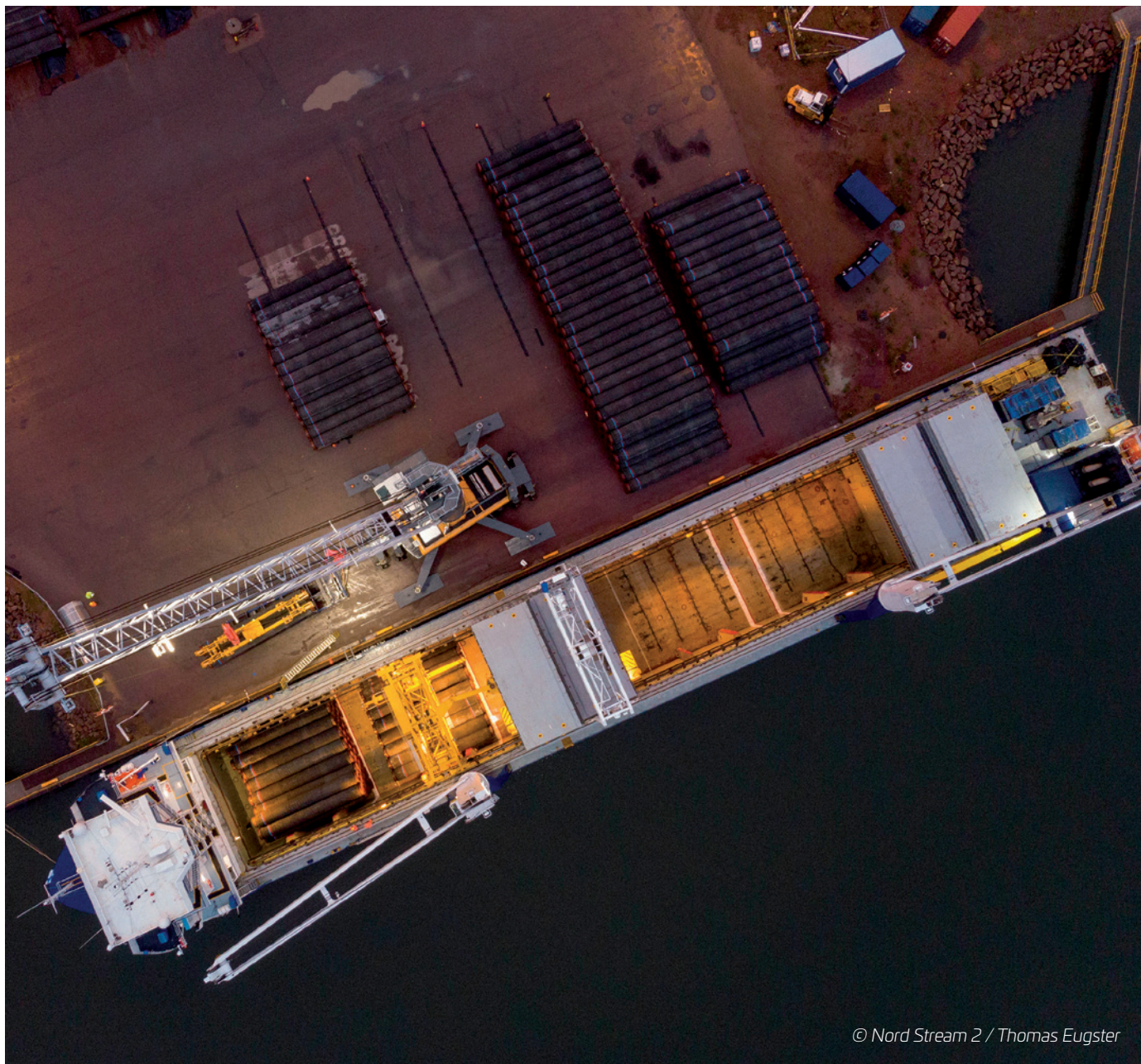




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NEWS FROM PORT OF HAMINAKOTKA 1/2019



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Competitiveness of the port in top league

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Brilliant year 2018 for Port of HaminaKotka

The year 2018 was very good for the Port of HaminaKotka, with the total transport volume reaching a record-high figure of 16.2 million tonnes. The transport volume increased by 10.3 per cent on the previous year, and the port also attained a large number of new contracts and letters of intent during the year.

Growth and investments

The transport volumes at the Port of HaminaKotka were quite steady in 2018. The cargo flows were distributed fairly evenly across the year, and May was the best month in the history of the port in terms of the transport volumes. May was the only month of 2018 among the top ten months of all times at the port, while in the previous record year 2011, as many as four months of the year reached the all-time top ten months.

"There was potential for even bigger growth, but Nord Stream's gas pipeline shipments started later than expected," says **Kimmo Naski**, CEO of Port of HaminaKotka Ltd.

A number of major investments and co-operation agreements were announced in 2018. The negotiations often involve a long process, and many of these were finalised successfully last year. What is even more important is the fact that the impact of many of the investments and agreements will carry well into the future and will give the entire port community confidence in the coming years.

The major projects now in progress include the loading of the giant modules onto river vessels from Hamina to oil fields in Kazakhstan, the shipping of gas pipes for the Nord Stream 2 project from Mussalo and the building of an LNG terminal in Hamina. Moreover, last year Fertilog Oy made an investment in a large fertilizer warehouse, Stevco built a large pulp warehouse for UPM's transport needs at Mussalo, and the Keitele Group together with the logistics company ILP-Group signed a long-term agreement with Port of HaminaKotka Ltd on the export of sawn timber and glued-laminated timber. Letters of intent were concluded in 2018 on the transport of the products of Finnpulp's softwood pulp mill,

the world's largest mill of its kind, through the Port of HaminaKotka, and on the construction of UPM's biorefinery in Mussalo. International cruise services were also attracted to Kotka during the summer and autumn.

Surprises and challenges

The year also brought along a positive surprise when the Port of HaminaKotka received, after several application rounds, a decision from the EU concerning financial support of 11.1 million euros for the development of the D-area at Mussalo. The support will be used for the dredging of the harbour basin and for the building of a breakwater, quay and rail connection.

"The winter was challenging at the Port of HaminaKotka. There was repeated and abundant snowfall, and considerable resources had to be allocated to the removal of snow and to gritting. However, port traffic was able to operate quite flexibly," says Kimmo Naski.

Eyes on the future

"In the early part of 2019, port traffic has grown faster than expected, and the focus in the growth is shifting more and more towards exports. The outlook for this year is favourable.

"The competitiveness of the Port of HaminaKotka in the current situation represents the pinnacle. The 170 or so companies operating at the port have each conducted long-term development work, and the results of this work are now evident everywhere within the port," says Kimmo Naski.


Exports*	11,231,799 t	+ 3.4%
Imports**	4,935,774 t	+ 30.0%
Total	16,167,573 t	+ 10.3%

* also includes export transit

** also includes import transit

The development of the D-area at Mussalo is part of the Eastern Baltic Hub project, which is co-funded by the Connecting Europe Facility of the European Union.

Further information: www.haminakotka.com > About the port > EU projects > Eastern Baltic Hub

 Co-financed by the Connecting Europe Facility of the European Union

The EU's port services regulation applied from 24 March 2019

The application of the EU's port services regulation, which governs the provision of port services, began on 24 March 2019. The regulation applies to certain port services such as bunkering, mooring and towage. The purpose of regulation is to facilitate market access by companies and to improve port services. In Finland, the regulation applies to the following ports in addition to HaminaKotka: Eckerö, Hanko, Helsinki, Kaskinen, Kemi, Kilpilahti (Sköldvik), Kokkola, Mariehamn, Oulu, Pietarsaari, Pori, Rauma, Raase, Turku and Naantali.

Port of HaminaKotka Ltd grants the right to provide services in accordance with Regulation (EU) 2017/352 of the European Parliament and of the Council in the port area administered by Port of HaminaKotka Ltd and requires that certain requirements are fulfilled by service providers and their subcontractors who register themselves to take care of mooring, bunkering or towage services of vessels in the area of Port of HaminaKotka Ltd. The requirements and instructions for applying for a permit can be found on our website in Finnish and in English: www.haminakotka.com.

Gigantic project soon successfully over

The gas pipeline project has had tremendous importance for the Kotka-Hamina region. It has brought activity to the port and work for people. The successful project is a good international reference for the Port of HaminaKotka.

The final stages of the Nord Stream 2 gas pipeline project are approaching. More than 800 kilometres of the dual pipeline between Vyborg in Russia and Greifswald in Germany has been laid to the bottom of the sea. This means that approximately one third of the total length of 1230 kilometres is still to be built.

"The objective is to get the pipeline ready by the end of this year. At the moment, we are laying the pipeline in Swedish waters," says **Minna Sundelin**, Stakeholder Relations Manager Finland and Estonia at Nord Stream 2.

According to Minna Sundelin, the actual construction of the pipeline has ran normally and calmly despite the discussion concerning the project especially in Continental Europe.

According to her, forecasts suggest that there is even more demand for natural gas in Continental Europe in the future due to the decommissioning of nuclear power plants and abandoning of coal. The utilisation rate of the Nord Stream 1 gas pipeline for example in 2017 averaged 93 per cent.

More than 100,000 pipes

Wasco Coatings Finland takes care of the concrete coating and shipping of the pipes coming from Russia. The first pipes arrived at the storage areas in Kotka in September 2016.

"A total of some 101,000 pipes have

been delivered to Kotka for the Nord Stream 2 project. The last pipes were coated in early April, right on schedule," says **Jatta Pekkanen**, Site Manager of Wasco Coatings Finland.

Some of the coated pipes are carried by sea to an intermediate storage at the Port of Koverhar in Hanko. This transfer is now in progress.

About one half of all pipes required by the project are carried via Kotka. The other half is coated in Mukran in Germany.

Transport and work

The gas pipeline project has had a very important role for Port of HaminaKotka Ltd and for the entire region, both this year and in 2018.

According to CEO **Kimmo Naski**, the gas pipeline transport accounts for about 10 per cent, or more than 1.5 million tonnes, of the total transport volume of the port this year.

"The project also has a significant employment impact for both Kotka and Hamina."

Jatta Pekkanen says that Wasco's site in Kotka currently employs a total of some 330 persons. During the busiest periods, this number has been more than 400.

"When production is ready, the logistics operations still continue, employing a total of approx. 180 persons," Jatta Pekkanen says.

No weak links

Kimmo Naski thinks that the project is a major undertaking also from an international aspect.

"All this serves as proof of the fact that the entire port community, not just the Port of HaminaKotka, has the ability to master projects of this magnitude."

According to Kimmo Naski, the ability to take care of major projects means that there are no weak links at the port, and also that all services are available. A big port has the advantage that it has professional services related to issues such as maintenance, internal transport and repairs. This is not necessarily the case at smaller ports.

Another thing smaller ports do not have is 60 hectares of space required by the storage of the pipes.

"The gas pipeline project and the transport of large modules to Kazakhstan from Hamina serve as good references for us."

Wintertime challenges

Jatta Pekkanen is also highly satisfied with the fact that the project has made progress smoothly and on schedule. She commends the motivated employees. The biggest challenges have been related to weather conditions.

"Winter always involves various types of challenges that we aim to anticipate. The pipes must be cleared of snow and ice as the pipes arrive at our factory. When the pipes are shipped, they must have no snow or ice, either."

"We move many heavy loads both in the storage areas and within the factory, so our machinery has also been pushed hard. Fortunately we are already on the better side of the project," Jatta Pekkanen says.

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Petition to improve critical rail connections to the port

Port of HaminaKotka Ltd together with the primary users of rail services and key partners of the port has delivered a petition to the government concerning the need to upgrade the critical track sections between Kouvola and the Port of Hamina-Kotka.

The challenge with the current rail infrastructure is that it is not sufficient to serve incoming and outgoing trains. Trains are subject to significant waiting times, and the scheduling of trains has an impact on rail traffic in the entire Eastern Finland. Forecasts indicate that rail transport volumes in the area of the Port of HaminaKotka will increase by about 20 per cent over the next two years. At present, there are 25 freight trains daily to the ports of Hamina and Kotka, and there are also six daily passenger trains between Kouvola and Kotka.

The Finnish Transport Infrastructure Agency has drawn up a summary of the rail transport investments between Kouvola and the Port of HaminaKotka, and according to it, a total of 70 million euros would be needed in rail investments. The parties submitting the petition make an appeal to the government that the necessary funding of 70 million euros would be secured as quickly as possible so that the rail investments in the Kouvola and Hamina-Kotka region could be implemented in the early 2020s to ensure the competitiveness of industries and the port.

The appeal was signed, in addition to Port of HaminaKotka Ltd, by the representatives of the Regional Council of Kymenlaakso, Kymenlaakso Chamber of Commerce, Cursor, UPM, Stora Enso, Steveco, Fertilog, Finnpulp, Oiltanking Finland, VR Transport, Fenniarail and the Finnish Transit Traffic Association.

The appeal is available on our website in Finnish: www.haminakotka.com.

Port of HaminaKotka present at international exhibitions this spring

The Port of HaminaKotka will be represented in logistics exhibitions in Moscow, Bremen and Munich this spring. We are presenting a port complex, which, alongside fast and competitive routes, also offers a full range of logistics services for the needs of international trade and industry.

Come and meet us at the exhibitions in the spring of 2019!

TransRussia, Moscow, Crocus Expo, 15–17 April
Pavilion 1, hall 4, stand D561

The stand of the Port of HaminaKotka will also feature following companies: Baltic Tank Oy, Fertilog Oy, FGG Finngas GmbH and Oiltanking Finland Oy.
www.transrussia.ru

Breakbulk Europe, Messe Bremen, 21–23 May
Hall 6, stand D21

Port of HaminaKotka will present its services together with Steveco Oy.
europe.breakbulk.com

Transport Logistic, Messe München, 4–7 June
B3 321/422

The Port of HaminaKotka together with Cursor Oy will participate in Transport Logistic exhibition at a joint stand with other Finnish ports and port operators.
www.transportlogistic.de

Visitors at the Port of HaminaKotka

Antti Rinne, Chairman of the Social Democratic Party of Finland, visited the Port of HaminaKotka on 15 December 2018. The meeting was used for discussing issues such as the development of the port and the challenges of rail transport.



Minister of Justice of Finland **Antti Häkkinen** visited Hamina on 14 January 2019 to discuss the development of the railway between Kouvola and HaminaKotka with CEO **Kimmo Naski**.



Finnish Minister of Economic Affairs **Mika Lintilä** visited the Port of HaminaKotka on 4 March 2019. The discussions with the Minister focused on the improvement of the rail network and the necessary investments in the network.