



LOISTE

NEWS FROM PORT OF HAMINAKOTKA 1/2020



Second record-breaking year for the port

The world's fourth largest bio-oil refinery erected in Hamina, p. 4

Rauanheimo focuses on the Port of HaminaKotka, p. 6



Record-breaking year of Port of HaminaKotka in 2019



The Port of HaminaKotka reached a new record-high transport volume for the second year in a row in 2019

A total of 18.1 million tonnes of goods were carried via HaminaKotka, which is as much as approx. 2 million tonnes more than in the previous year.

Exports leading the way

The growth in 2019 was mainly based on exports, and alongside other major export traffic, various projects boosted the volume of export transport to a growth rate of 26.9 per cent. Almost all main categories of exports grew with the exception of paper. Imports decreased in 2019; this was largely due to the timing of raw material imports for the Nord Stream 2 gas pipeline project in previous years. Transit traffic grew throughout the year, and the growth rate was 5.4 per cent from the previous year. The number of containers also increased by 3.7 per cent, and the number of vessels visiting HaminaKotka was 12.2 per cent higher than in 2018. The importance of the growth attained in 2019 is highlighted by the fact that not nearly all other Finnish seaports experienced such a positive trend in the transport volumes, and the market share of HaminaKotka among Finnish ports increased from 18 per cent to 21 per cent. **Kimmo Naski**, CEO of Port of HaminaKotka Ltd, considers 2019 as an almost complete success

and says that it is an excellent reflection of the trust that the Port of HaminaKotka is currently humbly enjoying among its customers.

Challenges on the horizon

After the completion of the Nord Stream 2 gas pipeline project, it is to be expected that the record-high figures of the past two years cannot be attained in the transport volumes in 2020. The beginning of this year has proven to be even more challenging than what was anticipated. HaminaKotka was strongly affected by the labour market disputes in the Finnish wood-processing industry in the early part of the year, since about 45 per cent of the traffic at the Port of HaminaKotka is related to that industry. Moreover, changes in the international economy related to the coronavirus will affect the trend in port traffic. The reduction in the frequency of ocean-going ships will cause a significant capacity shortage in container transport, which in turn will reduce the availability of empty containers. Finnish exports, on the other hand, are extremely dependent on empty containers. The consequences can be difficult for HaminaKotka, which is by far the biggest container port in Finland.

New investments

Despite the challenges, there are also positive signs: in the early part of 2020 Fintoil announced the construction of a tall oil distillation plant at the Hamina Harbour. The transport of raw materials and completed products will add to the transport volumes of the Port of HaminaKotka in Hamina in the coming years. Moreover, the port operator Rauanheimo and Port of HaminaKotka Ltd have signed an agreement on the investments for the expansion of the Mussalo Bulk Terminal. Rauanheimo's plan is to gradually increase the annual capacity of the Mussalo Bulk Terminal from the current over 1 million tonnes to 3 million tonnes. A final investment decision is also expected for UPM's biorefinery to be located in Mussalo.

Exports*	14,253,860 t	+ 26.9%
Imports**	3,838,352 t	- 22.2%
Total	18,092,212 t	+ 11.9%

**also includes export transit*

***also includes import transit*

Cruise traffic developed at Port of HaminaKotka

International cruise vessels will continue to visit the Port of HaminaKotka next summer, carrying on the successful cruise business launched in recent years. Five vessels are expected in Kotka next summer.

The development, marketing and co-ordination of the cruise business was shifted from the Kotka-Hamina Development Company Cursor Oy to Port of HaminaKotka Ltd at the end of 2019, and active sales to cruise lines and related stakeholders continues under **Petra Cranston**, Project Manager, Cruise Business.

All in all, the cruise ships will bring about 8,300 passengers and about 2,500 crew members to the region next summer. Some of the cruise guests will go on excursions arranged by the tour operators, but estimates suggest that most of the passengers are independent travellers, which will also be reflected in the streets of Hamina and Kotka.

"The COVID-19 virus has caused major changes to the cruise industry during the early part of 2020. We are following the situation with our partners on a daily basis, and if there are any changes to the visits by cruise ships to the Port of HaminaKotka in 2020, we will know about it very soon. It is to be expected that information concerning the ships in July and August will be obtained by the end of May," Petra Cranston says.

In the 2019 season, 7,499 cruise guests and 2,874 crew members arrived at the Port of HaminaKotka. Of these, 3,450 persons embarked on excursions, and 60 per cent of them took part in trips to the Kotka-Hamina region. There were equally as many trips to the areas of Kotka and Hamina. In total, 6,099 cruise guests stayed in the Kotka-Hamina region. This includes both those participating in the excursions and independent travellers. According to the 2019 Cruise Baltic regional economic survey, the cruise guests left an estimated 487,920 euros and the crew members 57,480 euros in the region.

More frequent cruise traffic on the Baltic Sea

Marketing to the cruise industry represents long-term efforts. The cruise lines have made their itinerary planning for the summer of 2020 as early as 2018, and now they are working for 2021 and 2022.

"Cruise traffic on the Baltic Sea increases by 10 per cent each year, and now it seems that the goals of the Port of HaminaKotka regarding the upgrading of the cruise business to the next level will be reality, and the numbers of visiting cruise ships will grow significantly as early as 2021. It is our goal to have cruise ships in Hamina, too, in 2021," Petra Cranston says.

If the current pandemic does not have long-term effects, it can be expected that in the 2021

season the Port of HaminaKotka will host approx. 40,000 cruise guests and more than 10,000 crew members. According to the Cruise Baltic regional economic survey, the impact of this on the regional economy in the Kotka-Hamina region is estimated to be 6.8 million euros. Half of this amount is derived from cruise guests and the other half from the cruise lines. Almost weekly cruise ships have been confirmed for the 2021 season at this point, from the beginning of June to the end of August.

International cruise operators have been highly positive in welcoming the shift of the development and marketing of the cruise business to the port authorities under the Cruise Port HaminaKotka brand. According to the cruise lines, HaminaKotka is renowned globally as a reliable and strong brand and operator. When marketing to cruise lines and their stakeholders operates under a strong umbrella, the entire team of the Port of HaminaKotka is available to the operations, hence constituting an even bigger resource in the further development of the product in the market.

Cruise ships at the Port of HaminaKotka in the summer of 2020:

9 July	MV Ocean Majesty
25 July	MS Serenissima
13 August	MS Hebridean Sky
21 August	Costa Favolosa
24 August	Costa Magica

Cruise Port HaminaKotka also on social media:



The M/S Hebridean Sky visited Kantasatama Harbour in Kotka in July 2019.

Photograph: Jarno Koivula Photography

HaminaKotka can also receive giant cruise ships such as the MSC Meraviglia that visited Mussalo berthing area last summer.

Photograph: Jarno Koivula Photography





The world's fourth largest bio-oil refinery erected in Hamina

The Finnish company Fintoil will build a crude tall oil processing plant of more than 100 million euros at the Hamina Harbour. The lease agreement with the Port of HaminaKotka was signed in February. The company is currently applying for environmental and building permits for its operations.

Tall oil obtained as a by-product of the pulp industry can be processed into a so-called second-generation biofuel or as raw material for the chemical industry. Of Fintoil's production, 65 per cent will be used in biofuel production, and most of this will be used as a raw material for HVO (Hydrotreated Vegetable Oil) renewable diesel. The remaining 35 per cent will go to other industries for use as a bio raw material.

When the plant is completed, Fintoil will become the fourth biggest refiner of crude tall oil in the world. The operations are estimated to start in 2022. The annual feed capacity will be 200,000 tonnes. The renewable biodiesel made from the company's main product has up to 90 per cent lower CO₂ emissions than fossil diesel. With the estimated production volume of the plant, this translates into approx. 200,000 tonnes less CO₂ emissions per year.

That reduction is equivalent to the annual CO₂ emissions of about 80,000 diesel cars.

Hamina Harbour provided a complete operating environment

The decision to locate Fintoil in Finland and Hamina was not made overnight, but the process included a thorough evaluation of several years.

Jukka Ravaska, who started as Fintoil's Managing Director in early February, says that in the final stages the north European pulp industry countries Finland and Sweden were neck to neck in a comparison with each other.

"There were several factors that decided the matter. One of these was the logistically excellent location of Hamina next to the pulp industry in south-eastern Finland and close to Europe and Russia. The second factor was that

there was an operating environment that fulfilled the requirements of industrial operation, plus the complete infrastructure of the Hamina Harbour. And the third factor were the sea connections to the ports of the whole world," Jukka Ravaska says.

Significant business and traffic to the region

Almost half of the raw materials will be delivered to the new plant by sea. A great portion of the processed products will be exported either in bulk or container shipments. Raw material procurement from and deliveries of end products to neighbouring areas, Finland and Sweden will be carried out as road transport. There will also be some rail deliveries from Russia.

"200,000 tonnes of cargo will be moved on two occasions each year: first into Hamina



Fintoil's Managing Director Jukka Ravaska, Chairman of the Board of Fintoil John Lindahl and Kimmo Naski, CEO of Port of HaminaKotka Ltd ready to sign the rental agreement in Hamina. Fintoil's facility will be located at the Liquid Terminal in Hamina.



*The agreement has been signed.
Hannu Näsi, member of the Board of Fintoil Oy,
and Kimmo Naski, CEO of Port of HaminaKotka Ltd.*

and then out of Hamina. This will create many types of businesses and significant traffic flows in many directions," Jukka Ravaska continues.

He estimates that the processing plant will employ indirectly about 100 people in addition to the 30 regular employees at the plant itself. Although the project is still in its early stages, Jukka Ravaska says that co-operation with the port has started very well.

"It has been easy and smooth to take care of matters with the Port of HaminaKotka. We rely on the experience and ability of the port to meet our needs. We appreciate the fact that the port already houses operators of bulk and chemical storage facilities and that the Hamina Harbour has profiled as a port and area serving the chemical industry."

Environmentally-friendly process

In the fractional distillation process of tall oil used by Fintoil, selected chemicals are separated from the raw material by heat and vacuum. The distillation process does not result in any waste, and malodorous gases can be burnt and cooling water can be directed to the municipal water system.

"We provide our customers with raw materials that have a small carbon footprint. We do this in an energy-efficient and environmentally-friendly manner. The emissions of our biofuels are up to 90% smaller than those of corresponding fossil fuels," says **Jukka Ravaska**, Managing Director of Fintoil.

Alongside a good situation with the raw materials, biofuel processing is facilitated by the EU's goal to increase the proportion of renewable energy to about one third of total energy consumption by 2030. The share of so-called second-generation advanced biofuels will increase, and crude tall oil is one of the approved raw materials from which biofuels can be produced.



New unloading terminal to provide even more efficient operating environment at the Port of HaminaKotka

Rauanheimo, the biggest transit and dry bulk operator in Finland, will invest more than 17 million euros in its terminal operations at the Port of HaminaKotka. The goal is to gradually increase the annual cargo handling capacity of the bulk terminal area at Mussalo from the current 1 million tonnes to 3 million tonnes.

The construction work began in December 2019 and will be completed by July 2020. When the work is ready, there will be a total of 30,000 m² of storage space for dry bulk products requiring indoor storage, capable of accommodating more than 120,000 tonnes of bulk cargo at the same time. The new underground rail waggon unloading station will be an important part of the investment. The new tracks to be built in co-operation with the Port of HaminaKotka and leading directly into the unloading terminal will enable a significant increase in the number of trains in the terminal area.

"We serve the mining, wood-processing and metal industries in Finland, and also Rus-

sian transit customers. In addition to domestic customers, the new unloading terminal is very well suited to the needs of our Russian customers, since Hopper freight waggons carrying bulk products from Russia can also be ran on the new tracks," says **Joakim Laxåback**, Managing Director of Rauanheimo.

Natural and smooth co-operation with the port

Exports of Russian transit transport from Russia to Finland and further to the rest of the world include fertilizers and grain products. Lime products are imported for Finnish industries. Rauanheimo's operations cover all services from the transport of rail waggons from the border and their unloading to the unloading of ships.

"We needed more bulk storage facilities, especially in the Hamina-Kotka region. The capacity of the new unloading terminal will be of about 500 tonnes or eight waggons per hour. This will intensify our operations and

further improve our service," Joakim Laxåback says.

Rauanheimo has been co-operating with the Port of HaminaKotka since 2012. Joakim Laxåback thinks that the port offers excellent opportunities for cargo handling in bulk, break bulk and container transport.

"The co-operation with the management of the port has been superb from the outset, and it has been easy to take care of matters with the port. They understand the needs of our business and have done a great job in achieving a situation where the axle weight on the track between Kouvola and Kotka/Hamina is elevated to 25 tonnes. For our customers, this translates into bigger deliveries and consequently greater efficiency. Being the biggest player in Finland, we absolutely want to be involved in developing the leading seaport in Finland," says Joakim Laxåback.

Tight-knit co-operation with the port: Preparations for the commissioning of the LNG terminal soon launched

The construction work for the LNG (liquified natural gas) terminal owned by Hamina LNG Oy at the Hamina Chemical Terminal is nearing completion. The sale of storage space in the terminal that supplies liquefied natural gas will begin this spring. Preparations for commissioning will be carried out next autumn, and commercial operations will begin in January 2021. In the first phase, the storage capacity of the new terminal will be 30,000 cubic meters, the energy content of which corresponds to approximately 18 million litres of oil.

"We will be the only operator in Finland to store and supply LNG, operating both in the local and nation-wide transmission and distribution network for natural gas. We will also hence provide the shared gas markets in the Baltic countries and Finland with a new feed point," says **Esa Hallivuori**, CEO of Hamina LNG Oy.

Hamina LNG, which operates as an open service company, intends to provide a storage and logistics service for LNG to energy generation and industrial plants and also to maritime transport and heavy goods transport by road. The environmentally-friendly LNG does not contain any heavy metals or sulphur, and

its use does not result in harmful particulate emissions. The CO₂ emissions are significantly smaller than with other fossil fuels.

By far the best location in Finland

"LNG is brought by custom-built tanker ships to our terminal warehouse, from where we forward it via gas networks and also by sea and road. Moreover, vessels that use LNG can refuel directly at our terminal," Esa Hallivuori continues.

According to the requirement of the EU, the EU's core seaports, including HaminaKotka, must provide an opportunity for the bunkering of LNG from 2025 onwards.

When the planning of the LNG terminal investment started in 2014, co-operation was also launched with the Port of HaminaKotka. Esa Hallivuori says that there has been close co-operation for many years with the logistics, technology and security units of the port. In addition to good co-operation, Esa Hallivuori emphasises the excellent location of the terminal.

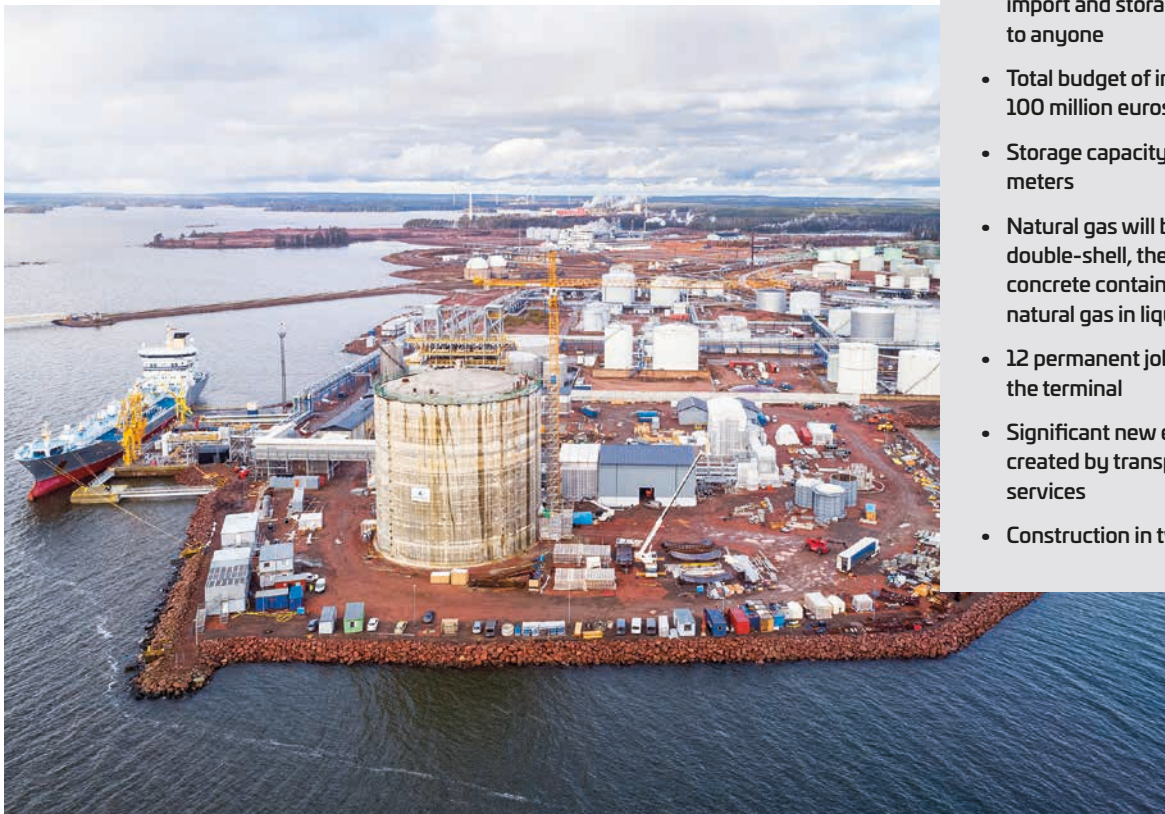
"The port has a superior location in terms of logistics, because all the ports on the eastern and southern Gulf of Finland can be reached

from Hamina by sea. From the point of view of road transport, we can be reached easily by industries in southern Finland."

Esa Hallivuori says that the possibilities of rail transport have already been discussed preliminarily with the port, but this will become more specific in the second phase of the investment.

LNG terminal investment in a nutshell:

- Hamina LNG Oy established in 2015
- Investment decision for new LNG terminal in the summer of 2017
- Earthwork commenced in the autumn of 2017
- Actual construction work began in the summer of 2018
- Commissioning phase of terminal will start in the autumn of 2020
- Commercial launching in early 2021
- The terminal company provides import and storage services for LNG to anyone
- Total budget of investment approx. 100 million euros
- Storage capacity 30,000 cubic meters
- Natural gas will be stored in a double-shell, thermally-insulated concrete container that keeps the natural gas in liquid form
- 12 permanent jobs will be created in the terminal
- Significant new employment will be created by transport and support services
- Construction in two stages



Photograph: Hamina LNG Oy

Construction work respecting the environment

Port of HaminaKotka Ltd takes environmental issues into account in port construction as well as in sea, road and rail transport. Water protection, reduction of emissions, use of renewable energy and re-use of materials constitute an important part of the sustainable development principles of the port.

This article describes how environmental aspects are considered in the development and construction of the port.

Development work by the port represents long-term efforts, and planning related to new business is performed continuously in co-operation with the customers and stakeholders. Well-functioning infrastructure is one of the key success factors of Port of HaminaKotka. Port of HaminaKotka Ltd is continuously looking into new ways of working so that the burden on the environment would be as small as possible. The environmental aspect is always highlighted in the long-term development work of infrastructure. The operations of the port have been certified in accordance with the ISO 14001:2015 standard, which means that various environmental concerns have been recognised and considered everywhere – including construction work.

The contractors used by the port are required commitment to environmental accountability. We prefer the use of biofuels and biodegradable hydraulic oils. Potential environmental impacts can include the leaking of hydraulic or lubrication oil into the ground or sea, emissions of substances that enhance climate change as well as particulate emissions from fuels, and dust and noise. The contractors must draw up a project-specific safety and environmental plan that includes an environmental risk analysis together with measures to mitigate these risks. The contractors' operations are supervised by the port and environmental authorities.

Recycled concrete and crushed asphalt

Port of HaminaKotka Ltd applies the principles of sustainable development and circular economy to the construction work. As an example, in 2012 to 2017 more than 150,000 cubic metres



Dredged earth material and clean concrete and brick waste, among other things, have been utilised in the construction of the D-area at Mussalo.

of clean concrete and brick waste were used for the earth filling of the D-area at the Mussalo Harbour. A noise barrier was built at the D-area at Mussalo in 2019. Approximately 8,000 tonnes of recycled concrete that was left over from the Nord Stream 2 project was used for this. The earth and rock material hauled to the area was extracted from the immediate vicinity of the port, meaning that the emissions and traffic impacts resulting from the heavy good transport could be minimised.

Concrete and asphalt waste from demolition work was recovered for subsequent use as applicable. A concrete hall of 20,000 square metres was demolished in 2018, providing construction material for upcoming projects. The decommissioned asphalt is crushed and re-used in the

building of land areas. A total of 50,000 tonnes of asphalt was crushed in 2019. This will be used as a base material for storage areas and roads.

The environmental permits granted by the Regional State Administrative Agency to Port of HaminaKotka Ltd can be viewed on our website. The environmental permits of individual parts of the port and project-specific water permits require that, for example, the impacts of the operations are monitored and measured continuously, regarding the monitoring of waterways, stormwater, air quality, noise and fishing industry impacts.

Read more: www.haminakotka.com > [About the port](#) > [Environment](#)

Impacts of coronavirus on the operations of Port of HaminaKotka Ltd

We aim to secure port services to our customers also in this prevailing extraordinary situation. We have prepared a contingency plan according to which we will work and actively follow the information provided by the Finnish Government and authorities.

We follow the general guidelines concerning travelling and working, and observe the obligations of the Finnish Emergency Powers Act to assist the authorities.

We monitor the situation and will provide information on potential impacts on our operations on our website at www.haminakotka.com.