

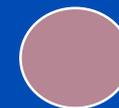
Unblocking and restoration of free navigation in the port of Ukraine in the Black Sea

- one of the key and most urgent challenges for Ukraine and the world on the economic front is to oppose Russia's armed aggression, the victory of which will become the foundation for the recovery of Ukraine's economy and strengthening of security in the region



Ukraine's maritime logistics has been blocked for more than 1 year

- starting from February 24, 2022, the aggressor country, the Russian Federation, declared the northwestern part of the Black Sea an area of the "special military operation" → since then, **Russia has blocked Ukraine's maritime logistics**. By doing so, **Russia violates 9 conventions on the Law of the Sea**
- in addition, **Russia deliberately restricts the export of agricultural products under the "grain deal"** by delaying inspections of ships to/from Ukrainian ports in the Bosphorus and document checks
 - *over the past 3 months, Ukraine has not exported 10 million tons of foodstuffs*
- at the same time, **commercial shipping to Russia's Black Sea ports is not subject to any restrictions** even a year after the start of open aggression against Ukraine
 - *in 2022, more than 250 million tons were transported (+2.7% compared to 2021), and the Russian Federation's cargoes are not inspected by inspection teams in the Bosphorus. This allows the Russian Federation to use commercial ships to deliver military cargo by sea*



part of the maritime economic zone blocked by Russia



the «grain corridor»

The cargo turnover of Ukrainian ports decreased by more than 60% in 2022 through the naval blockade of Ukrainian seaports. At the same time, commercial shipping to Russia's Black Sea ports is not subject to any restrictions

drop in GDP

tax shortfalls

loss of foreign currency revenues

rising real unemployment

loss of the ability to resist aggression



Options for solving the problem of unblocking the ports of Ukraine



1. to ensure the full unblocking of commercial maritime transportation to Ukraine's Black Sea ports for all types of cargo:

to restore free navigation to Ukrainian ports through joint negotiation efforts of the UN, IMO, and Turkey, as well as through sanctions pressure on the russia

or, if it is not possible to fully unblock Ukrainian seaports

2. to impose mirror measures on russia's Azov and Black Sea ports

(blockade of all cargo except agricultural products, full inspection of ships heading to russia/annexed territories of Ukraine) or even all seaports of russia (declaring the waters of russia's ports as a war risk zone, sanctions against marine terminals and fleet, etc.)

1

The positive effect of the full unblocking of the Black Sea ports for Ukraine – is an accelerated economic recovery



+10% GDP



+UAH 135 bln
year additional taxes



0,5 mln
restored jobs



+\$18 bln
year foreign currency revenues



Agriculture

removing all existing restrictions and cutting down the cost of logistics (by speeding up cargo turnover, eliminating downtime), selling accumulated balances



Non-ferrous metallurgy

increasing exports of titanium and zirconium ore and concentrate (in 2022, exports fell by 43%), resuming seaborne supplies of bauxite (aluminum ore) (in 2022, imports declined by 82%), nickel and manganese ore



Chemical industry, agrochemicals

resuming exports of mineral fertilizers and other chemical products



Small and medium-sized businesses

resuming imports in containers, providing imported components and semi-finished products to manufacturing enterprises, reducing the cost of logistics and the cost of Ukrainian products



Mining and metals sector (Fe)

returning the markets that are inaccessible in wartime (China, the USA, etc.), increasing the supply of imported raw materials, and fully restoring the workload of the plants (in 2022 production decreased by 73%)



Pipe industry

returning to pre-war production (+38%) due to the recovery of traditional seaborne exports and a reduction in the cost of pipes



Energy

resuming seaborne coal imports to get through the winter season of 2023-2024 in a stable manner, cheaper imports of petroleum products, lower prices in the domestic market, and curbing inflation



Logistics

full recovery of the workload of ports and logistics operators



Restoration and development of regions close to hostilities ↓

2 The full unblocking of the Black Sea ports is important for international partners



2.1

recovery of Ukraine's economy will allow increasing domestic financing of military spending -> bolstering resistance to Russia's aggression



2.2

restored jobs in Ukraine → prevention of additional social and economic pressure in refugee-hosting countries



2.3

preventing a food crisis in the world by stabilizing agricultural exports from Ukraine



2.4

strengthening the capacity of Ukraine's frontline industrial and port regions to address socio-economic and humanitarian issues



2.5

procurement of machinery/equipment/components, engineering and other services from international partners



2.6

provision of diesel fuel supplies and the prospect of building an LNG terminal in the next 2-3 years and launching large gas supplies from the USA



2.7

resuming imports of seaborne high value-added products from the G-7 and the EU in containers



2.8

increasing exports of semi-finished ferrous (pig iron) and non-ferrous metallurgy products (titanium) to the USA, the UK, Canada, and Australia



2.9

resuming imports of seaborne coking and steam coal from the USA to Ukraine

