



CBC 2014-2020
SOUTH-EAST FINLAND - RUSSIA



CARGO TRANSPORT POTENTIAL & REGULATION OF FOREIGN FLAG VESSELS ADMISSION BETWEEN RUSSIA AND FINLAND

29th January 2020

in a framework of CBC Project:
Future Potential of Inland waterways, INFUTURE (2018-2021), WP1

**Winter Seminar
Vesitiepäivä 2020**



PART 1.

Cargo Transport Potential

CBC Project:
Future Potential of Inland waterways, INFUTURE (2018-2021), WP1



INFUTURE project - “Future Potential of Inland Waterways”

November 2018 – October 2021

- 1) Kotka Maritime Research Association KMRA (LP, FIN)
- 2) South-Eastern Finland University of Applied Sciences
XAMK (FIN)
- 3) Finnish Waterway Association (FIN)
- 4) North-West Russia Logistics and Information
Development Center ILOT (RU)
- 5) SeaHow Meritaito Ltd (FIN)
- 6) Admiral Makarov State University for Maritime and
Inland Shipping (RU)



7) Aalto University (FIN)

Marine Cargo Bureau (RU)
Marine Engineering Bureau (RU)
Aker Arctic (FIN)

Overall Objective of the project:

More opportunities to create for Russian and Finnish business to operate on inland waterways of the countries;

New economic network for enterprises create around the topic “inland waterways”.

Initial presumptions for the INFUTURE project

- 1) Needs of transport communications and of international trades by IWWs between the countries and in particular by Saimaa Canal and Volgo-Balt:
 - new partner companies in the trades, new goods, new logistics solutions, etc.;
- 2) Needs for infrastructure development of the Saimaa waterway system and Volgo-Balt waterway systems using both countries technologies, and best practices of other leading countries in river-sea transportation
 - new infrastructure, new fairway technologies etc.;
- 3) Needs for new vessels concepts operable in Saima waterways system due to reconstruction of its locks;
- 4) Social needs for people living along the rivers, lakes and canals for jobs and sustainable development of the rural hinterland.



Trade between Finland and regions of Russia

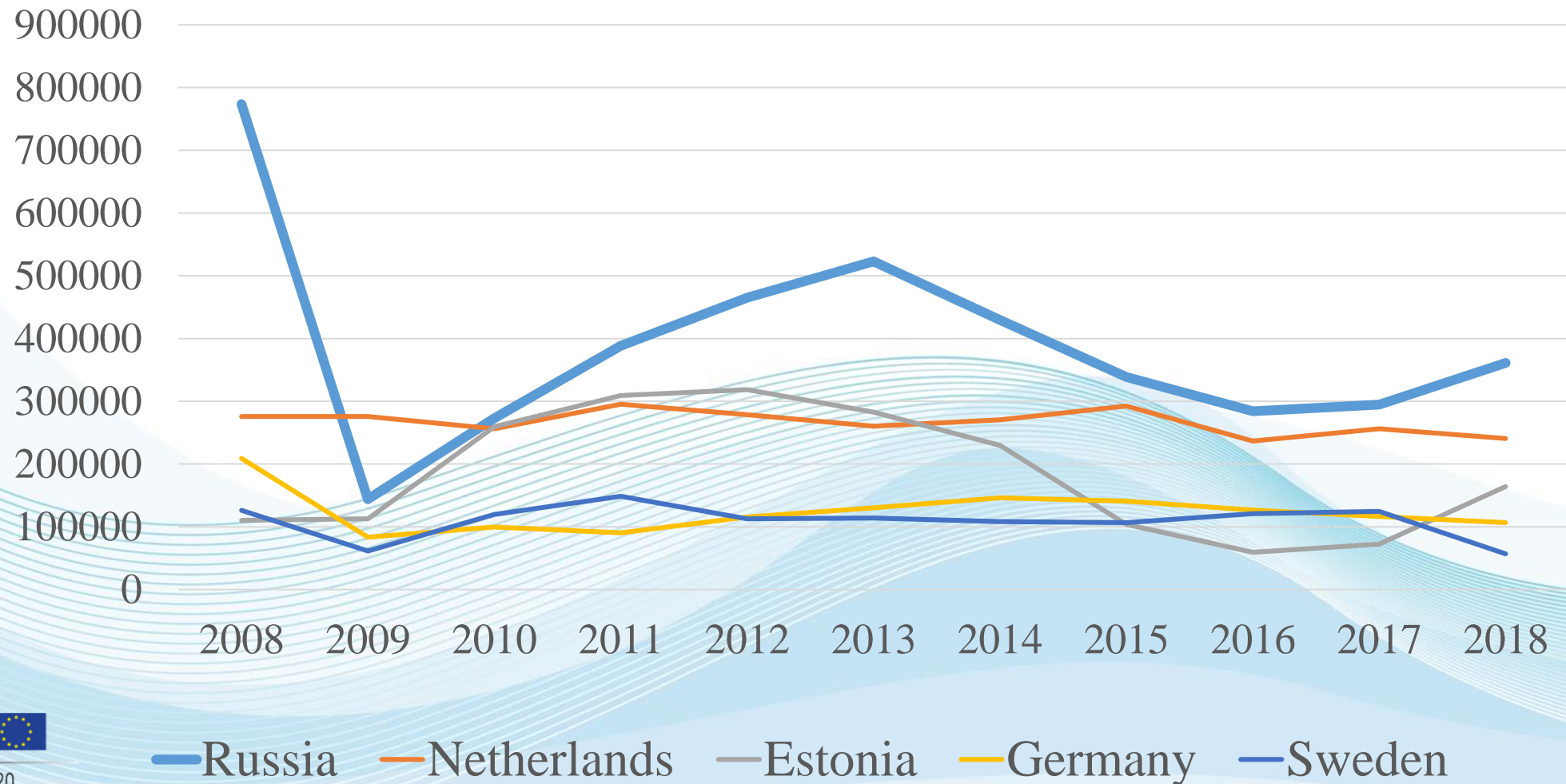
(example of January-November 2018)

Region	Trade, in \$ mln	Share, %
Moscow	6080	45.2
St.-Petersburg	1070	7.9
Leningrad region	744	5.5
Murmansk region	672	5
Karelia	293	2.2
Novgorod region	138	1
All regions:	13400	100

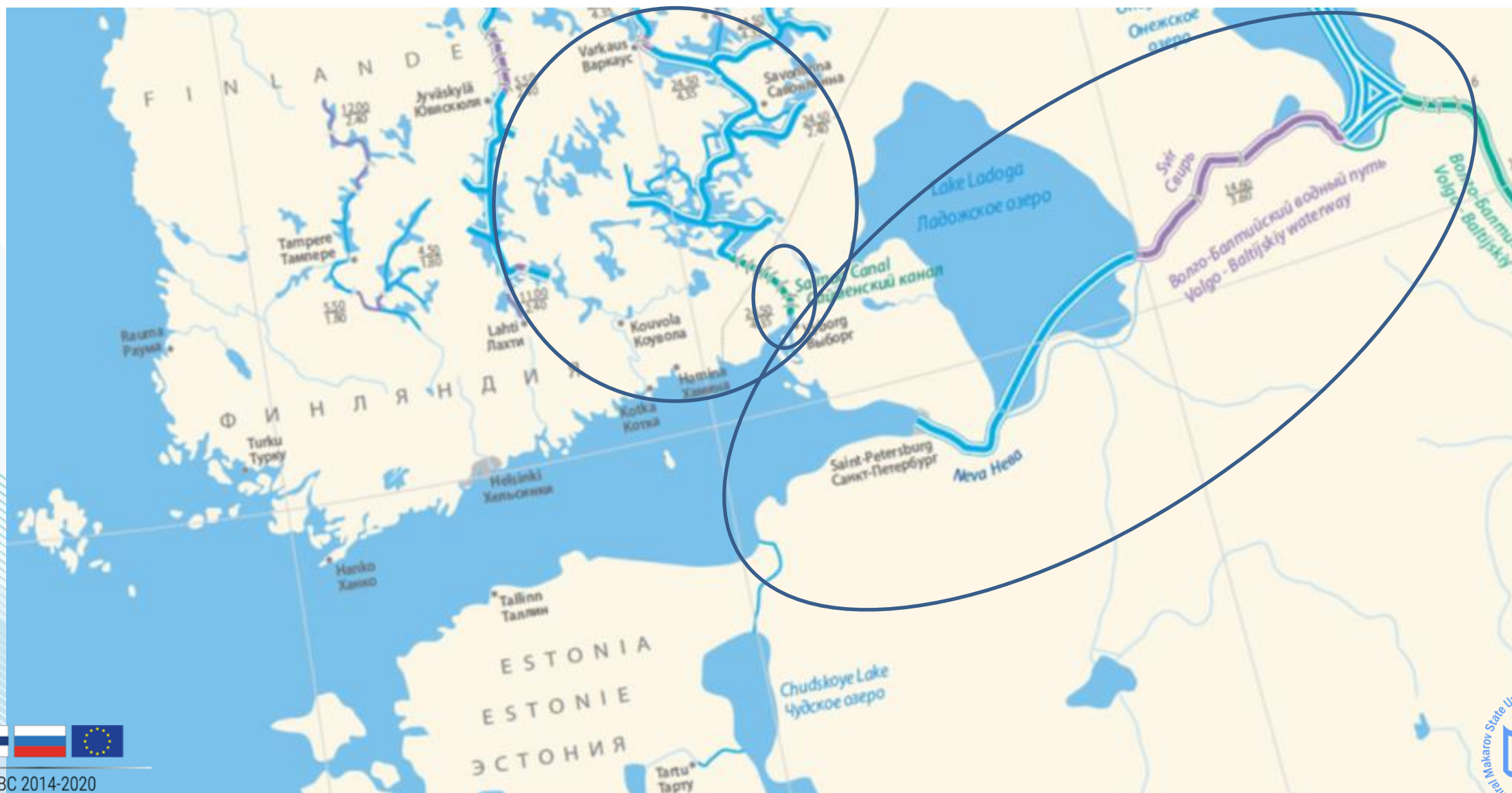


Transport volumes between Finland and other countries

Maritime transport of goods 2008-2018



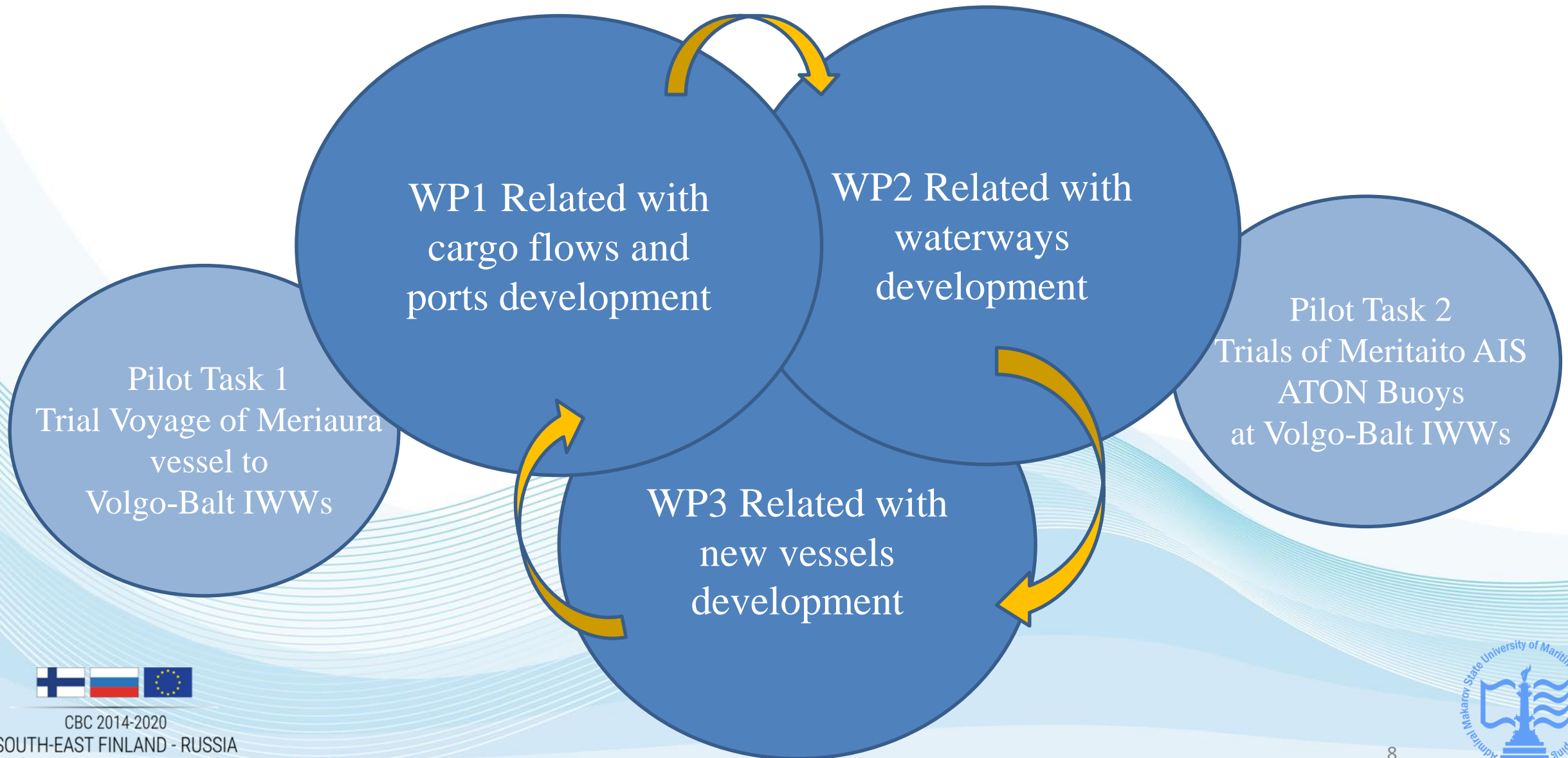
Geographical area where Saimaa IWWs and Volgo-Balt IWWs meet (from Map of the European Inland Waterway Network)



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INFUTURE project - “Future Potential of Inland Waterways” (continue)



Domestic and international maritime transport through the Saimaa Canal

	Maritime transport of goods through Saimaa							
	Domestic transport			International transport				Total
Year	Export	Import	Total	Export	Import	Total	Transit	
2008	94428	56328	150756	713525	1251457	1 964 982	11760	2 115 738
2009	47271	24117	71388	473350	538554	1 011 904	1035	1 083 292
2010	93466	24533	117999	586883	955074	1 541 957	0	1 659 956
2011	86266	38501	124767	654390	984234	1 638 624	0	1 763 391
2012	23958	14522	38480	579668	1100135	1 679 803	0	1 718 283
2013	42990	132	43122	571509	1148993	1 720 502	0	1 763 624
2014	56602	20579	77181	569820	948051	1 517 871	0	1 595 052
2015	50968	10108	61076	596440	659631	1 256 071	0	1 317 147
2016	62524	34014	96538	512766	587872	1 100 638	0	1 197 176
2017	74886	25515	100401	502992	668639	1 171 631	0	1 272 032
2018	54571	18774	73345	378696	851942	1 230 638	0	1 303 983

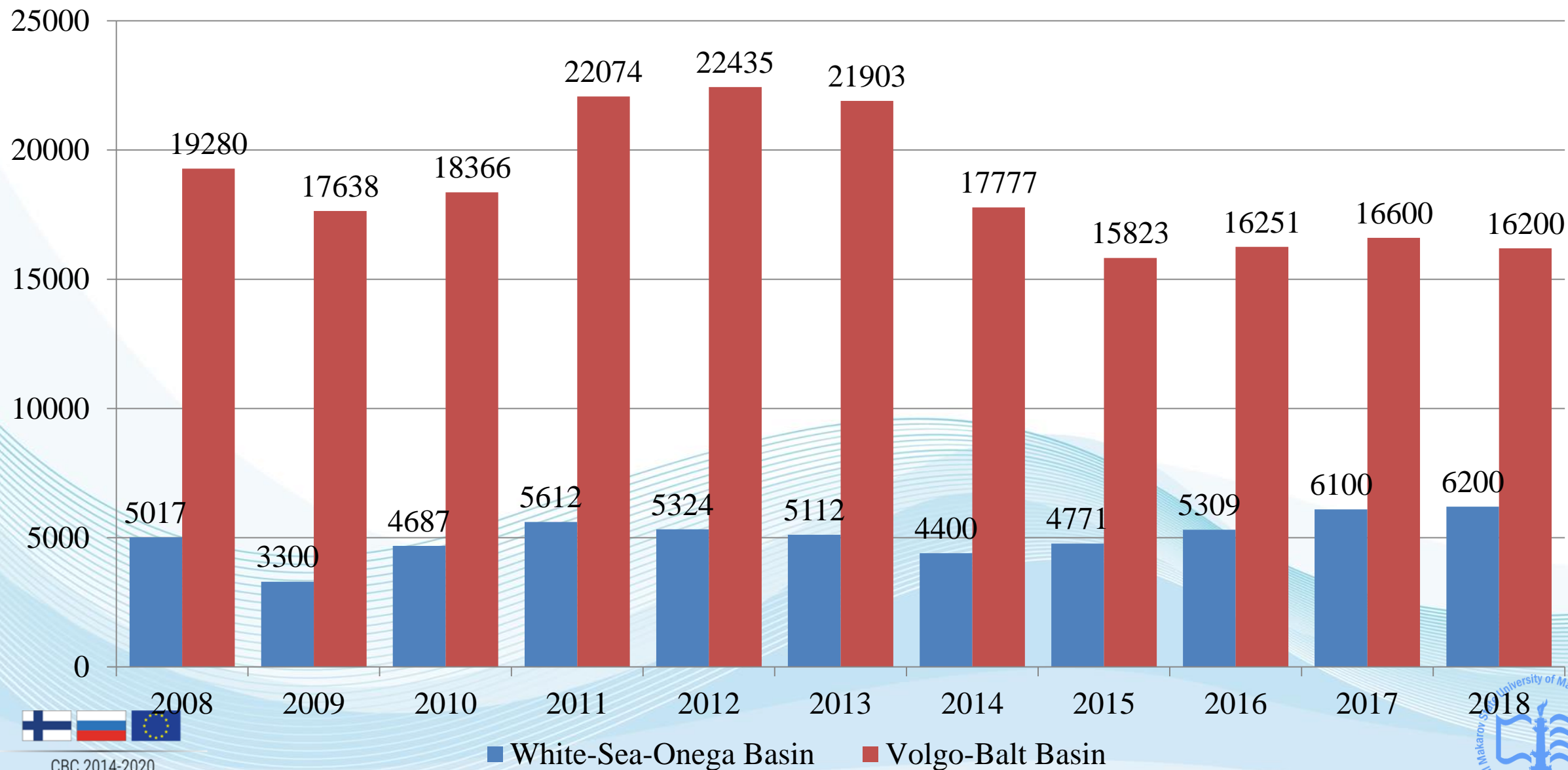


Major transport products in Saimaa canal (incl. transit traffic)

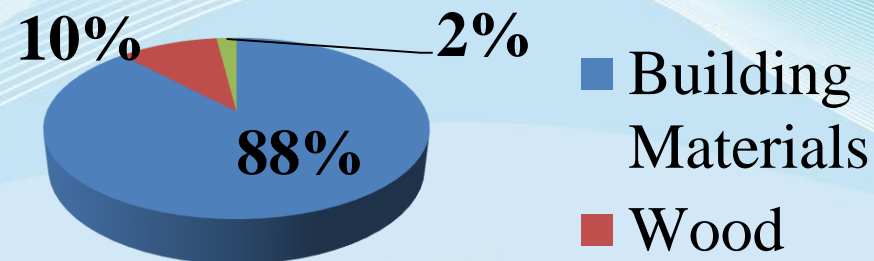
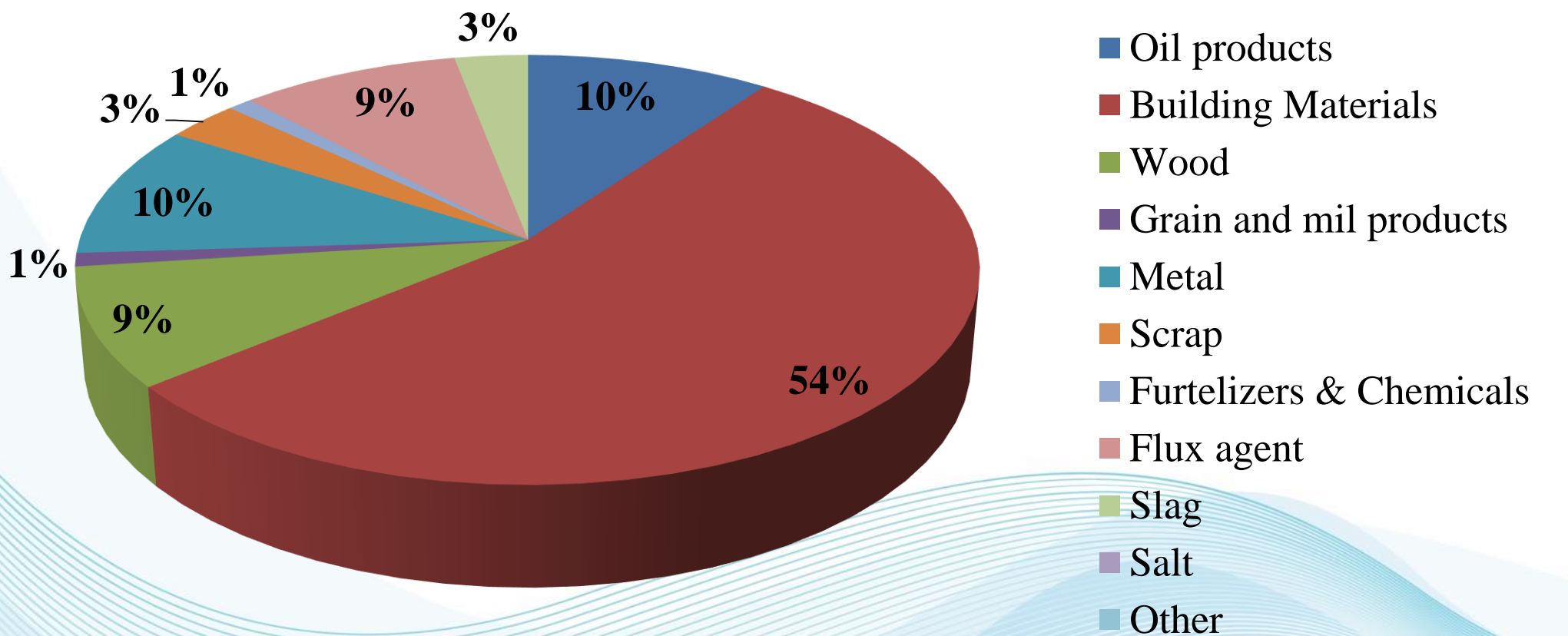
Year	Timber, Raw wood, chips	Sawn wood	Paper, cardboard	Woodpulp	Plywood, veneer	Crude minerals	Chemicals, fertilizers	Coal, coke	Metals, metal products	Other merchan dize	Total
2008	831 137	42082	216 419	231 600	2285	488 921	83 549	136806	3193	79746	2115738
2009	272 472	33791	166 067	74 730		406 812	39 650	58731	1001	30038	1083292
2010	676 993	43160	157 315	124 170		465 723	95 342	66406		30847	1659956
2011	736 421	43624	149 137	116 981		473 712	120 878	87394		35244	1763391
2012	806 465	48447	143 118	105 408		347 569	133 033	101107	221	32945	1718283
2013	856 480	65270	132 473	90 018		368 314	134 049	81972	3482	31566	1763624
2014	726 826	53204	130 066	79 796		372 827	151 027	39268	16125	25913	1595052
2015	442 672	43859	100 902	86 466		396 950	168 623	22039	25179	30457	1317147
2016	363 739	43009	125 187	68 720	154	313 636	163 517	56373	33883	28958	1197176
2017	400 478	49338	124 467	62 248	105	399 540	142 207	37802	27956	27891	1272032
2018	583 411	34951	87 159	49 175		370 580	104 898	42058	10853	20898	1303983



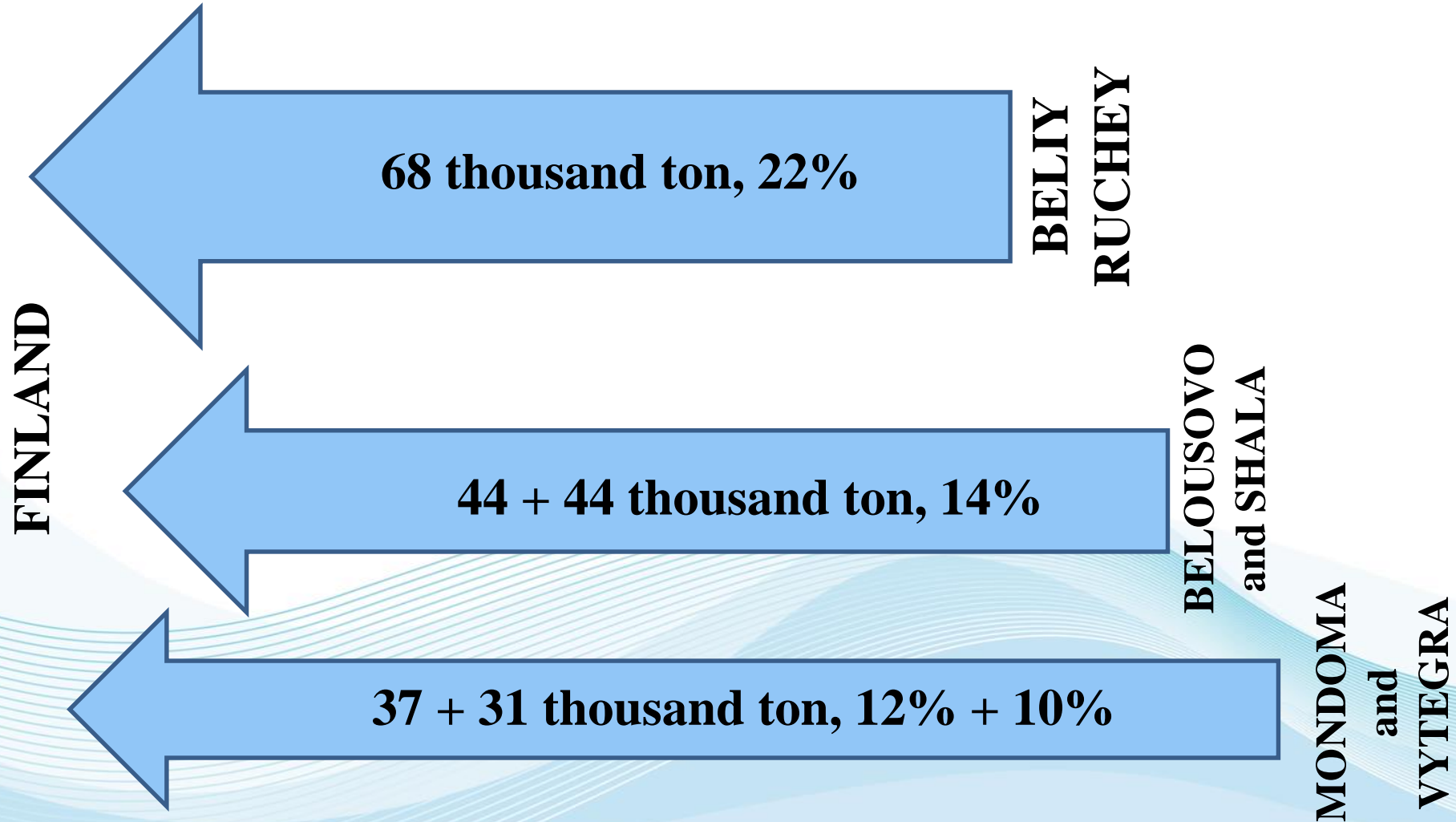
Dynamics of cargo flows by Basin Administrations, 2008-2018, thousand tons



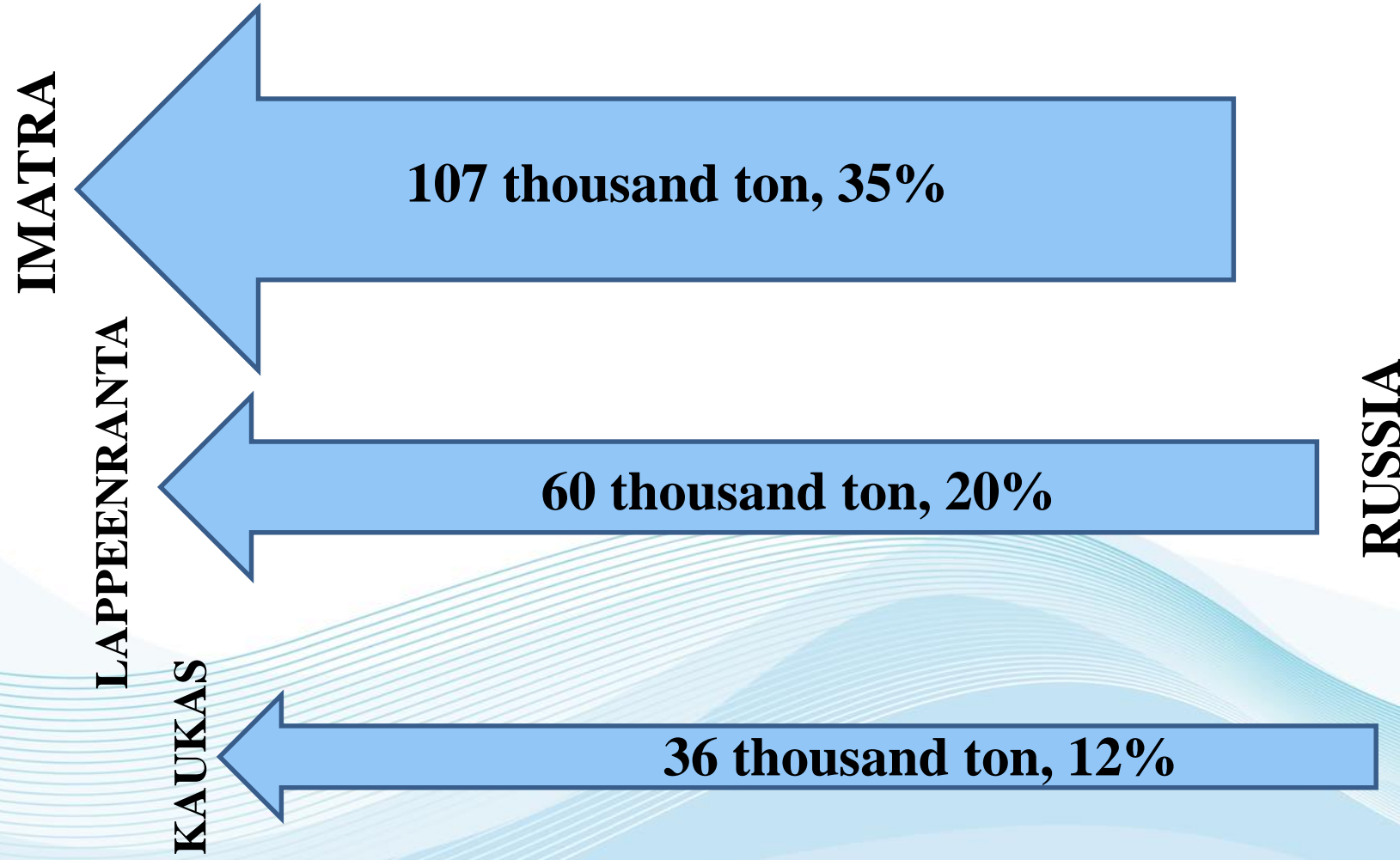
Structure of cargos transported in Volgo-Balt and White Sea-Onega (e.g. 2016)



Main Russian inland ports for transported cargos destined to Finland in 2016



Main Finland inland ports for transported cargos originated from Russia in 2016



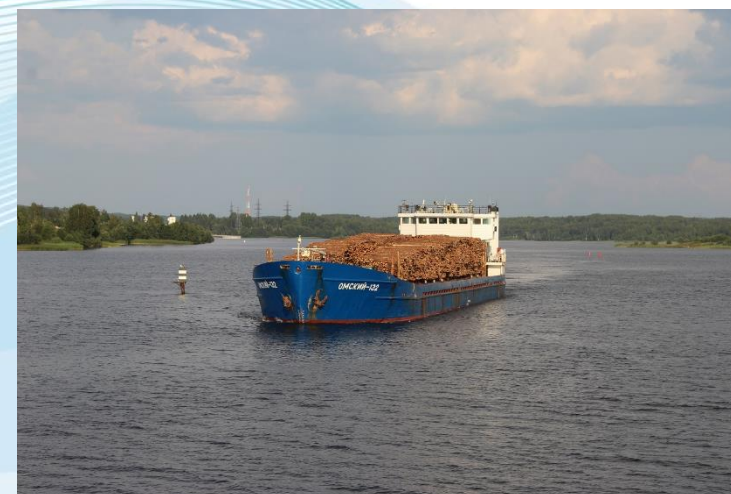
Annual voyages and transported wooden cargos from Russia to ports of Finland

Export transportation of wood by WSO and VB annually totaled > 500 000 ton

Cargo type	Number of voyages per year	Quantity of cargoes transported, ton
Total	235	307 992 (75%)
Wood Balances	202	269 081
Wood Round	24	34 514
Wood Chips	9	4 397



Main vessels type navigable through Saima and currently commercially viable from Volgo-Balt to Saimaa



Vessels & agents/shipping companies

Vessel's Type
10523
1743.1
2-95A
326.1
P168



Company name	Number of voyages
NEVA GROUP	135
MARINE AGENCY HANGUT	39
ASTRA SHIPPING AGENCY	37
TOTAL	235



Vessels & agents/shipping companies

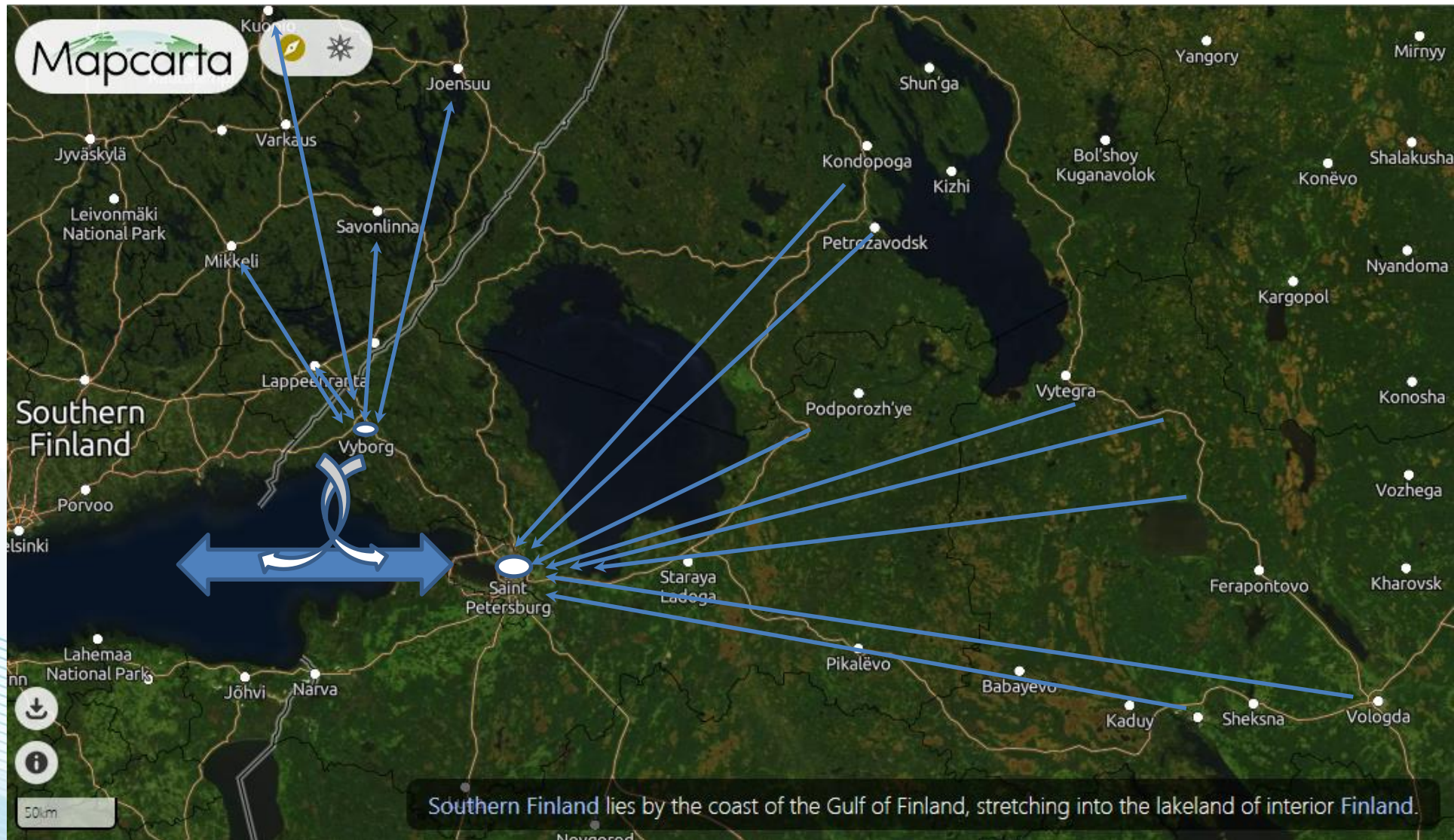
- 1) All general cargo vessels navigable for Saimaa operating from Russia were built in large series before 1995;
- 2) Outdated design – first vessels were built from 1949, most from 50-60ies of last century;
- 3) Cargo caring capacity is from 700 t up to 1300 t;
- 4) Ageing fleet – min average service life is 34 years, for most of the vessels exceeds 40 years;
- 5) Needs for fleet replacement due to its physical and functional obsolescence;

QUESTION is – What vessels to design and to build for the Saimaa future?

How vessels to be operated?



INFUTURE: Gateway and Hub ports for Finland and Russia IWWs



Recommendations on technical requirements for a new vessel concept

Class of the vessel and Flag :

Russian Maritime Register of Shipping or Russian River Register

Purpose of the vessel:

Carriage of general and dry bulk cargoes, carriage of containers (TEU & FEU), and carriage of dangerous cargoes.

Area of navigation:

Inland waterways of Finland and Russia, sea coastal areas for navigation on line Saimaa Lakes – Finish Gulf of Baltic Sea.

Navigational conditions/operability:

Ice conditions – sailing in crushed ice with 40 centimeters thickness;

Autonomy:

The autonomy of the vessel in terms of fuel, oil, water and provisions is 15 days.
Autonomy under environmental safety conditions - 15 days.

Speed:

Vessel speed - at least 10 knots at 85% MDM.



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Number of seats for the crew:

Provide 9 (nine) crew seats, one spare single cabin and one cabin for the pilot.



Recommendations on technical requirements for a new vessel concept (continue)

Ship equipment, ship systems:

The specification and design of ship's equipment and ship's systems must comply with the requirements of the RRR or RS Rules.

Propulsion, steering and power plant:

Two options for the propulsive complex:

- the classic propulsive complex (GD-reducer-shaft-propeller) for the vessel with the maximum possible completeness coefficient;
- propulsion system with full-rotary helical-steering columns for a ship with a high ice class.

Marine Power Station:

Ship power station power network 400V, 50Hz. The electrical system is three-phase, three-wire, isolated. Provide two main diesel generators, emergency auxiliary diesel - generator. Equipment to provide power supply from the shore, when vessel berths in the port, or in repair.

Radio equipment and navigation equipment:

Must meet the requirements of the RRR or RS Rules for the intended navigation area of the vessel.



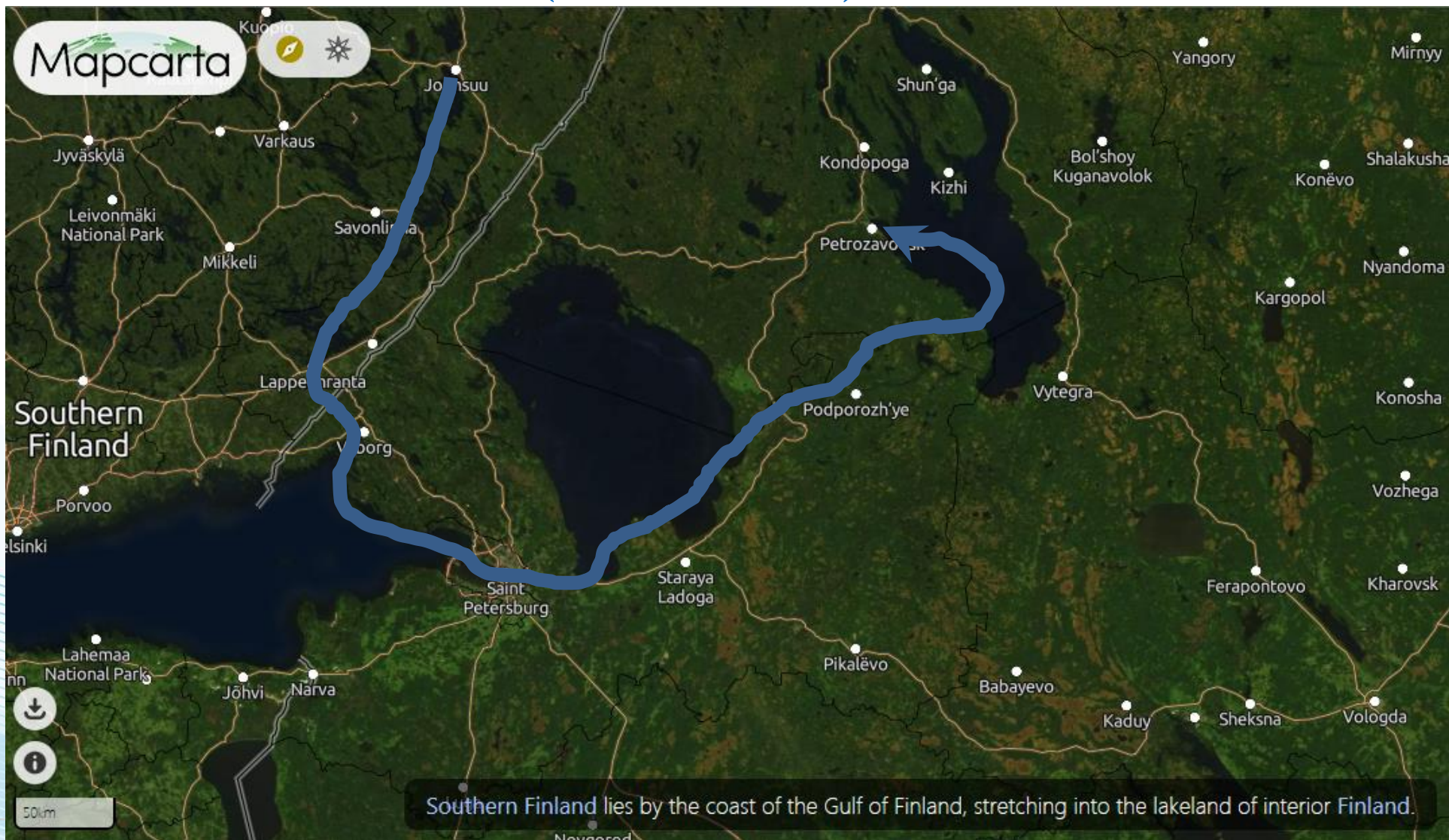
PART 2.

Regulation of Foreign Flag Vessels Admission Between Russia and Finland

CBC Project:
Future Potential of Inland waterways, INFUTURE (2018-2021), WP1



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (Pilot Task 1)



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Main documents regulating Foreign Flag Vessels Admission to Russian Inland Waterways:

- 1) Decree of the Government of Russian Federation N 85 (of Feb. 2008 with last amendments of Oct. 2017) **“On validation of the Regulation on obtaining permission to sail vessels, flying the flag of a foreign state, on the inland waterways of the Russian Federation”**;
- 2) Paragraph 23.1 of the **Inland Waterways Transport Code of Russian Federation “Sailing (of vessels) under the flags of foreign countries on inland waterways”**;
- 3) Resolution/order of the Government of the Russian Federation N 734-P (of May 2012) – **“The list of ports and the list of inland waterways open to vessels flying a foreign flag”**;



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Main documents regulating Foreign Flag Vessels Admission to Russian Inland Waterways:

Paragraph 23.1 of the **Inland Waterways Transport Code** :

1. Sailing of vessels flying the flags of foreign states on inland waterways is permitted on the basis of international treaties of the Russian Federation, as well as on the basis of **decisions of the Government of the Russian Federation**...;
2. Sailing of sports sailing vessels and pleasure boats under the flags of foreign states on inland waterways shall be carried out in accordance with the rules established by the Government of the Russian Federation. (Regulation of **Sport Sailing Vessels, Leasure** and **Small Boats** is by Merchant Shipping Code and Federal Law № 36-FZ from 23rd April 2012 with amendments from 29th December 2017);
3. The list of ports open for vessels entering carrying the flags of foreign states and inland waterways on which such vessels are allowed to sail is established by the Government of the Russian Federation.



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Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Obtaining permission to sail vessel (Decision of the Government of the Russian Federation) :

1) Sending Requesting Letter of the Competent Authority of Foreign State (e.g. Ministry of Transport and Communications of Finland) to the Ministry of Transport of Russian Federation:

- no less then **60 calendar days** prior to ship voyage;
- Requesting Letter in Russian language shall contain following information:
 - Vessels name (International name in accordance with ship documents is permissible in case impossibility to transliterate name into Russian);
 - Flag of the vessel;
 - Shipowner's name;
 - Port of registry;
 - Vessel's type;
 - Main dimentions (leghth, width, draft, air draught);
 - Route of the voyage;
 - Information on cargo carried and passengers;
 - Timing and purpose of the entry (number of entries) to IWW.



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Obtaining permission to sail vessel (Decision of the Government of the Russian Federation) :

2) Receiving Requesting Letter the Ministry of Transport of the Russian Federation:

- **preparing** of a **Draft Resolution** (order) of the Government of the Russian Federation on permission to foreign flag vessel to sail (navigate) on inland waterways of the Russian Federation; and
- **agree** the Draft Resolution of the Governments of the Russian Federation with other governmental bodies:
 - Ministry of Foreign Affairs; Ministry of Defense; Federal Security Service, Federal Customs Service, Ministry of Agriculture, Federal Service for Supervision of Consumer Rights Protection and Human Well-Being. **Time for approval** of Draft Resolution by the interested federal executive bodies **cannot exceed 10 calendar days from the date of document receipt.**



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Obtaining permission to sail vessel (Decision of the Government of the Russian Federation) :

3) the Ministry of Transport of the Russian Federation **notifies** the Competent Authority of a foreign state about the decision made by the Government of the Russian Federation **within 5 calendar days from the date of its adoption**, which indicates:

- name of the vessel;
- flag (nationality) of the vessel;
- ship sailing route;
- the timing and purpose of the entry (number of entries);
- the need for border, customs and other types of control of the vessel, its crew and passengers.



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Obtaining permission to sail vessel (Decision of the Government of the Russian Federation) :

NOTE!

Between 1) and 2) can additional procedure appear:

In case of incompleteness of the information specified in the Requesting Letter of the Competent Authority ... Ministry of Transport of the Russian Federation **requests** from the Competent Authority of a foreign state **additional information**.

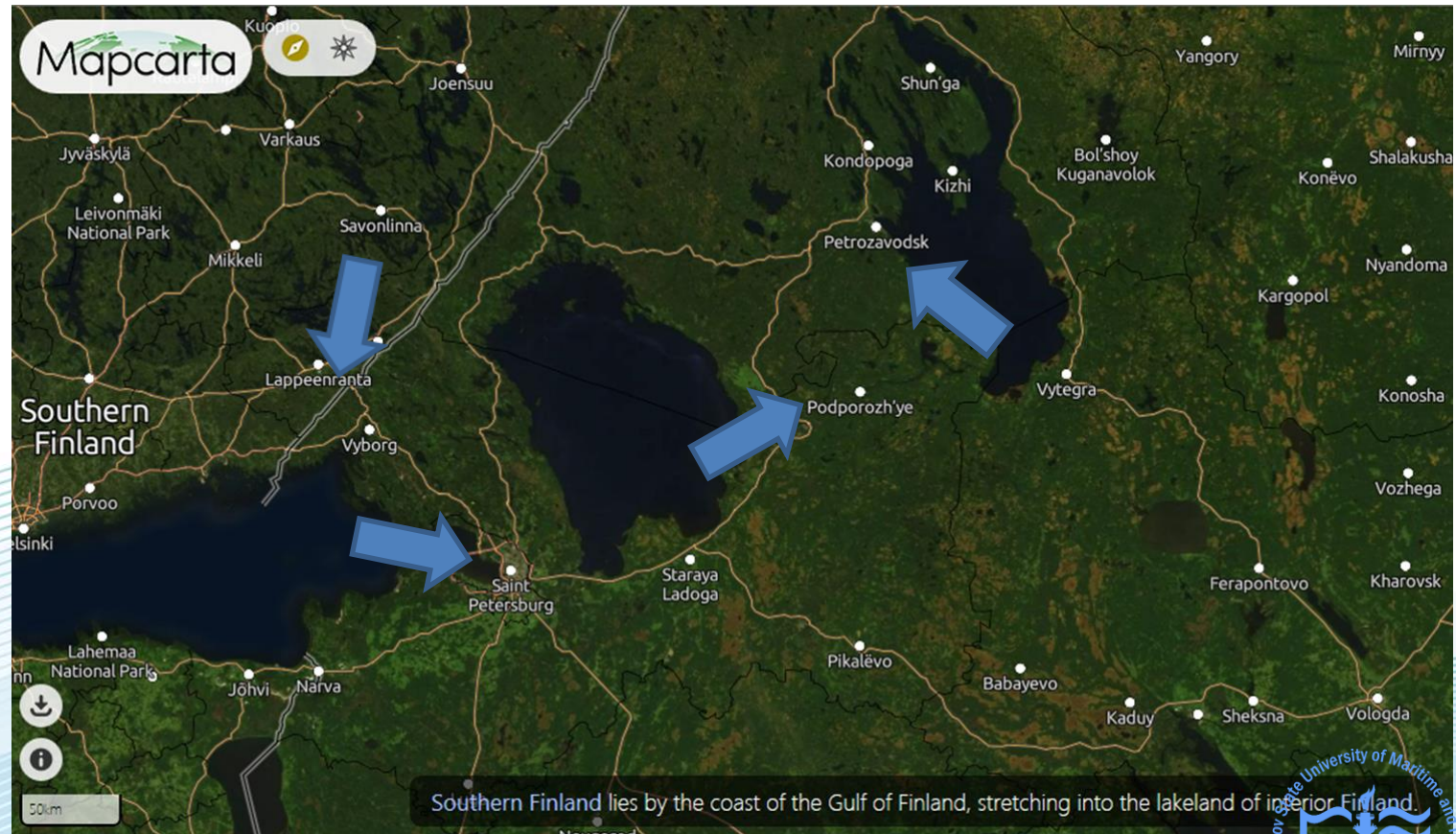
If the Competent Authority of a foreign state does not provide additional information, the Ministry of Transport of the Russian Federation informs them of the impossibility of considering accordingly the request of the competent authority.



Regulation of Foreign Flag Vessels Admission Between Russia and Finland (continue)

Inland Ports and inland waterways open to vessels flying a foreign flag :

- **Totally 40 inland ports;**
- **Petrozavodsk (Republic Karelia);**
- **Podporozhsky (Leningrad Oblast);**
- **Saint-Petersburg – Passenger (Saint-Petersburg);**
- .
- .
- .
- **Cherepovets (Vologda Oblast).**



AIS-ATON BUOYS of Sea How Maritaito Co. (Pilot Task 2)



Conclusions

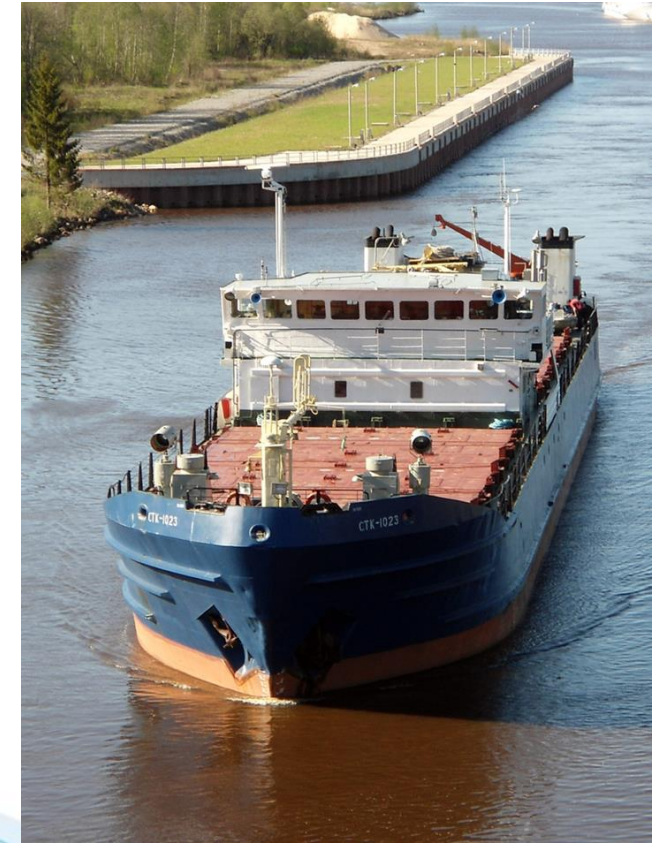
- 1) IWWs of Russia and IWWs of Finland can and should play more significant role in maritime industries of both countries and in logistics of the neighboring regions;
- 2) IWWs of Russian Federation, e.g. Volgo-Balt main waterways areas and Saimaa canal are formally open to operate with or for foreign flag vessels to enter;
- 3) In the future potential of IWW transportation is legally and physically viable for cargo transportation and with high probability justifiable for passenger/tourists transportation too, the question is on the economics, which is to be carefully calculated for specific routs and goods;
- 4) Hinterland ports development in both countries and their wider inclusion into trade will foster local development of many aspects – industrial, social, etc.;
- 5) Saimaa infrastructure development shall stimulate old fleet replacement with more efficient vessels of both countries.



Thank you for your kind attention

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Sokos Hotel Lapee, Lappeenranta



