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FEBRUARY 2014 WWW.MARITIMEGATEWAY.COM

RNI NO: APENG/2009/30633
DATE OF PUBLICATION: 26/01/2014

POSTAL REGISTRATION NO: LII/RNP/HD/1137/2013-15

INCENTIVES FOR COASTAL SHIPPING

BIG PROSPECTS BIG CHALLENGES

As the year 2013 draws to an end and the year 2014 begins, maritime industry is looking forward to a New Year that can bring in some positive changes. The mood is optimistic as the industry feels the greenshoots of developments in the previous year may lead to 'fruitful' days ahead.

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Maritime Gateway is printed by L Vijayanand Reddy published by L Vijayanand Reddy on behalf of Gateway Media Pvt. Ltd., Plot No.761, Road No.39, Jubilee Hills, Hyderabad – 500 033, A.P., India and Printed at M/s. Kala Jyothi Process Pvt. Ltd., 1-1-60/5, RTC cross roads, Musheerabad, Hyderabad - 500 020. and Published at Gateway Media Pvt. Ltd. Plot No.761, Road No.39, Jubilee Hills, Hyderabad – 500 033, A.P., India
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Efforts are on but, wishlist is long

Global shipping industry and trade are optimistic about 2014. If the early signs are anything to go by, the year may augur well for the Indian subcontinent as well. In India, the industry received some support from the Ministry of Shipping in terms of proactive policies, especially, coastal shipping in 2013.

While the industry's wishlist is long and the last year's performance report of the government leaves a lot to be desired, there is no denying the fact that the positive measures taken by the Shipping Ministry will ultimately help the country's trade in the long run. The ministry has identified and notified inland vessel (IV) limits, which is a big benefit for coastal shipping and it has delegated the powers to the individual maritime states. It has also notified the new River Sea Vessel (RSV) rules, again, helpful for the coastal shipping industry.

The Ministry has offered cash incentives to manufacturers for diverting the movement of their products from road and rail to coastal shipping. The government has unveiled new policy guidelines for major ports, aimed at helping them leverage their land resources for commercial advantage. Discretionary powers have been reduced and tender-cum-auction has been prescribed as the most preferred method of allotment.

> **Overall, 2013 was a good start. If the momentum continues, 2014 will indeed be a good year.**

Even though Maritime Agenda 2020 turned out to be an ambitious plan, the Ministry took up 32 projects in 2012-13, with a total investment of ₹6765.63 crores and with a capacity of 136.75 MMT. Of these, 13 projects are under PPP mode, 6 projects are under captive mode and the rest are under Non-PPP mode. Till December last year, 13 projects have been awarded at an investment of ₹3831.3 crore and with an estimated capacity of 80.85 MMT, of which, five projects are under PPP and eight projects under Non-PPP mode. Though on paper, these statistics look impressive, experts point out most of the projects taken up by major ports in partnership with private parties, have not yielded any satisfactory results. Many of them are in limbo due to legal hassles and land acquisition issues.

Private investors are asking for a revision in existing model concession agreement guidelines. They want a comprehensive agreement that can help complete projects on time. They are also looking for better coordination between maritime states and the Centre. Besides, they are asking for faster clearance mechanism. Another area is tax structure and associated high cost of operations for Indian ships. Although it may not be completely under the purview of the Shipping Ministry, the industry feel the ministry can push its case by pointing out the gain in Forex earnings and port revenues that will accrue in due time.

Overall, 2013 was a good start. If the momentum continues, 2014 will indeed be a good year.

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FEBRUARY 2014

VOLUME 6 ISSUE 5

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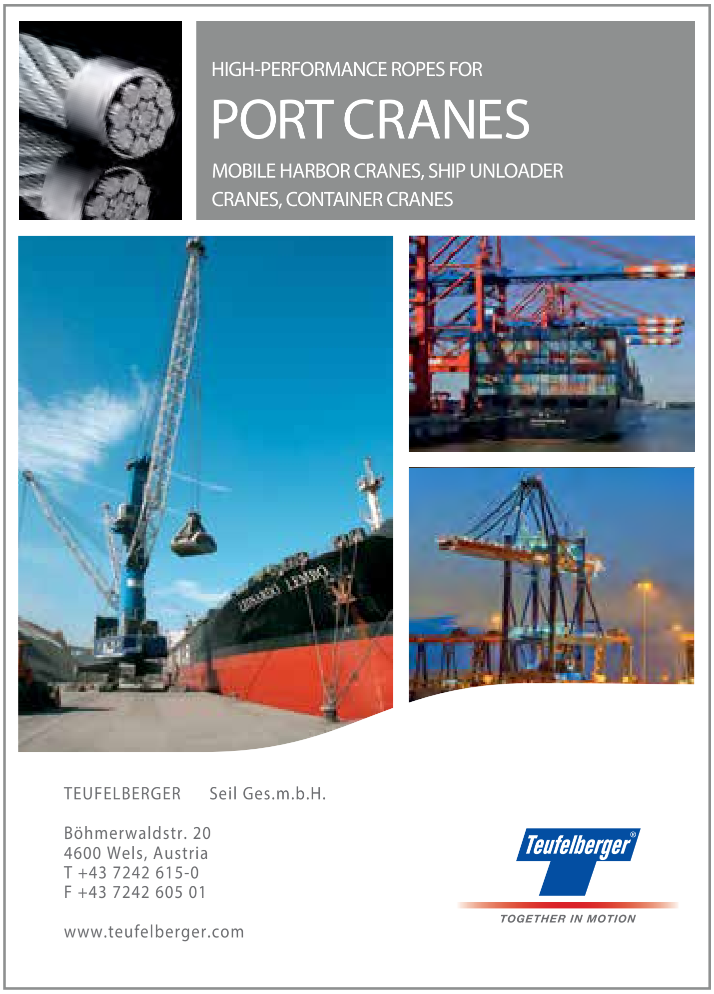

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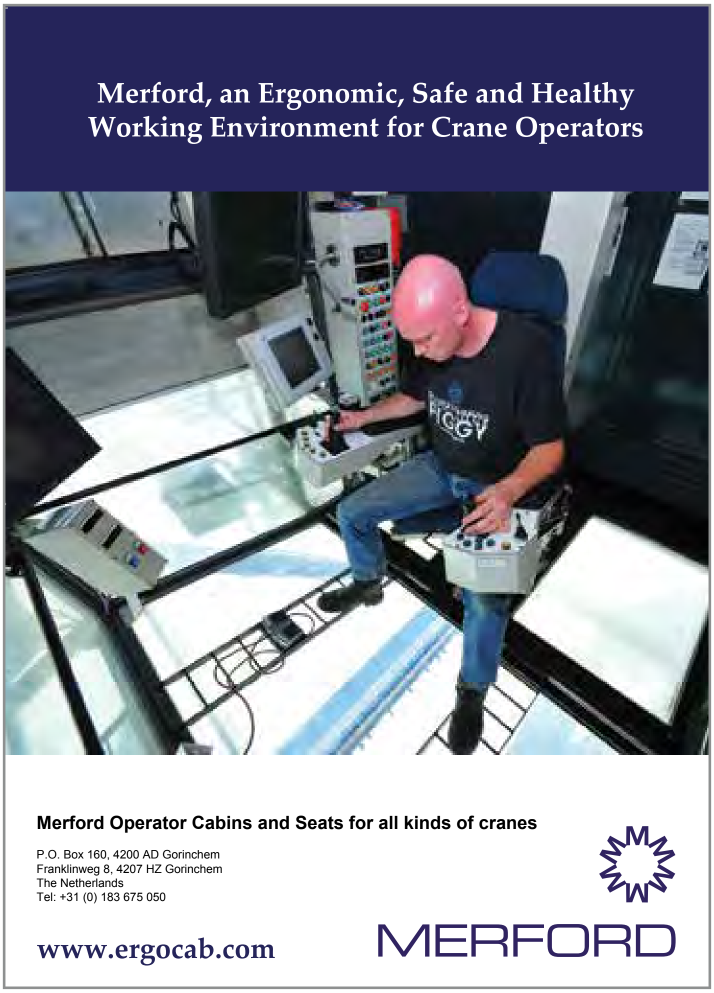

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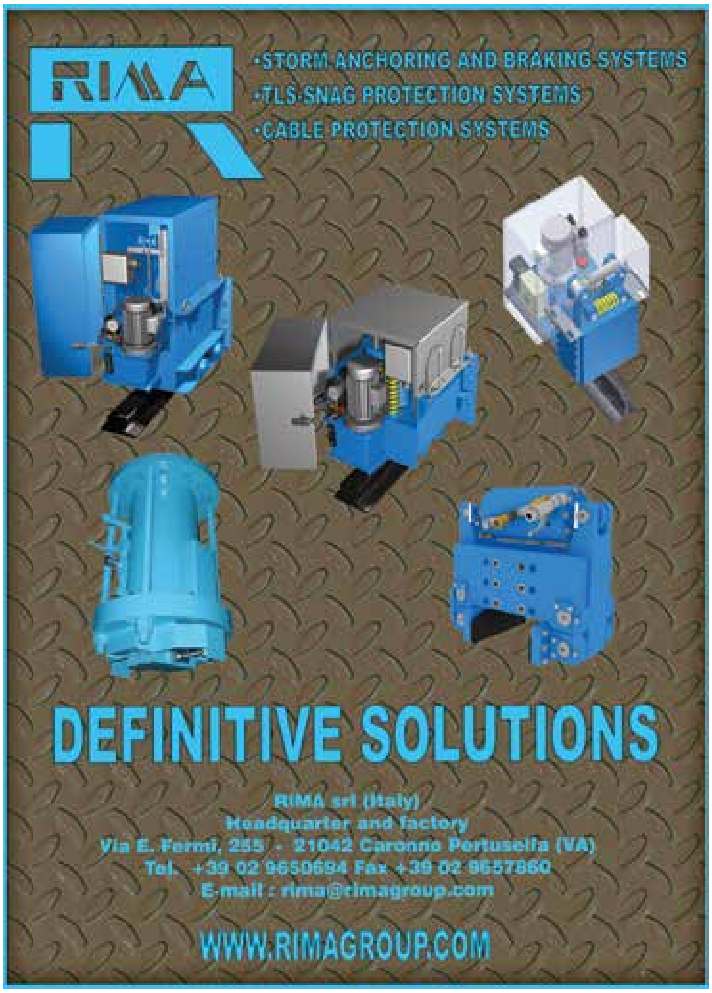

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WISTA Delhi chapter to be launched at IMW

The Women's International Shipping & Trading Association (WISTA) will launch its new sub-chapter of India, in Delhi. Sanjam Sahi Gupta, President of WISTA India, will officially launch the Delhi chapter, at the India Maritime Week to be held in New Delhi from January 28 - February 1, 2014. WISTA provides a great platform to the women of the industry to network and share ideas.

New terminal at Vizag

A consortium of DP World and Mumbai-based JM Baxi Group has been selected to build and operate a new container terminal at Visakhapatnam. The consortium, which already operates the Visakhapatnam Container Terminal, was the lone bidder for the project. The new terminal is to be built at the site of the existing terminal to accommodate larger ships and the project is on a build-operate-transfer basis for a period of 30 years.

Madras HC stays coal berth conversion

The Madras High Court has granted an interim stay against converting Jawahar Dock (East) berth in Chennai Port into a container terminal. The order was given based on a writ petition filed by the Tamil Nadu Power Producers Association, which said the conversion would create hardship to private coal importers and that there was not enough capacity at Ennore Port to handle coal for them. The port stopped handling dusty cargo such as coal and iron ore, following a direction from the Madras High Court to move the cargo to Ennore. In the light of the court order, three short-listed bidders — DP World, PSA and Adani — for the container terminal project did not submit their financial bids.

Pak allows pet coke imports from India

The Economic Coordination Committee (ECC) of the Pakistan cabinet has allowed import of petroleum coke (pet coke) from India for cement industry by road and took a notice of an increase in fertiliser prices. Pet coke is a by-product of the oil refining process. The pet coke import through Wagah-Attari by trucks was allowed on a request by the Federation of Pakistan Chambers of Commerce and Industry and the All Pakistan Cement Manufacturers Association. Pet coke is already importable from India via rail and sea routes.

Euronav to acquire 15 Maersk tankers

Euronav has decided to acquire 15 vessels from Maersk Tankers Singapore for a total of $980 mill payable as the vessels are delivered. The vessels have an average age of four years and will expand Euronav's already large tanker fleet, which includes one ULCC, 11 VLCCs and 23 Suezmaxes. Once delivered, they will join the Tankers International VLCC Pool of which Euronav is a founder member. Euronav said that the outlook for the large crude tanker market had improved significantly over the last months indicating a resurgence of demand and an improved near term outlook. Each vessel will be sold under the industry standard sale form as a stand-alone asset with deliveries taking place between late January and June this year, once the VLCCs had fulfilled all their existing contractual commitments, with the exception of one vessel currently under charter, which will be delivered towards the end of 2014.

Cyprus, Greece, Malta to form shipping cooperation

Cyprus, Greece and Malta will intensify their cooperation to promote common interests both within and outside the EU, says Cyprus Communications and Works Minister Tasos Mitsopoulos.

He made the remark after he and his counterparts from Greece and Malta, Miltiadis Varvitsiotis and Josephon Mizzi respectively, were received by President of the Republic Nicos Anastasiades.

Earlier a trilateral ministerial meeting on shipping between Cyprus, Greece and Malta was held.

In a statement made at the trilateral meeting, the ministers agreed "to intensify cooperation and promote coordination to promote our common interests through the EU and outside the Union".

MNS chief writes to JNPT chairman

Maharashtra Navnirman Sena (MNS) chief Raj Thackeray has written a letter to JNPT Chairman NM Kumar expressing concern over the port's reported slump in trade. He alleged that the port trust's expansion programme was deliberately delayed so that ports in Gujarat and other private ports are benefited. "JNPT's dealings have declined significantly over a period of six years and the volumes are diminishing continuously. On the contrary, volumes of other ports like Mundra and Pipavav in Gujarat have been increasing. JNPT's plan for expansion has been purposely delayed so that the ports in Gujarat can boost their business," Thackeray said in the letter.

Cabinet nod to covert lease land at Kandla Port

The Union Cabinet has approved a proposal for converting land allotted in Kandla Port to Sindhi migrants from Pakistan from 99-year-old leases into freehold property, with the payment of one-time charges. This move may benefit as many as 25,000 lessees that have got residential property in Kandla port. The land involved is 1,354 acre. Kandla Port Trust has the largest land bank among Indian ports with 2.2 lakh acres, from which 22,000 acres is not submerged in sea. The proposal will allow KPT to focus on its core business and would obviate the need to deploy human resources for collecting ground rent.

Hapag-Lloyd, CSAV merger on cards

Merger talks between container shippers Hapag-Lloyd AG of Germany and Compania Sud Americana de Vapores SA (CSAV) of Chile are on track for an agreement in principle in the next three months. This move comes despite objections by some Hapag-Lloyd shareholders over the ownership split in the merged entity. The deal, which aims to create the fourth-largest container-shipping company, would give the two companies a bigger footprint in the sector that moves 95 per cent of the world's manufactured goods. The industry is set to be dominated by an expected alliance among Denmark's A.P. Moller-Maersk A/S, Switzerland's Mediterranean Shipping Co. and France's CMA CGM SA – the top three players in terms of capacity – later this year.

Edible oil import duty raised 10%

India has increased the import duty on refined edible oil. The Cabinet Committee on Economic Affairs (CCEA) in January considered the proposal to raise duty to 10 per cent giving support to the domestic industry and farmers. The industry had been demanding an increase in the import duty on refined oil to 14.5 per cent thereby ensuring a marked difference between crude and refined edible oil. Currently, the import duty on crude edible oil is 2.5 per cent and on refined edible oil is 7.5 per cent. Owing to a bare 5 per cent gap in the duties, there has been an increase in the import of refined oils, leading to a fall in the capacity utilisation of domestic refiners.

Coal India to invite fresh bids

Coal India (CIL) has decided to invite fresh applications from interested entities for importing coal that will be supplied to power plants under fuel supply agreements as the earlier tender floated by the PSU elicit no response. "We will float a fresh tender anytime. There was no response to the e-tender floated earlier as the potential people because of some apprehensions expressed by them," Coal India Chairman and Managing Director S Narsing Rao said. According to him, the company intends to import 5 million tonnes (MT) of coal to meet the shortfall against deliveries under fuel supply agreements (FSAs).

Gold, silver imports dip in Dec

Gold and silver imports to India declined 68.8 per cent to $1.77 billion in December after the government imposed restrictions on inbound shipments of the yellow metal aimed at narrowing the current account deficit. Imports of gold and silver in December 2012 stood at $5.6 billion. However, the level in December was higher than $1.05 billion in November. Gold and silver imports during April-December declined 30.3 per cent to $27.3 billion from $39.2 billion a year earlier. Lower gold and silver imports helped to narrow the trade deficit to $10.1 billion in December from $17.5 billion.

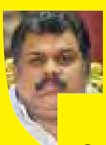
IRON ORE EXPORTS DOWN 28.16% IN APRIL-DEC

India's iron ore exports have gone down by 28.16 per cent to 11.17 million tonnes (mt) during April-December of the current fiscal as gloom continues over the sector due to the present regulatory scenario. India, once the third largest exporter of iron ore, had exported 15.55 mt in the corresponding period last fiscal, data released by the Federation of Indian Mineral Industries (FIMI) showed. "We expect the situation to continue as long as government policy does not change. There is total gloom in the sector, there is no ray of hope," FIMI Secretary General R K Sharma said in a PTI report. He added that this year's iron ore exports are expected to come down by 20 per cent to about 14-15 mt from 18.37 mt in 2012-13.

VOICES

An adequate supply of energy at affordable prices is critical to our economic growth. There is a need to bridge the ever-increasing gap between demand and domestic supply. As India configures its policy framework to get back to the high growth-rate trajectory envisioned in our Twelfth Five Year Plan, the development of the energy sector and particularly the hydrocarbon space must be given particular attention," the Prime Minister said while inaugurating Petrotech-2014.

- **Dr Manmohan Singh**
Prime Minister



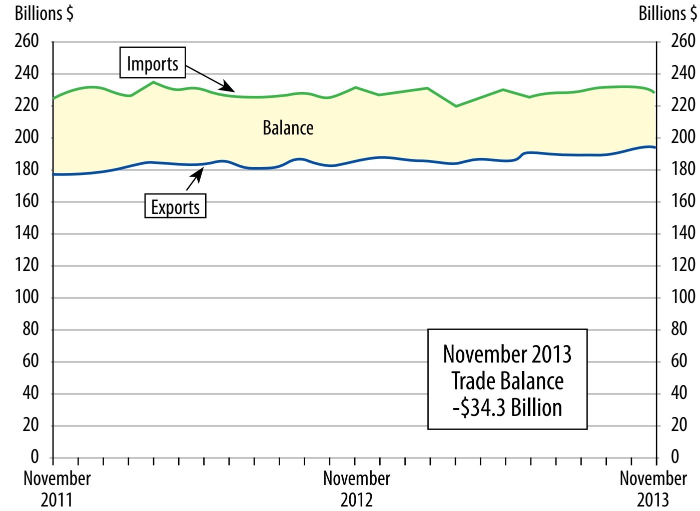
When it comes to development projects in the ports, we awarded a record number of 32 projects during 2012-13 with an investment of about ₹6766 crores to add 136 MTPA of port capacity. Eight of these projects are in Tamil Nadu, of which four projects were initiated for V.O.Chidambaranar Port Trust at an outlay of over ₹800 crore.

- **G K Vasan**
Union Minister for Shipping

We, at the moment, are rather successful in making a profit but of course it is a difficult environment to operate in if you are a smaller player. For the next few years we will have overcapacity. We know the order books for the next three years and the orders are pretty large. So we believe there will be overcapacity at least till the end of 2016 – maybe longer, depending on how fast people retire the older ships.

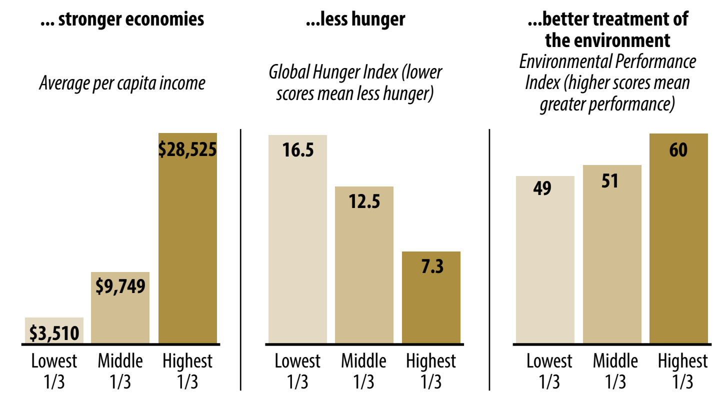
- **Nils Andersen**
CEO, AP Moller-Maersk

US International Trade in Goods and Services



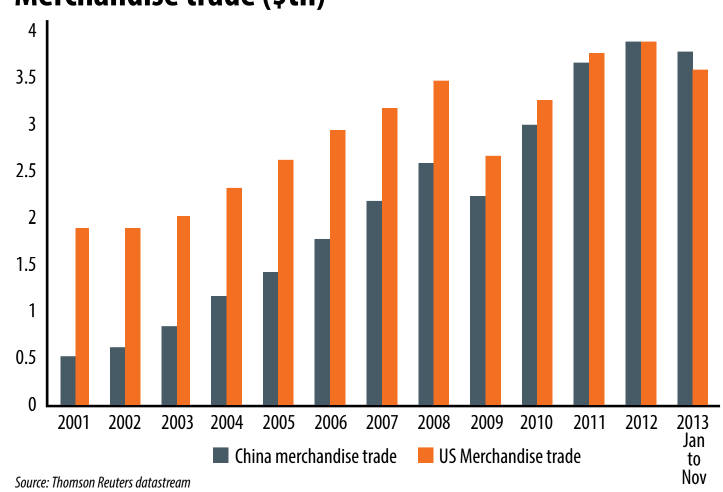
Major Benefits of Free Trade

The nations of the world are divided into three groups based on their trade freedom score in the 2013 index of Economic Freedom. The chart below shows that nations with more trade freedom also have....



Source: Heritage Foundation calculations from the 2014 Index of Economic Freedom (forthcomig january 2014)

Merchandise trade ($tn)



Source: Thomson Reuters datastream

Bromma maintains good order intake volumes

Sweden-based Bromma, a world leader in crane spreaders, continues to maintain a good order intake trend. In September-December last year, the company received a similar order intake volume as earlier this year. But the mix between Yard spreaders and STS spreaders is more normal than the order intake mix for the first eight months of the year. The high share of replacement spreader orders earlier in the year is balanced by a high volume of Yard spreaders for both RTGs and ASCs.

The orders reflect a good geographical split between the different parts of the world. Over 90 per cent of the spreaders for RTG, RMG and ASC operation from Bromma today are all-electric Greenline spreaders. Bromma all-electric spreaders are being preferred by customers due to their inherent reliability, as well as their environmental and economic benefits. Due to fewer service points, lighter weight, and the absence of any hydraulics, Bromma all-electric spreaders have higher availability, simplified maintenance requirements, require less power, produce fewer emissions, and offer tough durability, according to a company release.

Bromma has delivered crane spreaders to 500 terminals in 90 nations on 6 continents, and Bromma spreaders are in service today at 97 out of the world's largest 100 container ports. Bromma is an industry market leader in ship-to-shore spreaders,mobile harbour crane spreaders, and yard crane spreaders.

Sri Lanka bans terminal handling charges

In a move to reduce the cost of shipping and attract more shipping lines to Sri Lanka's ports, Sri Lankan President Mahinda Rajapaksa in the 2014 Budget proposed abolishing the terminal handling charges (THCs) and other surcharges levied by the container lines from January this year. From January 2014, Sri Lankan shippers will pay an all-in freight rate, President Mahinda Rajapaksa announced in his recent budget speech to parliament, according to reports from Sri Lankan news agencies.

The Ministry of Finance said the Extraordinary Gazette on Terminal Handling and Other Charges by shipping agents, freight forwarders, non-vessel operating common carriers, container operators and consolidators of cargo has been published by President Rajapaksa, who is also the Minister of Highways, Ports and Shipping and the new regulations will take effect from January 6. “The regulation will be enforced by the Director of Merchant Shipping from Monday, January 6, 2014,” the Ministry said in a statement. “The move crystallises one of the several proposals made by President Mahinda Rajapaksa in the Budget 2014 to create greater transparency in the levy of terminal handling and other charges,” it said.

According to the Ministry, “It will promote productivity growth and competitiveness of imports and exports.”

VPT sees growth in cargo volumes

The Visakhapatnam Port Trust (VPT) has witnessed huge growth in cargo volumes in December last year. The port handled 5.491 million tonnes of cargo in December, the highest till now in the 2013-14 fiscal. According to a release by the Indian Ports Association (IPA), this is also the highest volume of cargo handled during the last 14 months.

The increase in cargo volumes was due to a growth in the handling of freight that included petroleum, oil and lubricants, iron ore, raw fertilizer, thermal and coking coal and containers. From April-December, the port handled a total volume of 43.067 million tonnes of cargo.

According to IPA statistics, raw fertiliser cargo handling witnessed the maximum growth of around 115.3 per cent in December as against the previous month, while other products such as petroleum, oil and lubricants grew by 54.5 per cent, iron ore by 18.9 per cent, thermal coal by 7.7 per cent, coking coal by 13.7 per cent and other cargo by 43 per cent in the same period.

However, VPT remained in the fifth position when compared to the other 12 major ports in the country. Kandla handled around 66.084 million tonnes during April-December 2013, while Paradip handled 50.858 million tonnes. JNPT moved 45.991 million tonnes and Mumbai stood at 43.644 million tonnes.

Adani tender for Cochin coal terminal gets Shipping Ministry's nod

The Union ministry of shipping has approved the tender by the Gujarat-based Adani Group for the Cochin Port Trust's (CPT) proposal to set up an eco-friendly and modern coal terminal.

The new coal terminal will have the capacity to handle 4.23 metric tonnes per annum. The terminal, which will combine the port's existing north coal berth and south coal berth on the Mattancherry Wharf side is estimated to cost about ₹198 crore. Currently, the port handles only about 1,000 tonnes of coal on an average per year.

The facility to be set on 'build operate transfer' (BOT) received only one prospective suitor so far despite the port trust extending the deadline twice. The successful bidder will run it for 30 years. It will be a fully automated terminal with nine metre-high vegetation.

The port trust will offer 14 acres of land for the project and a 300-metre long berth. Studies conducted earlier had suggested about the potentials of augmenting the coal handling facilities at the Cochin port, considering that it is the major port lying nearest to the route to African coal.

With no other interested parties on anvil, the Cochin Port Trust forwarded the tender bid from Adani Group to the ministry. The standing finance committee of the ministry approved the proposal at its recent meeting.

However, the final awarding of contract will depend on the terms of the revenue sharing model that the company will be proposing.

The port has also appointed a consultant to complete the procedures required for getting environmental clearance.

The proposed terminal is expected to cater to steel and cement industries located in the state and the neighbouring states like Tamil Nadu.

The Tariff Authority for Major Ports (TAMP) has permitted the port to hike the coal handling charges at the port from ₹106 per tonne to ₹230.85 per tonne.

T S N Murthy appointed chairman of NMPT

TSN Murthy, Deputy Chairman of New Mangalore Port Trust (NMPT), has been appointed as Chairman in-charge by the Union Ministry of Shipping with effect from January 1. He succeeds P Tamilvanan.

T S N Murthy, an IRS officer of 1990 batch joined NMPT on May 3, 2010 as its Deputy Chairman. Prior to this he was serving as Joint Commissioner in the income tax department. He was elevated to the post of income tax commissioner on December 6, 2013, according to a release.

During his three-year tenure at the port, Murthy, who is a nature lover, transformed the Port as the greenest and the cleanest Port in the country by his personal intervention. These initiatives spearheaded by him, contributed to the Port winning Green Tech award in gold category in port sector, Aranya Mithra Award from the Government of Karnataka and Vocational Excellence Award for NMPT.

'South Asia accounts for 71% of ship demolition market'

The world market for ship demolition remains strong, with India, Bangladesh and Pakistan together accounting for more than two-thirds of business, according to French environmental watchdog Robin des Bois (Robin Hood).

The monitoring group termed 2013 as an exceptional year with 1,119 ships going to the world's breaker's yards, a decline of 16 per cent over 2012, denoting that the ship demolition sector is in good health. It is the second highest tally since 2006 when the group began compiling annual reports in an effort to boost transparency in a sector with a contested environmental record.

In terms of numbers, the three South Asian countries accounted for 50 per cent of ships, but in terms of tonnage, they accounted for 71 per cent, according to the group.

India headed the list in both categories, but China was also a big player, ranking second in the number of ships that it demolished and third in terms of tonnage. Of the 1,119 ships, 667 were scrapped after being held at ports, along with their crew, for failing to meet international safety standards. Port inspections are playing a solid role in cleaning up the world's merchant fleet, the report said.

Roughly a third of ships that were broken up were bulk carriers, while container ships accounted for one in six – a sharp rise over the last half dozen years. South Asia has long been a graveyard for merchant ships, but it also carries a reputation for poor safety and environmental hazards.

The European Union has approved regulations requiring large EU-flagged vessels to be recycled at approved facilities.

Robin des Bois described the intention as 'pious', given that only 8 per cent of such vessels were scrapped at European yards in 2013, and many European ships were given a flag of convenience by their owners for their last voyage.

Shanghai world's busiest container port in 2013

Shanghai remained the world's busiest container port in 2013 as the city moved toward its goal of becoming a shipping center.

Container throughput rose 3.3 per cent to a record 33.6 million teu (twenty-foot equivalent units) last year, according to official data quoted by a Chinese news agency. Shanghai Port has been the world's largest container port since 2010 when its volumes surpassed that of Singapore.

Singapore port recorded a 2.9 per cent year-on-year improvement in container volumes in 2013 and handled 32.6 million teu of containers, making it the world's second busiest box port. In bunkering, Singapore remains the world's largest bunkering port with a runaway volume of 42.5 million metric tonnes last year, down slightly from 42.7 million metric tonnes in 2012, according to figures from Maritime and Port Authority of Singapore (MPA).

Last year also saw a range of achievements in Shanghai shipping. The official opening of two-way traffic in the main channel of Yangshan Deep-water Port in October could help shipping lines save on costs and further boost turnover for Shanghai, while London's Baltic Exchange, the main freight index provider, unveiled a Shanghai office in September. The Shanghai Urban Construction and Communications Commission, the local transport authority, said the city would accelerate the shipping sector's development this year on the back of the new pilot free trade zone, a testing ground for government reforms.

China has eased foreign-ownership limits in Sino-foreign shipping joint ventures in the FTZ and allowed foreign companies to set up wholly owned ship management companies there, in an opening-up to draw more shipping-related businesses to Shanghai.

The city will accelerate the implementation of shipping-rated policies in the FTZ and study the launch of the trading of freight index derivatives, the commission said. It will also extend a tax rebate program which allows the refund of exported goods to be claimed at their ports of departure if shippers use Yangshan as a transit. Currently the program covers Qingdao in Shandong Province and Wuhan in inland Hubei Province.

Shanghai will also speed up the construction of the fourth and fifth runways at the Pudong International Airport and facility upgrades at both the Pudong and Hongqiao airports.

US likely to become net natural gas exporter by 2016

Expected rapid growth of the US liquefied natural gas export industry coupled with a boost in Mexican pipeline capacity and a drop in domestic demand for Canadian gas, will make the US a net exporter of natural gas by the first half of 2016, according to a Barclays Commodities Research report.

"In a shift of tectonic magnitude, the US is firmly on track to become a net exporter of natural gas, with far-reaching implications for the US economy, geopolitics, natural gas markets and the global LNG space," the report said.

The largest driver shifting the US from a gas importer to a gas exporter will be the six LNG export facilities which are expected to begin shipping LNG by the end of the decade. "Ultimately, LNG exports will likely have the greatest effect on the natural gas markets, both in the US and globally," the report said.

Earlier, the US Energy Information Administration had estimated that the US would be a net exporter of natural gas by 2018.

In its Short-Term Energy Outlook released recently, EIA has backed this 2018 prediction, pointing to the expected launch of several proposed US LNG export facilities in fourth-quarter 2015 and growing domestic production, which has replaced Canadian pipeline imports and boosted pipeline exports to Mexico.

Dubai's Emerald Maritime aims to grow its market share in India

Emerald Maritime LLC, a Dubai-based fast track dry bulk cargo movement company, has plans to intensify its focus in India and grow its bulk cargo export-import market share in the country. The company currently has more than 50 per cent of the annual business portfolio dedicated to import of coal in India.

Emerald also aims to grow its revenue by about five times to $150 million in the next 3-5 years. The 18-month old company which crossed turnover of $30 million during the current financial year, expects to grow at least five times during the period. The company plans to strengthen its presence in India. Emerald appointed Capt. Dharinder Bhatia, a former senior executive of Tata Group based in Chennai, to spearhead operations in India. It is also evaluating prospects of expanding and diversifying its portfolio in India inorganically.

"While Emerald is poised to bring change in bulk segment, the diversification would be aimed for break-bulk and container segments to have a better control on the supply chain," said Capt. Jitesh Jaipuriyar, Chief Operating Officer of Emerald Maritime.

East coast of India holds great promise for Emerald's growth especially Andhra Pradesh's largest industrial corridor Visakhapatnam, Kakinada and Gangavaram. Chennai, Tuticorin and Haldia have also witnessed rising dry bulk cargo volumes.

Alliance for global port research

Seven leading international universities have set up the Global Port Research Alliance (GPRA). This comes in the backdrop of global and complex challenges faced by the port sector and related maritime and logistics industries. The main objective of the GPRA is to establish a global research, education and teaching platform in port operations, maritime and transport logistics by building collaborative arrangements among alliance members as well as with the industry.

Spokesperson and co-ordinator of the alliance, Dr Khalid Bichou, said "The port industry is highly consolidated and globalised and national boundaries are becoming less relevant in the operations, management, and regulation of port and maritime logistics activities."

Dr Bichou pointed out that the alliance is in the process of establishing links with UNCTAD, the World Bank, ICHCA, Navis, Cargotec, the Port of Brisbane, NICTA and others.

"We will be approaching international terminal operators, global carriers and 3PLs. Areas of collaborative work will include collaborative research projects, contract research, executive programmes and professional training, and student exchange programmes," he said.

GPRA's constituent institutions are: Imperial College London, Malaysia Institute for Supply Chain Innovation, MIT Center for Transportation and Logistics, National University of Singapore, Hong Hong Polytechnic University, Universitat Hamburg and The University of Sydney.

VSA exempted from CCI purview

Competition Commission of India

The Government has decided to exempt vessel sharing agreements among shipping companies from the ambit of Competition Commission for a period of one year.

Vessel Sharing Agreement (VSA), which allows entities to share space in each other's vessels, is a common practice in the shipping industry.

The shipping industry has been seeking exemption for these pacts from the purview of Competition Commission of India (CCI), which keeps a tab on unfair trade practices at market place.

"The Central Government, in public interest, hereby exempts the Vessel Sharing Agreements (VSAs) of Liner Shipping Industry from the provisions of Section 3 of the Competition Act, for a period of one year," according to the gazette notification issued by the Corporate Affairs Ministry.

Section 3 relates to anti-competitive agreements among enterprises. The exemption, for the period starting from December 11, 2013, would be applicable for carriers of all nationalities operating ships of any nationality from any Indian Port.

During the exemption period, when shipping industry entities would not have to seek approval from CCI -VSAs would be monitored by the Director General of Shipping.

CCI comes under the administrative control of the Corporate Affairs Ministry.

China pips US to become world's largest trading nation

China became the world's largest trading nation in 2013, overtaking the US in what Beijing described as "a landmark milestone" for the country.

China's annual trade in goods passed the $4 trillion (£2.4 trillion) mark for the first time last year according to official data, after exports from the world's second largest economy rose 7.9 per cent to $2.21 trillion and imports rose 7.3 per cent to $1.95 trillion.

As a result total trade rose 7.6 per cent over the year to $4.16 trillion. The US is yet to publish its 2013 trade figures, but with trade totalling $3.5 trillion in the first 11 months of the year, it is unlikely to beat China.

The shift in the trading pecking order reflected China's rising global dominance, despite a slowdown in economic growth last year.

Zheng Yuesheng, a spokesman for China's customs administration, said: “It is very likely that China overtook the US to become the world's largest trading country in goods in 2013 for the first time. This is a landmark milestone for our nation's foreign trade development.” China had already become the world's largest exporter of goods in 2009.

However, there have been concerns in recent months over the accuracy of the country's trade data, with speculation that some Chinese companies have overstated their exports to circumvent controls on cross-border transactions and bring more cash into the country.

Analysts said a recent clampdown on such activity was likely to result in more accurate data. In May last year China's foreign exchange regulator, the state administration of foreign exchange, announced plans to more closely scrutinise exports paperwork and impose tougher penalties where deals had been faked. China was fifth in exports of commercial services in 2012, behind the US, UK, Germany and France, the WTO said. China was No. 3 in imports of services, behind the US and Germany.

In economic size, China remains second to the US, with gross domestic product of about $8.2 trillion last year, about half that of the US. Uncertain global demand, a stronger yuan currency and rising labour costs have recently taken their toll on Chinese exporters, but analysts believe sales could pick up modestly in 2014 due to improved demand from the United States and Europe.

“The strengthening of developed economies will likely gradually lead the global economy out of the financial crisis, which will improve the external environment of China's exports,” said Zheng. China's Commerce Ministry has pledged to maintain steady trade growth this year and further balance its trade structure by increasing imports of raw materials and energy products.

Decline in import reduced CAD in Dec

Exports from India grew 3.49 per cent in December to $26.3 billion, while imports dipped 15.25 per cent. This helped to narrow the trade deficit to $10.1 billion in December compared with $17.5 billion in the same period of 2012.

Exports had been growing in double-digits since July 2013. However, in November 2013, growth in shipments came down to 5.9 per cent.

The decline in imports was led by gold and silver, which dropped 68.8 per cent to $1.8billion in December 2013, on account of a series of restrictive measures taken by the government to tame gold import in an effort to control the current account deficit (CAD). In the previous month, import of gold and silver stood at $1.05 billion.

According to a YES Bank report, the CAD for FY14 will be lower than expected, in the range of $35-40 billion.

Total exports during April-December 2013 stood at $230 billion, up six per cent over the $217 billion in the corresponding year-ago period. Total imports during the first nine months of the current financial year registered a decline of 6.6 per cent to $340.4 billion, compared to $364 billion in the corresponding period last year.

“We are well on the track of the exports target of $325 billion in FY14,” Commerce Secretary S R Rao said.

Import of crude oil in December 2013 reached $13.89 billion, up 1.1 per cent from $13.75 billion in the year-ago period. Total crude oil imports stood at $124.95 billion, which was 2.6 per cent higher than the oil imports of $121.83 billion in the corresponding period in the previous year.

In December 2013, non-oil imports reached $22.58 billion, compared to $29.29 billion in the same month in the previous year, registering a fall of 23 per cent. During the April-December 2013 period also, non-oil imports dropped by 11.1 per cent at $215.42 billion, compared to $242.41 billion in the year-ago period.

d'Amico Group adds four eco-ships to fleet

The d'Amico Group, one of the leading shipping lines, has launched four new state-of-the-art 'eco-ship' vessels in Ulsan, Korea, designed in collaboration with the Hyundai Mipo Dockyard.

The four new units will be added to the fleet of tankers belonging to d'Amico Tankers Ltd, 100 per cent owned by d'Amico International Shipping, guaranteeing significant results in terms of energetic efficiency, and therefore the related economic performance of the vessels, as well as reduction in emissions.

The "Eco Tankers" project, envisioned by the d'Amico Group and carried out in close collaboration with the Korean dockyard, marks a turning point for the maritime transport industry. The unique design of these vessels allows them to obtain an average saving of 6 tonnes of fuel per day (for vessels with a full load and a constant speed of 14 knots) and the consequent 20 per cent reduction of CO_2 emissions.

"We are proud to open the year with the launch of the first four vessels built in collaboration with the Hyundai Mipo Dockyard. This collaboration has enabled the creation of what we may define the latest generation of eco-ship vessels. This will allow us to further increase our competitiveness and leadership in the international shipping industry. The plan for new launches does not end here. In 2014, the group will launch more new vessels in the dry cargo business area," said Paolo d'Amico, President of the d'Amico Group.

The four new RINA classified vessels, whose purchase orders amounting to a total of $127 million, were named as *Cielo di Gaeta*, *Cielo di New York*, *High Freedom* and *High Discovery*. All the vessels are 183 metres long and 32 metres wide.

DFR soon on VPT satellite port

The plans to build a satellite port by the Visakhapatnam Port Trust and a captive jetty of the Rashtriya Ispat Nigam Limited are under study. Based on the studies, Detailed Feasibility Reports (DFRs) will be submitted the consultants and a formal decision is expected on the funding pattern to take up construction, subject to obtaining clearances.

While the VPT engaged Aecon, a consultant of international fame, for conducting DFR, the RINL, the corporate entity of Visakhapatnam Steel Plant, appointed RITES, a Government of India enterprise specialising in engineering, consultancy, and project services. Both the VPT and RINL have their own sites. VPT owns 172 acres with waterfront area of 2 km at Mulakedu near the 17 century Dutch township of Bhimili.

The idea was conceived mainly due to congestion at the main port and the cargo demand that will emerge in future. The project is expected to involve an investment of ₹2,000 crore. On the other hand, RINL, a Navratna company, which has plans to invest ₹22,000 crore to increase its capacity to 12 million tonnes in next three to four years, has its own site on its backyard.

SBI asks for relaxation on shipping loans

Close on the heels of Bharati Shipyard requesting the Reserve Bank of India to extend its loan repayment period to 15 years from 10, the State Bank of India has written to the central bank, seeking relaxation while accounting for loans made to the shipping sector. Bharati had also sought a pause on interest payment for two more years.

Loans made to the company are most likely to end up as non-performing loans by March end. Banks are refusing to release sanctioned funds to the company as the company still has to meet certain requirements on collateral under the corporate debt restructuring (CDR) program. Banks had sanctioned ₹300 crore to Bharati under a CDR package. Bank of India has already classified its loans to Bharati as NPA.

Hong Kong may set up new maritime body

Hong Kong is looking at setting up a new statutory maritime body. "In the coming year, the government will work out the specific functions, structure and funding of the proposed new body and consult the industry. We will then take forward the necessary legislative procedures as soon as possible," Hong Kong's Chief Executive Leung Chun-ying said in his annual policy speech.

"Hong Kong enjoys a competitive edge in developing quality and international maritime services, such as ship registration, management and broking, shipping agency, ship finance, maritime insurance, legal and arbitration services," he said.

He noted that a consultancy study on enhancing Hong Kong's position as an International Maritime Centre had been completed and concluded that the city is well positioned to develop high value-added maritime services.

China-Japan trade likely to remain sluggish in 2014

Trade between China and Japan is likely to continue its slack trend in 2014 due to prolonged political tensions and structural change in East Asia, according to analysts.

Last year, trade between the world's second-and third-largest economies declined despite the depreciation of the Japanese yen and China's achievement of becoming the world's largest goods trader.

"Political tensions were primarily responsible for the trade slide last year. Economic factors were a secondary reason. The islands dispute and the war shrine visit of Japan's Prime Minister Shinzo Abe in late December have frozen bilateral ties. This could never have avoided affecting trade relations," said Zhang Jifeng, a researcher from a leading Japanese government think tank.

According to the Institute of Japan Studies at the Chinese Academy of Social Sciences, the trade prospects were improving before the end of last year with shipments increasing between the two economies after declines in the past two years.

The China-Japan trade slide in 2013 was 'not normal' in that the economies of the two countries registered satisfactory growth, and both countries' trade growth accelerated from the previous year amid a world economic recovery.

"I was optimistic had it not been for Abe's shrine visit. But now it's very hard to predict the bilateral trade prospects. I'm really not confident this year. There is a high possibility of another slowdown because no signs suggest improving ties between the two countries," Zhang said.

According to Li Jian, a researcher from the Chinese Academy of International Trade and Economic Cooperation, a think tank under the Ministry of Commerce, China-Japan trade is likely to remain sluggish in 2014 and the improvement, "if there is one, will be very small compared with China's trade growth with other partners".

In 2013, Japan was China's fifth-largest trade partner. Bilateral trade declined 5.1 per cent year-on-year to $312.55 billion, accounting for 7.5 per cent of China's total trade value, according to the General Administration of Customs.

China's exports to Japan went down 0.9 per cent to $150.28 billion while Japan's exports to China declined 8.7 per cent to $162.27 billion, leaving China with a trade deficit of $11.99 billion.

Bilateral trade in 2012 decreased 3.9 per cent year-on-year to $329.45 billion, about 8.5 per cent of China's total, according to China's Administration of Customs.

China and South Korea are the leading trade partners of Japan while China is heading to become the world's largest goods trader.

Japan's non-financial investment in China reached $6.76 billion, up 2.29 per cent from a year earlier in the January-November period.

Shenzhen pips Hong Kong to become world's third busiest port

China's Shenzhen surpassed Hong Kong to become the world's third-busiest container port for the first time in 2013, as a strike diverted ships away from the former British colony. Terminals in Shenzhen, in Guangdong province, handled 23.3 million twenty-foot equivalent containers last year, outpacing Hong Kong's 22.3 million in the same period, data from the Transport Commission of Shenzhen Municipality and Hong Kong Port Development Council show. Port workers at billionaire Li Ka-shing's Hongkong International Terminals Ltd. went on a 40-day strike in late March last year, demanding higher wages. Evergreen Marine Corp. Taiwan Ltd. and Japan's Mitsui OSK Lines Ltd. were among shipping lines that diverted vessels to other ports.

NYK Group acquires Tranco Terminal in Kazakhstan

NYK Holding Europe B.V, an NYK Group company, has fully acquired ownership of Tranco Terminal, the largest car-terminal operating company in Kazakhstan. Operations have already begun under the renamed new company, NYK Auto Logistics (Kazakhstan) LLP. In Kazakhstan, auto sales are rapidly increasing, and a number of auto companies are making plans for a surge in sales.

By acquiring full ownership of Tranco Terminal, of which the NYK Group previously had 25 percent ownership, NYK will attempt to accommodate that strong demand by improving the domestic bases and enhancing the speed of transport service between the bases in Kazakhstan.

Besides, the company will lay out a framework capable of accommodating the demand for transnational inland transport from the China and Russia areas bordering Kazakhstan, and will provide a service to fulfill the various transport needs of customers.

India to import LNG from Mozambique

India is planning to import over 40 million tonnes of liquefied natural gas (LNG) from Mozambique to meet domestic energy demand. According to Oil Minister Veerappa Moily, Mozambique has agreed to supply gas in significant quantity from one of its largest fields where Indian companies holds 30 per cent stake.

The Government is willing to provide all help to the consortium to commence production. Moily said he would visit Mozambique in February to finalise an agreement that would facilitate Indian firms working in the county.

Carrier profitability driven by cost cutting: Drewry

Freight rates are now largely determined by carrier behaviour. Besides, industry profitability has little to do with carrying more boxes since freight rates remain historically weak. Profitability is driven by cost cutting which is also bolstered by the continued sale of non-core assets, according to Drewry Maritime's 4Q13 Container Forecaster report.

Despite ten GRI attempts last year on the Asia-North Europe trade, average spot rates were still some $450 per feu below where they stood at in previous January 2013. Ocean carriers managed capacity well in the headhaul east-west trades last year and in October, operational capacity had increased by only 0.6 per cent year-on-year. Carriers reported decent industry load factors of around 90 per cent throughout the year despite the absence of a significant 3Q peak season, but freight rates fell drastically on the Asia-Europe trade to well below break-even levels in June and October.

Many carriers reported carrying more boxes this year, but a third quarter industry EBIT margin of 0.9 per cent (excluding the best performers Maersk and CMA CGM), proves that carriers cannot rely on revenue or better carryings to secure their financial future.

Our slow steaming analysis shows that little was done on this front in 2013 to save further costs or absorb additional capacity and the majority of lines will finish in the red for last year.

The immediate successes of GRI attempts, such as the mid-December implementation in the Asia-Europe trade which has pushed spot rates back up to $3,000 per feu continues to give false hope to the industry, since the majority of trades remain over-tonnaged. This positive news for carriers is undone by the realisation that many 2014 contracts have been signed with core shippers on the Asia-Europe trade at rate levels of between $300 and in some cases up to $700 per feu below those signed in 2013. Even with the bigger ships now being deployed, carriers will still find it difficult to make a substantial profit.

The sale of non-core assets is a distinct strategy by many lines to retreat to core businesses and release new cashflow, but this should not detract from the fact that some of their business plans are not working. In this sense, the advent of the P3 alliance in 2Q14 is a game-changer for the three biggest lines to obtain more cost savings.

With 56 ships of at least 10,000 teu lined up for 2014 delivery and 52 next year – and more orders in the pipeline, the industry has an enormous challenge on its hands to manage such a process of change. Operational alliances and vessel sharing agreements will increase out of necessity on all trade routes and the day of the independent operator is over.

Neil Dekker, head of container research at Drewry, says, "The industry's major players are continuing to adapt to a new era in the container industry, characterised by too many ships and cargo volumes on many trade lanes that refuse to live up to previous expectations. Some of their strategies are sound and we have highlighted for some time that the formation of new operating alliances are essential if the industry is to stabilise. However, if these are more positive developments, there are unfortunately the same old negative trends that refuse to go away, and these ultimately take the gloss off the good things that are being done.

Singapore maritime authority cancels two bunker supplier licenses

Singapore's Maritime and Port Authority has canceled the bunker supplier licenses of two companies, Excel Petroleum Enterprise and Lian Hoe Leong & Brothers in January owing to the companies' "contravening the terms and conditions of the bunkering licences," MPA said in a statement.

"With the cancellation of their bunker supplier licences, Excel Petroleum Enterprise Pte Ltd and Lian Hoe Leong & Brothers Pte Ltd will no longer be allowed to operate as bunker suppliers in the Port of Singapore," it said.

MPA said, "Investigations against the companies that used the bunker delivery notes (BDN) of Excel Petroleum Enterprise and Lian Hoe Leong & Brothers are ongoing to determine whether they have also flouted the Maritime and Port Authority of Singapore (Port) Regulations for operating as bunker suppliers without any bunkering licences issued by the MPA."

A bunker delivery note is a document that accompanies the delivery of fuel to a ship and typically contains information such as fuel quantity, quality, buyer and seller of the fuel.

All bunker suppliers operating in the Port of Singapore are required to be licensed by MPA. The bunker supplier's licence is not transferable. Any bunker supplier found to have contravened any terms and conditions of the bunkering licence will have their bunkering license suspended or cancelled.

Last year, five companies in Singapore either give up their licenses or had their licenses cancelled by MPA due to breaches. The cancellations are the first for this year.

USCG issues new rules for non-tank vessels

The US Coast Guard (USCG) has published a Final Rule, requiring owners or operators of non-tank vessels to submit oil spill response plans (known as Non-Tank Vessel Response Plans (NTVRPs)) by January 30, 2014.

Non-tank vessels are vessels other than tank vessels. Tank vessels are generally defined as those constructed or adapted to carry oil in bulk as cargo or as oil cargo residue. The NTVRP Rule updates, and aligns with, the existing IMO and US MARPOL Annex I requirements for a Shipboard Oil Pollution and Emergency Plan (SOPEP), eliminating the need to prepare two separate oil spill response plans.

Among other requirements, the NTVRP must identify the qualified individual who will implement removal actions, the contracted personnel and equipment necessary to respond to a worst case discharge, and any necessary personnel training, equipment testing and drill requirements. There are scaled response requirements related to the amount of fuel oil carried.

For vessels over 2,500 barrels (approximately 340 m^3) fuel oil capacity, a contract must be in place with a provider of damage stability and strength assessment services, as one of nineteen salvage and fire-fighting services requirements. The vessel owner or operator is responsible for deciding whether or not to arrange pre-loading of a computer model with relevant vessel-specific data prior to an incident for “assessment of structural stability”.

South Korea sends anti-piracy troops

As part of the worldwide effort to combat piracy off the coast of Somalia, South Korea has dispatched the 15th batch of troops to the Gulf of Aden in January.

A 4,500-tonne destroyer departed the southern port city of Busan to conduct anti-piracy missions for six months starting in February. Its voyage is expected to take approximately one month, South Korean Navy said.

The Cheonghae unit has been deployed in the Gulf of Aden since early 2009 as part of global efforts to tackle piracy in the region.

The 300-strong contingent is composed of special forces, including Underwater Demolition Team, Navy SEAL team, Marines and Navy pilots, to protect South Korean vessels off the Somali coast and provide support to ships of other nations in nearby waters.

So far, the unit has rescued a total of 25 ships in 17 operations, safely escorting 6,872 ships, including 3,332 Korean vessels, according to the Navy.

Euronav sells oldest double-hulled VLCC

Euronav NV has sold its oldest double-hulled VLCC *Luxembourg* of 299,150 dwt, for $28 million. The vessel is wholly owned by Euronav.

The capital gain on that sale of about $6 million will be recorded at delivery. The net cash proceeds available to Euronav after the mandatory repayment of its debt obligation will be $5 million. The vessel is foreseen to be delivered to its new owner between May 1, 2014 and mid June 2014 which should allow for two more profitable voyages prior to her delivery, according to the company.

The vessel will be converted in a FPSO by her new owner and will therefore leave the worldwide VLCC trading fleet. The firm price of this sale reflects on the company’s strategy to have set up an offshore department capable of understanding the needs of potential offshore buyers as well as having always maintained the ship well above industry standards.

Petredec orders six VLGCs for Hyundai

Petredec has ordered six more VLGCs for Hyundai Heavy Industries (HHI) with 5-10 year charters with Shell in hand for each vessel. Due for delivery from late 2015, the latest order adds to the four VLGCs already on order at HHI and two outstanding options with the Korean shipbuilder. The company also ordered four LPG carriers at Japanese yards in October last year.

“Shipowning is an integral part of Petredec's role as the LPG logistics leader, and to work alongside one of the world's largest oil majors is an important milestone in the company's history,” said Petredec chief executive Giles Fearn.

“We have been actively expanding and rejuvenating our fleet as part of our overall business investment program. The addition of these six units makes Petredec one of the largest owners and operators of VLGCs globally and underlines our confidence in the sector.”

Transpetro orders eight new ships

Transpetro, a Petrobras distribution arm, has given the green light for another eight ships to be constructed near Rio de Janeiro.

The ships will cost Real 1.4 billion ($594 million), part of the Real 11.2-billion budget for 49 ships and 20 river-barge convoys in Transpetro's Promef fleet expansion scheme, the company, CEO Sergio Machado said in a statement . Promef was first announced in 2004.

The ship has 12 cargo tanks and will carry up to 56 million litres of fuel. It is the sixth vessel to be delivered under the scheme in the last two years. Seven more will begin operation this year, Transpetro said.

In 2012, contracts under the program with the Estaleiro Atlantico Sul shipyard near Recife in Northeast Brazil were suspended following a series of delays. The contracts were resumed last May.

Denmark tops Flag State Performance Table

The international shipping organizations International Chamber of Shipping (ICS) and the International Shipping Federation (ISF) have updated the "Flag State Performance Table 2013/2014 ". As per the new table, Denmark scores as a flag state the maximum points.

As one of only 11 flag states, Denmark is top in all parameters in the "Flag State Performance Table 2013/2014". Measurements are made of, inter alia, maritime safety, labour, environmental and flag States meadows element of the IMO's work and the implementation of international conventions, according to Danish Ship Owners Association.

The other countries that have achieved top ranking are France, Germany,

Greece, Isle of Man , Japan, Liberia , Marshall Islands, Netherlands, Russia and the UK.

The annual statement has two purposes: To give companies an overview before they choose to register vessels under a flag, and to give companies a reason to put pressure on a country to improve inadequacies.

First piracy attack of 2014

Dryad Maritime Intelligence has confirmed the first piracy attack of 2014 which saw an audacious and determined attack launched by Somali pirates south of Salalah on January 17. The attack comes hot on the heels of the latest International Maritime Bureau (IMB) annual report on piracy and maritime crime, which welcomes a decrease in Somali piracy in 2013. In the latest incident, a Mothership-enabled PAG attacked a transiting vessel with small arms fire. The on board security team took appropriate action and repelled the attack with a graduated response, culminating in an exchange of fire. The pirates ignored deterrence, and continued their approach, firing at the ship. A robust response from the embarked team was eventually enough to encourage the pirate skiff to return to the safety of its dhow mother vessel.

APL, Maersk , OOCL form new cooperation

APL, Maersk and OOCL have formed a new cooperation on three existing Far East to Indvian Subcontinent services, starting in February 2014. In a Slot Sharing Agreement that also includes partners CMA CGM, Emirates Shipping Line, Hamburg Süd and Regional Container Lines, 18 vessels with a total capacity of about 17,500 teu will be deployed to the three Far East-Indian Subcontinent services.

The enhanced services will enable the carriers to offer three weekly sailings – covering China, Korea, India, Pakistan, Malaysia and Singapore – compared to one weekly sailing currently offered independently by each liner.

"Our multi-carrier cooperation will provide more frequent sailings between Asia's major trading hubs, and at the same time eliminate unnecessary service duplications," the partner carriers said in a joint statement. "With improved operational efficiency and a more comprehensive service structure, the enhanced Far East-India Express services suite will offer shippers flexible and competitive options best catered to their needs."

Martek Marine launches new ECDIS offering

Maritime electronics manufacturer, Martek Marine, releases its one-of-a-kind ECDIS offering to the market recently. Named the iECDIS, Martek's is the first model to integrate a GSM modem, offering automatic download and installation of charts, updates and notices to mariners, reducing the administrative burden associated with CD updates.

The GSM modem uses a mobile network signal to keep iECDIS up-to-date anywhere with mobile signal, even downloading the most recent piracy warnings and weather forecasts which can be instantly overlaid on the chart display itself, according to the company.

Designed and built to military specification for ultimate durability, iECDIS is available on lease as well as outright purchase. This allows for a very flexible commercial model and gives the purchaser the option to try before buying. The cost saving from leasing can be transferred for system integration, crew training and chart licensing and means that vessels can always have the most advanced system on the market.

Bentley Strafford-Stephenson, ECDIS product specialist at Martek Marine, explains: "We've created a market-leading solution which combines cutting -edge technology with a very lucrative commercial proposition and a system which mariners will want to use and ship managers will find easy to adopt.''

"It's a rugged piece of military spec hardware, powered by time-tested, trusted Jeppesen software, with features such as weather, radar, piracy and ice-chart overlays and route planning; it'll have freely updatable charts and software updates which will only take minutes to upload. We're offering iECDIS on a leased or purchased option with flexible licensing solutions. We're developing comprehensive user training packages and, quite simply, it's better than anything else on the market."

Martek's training and chart solutions, iTrain and iChart, will give owners peace of mind that their supplier is ensuring they comply with legislation and get the most from ECDIS. In addition, Martek's maintenance plan, iServ, offers free hardware upgrades through easy hot-swapping of hardware, which ensures the lowest downtime for ships – maximising vessel employment & earning potential.

Govt unveils new land use policy for major ports

New land use policy for major ports is expected to open up new growth options. It will help port administrations to take quick decisions, tender out and allocate land within one or two months when needed.

The government has unveiled new policy guidelines for major ports, aimed at helping them leverage their land resources for commercial advantage. Participating in the 'Ports In India' annual conference in Mumbai, Shipping Secretary Vishwapati Trivedi said, the new guidelines provide necessary regulatory framework for land allotment by major ports. According to him, these guidelines have been drawn to help the ports to carry out leasing and licensing of port land in a transparent manner. Discretionary powers have been reduced and tender-cum-auction has been prescribed as the most preferred method of allotment. Major ports in India have between them 2.64 lakh acres of land, which is a major resource. So far, the land utilisation has not been optimum and often yielded lesser returns. The thrust of the new policy has been on linking the value of land with prevailing market rates.

Under the new policy guidelines, land can be allotted only through licensing in custom bond areas by inviting competitive bidding, while land outside custom bond areas can be leased through tender-cum-action. There is also a provision to license the land outside custom bond areas, but it should be only for port-related activities. The Boards of respective ports can approve leasing of land for a period up to 30 years. For leasing of land beyond 30 years and up to 99 years, approval of the Government has to be obtained through the mechanism of Empowered Committee.

All the 12 major ports of the country are required to draw land use plan covering all land owned or managed by them. The new guidelines are applicable to all major ports in India except for the land relating to township areas in Mumbai, Kolkata and Kandla. The new policy guidelines for land management are part of the ongoing process of port reforms and liberalisation. While major ports owned by the Centre operate in a comparatively more regulated environment, the non-major ports, comprising state ports and private ports, enjoy substantial degree of flexibility. The government has been working towards creating a level-playing field for major and non-major ports. Earlier, in 2013, tariff setting in major ports was liberalised and indexed to inflation and minimum efficiency standards were prescribed for cargo terminals.

The 12 major ports in India – Kandla, Mumbai, JNPT, Marmugao, New Managlore, Cochin, Chennai, Ennore, V O Chidambarnar, Visakhapatnam, Paradip and Kolkata (including Haldia) – handle approximately 61 per cent of cargo traffic. The Government is committed to augmenting the port capacity in the major ports sector.

During 2013-14 it is planned to augment port capacity by 220 mtpa through 30 port projects. Out of these 20 port projects, ports with a capacity of approximately 100 mtpa have already been approved. The remaining port projects, including the ambitious ₹8,000-crore JNPT Terminal 4, are likely to be approved during the fourth quarter of the current fiscal.

Meanwhile, the major ports have welcomed the new policy. Atulya Misra, Chairman Chennai Port Trust, said land in major ports is at a premium in locations such as the Chennai Port which lie close to the city and have limited options for expansion. “But the previous regulations did not permit long-term lease of land to port users. This was a major hurdle in attracting investments to the port to improve efficient land use and operations,” he said.

M A Bhaskarachar, Chairman and Managing Director, Ennore Port Ltd, said the 2,000-acre Ennore Port is stretched to capacity and will soon get an additional 730 acres of Government-owned land from the Salt Department. “The process is in the final stages. The new policy that allows efficient use of land will help the port maximise revenue,” he said.

Rajeev Gupta, Chairman, Mumbai Port Trust, the largest land owner in the city, said, “The port has only 70-80 acres of vacant land that can be used for commercial purposes. Of this, some part of land will be required for port’s own activities and the remaining can be used for leasing purposes.” At present, Mumbai Port earns ₹120 crore by letting out a part of its 740 acres of commercial land to about 3,500 lessees. The port is in the process of leasing out 12.3 acres of land, which is expected to fetch ₹38 crore, Gupta said. However, for JNPT, the impact will not be significant as its land use policy has already been approved earlier separately. mg

Incentives for coastal shipping

In an effort to encourage coastal shipping, the Ministry of Shipping is offering cash incentives to manufacturers for diverting the movement of their products from road and rail to coastal shipping.

To encourage transportation of goods by ships, the Shipping Ministry has approved a scheme to provide cash incentives to manufacturers and shippers for diverting the movement of their finished products from road and rail to coastal shipping.

Producers of steel, cement, fertilizers, sugar, automobiles and commodities as well as cargo operators will receive cash incentives to opt for coastal shipping. The Ministry of Shipping has approved the scheme based on the recommendations of the high-level committee instituted by the Ministry to give a boost to coastal shipping and ease the burden on road and rail movement of commodities.

"A formal announcement on the incentives will be out through a gazette in the next few weeks," said PVK Mohan, Chairman of the committee and Chairman of the National Shipping Board.

As per the new scheme, the fiscal incentives will cost the government about ₹300 crore. This is expected to augment the amount of cargo transported by sea by at least 25 per cent to 200 million tonnes by 2017, according to Mohan.

The Ministry has hired consultancy firm KPMG to study the cargo movement in the country through rail and road routes and suggest measures to shift the cargo towards inland waterways and coastal shipping. India has a 7,500-km coastline, with 13 major ports and over 180 minor ports spread over nine maritime states. But coastal shipping accounts for only around 7 per cent of cargo movement, one of the lowest in the world.

According to the new scheme, new cargo that is transported through coastal shipping will get an incentive of 50 paisa per tonne per nautical mile up to a maximum of 500 nautical miles. The loading ports will administer the release of the incentive and these in turn will be later reimbursed by the Ministry.

"Initially, the new cargo eligible for this incentive will be steel, fertilizers, food grains, automobiles, marbles, tiles,

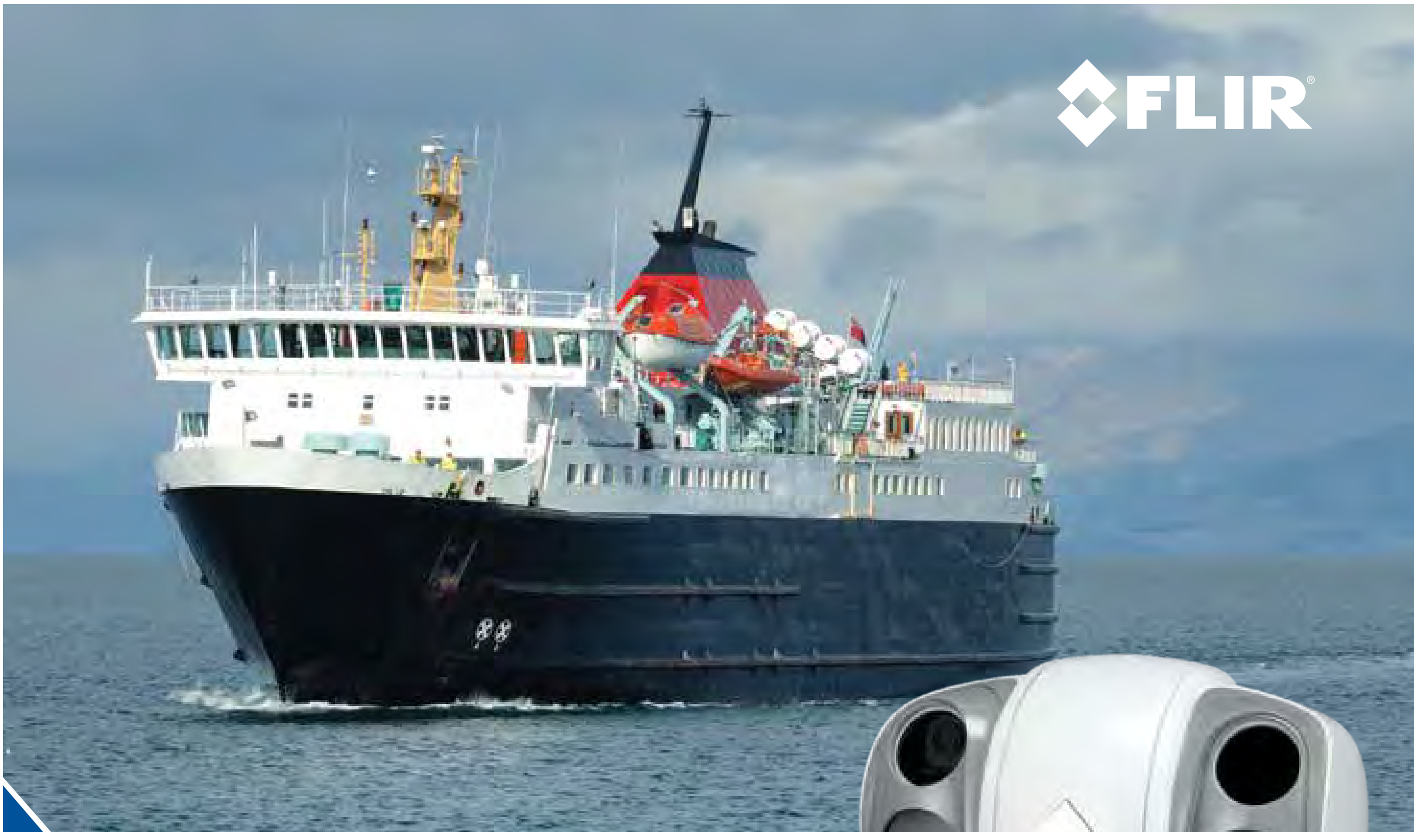
"As per the new scheme, the fiscal incentives will cost the government about ₹300 crore. This is expected to augment the amount of cargo transported by sea by at least 25 per cent to 200 million tonnes by 2017, according to Mohan."

cement, sugar and salt. The list will be later expanded," said Mohan.

The Ministry will also be providing a rebate of ₹1,000/ teu in container terminal handling charges at ports up to a cap of 500 teu/ vessel. The terminal operator will provide the rebate and will be reimbursed by the Ministry. Besides, coastal vessels will now get an additional 20 per cent rebate in port-related charges.

While SAIL is now planning to transport steel by ships; FCI is coming forward to transport rice through ships from Kakinada to Cochin. With the new scheme in place, the Ministry is expecting other units to follow suit.

Under the new plan, bulk cargoes will be eligible for 50 paisa per tonne per nautical mile of incentive with loading ports administering the incentive. mg



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BIG PROSPECTS BIG CHALLENGES

As the year 2013 draws to an end and the year 2014 begins, maritime industry is looking forward to a New Year that can bring in some positive changes. The mood is optimistic as the industry feels the greenshoots of developments in the previous year may lead to 'fruitful' days ahead.

Sreekala G

An unusually long and cold recession can wreak havoc in a cyclical industry like shipping. But the resilience and perseverance showed by various players in the industry helped it tide over a big crisis and mitigate the risks to the minimum. Now they feel it is time to look for new strategies to expand business.

With global economies returning slowly to growth, consumer confidence has been on the rise. This coupled with a revival in Chinese commodity market have brought back some cheers to the industry in 2013. The trend is expected to continue in 2014 though it could take some time for the shipping industry's chronic overcapacity to improve.

Back home in India, there is an increased thrust on infrastructure projects. The government has finally woken up from its slumber. It has now decided to speed up large projects, which are delayed due to complex and unreasonable processes of clearances.

New public private partnerships are emerging at major ports for setting up container terminals. While the new generation private ports are ready to welcome large ships, major ports are also forging ties with private partners for expansion and dredging. This gives immense hope for the industry as this is going to be a continuous exercise.

Besides trade and shipping, logistics segment is set to witness huge opportunities with the proposed Tesco-Tata joint venture. The new alliance may inspire a few other companies to form similar partnerships.

Despite stringent government rules on sourcing, Tesco is taking a 50 per cent stake in the Tata-owned Trent. This shows the potential of the Indian market and the capacity to scale up.

With multinational companies expected to source more from the Indian market, it will have a positive impact on the EXIM trade as well.

However, the industry's expectations from the government are also huge. They want a proper policy direction on public private partnership and land acquisition.

With the government set to face an election in 2014, it may not be wise to expect any major changes in policies. But overall, 2014 is going to be a good year with fewer challenges. The success depends on how well the industry is able to handle the challenges.

In line with this optimism, we have decided to keep the central theme of this issue 'Big Prospects, Big Challenges'. The effort is to take a stock of the situation. The cover story not only covers 2014 outlook but also analyses the challenges and issues faced by the industry and the remedial action taken so far.

We invited industry leaders to pen down their thoughts on what is enfeebling their sector's performance and what could probably help it outshine its peers and contribute to the industry's wellness.

We made them take a stroll down the memory lane to depict a picture of their journey so far. We also forced them to make predictions so that it can work as a road map for the entire sector, for the near future.

And, we used different tools of writing to bring out a comprehensive picture of the entire industry, including, shipping, logistics and ports. While some industry veterans decided to write on their own, some preferred an interview format.

Besides, our flagship event – India Maritime Week – is coming up in New Delhi in January-end. The cover story will work as a soft launching pad for the event, giving a little taste to the readers how the discussions at the event will unfold.

While speaking to *Maritime Gateway*,various stakeholders in the maritime sector revealed that their expectations from the government are also huge. They want a proper policy direction on public private partnership and land acquisition as they continue to face issues that hamper their business and squeeze their bottom lines.

With the government set to face an election in 2014, it may not be wise to expect any major changes in policies. But then policies should not be entirely dependent on governments. Anybody can take a new policy initiative at anytime. In fact, some of the measures can even be taken at an administrative level.

As the industry expects to see a good year ahead, it is hoping the government will pitch in with some new policy initiatives to add to the ebullient atmosphere.

'2013 was a busy year for the Ministry'

Globally, 2013 was a challenging year for the shipping industry. However, ports in India managed to do reasonably well in terms of handling throughput. On its part, the Union Ministry for Shipping has taken a number of initiatives to help the sector. In line with its focus on coastal shipping, the ministry has introduced an incentive scheme for the segment, In an interview with Maritime Gateway, National Shipping Board chairman, Captain **PVK Mohan**, talks about the port segment in the country and the ministry's plan to help boost the industry.

How do you look at the port and shipping sector in the country?

India has seen phenomenal uplift in port sector in the past few years. Major ports which enjoyed monopoly so far are being challenged by non-major ports in terms of efficiency and facilities provided. End users of port today have options to choose the port they want to use for their cargo. Major port such as Chennai is conducting road shows and trade meets to market their port. Still there is more to be done in the port sector and Shipping Ministry is working on it.

Indian shipping too in the recent past has taken a severe beating due to global shipping downturn. The charter rates were the lowest because of which the shipowners were unable to break even. Now the market has started an upward trend and charter rates have firmed up bringing some relief to shipowners. The Baltic Dry Index that tracks global freight rates for ships carrying dry-bulk commodities such as coal, iron ore and grains has jumped 45 per cent in the last one month on the back of increased imports of iron ore mainly from China – the world's leading steel producing country.

Shipping rates in the spot market have increased in the range of 40-50 per cent in the last one month with demand being strong for even the small-sized ships like the Handymax and Supramax. Indian shipowners stand to gain out of this uplift only if they have good exposure to the spot market and not tied up their ships already for long-term contracts. However, markets are still volatile and cannot be relied upon for long-term strategy. Indian shipowners are looking forward to some relief on coastal shipping too. NSB has already concluded the study to uplift the coastal shipping and the Committee has already made recommendations to the shipping ministry.

What are the challenges and opportunities in the segment?

Taxed fuel, Seafarers Taxation and corporate tax structure for Indian shipping companies is not giving a level-playing field to Indian shipowners. This resulted in deployment of old tonnage on Indian coast and poorly maintained ships.

According to a recent study done by ASSCHOM, India has a total of 1,122 ships in its fleet and 41 per cent of these, or 466 vessels, fall in the age group of 20 years and more. Considering that the average life of a shipping vessel is about 25 years, most of the existing vessels need to be replaced. This is the right time for the Indian shipbuilding to rise and take up these orders of overhauling the Indian tonnage. Indian shipowners must renew their fleet and aim to bring down their fleets' average age to 5-10 years with more efficient ships. This will give them the advantage to compete in international trade.

What are the significant steps taken by the Shipping Ministry to help the industry?

2013 was a very busy year for the ministry. We have taken a number of initiatives, mainly related to legislation to strengthen the shipping industry.

We have identified and notified inland vessel (IV) limits, which is a big benefit for coastal shipping. This was a long pending issue and all the maritime states were asking for this legislation. This order is also unique as we have also delegated the powers to the individual maritime states. In those states where maritime boards are not in place, we have delegated the powers to the state port officer. This has been received very well by the industry.

We have also notified the new River Sea Vessel (RSV) rules. This is again helpful for the coastal shipping industry. These classifications are helping lighterage operations and movement of cargo, especially, in the Gulf of Khambhat and Gulf of Kutch and also in Goa, Kolkata-Haldia in the Sandheads region.

In the port sector, although there was a recession globally, our ports have managed to keep up their operations. Non-major ports have also done reasonably well, given the global conditions. Overall, it was a satisfying year for the port sector in terms of the tonnage achieved. There have been initiatives taken to control Tier1 pollution to get the ports ready for the Tier1 capability. This is a very big step as far as the country is concerned. We are taking pollution issues very seriously. We now have the minimum criteria for the equipment that need to be installed by each port. With this, we will control whatever little pollution that exist.

Ministry has also constituted a committee to go into the stevedoring practices in various ports. The committee has submitted a report and each port has a different set of problems. We are now trying to bring in a uniform policy to address these problems that still exist. Through that we will provide a level-playing field in all the major ports. Non-major ports in any case do not have this problem as the ports themselves do stevedoring. If there is any monopoly or cartelisation, we would like to eliminate them.

"In the port sector, although there was a recession globally, our ports have managed to keep up their operations. Overall, it was a satisfying year for the port sector in terms of the tonnage achieved."

What are the steps, you feel, need to be taken to ensure the growth of the sector?

Coastal shipping needs to be promoted and challenges need to be mitigated with time-bound implementation. Several new recommendations have been made to the Shipping Ministry suggesting various incentives to promote coastal shipping and to bring about an awareness among various sectors to embark on a modal shift from Rail/Road to Sea. Prominent sectors like steel, fertilizer, cement, food grains, marble and tiles should take advantage of the new policy.

You were instrumental in pushing for a proposal to set up maritime boards in states. What is the current status?

We have been persistently following up with various states. Some are at the final stages of setting up maritime boards like Kerala. They have sent an ordinance for approval. Karnataka is already there. Andhra Pradesh for some reason is lagging behind, althoughin the last Maritime States Development Council (MSDC) meeting the state government promised that it would get this done in the next six months. We will keep pursuing the maritime states. I was told that Odisha is also at an advanced stage. That will leave only West Bengal and Andhra Pradesh to be pursued.

Are states proactive in maritime and port development?

MSDC is a platform for the central government to be in close consultation with various states. The more frequent the interaction, the better it will be. There are a number of issues related to security, pollution control, setting up of new ports, disused ports that can be like a port of refuge. There are several issues that are being discussed between the Centre and states. This gives the state government a chance to update itself on the latest regulations like the International Maritime Organisation (IMO) guidelines or any other latest regulations on shipping globally. India is a signatory to most of the IMO regulations. India is also now very active in IMO in all the forums including ballast water, wreck removal and bunkering. Constant interaction will ensure that the state governments and the Centre are on the same page.

What are the specific challenges faced by India compared to other South Asian countries?

Land acquisition, environmental clearances and policy delays is taking its toll on Indian port sector. With the approval of the Land Policy in the Cabinet recently, the ports should aggressively work on developing new cargoes depending on the hinterland in their respective areas. Infrastructure projects should be taken up on priority.

Does the PPP model of development need to be improved? How it can be revamped?

The PPP model has worked very well in the Port Sector and more expansion projects should be taken up by various ports to create additional capacity which in turn will be beneficial for the future. Care should be taken to avoid conflict with the trade as also avoid any clash of interests.

How can we ensure a level-playing field for major ports and improve their efficiency so that they can effectively compete with private ports?

With more and more berths and terminals getting privatised to bring in efficiency, major ports should not see themselves as mere land owners. They too should invest in uplifting the port access / hinterland connectivity, and strengthen marketing. Productivity needs to be enhanced for which new equipment needs to be installed in all major ports. The draft in all major ports should be increased to accommodate the largest possible ships keeping in view the future requirements of the trade of the country.

> “MSDC is a platform for the Centre to be in close consultation with various states. The more frequent the interaction, the better it will be. There are several issues that are been discussed between the states and the Centre.”

Does the government managed to meet the Maritime Agenda targets?

Maritime Agenda was an ambitious plan. As far as increasing port capacity is concerned, the efforts are on in right earnest. But we must also not forget the global scenario, where countries are facing economic slowdown. If a country like China cuts down on iron ore purchase, it will directly affect half a dozen ports in our country. Similarly, if steel exports are reduced it impacts our ports. If there is a sudden spurt in food grain exports, that affects the ports positively. We are also governed by the global scenario and global economy. Our growth also will be proportional to several of the initiatives that take place in the rest of the world.

What is the agenda for 2014?

In 2014, we plan to make coastal shipping a rewarding business segment including the incentive scheme. We have started a new a comprehensive pilotage scheme, where we would like to standardise the pilotage across the country. This study is important because we will see the entry level requirements; we will have the necessary electronic equipments like radars and simulators to see how we can upgrade the qualifications and also the practical aspects of the training. We will never be faced with a situation where there will be a shortage of talent. We had gone through a stage where some ports faced severe shortage of pilots. With this integrated and comprehensive pilotage scheme, we will bring that community on one platform and they should be interchangeable – in the sense that they can be transferred from one port to the other. With this, we will have a pool of pilots who can take care of the requirements of the country. mg

Gautam Chatterjee

Director General Shipping

How was 2013 for the shipping sector in the country?

Shipping sector has been witnessing challenges since 2008 and 2013 was no different. But 2013 certainly gave us hope that 2014 would bring an end to this tough times and we would be on the crest of a wave in this cyclical industry.

From the maritime perspective, 2013 was a bad year as things were not looking up for the sector. It gave us time to look back on our strengths and weaknesses, especially weaknesses, and how we could plug those loopholes so that they could be converted to relative positions of strength.

Areas which traditionally have been our strengths – maritime training and seafaring – were some areas where we tried to have a relook at to see how we could prepare ourselves when times get better. We wanted to see India bouncing and becoming a major seafaring nation. Also, since times were not that good, we looked into our own functioning.

We are supposed to regulate/ facilitate the maritime industry from the Directorate General's perspective. We simplified some procedures and introduced some reforms in the way we give out certifications and licenses that led to reduction in transaction cost and time. We simplified procedures for river-sale vessel (RSV) notification and various other certificates we issue. This, in turn helped make the lives of the members of our maritime fraternity better. This was one of our achievements in 2013. Though I may not be able to list out all our reforms, these achievements are nothing short of the proverbial silver lining to a dark cloud.

Now we are looking forward to 2014 and things have already started looking up. I sincerely wish and hope we spring back into our position of eminence this year.

What is your agenda for 2014?

As our strength has always been seafaring, we will focus on maritime training and education this year. In an effort to bring out competent seafarers from our training institutions and to improve the conditions of some of our training institutions which are not in good shape, we have introduced a process called comprehensive inspection programme. This will help grading institutes and putting them in public domain so that people who are inspiring to become seafarers can choose and understand the DG-approved institutes in the country. That is one of our major areas of thrust.

We are also planning to do away with some of the licensing like annual trading license in order to ease out some of the restrictions faced by the sector. We are trying to see whether we can make it into a one-time exercise. We are also looking into the possibility of easing some of the requirements for registration of ships. We are trying to bring in information system (IT) to speed up our process so that we can effectively compete with nations like Singapore which issue licenses online. mg

Amitabh Verma

Chairman, IWAI

Inland waterways in the country are slowly emerging as an environmental and cost-effective mode of transportation. With the success of NTPC's project to move coal from Sandheads to Farakka along NW1, there seems to be many who want to use waterways on eastern part to move their cargo. Inland Waterways Authority of India (IWAI), set up for the development and regulation of inland waterways for shipping and navigation, has played a major role in promoting this segment. In an interview with Maritime Gateway, **Amitabh Verma**, Chairman of IWAI, shares the future plans and strategies to promote this segment.

What are the opportunities that exist in inland waterways segment and how is the sector faring currently?

Earlier, Indian water transport did not get the required boost in the country. Currently, it is the right time to support and encourage inland water transport as there is demand for this sector. This is proven by the fact that NTPC has begun the barge movement of imported coal from the Sandheads to Farakka along the National Waterway

Number One (NW1). We have already started successfully and based on that calculating the benefit associated with this initial movement, NTPC has given a firm commit for moving coal along waterways for its Barh power project in Bihar. This will be operational next year.

Similarly, we have done movement for fertilizers for IFFCO from Patna to Halidia and for Tata Chemicals from Haldia to Patna. These movements started in recently. Third pilot is on for the movement of foodgrains from Kakinada to Agartala through the Indo-Bangladesh protocol route.

With the growth of infrastructure in the last 10 years large number of steel, power and cement plants have come up. As a result, there has been an automatic rise in demand for moving bulk commodities like fertlisers, coal and iron ore through the waterways. Another reason is that the Railways was unable to keep up with this growth rate of industries. So, there is lot of waiting time for the availability of rail rakes. This disproportionate rise in rail transportation has triggered a rise in demand for waterways transport. Then, the congestion on the roads also has increased substantially. There is lot of traffic restrictions on the road for the movement of trucks.

If you take into consideration all these delays and restriction related to rail and road transport, you will realize that waterways is an equally quick mode of transportation. Besides, it is environment friendly and highly cost-effective and requires less waiting time.

What are the efforts taken up by IWAI to promote cargo movement along waterways?

After NTPC's successful project, we started receiving a lot of queries. Now we propose to look at business promotion as one of our activities. So far, in line with the National Highways Authority of India (NHAI), we felt our focus should be on juts developing waterways as NHAI does highways. But there is a lot of difference between a highway and a waterway. People know how to move on a highway even before it is inaugurated. Here, we need to sensitise people, train people give incentives and tell them how to move along waterways.

As part of our integrated effort to promote traffic along waterways, we are planning to set up a business promotion cell in IWAI, where we shall sensitise people, tell the people and shippers about the benefits of inland waterways. We will share the successful experiences with them; preparedness of waterways within the country and the Indian scenario compared with the global scene. We also want to bring the barge operators and shippers together so that they can enter into direct negotiations. We can examine the issues faced by barge operators One such issue is financing of the barges, which they want to put up and a long term firm commitment from shippers for cargo movement. We are trying to tie up these loose ends. We try to get bankers on board to show them that transport along waterways is a bankable fruitful proposal. This is one activity we propose to do after our success at Farakka.

> "The government is also committed to ensure that there is a multi-modal linkage. We are constructing terminals to ensure that the fairways are well maintained and the short available depth is maintained across the year. We are working on that."

How viable is moving cargo along waterways and what are the technological and operational issues faced by shippers?

The viability and economic feasibility of waterways traffic is proven by the fact that Jindal ITF was willing to put up infrastructure for the Faraka shipment of coal. They have again bid for Barh. Had it not been a profitable exercise in Faraka, Jindal ITF would not have bid again. The fact that NTPC has repeated its commitment after seeing the movement at Farakka again proves that the person who is transporting is also set to benefit.

According to experts, this modal shift of transportation of coals from Sandheads to Farakka can bring in \$4-5 saving per tonne. That is a lot of money. Considering that NTPC transports about 3 million tonnes per year, this will result in \$12 million in savings, which is about ₹75 crore a year. So, there is economic feasibility and financial gain. As far as technology is concerned, shippers and barge operators faced some issues as they were moving cargo transportation through waterways for the first time. The main issue was deployment of barges as they did not have sufficient shipbuilding facility available in the country. But the requirement was not too large and they could redesign and get barges.

They also faced the issue of having smaller barges which cannot get too far into the Bay of Bengal up to Sandheads. They had to use five barges of 2,000 tonnes each from Haldia to Sandheads, instead of a single barge of the size 10,000 tonnes. I don't know whether they have organised for barges with 10,000-tonne capacity. But they were planning to do so. With experience they will be able to tie up these loose ends in technology. Many better players in the market have also approached them for providing technology support.

So, technology may not be a big challenge if the destination units are along the banks of a river. In Barh, for instance, we need to construct a conveyor belt which is almost 3 km off the bank of the river, whereas in Farakha it is about 1.5 km. The question is whether the outreach is going up to about 3.5-4 km off the bank. To address this issue, we should promote and incentivise the state governments to expand new industrialisation centres to the banks of a river, especially, those units which require bulk movement of raw materials.

Operational issues were mainly related to customs clearances and that has been sorted out. The navigation lock issue at Farkka has not yet been tested because the present destination for cargo is pre-Farakka lock. But for Barh, we would require to test that. We have also taken up this issue with the Ministry of Water Resources. We need to redo the lock to ensure quick movement of cargo.

Besides these, I do not see any regulatory issues coming in the way related to environment and forest. We have also commissioned a small study on the impact on fishermen due to the movement of cargo.

How do you plan to address the issue of barge availability?

Barge availability is very poor . But I have been told that because of some environmental restrictions in the Goa sector, a lot of barges are lying idle there. Having worked in the western part of the country, they feel they may not be able to work in the eastern part of the country as working environment is quite different. We can persuade and cajole these barge operators to move their barges into this area . At the same time can also look into some constructions.

For the Barh project, which should be commissioned at the end of next year, we will require less than 70 barges of 2,000-tonne capacity because the quantity to be transported is 3 million tonnes per year. This means about 2.5 lakh tones per month, which is about 9,000 tonnes per day. It would need about five barges of 2,000-tonne capacity per day.

Five barges should unloaded everyday and the movement time from Sandheads to Barh will be nothing less than 12-13 days. As a result, we need 60 barges fleet on one way. This means, Barh project would require 100 barges of 2,000-tonne capacity. Then, we require about 35-40 barges for the Farakka project. Together we needs, about 125 barges.

One barge of 2,000 tonnes would cost about ₹10 crore. So, constructing 100 barges would cost ₹1,000 crore. When so many barges are moving, we also need to set up ship repair facilities apart from shipbuilding yards. To promote these activities, the only course available is to look for some funding from some multilateral agencies or getting banks or financial institutions investors on board.

What is the support offered by the government to promote this segment?

The government is also committed to ensure that there is a multi-modal linkage. We are constructing terminals to ensure that the fairways are well maintained and the short available depth is maintained across the year. We are working on that. We are also building a river information system. We have installed the GPS system. We have made electronic navigation charts available. We are trying to upscale the facilities which are available with us. Obviously, all these cannot happen with public funding alone. We have to get the banking system also on board to get the support. In areas like building terminals, store houses there, loading and unloading facilities we can take the public private partnership (PPP) route. Considering that globally, there has not been any fairway development under PPP, we are going to do that with public funding. Other areas like shipbuilding, barges, ship repair facilities and jetty – will have some PPP or we will promote private parties through bank support.

What kind of support you expect from ports?

We have not yet conducted any discussions with ports. But we were thinking that a lot of waterways have openings in the sea, where ports are situated. In such areas, we want to have port connectivity to our terminals. To make port connectivity available, we may require some space from ports to construct road and we may also require some jetties and storage facilities at port premises. We have identified some terminals in the five waterways, where we need to have port connectivity also. We are not looking at anything more than this with the ports.

We are working on 31 terminals to offer multi-modal connectivity. We have 70 terminals proposed and already existing on the five waterways, of which we have identified 31 terminals, where we feel we need to have roads, port and rail connectivity. In some of these terminals, we need both rail and road connectivity and in some only road connectivity. We have proposals that envisage to develop these waterways in a particular manner in the next 7-8 years. And, the amount of expenditure we propose in these eight years would entail a lot of investment from private sector as well.

We have not firmed up the plan. It is still at discussions at a senior level and we might be able to see that materalising soon.

How do you plan to mobiles resources for the future development of waterways?

For these programmes, we do not require too much financial resources except for maintaining the waterway ie dredging. Constructing terminals also we do not require direct financial resources. The plan we have adopted is that the shipper who wants to move his cargo is one part and then find a private sector party who is willing to set up the total infrastructure. So the total cost of setting up infrastructure like in Farakka – setting up the transshipper, buying the barges, setting up the hopper, terminal and conveyor belt – have all been done by the Jindal ITF.

> "There is no expenditure from Inland Waterways Authority as such. We just coordinate the entire process and we have ensured that this happens between the two parties – shipper and private cargo transporter."

So, there is no expenditure from IWAI as such. We just coordinate the entire process and we have ensured that this happens between the two parties – shipper and private cargo transporter. What we have promised is that we will make available certain level of depth across the year, provide navigation markings, navigation support, have the charts with GPS and put up river information system in place in the next 7-8 months. It is not a large expenditure.

It is a question of somebody willing to move his cargo, barge operator agreeing to deploy barges in time to move it. We need to coordinate for financing for barge operator. Though nobody has asked so far, we heard some noises that some incentives are provided for a modal shift to those people who are willing to shift from road and rail to waterways. Some barge operators are also taking some support initially. I think if there is a firm commitment of cargo and bank financing coming in they might not require any further support from the government.

For the human resources, we are thinking of associating ourselves with the merchant navy captains who have left the navy. This will be a viable talent pool to tap into. It is yet to be seen how we can associate with them for movement of cargo or with dredging or setting up jetties. I have spoken to some of them and we are looking at opportunities.

We are also looking at providing consultancy services to state governments. Now we have come to believe that national waterways alone will not be enough. It is similar to a situation where national highways in the country will not be of much use if they are not connected to state. Considering that most of the rivers and water ways are under the control of state governments, we need to sensitise them that water can also be used for navigational purposes. So far, they have been using it for drinking water, irrigation, electricity generation and some other industrial use. They are also wary of floods.

We plan to indulge with state governments in 3-4 ways. We sensitise them, request them to set up their inland water transport directorates. We want to create a model directorate, where size of the directorate, functions, salary and qualification of people are planned and kept well.

Are you in talks with any other ministries to ensure cargo support for the sector?

Fertiliser movement which we have just started – iFFCKO moving fertilizer produced at Phulpur to Fatuha, which is about 10 km off the Patna jetty and that is getting on to the barges at Patna and from there moved to Haldia. Similarly, Tata Chemicals has agreed to move its fertilizer from Haldia to Patna.

These will happen only with the support of the Ministry of Fertlisers. We consulted with the ministry and they also played a crucial role in putting this together. The pilot is already on. Once this is successful, then it will almost flow through. We have also been interacting with the Ministry of Food and the Food Corporation of India to start movement of foodgrain from the mainland to the northeastern part of the country. Here, we involve the India-Bangladesh route. Currently, at least two ministries are on board and they have helped quite a bit.

In the case of food grain the tender has already been issued by FCI, some initial clearances were required from the Customs, the Ministry of Home and the border security because movement of Bangladeshi truck has to happen. These formalities have also been sorted out.

However, due to the unavailability of required depth in the Bangladesh rivers and elections coming up in Bangladesh, this foodgrain movement might be delayed. Once we analyse the feasibility of both these pilots, then there will be full-fledged operations.

Henceforth, we will get out of the role of putting two parties together or doing the whole procedures for them so that barge operator can directly contact the shipper or the cargo mover or the cargo mover can contact the barge operator. That is the ideal situation we expect in future.

Like the NTPC project, where we have floated the tender, put them together and offered handholding through the process, we may do one or two such projects for each sector and then move on to the second stage. In this stage, barge operator can ship cargo, we put them together, be available in the meeting, do some consultation and move out. Third stage would be all about the entire process being done automatically.

We look for some other ministries like steel and mines for support to move ore. But the problem is that we have not done a project where the steel and mines available on the waterway. This is where we feel, we need to bring state governments on board to set up their directorate, classify their rivers, ensure that any construction on these rivers should be in tandem with the navigation requirements in the future.

What are the future plans to augment and encourage movement of cargo through waterways?

We need to build capacity for dredging in the state governments because that is one area where we cannot move at the same pace at which we have been moving.

We have been doing dredging for the last 15 years in NW3 in Kerala. Now we have NW4 in Kakinada to Puducherry and NW5 covering Odisha and West Bengal. NW6 in Barak in Northeast is getting approved by the Parliament. These three together will be about 1,800 km. This will require about 100 million cubic metres of dredging. If we do not get private capacity in dredging in the country, and carry forward the way we are doing departmentally, then it will take about 10-15 years to dredge these areas. One possible way is for the state governments to get involved with private capacity and promote business.

We played a catalytic role to promote business on water ways, which we continue for some more years.

After the movement of coal from Sandhead to Farakka we have been getting lots of enquiries from PSUs and some private sector players. Our own officers in the organisation feel that a lot of potential is there for the movement of cargo through waterways. Barge operators have met us. Merchant navy captains who have come back have also met us and some bankers have dropped into see any opportunities for funding . Now we need to put all these energies together.

We plan to organise workshops in at least eastern states, where we have a strong presence of waterways. We hope with the support of all the stakeholders, the opportunities which are going to arise in a year or so will be explored in a druitful manner. Economy will also revive and growth will catch up throwing open more opportunities and demand. But we need to ensure that the industrial growth in tandem with the development of waterways. If not, we will not be able to achieve our true potential. mg

Rajeeva Sinha

Director, Adani Ports & Special Economic Zone

When you look back upon 2013, what do you think were the significant challenges and achievementsof port sector?

In 2013, port sector as a whole could not maintain growth momentum. However, there were encouraging developments. One such positive development was that a big projects like the fourth container terminal at JNPT getting a new lease of life. The project would likely to go through this time. Another major milestone is that in terms of cargo throughput Mundra Port emerged as the biggest port of the country. In all likelihood Mundra will achieve the distinction of handling 100 million tonnes of cargo in a year.

There are other ports which have also been growing, especially private ports, which have shown encouraging results and growth progression compared to other old legacy ports of the country.

In your opinion, how will 2014 unfold for the sector and what are the opportunities?

In 2014, India will have to do some great endeavours to unlock the value and the capacity, which lies across so many old ports. This can be done at a lesser cost and it is the need of the hour considering that this kind of capacity cannot be created in a short time in private sector.

If good projects are available, capital is not an issue. But, unfortunately, the projects which are in offing are highly risk-laden with all the risks being passed to the developer. As a result, many of these port projects on a public private partnership (PPP) basis have not evoked good response. Management of PPP projects right from the inception of inviting tendersto the stage of signing concession agreement, needs a great deal of improvement in order to bring back the growth momentum which was experienced by the port sector two years ago.

Deepak Tewari

Chief Executive Officer,
MSC Agency (India) Pvt. Ltd

MSC is a leading shipping line in the world. As of December-end 2013, the company operates 443 container vessels with an intake capacity of 2,282,000 teu. In an interview, **Deepak Tewari**, Chief Executive Officer, MSC Agency (India) Pvt. Ltd, talks about the need for bringing in a change in the existing fiscal regime to encourage coastal shipping and its experience in using Mundra as a transshipment hub for foreign cargo.

How was 2013 for shipping lines?

From the perspective of shipping lines, 2013 was a challenging year. As far as the Indian scenario goes, with the weakening of Indian rupee in July-August last year, we witnessed an increase in cargo flow for exports from

September-October onwards. This increase in export containers was seen even during the traditionally weaker months when demand is generally low. In India, we are finding that there is demand for exports even in January that is normally a slack month for exports. This is a good sign for shipping lines which are sailing in India.

Globally, 2013 was a challenging year because of overcapacity in terms of container slots and vessels. There has been excess ship building and delivery during the course of 2013. Due to that the main trade routes like the Far East - Europe and Far East- Mediterranean legs have been challenged in terms of excess capacity and less demand. That has put pressure on freight rates and frankly, shipping lines have not made any money. In fact, a lot of them have lost money during the course of the year.

How do you think 2014 will unfold?

We expect 2014 to be slightly better than 2013. But, globally, the overcapacity situation is going to continue. Now with P3 alliance coming in that will curtail capacity because with P3 the top three liners can fix capacity. Top three liners are the ones who are responsible for maximum growth. There will not be any big surge on deliveries of mega six and orders for mega six etc. That will steady the capacity growth. Once capacity growth steadies, then the trade growth will catch up.

In the Indian scenario, export/ import imbalance bothers shipping lines. In 2013, the imports reduced quite considerably because of rupee devaluation. As the imports are reducing we are seeing a bit of a challenge and crunch towards the end of the year. Like last year, we found that shipping lines had an issue in terms of availability of equipments because the imports were low and exports suddenly increased. So, we had to bring empties from other surplus locations to India to meet the demand for exports.

Do you see any shift in the way you operate at Indian ports?

As far as port calls are concerned, we

have not seen much of a shift. We saw Hazira experiencing some volumes. Some of the mainline services which call at Hazira did not get the kind of cargo support that they envisaged. So, some like UASC and China Shipping have withdrawn from Hazira. But, Hazira is slowly coming up as it is served by the feeder operators and liners are giving their boxes for cargo. Main liners are also booking from Hazira.

In Nhava Sheva, the volume throughput cannot increase much as the current infrastructure will not be able to support it. As a result, there is a big crunch and congestion. The demand is high as people want to utilise the port services of the three terminals there. And this demand is leading to congestion and increased cost for the exporters and importers.

Nhava Sheva used to be traditional hub for North Indian bound cargo. This movement of cargo through rail to Northern ICDs has now shifted. This cargo is moving to Mundra and Pipavav. This shift is logical and it saves the trade some money in terms of railway cost. Nhava Sheva is now mainly serving local ICDs in Maharashtra and to some extent in Madhya Pradesh. That has reduced the quantum of cargo that rail used to transport.

What were the significant milestones for MSC in 2013?

We increased the size of our vessels. In that way, we met whatever capacity requirement that was needed but we did not bring in any new services. We started Hazira with the Indian flag feeder and Hazira is transshipped at Mundra.

We have started foreign transshipment at Mundra and have already done about 70,000 teu. We started in August and we are transshipping Red Sea cargo, East Africa cargo, Pakistan cargo and a little bit of Gulf cargo at Mundra to connect to mainlines. I think we are the only shipping line that is actually doing foreign transshipment in India. It is because Mundra gave us the opportunity

How are other ports faring in terms of cargo growth?

Cargo growth happened in non-major ports. There has been no growth in cargo at major ports. As far as MSC is concerned, in 2013, we started calling at Krishnapatnam. We were the first to start feeder service with our own feeder to pick up cargo from Krishnapatnam. That is now improving slowly. We expected the volumes to grow much faster. Of course, the trade has its own pace here in India.

We have tested the Indian ports to their capacity in terms of size of vessels. We are operating regularly 9,000-teu ships in Nhava Sheva and Mundra. We brought in 14,000-teu ship to Mundra and it worked very well for us.

What kind of policy improvement you would like to see in 2014?

W all like to see and hoping for a very long time is the development of coastal shipping in India. There has been significant growth in inland waterways segment, especially on eastern side of India. It is an encouraging trend and should spread to other areas as well.

Coastal shipping due to some reason was left as an orphan for a long time. Every year we hope that something will come in terms of policy. What is holding back coastal shipping is the cost. This cost can be reduced only by introducing a new fiscal regime by the government.

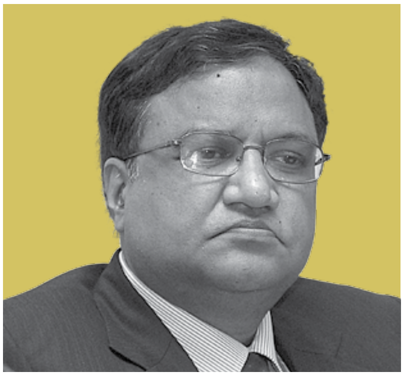
Operating cost of an Indian flag vessel is currently 40 per cent higher than foreign flag vessel. On the contrary, we should encourage coastal shipping because it is environmental-friendly and will help reduce congestion in land-based transportation segment. I would like to see that happen in India. If that happens there, a lot of foreign investment will come to the segment with foreign players registering ships under Indian flag. Most of the foreign container lines employ Indian crew. Considering that they are already taking Indian people, they will be happy to flag in India and be part of the coastal trade if the fiscal regime changes or it becomes more conducive.

We would like to see foreign cargo being moved from one Indian port to another so that hub and spoke system would work better like we did in Mundra. At the moment, we are using a third-party service provider – an Indian flag vessel and their cost is very high. If we put one of our ships and if it was not an India flag, our cost will come down by 40 per cent. Ultimately, the customer and trade will be benefited.

This will also help Indian port revenue to be retained in India rather than giving that to Colombo or Salalah or to a feeder transshipment hub somewhere else. That revenue is rightfully Indian and we should claim it back. That can only happen if the existing fiscal regime changes. mg

A K Gupta

CMD, Concor



Notwithstanding the macroeconomic slowdown and low port volumes, Container Corporation of India (Concor) managed to achieve a good growth last year. In 2013, the company focused on creating capacities for future. In an interview with Maritime Gateway, Concor CMD **AK Gupta** talks about the company's effort in creating new hubs and how it can pave way for a new trend in container transportation and evacuation in the country.

As we are entering 2014, how do you look back upon 2013?

We are happy with the way things have been for Concor in 2013. In the first half of the previous year, we grew at a rate of 8.5 per cent, despite the discouraging economic conditions. But we managed to achieve that growth. Our domestic growth has also been very good to the tune of over 13 per cent, which is a big consoling factor for us. Overall, we found 2013 to be a good year for Concor.

In stark contrast to the slow growth in port volumes, which was at just 1.5 per cent for all major ports, Mundra and Pipavav put together, we are happy that we could achieve 8.5 per cent growth.

Our imbalance between imports and exports has also come down, which was a major problem initially. It is a healthy sign that exports have picked up. On the whole, we are pretty satisfied although we could have done better.

What were the significant achievements of Concor in 2013?

The most significant aspect of the previous year was that we used it as an opportunity to create capacities for future. This year, Concor will be handling about 2.5 million teu. If we have to grow at 7-7.5 per cent, we need to increase this to 4.5 million teu. So, we are concentrating on creating capacities for meeting the challenges in future because sooner or later this growth will come.

We invested ₹1,900 crore on creating capacities during the Eleventh Five Year Plan. This Twelfth Five Year Plan, we have set an investment target of ₹6,000 crore from our own resources. In addition,we plan to attract private investment. This is being used for creating 15 new logistics parks and our user increments in the number of wagons and equipments. We are under the process of commissioning three new RTGs at ICD Tughlakabad. The new state-of-the-art RTGs will not require lube oil.

We are slowly and steadily moving towards green tech while creating capacities for future.

What are the big opportunities and challenges for the company?

Indian ports last year handled 10 million teu of containers, which I think is too low. The hinterland penetration of this 10 million teu by rail is also very low at around 20-25 per cent. I see a big opportunity when overall teu go up and the increase in the percentage of rail containers.

With the commissioning of dedicated freight corridor (DFC) and the introduction of double-stack technology between North India, Mundra and Pipavav, the capacity has become available. This is one of the big opportunities we are looking at.

Today, I face big challenges from container freight stations (CFSs) in port areas, which are mushrooming.

As a result, there is a tendency for some liners to destuff containers at gateway ports and take their containers back with the exports consignments. This is not desirable and this is anti-multimodal transport. They are forced to do this due to the imbalance in imports and exports in hinterland. They are facing problems due to the excess detention of containers in hinterland as they are not aware of hidden consignments in the hinterland. We are trying to work around these challenges so that liners are motivated and encouraged to bring all cargo to hinterland and move it from there.

How do you look at the changing dynamics of hinterland in Central, East and West India?

Concor has been doing its planning by looking at the expected industrial development which is envisaged and also taking into consideration projects such as Delhi Mumbai Railway Corridor (DMRC) and DFC. We have made detailed studies and have identified locations,where these industries are likely to come up in near future. Accordingly, we are working for handling traffic on those areas.

DFC is going to be a big game changer. Today, a container train on JNPT-Tughlakabad route can run trains with a maximum 90 containers. Once the DFC is commissioned, JNPT to North Indi a, a train will be able to carry 400 containers. We need to create capacities to handle these 400 containers. It is also to be seen whether will get 400 containers for each destination. These are the emerging issues.

We are already taking into account these factors and are developing hub centres, where we will bring containers without any distinction. For instance,we will bring containers for Rewari and beyond for North India to a terminal Khatuwas and from there we will move it to various destinations like Moradabad, Kanpur, Ludhiana and Delhi. This will help move containers faster.

"We invested ₹1,900 crore on creating capacities during the Eleventh Five Year Plan. This Twelfth Five Year Plan, we have set an investment target of ₹6,000 crore from our own resources. In addition, we plan to attract private investment. This is being used for creating 15 new logistics parks."

Today I wait for each ICD to have 90 containers so that we can lift them from ports. As a result, there is a lot of idling of containers at smaller destinations. Naturally customers tend to avoid ICDs because they have to incur additional carrying cost for containers lying at the port for a long time. This in turn discourages ICD movement. We are looking at the entire scenario to see how it will emerge in the next 2-3 years once these new locations become active.

Do hubs provide advantages in terms of quick movement of containers and help offer solution to congestion and evacuation issues?

If you look at the situation at any given point in time, it will take a week for a smaller ICD like Moradabad to generate one train load each to Nhava Sheva, Mundra and Pipavav. If we can move everything to hub, Concor can move 30 containers from Moradabad on every alternate day combined with Ludhiana and bring it to Khatuwas. We can do the same at Pipavav. This will change the entire pattern of transportation.

Unless we plan for new trends in clearances we are not going to be successful, especially when the train capacity becomes 400 containers. If we do not, then I am afraid, with the present train traffic, except for ICD Tughlakabad there may be no other ICDs having 400 containers at any point in time. We may have to wait for weeks for every destination. mg

Umesh C Grover

CEO, Indian National Shipowners Association

The Indian National Shipowners' Association was set up to enhance and protect the interests of the Indian shipowners. Over the last many years, its helmsmen have been trying to reverse many an archaic policy and introduce a level-playing field for ships flagged in India and abroad but run by Indians. In a conversation with Maritime Gateway, The new chief of the Indian Shipowners' Association, **Umesh Grover**, talks of the pressure points he is trying to ease. Several issues are being ironed out in tandem with the Ministries of Shipping and Finance and the Director General of Shipping. The concerns range from taxation to assuring cargo for Indian vessels. In the conversation, the CEO of INSA spells out the matters that are waiting to be resolved and Insa's agenda for 2014.

On Place of Provision of Service Provider Tax

The first is the Place of Provision of Service Provider tax, Rule 9, also known as PPOS9. This was introduced in July 2012. It says that transportation there's a tax of 12.5 per cent if the services are rendered for less than 30 days. It was introduced to keep the private tour operators in check. This has been extended to Indian shipping as well. So, when an Indian owner charters his ship the place of provision of the service provider is taken as a base. Now, if you are undertaking a journey from Hong Kong to Singapore, because you are an Indian shipping company, you are paying a tax of 12.5 per cent. Now, if a foreign operates a service, he provides a service from Mumbai to Chennai, he is not required to pay service tax. This makes the Indian player uncompetitive compared to other players. This is again a fight for survival.

In addition to the old taxation rules, we are also trying to sort of the new issues that have cropped up. I'm trying to read the member budget. After meeting with joint secretary in the ministry of finance, we hope that this tax gets reversed.

On Cenvat Credits

The next issue is of the Cenvat credits. We have a feeling that it will not come through this financial year because it has to go as part o the budget. But we want to have it included in the note for the budget that will be included in the July budget.

On Serve from India Scheme

The third is the Serve from India scheme - the service provider is based in India. The management and the commercial crew are all here operating from India. Hence, the services sector is supposed to be exempted from tax like the IT sector. We are not currently exempted from tax.

These are issue we are taking up with the ministry of finance.

On matters awaiting discussion with the Ministry of Shipping.

There are other issues that we are taking up with our own ministry. The DG shipping has taken care of a number of pending issues and some of them have been addressed.

1. General Trading License (GTL): This was being given for a voyage and short duration. Earlier the GTL was issued it was linked with the certificates. Some certificates used to expire after six months and each time the owner had to approach the DG for GTL. Now they have agreed to extend the validity of GTL; it has been delinked from the certificate validity. GTL will now be issued for 10 years, the only condition being the validity of the registration of the ship.
2. Registration of ships in India: New registry of shipowners for second-hand ships. The methods have been simplified.
3. International Safety Management Code: The companies have been asked by the DG to submit a note on their financial position for obtaining the document of compliance. The company is required to give a financial statement issued and signed by the Board of Directors that the firm is financially stable, of sound financial health and that all vendor bills have been settled. We are trying to avoid this procedure. The DG's argument is that more than two shipowners in India wound up and another member is in financial difficulty. The DG was concerned about the crew wages and other financial liabilities. We mentioned that this concern gets protected in Maritime Labour Convention (MLC 2006) and that financial security has to be displayed and where minimum employment conditions have to be met. In April this year, the ILO, IMO, the shipowners and the shipping forums and the unions are going to be decided on the methodology and certain norms on financial security will be made mandatory. These norms will come into effect 18 months after this convention ratifies the norms.

What would be your agenda for 2014?

1. The issues that INSA is looking to address at first are matters relating to the LNG policy. The country is going in a big way in the LNG space. GAIL is going to order for 13 new ships and most of the gas is going to come from the United

States and Mozambique and other destinations. Today, an LNG ship takes eight days to complete a full circle, so you need three ships for 7.5 million tonnes. For the remaining tones of gas coming from other destinations, you need about 8-10 ships for the gas to be sourced from Australia that would be coming from 2017 that SCI is part of a consortium.

So there is a lot of avenue of business. Our aim is to make sure that Indian shipowners do not get left behind in this growth story. You have this consortium of Norwegians, Greeks and others who have a monopoly on this business. This business is 25 to 30 years ahead. Now the issue is about raising finance. The moment you have a long-term charter, you can raise both debt and equity.

The second thing we are looking is at Indian controlled tonnage. Because raising finance for ships are not easy from international markets for Indian registered ships. They are comfortable with lending to Indian owners, but not Indian flagged ships due to the DG rules and the legal system in India. So once these banking channels are smoothened out and we have Indian controlled tonnage, we will be comfortable.

2. We are seeking long-term cargo support for the Indian flag vessels. India is importing 187.5 million tonnes of crude compared to 50 million tonnes imported 20 years back. We have become bigger consumers of oil and energy. We are working on a mechanism to giving a long-term commitment to Indian trade so that Indian flags can grow and carry all the cargo that is being imported.

3. Financing of Ships: We are looking at creating some form a corpus fund where cheap finance is available for shipowners. This is at a conceptual stage, but we want to pursue this by talking to both the finance ministry and our ministry.

4. VTS charges charged by Gujarat Maritime Board levies exorbitantly on shipowners. These charges are not levied by any other board elsewhere. Then we have issues with the customs where for offshore vessels, they are insisting on a bill of entry. All our offshore members are facing issues. We have manning issues such as sea farer issues that have been pending for a long time that we want to address.

5. We are meeting the economic advisor finance and we will be submitting the entire document of recommendations to him. The tonnage target of India, policies to support acquisition of tonnage, cargo that Indian needs for food security, tax and pricing issues faced by the industry, the potential of coastal shipping and of course the cabotage policy. mg

Capt. Ajay Kaura
President, NISAA

How do you look at the current status of the ports and shipping sector in the country?

In 2008, during the boom, everyone was projecting the figures well beyond the capacities and infrastructure available. But with the downturn of world economy, available capacities and infrastructure were able to handle the demand. However due to various issues faced by the trade, there is a shift of cargo for hinterland to other northwestern ports which created imbalance in inbound and outbound traffic between respective gateways and ICDs (Inland Container Depot). This resulted in vessels calling more than one port to overcome restrictions faced at Nhava Sheva. Multiple ICDs at hinterland has fragmented the available volumes at ICDs or gateway ports, resulting in delays of formation of trains or evacuation. Insufficient inducement has increased the cost and transit time.

Now with current trends of world economy bouncing back, the overall shipping confidence is high. Volumes are expected to improve in time to come and more capacities and improved infrastructure may be required to meet the expected demand. DFC and DMIC will boost up the much needed infrastructure.

What are the top challenges for the sector?

To keep the cost under control, bigger ships need to be accommodated and challenges being faced by carriers in terms of move count restrictions, vessel size restrictions and calling multiple ports, need to be addressed. As lager ships will need more volumes, storage area, improved handling and evacuation, proper rail and road connection will be needed for the same.

There are several challenges for the sector including frauds, manipulations, shortcuts, unprofessional and unreliable services that are taking toll on the trade. Fluctuation in rupee value has also affected the market and volumes.

As a result of shifting of volumes from Nhava Sheva to other western gateway ports due to strikes, congestion, slow evacuation, move count restrictions, the available infrastructure could not be optimally used. This also leads to more diversion of cargo by road.

There is a need for rail and road complementing each other. Last-mile connectivity can take place by road. Long distances need to be covered by rail. This synergy will help in proper inducement of cargo by rail which will assist in bringing down the cost.

Long-term solutions need to be found for long staying containers – cargo detained by SIIB (Special Investigation & Intelligence Body) or DRI (Directorate of Revenue Intelligence) taking years to clear and containers detained for long time with loss of revenue for all.

Another issue is that importers/ exporters are now allowed to abandon the cargo in case of any dispute and leave it to shipping lines, terminals or customs to clear it through auction or destruction of goods and release containers to lines.

The country should have proper empty yards and repair facilities, organised transport sector, scheduled services, training and accountability to combat the challenges.

What opportunities do you feel the sector can have this year?

The sector has several opportunities in the segments of shipbuilding and repairs, infrastructural development such as ports, waterways, road, rail, warehousing, supply chain, ICDs and ancillary services, and job opportunities.

What are the steps, you feel, need to be taken to ensure the growth of the sector?

There should be regular monitoring of ICDs after initial approval and monthly performance data and information related to the volumes handled should be displayed for public. For any ICD to be approved, ancillary services such as parking, repair and, disposal facilities and transport yard, and HSE policy should be made obligatory.

Every port should have a uniform e-communication platform like PCS (Port Community System) for exchange of accurate and timely information, and it should be applicable for all the facilities handling exim containers.

Government should ensure that ports follow regulations and procedures are in place; plan the shipments from door to the final destination; avoid shortcuts while employing vendors; monitor the shipments and facilitate proper communication.

What is the need of the hour for the growth of the sector?

Despite several hurdles, the sector has many opportunities and growth prospects. So, the need of the hour is the optimum utilisation of assets available, clarity and accountability of authority of service provider or user in the supply chain, timely planning and execution of projects along with doing away with redundant documents or procedures and using e-communication for faster services. As uniform system with time line will assist in using nearby facilities and avoid congestions at selective facilities.

Debashis Dutta

Chairman,Federation of Freight Forwarders' Associations in India (FFFAI)

As the chairman of FFFAI, my focus will be primarily on the areas to solve the problems faced by the customs brokers in dealing with their day-to-day work and making the process simplified and easy with the object to remove the unnecessary hurdles come in the way. This is also the need of the hour for the overall growth of freight forwarding sector. In the current status of customs broker business, the customs brokers are playing a vital role as main facilitator of supply chain management in the whole delivery system of our country. This involves preparation of documents, electronic submission, calculation of duty, and facilitation of communication with government authorities like ports, customs, banks along with importers, exporters, steamer agents, CFSs (Container Freight Stations), freight forwarders and handling agents. Hence, customs broker provides a focal point for import-export trade of the region.

> "With the advent of increasing all-round competition in respective areas combined with globalisation and liberalisation, customs brokers are faced with stiff challenges in their multi-dimensional assessment of performance. Of these, the main challenges are to fulfill the obligations on KYC (know your customer)."

With the advent of increasing all-round competition in respective areas combined with globalisation and liberalisation, customs brokers are faced with stiff challenges in their multi-dimensional assessment of performance. Of these, the main challenges are to fulfill the obligations on KYC (know your customer) on the part of the customs brokers to verify the antecedents, correctness of import export code (IEC No), identifying the client and function of their clients in the declared address by using reliable, independent sources, authentic documents, data of information as per circular no.9/2010-customs dt.08.04.2010 of CBEC (Central Board of Excise and Customs).

Whereas, such obligations are not applicable on the part of other logistics operators like courier services, and we have to overcome this difficult task which poses a real challenge for compliance risk for us.

The new avenues are now open for customs brokers in the logistics equilibrium. In fact,customs brokers are successfully making progress of it in extending their areas function to CFS, ICD (Inland Container Depot) and other areas of operations as a result of these opportunities and the responsibilities of the customs brokers have been broadened to a large extent. The concept of customs brokers in today's works has been changing rapidly. This has been possible with the growing awareness of the need of the change. We always acted in anticipation of changes.

With my long active association with FFFAI over a period of 13 years, I have experienced that FFFAI has been proactively protecting and safeguarding the interests of its members and promoting their professional skills through training, seminars and workshops. Today, I believe India is at an inflexion point and we need to drive change once again. This change will open up new opportunities and new avenues to customs brokers. FFFAI plays a significant role in conveying regular meetings, biennial conventions and interactive sessions through appropriate forums to redefine the active role of customs brokers in the logistics field.

AEO (Authorised Economic Operators) programme that envisages benefits to different categories of economic operators like exporters, importers and customs brokers, is being implemented. Self Assessment Schemes are being expected from the government to a large extent. At the same time, an official approbation from the government is expected to recognise the institute run by FFFAI as self-regulatory authority to issue certificate to act as customs broker like other professional institutes. If so, it will broaden the avenue in imparting knowledge to our future generation. mg

Capt SV Subhedar

President, ICC Shipping Association

When was last report on coastal shipping commissioned?

The last report on coastal shipping was done in 2003 by TCS. It was 22nd report in last 50 years. Unfortunately, its subjective recommendations have not seen light of the day.

The Coastal Shipping Standards Committee, initiated by the then Shipping Secretary P K Sinha in December 2012, has met six times since January this year to discuss the measures to be taken to promote coastal shipping. As part of these efforts, it commissioned KPMG to undertake a comprehensive study on incentivising coastal shipping. The study was sponsored by ICCSA. KPMG submitted its report to ICCSA and was tabled in the Ministry on December 19, 2013.

Incentivising coastal shipping will encourage modal shift and multimodal transportation and this will help in reducing overall costs in terms of logistics, fuel subsidies and land acquisition and curtailing pollution caused by rail and road. By modal shift all of these can be reduced.

Is there a marketing strategy for coastal shipping?

ICCSA is not marketing but is striving to bring about policy changes to enable coastal ship become more attractive than road and rail. ICCSA is trying to promote small port hubs and enhance first-mile and last-mile connectivity. It is seeking GOI attention to invest more in this sector, give coastal shipping as a system infra status.

What is the difficulty in obtaining ship finance?

Indian financial institutions, bankers are not experienced in shipping finance. Earlier, GOI, MoS had SDFC wing which looked after ship finance but it no longer exists. As ship finance is much more global and asset based not company / retail based, Indian shippers are facing difficulties in obtaining finance. In India, besides high cost of borrowing, 100 per cent collateral is required for loans. Ship is not accepted as security because banker does not know the residual value of ship even if it is insured or mortgage registered with DG shipping.

Terms of finance for a road carrier are far beneficial than that for shippers. Even though a ship can be good asset for a period of 25 years, EMI period is limited to just seven years. These unequal terms of finance, has also been a dampener for shippers.

There is a policy that allows 100% FDI allowed in shipping but there are no takers. Why is it so?

There are several reasons for it. High compliance costs, lack of an integrated transport policy, inadequate investments in good ports and port infrastructure are some of the issues that are keeping foreign investors away from India. Moreover, there is not enough political backing to promote water transport in India. I strongly believe that coastal shipping will witness a quantum jump if one or more of key observations in the KPMG report are implemented and the proposed incentives are announced.

What is the amount of incentive and in what phases will it be implemented?

It is envisaged that coastal shipping should see a rise of 20 per cent from very low levels today over next 3-5 years. Actually, sky is the limit if compared to the present levels of shipping in EU, China, Japan.

According to the report, around 20 million tonnes of cargo can be handled by water transport in India, from current 2-3 million tonnes. The incentive is to be given over the plan period 2012-17 and extend it depending on its extent of its adoption.

Some ₹300 crore is available immediately to start the scheme by shipping ministry alone without intra-ministry meetings and other permissions.

What is the quantum of incentive and how is it determined?

Incentive is determined as a median figure based on several commodities and several routes. Median freight differential of ₹500 per tonne comprises of operational cost, compliance cost, ship finance cost and diesel subsidy cost. This is making water transport more expensive than road rail when actually it should be other way around. A cap of ₹500 based on ₹1 / tonne / km has been proposed for containers and another equivalent is proposed to enable small parcels now moving by road rail to go to sea, river to save on fuel, CO_2, social costs etc.

Are there enough ships to carry cargo if more incentives are offered?

There is ship capacity problem. The government is, therefore, considering allowing foreign ship chartering until Indian ship capacity is built up. The proposed incentive is therefore given to ship carrier rather to shipper. Latter will need to be tied up and synergy developed between cargo owner, truck owner and, ship owner. Multimodal transport is most effectively used in the West and USA. Cabotage is partly relaxed and may be on the way out. GOI may also allow India controlled tonnage soon. These are affirmative actions towards promoting the use of coastal ships. Increase in coastal shipping will give advantage to Indian shipbuilding, ancillaries, ship repairs etc.

Sailesh Bhatia

President, Association of Multimodal Transport Operators of India

As the president of Association of Multimodal Transport Operators of India (AMTOI), which you recently took over, what agendas have you set for the association?

We have set two types of agendas – internal and external. Under the 'External agenda', we would like to become an SRO (Self Regulated Organisation). For which, we are in dialogue with DG's office. We want to become like the charted accountants or the doctors (Indian Medical Council) where we do self-recognition and self-governance, both ways.

DG has principally agreed to it. Now, it's only to be worked out on how we should fit into the law as there are certain impediments in the current Acts. So, we need to surpass that and come to the next stage – that is how we become an SRO.

The second thing is how we bring the whole community together under the grievance redressal forum, as it is the need of the hour. There are so many commercial disputes that are taking place, but there is no forum for addressing these disputes other than litigating. As you know, litigation is a very cumbersome and tiring process for EXIM cargo which moves so quick. You cannot litigate as it is not practically possible. So, our agenda is that how we make a proper forum which is recognised by all and supported by all – which addresses the disputes or concerns that the EXIM community has with the service providers. In this direction, instead of becoming an 'arbitration' (because when you get into arbitration, the legalities are different), we want to become a conciliator body where both parties come together and jointly agree with the conciliator proceedings to resolve the issue. These are the two basic big agendas we have for AMTOI.

Smaller agendas: Obviously when we are an SRO, the renewal of licenses should automatically be handled by AMTOI with full support from the parent's office or the nodal office being DG Shipping's office who is looking us. Rather than they doing it, how do we come into their shoes and work it out so that it can be done with speed. Moreover we can popularise MTD (Multimodal Transport Document), which is not the case right now.

Our objective is that, for any outbound cargo and any containerised cargo where multi-modal logistics is involved, a preferred document should be issued rather than some foreign NoC (no objection certificate). So, this is our major focus area. Further, we have a small wish list: we want to purchase our own office; we want to do it with a sizable budget, and I hope in this current year we will be able to do it.

You had several issues with MTO licensing and renewals sometime ago. What is the scenario now?

It has not improved substantially. But, DG's office has been very receptive to the problems which we brought to their notice. It has agreed to reduce the process – the process of renewal as well as the process of license streamlining.

From the MTO prospective, what kind of business growth do you expect in 2014?

The year 2013 has been quite subdued, and the year 2014 is expected to be on the lower range. Once election is over and policies are made, we can see the impact from the second and "the current infrastructure mis-matches or lack of proper infrastructure in the country is our biggest obstacle. Infrastructure is not integrated properly."

third quarter onwards. Globally we have read from reports that Europe and America are improving but the improvement is not showing in the volumes. Volumes are around 30 per cent down and different from sector to sector.

For the multi-modal transport sector to pick-up in a desired manner, what do you think are the basic impediments that the sector is facing?

For true multi-modalism to take place, what we need is good infrastructure. It also depends on how well a multi-modal transport operator uses the infrastructure and gets the back-to-back services from it. Multi-modalism is just integrating all the service providers together, and giving the delivery of the services to your plant with a single document.

Like we discussed earlier in our conversation, the current infrastructure mis-matches or lack of proper infrastructure in the country is our biggest obstacle. Infrastructure is not integrated properly. The moment infrastructure as well as integration of transportation takes place, multi-modal transport sector will see growth.

Is it only because of infrastructural issues or the over dependence on out-sourcing activities at different levels?

If you go back to the roots, it is primarily goes down to infrastructural issues. The moment infrastructure comes to be of international standards, the other levels automatically start increasing. Because the service provider himself is handicapped by the infrastructure he has. For instance, a vehicle which has to come from from Delhi to Mumbai has to cross at least 40 to 50 stop ways, 3 borders (every border is going to have a hault and a break in the journey). Average Indian vehicle does not run more than 300 km to 400 km a day, whereas internationally they do for about 1,000 km a day. So, it is all boils down to infrastructure. The providers might have given quality vehicles, but it is the breaks in journeys, the borders, quality of the roads, that does not allow them to perform better.

So, what steps AMTOI is taking to act on these issues? Do you engage in dialogues with other bodies or other modes of transportation associations?

Since multi-modalism covers all modes of transportation or probably all the different sectors which provides services to the EXIM community, we are one of the first associations in the country to invite all the other segments, industry associations to come on our extended board so that we can have a better understanding amongst ourselves, and try to resolve issues which normally come up during the course of discussion.

So, our basic objective is how we jointly approach the government to develop infrastructure or answer to the needs of the industry by having a single uniform voice. With that aim, AMTOI has got 10 associations, nominees of presidents with their extended bonds, which sits once in every three months. And it's been happening very successfully since the past four to five years.

Is it fruitful?

It is fruitful. Because quite a few issues can be resolved in a friendlier environment over the table rather than having an issue based meeting where the start of the meeting has divided opinion. So, here you are on a single table and you have no baggage. You come ready to discuss issues rather than have a discussion on incidents. So, it's more of a policy direction on a transaction level. mg

Sachin Bhanushali

President of Gateway Rail Freight

GatewayRail Freight Ltd, India's largest private container train operator, provides comprehensive multimodal logistics solutions spanning EXIM, domestic, reefer and terminal services with last mile connectivity helped by a large-scale network and multi-location presence in North India. In an interview, **Sachin Bhanushali**, President of GatewayRail Freight, talks about the challenges faced by private container train operators in the country and the need for right policy initiatives to make the sector vibrant and investor-friendly.

Private container rail operations started almost six years ago. How was the journey so far?

When container rail segment was opened up for private participation, one of the role models that everyone had in mind was the spread as well as the success of Concor, which was an operational and financial success. Everyone wanted to emulate that example. The only nursery for nurturing talent for this sector was Concor. Most of the business plans written by prospective container rail operators were based on Concor model, wherein there was an integration of terminal as wells as rail transportation business.

There were perils associated with this kind of an approach. The Railways, for instance, had provided land for development of terminals to Concor. But this support was withdrawn after the decision for privatisation was taken. Private rail operators had not taken into consideration this aspect while drawing up their business plans.

Also, there did not exist a mechanism, either with the states or at the Centre, for an integrated approval process that would give access to land near railway stations for connectivity. The system lacked an inter-ministerial committee of approval system encompassing Ministry of Commerce, Shipping, Railways and Finance for setting up an ICD. So, the new entrants in this sector were forced to run from pillar to post and this continued for quite some time.

Second challenge was that though container rail operators paid license fee upfront in January-February 2006, the concession agreement that set rules of the game was signed a year later in January 2007. It was something like fait accompli for container rail operators. Some of them have already bought trains also while some like GatewayRail had existing terminal. So signing concession agreement was only a part of the process.

This later led to some major issues as concession agreement overlooked many factors affecting the business of private operators. The concession agreement also provided for a differential pricing, a tool later used by the Indian Railways to cover certain nominated commodities to be priced at a higher price than the container traffic. However, in actual practice, there is no commodity-based charging done by the Indian Railways.

Then there were manpower challenges, which to some extent were taken care of by taking people from port terminals, shipping and rail industry. There was also some amount of manpower recruitment taking place from freight forwarding business and Customs House Agents (CHAs). Over a period of time, the talent management in this sector has reached a level of stability.

What are the challenges in future?

The challenges going forward are related to the tariff regime developed by the Indian Railways. This is not an encouraging trend. There has been frequent increase in rail haul charges over the last six years and this has been more than proportional as compared to the Railways' own charges to its own customers.

On a couple of occasions, they have done a steep increase in charges or freight corrections up to the level of 20 per cent, for its own customers, who carry cargo in Railways' own wagons. Yet, the increase in rail hauling charges for container rail operators and increase in freight rate for customers of Indian Railways seem to be not meeting. This has resulted in the cost of running container rail operations very expensive. There is always an effort to pass on the cost to customers. However, there is a limit up to which a customer can bear this increase in charges. As a result, customers are looking at alternatives mode of transportation by road, particularly for lightweight cargo moving in 40-feet containers.

This in turn had led to another problem of development of hinterland. Hinterland infrastructure for containerisation in terms of rail linked ICDs or road-based CFSs linked to another ICD can be fostered only if there is encouragement from transportation of cargo by rail in both the directions. It has to be a balanced movement.

Over a period of time, due to the disproportional increase in rail hauling charges, the time required for taking cargo to the port has increased. This works the ethos of intermodalism.

Intermodalism means the cargo has to leave from the port and come to the hinterland for it to be handled. In fact, the cargo has to go to the doors or the factory or warehouse. This trend has been discouraged due to the economic advantages in transporting cargo directly to the port or from it.

The economic health of container train operators has not been encouraging. Those who are doing well have sunk in a lot of money, particularly for terminals or for land to develop terminals. However, their returns on these investment are not adequate for those operators who do not have terminals and are dependent on third-party terminals; and economics is not in their favour.

Going forward, this sector seems to be not attracting any capital. The ambivalence shown by the Indian Railways in fostering this sector in a particular direction has resulted in no new investment coming in either this sector or any associated sectors. Though there is adequate investment power available among investors, they are holding back money. In fact, the lack of investment attitude itself is a major challenge.

Are there any issues related to capacity and how do you feel DFC will help this sector?

On capacity side also there are issues. Until dedicated freight corridor (DFC) becomes a reality, adequate capacity on western route will be a challenge. As a result, there are occasions when freight traffic related to fertilizer or food grains increases and the container traffic suffers. Whenever there are natural obstacles like torrential rains in Mumbai areas or fog in North India, overall operation will slow down and translate into poor productivity of assets and operational pressure on the container train operator.

But, I think, that will get resolved with DFC coming in. Though 2017 is the target, even if it is coming up by 2019 or 2020, it can lead to creation of adequate capacity for the next 10-15 years.

How did the slowdown in international trade due to macroeconomic conditions affect this sector?

The other challenge is the imbalance in international trade. International trade is not growing at a pace it was growing earlier. Similarly, containerisation was growing much faster than the growth of international trade in India earlier. About 50 per cent of general cargo was containerised in India compared to 75-80 per cent internationally. As a result, this percentage was growing leading to a double-digit growth in this sector. Both have subsided over a period of time.

This has slowed down the overall pace of growth of the sector to a single digit. In fact, certain months in the last few financial years witnessed negative growth. The imbalance also leads to increase in cost of production and cost of services. It has brought the margins of this sector under tremendous pressure.

Further, due to non-availability of the fourth terminal at JNPT, shipping lines have shifted their business to various other ports on west coast. So, imports are coming to one port and exports go out of another port. This is disastrous for container train operators because they have to take exports to one particular port and deploy a train from that port without getting any containers to the another port for imports. It is a national waste. But, I think, on account of the move-count restrictions under which the shipping lines operate, they have done this by dividing their imports and exports between Gujarat ports and Maharashtra.

Foreign exchange volatility has further added to this problem. The macroeconomic issues as well as structural issues have made this sector walk on thin ice. Though there were no major casualties in this sector there are a lot of players who are suffering deeply on account of this. There are a lot of entrants in this space, who started their business with lot of enthusiasm and pumped in a lot of money. But their returns have not been commensurate with their investment and expectations. Besides, further investments have not materialised. Some of the investments have started rendering negative returns due to these factors.

What kind of support you expect from the Indian Railways and the government?

All these do not entail well for the segment. To some extent, controllable factors lie with the Indian railways and I expect it to look at this in totality and encourage intermodalism not only in international trade but also in domestic trade.

In domestic segment Indian Railways should over a period of time dispense with transportation of break bulk cargo in their covered wagons and transfer the entire segment to private sector. They can do wonders with this policy as it will eliminate the need to handle cargo at any of the railway terminals, which are operated as public goods shelter facility. Containers can be offloaded there and directly go to customers place and railways can then concentrate on dry bulk and liquid bulk transportation.

Other few areas where we expect help from regulatory as well as government authorities are access to land for development of logistics facilities like multimodal logistics parks at crucial locations in hinterland. Besides, providing all the regulatory approaches under one roof is something which is absolutely necessary for this sector to prosper.

Did any of the operators redraw their business plans due to the existing challenges?

All of us have gone back to our drawing boards. Not only investors but also promoters have had very serious thoughts about the investment as well as business model. We have had many brainstorming sessions on this.

Over a period of time, we have taken a conscious decision to distance ourselves from domestic business. Once upon a time, we used to have 60 per cent of the total revenues coming from domestic business. Today, it is down to 5 per cent. We are concentrating on EXIM because we feel that there is no conflict of interest in EXIM sector between railways and us. On tariff and on non-tariff areas there is serious conflict of interest between us and the railways in domestic segment.

We have also slowed down our pace of investment. There were multiple opportunities of investing in locations other than the locations we are currently present in. We are present at four locations – Gurgaon, Ludhiana, Faridabad and Navi Mumbai. We kept other opportunities on hold or have politely declined investment in those locations because gestation period in development of a terminal and then making it economically viable is so long that investing such a huge amount of money in locations does not make any sense currently.

We have completely stopped expansions on the rail side. We have been having 21 train set for the last 48 months. We have not added to our train fleet because there is already an overcapacity in the segment. Whenever required, we are taking trains on lease from other operators. Whenever required we are cold storing our own capacity by stabling trains at our terminals. We have not shown enthusiasm in increasing capacity and that has helped in limiting over capacity in this segment. Limiting overcapacity will help ease out pressure on prices and margins over a period of time.

As a container train operator, how do you see the growth of the support infrastructure like ICDs, CFSs and ports?

GatewayRail believes in rail operator itself developing infrastructure in the hinterland. We never believed in the principle that we run the trains and someone else develop the container terminals in the hinterland. I do not think economically that is a viable model, which has been proven by our experience in this sector at large.

We have maintained the development of terminals as a key ingredient of our strategy. As far as other infrastructure is concerned – on north- west route the rail infrastructure is lagging behind. But there is a corrective action by constructing DFC. Doubling of some of the routes, particularly, in Mundra and Pipavav is essential. Doubling work at Mundra Port to some extent has been completed. Pipavav work has been sanctioned and I think over a period of time the doubling of lines on Mundra Port and Pipavav connecting to North India will get doubled end to end. That will ease out the occasional congestion we face on this route.

One area where infrastructure was adequate but still been problem is Nhava Sheva. It has three container terminals. While one is operated by JNPT itself, the other two are operated by Gateway Terminals and DP World. They have their independent sidings inside the port. Though they operate on the principle of common train handling agency, inside the port this process has not been smoothened. So there is a need to develop a mechanism allowing a mix of trains entering to Nhava Sheva area – carrying containers for all the three terminals and evacuating containers from all the three.

The community of container train operators has not been able to freely swap capacities among themselves and reduce wastages. Though some operators are doing it, some are running combined services and this model was very successful in some of the locations. But, free exchange of capacities among container train operators on the rail transportation side, the way it is done on the shipping side, is not happening. Some improvements can be expected either by structural changes or by software issues.

Do you think there is a shift in container traffic from West to East or any central hub in India?

South India and North India always worked as two independent clusters. West and North always operated as a common group while South India acted as an independent activity centre. On the South there are Chennai, Cochin and Tuticorin. Some new ports are likely to come up catering to the peninsular India primarily by road but to some extent by rail. These ports have never been connected well probably because of economic reasons and trade imbalances in the hinterland in North. So, the North requirement has always been taken care of by West Coast ports.

Many mainline vessels call on West Coast ports as most of the traffic which comes to southern ports are by feeder vessels. The integration of this or a shift in cargo from North to South or West to East has not taken place. One thing that has taken place is that the rail share at Nhava Sheva has dropped from 25-30 per cent to a level of less than 20 per cent (15-18 per cent).

This is at the gain of Gujarat ports. But this was bound to happen over a period of time due to proximity and the double-stack capacity at the two ports in Gujarat. Nhava Sheva will not be ready for double stacking until DFC comes in.

But on a pan-India basis, shifting of cargo from West to East or North to South do not seem to be taking place at all. They operate as different channels bringing cargo to India depending on the final destination where the cargo is going to be. mg

Adarsh Hegde

Executive Director,
Allcargo Logistics Ltd

The year 2014 will be a defining one for India as a whole and thus it will also have a direct effect on the prospects of India's logistics industry, which is the backbone of our economy.

This year our nation will vote for a new government at the Centre. This single act of a democratic union will lay the foundation for future growth and development of the world's largest democracy. Thus, the future roadmap for all businesses and industries will depend on policy measures and priorities taken by the new government.

India has witnessed substantial growth in its economy over the last decade. Irrespective of the global economic turmoil witnessed over the last few years, India has been one of the fastest developing economies globally with consistent growth rate year on year in its GDP. The reasons for India's emergence as an economic power hub have been manifold, but primarily driven by its enormous domestic market as consumption base. The size of its population, growing purchasing power parity and most importantly consistent growth across metros, Tier I, II and III cities has led to major investments not only by Indian companies but also by multinationals, in setting up the backbone of what we see today as a vibrant economy.

These investments have led to new employment opportunities, thus driving social development, which is resulting in changing consumer patterns, needs and wants for goods and services. Rapid growth in industries, such as, consumer electronics, automobiles, real estate, luxury goods, fine wine & dinning, apparels, travel, entertainment etc are all linked to the fundamental development of the economy.

This inertia has reached a threshold, wherein through 2014 it will need a push to propel the economy in the next gear. This push has to be in the form of infrastructure. It is the single most important variable which will drive India's future as a market. The economy will be able to break its average growth rate, only if it is supported by infrastructure such as roads, rail connectivity, ports, coastal shipping, power plants, airports, cargo hubs, manufacturing zones etc.

If we analyse these aspects we can clearly see that all these necessities of the economy are connected to logistics. The sheer lack of above listed infrastructure in India is what is holding this economy back. New economic growth for India will result from its competitiveness to markets such as China, Singapore, South Korea and with regions of Middle East, emerging Asian economies, Europe and the Americas. At present, the transaction cost of doing business in India or from India is substantially on a higher side, i.e. each product manufactured at point A and then transported to point B, has an extra costs of inefficient logistics attached to it. This is caused by delays in transportation due to connectivity issues and bad quality of roads, multi-level taxation at states, cost of fuel, pilferage, lack of options for leveraging rail or coastal shipping as against road, congestion at ports and below-average road connectivity to leading ports. All these challenges of infrastructure adds that extra costs for every product made in India, thus reducing its competitiveness as a market. We can only break this pattern if we invest in critical logistics infrastructure with the aim to substantially reduce the transaction cost of doing business to and from India.

There has been significant efforts in developing infrastructure across our economy – emergence of ports across hinterlands of India, focus on adding roads through national highway plan, opening up of railway as a medium of transportation as against road, coastal shipping as an alternative to efficiently connecting over 7,000 km of coastline – are some of the few. But these physical measures also need to be supported by trade-friendly policies. Each of these measures today faces its unique challenges of policy transparency, level-playing field challenges, approval bottlenecks and lack of unified support from the Centre, state as well as ministries. The very reason why a market like China, Singapore or even Dubai are better placed than India to propel their GDP growth, is because they have these logistics infrastructure in place, whereas India is still lagging behind in that aspect.

In 2014 and with new government at the helm, India needs to clearly give due importance and priority to logistics infrastructure in this country, which is also our country's biggest challenge as well as the largest opportunity.

From an industry perspective, 2014 is expected to be fairly better year than the last few years which are the worst that the industry has witnessed over the last decade. With recovery in the United States and European markets, container trade is expected to see a marginal revival, yet not to the comfort level of the industry. Although, China as a market is going through its stresses, it is still driving global demand. Emergence of markets like Vietnam, the Philippines, Myanmar in the APAC region will also help the global trade overall. Africa driving new demand, in addition to Middle Eastern economies and South America, is also shaping a better prospect for the industry.

These global regions are critical not only to others, but also to India because we consume products and also an export hub to these listed regions. Thus, the growing opportunity in those nations is a positive prospect for the entire logistics industry within India.

With new private ports operational across strategic location of our demography, moving goods from and to India will be more efficient going forward. As a developing economy India's trade is more skewed towards imports than exports, thus core industries like power plant, refineries, urban infrastructure etc. will drive project logistics movement within India substantially. With a renewed focus on infrastructure by the government this industry will see more trade than others in the segment. Demand for heavy equipments for movement of oversized project cargo will also witness substantial growth.

Coastal shipping as an alternative to road or rail for movement of bulk and break bulk is expected to see an increase because for project logistics movement through coastal shipping is the most cost-effective, time saving and efficient medium of transportation. Thus growth in core industries will directly benefit project logistics and its medium of transportation within hinterlands.

Container Freight Station (CFS) and Inland Container Depot (ICD) infrastructure plays an important role in decongesting ports and driving efficiencies in cargo clearance within India. Adaptation of trade facilitating policies by the new government will substantially affect the growth of container movements to and from India and thus the growth of CFS & ICD businesses in the country. First and last mile connectivity also is critical in the entire value chain of logistics, thus it is also linked to increase in overall trade to and from ports and other hubs across the country.

Over the last few years India has also seen companies across various industries outsourcing their 3PL & Warehousing services. This has also resulted in substantial savings in terms of capital and operational expenditure for entities, thus this segment of the industry has also seen positive growth over the years. A hub and spoke model of warehouse management will become a reality for majority of companies across the country, if pending policies related to GST are implemented in due course of time. Supply Chain efficiency because of it nature has become universal in its adaptation, thus multinational and domestic companies already operating in India are well versed with its competitive advantage and will look at substantial outsourcing of the same, if policies favouring the model are introduced in the economy.

The traditional configuration of India's logistics industry with unorganised players dominating in terms of market presence as compared to organised players, is also undergoing a rapid evolution. With a focus on quality, cost optimisation and the rise of consumerism, more and more service providers are moving towards global best practices, quality certification, compliances and integration of IT for delivery services. Thus, the gap between an unorganised and an organised player is getting blurred as the industry moves towards its path.

The industry is attracting investment from internal funds and financial houses, thus strengthening its governance policies. A new generation of India-headquartered multinational companies are acquiring international logistics companies thus multiplying their network, customer base as well, taking the brand India globally. This is expected to continue through 2014 as well, as many larger well equipped logistics companies consolidate their services to create competitive advantage with the sector. Like its global peers, a multi-vendor multi-channel model of logistics delivery in India, is giving way to a much efficient integrated logistics model, which will drive efficiency, cost optimisation and service delivery, in line with global standards.

In 2014 India GDP growth is expected to be at 4 per cent, whereas inflation will hover around 7 per cent. The logistic industry is expected to sustain its growth below 10 per cent through the year. But the most important macroeconomic aspect which needs to be taken into account is that the rationale below the underlying forecasted numbers presented by various government and private reports about the growth of India's logistics industry, is the size of our domestic consumption market and India's increasing competitiveness as an economy. Both of which are expected to sustain its growth path, thus directly affecting in a positive way, the growth of logistics in India. mg

Ms. SanjamSahi Gupta
Director -Sitara Shipping Ltd.&Astral Freight Forwarders Pvt. Ltd.
Founder Member and President, WISTA India

The shipping industry is sailing through turbulent waters. It is highly co-related to the developments in global trade, therefore any adversity in the global economic growth adversely affects the prospects of global shipping fraternity thereby explaining the cyclical nature of the industry.

Shipping is an invisible industry that puts food on our plates, clothes on our back and fuel in our cars and offers tremendous economies of scale. However, we face various challenges such as shortage of talent as we are completing with other industries. The next generation shall inherit a challenging industry. We must be ambassadors of green shipping and change the public perception that shipping is a “dirty” industry. There is an increased regulatory environment but the industry is slow to clean up.

The wide range of taxes is proving to be a major burden. Industry volatility and complex rules add to the issues. A flexible, efficient structure and well understood procedures are essential. The shipping business is capital intensive: technical and environmental developments provide an ongoing need for investment. Managing the workforce and meeting employer compliance obligations at the lowest cost has become increasingly challenging, as shipping companies and groups become more global through alliances and mergers.

The role of women

The Indian shipping industry has come a long way and to become a global maritime hub we need to achieve shipping excellence. And, we cannot achieve shipping excellence without the contribution if women,whose ingenuity and hard work are second to none. If we can strengthen the role of women in the maritime sector, we can attain excellence and effectively serve the international maritime trade.

Although there is no intrinsic reason why women should not find the shipping industry a good career option, it could, nevertheless, be argued that shipping has historically been regarded a male preserve.

While there are many openings for women at lower levels throughout the industry,it is not the same at Management level. It depends on the culture of the company whether it promotes or gives opportunities to the woman. There is more egalitarian culture in government sector and MNCs. However for capable and outstanding women, there is no hurdle. However, I have often wondered if two persons of equal talent apply for job will the man get it due to the majority factor or comfort level?

As President of WISTA India, I am concerned with the promoting and supporting women in management positions within the maritime industry. Shipping itself simply cannot afford any longer to ignore the huge workforce potential women provide,in all sectors--from high level management to the humble but all important seafarer. I had the privilege to meet WISTA International Personality of the year 2013 Capt. Carmen Dewilde, a former Captain of LNG-ships. As many have rightly pointed out, she is one of the very few WISTA sisters who have sailed at sea. We at are in full agreement that lady seafarers are an essential part of our industry and we look forward to having them aboard WISTA. The traditional perceptions of shipping being a man’s world are being challenged and the barriers are falling. We at WISTA India have acted as a rallying point for efforts to attract more women to the industry.

Ms.JyotiKumari, currently sailing as Additional chief engineer on *M.T.JAG AANCHAL* owned by The Great Eastern Shipping Co. Ltd, shares her views on the changing scenario:

1) **Technology aiding the intake and ascension of woman in shipping industry**

   The concept of shipping and the working onboard style has changed drastically in the last 10-12 years. Those days of opening up of main engine and other auxiliary nuts with hammer is now a old story. Automation, hydraulics and controls have taken over in the new era of shipping. The technology plays a significant role now and made the work onboard easier for women. The requirement is now more of brain oriented rather than requiring physical strength.

2) **Thoughts hindering the intake and ascension of woman in shipping industry**

   The old orthodox thought and slow acceptance for the female counterparts in the so called male dominated profession, are being challenged now.

3) **No field is now untouched**

   You pick up any field from marine industry either it is technical or operational, quality management or surveying a vessel, chartering or supplying the vessel, brokering or owning a vessel, nothing has remained untouched by women.

4) **Advantages of having woman in higher management positions**

   I have observed that there is difference in leadership of men and woman. Women are capable of developing a different way of thinking which can result in different approach of management. In general, women can communicate in a more friendly manner than their men counterparts..Such kind of business relation gives positive influence on growth of business and reputation of the company. Today’s shipping business demands ship’s staff to be more methodical and fast communicating. We all know that women are known for their good planning, systematic working style and good communication skills.

5) **Misnomer that woman cannot sail**

When I joined shipping, there were only a few girls from India working onboard. In the initial days of my joining, crew onboard had a mixed feeling of doubt and happiness. They doubted whether I would be able to do tasks or not, specially where physical strength was required. I think it's quite natural in a male dominated profession to think that way when they see female working onboard for the first time. But soon after when they realised that I was working like any of them, they started feeling comfortable. I still remember the comment from my one of the senior staff when I was signing off as 2nd eng: "Jyoti, you have changed E/R. It became more decent, homely, quarrel-free, thus more work efficient." The increased rate of female sailing onboard itself reveals that we girls are proving to be better than our male counterparts and thus replacing them.

Ms. Sharmila H. Amin

(Regional Director),
Bertling Logistics India Pvt. Ltd.

How do you look at the current status of the logistics industry in the country?

The overall scenario is mixed and unpredictable. We clearly see two opposing forces at work in the Indian economy – the dynamism and growth that aims at progress, and the economic slowdown and policy logjam that threatens India's growth story.

The logistics sector is a mirror of India's primary economy – agriculture and manufacturing, and its overall performance is dependent on the growth of these two sectors. Despite having tremendous growth potentials, the two sectorshave underperformed in the recent past.

All these makes the logistics sector a very challenging, but nonetheless exciting space to be in. Challenges – in terms of pricing and cost – are a reflection of current economic storm. At the same time, there a few companies which are doing good business, showing that robust companies will stand out even during difficult economic times.

What are the top challenges the industry is facing?

The economy as a whole remains a challenge, mainly in the "Industrial Sector". The IIP (index of industrial production) growth is sluggish or negative, and overall production is down. With no growth in capital goods or consumption goods production, these are trying times for the logistics sector.

The infrastructure as a whole remains the second biggest challenge. Population has grown, the vehicles plying the roads have grown, but there has not been a significant growth in either the quantity of the infrastructure or the quality of the infrastructure. This adds to the overall cost to the shippers and ultimately to the end consumers.

What are the opportunities for the industry?

I think there are quite a few sectors where the industry has not grown and it has a huge potential to expand. e-Commerce, especially the B2C (business to consumer) sector, is showing a huge growth and there will be need to service this sector. 'Personnel Logistics' is another segment which has growth potentials, especially with people living in far areas due to high real-estate cost.

From an infrastructure point of view, the Delhi Metro Industrial Corridor (DMIC) and specifically the Dedicated Freight Corridor (DFC), within the corridor, will lead to a spurt in growth of industries in this belt and hence the need for logistics. Cold chains and warehouses are another necessity as we move away from kirana stores and go towards more organised retail.

As the logistics industry suffers from regulation roadblock, what kind of policy supports and initiatives you expect from the government?

First and foremost, the government needs to give an industry status to the 'Logistics Sector'. This will lead to greater organisation of the sector and hence a more efficient and professional industry. Secondly, the needless bureaucracy and red-tapism has to be done away with, to be replaced by an integrated policy, a single-window clearance and more efficient regulations – that enhance rather than hinder the smooth flow of goods.

What is the need of the hour or needs to be done for the growth of the sector?

The sector will grow alongwith the growth of the industry. So as long as the government does its bit to enhance the industry growth, the logistics sector will automatically grow.

However, there is a lot that can be done for the growth of this sector. One of them is to explore the potential of our coasts and coastal shipping, which if harnessed properly can deliver fantastic results to economy as a whole. Similarly, our inland waterways can also be source of transport medium, in addition to roads and railways. If these sectors are removed from the clutches of the currently outdated laws and regulations, we can see a tremendous growth in 'Logistics Sector'.

K Ravichandran
Senior Vice President & Co-Head,
Corporate Ratings, ICRA

How do you look at the status of port infrastructure in the country?

The port infrastructure should be looked at from various angles, viz. offshore, onshore and connectivity. As far as offshore issues are concerned, draft has always been a weak link for major ports with average draft length in the region of 10-12 metres, which hampers handling large capacity ships.

Though as part of the Maritime Agenda 2020, almost all major ports have taken up projects to deepen the drafts, they have not yielded any satisfactory results.There are several instances where major ports failed to fulfill their obligations of deepening the drafts as per the concession agreement in a timely manner, thereby impairing the ability of concerned private companies operating under PPP regime from ramping up cargo. Besides, the shipping industry is deploying large vessels of huge capacities to optimise costs, which is not matched by investments by the major ports. While the direction is positive, it requires further improvement so that we can catch up with the demands of the trade.

Most non-major ports on the other hand have set up infrastructure to handle large capacity ships since they have had the advantage of time on their side.

Onshore infrastructure: Mechanisation continues to be low in several major ports as they suffer from legacy issues besides the issue of surplus labour. While PPP projects are addressing this issue, a lot needs to be done before one can take comfort from it. Private ports, however, have been investing on state-of-the-art high capacity cranes, conveyors, stackers/ reclaimers, wagon loading/unloading systems etc which result in faster handling of cargo besides minimisation of cargo loss.

Connectivity: Major Ports have much better infrastructure compared to private ports as they have been around for several decades, with some of them lasting for more than a century. But ports such as Chennai and Mumbai suffer from evacuation issues as they are located closer to bustling metropolises. Unless the long pending road improvement projects are completed, these ports could lose out to nearby ports in terms of attracting incremental cargo.

Compared to other nations in South Asia, what you think are the problems faced by port sector in India?

Compared to some of the South Asian neighbours, major ports suffer from high pre-berthing time due to lack of adequate capacity; low cargo discharge rates due to low level of mechanisation, low draft levels, control on tariffs and relatively high vessel handling charges. Moreover, ports being a concurrent subject under Indian Constitution, there is lack of cohesive policies for the holistic development of the sector, with the Centre and maritime states working almost independently.

Do you think the PPP model of development hasbrought in the desired effect to the sector? If not, what are the reasons? How we can overcome them?

> "Major Ports have much better infrastructure compared to private ports as they have been around for several decades."

PPP projects undoubtedly have brought in modest amount of private capital in various facets of the port infrastructure. Operating efficiency parameters have significantly improved compared to monopoly era, as some of the global port operators have brought in global best practices to the terminal handling operations. However, pace of capacity additions has been sluggish as there are several factors which hamper the progress right from pre-bid to project commissioning stage.

What are the challenges and opportunities for the port segment in the country?

Challenges are on several fronts such as weak macroeconomic environment, which impacts cargo growth; regulatory issues governing exporters/ importers of major cargoes such as iron ore & coal; land acquisition delays; multiple tariff regimes for the private terminal operators in major ports; aggressive bidding resorted to by some private players resulting in impaired project viability in the long run; and long drawn project award process. Opportunities however beckon high credit-worthy developers as several more projects are slated to be awarded in the medium term, which should enable them to grow in scale on a pan-India basis. Notwithstanding near-term uncertainties, medium to long-term cargo growth potential remains good on account of steady growth expected in coal, crude oil and containers.

What kind of solutions or policy support do we need to take to ensure the growth of the segment?

Better project conceptualisation, completion of environmental and forest clearances before award, further autonomy to the MoS/Major Ports, further amendments to the Model Concession Agreement (MCA) to effectively deal with force majeure risks such as ban on iron ore mining which impacts both developers and lenders, and timely termination payments to the developers/lenders. State support agreement, on the lines of the road sector, could also help in timely completion of port connectivity projects. mg

V.B.HARI NARAYAN
Partner, United Maritime Law Chambers

Is the wind blowing towards east?

Statistics reveal that Singapore is emerging as a hub for International arbitration thus posing a serious threat to well-known arbitration centres like London, Paris and Hong Kong. Is this phenomenon diminishing the prominence of century old arbitration centres like London? If yes, what are the attributes for the rise of Singapore and fall of London as a preferred destination for alternate dispute resolution?

Advantages of conducting arbitration in Singapore

Singapore for many reasons is regarded as an excellent venue for dispute resolution, particularly arbitration. Singapore being a party to the New York Convention, 1958, its arbitral awards are enforceable in more than 140 countries. That apart, its national legislation on International commercial arbitration is based on UNCITRAL Model law and the same is being updated by incorporating recent changes on a regular basis.

As stated earlier, Singapore is now widely accepted as an independent neutral venue for dispute resolution, mainly on account of its central location in South East Asia; well connected to the rest of the world. Its multicultural background, with legal and technological advancements coupled with the use of English as a common language, makes it one of the most favoureddestination for parties involved in dispute resolution.

The country'slegislation gives absolute freedom of choice for parties to engage their counsel regardless of nationality and foreign law firms are permitted to engage in arbitration without obtaining a work permit. The availability of extensive research facilities including law reports and journals, state–of-the-art venues with hearing halls and lower cost when compared to other arbitration venues put Singapore in an advantageous position.

Role of Government & judiciary

In recent years, with the support of government, Singapore is achieving prominence as a neutral venue for International Arbitration. In 2012, the International Arbitration Act was amended with a view to further strengthen the status of Singapore as an international arbitration hub. In 2004, the Legal Profession Act was amended removing the restriction on foreign law firms to represent parties in Singapore arbitration. These legislative changes to liberalise and update the legal regime for arbitration have in fact opened up the market in a very big way.

The whole concept of arbitration being promoted as an alternative to litigation revolves around the principle of freedom of choice of parties and less judicial interference. Unlike Indian Courts with its interventionist judicial views, the Courts in Singapore support arbitration process, restricting its interference to the minimal and that too on limited circumstances. This adds to the confidence of parties to recourse to arbitration as a mechanism for dispute resolution.

Growing international popularity

In a recent survey conducted by Queen Mary College of London, it is revealed that countries like UK, USA, China, Malaysia and India (to name a few) use Singapore International Arbitration Centre (SIAC) for arbitration. Since its inception, there has been a tremendous growth rate of more than 200 per cent in the number of new cases filed between 2000 and 2012 and almost 85 per cent of these cases are international. The availability of resources in the form of around 400 arbitrators from as many as 35 jurisdictions, provision for emergency arbitration and use of latest technologies including mobile applications offering users a convenient way to consult SIAC 2010 rules makes it a friendly place for people to resolve their disputes.

The Indian scenario

Internationally there is a feeling that India is an arbitration-unfriendly jurisdiction. This could be attributed partly to the judicial intervention in arbitration process and partly to the delay and lack of infrastructure facilities necessary for conduct of arbitration. Consequently, foreign parties who are involved in contracts with Indian parties are not happy in seating their arbitration in India, but rather prefer neutral jurisdictions like Singapore. Especially in the matter of grant of interim measures, the Supreme Court in BHATIA case took the view that unless expressly excluded, the provisions of Part 1 of Arbitration Act, 1996 would apply to international arbitrations seated outside India. There was a change in this situation only after a decade when the Supreme Court in 2012 BALCO case held that Indian Courts do not have jurisdiction to grant interim measures of protection in respect of foreign seated arbitrations. This decision, no doubt is a positive development in consonance with international arbitration jurisprudence and understanding, which will over a period of time generate confidence in Indian legal system. However, till such time, the real beneficiary of this decision would be SIAC who with their emergency arbitrator provision acts as a viable option. But how far the orders of emergency arbitrators are enforceable is again a debatable issue.

Looking at the low cost of arbitration, a supportive judiciary and proactive executive, one can only say that Singapore is emerging as the most preferred destination among other arbitration venues in the world.

Capt Jitesh Jaipuria
Chief Executive Officer,
Emerald Maritime

With BDI touching almost 2300 marks, dry bulk market is witnessing a new high after a long gap. 2013 has been a long awaited year for many. As per BIMCO, coal imports have grown by 15.7 per cent in January-October compared to the same period last year. Asia Pacific in general and India in particular is gearing up to scale a new height.

But, New Year has started with a volatility of new amplitude. BDI as of January 2, 2014 was 2113 and by January 9 it closed to 1706, almost 20 per cent decline in a week time. Such short cycles give rise to speculations and pose various challenges. Regulatory turbulence being witnessed from Indonesia where one does not have clarity on export ban and degree of possibility of its easing up, adds up to the volatility, at least in Supramax segment. Iron ore export caps from India are yet to be finalised and this may affect the prospects of bigger vessels. These, at times, coupled with speculations of paper market leading the physicals markets weaken the fundamentals.

In today's globalised world, the buzz word is "interdependency". While interplay of politics, inflation, the external sector rebalancing and investments write India's recovery story in the year 2014, firm policies are needed to dispel apprehensions of the Indian economy. A slowdown in Chinese and Indian economy can be 'toxic' for shipping and irony lies in the fact that those who are responsible for macroeconomic decisions may not belong to shipping industry. Multiplicity of various interconnected rationales, i.e. so called "Interdependency" are potent enough to bring 'distortions' in the market and hence the challenges amidst growth possibilities.

This is why, probably time has come when all "stakeholders", i.e. regulators, governments, shipowners; operators, traders, miners etc. have to look into "fundamentals" and try reinforcing the same to minimise the volatility. One has to understand that revival of shipping is very much dependent on the prosperity of associated economies. The solution of shipping lies beyond shipping. It possibly lies in the "facilitation of the trade" where bodies providing trade finance become as important as those who trade.

The sentiment at the moment is that the market will continue to drop for the next week (maybe two weeks or after the Chinese new year) before turning and start to firm. This firmness is expected to continue until Q3, where market may witness peak of the year.

Delays in ECSA last year meant June-Aug remained higher than the previous years, based on seasonal historical rates these levels are expected to be less than Feb-May and closer today's levels maybe slightly higher as the mineral restocking period commences capes which usually supports the Panamax. This year the expansion in Australia is expected to produce a further boost compared to last year. Aug-Nov is expected to see another return in the firmness of the market with rates coming close to Feb-May levels but slightly less.

However, to make freights work for all, there needs to be a concerted recovery of confidence in the underlying market. Stakeholders have a tough task ahead to demonstrate the confidence and a direction.

Conclusively, the need of hour may be "Introspection", "Innovation" and "Integration" (3Is). "Introspection" is warranted to challenge and change what is being practiced for ages. For example, the derivation of Baltic Panamax Index (BPIs) is derived based on routes which does not include Australia-India, Australia-China where volume of trade is substantial. How can it serve as a "beacon" for many and how accurate such indexes be for a Charterer? We need to ask why we are not doing what we are not doing and challenge ourselves. "Innovation" is needed to see what best we can do to bring the cost down for the end consumer and slow steaming alone can't be the answer. "Integration" is definitely needed to propel the atmosphere of consolidation for good of all. Integration can have the potency to overcome the demand and supply imbalances and bring prosperity at sectorial levels.

Last, but not the least, 3Is have to be initiated by an 'I" i.e. an Individual and much needed revival of shipping has to originate from collective efforts from each one of us. We have a task ahead, 2014 has to be better than 2013 and 2015 has to outsmart 2014. Good luck all!

Diljeet Singh
Chief Sales and Marketing Officer,
Gati-KWE

How do you look at the current status of the logistics infrastructure in the country?

The present state of logistics infrastructure in India is lacking investments in planned infrastructure like warehouses, transport centres, ICDs and SEZs. Despite cold chain infrastructure development have been very sporadic, the concept of "Integrated Cold Chain" is non-existent. Major investments on these infrastructure have come from government agencies like CWC (Central Warehousing Corporation), SWC and CONCOR (Container Corporation of India), while the private sector initiatives are small and sporadic. Private sector warehousing iscurrently of poor quality, small, fragmented and does not meet infrastructure standards. No quality standards or benchmarks are followed in infrastructure creation; also there is no nodal agency for warehousing and supply chain industry infrastructure. Also, some of the investments from private sector are lying under utilised hence perhaps causing delay in further investments.

What are the top challenges for the sector?

The logistics sector has several challenges to address. The major challenges are increasing cost of operation, lack of investments and acute pressure to innovate for improvement in service offerings and efficiencies. The industry is people-dependent; currently there is a huge shortage of skilled personnel on many fronts starting from labour, drivers to middle level managers. Attracting and retaining talent at both senior level and lower level has become a huge challenge, especially with the boom in other sectors creating acute competition for front line jobs in urban areas.

Other factors including infrastructural bottlenecks and government regulations also affect the logistics sector. Low penetration of IT integration across regulatory bodies and lack of proper communications infrastructure also result in delays, lack of visibility of data and real-time tracking ability. Clients have come to expect real-time update as hygiene factor of logistics. IT services and capabilities of interface between various platforms of IT and customising the output as per customer requirement have become the ground to display actual capabilities.

With easing demand in mining, automotive and construction sectors, there is an excess capacity relative to the demand which is a cause of concern for investments in assets. Also, rising cost of fuel and toll has eroded margins in FTL (full truck

> "Better logistics infrastructure provides a key support to the e-Commerce players and aids the success of both the existing and new players."

load) transportation sector. Express distribution and courier services are better placed and should continue to see an increase in demand.

What opportunities lie in the logistics sector?

Despite the current economic scenario, the logistics and warehousing industry has continued to witness growth during the first half of the current financial year (FY 2013)and is driven by the growth in the retail, e-Commerce and manufacturing sectors.

The emergence of e-Commerce is driving the growth of the logistics industry. Better logistics infrastructure provides a key support to the e-Commerce players and aids the success of both the existing and new players. Not only are the eTailers trying to increase their delivery speeds, but they are also trying different models to fulfil e-Commerce orders effectively. The e-commerce logistics' delivery capability will create employment and entrepreneurial opportunities in the next decade. It has capacity to employ close to around 500,000 last-mile delivery crew. With the e-Commerce sector evolving in India at a rapid pace, the logistics sector is set to grow further.

Seeing the current growth rate and the growth potential it has in the future, the Indian logistics industry is viewed as one of the most attractive industry in the world. The country has potential to emerge as a major logistics hub globally in the coming years, and its rapid GDP growth and increasing consuming economy are attracting global players' attention.

For the sector to improve, what kind of government and industry support you expect?

The sector is poised to grow and become the backbone of economic development. And the sector is lobbying with the government for greater investments from public and private sectors, apart from granting industry status.

The growth in the Indian economy is likely to be driven by the increased activity in the manufacturing and retail sectors. To enable these sectors to contribute effectively to India's growth, the logistics sector will have to step up to provide value-enabling solutions for these sectors. Other policy related changes that are required to be made along with the capacity creation can be:

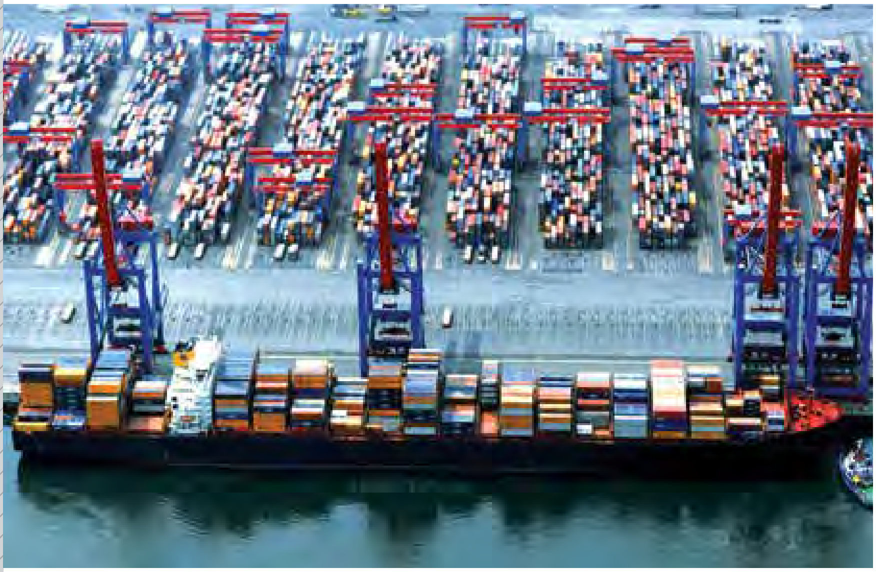
- Logistics infrastructure planning
- Improvements in tax regimes
- Enhanced industry government dialogue

What is the need of the hour for the growth of the logistics sector?

The need of the hour is to create required infrastructure that can push logistics growth to the next level,and make appropriate policy changes for each mode of transportation,especially for the underdeveloped sector of rail and water.

Currently, infrastructure is good in major highways while majority of the Tier II and Tier III cities have poor infrastructure. So, it is necessary to harmonise and streamline processes across government bodies that have a role to play in the logistics sector, thereby reducing stoppages and touch points or cargo movements and as well as increasing the speed with which goods are transported within, into and out of the country.

Another factor is that investments have been seen mostly in the e-Commerce retailing side, while there is not much investment that is going towards logistics capability expansion to improve the last-mile capability across the consuming Tier II and Tier III cities. The government should facilitate e-Commerce by enabling faster-courier like movement across all states without requirements for permits and clearances. Mainly, simplification is the need of the hour in logistics sector. mg



Hariesh Manaadiar
GM Commercial, Diamond Shipping, Sharaf Group

About 90 per cent of the world's trade today is carried by sea. The shipping and freight industry along with the advent of containerisation has made the world a much smaller place and globalisation has become an everyday term and global trade is booming.

Today ships are much bigger than they have ever been and we have mega ships almost half a kilometre long, capable of carrying 18,000 containers on one ship. The advent of these mega ships has spurred the growth of giant ports across the globe to handle these ships. Some these giant ports handle as much as 31 million teu (Twenty Equivalent Units) in a single year. All these wonderful statistics should bring a sense of euphoria among the shipping and freight fraternity that we are so well known right? Wrong!

Ask the average person on the street and you will soon find out that the outside world doesn't have much knowledge about how the shipping and freight industry works and who are all the companies and people that keep it ticking and what they have to go through on a daily basis.

I write a blog about Shipping and Freight called Shipping and Freight Resource (http://shippingandfreightresource.com) using the most popular blogging platform – WordPress. When I did a small research as to how popular the shipping and freight industry was on WordPress, I found that Shipping, Freight or Maritime were not even in the top 100. At one stage even Crochet was in the top 100.

How many people do you know when asked about their career choice say "Shipping and Freight Industry". You might hear most of them saying Banking, Retail, Engineering, IT etc. Personally, I don't know anyone who joined the shipping and freight industry because they were keen on joining it or they were attracted to it, barring of course some seafarers who are attracted to that part of the maritime industry and do join because of the interest.

But within the land based functions of the industry, very few join out of interest. It somehow comes across that a lot of the people join because they didn't have any other choice or inherited the business from their parents.

This, I think is the weakness in our industry. This lack of exposure – when compared to say, a Bank or a Retail company even though the goods in the same retail industry reaches the consumer via the shipping and freight industry, is something in my opinion is enfeebling the industry.

The only time our industry seems to get some exposure is when something bad happens like the Costa Concordia running aground, the MSC Flaminia going up in flames, the MOL Comfort splitting in half.

So what is the solution?

1. Creating more awareness and publicising more about our industry (a good example is the TV series on Discovery Channel about the building of the Triple E – the world's largest ship) is vital for the growth of interest in the industry.

2. Generating more interest in the industry by offering scholarships for maritime and shipping studies coupled with internships, job opportunities (Companies within our industry should do this much more than is being done currently)

3. Creating more additional or vocational educational content in schools, colleges, and universities about shipping, freight, maritime, logistics and all associated sectors

4. Creating specialised schools, colleges dealing with maritime, shipping and freight subjects

Such awareness will be good for the image and morale of the industry and help in hopefully stirring the interest in the industry among the general public.

The industry has bigger prospects to handle in the coming future and we need to be able to handle much bigger challenges as well and the industry is in need of good and resourceful manpower to handle the same. mg

Tejaswini Manjunath
Research Analyst, Center of Excellence Oceans Freight, Beroe Consulting (I) Pvt. Ltd

The 13 major ports and 185 minor ports along the 7,500 km long coastline are handling about 95 per cent of India's foreign trade. As one of the fastest-growing economies, India's GDP growth rate is projected to be 7.5-8 per cent for the year 2014. The movement of cargo through these ports will play a major role in facilitating this growth thus emphasising the importance of port and logistical development in the country.

A huge investment of ₹287,000 crore has been proposed as a part of India Maritime Agenda 2010-2020 in order to increase the capacity, improve connectivity, modernise operations and increase the drafts of the port. The existing port facility and the ICDs will not be able to serve the estimated cargo movement. The Indian port system is ailing from poor road transport system, capacity constraints, increased urbanisation of port cities restricting expansion, underutilisation of waterways, lack of rail connectivity etc. Logistics hubs need to be created to serve projected growth and offer efficient transport. Port-centric logistics hubs will ensure the investments are directed towards offering better infrastructure, connectivity and ease the pressure on the fully utilised and congested major ports.

Enormous amount of industrial activity will fuel the development of the logistics hub near the ports. Sri Perambudur, Orgadam, Karaikal in Tamil Nadu, Hazira and Surat in Gujarat, Kolkata International logistics city in West Bengal, proposed logistics hub of Malabar cement near Cochin in Kerala, Krishnapatnam logistics hub in Andra Pradesh, and Goa Logistics hub are examples of shift in the trend towards port-centric logistics hubs in India.

The idea of port-centric logistics hubs works on the basic principle of reducing the overall transport cost by investing in better transport infrastructure to facilitate easier consolidation and deconsolidation, reduce the transport time and distance and avoid redundant stuffing and de-stuffing. The most essential feature of the port-centric logistics hub is strategic territorial location, good hinterland and intermodal connectivity; and Management council with the sole purpose of ensuring optimum utilisation, improving the competitiveness and creating awareness about the hub.

> "Success of the logistics hub calls for a joint action of both the public and the private parties to ensure commercial and a sustainable logistics service."

The formulation of regional port-centric logistics hubs should be done on the basis of specialisation in terms of commodity handled. This way, it increases the service offering of ports and ensures that the ports are not competing for the same pie by directing different cargo to different hubs.

The performance of minor ports such as Adani, Pipavav, Karaikal, Krishnapatnam etc. which handled about 39 per cent of cargo volume of India in 2013 stands testimony to the role they are playing in the Indian maritime growth by offering better facilities and infrastructure. This is a result of concerted effort of private parties' passion and government sectors' interest. The availability of land space around the non-urban minor port is a key solution to the spatial challenges faced by major ports. The demand for better and efficient transport service is driving development of logistics hubs and thus the establishment of hubs near these ports will revolutionise the entire transport system.

Success of the logistics hub calls for a joint action of both the public and the private parties to ensure commercial and a sustainable logistics service. The benefits of cost and quality should be transferred to the end user thereby increasing the competitiveness of Indian products and services in the international market. A synergy among all the stakeholders of the logistic sector with a predominant goal of making India transport friendly will help India become an inevitable member in the International Maritime & transport sector.

Relevance of Cabotage

Umesh Grover

"Indian cargo should be reserved for Indians." And I am not making this statement just because I see European Union, USA, Japan following this logic or model. I am saying it because it is relevant to India in the present context, and I will say it is the need of the hour if I have to be emphatic on the subject.

I have come to believe that India needs to think "nationalism" and "protectionism" in a big way especially in maritime transportation. For long the vanguards of liberalization have bandied around these two words as "bad news" but my 42 year long hard core professional experience in the truly international business of shipping tells me to the contrary.

A bit of background here. Indian nationalism has been a very diverse blend of nationalistic sentiments given that Indian people are ethnically and religiously diverse. And time and gain the most influential undercurrents have bypassed the concept of "national good" as in where does the welfare of the Indian republic lie". And India continues to pay the price of this and several times over for this lacunae in thinking. And is likely to pay an even higher price in the future if we don't wake up and now.

Also, Maritime transport has been a catalyst of economic development and prosperity throughout its history. Yet new India and its policy makers seem divorced from India's rich maritime tradition. A robust maritime transportation system would enable better trade facilitation and ensure security of supply of energy, food and commodities as India imports 90 per cent of its trade through the sea route. Short sea or coastal shipping represents just 10 per cent of domestic trade and the scope for modal shift to coastal shipping is vast.

India needs to regain its maritime edge in the world. And it has the most vital ingredient required for building a robust shipping fleet, that is "cargo" – a whopping 900 million tonnes of it in FY13. 81 million tonnes was the total coastal cargo in FY12. And the beginning would be "Declaration of Absolute Cabotage on the Indian coast with effect from a pre declared future date."

Declaration from a pre-notified future dated that all cargo on the coast of India must strictly be carried only on Indian flag ships and all maritime activity within the EEZ such as offshore services & dredging be carried out with Indian owned assets only.

ADVANTAGES

- If will increase national tonnage on the coast.
- Growth of Indian tonnage, Indian maritime capability and assets secures supply chain for India in emergency and a strong shipping fleet for maritime strategic reasons.
- National tonnage gives the country negotiating power to control freight costs.
- National tonnage spawns on board and shore based services such as insurance, repair, legal services, surveys, classification, banking.
- Since 100% FDI is permitted in Shipping, we are not stopping any foreign shipping company from coming to India. If foreign companies want to work in India, they should investvia an Indian company and fly the Indian Flag.
- Foreign companies do not pay taxes in India, Indian companies do.
- More cargo on Indian ships means more business for Indian companies and more taxes for government.
- Shipping will aid India's growing transportation needs with low carbon emissions, thereby saving the country cost on carbon.
- Would help reduce concentration of traffic on the strained road network of India.
- No danger of freight cartelisation by foreign companies

Challenges in implementing strict cabotage

- Not adequate Indian flag fleet. But unless policies spawn growth, how will Indian tonnage grow?
- Indian flag vessels on the coast need to be made competitive. Unlike foreign operators on the coast, Indian vessels pay tax on earnings, on seafarers wages, duties on bunkers and service tax on freight services. This contributes to the Indian economy but works against the competitive ability of Indian shipping.

India's experience with relaxation of cabotage has failed

- Cabotage for container transshipment has been relaxed for three years at Vallarpadamsince December 2012. And volumes a year on are at the same levels.

The core argument for cabotage

India's objective should be to unapologetically protect Indian trade and Indian cargo for Indians. Cabotage will prevent sub-standard shipping, will reduce the risk of serious maritime accidents and minimize environmental impact of maritime transport and lead to Indian investments in Indian shipping.

India's ace is surplus of cargo. And this cargo should be used as lucre for attracting foreign investments in Indian shipping and foreign shipping companies to destination India. When FDI has been permitted in Indian shipping more than 10 years ago, why does India need to dilute its cabotage laws.

International shipping relations are clearly of vital importance in the maritime transport sector. But pandering to outside business interests to the detriment of Indian trade and Indian shipping can be at best termed as "irrational."

India's high unemployment rate can be bettered as heightened maritime activities can be an important source of employment and income for Indian economy.

Cabotage and the rest of the world

The concept and policy of cabotage exists in most countries though the form and substance may be different. And all large maritime states such as USA, China, Indonesia, and Malaysia actively promote their national flag vessels. And, all these countries practice cabotage in different forms and degrees of severity. mg

(The author is CEO, Indian National Shipowners' Association)

New container terminal commissioned at V.O. Chidambaranar Port

The new container terminal with capacity to handle 6 lakh teu will help VOC Port Trust cross the important landmark of being a million-teu capacity Port. With this added capacity, it will cater to the container traffic requirements of its hinterland.

Union Minister for Shipping GKVasan has commissioned the Dakshin Bharat Gateway Container Terminal (Berth VIII) at V.O. Chidambaranar Port Trust. At a function in January, the minister also released the detailed project report for Outer Harbour.

The continuous efforts made by the Shipping Ministry led to the announcement of the Outer Harbour Project in the Union Budget in February 2013. The Outer Harbour Project would be executed in four different phases at an estimated cost of ₹23,432 crore featuring 17 berths. The total Capacity addition would by 328 million tonnes. The draft in front of the berths would be 16 metres.

"Since I assumed charge as the Minister of Shipping in 2009, Shipping Ministry has been working to bring our ports at par with the best in the world and also augment their capacity to cater to the growing demands of trade. Though this period coincided with the global slowdown in trade, I am happy to note that the performance of our ports has been very good. Within this larger scheme of things in the port sector, I am glad that we have been able to address many developmental and welfare issues concerning VOC Port," said G K Vasan in a release.

Initially, Port has planned to take up Phase – I Development of Outer Harbour at an estimate cost of ₹11, 635 crore with five berths (Coal – 2 Nos, Container – 3 Nos) and capacity addition would be 97.5 MTPA.

The Dakshin Bharat Gateway Container Terminal commissioned at the cost of ₹312.23 crore with adraft of 12.8 metres and quay length of 345.5 metres. The terminal which will handle additional 6 lakh teu, willhelp make VOC Port Trust cross the important landmark of being a million-teu capacity port. With this added capacity, VOC Port would cater to the container traffic requirements of its hinterland.

During the last 4.5 years, the ministry has chalked out and plan projects for VOC Ports worth more than ₹28,000 crore for capacity augmentation, improvement of productivity, dredging, Outer Harbor Development and coastal improvement in zone 'B', according to the release.

"Last year we could establish the Maritime Training Institute under the Shipping Corporation of India. It is satisfying to see the first batch of seafarers undergoing training in the institute. I hope that this institute will fill the long felt need in maritime education in this area," said the minister.

The minister has awarded a record number of 32 projects during 2012-13 with an investment of about ₹6,766 crores to add 136 MTPA of port capacity. Eight of these projects are in Tamil Nadu, of which four projects were initiated for V.O. Chidambaranar Port Trust at an outlay of over ₹800 crore.

This Financial Year, 30 projects at an outlay of about ₹26,000 crores are envisaged to add 288 MTPA of Port capacity. Nine of these projects with an outlay of about ₹7,400 crore have been sanctioned for the Major Ports of Tamil Nadu. One project, namely, development of NCB-III for handling thermal coal and rock phosphate withan outlay of ₹420 crore pertains to V.O.C Port.

In 2012-13, VOC Port handled more than 28 million tonnes and a record container traffic of 4.76 lakh teu. "In the midst of recession, it is heartening to see that up to December 2013, the Port has already handled about 21 million tonnes of cargo and 3.69 lakh teu of containers," said the minister.

Besides, 10 thermal power stations with a capacity of 15,000 MW are coming up in and around Tuticorin and the port has already taken action to increase the coal handling capacity. mg

'Expensive' Panama Canal loses business to other routes

Shipping companies are looking at other routes to transit cargo due to high cost and long delays associated with crossing Panama Canal.

Even as construction continues as part of Panama Canal's $5.25-billion expansion project, many shipping companies are looking to other routes to transit cargo across the globe. The expansion project, which is expected to be completed in 2015, promises quicker transit times and more space for huge ships that don't fit in the canal's locks or Post-Panamax vessels.

The world's biggest container shipping company, Maersk Line, has already abandoned Panama in favour of Egypt's Suez Canal, which has no locks, and other companies are finding cheaper and faster routes to the US East Coast by shipping to ports in California rather than transiting goods overland by train.

However, the ongoing construction work is not the lone reason for this route shift. The exorbitant cost, the time spent waiting to enter the canal and the already limited number of eastern US ports that can service Post-Panamax ships are also contributing to the shift.

"The economics are much, much better via the Suez Canal simply because you have half the number of ships," Soeren Skou, chief executive officer of Maersk Line had told *Bloomberg* last year. "One of the reasons for why this is happening now is that the cost for passing through the Panama Canal has gone up. At the end of the day, it comes down to cost."

The cost of moving a ship through the Panama Canal has tripled over the past five years to around $450,000 per passage for a vessel carrying 4,500 containers, and this figure is likely to go up upon completion of the expansion process. While the cost of crossing the Suez Canal is also expected to rise, it is generally considered an easier route given its ability to handle larger ships and the reduced traffic compared to Panama, according to news agency AP.

About 70 per cent of the nearly 14,000 vessels that pass through the canal every year are headed to the US. The canal handles around 5 per cent of the world's total trade – in comparison about 7.5 per cent moves through Suez – and bills itself as the quickest and most efficient way to ship goods around the globe. To some extent, that is still true. Shipping goods from Shanghai to New York via Panama takes 25 to 26 days compared to 27 to 28 days through Suez, but only about 20 per cent of China's exports to the US head through the Panama Canal. Typically, Chinese goods are shipped to West Coast ports and then moved overland by truck or train to the East Coast, a method that generally takes between 19 and 22 days.

Besides speed, there are other reasons businesses choose the ship-to-rail routes. One is that it's often cheaper.

Recently a number of major Pacific ports in the US – Los Angeles, Long Beach, Oakland, Portland, Seattle, and Tacoma – have paired with western railroads like Burlington Northern Santa Fe and Union Pacific to form the U.S. West Coast Collaboration (USWCC) in an attempt to offer competitive cost and service options.

And unlike many West Coast ports that sit in deep-water harbours, the only port on the East Coast that can currently handle Post-Panamax ships is in Norfolk, Virginia.

That's likely to change as ports from Miami and Charleston, S.C., to Baltimore and New York are pumping billions of dollars into dredging and revamping their facilities to be able to take the larger cargo ships. Even so, some experts warn that because of construction in the Panama Canal, an overall leveling off of the global shipping industry and the cheaper cost of ground shipping, those ports may not be in for the economic boost they hope.

"The cities have unrealistic expectations when it comes to the Canal expansion," Jean-Paul Rodriguez, professor of global studies and geography at Hofstra University told AP. “There may be some shift in cargo going to the eastern US ports because of the canal expansion and their improvements, but it's just not guaranteed."

Along with the speed, costs and logistics, the overland route is also more environmentally-friendly, Yossi Sheffi, director of the MIT Center for Transportation and Logistics argued in *The Americas Quarterly*. On average, shipping from Asia to the West Coast on a Post-Panamax ship and transferring the cargo to an overland method to get it to the East Coast produces two-thirds the CO_2 emissions than shipping the same amount of goods through the Panama Canal.

While it's expected that canal costs will increase because of the ongoing expansion, just how much is an open question. Negotiations over the massive cost overruns running to $1.5 billion in the project recently stalled because one of the companies involved demanded more than $1 billion to continue work on the project. The Panama Canal Authority immediately rejected the idea. "There is no negotiation outside the contract," canal administrator Jorge Luis Quijano said.

The Authority has proposed that it would inject $183 million into the project to allow the consortium expanding the canal to continue work for several months while a permanent solution is sought to the dispute. The authority suggested that the consortium to put in $100 million.

Italy's Impregilo, one of the corporations in the project, countered with a demand for $1 billion from the Canal Authority. Quijano said the Authority was sticking by its proposal for a joint injection of $283 million, moving the conflict closer to the January 20 deadline that the consortium has established for resolving halting work.

"We hope they're reasonable and let the work finish," he said. "But we have no qualms about working with another contractor. Meanwhile, the expansion project has also run into trouble. It is nearly three-quarters complete, but it’s costing too much. And the builders are threatening to stop their work.

A European consortium – Grupo Unidos por el Canal (GUPC) led by the Spanish construction company Sacyr – won the bid to build a third set of locks at both ends of the canal for $3.2 billion. Now they are claiming more than $1.5 billion in cost overruns, and want to be paid for them. They argue that the Panama Canal Authority provided poor geological studies, which has driven the final price tag for the work higher than the estimates.

The overall cost for the entire canal expansion program could exceed $7 billion. Panama had initially estimated that the entire project would cost $5.2 billion, with new wider locks and deeper channels providing passage for larger ships through the 50-mile waterway built more than a century ago. At the time, the building of the canal was considered one of the greatest engineering feats in history.

The European consortium’s bid was considerably lower than rival bids, even lower than the initial cost estimate prepared by the Panama Canal Authority. Some analysts suggest the consortium bid aggressively to get the contract and is now making up for overly-tight estimates.

The Panama Canal Authority is refusing to pay for all the cost overruns. The two sides are now bargaining on how to share the cost overruns. If the two sides can’t resolve their dispute, they can go to arbitration.

The current locks – which raise and lower ships 85 feet – are just 110 feet wide and capable of accommodating ships up to 106 feet wide. There are currently two lanes of locks on both ends of the canal. An extra set of locks would handle the wider ships and accommodate increased traffic through the canal. Currently, the canal can handle 43 ships a day. It takes 8 to 10 hours to pass from Pacific to Atlantic, or vice-versa.

At times, more than 115 ships have been waiting to enter the canal, with lines exacerbated when repairs to the locks are being made. If the wait is too long, a ship captain can decide that it’s faster, and cheaper, to travel around South America, rather than lingering in the waters outside of Panama waiting for passage.

This costs Panama a lot of money. The average toll to pass through the canal is roughly $50,000. Depending on the size and cargo of the ship, tolls have been as high as $375,000.

SHIPBREAKING
Clean up or ship out!

The concept of green ship recycling is based on shipowners having a plan to carry an inventory of hazardous materials (IHM) or potentially hazardous ones onboard their ships or a 'green passport'. Its issuance certifies that a ship meets high environmental standards and can be labeled as a 'green' / eco-friendly ship.

This is a requirement under the Ship Recycling Convention adopted in 2009 known as the 'Hong Kong Convention' named after the convention on the Safe and Environmentally Sound Recycling of Ships held there in the same year. Introduced by International Maritime Organization (IMO), the Convention entails ensuring that hazardous materials onboard ships are disposed of in an environmentally friendly manner during their demolition. The Convention is in line with the 'green movement' in the shipping sector to reduce their greenhouse gas (GHG) emissions and carbon footprint and to enhance the standards of working for employers at shipyards in line with those set by International Labour Organization (ILO).

A ship carries onboard many such materials and wastes which may be detrimental to the environment and the health of those coming into contact with them. They include asbestos, chemicals, fuel oils, gases, lubes, metals, paints, PCB (polychlorinated biphenyls), refrigerants and thinners. Under the Hong Kong Convention regime, these materials and wastes need to be properly stored and disposed of to ensure safety of workers handling them and the protection of the environment. This will mark a departure from the current practice of breaking ships in certain shipyards in certain countries which leaves much to be desired in its disregard for the safety, health and welfare of their workers and their operating environment.

"Recyclers do it again and again and again and..."
– (Seen on a bumper sticker)

Green ship recycling is an idea whose time has come and will soon be here to stay. Shipowners, shipyards, governments and all the stakeholders in shipping change their mindset and shed the view that shipbreaking cannot be done in an environment-friendly manner.

Nazery Khalid

Under the concept of green ship recycling, the activities at shipbreaking yards should be done in an environmentally friendly manner. They include scrapping (or breaking), retrofitting and conversion of the ships. These can be carried out only at ship recycling facilities (SRF) which have been certified as having the features to carry out shipbreaking in an environmentally friendly way.

Green ship recycling compasses the proper handling, discharge and storage of materials from ships during their demolition which may have an adverse effect on the environment. Hong Kong Convention requires SRF not only to deal with hazardous materials generated from recycling in an environmentally friendly way but also to protect the welfare, health and safety of shipyard workers. Under the Convention – which applies to ships flying the flags of its Parties and recycling facilities operating under their jurisdiction – ships shall only be recycled at SRFs authorised by the competent authority.

Once it enters into force, the Hong Kong Convention requires that owners of existing and newly built ships identify, locate and list these materials and wastes. The IHM will be reviewed by classification societies which will thereafter issue a 'green passport' or a statement of compliance to the ships. During the demolition of ships, efforts will be made between the shipowners and their appointed ship managers to monitor that these materials are disposed of in an environmentally friendly manner. In the process, ships are cut up into manageable pieces. The correct trimming and cutting of steel plates and their removal are crucial to ensure that parts containing oil are removed and stored at areas with proper drainage and containment features.

Green ship recycling also spells out a set of 'cradle to grave' guidelines related to the design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling of the ships at the end of their service life.

Slowly improving

Of late, there have been notable improvements in the labour conditions of shipbreaking yards, for example the introduction of more stringent ship recycling rules and regulations in Bangladesh. This is a positive development which underscores that the industry stakeholders are taking meaningful actions to clean up the activity's act.

However, most shipbreaking yards in the world's top shipbreaking nations – namely Bangladesh, India and Pakistan – are still adopting the beaching technique characterised by poor safety and environmental protection. Ship recycling is still a long way to go though before it can be clean and green, but efforts must start now.

In this regard, the introduction of several standards in shipbreaking is a welcome development. The NGO Platform on Shipbreaking has come up with a set of standards for green ship recycling which can be met immediately by some existing yards undertaking whip recycling and to which many more can commit to meeting in the future. There is also a UK Ship Recycling Strategy, Europe Maritime Safety Agency (EMSA), and ISO3002:2010 on Ships and Marine Technology focusing on Ship Recycling Management System. The introduction of these guidelines underscores the growing awareness of the importance of undertaking shipping activities in an environmentally friendly and responsible manner. It is in keeping with increasing global awareness of the adverse impact of shipping to the environment.

There are technologies available that enable ships to be scrapped and recycled in an environmentally sound way. They are so efficient and clean that even yards in Japan and European Union countries known for stringent environmental and emissions regulations have no qualms about undertaking them. In fact, they have been at the forefront of carrying out R&D in green ship recycling and promoting advanced green ship recycling operations with state-of-the art facilities and systems and skilled workers.

> "Supporting green ship recycling is also in line with nations with commitments to reduce their carbon emissions level, promoting green industries and generating high income, value adding."

There are many arguments in favour of promoting and supporting green ship recycling. They include economic viability of breaking ships in an environmentally friendly way, the justification from an environmental custodianship point of view, and the social obligation to safeguard the welfare of workers at shipbreaking yards and improve their working conditions. Supporting green ship recycling is also in line with nations with commitments to reduce their carbon emissions level, promoting green industries and generating high income, value adding and innovation-driven economic activities.

There are also various challenges in implementing green ship recycling. Among them are protecting the economic interests of shipbreaking yards in developing countries and the host economies, enhancing the awareness of stakeholders on the virtues of green ship recycling, attracting investments to upgrade yards to comply with Hong Kong Convention's requirements and enforcing the Convention strictly. These challenges need to be addressed by countries planning to accede to the Convention, and especially by countries with shipbreaking industry which will be affected by the Convention.

Growing awareness

The importance of introducing Hong Kong Convention and to clean up the shipbreaking industry cannot be overemphasized. The poor working conditions and the amount of pollution generated by shipbreaking yards in the world's major shipbreaking countries underscores the urgent need to introduce an environmentally friendly way of scrapping ships

Although several shipbreaking yards in Bangladesh, India and Pakistan have come under fire by NGOs and industry observers for the unsafe practices and poor working conditions, there

have been admirable efforts made in these countries to clean up the acts of their yards. These countries have adopted several international labour conventions to protect the welfare and safety or workers and improve the lot of their shipyard workers. For example, Pakistan has signed and ratified the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and Their Disposal in June 1994 and the Rotterdam Convention in 2005 that accord protection to laborers and require that parties strictly protect human health and environment against the adverse effects which may result from the generation and management of hazardous wastes. In Bangladesh, the Bangladesh Ship Breakers Association (BSSA) works closely with the nation's government to improve the welfare of workers at shipyards there and to promote environmentally friendly ship recycling, and Bangladesh has ratified IMO and ILO conventions. Likewise in India, the Ship Recycling Industries Association India (SRIAI) works with the Indian government and NGOs to improve working conditions at Indian yards and comply with international labor and environmental standards.

Despite this encouraging development, the shipbreaking industry in these countries continues to be a source of human causalities and pollution. A lot of work needs to be done to rid the yards of the horrible working

"No one is disputing that a lot of work needs to be done to rid of the worst offenders in shipbreaking practices that pollute Mother Earth."

conditions and arrest the damage they cause to the environment. This is underscored by a series of mishap at yards in Bangladesh, India and Pakistan in recent years. An incident in 2009 at a shipbreaking yard in Gadani in Pakistan that resulted in the death of four workers and a fire onboard a ship at a yard in Alang in India in October 2012 that killed seven workers, provided a clear indication of the poor implementation of these international law commitments by these countries.

No one is disputing that a lot of work needs to be done to rid of the worst offenders in shipbreaking practices that pollute Mother Earth and put the limbs and lives of their workers at risk. However, we can be encouraged that there is already an international legal regime in place in the form of Hong Kong Convention that provides the impetus for these yards to clean up their acts. There is also growing awareness among shipowners to send their vessels to be scrapped only at yards practicing environmentally friendly and socially responsible ship recycling. And the governments of major shipbreaking yards are making genuine efforts to improve the conditions of shipbreaking yards through various initiatives.

Green and clean: The new mantra

The introduction of Hong Kong Convention is a game changer in the shipbreaking industry. It provides a legally binding regulatory regime with a set of well-defined international standards for regulating ship recycling to reduce pollution from the activity and improve working conditions at shipyards. The Convention is focused on safety and environmental issues on ships and ship recycling facilities, complementing the Basel Convention which is the international legal instrument to regulate hazardous materials and waste disposal facilities. Together, the two Conventions provide a comprehensive international regulatory regime for shipbreaking and the handling of their hazardous materials and wastes.

To realise the objectives and aspirations of green ship recycling as propagated by Hong Kong Convention, shipowners, shipyards, governments and all the stakeholders in shipping must make the necessary changes in terms of the way ships are built, operated and scrapped. They must also change their mindset and shed the view that shipbreaking cannot be done in an environmentally clean way and in a manner that safeguards the welfare, safety and well-being of workers at shipbreaking yards.

Green ship recycling is an idea whose time has come and will soon be here to stay. As the world reels from increasing pollution from hazardous materials and wastes and emissions of harmful greenhouse gases, players in the shipping sector must act resolutely to reduce their carbon footprints from shipping activities, and governments must also play their part in this worthy cause. They should not treat going green as a 'flavor of the month' matter that can be abandoned at will. They must realise that in shipping, the 'low carbon future' is fast approaching, if not already here.

Port of Stockton embarks on technology upgrade

In a major technology upgrade to ramp up security and disaster management efforts, the port of Stockton undertook a programme to integrate all of its geospatial technologies across the enterprise. The system has brought in significant benefits to the port and its users.

Daniel Elroi

What happens when a small river port gets classified as a high-risk critical infrastructure by a national security risk model? And how does a port in response to this assessment cope with the need to rapidly ramp up its security stance and implement a wide variety of the latest technologies in an otherwise out-of-date technology environment? And how do geospatial technologies aid in accomplishing these goals across the entire enterprise? The Port of Stockton is located at the end of a narrow, man-made deep water channel, providing ocean freighters with access to markets over 100 km inland from the San Francisco Bay, deep in the San Joaquin Valley of California. The port, established 80 years ago, provides a marine "highway" directly into the heart of the most productive agricultural region of the United States of America, and trades directly with such faraway nations as in China, Japan, Trinidad, and Norway. Until very recently it has focused on bulk and break bulk cargo, such as fertilizer, rice, cement, sulfur, iron ore, and scrap metal, and now it has begun to handle transshipped containers as well. It is an important economic "engine" to its region, and provides several advantages to shippers as it is located on the main Pacific Coast north-south rail and highway corridors, while its much larger sister ports in the San Francisco Bay, particularly Oakland, are significantly removed from this corridor. Finally, while a small port by standard seaport measures, it has the distinction of being the only net-export port in California, and is a major land owner, with over 49 per cent of its operating revenues derived from its properties

rather than its maritime operations. All that said, it is surprising to most casual observers that this modest inland port was classified by the US Department of Homeland Security as a Tier 1 port after September 11, 2001, when the criticality and vulnerability of US ports was evaluated. Tier 1 ports receive the majority of government funding for strengthening their resiliency to both attack and disaster, as they are perceived to be particularly important to the security and/or economy of the US. This classification has valid and logical reasoning, and as a consequence this port has seen an influx of requirements and funding for improving its security.

Much of the improvement in security at the Port of Stockton has involved the upgrading of the means for monitoring activities in the port via closed circuit television (video surveillance), the means for controlling access to restricted areas via electronic locks and personal identification devices, and the tools and data used to provide the port police with improved situational awareness. However, the port's inland location and large land holdings also make the port an excellent disaster recovery site for other ports in the region, such as Oakland, and the smaller ports of San Francisco, Redwood City, Richmond, and Sacramento, as well for other regional disaster recovery needs. In order to fulfill these requirements, the port also invested in greatly improved networking, communications, and IT resiliency infrastructure. Finally, in recognition of its own vulnerabilities and the impact that emergencies can have on its own employees and many tenants and neighbours, the port also invested in the means to notify and direct these stakeholders in times of need, by means of electronic methods such as radio transmissions, telephone calls, emails, SMS messages, and programmable signs. Through exposure to GIS and other geospatial technology solutions at other ports, such as Los Angeles, the Port of Stockton translated vision into action, and undertook a program to integrate all of its geospatial technologies across the enterprise, as part of this large upgrade in technology.

The port's vision for geospatial integration was based on the following precepts:

- Visual, spatial representation of security related information, such as the viewing of video imagery in the context of the location of the imagery, especially for Pan-Tilt-Zoom (PTZ) cameras, is critical for interpreting and reacting to emergencies.
- The ability to see a digital map of port property boundaries, buildings, docks, railroads, and roads, is just as important as seeing security features, such as fences, cameras, gates, and evacuation routes on these maps.
- Situational awareness is deepened by context, and such context can best be accomplished through the collection and map-based presentation of as many of the port's physical assets as possible, including visible and buried utilities, environmental hazard areas, underwater hydrography, and port tenant information.
- Much of the data that is of great use in port security is present in the port's own organisation, such as within the Departments of Maintenance, Environment, Real Estate, and Operations, but is inaccessible to Port Security, or between those departments, due to a lack of common base map, a base map against which a variety of other information can be displayed, queried or reported.

For these and other reasons, the port hired an international firm specialising in geospatial solutions in ports, NorthSouth GIS, to create the enterprise systems infrastructure to help the port mine its own data; to collect, organise and manage its spatial data in a way that supports and enhances security of the port. NorthSouth GIS's philosophy – that different members of the port are most likely to collaborate and participate in data sharing if they receive benefit from that activity, and that this then collectively benefits port security – agreed with the port's own philosophy. This translated into an approach that actively sought participation from all port members, asking "how will adding your data to a central geodatabase benefit your job?" rather than "which data can you contribute to port security?" Combined with on-going stakeholder engagement and training during and after the building of the system, has resulted in the integration of GIS, GPS, AIS, CAD, and Mass Notification in such a way that it supports most port employees.

At its core the port's system is an Esri ArcGIS for Server enterprise

> "INorthSouth GIS, to create the enterprise systems infrastructure to help the port mine its own data; to collect, organize and manage its spatial data in a way that supports and enhances security of the port. NorthSouth GIS's philosophy."

geodatabase, combined with procedures and documentation for close two-way interaction with AutoCAD so that the port's CAD-based users and contractors can benefit from, and contribute to, the port's data. The geodatabase itself contains over 100 image and map layers, mostly from the port's own data, but also including data imported from outside sources on a regular basis. Some of the data was converted from scanned documents; some was kept in georeferenced by scanned-only format for background reference; some was converted from CAD or GIS files; and other data was digitized from aerial photos, or captured with GPS.

The data is presented to users through a powerful and intuitive Web map browser, called the Stockton geoPORTal, developed using Latitude Geographics' Geocortex Essentials development platform. The viewer has a full-featured in-office version, and a lightweight version intended for use on tablets and smartphones, enabled through the port's wireless mesh network. The viewers are configured to allow the collaborative use of maps for communicating development plans, emergency response, and other events between port users. Different users are directed to different versions of the viewers, which appropriate to their data and tool needs, and to their permissions, and in this way each user gets what they need and what is appropriate for their role at the port. The software, which makes use of automated work flows and reports, and interfaces with the port's mass notification system and electronic public address systems, is used to inform

> "At its core the port's system is an Esri ArcGIS for Server enterprise geodatabase, combined with procedures and documentation for close two-way interaction with AutoCAD so that the port's CAD-based users and contractors can benefit from, and contribute to, the port's data."

port employees and tenants of upcoming events or of emergencies. Furthermore, the mobile version of the viewer can be used to record incident reports and condition assessments in the field.

One of the important aspects of the system is its ability to integrate other systems that contain spatial aspects but lack the spatial componentry. For example, the GIS integrates with the port's lease management systems, which manages the port's 2,000 acres (8.1 km^2) of waterfront, industrial and commercial properties. The system is now accessible through geoPORTal, and allows reports and maps to be easily created, proposed leases to be sketched and shared with new tenants or brokers, and for a snapshot of the port's holdings to be communicated with port management. Other integrations, such as with the port's command and control software, also strengthen these systems by sharing a common base map and "revealing" information from around the port that would otherwise be inaccessible in separate systems or even non-digital format.

Beyond system integration, geoPORTal also integrates real time data with the map layers. Live feeds direct from security cameras, electronically controlled doors, moving ships, weather stations, and nearby road traffic, are integrated with map layers. This integrated approach allows live data such as a moving vessel location and identification, to be viewed with a video camera, and then viewed in the context of its surrounding data. In such an example, a vessel than runs ashore can be viewed with a camera, determined to be within or outside the port's jurisdiction, and assessed for risk to nearby gas lines, from a single interface.

The port's geospatial integration program would not be successful without recognition of several critical factors:

- People do not adopt technology just because it is available or theoretically good for them. They require incentive, on-going training and outreach, reminders, and adaptation. Technology implementations are all about people.
- The quality of data is more important than the number of features in a software. Therefore, a rigorous method for keeping data updated, using the resources and people available to the port, is of utmost importance. But so is the ability to communicate data quality and its current condition, and the ability to solicit, receive and respond to data correction from system users.

The Port of Stockton has shown that an enterprise approach to its geospatial technologies, is no longer the exclusive domain of large ports like Los Angeles and Oakland, but can be used to the significant advantage of small ports as well.

Daniel Elroi *is President, NorthSouth GIS LLC Los Angeles, California and Chief George Lerner is Director of Homeland Security, Port of Stockton, California*

GIS in action

at the port of Long Beach

With geospatial technologies at the heart of its business and engineering operations, the port of Long Beach is better positioned to sustain its competitive position, while ensuring its operations remain sustainable and secure

Miguel A. Hernandez

The Port of Long Beach (POLB) is one of America's premier seaports and a trailblazer in goods movement and environmental stewardship; it was founded in 1911 and celebrated its centennial in 2011. It is a major economic engine for the region, handling more than $155 billion in trade annually and supporting hundreds of thousands of jobs in Southern California. POLB is also moving forward with $4.5 billion in capital improvements this decade to support sustainable growth in trade and strengthen its ability to serve the trade industry, POLB clients and the community. Because of these major investments, POLB reached a final agreement in early 2012 for $4.6 billion lease over 40 years with Orient Overseas Container Line (OOCL) for its Middle Harbor property; this is the largest deal of its kind for any seaport in the United States.

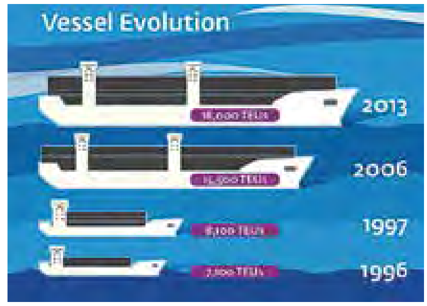
With substantial investments in infrastructure, POLB is leveraging Geographic Information System (GIS) technology to stay competitive in the global trade industry; geospatial information is at the heart of its business and engineering operations. In recent years, POLB has established a foundation for providing GIS content to managers and engineers, integrating with a state of the art port security system, managing almost 450 miles of utilities, tracking project locations and schedules , distributing GIS data in a user-friendly fashion for field personnel, displaying complex hydrographic survey data and more. Geographic information in an Enterprise environment has allowed POLB to more effectively and efficiently communicate and disseminate data among staff, other agencies, consultants and constituents.

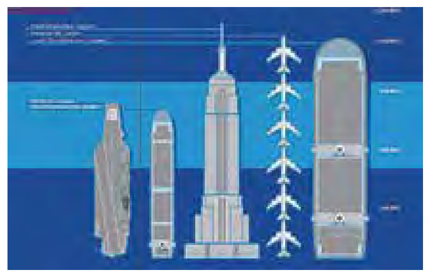
Port wide Web GIS: POLB's Web GIS viewer is the most widely used application that is available to staff throughout the port. By clicking a link on POLB's Intranet page, users can navigate around the port service area to obtain information they need, turn on and off layers and create basic maps that can be included in email documents, reports or presentations. The Web GIS application allows engineers, project managers and/or maintenance personnel to locate POLB's various utilities that include: water, electric, communications, fiber optic, sanitary sewer and storm drain lines more quickly and share information with the rest of the organization; the utility layers are presented in the map viewer using American Public Works Association (APWA) industry utility color scheme and the utility data has also been configured to include important links to as-built documents that are available through the port's Enterprise document management system. The viewer also includes the port's tenant lease areas along with the ability to access links to lease contract documents.

Dredge Web GIS: Bigger ships are the future of the trade industry and POLB is getting ready to accommodate them. In 2012 POLB received cargo from one of the world's biggest ships which measured around 1,200 feet; this is almost as tall as the Empire State Building. In order to accommodate larger vessels carrying larger number of containers, the port's channels need to be deep enough, be safe for transport and satisfy tenant needs. GIS staff started developing various datasets to help provide complex data from various sources into a simple and easy format to read. The result was a Dredge WebGIS application that includes dredge areas, links to permits, contours with basic information (e.g. survey description, elevation, date, etc.), links to hydrographic survey PDF files and a spatially referenced bathymetric image.

Project locations in GIS: The port uses Primavera to manage and store schedule information for all of its projects; starting in 2012, port GIS staff began creating a GIS project database that would incorporate and reflect the most current schedule information from it scheduling system. The project extents existed in hardcopy or in CAD format and GIS staff got to work on putting the project areas in digital format. Once the database was complete, it included not only the port's project but other agency projects that were taking place in or around the port service area. In addition, with the project areas and schedule in a GIS format, GIS staff was able to display this new information in different and interesting ways. Map exhibits could now be created to show the location of projects that are currently under construction – this would be daunting task if the information was not in a GIS format. Furthermore, custom maps have been developed to show projects that overlap in terms of time and location and the maps helped identify schedule conflicts; this has resulted in time savings and provided alternatives to avoid construction schedule conflicts. Another Web application that has resulted from this initial effort displays road closures and shows detours related to the ongoing construction activities.

GIS supports master plans and engineering studies: POLB is just completing two master plans for its sewer and storm drain systems. POLB provided GIS data files that reflected as-built drawings to the consultants as a starting point; while performing their work, the consultants used Web GIS viewers to share information with POLB staff and to track progress of field inspections and data collection. The two master plans resulted in a better representation of the utilities through GPS surveys and field inspections; the updated GIS data was subsequently used to create hydraulic models for each of the systems to identify capacity deficiencies and develop a capital improvement program. In addition, the GIS data also includes video files for pipeline inspections as well as assessment reports for manholes, pump stations, pipelines and catch basins; these video files and inspection reports have been linked and made available through the port's Web GIS.





"The Port will continue to enhance current GIS programs and seek opportunities to develop new applications to ensure the port stays competitive, sustainable and a secure port of the future."

Prior to 2012, there was very little information about the number, location and condition of traffic signs in the port. To comply with the Federal Highway Administration (FHWA) and California State requirements, POLB hired a consultant in 2012 to study and perform an inventory of the port traffic signs and store the sign data in GIS format with links to photos. The consultant used a Trimble GeoXH device with sub-foot capabilities, built in high resolution camera and bar code scanner to capture and store the location of almost 4,000 signs along with other attributes (e.g. sign code, sign type, condition, etc.) The result was a comprehensive GIS database and process to capture, store and update key traffic sign information that is made available through the port's Web GIS. In addition, the port received the 2012 Project of the year award from the APWA of Southern California in the category of technology and innovation.

GIS in the field: Because of increased construction activities throughout the port, survey crews had a need to access utility data in the field in addition to hard copy maps since they are responsible for marking port owned utilities before construction begins. As a solution, GIS staff configured ArcGIS Explorer on five laptops using a local geodatabase with utilities, aerial photo file and other base map files that are copied from the port's Enterprise GIS. The simple interface makes it easy for non-GIS staff to quickly access port utility information in remote locations without having to come back to the office; this has resulted in improved productivity and less travel time. The GIS utility data is transferred to the laptops on a monthly basis to reflect the most current data from the port's Enterprise GIS. This offline GIS mapping application displays utilities using the APWA standard color scheme that is also used in the port's Web GIS. In addition, survey crews are now able to create comments and make notes in the field and they are able to send their geo-referenced comments to GIS staff to perform further research.

GIS for security: To keep the port safe, secure and to protect its key infrastructure investments, the port has initiated Virtual Port; it is a state-of-the-art and user friendly geospatial reference and information system. It is a high tech security portal that serves as a clearinghouse for collecting analyzing and disseminating port information. One of the primary goals of this project is to ensure business continuity during daily operations and/or during a crisis event. This system integrates data from multiple sources and includes 3-D visualization (i.e. building floor plans by floor, security camera locations, etc.) Development of this system started in mid-2012; the system is now operational and in use by the port's security division.

The future of POLB is currently underway with over 90+ projects that will be under construction between 2013 and 2020. The Port will continue to enhance current GIS programs and seek opportunities to develop new applications to ensure the port stays competitive, sustainable and a secure port of the future. mg

Miguel A. Hernandez is a Senior Civil Engineer and GIS Supervisor within the Engineering Design Division at the Port of Long Beach; he and his team of GIS analysts and technicians update and create GIS datasets to support Engineering and Operations activities for the Port.

Dates for your diary

It's time for trade shows, exhibitions and conferences in the maritime sector. Here are a few events lined up for the coming months.

TPM Conference 2014

March 2-5, 2014

Venue: Long Beach Convention Center & Hyatt Regency Long Beach, Long Beach, CA, USA.

TPM Conference is a must-attend annual briefing and networking gathering for the trans-Pacific and, increasingly, global container shipping community.

More information:
www.joc.com/event/tpm-conference-2014

A maritime gateway event

adani presents

INDIA MARITIME WEEK™

Jan 28 - Feb 1, 2014

JW Marriott Aerocity • New Delhi

WORKSHOPS | HR SUMMIT | GOLF TOURNAMENT
INDUSTRY FORUMS | CONFERENCE | EXHIBITION

India Maritime Week 2014 is the second edition of the largest maritime conference and exhibition in the country. Scheduled to be held in January 2014 in New Delhi, the theme for IMW 2014 is **"Big Prospects, Big Challenges - India Marching Ahead"**. The event is supported by the Ministry of Shipping,Government of India.

More information: www.indiamaritimeweek.com

9th Maritime Communications & Technologies Summit

March 26-27, 2014

Venue: London, UK

ACI's 9th Maritime Communications & Technologies Summit will focus on crew development and explore how they are adapting to new technologies. This summit will help prepare a shipping company to increase operational efficiency by implementing the appropriate technologies around the vessel.

More information:
www.wplgroup.com/aci

Green Ship Technology Conference 2014

March 18–20, 2014

Venue: Thon Hotel Arena, Oslo

The 11th annual GST Conference is one of the biggest green ship technology events in the industry calendar. This is an opportunity to meet and network with our superb speaker line-up of 100+ industry leaders.

More information:
www.informamaritimeevents.com/event

Containers India 2014

April 24-25

Venue: Mumbai

Some of the world's most admired speakers examine:

- How will future global and regional cargo flows change?
- What are the emerging transhipment opportunities?
- How the supply/demand balance will change?
- What Port / Terminals are doing to add value?
- How much further the containerisation process can go?

More information:
vinod@gatewaymedia.in

6th International Maritime Science Conference-IMSC 2014

April 28-29, 2014

Venue: Solin, Croatia (Hrvatska)

Faculty of Maritime Studies, Split, Croatia and Maritime Faculty Portorož, Slovenia re organising the 6th International Maritime Science Conference-IMSC 2014, which will see paper presentations and discussions on various topics including marine engineering, navigation, marine ecology, hydrography, marine automation & electronics and maritime health.

More information:
www.pfst.hr/imsc

THE GATEWAY AWARDS 2014
THE BENCHMARK OF INDIAN MARITIME BUSINESS

Maritime Gateway Awards, April 24, 2014 Mumbai