



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.07

Required Report - public distribution

**Date:** 2/17/2006

**GAIN Report Number:** RS6303

## Russian Federation

### Exporter Guide

### Shipping and Transportation, Russian Far East

**2006**

**Approved by:**

Eric Wenberg, ATO Director  
American Embassy, Moscow

**Prepared by:**

Svetlana Ilyina

---

**Report Highlights:**

This report describes the condition and growth of ports in the Russian Far East. It provides background on port infrastructure and management and sets a baseline for future reporting on the U.S. and other origin agricultural and food products transiting Russia's Pacific Coast ports.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Moscow ATO [RS4]  
[RS]

Russia's Far East (RFE) ports handles 99 percent of export/import cargos for Pacific and Eastern Russia and transit cargo flow from Asian Pacific countries to Russia's Western European destinations. According to Russian Ports Association data, in 2005 the Russian Far East ports turnover reached 69.5 million tons (17 percent of total Russian ports' turnover). The main agricultural products imported through the ports into the RFE are frozen poultry, red meats, fruits, nuts, vegetables, edible oils, rice, food ingredients, and consumer-oriented foods. ATO Vladivostok estimates that 3 % percent of Russia's food and agricultural imports enter Russia through RFE ports.

There are 32 ports along the Eastern coast of Russia including 22 trade ports and 10 fishing ports. The main transshipment points are the ports of southern Primorye: Vostochniy port (20.2 mln tons), Vladivostok ports (14.1 mln tons), Nakhodka ports (14 mln tons), and Port Vanino (11 mln tons) in Khabarovskiy krai. The major advantages of Primorskiy ports are the year round navigation and direct linkage with the TransSiberian railway. All imported food and agricultural products from New Zealand, Australia, USA, Vietnam, South Korea, Japan, and India enter in 20ft containers mainly through Vostochniy International Container Service and Commercial Port of Vladivostok. Cargos from China move by rail and truck in the RFE. Outgoing cargo through RFE ports is also important. Of all Russia's exports, RFE ports move 27 percent of metal exports, 24 percent of coal exports, and 37 percent of timber and lumber products exports.

Ports are changing ownership in the Russian Far East. Metallurgical complexes, coal and oil producers that supply their products to Asian markets are consolidating stocks or directly buying shares of RFE ports. Since 2005 the third biggest port in Russia, Vostochniy Port, is under the control of Kuzbassrazresuglya, Inc. the leading coal mining company in Russia with yearly output around 40 million tons. Last year Vostochniy Port transferred 14 million tones of coal from its 15.5 annual turnover. Vostochniy is leading transfer point for containerized cargo. YevrazHolding, Inc. has large shares in several RFE ports: the Commercial Port of Nakhodka, Fishing Port of Vladivostok, Port Vanino, and the Commercial Port of Vladivostok though a subsidiary, Port-Aktiv Co. In 2005, the cumulative volume of metal export in these ports reached 10 million tons. YevrazHolding is the managing company of Yevraz Group SA, a mining and smelting holding company, and one of the top 15 steel producers in the world. Some sources note that YevrazHolding acts though Port-Aktiv Co. in Commercial Port of Vladivostok and competes with the biggest shareholder Marnitogorski Metallurgy Kombinat at the port.

Each RFE port has a specialization and usually the dominant cargo comprises the basic turnover of the port. The largest ports have several specialized terminals and transfer additional cargo types. For example, Commercial Port of Vladivostok besides metal handles bulk, containers, liquid cargo, forest products, and general cargo including containers.

Until 2004 the leading RFE ports annually increased their cargo turnover, but this has slowed. In 2004, Vostochniy port increased its capacity by 33 percent in comparison with 2003, but in 2005, the RFE ports moved 1.1 percent less. Industry professionals have commented that the decrease in turnover happened after rail charges increased 12.5% in January 2005. Some beneficial railway price reductions for export cargo transfer over long distances was terminated. Accordingly, the railways tariff increased 19 percent.

The increased railway tariff has raised the cost of all cargos transported to the Russian Far East market from European destinations. This makes directly imported U.S. products more competitive in price with European, Turkey, Israel, and even domestic products. U.S. products from West coast ports can now be delivered within 16 days, that is comparable with

14 days for railway transfer from Moscow. Both factors increase chances for directly imported American foods in the RFE.

Port capacity can be anticipated to speed up in the future if management practices improve. The work of the ports depends on the throughput of the railways, work of customs and other officials inspecting cargos. Faster customs clearance, international standards for cargo insurance, quick loading for railways, and better coordination between all participants in cargo handling can help RFE ports to secure a better position of the transportation hubs on the Asian-European route. RFE ports already have taken great steps into the integration into the international logistical scheme and hopefully will strengthen this position in the future.