. Table C shows imports of U.S. agricultural products to Magadan from 2012-2014. The main U.S. commodities exported to Magadan were meat followed by sausages and fruits. The large drop seen in the table result from import restrictions applied by the Russian government for U.S. meat products in 2013 followed by a larger more encompassing food import ban introduced in August 2014.

**Table C. Imports of U.S. Agricultural Products via Magadan in 2012-2014**

Description	2012		2013		2014		% Δ 14/13
	Value USD	Quantity MT	Value USD	Quantity MT	Value USD	Quantity MT	Value
All Ag Products, including:	5,950,124.80	2,552	5,047,041.16	2,747	2,266,767.02	1,443	-55.09
Meat	5,531,554.69	2,335	4,166,083.19	2,294	1,717,805.46	1,145	

							-58.77
Sausages, Similar Products	388,934.91	194	531,899.96	263	387,877.84	189	-27.08
Edible Fruit and Nuts	29,635.20	24	349,058.01	190	121,554.53	61	-65.18
Vegetables	0	0	0	0	39,529.19	48	n/a

Source: *Global Trade Atlas*

The largest stevedore company in the seaport of Magadan is JSC "Magadan Commercial Sea Port" which, according to four rental contracts, occupies 38 federal property items with the term of lease for the period up to 2059-2060. The property leased by JSC "Magadan Commercial Seaport" includes 8 birth facilities. With the growth of freight traffic, redistribution of cargo nomenclature shifted towards a significant increase of large-capacity containers share.

JSC "Magadan Commercial Sea Port" has adopted and implements the investment program for the period 2013-2017 with total funding of 1,367 billion rubles. In the framework of this program, the equipment for the amount of 902 million rubles was purchased in 2014. In October 2014 two new Liebherr cranes with the lifting capacities of 84 MT and 124 MT were put into operations. This was the first major acquisition of the port for recent 30 years. The cranes were purchased in the framework of the modernization program. New equipment was expected to reduce the time for processing incoming shipments and cost.

As part of reconstruction of federal property (waterworks) in the seaport of Magadan in the framework of federal target program, "Economic and social development of the Far East and the Baikal region for the period till 2018", the Magadan Government, in agreement with the Federal Agency of Maritime and River Transport, identified berths 4 and 5 as priority sites for reconstruction. The capacity of berth 5 will be increased and berth 4 will be renovated for processing large containers.

The amount of funding reconstruction of the berths at the expense of the federal budget in the period of 2014 - 2017 is set at 1.1 billion rubles. After completing reconstruction of berths 4 and 5, the total design capacity of large cargo containers will reach 1.5 million MT per year. Expected cargo capacity of Magadan seaport after reconstruction of mooring waterworks and berth number 4 and 5 is up to 3 million MT. The Magadan region has a status of the special economic zone until 2025, which provides a number of preferences to its members. However, investors have been slow to see Kolyma as a promising business area mainly due to high transportation and other expenses connected with the inaccessibility and remoteness from the larger urban areas in Russia.







*The port is located on the shore of the Nagayeva bay.*



*Port Tour with local officials.*



*Container Terminal: Cargo Handling Operations.*



*Two new Liebherr cranes with the lifting capacities of 84 MT and 124 MT went operational in October 2014.*

