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Terminal Scan:
Efficiency, Thy Name is APM

OFFSHORE INDUSTRY ON A ROLL

Energy security issues and high spend in exploration and production by private and government-owned companies have made India an attractive market for offshore shipping service providers. If the government is able to support this surge in demand with policy guidelines, the segment will grow further.

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SC decision on iron ore will benefit industry, economy

Indian economy can now heave a sigh of relief as the Supreme Court on April 21 lifted a 19-month old ban on mining in Goa, the top iron ore-exporting state. The decision is expected to help trigger a gradual recovery in the economy.

Mining operations were affected in Karnataka and Odisha as well due to the strict legal stand taken by the apex court. In fact, the court had imposed similar curbs in Karnataka in 2011. State governments and various industry associations have been seeking a review of the ban considering its severe impact on revenues and livelihood of thousands of people.

According to the Federation of Indian Mineral Industries (FIMI), India's the iron ore exports fell by around 85 per cent, or 100 million tonnes, over the past two years. The ban has also resulted in reduced foreign exchange earnings by more than $17 billion.

India's the iron ore exports fell by around 85 per cent, or 100 million tonnes, over the past two years.

Businesses relying on the raw material also were impacted. Estimates suggest that out of the 53 sponge iron making plants in Karnataka with annual production capacity of about 3 million tonnes, 19 have closed and 27 are operating at half their capacity due to a shortage of iron ore.

The ban also affected ports' operations and their profits. In the case of major ports, reduced production of iron ore left seven berths with a total yard capacity of around 5 million tonnes (MT) empty. Mormugao Port was the worst affected, followed by Chennai and Paradip. Private ports were also affected due to huge capacities created in anticipation of higher iron ore production.

SC decision may change this gloomy scenario albeit slowly. One cannot expect a sudden recovery in the sector as the order comes with certain conditions. The court has limited extraction to 20 million tonnes a year. It has asked an expert panel to study the environmental impact of the mining and give its final report on the annual cap on extraction within six months. The court has also cancelled mining leases that had been given extensions after 2007 after completion of 20-year renewal periods.

These are certain hurdles, which the mining industry has to overcome. But it will not be difficult if the new government at the Centre – expected to be in place in May – offers a helping hand.

Policy decisions can accentuate the pace of growth and this will help a gradual recovery in Indian iron ore exports over the next two years. And, the government needs to ensure that while exercising its powers, it should not compromise on the environmental safety.

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Corrigendum

The Jawaharlal Nehru Port Trust is creating a parallel reception facility and envisages a Multi-Modal Logistics Park to come up in 110 hectares. The area of land was incorrectly printed in the previous issue. The error is sincerely regretted and MG stays committed to its standards of quality and accuracy.

INTERVIEWS

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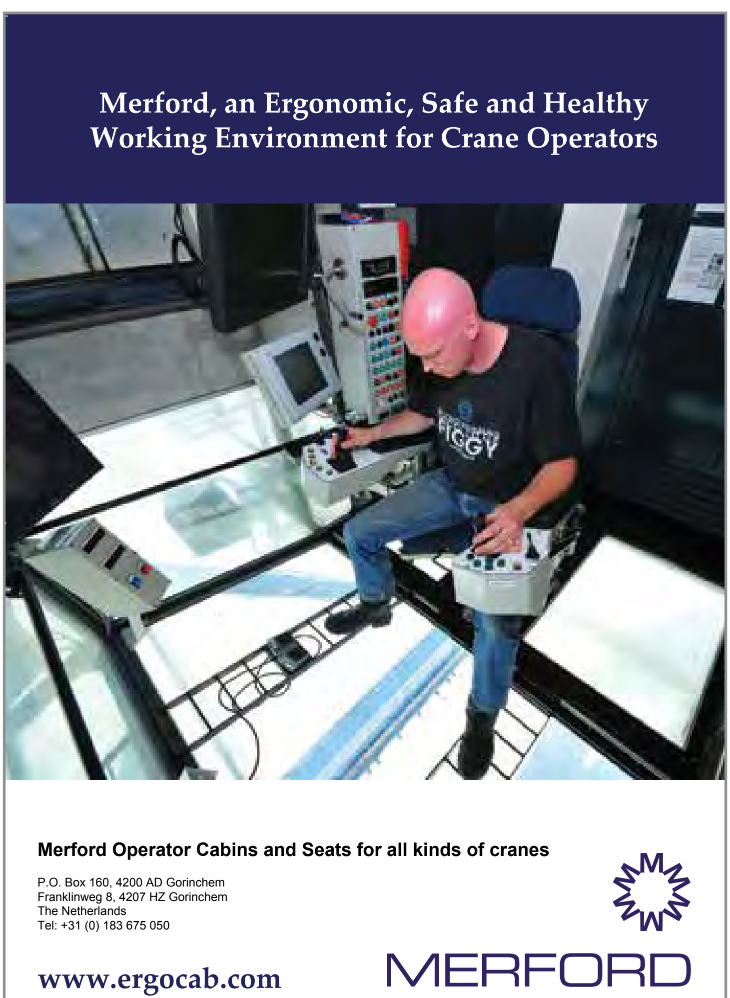
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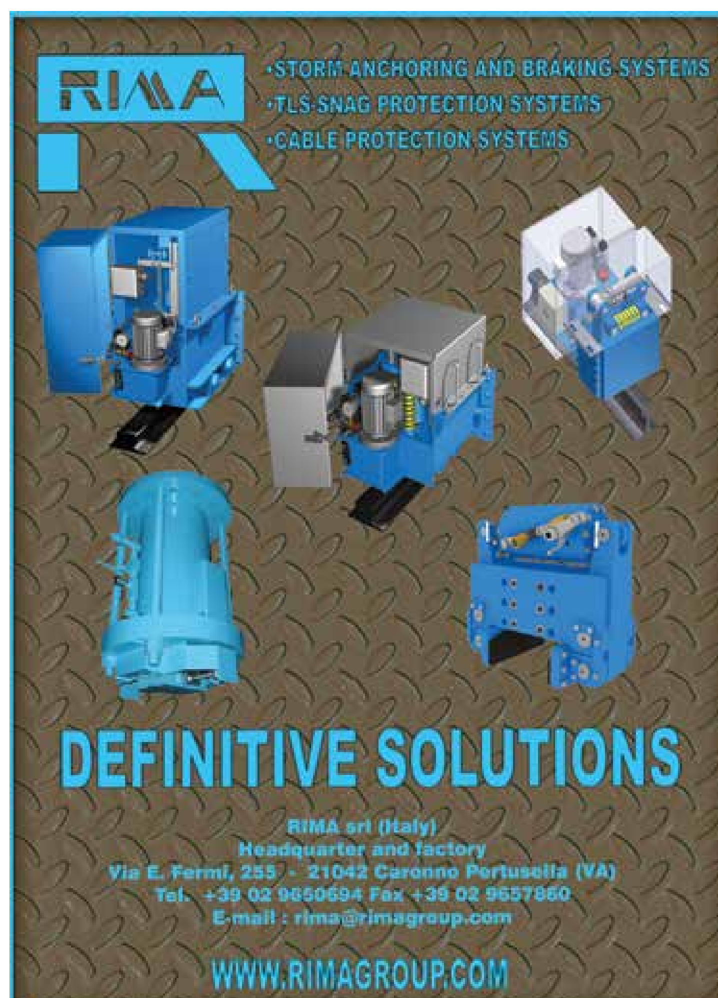
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Monstrous cruise ships

that ruin the view – and even block out the sun – for people strolling down Venice's Giudecca Canal, will, from the end of November, no longer pass close to the lagoon city, cruise ship owners have pledged.

From that date vessels weighing over 96,000 tonnes will eschew the route that currently sees them pass close to St Mark's Square.

Shipowners take a breather from newbuilding ordering activity

Newbuilding ordering activity has slowed down in an indication that shipowners are looking to adopt a "wait-and-see" strategy", in terms of both the course of the freight market, as well as the pricing from shipyards. New building activity was 57 per cent down on the week and 33 per cent on the year.

Maritime industry to see big growth in scrubbing in long term

The maritime industry will see a "big growth in scrubbing" for the long term, in order to meet the increasing regulatory challenges, Marine and Energy Consulting's managing director Robin Meech said. Subject to some economies of scale and the age of vessels, scrubbing is "the cheapest method to comply for existing ships less than 15 years old," he added, comparing scrubbers to low sulfur bunker fuel and LNG. The approximate cost of a scrubber is around $4 million, varying on ship size, industry sources said. On board a ship, scrubbers are installed on ships' engines to remove sulfur from bunker fuel.

Singapore 380 CST bunker fuel prices fall to 21-month low on poor demand

Singapore 380 CST high sulfur bunker fuel prices dipped to a 21-month low of $586/mt, on the back of weak demand and bearish crude. Traders said spot demand has been week as buyers hold out for lower prices and due to excess supply arriving from Europe and the Americas. Traders expect Asia to continue to receive a significant inflow of Western arbitrage fuel oil for April and possibly into May amid sinking freight rates.

Iron ore production set to grow 14% in FY15

India's iron ore production is likely to grow 14 per cent to touch 155 million tonnes in fiscal 2014-15. For the just concluded year 2013-14, the production of the key steel making raw material declined 5 per cent to 136.4 million tonnes compared to 143.6 million tonnes in 2012-13.

For the year 2014-15, the increase in production is expected to come from Goa, Karnataka and Odisha. While Goa is likely to start production in the second half of the year, Odisha and Karnataka would increase their production. The miners in Goa are awaiting final order from the Supreme Court on fixing the cap on production. Recently, the Central Empowered Committee of the Supreme Court recommended production cap of 20 million tonnes per annum in Goa. The Indian School of Mines, Dhanbad had recommended the cap in the range of 27.5 million tonnes to 32 million tonnes per annum.

Maersk Line struggles to fill mega container ships

The Danish shipping giant Maersk Line is having trouble loading up its new Triple-E mega container ships to capacity because only two docks in Asia have the necessary infrastructure to do so. The world's largest ships will have to wait until the end of 2014 to begin to sail with full shipments as central European harbours are still unable to handle fully loading the 18,270-container-capacity ships. "Right now there are only two harbours in our network, Yantian and Tanjung Pelepas, that can handle fully loading Triple-E ships," Thomas Riber Knudsen, the head of Maersk Line's Asia and Pacific region, told Lloyd's List. "At the moment we are only able to load about 16,000 containers on the ships."

Dighi Port looking to raise $100 m from overseas investors

Dighi Port is seeking tie-ups with international port operators and investors to raise fresh capital to finance its expansion plans. "We are having discussions with a couple of strategic investors and hope to wrap up a deal in the next three months," said Chairman and Managing Director Vijay Kalantri. Dighi, which has so far invested about ₹1,800 crore, hopes to raise $100 million (about ₹600 crore) from international investors, said Kalantri during a media trip to the port in the weekend. The focus now is to establish a 50-km link to the Konkan rail network and upgrade the road linking the national highway so as to ensure seamless flow of cargo to an from the port, said Kalantri. This will require and investment of over ₹1,500 crore, he added.

Mormugao Port resumes iron ore handling

Iron ore handling has commenced at Mormugao Port recently after a gap of over 18 months, following the easing of the ban on the sale of iron ore that was already extracted, by the Supreme Court. The ban on extracting fresh iron ore stays. The Mechanical Ore Handling Plant of Mormugao Port is capable of loading a Panamax size vessel in a single day.

WSS strengthens Singapore management team

Wilhelmsen Ships Service (WSS) has strengthened its Singapore-based management team to reflect increased levels of business and a focus on expanding service provision across the Asia-Pacific region. Hege Solstad will draw on 25 years' experience in shipping and logistics as Regional Director, WSS Asia Pacific, while 14-year Wilhelmsen Group veteran Harald Lundestad has been appointed General Manager for WSS Singapore.

Sravan Shipping to set up second CFS by 2015

Sravan Shipping Services, which is into providing warehousing, stevedoring and transport services, is planning to set up a new container freight station (CFS) at Gangavaram. This would have the capacity to handle about 10,000 teu and is likely to be ready early 2015, managing director G Samba Siva Rao said.

This would be its second CFS. It had CFS one in operation at Visakhapatnam, the first such facility in the private sector in Andhra Pradesh. According to Rao, the new facility is likely to take an investment of about ₹50 crore.

This apart, it would look to deepen its operations at Kakinada while it would look to start its operations at Krishnapatnam later, he said. In terms of volume, Sravan Shipping handled about 8 lakh tonnes last year, which was 17 per cent lower than the previous year. It clocked about ₹70 crore, which was about 15 per cent less than the previous year.

Odisha to assess land need for Dhamra Port expansion

The decks seem to be clearing for second phase expansion of Dhamra Port, an equal joint venture between Larsen & Toubro (L&T) and Tata Steel after the promoters obtained environment clearance in January.

The state government has asked its ports directorate to assess land need for Phase-II expansion of the deep draught port developed off the coast of north Odisha. The port project is implemented by Dhamra Port Company Ltd (DPCL) where both Tata Steel and L&T hold 50 per cent equity each.

Santosh K Mohapatra, chief executive officer, DPCL said, "The Dhamra Port has around 300 acres of surplus land. We had sought 745 acres land from the government. About 1,000 acres of land would suffice for the second phase capacity expansion."

Gangavaram port registers 20% growth in cargo traffic

Gangavaram Port in AP has notched up a 20 per cent growth in cargo throughput last fiscal, thanks to increase in coal traffic. The port handled 15.81 million tonnes of traffic last year against 13.01 million tonnes in the previous fiscal. Its coal traffic increased to 11.32 million tonnes from 9.89 mt in the previous year, while iron ore traffic increased to 1.37 mt from 0.27 mt. The port is in the process of expanding its capacity.

IL&FS gives Karaikal Port a booster shot

The infrastructure development company IL&FS, which is putting up a thermal power project near the port, has agreed to use the port for bringing coal. The port could handle 5 million tonnes of coal in the coming years to feed the first two 600 MW units of IL&FS subsidiary. This could mean revenues of about ₹200 crore.

Genco Shipping files for bankruptcy on weak charter rates

Genco Shipping & Trading Ltd. (GNK), an operator of dry-bulk cargo ships, filed for bankruptcy as weakness in charter rates made it difficult for the company to pay its creditors. The shipping industry has suffered from a glut of vessels after buying too many before the 2008 global recession, driving down rates and saddling companies with debt, said Erik Nikolai Stavseth, an Oslo-based analyst at Arctic Securities ASA. They were all victims of the exuberance we saw in the shipping market in the mid- to late-2000s. High leverage on expensive assets is what killed them, Stavseth said.

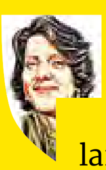
VOICES

If the IRR (internal rate of return) goes down to something like 8 per cent, I don't expect people to bid too bullishly. So that portion has to be taken out, put on VGF (Viability Gap Funding). That is what I am trying to take to the Cabinet.

- Vishwapati Trivedi
Shipping Secretary, Government of India

US economy is certainly going up. The EU is not going down. India's performance will also improve. India's exports will be more than $325 billion.

- Rajeev Kher
Commerce Secretary



Mill lands have already been usurped. The way is to get Mumbai Port Trust land back. Mumbai is no more an industrial but a service oriented city. The city does not need a ship container terminal.

- Meera Sanyal
The Aam Aadmi Party (AAP)
candidate for Mumbai South constituency

It is too early to say that the woes of the shipping industry are over. Things are certainly looking up, they were very bad a couple of years ago, the time that has just passed.

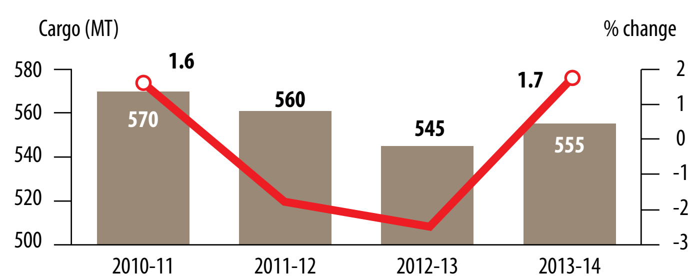
- Michael Pinto
Former Secretary-Shipping, Government of India

3.5 **million tonnes** of potash import is expected during 2014-15.

In 2013-14 (April-March), **India's exports** grew **3.98** per cent to $312.3 billion, **imports** fell **8.11** per cent to $450.9 billion, while trade deficit stood at $138.6 billion.

India's oil imports from Iran more than doubled in March from year ago to about **387,000** barrels per day. Iranian shipments in the first quarter of this year rose about **43** per cent from the same period in 2013.

12 GOVERNMENT-OWNED MAJOR PORTS REGISTERED A 1.78 PER CENT GROWTH IN TRAFFIC FOR FY 2013-14



MT: Million tonnes

Source: Indian ports Association

LEADING THE WAY

Exports in $ million

	Non Agri	% growth	Agri#	% growth	% of total
2005-06	95,872	24.12	7,219	14.71	7.00
2006-07	117,700	22.77	8,714	20.71	6.89
2007-08	149,576	27.08	13,556	55.57	8.31
2008-09	170,767	14.17	14,528	7.17	7.84
2009-10	166,134	-2.71	12,617	-13.15	7.06
2010-11	233,790	40.72	17,346	37.48	6.91
2011-12	278,537	19.14	27,427	58.12	8.96
2012-13	268,383	-3.65	32,017	16.74	10.66
2013-14*	252,541	4.74	29,280	1.85	10.39

*Growth over 2012-13 (Apr-Feb): #Agri & allied products
Source: Minisitry of Commerce (DGCIS, Kolkata)
Compiled by BS Research Bureau

IndoSpace Chakan leases 1.29 lakh sft to Delphi

IndoSpace, developer of industrial and logistics real estate, has leased 129,000 sq ft built-to-suit manufacturing facility at IndoSpace Industrial Park Chakan I to Delphi. Spread across 100 acres, IndoSpace Industrial Park Chakan I is a fully integrated industrial park, which consists of 1.7 million square feet of modern warehouses and light manufacturing facilities that are designed to meet the manufacturing, logistics and supply chain needs of global companies.

Talking about the growing need of modern manufacturing facilities in the country, Brian Oravec, Managing Partner of IndoSpace Development Management, said, "Delphi has been operating in India for a longtime and knows the market very well. We are very pleased Delphi has selected IndoSpace Chakan I for its new manufacturing facility. Given its modern facility requirements IndoSpace was the logical choice. We are excited to extend our relationship with Delphi in India."

Delphi is a leading global supplier of electronics and technologies for automotive, commercial vehicles and other market segments. Operating major technical centres, manufacturing sites and customer support facilities in 32 countries, Delphi delivers real-world innovations that make products smarter and safer as well as more powerful and efficient. IndoSpace parks are developed by IndoSpace Development Management Limited – a JV between Realterm Global and the Everstone Group. Currently, IndoSpace has 11 projects under development across five cities in India, with a total target built-up area of 15 million square feet, covering a total area of over 700 acres.

V. O. Chidambaranar Port Trust creates record in cargo handling

V.O. Chidambaranar Port Trust (VOCPT) created record in handling all time high cargo traffic of 282.61 lakh tonnes, surpassing its previous record of 282.60 lakh tonnes of cargo. The Port had handled 278.78 lakh tonnes of cargo during the same period last year.

In terms of container handling, the Port has handled 502,500 teu (twenty-foot equivalent unit) this year as against 468,937 teu handled last year, registering a growth of 7.16 per cent. Also, VOCPT has crossed the target of 500,000 teu fixed by Ministry of Shipping for the financial year 2013-14, three days in advance, according to a press release. During the financial year, industrial coal, rock phosphate, pet coke and containerised cargo have shown positive trends in imports, while in terms of export cargo, garnet sand, gypsum, phosphoric acid have shown positive trend, the release said.

Aegis Group commissions tank farm facility at Port Pipavav

Aegis Group, India's leading oil, gas and chemical logistics company, has commissioned a new tank farm facility at Port Pipavav on April 1 for commercial operations. The Aegis Group facility is the first of three sub-lease agreements signed by the Port with liquid terminal operators for setting up and operating tank farm facilities, while APM Terminals Pipavav will provide all port and marine related facilities on the waterfront to ensure seamless cargo handling.

It will act as a cost-ffective and efficient gateway to service industry's feedstock requirements in specialty chemicals, hazardous chemicals, petro chemicals, petroleum and non-petroleum products for the key markets of North and Northwest India. "With the container and dry bulk business contributing steady volumes and revenue growth, commissioning of the liquid business will add another pillar for future growth of our port," Prakash Tulsiani, Managing Director, APM Terminals Pipavav, said in a press release.

Phase I of Aegis Group's plan is to build a capacity of 120,000 kL of Liquid Bulk and 2,700 MT of Bulk Gas facilities across 31 tanks by H2 FY2015. Out of the 31 tanks, 13 tanks with a capacity of 70,120 kL or over 50 per cent of the planned capacity is now commissioned.

Ravi Gaitonde, Chief Operating Officer, APM Terminals Pipavav, said "Port Pipavav provides a deep draft all-weather dedicated liquid jetty connecting the tank farm infrastructure located within the Port premises only at a distance of approximately 2 km, leading to faster turnaround of vessels and quick cargo evacuation." The head of Bulk and Liquid Business of APM Terminals Pipavav, Capt. Dinesh Lokapure said, "the liquid cargo handling facilities at Port Pipavav is a welcome addition to our existing portfolio and we are fully committed to provide cost-effective and world-class marine and handling facilities for export and import of liquid cargo through the port".

Korean Register launches world's first mobile app containing IMO conventions

Korean Register (KR), an IACS (International Association of Classification Societies) member classification society, launched world's first mobile app containing all up-to-date IMO conventions. It is based on the KR-CON software which is an international database program containing the full up-to-date texts of all IMO conventions, codes, resolutions and circulars. It enables users to identify regulations relevant to a specific task and helps ensure all IMO requirements are applied correctly. KR-CON is currently being used by surveyors, port state control inspectors, shipping companies, shipyards and design houses in more than 30 countries across the world.

The app version of KR-CON was developed to meet an increasing demand from users wanting to access information whilst on the move. KR-CON is now in its 12th iteration and migrating the system to an app environment was the next logical step in its evolution. The app may be downloaded from the Google and Apple play stores.

Dr. Chon Young-kee, Chairman & CEO of KR, said, "The mobile version of KR-CON facilitates easy and on-the-go access to our database which enhances its user-friendliness and satisfies the wishes of our current users. This new version includes photos, diagrams and videos related to the IMO conventions and codes. These will illustrate what used to be a text only system and will help our users further understand complex IMO communications. Our aim is to maximise our users' understanding of these conventions."

The 12th edition also includes an enhanced record-tracking facility which now covers 10 conventions and codes. This allows users to easily identify and track the many amendments which have been applied to IMO instruments.

Sravan Shipping MD receives 'Skoch Achiever Award 2014'

G. Sambasiva Rao, Founder & Managing Director, Sravan Shipping Services Private Limited, Visakhapatnam, and immediate past chairman of the Confederation of Indian Industry (Visakhapatnam Zone), was awarded with "Skoch Achiever Award 2014 for India's Best SMEs'.

He received the award from Montek Singh Ahluwalia, Deputy Chairman, Planning Commission for his outstanding achievement and success in fulfilling clients satisfaction not only through service but also through consistent strategy that defined its unmatched performance in SCW & Logistics sector.

Distinguished dignitaries including Deepak Parekh, Chairman, HDFC, and Rana Kapaoor, President, ASSOCHAM & MD & CEO, YES BANK, attended the award ceremony, which was conducted at the India Habitat Centre, New Delhi, on March 22.

APM Terminals Inland Services South Asia's Mumbai CFS celebrates 20 years

APM Terminals Inland Services South Asia's CFS facility at NhavaSheva Mumbai, the first private sector operator in NhavaSheva, celebrated 20 successful years in partnering with customers and trade. The glittering event organised in Mumbai was a great opportunity to connect with and thank the leadership teams of several shipping lines, NVOCCs, tank operators, freight forwarders and cargo owners who graced the occasion. From handling Maersk only volumes in 1994, APM Terminals Mumbai CFS over the years has diversified its customer portfolio to other leading shipping lines, NVOCCs, tank operators, freight forwarders and cargo owners. To cater to the growing NhavaSheva market it expanded into a new Annex facility and introduced process and technological innovations like RFID, customer token system and mobile tracking system amongst others and continued to introduce best in market safety standards. Set up in 1994, APM Terminals Mumbai CFS supported trade and created history by evacuating more than 2,700 teu, from JNPT Port in seven days, during the congestion at NhavaSheva last year wherein roads leading to the port gates were severely congested with long queues of vehicles, often up to 20 km.

"APM Terminals Inland Services will continue to proactively work with our customers and stakeholders to ensure the highest levels of customer satisfaction and build more business together," Subhasis Ghosh, Managing Director, APM Terminals India Pvt. Ltd. and Director, Inland Services South Asia, said in a press release. APM Terminals India Pvt. Ltd. is comprised of CFSs with a total bonded yard area of about 3.7 million sq. ft., empty depots in more than 10 locations with state-of-the-art dry and reefer repair workshops, backed by a strong fleet of trucks to manage shunts and primary transportation. The company has world-class CFS facilities at NhavaSheva, Chennai, Dadri and Pipavav.

Adani's Mundra Port crosses 100 MMT mark of cargo handling in a year

Mundra Port, the flagship port of Adani Ports and SEZ Ltd. (APSEZL), has achieved a landmark of handling 100 million metric tonne (MMT) in FY 13-14.

This is the fastest growth in port sector the country has witnessed, surpassing all the government and private commercial ports of India (a compounded annual average growth rate of over 35 per cent).

Mundra Port, which signed the concession agreement in 2001-02, created history by achieving 100 MMT of commercial cargo in a year in a span of just 12 years. The port has deployed state-of-the-art technology which ensures the highest levels of efficiency and productivity. It today possesses capacity to handle over 200 million tonnes of cargo.

Gautam Adani, Chairman, Adani Group, said, "This is a significant milestone for APSEZL's journey. It reconfirms my faith in the passion and commitment of our employees. This coupled with our customers' trust in our capabilities will help us in achieving our vision of handling 200 million metric tonnes of cargo much ahead of our original timeline of 2020. I see Mundra Port as a strategic harbinger which our network of ports on Indian coast will emulate, and grow exponentially."

Adani Group has already commissioned a new port at Hazira a year back, two berths for container handling and three multipurpose berths for dry bulk and liquid bulk cargo. Liquid storage terminal of 1,00,000 kL capacity is commissioned on December 23, 2013 and 24 liquid tanker vessels has handled more than 1,00,000 mt liquid bulk cargo at Adani Hazira Terminal. State-of-the-art Roll on Roll Off (Ro-Ro) automobile terminal with a floating pontoon (one of its kind in South Asia) was commissioned in January 2009. Mundra boasts of the world's largest and fully mechanized coal import terminal with a capacity of 60 MMTPA which was commissioned in December 2010.

Adani Ports and Special Economic Zone also operates terminals in Hazira and Dahej, in Gujarat, Mormugao in Goa and Visakhapatnam in Andhra Pradesh. It is setting up a bulk cargo handling facility in Tuna Tekra (Kandla Port) in Gujarat and a container terminal at Ennore in Tamil Nadu.

Arbitration clauses in Bills of Lading under Chinese legal practice

Successful incorporation of a charterparty arbitration clause into the bills of lading is not a straight forward matter under China jurisprudence and recently a Chinese maritime court dismissed the owners' motion to refer the case to arbitration, because it was held that the C/P arbitration clause incorporated into the B/L was not effective.

Green panel seeks reason for setting up new port in Nellore

The Ministry of Environment and Forests (MoEF) has questioned the rationale behind setting up a new port in Nellore district of Andhra Pradesh when a major port is already located there. The Shipping Ministry has proposed to set up a major port at Dugarajapatnam in Nellore district, which already has a similar facility at Krishnapatnam, about 100 km away.

Environmental Appraisal Committee (EAC) under MoEF has asked the Shipping Ministry to justify its proposal. The panel has suggested appointment of a sub-committee of experts to visit the port site and submit a report to take a call on environmental clearance. "The Committee desired that the (Shipping) Ministry may check and provide details of any technical committee set up by it for the site selection of a major port at Dugarajapatnam area...Justification for the need for a port in the area when Krishnapatnam Port is in the vicinity," the EAC said, while deferring the proposal to clear the Terms of Reference for the project last month.

The Shipping Ministry is in the process of developing a greenfield port at Dugarajapatnam in the East Coast at a distance of about 90 km north of Ennore Port and 700 km south of Visakhapatnam Port. Once developed, the port will be the most modern greenfield major port in India with water depth of up to 21 metres, making it capable of handling giant-size vessels. In the first phase, there will be eight berths – four for coal and an equal number for containers and general cargo. In phase 2, there will be an addition of 10 berths.

India to open warehouse in Nigeria for medicine export

Pharmaceutical Export Promotion Council of India (Pharmexcil), in association with Nigeria-based Sankil Pharmaceutical, a local pharmaceutical business agency, will open a new warehousing facility in Nigeria for exporting medicines from India to West African countries. The initiative is expected to give a major boost to the presence of Indian pharmaceutical companies in Africa.

About 40 Indian pharmaceutical companies have shown interest in utilising the warehousing facility in Nigeria which is expected to start operations within the next two to three months, according Raghuvir Kini, executive director of Pharmexcil. Sankil Pharma, which has presence in Nigeria for last 22 years, will help assist Pharmexcil to establish the warehousing facility in the country.

The proposed premises where the warehousing facility will be set up has already been approved by the National Agency for Food and Drug Administration Control (NAFDAC) of Nigeria and it is well suited for storing active pharmaceutical ingredients or APIs and chemicals.

"The council is also expecting similar approval from NAFDAC to even store the pharmaceutical formulations or any other pharma-related material at the facility," Kini said adding that under its

Marker Access Initiative (MAI) scheme, the government of India was also willing to give financial assistance to Indian pharmaceutical companies willing to take storage space at the facility.

Sankil Pharma will act as a custodian of the goods stored in the warehousing facility. The company will assist the members in all aspects and will arrange for releasing the consignments from customs, store in the warehouse, and dispatch to customers according to instructions of the companies using the facility.

Additional facilities like cold storage and extra space will be taken care of by Sankil Pharma and the company will also assist the members in getting their products registered with NAFDAC, if required. In order to assure Indian exporters, officials of Sankil Pharma have given the assurance that "the situation in Nigeria has improved a lot compared to 15-20 years back and there is no need to worry about robberies/ thefts etc".

AkzoNobel introduces pioneering software for shipping industry

AkzoNobel has introduced the shipping industry's first digital tool that enables operators to accurately assess and predict the risk of hull fouling, depending on which routes are being traded. Developed by the company's Marine Coatings business, Intertrac analyzes various data streams in order to draw up an accurate fouling risk profile. This can then be used to tailor a coatings system to a vessel's specific route, helping to maximize operational efficiencies and reduce costs.

"This is a valuable tool that enables us to recommend optimal fouling control coating specifications, which in turn helps to generate major cost savings for customers," said Conrad Keijzer, AkzoNobel's Executive Committee member responsible for Performance Coatings. "It is also an excellent example of how we are always looking to innovate and set ourselves apart from the competition."

Hamburg Sued open to 'three-way alliance" with Hapag-Lloyd/CSAV

Hamburg Sued Group, Germany's second biggest container shipping line, may revive merger plans with Hapag-Lloyd AG after a failed attempt to combine operations with its local peer last year. A "three-way alliance may be on the agenda at some point" after Hapag-Lloyd's planned takeover of the container-shipping operations of Valparaiso, Chile-based Cia. Consolidation in the container industry has gained momentum in recent months after several years of stagnation. Hapag-Lloyd, Germany's industry leader with a fleet of 151 vessels, turned to CSAV after talks to merge with Hamburg Sued failed more than a year ago because shareholders of both companies couldn't agree on terms. The CSAV deal likely will close by the end of April and will make Hapag-Lloyd the world's fourth-largest container carrier.

Hamburg Süd: Doing well under difficult business conditions

Due to subdued market growth and operational problems in the vastly overstretched ports in Brazil, Hamburg Süd and its Brazilian subsidiary Aliança were only able to increase transport volume in liner services by 1 per cent year-on-year to around 3.3 million teu. With freight rates falling slightly and devaluation of the most important earnings currency by around 4 per cent as against the euro, total revenues of the business field shipping fell by 3.9 per cent to €5.3 billion. Hamburg Süd's bulk business and product tanker business failed to generate positive results last year. Despite the unsatisfactory business environment, investments totalling €450 million were considerably above the level of the previous year (€247 million). These investments mainly comprise instalments and final payments for 12 9,000/9,600-teu ships and four smaller 3,800-teu new builds.

Shipping experts call for collaboration and consolidation

Maritime industry leaders have called for greater collaboration and consolidation in Asia to tackle prevailing challenges such as the rise over capacity, talent shortages and environmental sustainability that are impacting the potential of the industry.

According to the industry experts, the region's maritime industry is facing significant growth opportunities. Further consolidation and stronger alliances across public and private sector is needed to help navigate these challenges. Collaboration is also important to tackle the shortage of highly trained talent within the industry and environmental sustainability.

The world's container fleet stood at 5,043 vessels at the end of 2013, up from 5,010 at the end of 2012, with excess capacity amplified through the introduction of larger vessels. This has led to an oversupply which impacts the profitability of the industry.

"We will see further consolidation. It is a matter of bringing people together to realise the challenges and the opportunities, and look at how we can overcome them together," he added. He was one of the speakers at an industry insights briefing ahead of the launch of Sea Asia 2015.

The world fleet is expanding at a rate of 2.3 per cent per annum, fast outstripping the supply of global maritime talent. Maritime centres across Asia are working to address this challenge. The basic driving force behind shipping will be the growth of the Asian economies. And ASEAN has a reasonable growth pace; India is coming up and Vietnam is a hidden tiger. These economies will continue to sustain shipping.

Seatrade Chairman Chris Hayman said, "Asia is the world's engine room for growth. Increasing intra-and-extra regional trade, a rapidly growing 'consuming class' and emerging economies are all fuelling fast-paced growth in the region's maritime industry. However, there are a number of challenges that the region needs to navigate".

> We are seeing ships continuing to get bigger and bigger and a lot of focus on scale. However, we need to remain equally focused on the 'softer side' of shipping such as customer service and information technology.

S.S. Teo
Chairman, Singapore Maritime Institute (SMI) & Managing Director, PIL

OEL Singapore launches Vietnam service connecting Singapore & Malaysia

Orient Express Lines (OEL) Singapore has announced the launch of the SVS (Straits Vietnam Straits) service on April 8. The service will be jointly operated by OEL & Yang Ming Marine Transport Corp. (YM), each contributing a 1,800-teu container vessel.

According to a company release, both the vessels would be scheduled for fixed day port calls at Hai Phong (Thursday), Ho Chi Minh (Monday), Singapore (Thursday) & Port Kelang (Friday). This new venture would expand OEL network in the South East Asia region, and onward to the South China area.

Orient Express Lines Singapore is head -quartered in Singapore and operates common carrier feeder services connecting Singapore, Malaysia and Sri Lanka ports to the West and East coast of India, Pakistan, Bangladesh, Myanmar, Indonesia and Vietnam. OEL also serves shipments to West Asia/Arabian Gulf via Colombo and Jebel Ali, through long term slot charter arrangements with main line operators.

The company is currently operating a fleet of owned and chartered tonnage and are further expanding the fleet by acquiring three 1,700-teu container vessels during 2014.

M&M arm signs JV with Belgium's Univeg for fruit supply chain

Mahindra ShubhLabh Services, a Mahindra & Mahindra subsidiary, has signed a joint venture agreement with Univeg, a Belgium-based €3.2-billion fresh produce company, to develop a fresh fruit supply chain to provide high quality fruits for domestic and international markets.

Under the agreement, the two companies have agreed to form a JV company in which M&M would have 60 per cent stake while Univeg, the world's second largest supplier of fruits, would hold 40 per cent. The JV will enable both companies to leverage each other's strengths, providing a win-win situation for farmers and end-consumers alike.

The JV would cover all business under the agri-vertical of MSSL except grapes, which constitute of most of the company's business as of now. MSSL is India's largest grape exporter, with last year's turnover of ₹65 crore, of its total annual turnover at ₹350 crore.

The company is currently handling contract farming through end-to-end solutions in 2,500 acres of land in Nashik for grapes in addition to 2,100 acres for peer. Also, MSSL has tied up with thousands of farmers for apple procurement directly from farm in Himachal Pradesh.

In November 2013, Mahindra ShubhLabh Services launched its fresh fruit brand Saboro, for the health-conscious Indian consumer. Fruits from the new venture would also be marketed under the Saboro brand.

Univeg imports a huge quantity of Indian fruits through MSSL. This JV will help explore Indian markets and replicate best agronomy practices globally, said Hein Deprez, Executive Chairman, Univeg. The JV will focus on the modernisation of the domestic fruit supplychain in order to responds to the demand for high quality produce, improve yield and lower wastage levels.

The joint venture company would be investing ₹30 crore in the first two years, with additional investments made by logistics and supply chain partners.

Dhamra Port records 30% growth in FY 13-14

Dhamra Port handled 14.31 million MT of cargo in FY 13-14 against 11.07 million MT in the previous financial year thus registering a year-on-year growth of 29.3 per cent. On the import side, Dhamra Port grew by 17.2 per cent and handled a total of 10.23 million MT of imports (up from 8.72 million MT in FY '13). This included about 4 million MT of coking coal and 5.5 million MT of non-coking coal with the remaining being limestone. On the export side, the Port handled 4.08 million MT of exports/coastal shipments (up from 2.35 million MT in FY '12) with a YOY growth of 73.6 per cent during the period. About 3.5 million MT of this was iron ore fines and iron ore pellets of which over 2.6 million was domestic coastal shipments. About 0.6 million MT of domestic thermal coal was also shipped out of Dhamra Port during the year. A total of 192 vessels (112 import, 80 export), including 46 cape-size vessels called at the Port in FY '14. During the year, Dhamra Port also evacuated 10 million MT of import cargo in nearly 2,700 rakes and received 4.4 million of export cargo in about 1,170 rakes.

Dhamra Port handles largest coal vessel

Dhamra Port has earned the distinction of receiving the largest vessel to call on Indian shores. *MV Macau Mineral* which has a dead weight tonnage of 207,785 berthed at the Dhamra Port jetty on March 26. The vessel which arrived from Richards Bay, South Africa, brought a parcel of 194,073 MT of non-coking coal, which is also the highest parcel of coal that has been handled in the country. The cargo was imported by various parties including Visa Resources, Shyam Group and KCT Coal Sales. The Panama registered, 312-metre long and 50-metre wide, super cape-size vessel berthed in the presence of the harbour master of Dhamra Port along with senior officials of the company.

12 govt ports see 2% increase in traffic growth

It's time to cheer for the Indian maritime sector as the ports are hoping for some recovery this financial year after two years of falling cargo volumes. The 12 government-owned major ports have registered a 1.78 per cent growth in traffic in the last financial year between April 2013 and March 2014.

The capacity addition in ports was suffering because of economic slowdown, which was affecting cargo volumes. But now, if there is demand, supply will have to match up, said senior shipping ministry official.

Globally though, the trade is expected to grow marginally keeping the freight rates for the shipping lines under pressure for yet another year. Economy had hit a rough patch, but now there are signs of improvement. According to industry insiders, manufacturing, trade, etc are expected to go up, which will drive the traffic.

The increase in traffic volumes is an encouraging sign for ports and private operators to invest in building capacities. The shipping ministry had recently awarded 4.8 million teu (twenty foot equivalent units) fourth container terminal project at the Jawaharlal Nehru Port Trust (JNPT). The project is expected to double JNPT's total capacity. The country's total container capacity currently is over 11 million teu.

Companies too are pinning their hopes on the next government to expedite port infrastructure in the country and encourage funding of various projects. There are strong expectations that clearances will come faster and the investment sentiment will make it easier for companies to get financing.

DGX-Dependable Global Express launches India operations

DGX-Dependable Global Express (DGX), a leader in international shipping and freight specialising in global ocean and air freight, has announced the launch of DGX Logistics India Pvt. Ltd, in Mumbai. The operations in India will be spearheaded by Raj Dias, DGX's new Vice President of Global Development.

"In India, rising investments, rapidly evolving regulatory policies, mega infrastructure projects and several other developments, especially in the supply chain of agricultural produce, are presenting tremendous growth opportunities for DGX and we're excited to expand our services in the region," Dias said in a press release.

"In keeping with our core value of providing the highest level of customer support and staying ahead of changing market conditions, DGX has deemed it vital to develop an even stronger presence in Asia, the fastest-growing market in the world," he added.

Dias will focus on India, Sri Lanka, Pakistan, Bangladesh, as well as intra-Asia trade between South Asia and the rest of Asia, and will be responsible for the development of US import/export Trade to and from India.

DGX currently has offices in the US, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Singapore, American Samoa, Australia, and the Philippines, with 30 ocean contracts worldwide.

Since inception, DGX's hallmark of continued success has been outstanding and reliable service, backed by quicker container transit, superior personalised customer support and tracking, a unique cargo care process providing top-of-the-line freight forwarding, as well as in-house handling and delivery networks.

Vizag Port looks forward to a bright year ahead

Visakhapatnam Port looks forward to a bright year in 2014-15, as several development projects are on the verge of completion, and the port expects to handle not less than 65 million tonnes of cargo during the year, according to Deputy Chairman GVL Satya Kumar.

He was reviewing the performance of the port during 2013-14 at a media conference recently. He said the port had handled 58.50 million tonnes of cargo during the year, a little less than during the previous year. "Several projects in the PPP mode are in execution in the port and to an extent cargo-handling has been affected. Many of them will be completed during the current year. The dredging in the outer harbour has been completed to the extent of 95 per cent and in the inner harbour up to 46 per cent or so. The dredging projects costing ₹415 crore will be completed in a few months' time and they will add to the capacity of the port to handle bigger ships. Recently, we handled a cape size vessel in the outer harbour," he said.

He said the port was fully geared to meet competition from the neighbouring private ports as well as other major ports. The iron ore handling complex was being modernised and the container terminal extended. "We have added 15 million tonnes of capacity during 2013-14, taking the capacity of the port now to 82.5 MTPA. An operating surplus of ₹261 crore was achieved during the year and ₹268 crore was spent during the year on projects. During the current fiscal, we will spend ₹374 crore."

Hapag-Lloyd, CSAV complete shipping merger

German container shipper Hapag-Lloyd AG and its Chilean peer Compania Sud Americana de Vapores SA signed Wednesday a binding merger agreement that will create the world's fourth-largest container-shipping company in terms of capacity. Hamburg based Hapag-Lloyd said CSAV will control 34 per cent of the merged entity after two capital increases totaling EUR740 million (roughly $1.02 billion). The two companies will have a combined annual revenue of EUR9 million and a transport capacity of one million 20-foot containers aboard 200 ships.

AION talks to Mercator for ₹450-cr deal

AION Capital Partners, the largest special situation fund in India, launched by global private equity giant Apollo and India's oldest PE fund, ICICI Venture, is in discussions with diversified conglomerate Mercator for an investment worth ₹420-450 crore ($70-75 million).

According to people in the know, AION will invest through a structured deal, with a combination of equity and debt. Mercator, which expanded its oil and gas business recently by acquiring an LPG carrier from Varun Shipping, will use the fund for further vessel buyouts and clearing its debts.

Gujarat Pipavav Port announces its revised expansion plan

Gujarat Pipavav Port Ltd. (APM Terminals Pipavav) has announced a revised expansion plan of increasing its container handling capacity from the present 0.85 million teu to 1.35 million teu as against 1.5 million teu as originally planned. The Board of Directors of approved the expansion plan. Bulk capacity will remain constant at 4-5 million MT (MMT) as against the earlier plan of increasing it to 20 MMT. The revised capex of ₹4,600 million will be implemented in a phased manner.

Under the expansion plan, the company has plans to purchase three Post-Panamax cranes to replace three existing Panamax cranes, strengthening of existing Berth 3, dredging of berth pockets, phased container yard development, purchase of four Rubber Tyred Gantry Cranes, development of internal roads and gate complex and electrical and other allied works, etc. The post expansion bulk capacity will remain at 4-5 MMT and liquid capacity at 2 MMT.

Environmental Clearance obtained in June 2012 was scheduled to commence in October 2013 and was timed to sidestep the monsoon season, which prevents large-scale construction/ dredging on the seaside. The subsequent reissuance of the Environmental Clearance came at a time immediately preceding the 2014 Monsoon season. An internal assessment forecasted an inordinate delay if the initial plan was to be implemented as is – with commercial implications on the container business, which is presently near 80 per cent utilisation levels, the company said in a press release. A simultaneous but pertinent development was an increase in Indian Railway's tariffs on bulk commodities. The distance slab based rail freight classification proved more expensive for some of their up country customers on select routes vis-a-vis competition, coupled with the documented delays in commissioning of coal based power plants around Pipavav. Prospects on the expanded bulk capacity were unclear in the immediate future.

CIL drops plans to enter shipping business

State run Coal India Ltd (CIL), the world's largest coal miner, has dropped its plan to enter the shipping business due to lack of demand for the fuel imported by the miner. The company had planned to form a partnership with Shipping Corp. of India Ltd to import coal.

The development comes at a time when Coal India mined around 462.5 mt against the production target of 482 mt in the last fiscal year because of muted demand for the fuel on account of unwillingness of state electricity boards (SEBs) to buy enough power. The production target for 2014-15 has been fixed at 507 mt. According to a top Coal India executive, since there hasn't been much demand for coal to be imported by us, the shipping plans are on the back burner. The coal miner had earlier also decided to drop its plans for an entry into fertilizers. It had planned to revive the Talcher unit of the Fertiliser Corp. of India involving an investment of around ₹8,000 crore.

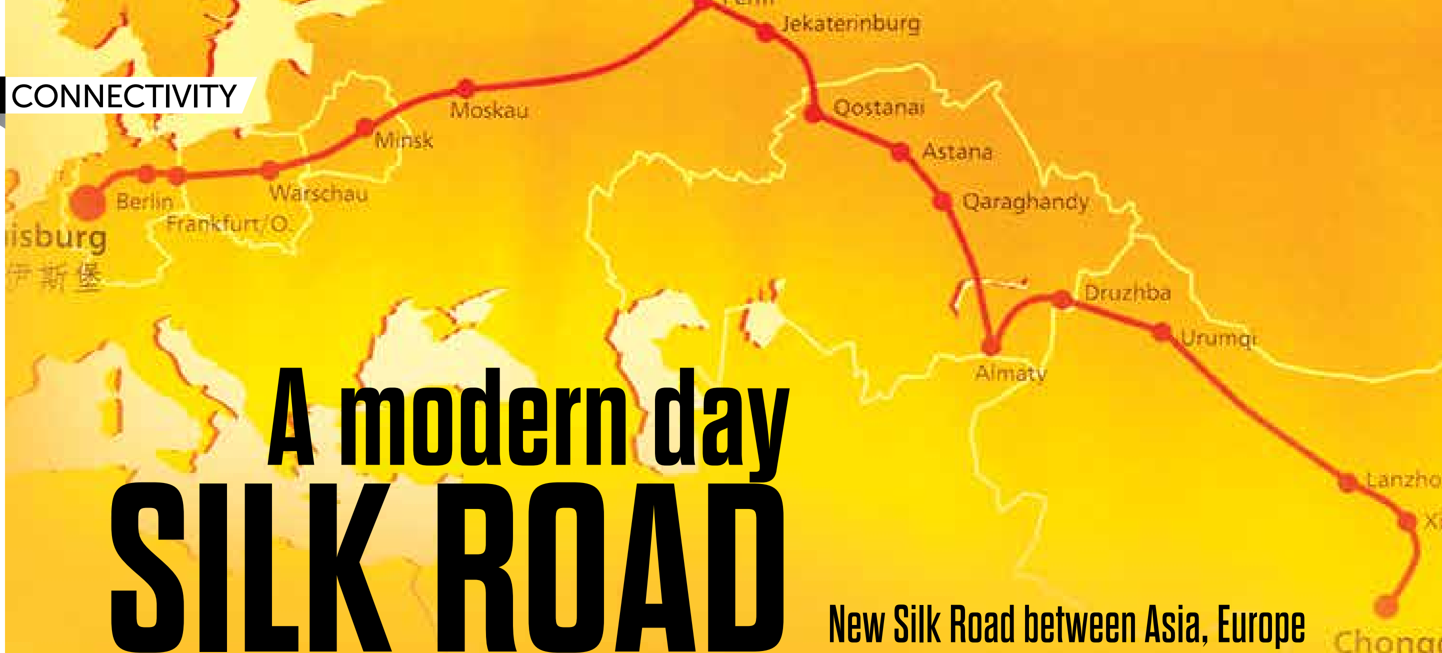
Lack of transportation infra straining logistics: Deloitte

Though India is seen as the second-most attractive logistics market after China, issues such as shortage of skilled manpower, poor adoption of technology, with higher costs and lower profitability, have hampered development in this sector, according to a recent report by consulting and financial advisory firm Deloitte. In its report 'Indian Logistics-Focus on infrastructure creation to sustain and drive growth', Deloitte said, India was a fast-growing economy, with one of the largest consumer markets of automobile, pharmaceuticals, fast-moving consumer goods and retail, which will drive the demand for logistics in the country going ahead.

An efficient logistics system reduces the cost of trading, providing an edge and propelling economic activity, said the report. Quoting a McKinsey study, Deloitte said, inefficiencies in logistics infrastructure costs the Indian economy an extra $45 billion, 4.3 per cent of the gross domestic product, every year. The study also warns a 2.5 times growth in freight traffic demand by 2020 (compared with 2010 levels) will strain India's infrastructure further. However, such high demand prospects also present an opportunity for logistics companies in India, said Deloitte.

The Planning Commission has budgeted for an initial logistics infrastructure investment of ₹4.1 trillion over the 12th Five Year Plan period (2012-2017), double that proposed under the 11th Five Year Plan (2007-2012). But global and domestic slowdown over two years has stymied overall infrastructure creation, said the report.

Highlighting the challenges faced by each of the segment of logistics infrastructure: Road, railway, port and air cargo, the Deloitte report concludes there are three key aspects the sector should look into. One, there is scope for capacity creation and efficiency improvement to ensure improvement on a 'logistics performance index'. Second, the opportunity in each segment is enormous and the 12th Five Year Plan has set ambitious targets for expanding these capacities significantly over the plan period. Third, if the gap between current and potential levels has to be closed urgently, huge private sector investment will be required to bring in both funds and best practices.



A modern day SILK ROAD becomes a reality

New Silk Road between Asia, Europe as one of the world's longest rail links – 11,179-km (6,946-mile) railway network stretching across six countries and vast unpopulated expanses – connects a megacity in the heart of China with a key commercial hub in Western Germany.

A modern incarnation of the legendary Silk Road trading route is made possible in the form of a series of transnational rail tracks transporting the latest in electronic products and computer parts. Starting in the bustling mega city of Chongqing, southwest China, the railway goes through Xinjiang, Kazakhstan, Russia, Belarus, Poland and Germany and builds a new route for transportation.

The rail link helps many companies with factories in fast-growing Chongqing, transferring items to access markets in Europe in an easier and quicker manner than sea freight from one of China's coastal ports. Train journey takes just 16 days, comparing favourably to the more lengthy shipping routes where the costs and time of transporting cargo to the coast must also be added.

"Since the rail network opened in 2011, as a joint venture between track operator DB Schenker, the Chongqing Holding Group and the state railways of China, Kazakhstan and Russia, an increasing number of multinationals have taken advantage of the facility," Dr Mu Huaping of the Chongqing Commission of Economy and Information Technology told a news agency.

As more industry heads towards China's vast interior – and cities like Chongqing expand, creating greater wealth and consumer spending power – many observers believe rail freight will become an even more appealing cargo-transport option. While this contemporary route has been in operation for two years now, rail routes between Asia and Europe are far from a new development.

The Trans-Siberian Railway has been shifting goods and passengers between Moscow and Vladivostok on Russia's Pacific coast for just under a century, linking up with tracks in northern China and Mongolia along the way. The rail line, an industrial feat, promises to revolutionise transport between Europe and Asia. The route is particularly useful for Chongqing – home to vast car-parts and IT factories – since it lies 1,500 km from China's main seaports.

"The value of this rail link, known in China as the 'new silk road', is more than just symbolic. It has found itself a position in the market and now operates up to three weekly services," the spokesman of the port of Duisburg, Julian Boecker, said.

But one of the biggest challenges will be to boost traffic in both directions to make it more profitable. It is not uncommon for the Yuxinou trains, which can transport as many as 50 containers, to be full when they arrive in Duisburg but empty when they return to China.

"At the moment, the amount of goods travelling from China to Europe is much larger than the other way round. That's a problem," said an analyst.

It was sea transport which gradually supplanted the historic Silk Road trade route linking Asia with Europe centuries ago. Sea transport still accounts for more than 95 per cent of goods trading between the two regions.

Rail's share of the market remains tiny, and for now, the Yuxinou link only compliments existing transport systems.

The link will benefit both Europe and China. While Europe can meet a sudden surge in demand in industry or trade, say in textiles, China can reach its markets more rapidly.

The link provides a welcome transport connection and gateway for Chinese provinces situated deep inside the country.

Although it is still early days yet for this mode of transport, it could have a promising future if the conditions are right, notably in terms of safety and security, punctuality and a stable political situation. mg

OFFSHORE INDUSTRY ON A ROLL

Energy security issues and high spend in exploration and production by private and government-owned companies have made India an attractive market for offshore shipping service providers. If the government is able to support this surge in demand with policy guidelines, the segment will grow further.

Sreekala G

Indian offshore companies are making substantial investments to acquire vessels to tap the oil exploration and drilling services market in the country. With experts believing that the imperative of greater energy security and higher crude oil prices to propel investment in exploration and production, India is becoming an attractive market for offshore shipping service providers,

In India, capex spends by exploration and production (E&P) players have risen over the last few years due to higher crude oil prices, increase in acreage made available for exploration under NELP (New Exploration Licensing Policy) rounds, and greater participation of private players. These factors have helped improve the pace of execution in exploration activities. As a result, demand for offshore shipping services has risen. What makes the segment attractive for the players is the fact that margins in the offshore segment, at 35-40 per cent, are far higher than those in the dry bulk and tanker segments.

According to a report by Research and Markets Analysis, offshore support vessel market is expected to reach $91.2 billion market by 2018 with an anticipated firm annualised growth rate of 5.7 per cent from 2013 to 2018. The US - Gulf of Mexico (GOM), with its thriving economies and rapidly expanding manufacturing base, is expected to experience the highest revenue growth during the next five years. In terms of vessel count (demand), Asia Pacific region (APAC) is the dominating the market.

This market is dependent on offshore exploration and production activities, which is one of the key driving factors. Any fluctuation in offshore industry or in oil and gas market is completely reflected in the offshore support vessel market. Favorable demand in APAC and the growing number of offshore platforms are also expected to be the major demand drivers for the market.

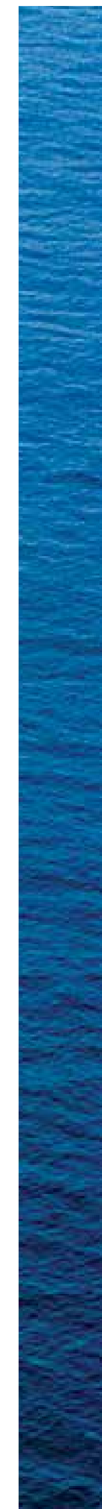
The companies involved in offshore support vessel business are thus expanding into emerging markets such as APAC, U S- Gulf of Mexico (GOM), South America, North-West Europe etc. Technological advancements and innovative new vessels are the key strategies that are helping the companies to maximise their revenues.

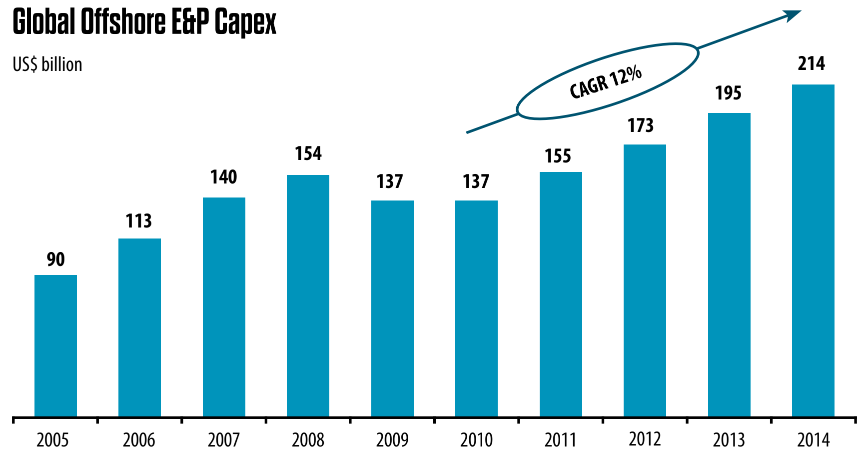
Growth prospectus

"Nearly three-fourth of India's oil and gas demand is met through imports. Despite the execution of the New Exploration Licensing Policy (NELP), share of national oil companies ONGC and Oil India is close to 70 per cent. However, on the positive side, exploration of the country's sedimentary areas has risen to more than 20 per cent from about 10-11 per cent prior to NELP," says a spokesperson of Greatship (India) Limited, a wholly owned subsidiary of GE Shipping.

Quoting the country's Minister for Petroleum and Natural Gas, Veerappa Moily, she says, NELP X, the tenth round for bidding of exploration licenses, is expected to take place in CY 2014 in which 60-65 blocks are likely to be offered. Alternatively, national

Offshore support vessel market is expected to reach $91.2 billion market by 2018 with an annualised growth rate of 5.7 per cent from 2013 to 2018. In terms of vessel count (demand), Asia Pacific region is the dominating the market.





Source: MarineBase, Clarkson capital Markets estimates

oil companies have also partnered in offshore blocks in various countries such as Russia, Brazil and Vietnam to name a few.

However, globally, E&P spend is likely slow down over the next couple of years, with offshore E&P likely to show a sharper moderation as crude oil prices remain stable and as increased need for capital discipline weighs on their capital expenditure plans. This in turn may impact the day rates of offshore vessels negatively.

Anchor Handling, Towing and Supply Vessel (AHTS) is the major vessel type for offshore support vessel market. It is expected to maintain a dominating position over the next few years. The market is also studied with respect to other types of vessels including Platform Supply Vessels (PSV), Multi-Purpose Service Vessel (MPSV), Crew boats, Standby and Rescue vessels.

Greatship (India) Limited currently owns three Jack-Up Rigs (350ft), 21 OSVs. Its OSV fleet comprises four Platform Supply Vessels (PSVs), nine Anchor Handling Tug cum Supply Vessels (AHTSV), two Multipurpose Platform Supply and Support Vessels (MPSSV) and six Platform/ROV Support Vessels (ROVSV).

"We currently have on order one 350 ft Shallow water Jack-up rig, which is expected to join us in March-April 2015. We are always open for expansion should we see any good opportunities at relatively attractive values," says the spokesperson.

Greatship bids for international contracts and its areas of operations include India, South East Asia, Mexico, South Africa, North Sea, Brazil and the Middle East.

Old vessels

While the Indian market is a large space for the offshore vessels, it is dominated by ONGC, the country's energy major. It is the largest demand driver for the Indian offshore exploration market. Even though there is a big demand opportunity from ONGC, the company's liberal age norms for OSVs is somewhat a deterrent to the more modern fleet owners. "They are taking gradual steps of moving towards more international age norms, however, currently even this is very high when compared to the cap of 15 years by international E&P companies," says the spokesperson.

In fact, there are many industry players and experts who agree with this point of view and point out that the liberal age norms for OSVs by ONGC has made India the biggest market for second-hand and junk offshore machinery as scrap dealers do not buy the vessels since the vessels do not have much steel.

"Leading global oil and gas exploration firms have strict laws on the age of the offshore vessels in line with international safety norms. Most companies in India such as Reliance Industries, Cairn and Gujarat State Petroleum Corp have adopted global norms prescribing age limits. For instance, GSPC's policy says vessels

Top 10 E&P spenders globally accounted for nearly 44 per cent of the total E&P spending in 2011

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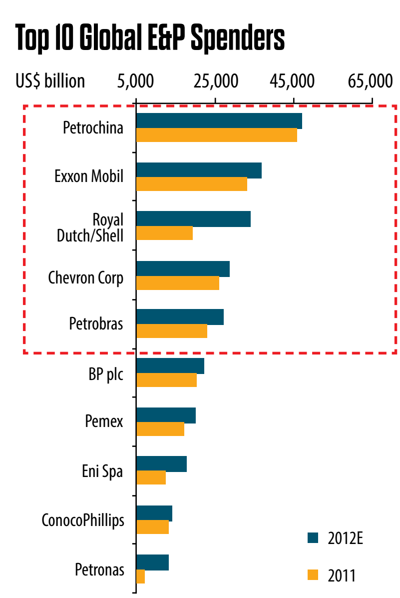
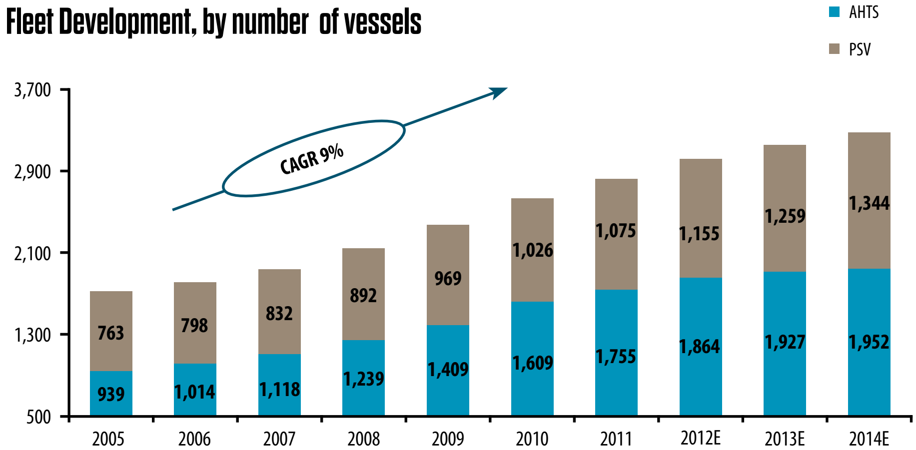
All of them are expected to increase Capex during 2012, by an average 29 per cent



>> At March-end 2012, the total count of OSV fleet stood at 2,967 vessels compared to 2,830 at December-end 2011

>> Young Fleet: Approx. 70 per cent of the existing fleet is under 20 years of age

Fleet Development, by number of vessels



Source: MarineBase, Clarkson capital Markets estimates

older than seven years are not allowed, while RIL maintains that vessels over 15 years cannot be used," says an expert.

He points out that by refurbishing old vessels some offshore ship providers are able to low quote low rates affecting quality of service. "A 20-30 year old vessel can be bought in the market for $2-$3 million while a new vessel would cost at least $20 million," he points out.

Offshore support vessel manufacturers are constantly trying to modify the vessels in order to increase their market share, which in turn helps them to bag bulk supply contracts. Formation of distribution agreements and new products launched are some key strategies being followed by leading industry players to increase their market penetration in various regions. Doyens of shipping industry believe that India, which has been gifted with a rich coastline, offers wide scope for conducting explorations in seabed. This in turn will push up the demand for offshore vessels.

Drilling for natural sources of energy off Mumbai coast for instance, can be done from a range of 400 metres to 3,000 metres depending on the type of the offshore vessel. Mumbai offshore has been in production for more than 30 years.

Demand upsurge

There is an upsurge in demand for energy resources today across the world. With the main energy source – Coal resources – on decline, it's time to shift priorities to crude to meet our energy requirements. This in turn will boost offshore vessels business.

According to an official of Cochin Shipyard Ltd, offshore vessels is the only business which does not get affected by the economic debacle in international market. "Offshore vessel business is one of the burgeoning businesses worldwide as it comes with a tag of assurance on financial support. Even at a time when a sudden economic turmoil has a ghastly effect on other businesses in the country, offshore vessel business will remain anchored," he says.

Offshore business involves huge investment. It is also highly profitable. Estimates suggest that India as a country ensures a 7 per cent profit per annum, which is believed to be multiplying every year taking into account the rising needs of energy. As India is a developing and populous country, energy consumption is continuously going to spiral.

Stressing on the need of a policy which will act as a booster to the growth of offshore industry in India, an official of Wartsila, said "Recent estimates have revealed that, India has been rated sixth on global map to have the highest consumption of crude oil. Around 30 per cent of domestic consumption is highly dependent on crude oil. This considerable rise in energy consumption prominently highlights two crucial factors: the need to develop natural sources of energy and the potential of offshore business in the country."

A DNV report – Shipping 2020, observes that this market is driven by the high price of oil and by investments in offshore exploration and production (E&P). "These drivers apply consistently, with relatively low growth in the world. Existing resources on land and in shallow waters are being depleted, and new discoveries are being made in deeper and harsher environments, such as in offshore Brazil, West and East Africa, the Arctic region and Southeast Asia. As the world will need fossil fuels at an increasing rate for the foreseeable future, overall offshore expenditures will increase in the next 10-20 years, and are expected to grow between 10-15 per cent on average per annum, This segment is also affected by new demand for specialised vessels intended for use in, for example,

Proposed investments in the 12th Five Year Plan, US$ bn

Companies	Period	Total
ONGC	FY14 – 17	21.8
OIL	FY 14 - 17	2.1
GAIL	FY 13 - 15	0.2
Cairn India	FY 13 - 14	1.8
RIL	2011-16	9.2
Total investments		**35.1**

offshore wind developments," it says.

As earnings and profits activities continue to move into new areas and deeper and harsher environments, the demand for specialized offshore vessels will grow further. Few vessels built before 1995 are tailored for deeper subsea support and offshore construction support, indicating a relative shift towards deep and ultra-deep support capability. In particular, we will see an increase in the demand for larger offshore ships in general and for high specification and more advanced ships to support safe operations in harsh environments.

Today, offshore support vessels are the fastest growing ship type within the offshore segment, and we expect this to continue as we move toward 2015-2020. Strong global pressure and attention to environmental protection of pristine areas, as well as any binding agreements on cuts in greenhouse gas emissions, may increase the demand in this shipping market and accelerate the technology uptake.

The report also notes that offshore segment is leading in employing new and innovative technology.

The International Energy Agency (IEA) projected that global oil demand will increase at an annual rate of 1 per cent per annum until 2030, raising the requirement from 85 barrels million per day in 2008 to 105 million barrels per day in 2030. The IEA also noted that any reduction in consumption from developed countries is more than offset by increasing demand from emerging economies with Asian economies such as China, India and the Association of Southeast Asian Nations expected to account for more than half of the global incremental demand for oil in the current decade.

Energy Business Analyst Douglas Westwood predicts that over the five-year period from 2011 to 2016, Asian companies will spend about $28.8 billion in investments in deepsea exploration, drilling and production, more than double the $11.6 billion spent in the previous five-year period of 2007 to 2011.

As the foremost offshore repair and construction hub for the Asia Pacific region, Singapore is reaping the benefits of the industry's robust growth.

"The outlook for the marine and offshore sector continues to be positive, buoyed by continued growth in Asia. China and India remain key growth engines and will likely account for half the global increment demand for energy from 2011 to 2020. Projections indicate that from 2011 to 2016, Asia's energy demand will drive Asian companies to invest about $29 billion on deepsea exploration, drilling and production. This is more than double the $12 billion spent from 2007 to 2011," Singapore's Second Minister for Trade and Industry S. Iswaran said earlier.

> IEA projects global oil demand to increase at an annual rate of 1 per cent per annum until 2030, raising the requirement from 85 barrels million per day in 2008 to 105 million barrels per day in 2030.

Keeping up with this uptrend, Oil and Natural Gas Corp flagged off its latest offshore supply vessel (OSV), in India in November last year. This is ONGC's third supply vessel and the PSU is planning to add nine more by the end of 2014, he said on the occasion.

In fact, the bulk of the ONGC's production in India comes from the Western offshore fields, which contribute 71 per cent of oil and 54 per cent of gas. The third OSV was constructed by Pipavav Shipyard, which had been given a bulk contract for 12 such vessels in 2009.

The total investment for ONGC stands at around ₹550 crore for 12 OSVs. So, on an average each vessel costs around ₹45 crore. Having a capacity of 549 tonnes each, these vessels can carry a load of up to 1,800 tonnes and are built with latest navigation and control systems.

ONGC operates 46 OSVs, out of which 14 are of Sindhu series and were inducted way back in 1983.

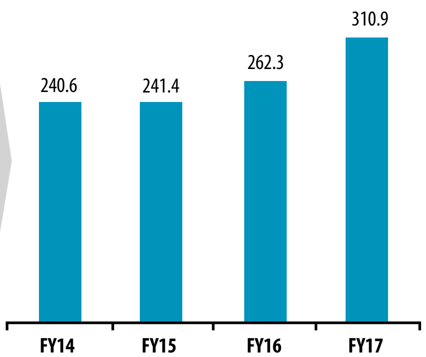
In 2009, the company had given ₹550 crore contract to Pipavav Shipyard for 12 OSVs in order to replace 14

Proposed investments in the 12th Five Year Plan, US$ million

	FY14	FY15	FY16	FY17	Total
IOCL	845	843	663	678	3,030
CPCL	385	555	670	750	2,360
BPCL	407	833	1,040	285	2,565
NRL	95	167	333	500	1,095
HPCL	578	573	343	253	1,748
ONGCMRPL	248	130	212	338	928
Total investments					**11,727**

Additionally, private refiners such as Essar Oil and RIL are likely to invest in various modernization projects

Projected refining capacity, MMTPA



company-owned vessels for more reliable operations at the sea.

The company aims to have 60 per cent OSVs under charter and rest under ownership, for which it would need to own at least 28 OSVs as against 15 currently.

As it is retiring its aged fleet, ONGC would need 14 more to have 40 per cent fleet under ownership. According to a company official it is considering a next round of vessels acquisition, he said.

Government & market

India's demand for crude oil and gas is projected to increase by 3 per cent in the financial year 2013-14, even as the country's production is currently steady at 0.76 million barrels per day (bpd).

As many as 25 fields are in production at the moment, while another 35 are under development, and are expected to start producing by 2015. A majority of these fields are between 500 m and 1,500 m in depth, and are less than 100 km offshore.

"In order to ensure support for drilling and production, the Indian fleet of offshore support vessels (OSVs) needs to increase by an estimated 21 per cent," said Derek Novak, vice-president – operations for ABS Pacific had said at a summit earlier. Due to the field proximity and depth, he sees an increase in demand for small and mid-sized OSVs and anchor-handling anchor handling tug supply vessels (AHTSs)."

According to Pipavav Defence and Offshore Engineering Company site, focus on domestic energy security has resulted in Indian actual upstream capex being consistently higher than planned figures as is evident in the recent 11th year E&P spend. It is expected that the focus on E&P sector spend would continue, resulting in higher actual spend versus the planned spend of $34 billion by at least 20 per cent resulting in potential spend of about $ 40 billion in the Twelfth Five Year plan (2012 and 2017). Pipavav Defence and Offshore Engineering Company is a major stakeholder in the offshore shipping market with huge orders in place for constructing specialised ships.

> Government should come up with strong policies which will help strengthen offshore business in India. Exploration activities are on the rise in regions like vLatin America, African East Coast and Norway.

The company says going forward, both private and public sector companies have announced significant upstream capex. "Of the total estimated upstream capex spend of $35 billion, the addressable market for Pipavav's Services is estimated to be about 20 per cent, i.e $7 billion," the company says.

Unfortunately, government is yet to focus on this segment. Experts say it is important for the government to focus on this issue and remove the obstacles in the growth of this sector. "Government should come up with strong policies which will help strengthen offshore business in India. Exploration activities are on the rise in regions like Latin America, African East Coast and Norway, where government have given a freehand to people associated with offshore business to develop new technologies. At this juncture, there is a dire requirement to bridge the gap between domestic and global offshore business through adequate policy intervention from the government," says an offshore vessel expert.

He says India should allow domestic shipping companies to construct technologically advanced offshore vessels which will conduct high level explorations along the Indian coastline. "Offshore vessels constructed in India can conduct exploration only till a certain level beyond which vessels from international producers take the centre stage," he points out.

Indian vessel building companies have immense capacities to build large vessels which can be used for deep sea drilling. Currently, the offshore exploration companies have to import vessels which add up to cost escalation.

According to the expert, if the Ministry of Shipping takes a few steps and ropes in an advisory panel to design rules and regulations, it will benefit all stakeholders in the offshore business. mg

Land Management: Unlocking value

Nivesh Chaudhary
Sr. Research Analyst, Drewry Maritime Advisors

The Ministry of Shipping, Government of India is in the process to provide flexibility to Major Port Trusts in order to allow them to react to the market forces and to encourage them for better performance. The Ministry has taken significant policy initiatives in this direction. The recent revisions in the tariff-setting mechanism for Major ports – 'Draft guidelines for determination of tariff for Major Port Trusts, 2014' and 'Land Management Policy for Major Ports, 2014' – are steps in the right direction for the development of Indian port sector. Major ports in India are administered by the Ministry of Shipping (MoS), Central Government and are regulated by the 'Tariff Authority for Major Ports (TAMP)'. These ports operate in more regulated environment, compared to the state ports, particularly private ports, which enjoy substantial degree of flexibility. Recent policy initiatives are expected to provide a level-playing field to Major ports in India vis-à-vis the non-Major privately-owned ports. Major ports in India collectively accounted for around 58.5 per cent of total sea-borne trade in 2013.

New land-use policy for Major ports in India is definitely a welcome move. The proposed policy would not only allow Major ports in India to expand their facilities but would also shore up their revenues and business prospects. As per the land management Policy for Major Ports, 2014, all Major ports would be allowed to take land allocation decisions for vacant land available with them. So far, land utilisation in most of the Major ports is not optimum, which results in operational and land-use inefficiencies. The new policy would at least help the ports utilise the available vacant land at the ports.

According to a statement issued by the Ministry of Shipping, Major ports in India collectively have around 2.65 lakh acres of land available with them. Out of this, around 18-20 per cent is not in use and could be termed surplus. This reflects that roughly 50,000 acres of land worth several thousand crores is locked up with the Major ports, most of which are at premium locations in main Indian cities. The new land management policy for Major Ports would facilitate this surplus land available for commercial development around ports. This land can also be used for setting up of special areas aimed at encouraging industrial development and port-based industries, in and around the ports.

As per the earlier version, Land Management Policy 2010, land inside custom bound area could be leased for a maximum of 11 months. Medium-term lease of up to 10 years to port users was permissible for setting up of port related structures such as conveyors, silos, pipelines and temporary transit sheds. With the new policy, land can be leased up to 30 years by a port with the approval of the board of respective ports.

Immense possibilities

Most of the Major ports have a large chunk of vacant land available with them. Mumbai Port Trust (MPT) has about 740 acres for leasing purposes, including 70 acres of vacant land; Jawaharlal Nehru Port Trust (JNPT) has around 1,975 acres of land outside the customs bond area. Cochin Port Trust has approximately 2,350 acres, while Kolkata Port has got around 4,575 acres of land. The guidelines approved by the Ministry of Shipping could create immense possibilities for Major ports as this land bank could become highest source of revenue for them.

The new policy is aimed at all 13 Major ports, including Ennore Port (now officially known as Kamarajar Port) which is a corporatised major port; however, not all of them would be able to benefit equally from the policy. For instance, the impact on JNPT would not be too significant since its land use has already been approved earlier, separately. Mumbai Port is also not likely to gain from the present form of the policy, as township areas of Mumbai, Kolkata and Kandla have been excluded from it. However, Chennai Port now has a larger proportion of land available due to loss in its coal and iron ore business, after export of iron ore and handling of coal cargo was banned lately. The port hopes to recover a large portion of its losses with the new policy announced.

Ennore Port, which is stretched to its full capacity, is in process of acquiring 730 acres of government owned land. The proposed policy would allow efficient use of port's land and help the port in maximising its revenue.

Crucial elements

During the land management process, it is critical to ensure that the port authorities prepare a detailed land-use master plan and then lease the available and identified land only in accordance with the proposed master plan. Land-use master plans would allow the port authorities to rationalise port related activities by assigning certain strategic sectors for leasing activities. The master plan would also help in ensuring that all assigned sectors are as per future port development plan. It is also important that the port authorities constantly

Ennore Port, which is stretched to its full capacity, is in process of acquiring 730 acres of government owned land.

monitor the land-use pattern and availability of vacant land and manage all available lands accordingly.

Another key success factor would be linking the value of available land resources with the prevailing market rates. This is important in order to access real time potential and realise the optimum value of the available land.

Adopted policy framework should also be continuously monitored in terms of its content and technical analysis.

End of discretions

Under the new policy guidelines, land can be allotted only through licensing in custom bond areas by inviting competitive bidding, while leasing of land outside custom bond areas would only be possible through tender-cum-auction. The new policy has, thus,

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-auction.

Leasing of land should be in accordance with a land-use plan covering all land owned and/or managed by the Port.

Land outside custom bond areas can also be licensed, but it is restricted to port related activities.

The Boards of respective ports can approve leasing of land for a period up to 30 years. Leasing of land beyond 30 years and up to 99 years has to be approved by the Empowered Committee.

reduced the discretionary powers and arbitrariness of individual port authorities, including the respective chairmen of port trusts. This would end the possibility of corrupt practices because the land allotment would now be through competitive bidding process, thus bringing transparency and accountability in the process.

Global practices

Globally, it is an established practice among the ports to allot available land to carry out port related and allied economic activities and harnesses its economic benefits. Many of the European and Far-East Asian ports have even focused on non-maritime functions, such as residential, office, or commercial land-uses, on port owned land.

Port of Rotterdam, Amsterdam and Dalian are some of the successful global examples where ports have been able to effectively optimise their land uses. These ports have also successfully adopted tools for long-term planning of port based activities and optimum utilisation of their land.

Conclusion

Most recent growth trends suggest that the Government of India needs to introduce substantial amount of policy initiatives for developing Indian port sector, particularly Major ports. Traffic at Indian Ports grew at a compounded annual growth rate (CAGR) of 7 per cent during FY2007 to FY2013. This growth has been primarily driven by non-Major ports with a CAGR of 16 per cent, compared to only 0.71 per cent for Major ports, for the same period. As a result, the share of Major ports in the total traffic decreased to 58.5 per cent in FY2013, from the level of 71 per cent in FY2008.

In spite of various attempts, growth of Major ports has been slower than the expectations. However, recent initiatives, particularly the new guidelines on tariff-setting for Major ports (Draft guidelines for determination of tariff for Major Port Trusts, 2014) and the new land management policy, are likely to open up new growth avenues for Major ports. The new land policy would hopefully facilitate cargo growth and guide overall functioning and development of the port sector in India.

Major Ports draw up big plans to lease and let out land

The year 2014 has trumpeted some good news for the Major Ports in the country. The Union government unveiled new policy guidelines for major ports that are applicable to all major ports in India except for the land relating to township areas in Mumbai, Kolkata and Kandla.

Deepika Amirapu

Four major ports have drafted their land use plans buoyed by the Cabinet's decision on the land policy that allows major ports to let out and lease their land for commercial purposes. The policy will not only help the ports mop up some revenue but also allow them to attract investment to enhance port activity.

The new code allows for medium and long term agreements with the lessees and tenants replacing the old practice that termed only short term investments as licit. The Shipping Secretary Vishwapati Trivedi said the new guidelines provide necessary regulatory framework for land allotment by major ports. "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.

In its document, the government spells out two ways of allotting land to public and private companies. The land inside the custom bound areas can only be licensed up to 30 years, whereas the land outside the bounded area can be leased either by inviting tenders or by auctioning it to fetch the best price. Land outside the bounded area can also be licensed, however, only for port related activities.

Any land that the Boards of ports decide to lease out for more than 30 years needs a prior approval of the government since all the major ports are governed by the Major Ports Act.

India's largest port in terms of volumes handles, the Jawaharlal Nehru Port owns 2,987 hectares of land. The land inside the custom bounded area is around 210 hectares is used for port operational purposes and the balance land outside the custom bound area is used for tank farm, container freight stations, road-rail networks and other activities. The total land dedicated to the proposed SEZ is 1,200 hectares, of which 277 ha will be developed in the first phase.

"The port expects a revenue of ₹3,500 crore approximately that shall be used for development of the second phase of the SEZ and development of the port around the Nhava Sheva island, including up to the Nhava island," the port Chairman told MG. The port does not intend to allot any land on a long term basis inside the custom bound areas but has earmarked sizeable land for upcoming projects.

Ishwar Achanta, President of the Chennai Port Stevedores Association and Board Trustee, Chennai Port said the port has constituted a land policy committee to determine how the land can be utilised to attract investment and maximise the revenue potential.

> We are revisiting the land use plan as we have about 300 acres to spare to let out and lease to third parties. Our revenue will be substantially higher (about 20-30 per cent) with the government allowing us to let out land through the tender cum auction route
>
> **GVL Satyakumar**
> Deputy Chairman, Vizag Port

The port is in the process of inviting bids currently.

Farther towards the East, the Kolkata Port Trust has devised ways to allot its land to interested parties. The total land owned by KoPT at KDS is 4,576 acres. KoPT is presently finalising its land use plan to maximise leverage from leasing out/ licensing of land/structures. Commercial utilisation of about 100 acres, which includes residential complex/ township, is under active consideration. "The revenue from such an exercise cannot be assessed immediately but the same would be utilised for augmenting KoPT's Pension Fund. Interest for commercial utilisation of KoPT's land has been shown by different sectors but before taking the matter forward, policy guidelines at Board level are being finalised," said S Pradhan, Sr. Deputy Secretary I, Kolkata Port Trust.

The new policy guidelines for land management are part of the ongoing process of port reforms and liberalization. But all the Port Chairmen that MG spoke to expect more autonomy for Major Ports and further empowerment of major port trust boards.

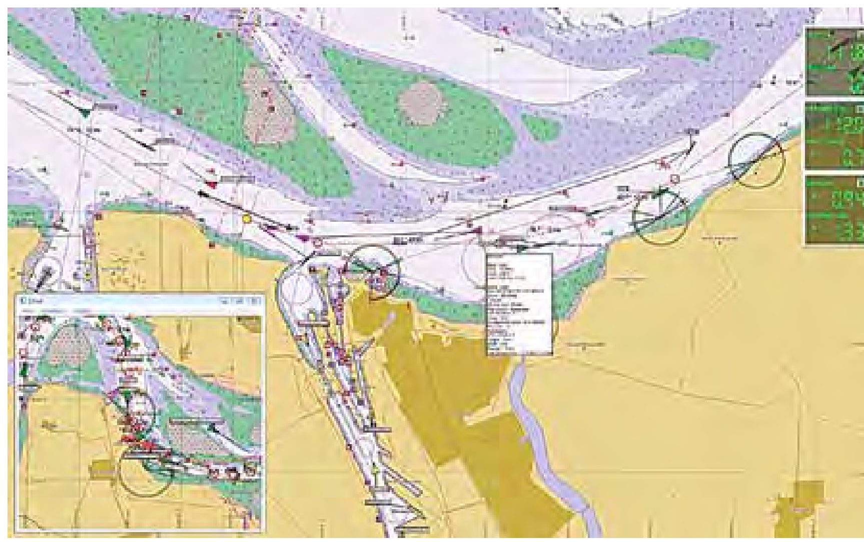
RIS system for safe navigation

IWAI proposes to establish River Information service System (RIS) along NWI to support traffic and transport management in inland navigation.

Sreekala G

The Inland Waterways Authority of India (IWAI) has approved a new scheme for River Information Service (RIS) system. The objective of the scheme is to install an efficient and effective River Information Service (RIS) system in Sagar- Farakka stretch of NW-1. Similar systems are being used in many European countries like the Netherlands, Belgium and Germany.

RIS System provides harmonised information services to support traffic and transport management in inland navigation, including interfaces to other transport modes. RIS has the goal of a safe and efficient transport by avoiding the risks including ship-to-ship collisions, ship-bridge collisions and groundings.


AIS targets displayed on an Electronic chart

NW-1 traffic

The transportation of 3 million tonnes of imported coal involves transshipment of coal from seagoing vessel (60,000 to 80,000 tonne capacity) to river-sea barges (200 tonne capacity) at Sand Head and then transportation to NTPC Power Plant at Farakka (600 km approx.) via Hooghly-Bhagirathi river system.

During monsoon period, (June-October), the above transshipment is proposed to be handled at Kanika Sands, which is further 100 km west of Sand Head along Odisha coast. The Waterway stretch between Sand Head and Tribeni (240 km) is tidal reach and falls within the jurisdiction of Kolkata Port Trust. The navigation channel in this stretch is maintained by Kolkata Port Trust.

In the remaining stretch, IWAI is maintaining a navigation channel of 45 m width and 2.5 m depth marked with day and night navigational aids. IWAI has installed DGPS station at Swaroopganj, Bhagalpur and Patna, whereas DGLL has installed a station at Sagar Island. IWAI has also prepared Electronic charts for the Haldia-Farakka stretch of NW-1.

The safe navigation can be performed using sufficiently accurate waterway charts; appropriate marking of the fairway; availability of accurate position fixing and depth measuring of equipment on board the vessel; communication capabilities between ship-to-ship and ship-to-shore stations and availability of Automatic Identification System onboard.

“These requirements are proposed to be provided with RIS system,” says an official of IWAI.

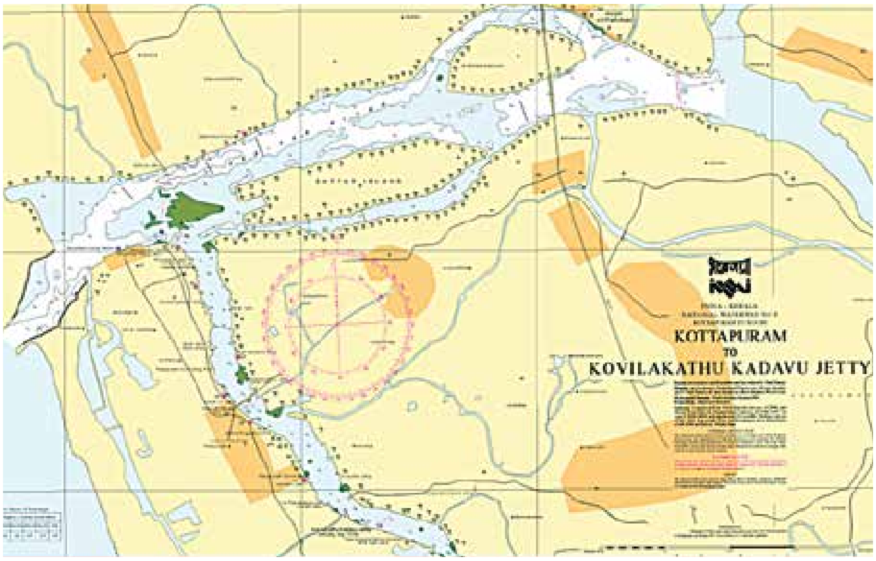
A River Information Service provides and uses information. It supports users of RIS in enhancing their efficiency at work. For RIS users, services are the means of achieving the objectives supported by RIS. The guidelines and recommendations for RIS define the services.

RIS Services: Fairway Information Service (FIS)

One of the most important aspects of inland waterway transport is the safe navigation. By induction of RIS as a part of sailing requirement, the master of the vessel can have user-friendly, window based navigation system, equipped with echo sounders, DGPS receiver, inland ECDIS (real-time navigational display software) pre-loaded with fortnightly updated electronic navigational chart(ENC) which contains predetermined sailing route enhanced with virtual aides, depth information, channel condition, channel marking etc.

Under this virtual navigational marking system, based on the Thalweg survey and channel checking data, required positions and number of markings can be designed by desk work and the position data can be transmitted by centre server. The sailors can visualise the marks on screen during his voyage. This will enhance confidence of master in addition to observing real time buoys/marks laid on the waterway.

However, periodical cross sectional survey is required for review/updating of the position of navigational aids. Besides, the vessel is also required to be equipped with radar which will give information about all the impediments including small vessels ferrying across



ENC of National Waterway No-3

> However, IWAI has procured and installed four automatic tide gauges in Haldia-Farakka stretch and the same will be utilised for RIS also. Besides, an additional gauge is proposed to be installed at Katwa for giving better inputs. The AIS Network guarantees coordinated operation of all the AIS base stations, prevent collisions and effective use of VHF data.

the waterway right in front of the vessel including night navigation capabilities.

Proposed RIS system

The backbone of most current RIS system is Automatic Identification System (AIS). Ships taking part in the RIS system carry AIS transponders that broadcast, on a regular basis, its position, direction, speed and its name. Other ships in the vicinity, that are also equipped with the AIS, can receive this information. This means that the ships know each other's position and identity. Especially in case the ships do not see each other, e.g. when there is a bend in the river, they can contact each other to agree upon the procedures for safe passage.

AIS is an electronic tracking system used by VTS operators to identify and locate vessels. The system works in VHF mode and transmits important information such as Maritime Mobile Service Identity (MMSI), its course, speed, position and type of cargo carried by the vessel. AIS technologies have become crucial for ensuring safety. An AIS network enables river services to establish digital links with ships allowing them to forward important messages such as weather updates or changes of navigation.

The AIS Network guarantees coordinated operation of all the AIS base stations, prevent collisions and effective use of VHF data link and data communications channels in a given area. AIS Network systems can solve in a centralised manner, problems common for the given area, e.g. transmission of Differential Global Navigation Satellite System (DGNSS) corrections via VHF data link, or work with Aids to Navigation (AtoN).

By installing shore-based AIS receivers along the waterway, information about all ships can be collected and utilised for the purpose of optimal lock operation and terminal planning. This improves transport efficiency.

AIS base stations

AIS communication requires a line-of-sight between the sender and receiver. Therefore, the requirement of number of base stations is determined by the height of antennas of the AIS base station and the VHF communication to provide the coverage across the entire stretch of Haldia-Farakka.

The coverage will be provided to all the vessels plying in the stretch between Sagar and Farakka. Out of seven base stations, two stations – one at Farakka and another at GR Jetty (Kolkata) –will function as Control stations with Central Servers.

"In the proposed project, two types of AIS system will be used, namely shore stations and ships transponders. The base station will comply with all regulations with respect to AIS.

Base station will monitor the receipt of ship reports, transmit information

Proposed locations for AIS Base stations

Location	Lat	Long	Chainage	Aerial Distance in Kms	
Sagar (AIS Base station by DGLL)			0.0 Kms		
Haldia	22° 02' 21.99"N	88° 06' 34.01"E	52.0 Kms	46	59
GR Jetty	22° 32' 45.53"N	88° 18' 12.43"E	151.0 Kms	51	
Tribeni	22° 59' 33.37"N	88° 24' 15.64"E	211.0 Kms		47
Swaroopganj	23° 24' 46.51"N	88° 23' 09.69"E	297.0 Kms	59	
Satui / Kumarpur	23° 55' 33.25"N 23°57' 07.97"N	88° 13' 08.82"E 88°12' 03.89"E	409.0 Kms	(63)	
Shyampur / Balia Ferry	24° 23' 05.92"N 24°21' 32.93"N	88° 08' 26.46"E 88° 09' 56.00"E	484.0 Kms	53	51 (45.5)
Farakka	24° 48' 50.44"N	87° 54' 25.22"E	552.0 Kms	(57)	

on virtual buoys, hydrological and meteorological information and other warning messages. Ship based AIS will transmit its own position, configuration, and receive other ship information as well as base station information," says the official.

VHF communication net work will be provided for voice communication between two vessels. Facility will be available for recording of communication for investigation of incidents. IWAI already possess separate frequency for VHF set for operation in NW-1 and the same will be utilised for RIS system network also.

The DGPS receivers will provide position correction value in sub-metre accuracy to the RIS system. IWAI has already established DGPS stations at Patna, Bhagalpur and Swaroopganj. DGLL station at Sagar Island will provide coverage at the lower reaches. Thus, the entire stretch between Sagar and Farakka will have DGPS coverage.

In addition, weather conditions are also required to be transmitted. At present, IWAI doesn't have any equipment for collection of metrological information/ data..

The Masters of Inland Vessels often find it difficult to navigate in wider reaches of the river during poor visibility climatic conditions, especially during morning and evening hours of winter season.. Due to this, the vessels get grounded in the middle of the river and often fail to reach the destination on time.

> The central server stations which eventually be set-up at Farakka and Kolkata will filter duplicating messages and communicate information to ship and shore.

In order to overcome these difficulties, IWAI has proposed to fit short range Navigational Radar in all vessels. This equipment will give advance information about obstruction / objects like small boat, country craft, Kayak, small low lying island, low lying coast line and even capable of guiding the vessel in heavy shower / dense rain etc.

For providing ENC for ships, IWAI has already prepared the requisite charts through outsourcing by awarding the work to Hyderabad-based firm M/s IIC Technologies.

Two central server stations one each at Farakka and Kolkata will also be set up. These stations will filter duplicating messages, communicate all information to both ships and shore AIS units and provide feedback to monitoring units and web server.

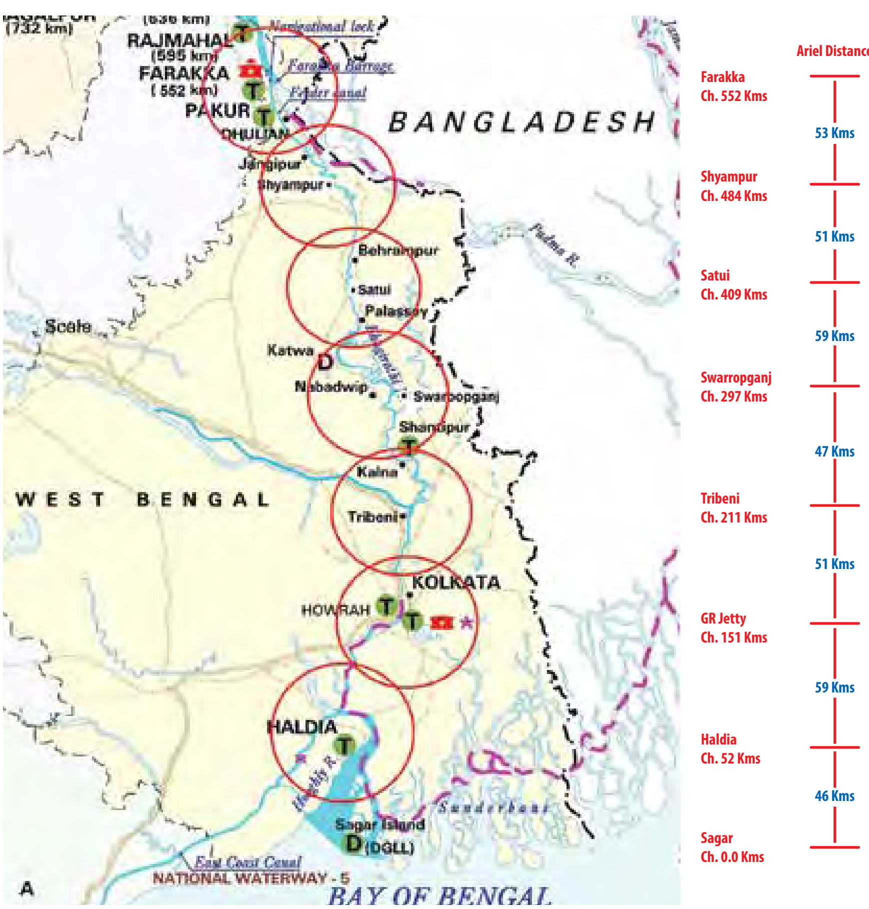
They will also have central monitoring and storage processor for monitoring and storage of data and a web server to provide a traffic image to third party users. It will be equipped with a time server to control all the other servers and keeps the records of registration, display and reply data.

According to the proposal, RIS will have multiple users. The users will have different tasks and depending on the task of the user authorisation will be issued to them for utilisation of data. IWAI will control /expand the exchange of data with the user. IWAI will give authorisation for use of ENC charts, virtual navigational aids, warning message etc.

Infrastructure

It is proposed to acquire / hire 30 m x 30 m open land at Balia and Kumarpur area for establishing the AIS Base stations. IWAI is already in possession of lands at Haldia, GR Jetty, Tribeni, Swaroopganj and Farakka (land from Farakka Barrage) which is being used for terminal purpose & DGPS stations, and can be utilised for establishing AIS base stations.

With the envisaged plans and implementation, RIS is expected to bring about positive changes in the inland waterways segment, making it safer and efficient.



VHF Range in Sagar – Farakka stretch of National Waterway

Shipping lines give a thumbs down to KoPT's increased tariff

Lines press for revision; Port assures a re-look

The Kolkata Port Trust's steep step-up in tariff rates has irked the shipping lines who reckon the increase is unjustified and not in line with charges levied by other major ports. Terming the raise penal, the carriers say any further increase in charges will force them to consider against calling at the port.

Deepika Amirapu

The port tariffs that were to be fixed after mutual agreement with the business community in the port and the Port Trust failed to regard the carriers' suggestions. While the trade has surprisingly maintained stoic silence over this undue raise, shipping associations have made representations to the Tariff Authority for Major Ports (TAMP) and the Kolkata Port Chairman to consider a revision. The current inflated rates has left the liners red faced as the Visakhapatnam Port is giving sops to shipping companies for their empties to be stored and other major ports such as Paradip and Chennai are looking their increasing their revenue by augmenting the volume handled.

With the current increase, the Kolkata Port is the costliest major port in the country. According to other representatives from the liners, the port has an operational surplus and the loss reflected to argue for a tariff hike is on account is loss from asset sale. "Today, our costs will go up by 21 per

cent, thanks to the increase in tariff as all charges excepting pilotage have gone up. No ship will visit Kolkata if the pilotage charges go up further," said a member of the Eastern India Shipping Association who spoke on condition of anonymity.

The associations have provided an analysis of the cost increase to the TAMP specifying the scale of rates levied by other neighbouring major ports. But they feel their proposals have fallen to deaf ears as the TAMP has allowed an increase higher than what the port authorities proposed.

A port official who was part of the panel that proposed the hike said the port was facing a deficiency in recovering costs and the latest revision has come after many years. The liners can, however, take heart because the Chairman has agreed the shipping companies to mention areas where a revision can be possibly contemplated.

But Janakiram is not very hopeful of a quick recourse. "There are a lot of procedures that have to be followed – the Board of Trustees and the TAMP has also to approve the changes,"

> "It is unfortunate that the riverine port is making us pay for its pension dues and meeting the wage bills and not for investment in hard infrastructure and improving efficiency."
>
> **Ashok Janakiram**
> President, Association of Shipping Interests, Kolkata

he quips. Other members of the shipping bodies have called for the TAMP to be scrapped calling for a more independent mechanism of monitoring any changes in the scale of rates. Ostensibly, the government, in its course of rate revision can increase the charges by up to 12 per cent at a given time by considering the overall maintenance of the port. Liners augur that the irrational increase has come perhaps because the hike was to be allowed last year and that delay has been compensated by the rise that will cost them dearly.

Demands by Shipping Lines

- **Step up marketing efforts to attract traffic through the dock system**
- **Ensure compulsory movement of EXIM container through off dock CFS**
- **Scale down tariff by 20% to container and vessel operators**

Cause	Effect
Congestion inside and outside the port	Slow movement vehicles to and from the port, interrupted services to users
Hike in tariff to container and vessel operators	Exim cargo to move to private terminals, KoPT port users to be taxed
Inadequate Dredging	Extended passage time between Sandheads to Port

Although this increase will be borne by the trade eventually, the shipping lines' laments are the loudest because of other problems compounded by the port's natural disadvantages. The pilotage distance is the longest at the port and the lines pay the highest port charge per call. The Kolkata Port Dock and the Haldia Dock have separate charges although both follow a one port two dock syste.

"The chairman has noted our observations and we expect a consensus in the next meeting," said Janakiram. The port also plans to increase the licence fees. The dock permit and licence charges have been revised upwards by 50 per cent, stevedoring licence and handling agent charge 363 per cent, and permit for using truck terminal at Haldia and Kolkata Dock System by 394 per cent per vehicle.

Also, the additional rate introduced in 2011 to meet the rising pension expenses has been increased to 10 per cent from the four per cent charged currently. Penal interest on dues is proposed to be hiked to 16.5 per cent from the present 14.25 per cent. The wharfage on inland water transport cargo has been raised 50 per cent. Pilotage charges and the demurrage on container and containerised cargo remain unchanged.

The Asian Feeder Discussion and Calcutta Feeder Operators have submitted a separate plea to the port authorities asking a partial roll back stating the current backdrop of the unfavourable economic atmosphere for the shipping industry. mg

Efficiency, Thy Name is APM

Rajieve Krishnan, Chief Commercial Officer at APM Terminals Mumbai and the man in command has got more than just the formula right. And it's all there to see. A visit to his terminal will tell you why Gateway Terminals India (GTI) has been merited with the prestigious recognition of being the most efficient terminal in the world in the 8,000 TEU category.

Deepika Amirapu

With the highest berth productivity and quickest vessel turn- around time, APM's success mantra lies in investing in training manpower, procuring state of the art equipment and making safety their mantra.

Industry projections indicate that capacity and congestion issues continue to pose challenges in high-growth emerging markets where container volumes will expand at significantly higher rates than overall global container throughput. With global container volumes not projected to grow rapidly, efficiency of terminal operations is viewed as the most crucial factor in helping shipping lines achieving better results.

And APM's Gateway Terminals India in Mumbai has done just that earning itself this coveted title. A study on global port and terminal productivity for the first half of 2013 released by the US-based Journal of Commerce Group has named five facilities from the APM Terminals Global Terminal Network among the world's ten most productive container terminals. APM Terminals Mumbai has bagged the top spot in the category of vessels handling less than 8,000 teu.

And how has this feat been possible? "We trained and re trained our

manpower to reassess their skills. Safety is built into our processes and there are check and balances in all other systems to cut wastage of time. These are our key levels of efficiency," Krishnan says. Each year, he says, APM changed the way they worked and reviewed how every move could be smarter at the yard, gate, transportation, wharf, and information flow from the customers to the terminal and vice versa. Thorough planning was backed by energetic execution.

What drew customers (shipping lines) to the terminal were transparency, efficiency and accessibility. Put simply, the terminal loaded maximum number of boxes aboard and helped the unit cost dive. The pre-berthing time spent at the port while calling Gateway Terminals and the turn- around time of the ship with the parcel was just 50 minutes.

And this commendable performance is repeated 24 hours a day, seven days a week. Working two shifts on the quay side and three shifts in other operations, the terminal ensured its staff was available to address every concern of its customers. Accessibility, Krishnan knew, would be the greatest pull factor with most other government run ports battling this issue.

With these two taken care of, transparency was the only sticky issue. But APM decided to be transparent with its fares unlike other terminals that include hidden costs as part of port charges. "Our tariffs are approved the TAMP and we do not charge a penny more or less."

But is that all it takes for a terminal to be ranked number one? Other perks that came along with the three factors mentioned above include flexibility, on-the-nose usage of technology and timely communication.

"We always try to accommodate those last boxes on board and at the yard even if they are not meant to be shipped the same week," Krishnan says. Also, ships are seldom on time. A delay at other ports has often a cascading effect and terminals have no choice but to pull off a miracle without complaining. To avoid any stoppage of work because of a ship's tarry arrival, the operations team is ready with a plan to safeguard timeliness. The terminal's communication channel is always open

"For us safety is our value and is not a department sitting out there and I am proud to say that a lot our people live safety as a value," he delightedly announces.

Rajieve Krishnan
Chief Commercial Officer, APMT Mumbai

for any re-planning to be done with the speed required to cut out any further time or cost overruns.

And thanks to effective use of technology, all delays are handled with ease. "We have more than the required amount of infrastructure mandated in the concessionaire agreement. We have a fair amount of automated software to make sure we have no chimney stacks in our yards and Navis automates our entire port/terminal operating system," Krishnan elaborates. The terminal's next phase of automation is to see how to capture damages on containers on cameras and automate this process.

However, one would agree that all this would not be possible if each department worked in silos. Communication is the key to success, the chief officer reckons. The management holds trade discussions with its importers and exporters to demystify how the terminal operates and involve them in understanding the requirements of each party.

While the numbers do all the talking about the terminal's efficiency, Rajieve says the crucial influencing factor that keeps his staff working round the clock is safety. For his terminal, safety is as vital as oxygen to the people around.

In the coming months and years, GTI hopes to keep its volumes stable. Areas that need specific attention include making machine moves smarter, ensuring trucks carry two twenty foot teu and making certain the yard planning is deft. The terminal also hopes to have trains moving on the three rail sidings carry cargo meant for its terminal alone. Currently, trains coming in to the Jawaharlal Nehru Port carry mixed cargo leading to much wastage of time. "We are working aggressively with the neighbors and port authorities to see how we can transfer this efficiency to the customer," the man in command says.

These are his stated goals. In addition he would also have to achieve his company's goals on productivity gains as well as infrastructure investment. In its annual note to all the shareholders earlier this year, APM Terminals from Hague, Netherlands says inland access and operations are key to solving congestion in high-growth emerging markets. The aim for terminal operators will be increased operational reliability and efficiency to meet global market growth.

This, perhaps, holds true for all other terminal operators as well. Between 1970 and 2010 the share of Developing Countries' imports grew from 18-56 per cent of global trade. By 2012 Developing Countries accounted for 60 per cent of all global trade goods loaded. Port and terminal infrastructure and investment will become increasingly important, particularly in these economically emerging regions of the world where growth is projected to continue to be most pronounced in the decade ahead. And toward this end Rajieve Krishnan is already a trailblazer whose benchmark is yet to be scaled by another port. Achieving efficiency with finite piece of infrastructure, policy uncertainty and an unfavourable economic environment is no longer a dream!

Competitors, are you listening? mg

Shipper-Carrier Relationship: Where Trust is the new mantra

Globalisation and the prevalent economic ambience in each country have allowed both the shippers and carriers to occupy the driver's seat in turns. But with economic conditions showing signs of favouring neither party, the two have to think of helping each other than taking turns in gaining the upper hand. That power does not lie in negotiation, but in a continual effort to build trust, should be their new calling card, they agree.

Deepika Amirapu

Relationship must haves:

- **Integrity and credibility through consistent fulfillment of promises**
- **Sharing important or sensitive information**
- **Willingness and openness to be influenced for mutual gains**
- **Minimising the influence power in face of vulnerabilities**
- **Common cultures, understanding, visions and values**

A shipper who was asked to describe his relationship the carrier said it was akin to the rapport shared between a husband and wife. The only long term relationship the two parties have is conflict and it is perhaps this periodic occurrence of rift-concordance and that keeps the two parties working together. There is little communication, a great deal of negotiation on chores and duties and perhaps a few happy moments if both parties have an equal reason to celebrate.

The shipper-carrier relationship dates back to a long time and the people who move boxes and the ones who fill them have issues that are natural to any trade. Undeniably, both sides have a ready catalogue of habitual complaints that are drawn out at the slightest hint of an accusation made by either party.

The carriers who have been under the spell of the recession longer than their customers are the first to draw out their cudgels. The major grouse is, of course, to do with pricing or freight charges. "Of the top fifteen shipping lines, only three of them are making money and that too from asset sale so, there should not be any further squeeze on credit," a manager from an East Asian shipping line says. He explains his predicament by taking the support of statistics. To ship cargo from Kolkata to Singapore, the freight charge is approximately $150-200 per twenty foot equivalent unit (teu). And assuming we can ship out as much as 28,000 kg, our margin is barely ₹3 per kg given the high exchange rates. The high costs of bunker, charter hire and the pilotage charges curtail our margins even further. "I am in a situation where my costs are fixed, but income is variable. At least, the shipper can take advantage of the rupee devaluation and bill his client higher, where as the carrier is steeped in a vicious cost crisis," the carrier manager laments.

In the beginning of 1970s, the percentage of freight to the Cost, Insurance and Freight (CIF) was as high as 40 per cent. Today, it is down to 13 per cent. "So, that's the role the lines play in lowering costs," another European liner who did not want to be named said. His customer does not acknowledge his role in reducing these costs, he tells me. Unlike earlier times, lines now offer a longer credit period from 30 days to almost six months to a year now for long term contracts. Arguing against the usual complaint that lines do not communicate any change in credit period or change of routes in advance, this parcel operator defends his ilk strongly saying, "I might not be calling a destination because of improper service or because of an issue of surplus, but we inform the shipper much in advance," he says. In fact, the Federal Maritime Commission states that any cargo delay to North America or Europe should be stated a month ahead of time so that the shippers have multiple option to exercise. The law too favours the shipper; he admits helplessly, that allows the cargo owner to negotiate rates only when they have a large volume over a period of time. Perhaps the lines have a reason to feel shortchanged because the shipper is known to his dues to the port, container rail operators and the CFSs on time, but haggles with the carrier for a nickel or two.

Given the hostile conditions of excess supply that shipping lines are operating in, one could probably side with the shippers if you know the loss they make on account of fluctuating exchange rates. “Last year, the rupee went spiraling down and we loss close to $20 per teu because of the currency fluctuation.” Lines complain that the shippers enjoy certain sops such as duty draw back and other freebies from the government to enhance exports, but are not shared with the lines.

While the shippers palm the blame of their poor margins on to lines, the ship owning companies say other exporters and importers such as the Chinese make huge margins because of better supply chain and logistics system and not because of low freight charged by ships.

The liner defends his differential pricing by stating that he has no control on the demand supply situation that preempts him to alter his rates periodically. Estimates suggest the last year the tonnage growth was six percent and the cargo growth was just three percent globally, that translates into an excess of 25 million teu in excess waiting to be filled.

Staying on containers, the next major grouse the liner holds against his customer is the way he deals with the container. “If there is a dispute on damage to the container due to cargo, the shipper is unwilling to pay up that money,” the European liner angrily retorts.

But Shantanu Bhadkamkar, Vice President of the Association of Multimodal Transporters of India, whose loyalties largely lie with the shipper, will differ with you on that note entirely. “The Indian customer is very weak and is always at the receiving end. There was an instance in Tuticorin where the container was damaged. It was not because of the cargo, yet the shipping line recovered the amount from the exporter. This impersonal approach the shippers face is one of the foremost issues of the cargo owning community.

Absence of transparency is another painful thorn in their relationship. The shippers allege that there is no ready to use rate chart or publication detailing the charges particularly for all dimension cargo. But the issue that causes most conflagrations is undoubtedly pricing. They believe it is a fallacy that the customer has the bargaining power. “Please do not be under the impression that the trade decides the freight, neither do the market conditions. It is the shipping lines that have the dominant position and rate is always determined by the sailor.”

“At best, the shipper can get as far as the reception in a shipping line’s office,” he adds. This tense and emotional statement, perchance, would portray the nature of the relationship between the cargo movers and makers. While there can never be a surreal relationship between the two, both have realised the need to work together. “While there are many issues pending resolution, many of us in the trade would believe that we complement each other,” the East Asian shipping line manager says.

And with the absence of a strong dispute resolution mechanism, the onus is on both parties to collaborate and tide over the tough economic scenario. Manhattan Associates, a legal firm that advises companies on supply chain solutions states some measures to improve the shipper-carrier relationship.

The case study states the following remedial measures

01 Monitor carriers' performance and give them visibility into the performance measures. Shippers need to weed out the bad carriers without being forced into long-term dependency by tracking carriers' on all services. By systematically sharing this performance information with carriers, shippers provide an incentive for them to focus on customer service and establish firm objectives to work toward.

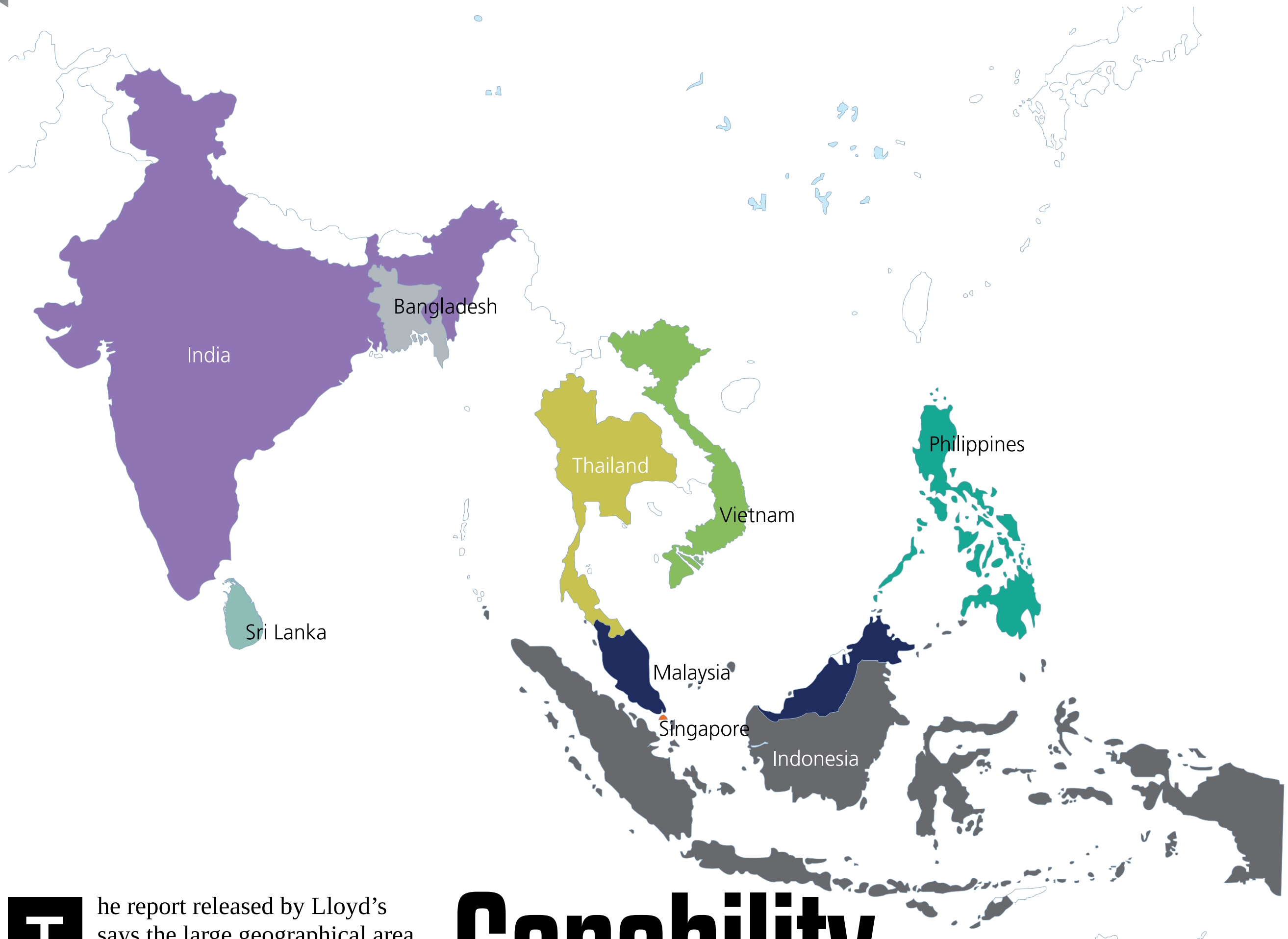
02 Automate non-value adding processes. Shippers should automate their processes to improve operational efficiency not just for themselves, but also for carriers. Some examples of this are self-billing or auto-pay of invoices to carriers; carrier self-service appointment scheduling; These will allow shippers and carriers to communicate electronically through both Electronic Data Interchanges (EDIs) and e-mails.

03 Capture exceptions routinely. Charges that are incurred by shippers under unexpected conditions, such as detentions, layovers, reconsignments, unused vehicle orders and lumper fees at manned distribution centers (DCs), need to be tracked routinely. Processes should be put in place to allow carriers to create immediate notifications when the unexpected happens, enabling shippers to take corrective action by communicating with vendors or DCs as well as to track and approve the additional charges when they show up on the carrier invoice.

04 Benchmark processes and rates. It is imperative that shippers compare their rates and carrier service levels regularly with other shippers in similar industries. Regular participation in such forums will not only improve the knowledge of specific software features and future plans, but also enable the creation of industry groups for information sharing.

05 Collaborate with vendors and customers to improve operational efficiency for all players. Increased collaboration with vendors and customers will lead to advanced information capture. The ability to capture events and exceptions early will help carriers improve their service.

06 Focus on increased savings by combining outbound and inbound shipments: Shippers should incorporate automated processes that utilise all possibilities for getting continuous-move discounts by combining outbound and inbound shipments. Shippers and carriers, both common and dedicated, can increase their asset utilisation by capitalising on every available opportunity in these areas.



Capability, competitive pricing lead to new shipbuilding yards

As shipbuilding nations in South Asia mature, Lloyd's Register's new guide provides an overview of over 80 shipyards and 18 ship designers in Bangladesh, India, Indonesia, Malaysia, the Philippines, Singapore, Sri Lanka, Thailand and Vietnam.

The report released by Lloyd's says the large geographical area a broad range of factors have shaped the development of shipbuilding in the region. Experience, ambition, history, culture, economic and demand factors have shaped, and will continue to shape, the diverse and growing shipbuilding capabilities in South Asia. While recently the 'big three' countries of China, Japan and Korea have experienced a decline in the number of ships ordered, many of the South Asian countries covered by this guide have seen a growth in terms of numbers of ships, ship types and ship sizes during this same period.

With increased quality, competitive pricing and burgeoning capability, both local and international owners are increasingly seeing the area as an attractive new building option for future projects. Capability that was previously directed exclusively at local demand in countries such as Indonesia and Vietnam is now at a competitive level in terms of the quality, facilities and construction times of the world's leading yards.

Initially led by the servicing and development of respective countries' domestic fleets, South Asia's

South Asia now boasts an increasing number of world class shipbuilding centres, established as joint ventures and combining the design and management of Korean or Japanese industry heavyweights with local workforces.

shipbuilding expansion has been driven by increases in both domestic and international trade between neighbouring countries. In addition, changes in global trade routes and the exploration and development of natural resources in areas such as Indonesia and Malaysia have required an expansion in fleet size and complexity.

Further, the area now boasts an increasing number of world class shipbuilding centres, established as joint ventures and combining the design and management of Korean or Japanese industry heavyweights with local work forces. This has happened in places like Indonesia, Vietnam and Philippines. In fact, so successful has this model been that the Philippines now ranks as the 4th largest shipbuilder in the World.

In addition to international entrants to the market, the South Asia area has also seen a significant number of domestic public and private sector enterprises establishing shipbuilding centres. Nowhere more so than in India where, despite the global recession, the Indian government continues to maintain its goal of growing its global shipbuilding market share from 1- 5 per cent by 2020, leading to investment and expansion in both the naval and commercial sector yards within the country.

The future is looking extremely bright for shipping and shipbuilding in the South Asia area. Maritime trade looks set to grow, demand for energy infrastructure is highly likely to grow and local naval power and ambition also looks set to grow. Global Marine Trends 2030, the Lloyd's Register report released in April, identified the growing importance of Asian economic growth and significance in shipbuilding and shipping. The South Asia area was identified in the report as having very high potential for growth and shipbuilding in the area is forecast to grow and it is highly likely to continue and to strengthen if economic growth continues at anticipated levels.

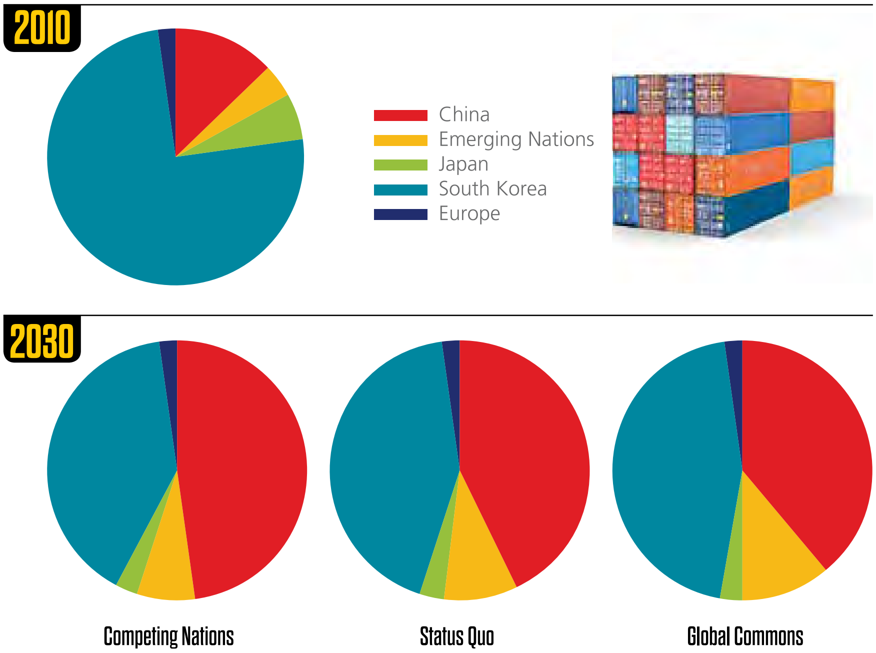
Increasingly, shipowners are seeing the area as an attractive new building option for current and future projects. Capability previously exclusively directed at local demand in countries like Indonesia and Vietnam, is now at a level that is becoming competitive with the quality, facilities and construction times of the world's leading yards.

South Asian yards are looking to compete on a global stage, whether building VLCCs and bulk carriers or smaller ships – such as technically challenging naval ships, offshore supply vessels, specialised tugs and aluminium supply craft.

"Development in South Asia looks set to continue. Understanding the capabilities, facilities and experience of the area's yards and designers is vital in making informed choices in any newbuilding projects. With yards focusing on offering their customer low prices and promising timely delivery, while sticking to quality, South Asia's shipyards are waiting to scorch records in the years to come. They only hope the recession doesn't play party pooper this time around.

Containership market share of total shipbuilding deliveries (%)

Source: MSI / LR



'Our vision is to develop four Dry Ports in five years'

Apollo LogiSolutions (ALS), the logistics arm of Apollo International Limited (AIL), is all set to expand its presence in dry ports and Container Freight Stations (CFS) segment. The company, which started its operations in 2009, is slowly emerging as a single source integrated logistics solutions provider with multimodal capabilities and a wide geographical reach. Currently, the company has two CFSs at Panvel near the Jawaharlal Nehru Port Trust in Mumbai and one near the Chennai port. The company has also expanded its global presence by forming a joint venture with German logistics company, Fiege, in 2012. In an interview with Itishree Samal, **PSS Prasad**, President, Apollo Logisolutions Ltd, shares the company's plan of actions for the coming years.

Q What's your opinion on the current status of warehousing in India? Is there any need to enhance the quality of warehousing infrastructure in the country?

A The story for warehousing is no different, warehousing in India possesses huge scope of advancements and standardisation. With very few global players operating in the market, the chunk of the business (about 85 per cent) is accommodated by unorganised players. However, the presence of global service providers has infused the concept of value added services in warehousing. We surely need to enhance the quality of warehousing infrastructure in India to match the global standards. The key areas which require enhancement are mechanisation of warehouses, IT enabled warehouse management systems, palletisation technologies, and material handling systems being a few.

Q What are the emerging trends in warehousing sector in India?

A Warehousing in India has been witnessing concept based customisations. Keeping the core activity of storing the goods at base, warehousing concept in India has nurtured itself into various forms like Free Trade and Warehousing Zones (FTWZs), food parks, SEZs. In terms of clustering the services, spectrum of warehousing services in India is expanding with addition of value added services like kitting, packaging, labelling, quality check etc.

Q Multi-modal transportation seems to be the need of the hour for a country like India. What is your opinion on the current multi-modal infrastructure of the country compared to global markets?

A Integration of logistics linkages results in overall cost competency of industries. With globalisation and industrialisation, industrial segments have realised the value of integration. Multi-modal transportation is one of the basic approaches for this. However, the critical success factor depends on the fair modal split. Road transportation serves about 65-70 per cent of freight in India, followed by rail in majority. Having blessed with a coastline of about 7,500 km and 14,500 km of navigable inland waterways, we are hardly utilising these cost-effective modes, whereas in other countries these two modes are considered to be of equal importance in multi-modal mechanism. Currently, roads transportation system is overburdened with traffic and requires firm infrastructure development. For a country like India where logistics sector itself is fragmented into number of sub segments, multi-modal integration is an inevitable requirement. Dedicated Freight Corridors (DFCs), adequate rail-road connectivity to sea ports and inland dry ports, policy initiatives for development of coastal and inland waterways can create a level playing field for Indian economy to compete with global markets.

Q The company commenced its operation at a time when the entire economy was going through a tough time; how challenging it was in the beginning for a logistics player to survive and make profit in this long-prevailed sluggish market?

A The key to business success even in economic slowdown is to maintain the current market share and start identifying new areas of development and growth which can be capitalised once the economy recovers. In that sense, ALS was quick to identify the business diversification strategy and expanded its logistics portfolio. With a focused strategy and balanced approach ALS managed to sustain and grow during slowdown. We were in nascent stage of business when crisis happened, however without losing pace we continued to expand our service offerings. Post-recession when economy started recovering ALS entered into asset light business segments of 3PL through a strategic JV with Fiege of Germany and also strengthen its presence in dry ports segment through acquisition of Chennai based logistics firm.

Q What opportunities you see in the current logistics market in India?

A Logistics spend in India contributes about 13 per cent of GDP (Gross Domestic Product) compared to developed countries like US and European countries where it ranges between 9-11 per cent. Being one of the most important pillars of economy, this sector is still to get the required attention in terms of policy initiatives and development efforts. With rapid industrialisation, creation of adequate logistics infrastructure in terms of ports, rail and roads connectivity is of paramount significance. The ₹6,500-billion logistics market is highly fragmented, as about 85-90 per cent of the market accounts for unorganised players. We should understand the importance of logistics as a cost in overall economy and should try strengthening our infrastructure and technical capabilities. Organised market is estimated to grow at about 25 per cent till 2020 (FY 20), where unorganised market is projected to grow at about 7 per cent for the same period.

With 25 full-fledged offices, 18 warehouses across country and a firm global presence through Fiege's network, we are expanding both our geographical and operational presence.

Q Apollo LogiSolutions enters its fifth year of operations, how has been the growth curve since 2009?

A We started with a firm vision of becoming an integrated logistics solution provider. With an optimal mix of organic and inorganic expansions, growth for ALS has been impressive so far. Our modus operandi has been to create best in class logistics facilities, with equal focus of tapping asset light business segments of logistics. We entered into logistics arena through dry ports segment (CFS in Panvel) which is expanding at significant pace; simultaneously our spectrum of services has also expanded with freight forwarding, contract logistics, customs brokerage, and luxury logistics. Since inception, we have been growing at a CAGR (compounded annual growth rate) of about 40 per cent and hope to improve this growth momentum further with our proposed projects.

Q What is your revenue expectation for next year?

A The revenue realisation for next financial year (FY 15-16) could be in the range of ₹500 to ₹600 crore.

Q Please share your operational and geographical presence in the logistics and 3PL market?

A We have presence across all logistics segments. The company operates two Container Freight Stations (in Mumbai and Chennai). Fiege in 2012 to form Apollo Fiege Integrated Logistics Pvt. Ltd (AFIL). The JV has strengthened our capabilities of ALS in 3PL (third party logistics), freight forwarding, contract logistics and other value added services across a range of business sectors. We are an emerging name in 3PL segment with Apollo Fiege Integrated Logistics offering ocean freight, air freight, custom clearance, warehousing, transportation and secure transportation services. With 25 full-fledged offices, 18 warehouses across country and a firm global presence through Fiege's network, we are expanding both our geographical and operational presence. We have marked our global presence by forming a JV with the Germany-based company.

Q What expansion plans are on the cards for the company across verticals?

A The dry port segment has been our entry point into the logistics space. We started with a CFS in Panvel, Mumbai, which is spread over 50 acres of land. We have acquired Chennai based logistics firm which operates CFS in Chennai. Our core vision is to develop best in class logistics facilities across major cities in India and develop at least four to five dry port facilities in the coming four to five years' time. Apollo LogiSolutions is also developing an Inland Container Depot (ICD) at Moradabad to cater cargo rich hinterland of NCR, Uttar Pradesh and Uttarakhand and a CFS at Kattupalli Port. Our CFS facilities at Mundra, Hazira and Visakhapatnam Port are currently under planning stage. mg

Mamma Mia! Mother Dairy

Vijay Kurup

Consider these statistics. They are pioneers in branded bulk vending milk operations and in fruits and vegetables with more than 350 outlets. They have about 1200 exclusive milk and dairy shops and over 100,000 retail outlets. Thirty lakh liters of milk and 500 tonnes of fruit and vegetables are sold every day. Milk is collected from about 5000+ villages with lakhs of farmers pouring milk. 10,000 invoices are generated per day. The operation is take place everyday round the year. That is the complexity of the supply chain involved. The company that has pioneered and perfected the movement is the Mother Dairy, now almost 40 years in its existence.

Mother Dairy was set up as a 100 per cent subsidiary of National Dairy Development Board (NDDB). It was set up in 1974 under the operation Flood Programme, their verticals being milk, dairy products, horticulture and Dhara oil. 65 per cent of the business comes from milk, 13 per cent from dairy products, 12 per cent from fruits and vegetables and 10 per cent from oil.

How do they ensure an uninterrupted supply of milk round the year? What are the checks to ensure that quality milk is delivered to the booths? Do they track the vehicles? Ms Annie John Mathew, CIO, Mother Dairy Fruit & Vegetable Pvt Ltd, in a seminar organised by CII, spoke on the complexity of the operations involved in maintaining a flawless delivery round the year and the use of technology in the management of supply chain.

The Mother Dairy operates on a different model as compared to other bulk milk vending companies. “We buy lot of milk from state marketing federation and we have own collection network, in places like UP, Punjab, Andhra Pradesh, etc,” said Mathew. They have deployed technology at the village level for milk testing and weighing. The equipment is integrated with data processing devices which measure the fat content and weight of the milk delivered. The farmer gets immediate information of the product he has delivered and the price for his product. The whole intent of the supply chain is “to bring in transparency to the system right down to the bottom of the pyramid,” asserted Mathew.

“Without the technology we just cannot run. My need for business

availability is so high that we need to have 100 per cent availability," Mathew maintained. In 2008 the company had installed SAP/BW (Business Information Warehouse) in order to bring standardisation and control across the organisation. "We do a lot of monitoring." In 2012 GPS was deployed to track the vehicles coming to the processing plant and to track milk vans in transit to the milk booths. GPS has been installed in 75 per cent of milk vehicles.

The purpose of tracking was to monitor any abnormal stoppage or route violation. There is online temperature visibility of vehicles. Further there is periodic data logger report generation. "We achieve temperature control accuracy of 99 per cent," she said. Random checks are conducted on the quality of milk to prevent tampering or adulteration. As a rule 100 liters of milk mandatorily returned to the plant for to check on the quality of milk supplied to the booths. Even the incoming fresh milk undergoes 22 quality checks and each of them gets recorded in SAP.

The Supply chain costs around 3 per cent of turnover. The whole supply chain is very intensive per day cycle, Mathew explained. Milk is procured twice a day and chilled immediately below 4^0C and sent to the processing plant. The number of milk routes per day in Delhi is plied by over 550 vehicles. Milk is sold in 45 cities/towns whereas milk products are sold in over 100 towns/cities. Enhancing visibility in their supply chain is their mission in 2014. "Here we intend to focus on building responsiveness around our core key partners who are farmers, distributors, consumers and the outsource manufacturers."

The mission of Mother Dairy is to bring health and wellbeing to all their consumers. Gone are the days of one standing in a line in front of a booth in a predawn hour waiting for the milk van to arrive. They may not have created a land of milk and honey, but at least they have been able to maintain a regular supply of milk at all times of the day with their well synchronised supply chain. mg

Logistics Process

Logistics in Collection

- Six million litres of milk/day
- From about 13,000 plus separate cooperative societies
- Ensuring quantity of milk equals stated production by members

Logistics in Coordination

- Storing the milk
- Processing the milk
- Distributing the milk

Logistics in Supply

- Weigh the milk
- Determining of fat content
- Calculation of purchase price

Distribution Network

- Dry and cold warehouses to buffer inventory
- Transactions on an advance demand draft basis
- Just-in-time inventory strategy improves dealer's return on investment (ROI)
- All branches-dedicated vehicle operations.

Members 13 district cooperative milk producers' union

No of Producers Members - 2.79 million

No of Village Societies - 13,328

Total Milk Handling Capacity - 11.22 million litres per day

Technology adoption in warehouses remain low in India

The warehousing industry in the country is seeing an unprecedented growth backed by the retail boom, growth in production and consumption practice. However, the adoption of modern technology to increase productivity and efficiency of warehouses still remain low compared to the developed nations.

Itishree Samal

Transformation is happening in the Indian warehousing space. The traditional 'godowns' are paving way to modern state-of-the-art warehouses; warehouses going from only floor-storage space to multi-rack facilities, and from manual operation to high level of automation, but still there a lot needs to be done in order to increase the efficiency of the existing warehousing infrastructure, according to industry insiders.

There has been a significant increase in the technology deployed in warehouses across the country compared to few years back, still most warehouses of the country remain manual and do not use the latest technology, they claim. Most of the existing warehouses of the country lack efficiency and face technological challenges. "The existing warehouse infrastructure of the country is very poor compared to the developed countries and the current state of warehousing leads to increased costs due to decreased productivity and increased damage and pilferage," said Brian Oravec, Partner & CEO, IndoSpace Logistics Parks.

In the current scenario, warehouses are being managed by the logistic companies and are not very tech-savvy. The reason is when a customer wants to outsource its non-core competent activities to a third party, which is referred to the warehousing outsourcing, then nobody wants to talk about the incurring huge cost of it in terms of putting RFID, putting bar-coding, etc. In the plant, everybody wants to have that in place. But when we talk about outsourcing, they think it should come as a value-add and not as a cost. That is what pulling the function a bit. Overall, why to invest in technology which is can't be paid back. That's the difference, Akash Bansal, head (logistics) of Om Logistics, told Maritime Gateway. OM Logistics currently owns around 16 million sft of warehousing space at different strategic locations in India.

Technology

"Less than a decade ago, most warehouses had manual movement of goods (by hand) and goods were stacked on the floor. Now we see tenants racking goods 7 or 8 pallets high and using modern materials handling equipment," he added.

Few warehouses are using cutting-edge technologies such as Warehouse Management Systems, Automated Storage Retrieval System ((AS/RS), Automatic Guided Vehicles (AGVs), Carousels, Real-Time Warehouse Control Systems (RTWCS), to optimize their performance and network, increase competitiveness, reduce labour costs, improve space efficiency, higher customer satisfaction, quick access to information, track and trace, accelerate warehousing performance and cut-down additional expense across supply chain. Few players are even using pick-to-light and put-to-light systems and RFID technology, etc.

"Some players have began using robots to fully automate the warehouse, for e. g. one leading e-commerce company is using a robotic solution called the Butler from Grey Orange robotics to automate all of the product picking that happens in its warehouse," Oravec of IndoSpace said.

IndoSpace's warehouse is facilitated with primary and backup high bandwidth Multi-Protocol Label Switching (MPLS) connectivity and offers best-in-class processes for operational excellence. "Additionally, the site uses green technology like LED lighting, natural lighting and wind assisted ventilation," he added.

Market opportunity

According to a recent report, the warehousing industry is currently dominated by the unorganised players which account for around 85 per cent of the market, while modern warehousing (organised players) accounts for only 15 per cent share. The warehousing industry is set to grow at a CAGR of 8-10 per cent, while modern warehousing at 25-30 per cent over the next five years.

The share of organised warehousing is set to increase from 62 million sq. ft. in 2010 to 178 million sq. ft. by 2015, the report added. In 2013, the warehousing industry was pegged at ₹310 billion. The major players in the segment are DHL, Safexpress, Continental Warehousing, Indo Arya, MJ Logistics, Allcargo, Nippon Express, etc, with having a pan-India presence.

"Though modern warehousing in the country is at a nascent stage, it is expected to grow at a much faster speed," said Sambasiva Rao of Sravan Shipping adding that "The demand for warehousing will be further driven by anticipated increase in global demand, growth in organised retail, manufacturing activities, consumption, logistics outsourcing, modern assets, growth in international trade, and the likely rollout of Goods and Service Tax (GST), etc."

Challenges

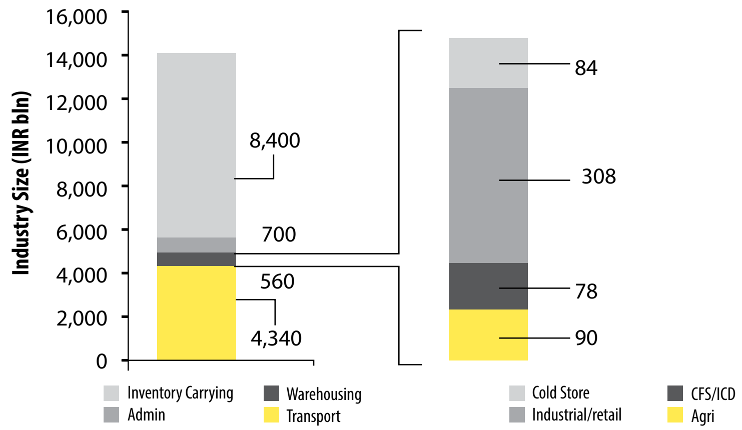
Among the multiple challenges, vertical storage remains a major issue. "Today in India, the ground space is more occupied and players do not go for vertical storage. But in order to survive, companies have to go vertical in the long run. Around 70-80 per cent of warehouses are non-vertical in India, Bansal said.

"We surely need to enhance the quality of warehousing infrastructure in India to match the global standards and the key areas that require enhancement are mechanisation of warehouses, IT enabled warehouse management systems, palletisation technologies, and material handling systems being a few," said PSS Prasad, President, Apollo Logisolutions Ltd.

Sub segments	Demand growth	Competitive intensity	Size	Capital requirement	Entry barriers
CFS	High	Medium	High	Medium	Medium
ICD	High	Medium	High	Medium	High
Agri warehousing	Medium	Medium	Medium	Medium	Medium
Cold warehousing	High	Medium	Medium	High	High
Logistics park/MMLP	High	Low	High	Very high	High
FTWZ	High	Medium	High	Very high	High
Small scale independent warehousing	Low	High	Low	Medium	Low
Large independent high end warehouse	Medium	Medium	Medium	High	Medium
Network of large high end warehouse	High	Medium	High	High	High

Source: EY Analysis

Current warehouse industry size with sub segments in FY13



Source: EY Analysis, Crisil Report on Warehousing

Emerging trends

Warehousing in India has been witnessing concept-based customisation. Keeping the core activity of storing the goods at base, warehousing concept in India has nurtured itself into various forms like Free Trade and Warehousing Zones (FTWZs), food parks, SEZs. In terms of clustering the services, spectrum of warehousing services in India is expanding with addition of value added services like kitting, packaging, labelling, quality check etc, Prasad said.

Indian industry players, including SMEs, are now planning to develop centrally automated warehouses. "The small and medium players have realised that it is better to have a few efficient centralized inventories than several small distribution centers, which are difficult to track and maintain" Rao said.

As key end users are increasingly outsourcing their warehousing services, warehousing players are recognizing the need to be a part of the customer's logistics chain, as against being a landlord leasing out space.

'Specific markets are expected to see heavy demand in warehousing'

IndoSpace, a leading developer of industrial real estate and warehousing facilities in India, currently has 12 projects under development across five cities in the country, with a total target built-up area of 30 million square feet, covering a total area of over 700 acres. It is developing industrial and warehousing facilities across the core industrial markets including, Mumbai, Pune, Bangalore, Chennai, NCR, Ahmedabad, and Kolkata. In an interview with Itishree Samal, IndoSpace Logistics Parks's Partner & CEO Brian Oravec talks about the current status of Indian warehousing industry and how the segment can improve its efficiency by adopting advanced technologies.

Q In the backdrop of country's growth in organized retail and logistics outsourcing, how has been the demand for efficient warehouses in the country?

A Demand for industrial real estate is generally very strong, but in the past 12 months the market has been slow, the primary reason being the slowdown in economic activity. We have been seeing a pick-up in demand over the last quarter and expect that to continue for at least the next 12 months assuming that a stable government is elected. The market will continue to see investment activity with growing interests of foreign investors and private equity players in this sector. Specific markets including Pune, the NCR region, Chennai, Bangalore, and Kolkata are expected to see heavy demand as many more international as well as domestic players are expected to boost their expansion plans in India.

Q What is your opinion on the current warehousing infrastructure of the country?

A The existing warehouse infrastructure in the country is very poor compared to the developed countries. Most warehouses in India remain very manual and do not use the latest technology, but there has been a significant increase in the technology employed in warehouses in India. There is a clear need for better warehouse infrastructure to support India's growth. The current state of warehousing leads to increased costs due to decreased productivity and increased damage and pilferage.

Q What percentage of the existing warehouses uses latest technology for efficiency and to reduce cost?

A The penetration of technology is very low, but it is improving rapidly. As technology and general best practices are employed it makes warehouses more efficient which reduces cost and increases the availability of products to the end consumer. Traditional companies are now using modern storage solutions, warehouse automation, and warehouse management systems that are integrated into the company's ERP/CMS. This is helping clients utilise space effectively, reduce inventory and increase sales.

Q The concept of 'Warehousing automation' is catching up in India. Similarly, what are the other emerging trends in this sector?

A Less than a decade ago, most warehouses had manual movement of goods (by hand) and goods were stacked on the floor. Now we see tenants racking goods seven or eight pallets high and using modern materials handling equipment. We see companies in India using Warehouse Management Systems, pick-to-light and put-to-light systems, RFID and some companies are even beginning to use robots to fully automate the warehouse. For example at least one leading e-commerce company is using a robotic solution called the Butler from Grey Orange robotics to automate all of the product picking that happens in its warehouse.

And 'consolidation' is happening in a big way in this segment. We're seeing a large number of companies move out of small inefficient warehouses into much larger, modern facilities where they can incorporate best practices and reduce costs.

Q What innovative solutions and technologies Indospace Logistics Park is using in its warehouses?

A Our customers use all types of technology from traditional materials handling equipment to some of the most advanced materials handling equipment in India. In the case of DHL, one of our 3PL tenants, the facilities are designed with improved infrastructure, which includes continuous loading docks and dock levelers, state-of-the-art racking and traffic management for a seamless flow, advanced material handling equipment such as a telescopic conveyor, RF technology for barcode scanning and integrated IT solutions with warehouse management systems (WMS). The warehouse is facilitated with primary and backup high bandwidth Multi-Protocol Label Switching (MPLS) connectivity and offers best-in-class processes for operational excellence. Additionally, the site uses green technology like LED lighting, natural lighting and wind assisted ventilation. mg

'Love me, hate me, but you cannot ignore me':

Technology in SCM firms

How SCM firms manage huge clusters of unstructured data in real time would be the key to excel in future SCM market. Vijay Kurup

In today's fast paced hyper connected world, the technological advances are dictating changes in the functioning of the supply chain management. It has always been under pressure for faster, better and cheaper performance. The customer today is more empowered because of the accessibility of various social media platforms. More visibility is demanded by customers. However the flow of information across the supply chains, has not quite kept pace with the changes in the technological world. "The real culprit," according to R Dinesh Co-chairman, CII Institute of Logistics Advisory Council & JMD TVS & Sons, "is not the infrastructure but lack of information flow across the supply chains – how various links are integrated with each other." Some of the biggest opportunities are supply chain visibility, collaboration between supply chain partners and the potential to leverage analytics and optimisation in the supply chain.

With the growth of technology, the supply chain landscape is becoming transparent and more automated and linked digitally and physically. Organisations are leveraging technology to enhance visibility in the supply chain. Visibility has the potential to reduce the disparity between supply and demand. Visibility is sought not just by suppliers, logistics players, customers, and partners, but also from outside the supply chain such as financial institutions and government. A senior Vice President Strategy and Supply Chain Worldwide Leading Logistics Company, has said, "when we talk about supply chain visibility, it does not simply mean visibility into your own supply chain and your own shipments, it means visibility among your partners, which enables collaborative decision making closer to the customer."

Unstructured data or big data is the next buzz word. The world is drowning with petabytes of information. 2.5 quintillion bytes of data are created every day. (1 quintillion is equal to ten raised to the power of 18 zeros. This vast amount of digital data "would fill DVD stack from the Earth to moon and back"). The companies today are equipped with enormous amount of disparate data covering various business data transactions. From these massive amounts of current and historical data, intelligence is all about extracting meaningful material that drive action and deliver better business outcomes by detecting patterns, spotting correlations, and using predictive/prescriptive models. Opportunity lies in the variety of data for supply chain. A survey was conducted by a consortium called the Supply Chain Insights LLC in 2013 in the US, on the relevance of big data. The respondents were manufacturers, retailers, wholesaler, distributors and 3PLs. It was found that 76 per cent of the respondents felt that big data was an opportunity which could benefit the supply chain, in the areas of liner supply chain, Just In Time (JIT) etc.

> Some the biggest opportunities are supply chain visibility, collaboration between supply chain partners and the potential to leverage analytics and optimisation in the supply chain of.

Big data per se is of no consequence unless intelligence can be gleaned from it. Focus has now shifted from capture of data to insights that can be extracted from the structured and unstructured data. This calls for analytics and optimisation of data. Increasingly the CEOs are depending on big data for their board room discussions. However, it has been found that only 30 per cent of organisations have advanced analytics capabilities in place. Sales and marketing heads have high expectation from supply chain to provide comprehensive and consistent experience from customers at various levels. 63 per cent of the CxOs envisage increase in partnership for achieving higher business value. Companies who have invested in supply chain visibility have reaped higher returns and revenue growth and are planning to invest more. 72 per cent of outperforming organisations have built collaboration platforms for their customers, compared to 50 per cent of underperforming organisations.

Today data is one of the most sought after asset to drive excellence in supply chain. Organisations that have invested in collaborations have realised business benefits. Staff productivity was found to have increased by 20 per cent. They were able to reduce the supply commit process to as little as two hours. Obsolete inventory has been reduced to 15 per cent and finally improvement in delivery has increased by as much as 10 per cent. The way forward, according to a Vice President of a supply chain consumer product company, is to combine SCM with CRM. Encourage supply chain staffs to think in terms of the mindset of a commercial customer. Bringing the customer perspective into all facets of SCM, will further enhance supply chain excellence. A successful SCM would be one that would be able to respond to unstructured data in real time. mg

‘We aim to become a ₹1,000-crore logistics player by 2016’

Om Logistics is betting big on the growing logistics landscape of the country and aiming to expand its operations in India as well as in global markets. The company aims to have presence in SAARC countries over the next two years. Driven by the growth in production and consumption, organized retail, logistics outsourcing and modern assets, the demand for logistics and related services is going to see a further growth momentum. Betting big on this opportunity, Om Logistics, a multi-modal logistics company with single-window integrated logistics services, has laid out its strategy to beat the sluggish market growth and to become a ₹1,000 crore company in two years. In an interview with Itishree Samal of Maritime Gateway, **Akash Bansal**, head (logistics) of Om Logistics, talks about the company’s expansion plans and its ambitious target of achieving ₹1,000 crore turnover by 2016.

Akash Bansal
Head (logistics),Om Logistics

Q The logistics industry in India is getting crowded with the mushrooming of domestic players as well as with the entry of global players to this segment. How do you plan to stay ahead of competitions?

A We are majorly focusing on organic growth and building our strategies around it. We are planning to ramp up our operations in India and abroad. We have plans to expand to SAARC countries through FDI (foreign direct investment) by partnering with local logistics players in respective countries. To start with, we will set up logistics centres in Bangladesh and Nepal this year, and roll out to Pakistan and other SAARC countries by next year. Currently, we are exploring opportunities in those countries and are in talks with the local partners.

Q What are your key verticals and how has been the growth curve for Om Logistics?

A ‘Automotive logistics’ being our key vertical accounts for around 49.1 per cent in our overall revenue share, while

white goods and electronics segment contributes around 23 per cent and rest is comprised of other segments including phrama, textiles and retail.

The logistics industry in India has been going through a tough time in the last three-four years. It's a tough time for the industry as a whole. In this sluggish market condition, we have achieved 16 per cent of growth compared to last financial year and expect a 20 per cent year-on-year (Y-o-Y) growth for the next three years. Though, the automotive industry has not done well in the last one year; still we have managed to maintain our growth momentum. Our other verticals compensated us. In the coming years also we hope we will be able to achieve our target of 20 per cent growth comfortably.

Q What was your turnover last financial year and your target for next year?

A In the last financial year 2013-14 (FY 13-14), we recorded turnover of more than ₹700 crore, which grew from ₹600 crore in FY 12-13. We expect the growth to continue in the coming years. By 2016, we target to become a ₹1,000-crore company, backed by our plans for expansion in global markets as well as in the Indian market.

Q What are the growth driving factors for Om Logistics?

A We are a typical asset based company with having huge presence in the warehousing segment. Currently, we own around 16 million sft of warehousing space at different strategic locations throughout the country. We want to be GST-ready. We have to have warehousing set-ups ready at time comes to a call. We are always on a spree of expanding our warehousing space, every year we add 2-3 green-field projects and around 0.5 million sft of warehousing space.

This will help maintain our growth projections. And also, we have a large customer base which helped us achieving the growth rate. We bank upon our customers and always in the look out to expand the base.

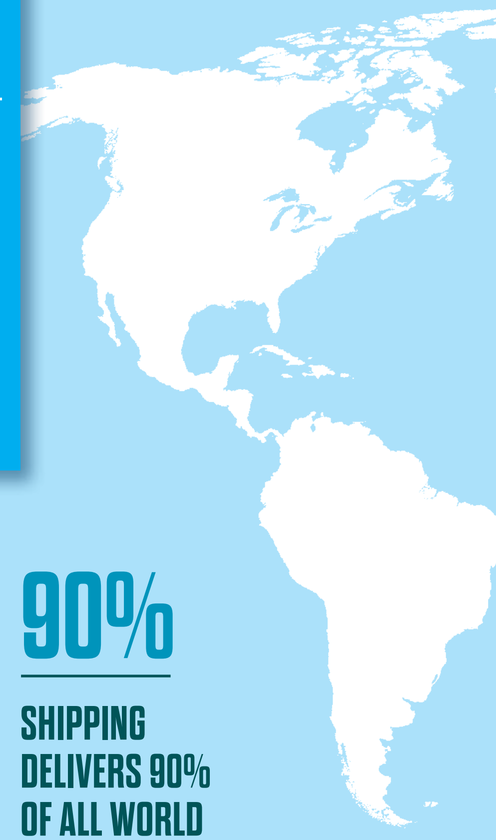
Q How the slowdown in the automotive sale last year affected your revenue? How big is the market opportunity in this space?

A Infrastructure wise, Indian automotive industry is lagging behind to its global counterparts. In last financial year, the automotive sales were down by 10-15 per cent which affected the automotive logistics sector. The main issue in automotive logistics is that the unorganized players rule the sector. Logistics players have to be more innovative in their supply chain and the sector has to be more organized. In India, the logistics industry as a whole including all segments is highly unorganized. The size of the 'Automotive logistics' industry itself in India will be around ₹80,000 crore, of which more than 80 percent of the market is unorganized. Gradually, change is happening and big players are entering into the space.
In the coming years, we expect more growth and competition in organized logistics space. We see tremendous growth in the sector.

CLASS ROOM

ACCIDENTS AT SEA

Some of the world's most iconic oceans are also the most at risk. The South China Sea and East Indies, east Mediterranean and Black Sea, North Sea and British Isles were found to be dangerous hotspots for accidents involving ships. WWF is reinforcing the importance of ensuring that vessels are built, maintained and operated to a high standard so as to lower the risk of accidents.



FOUNDERING

50%

OF ANNUAL SHIP LOSSES

Sinking due to rough weather, leaks or breaking to two, but not collisions, causes 50 per cent of all annual ship losses.

90%

SHIPPING DELIVERS 90% OF ALL WORLD TRADE

PRESTIGE OIL SPILL

In 2002, the Prestige oil tanker sunk resulting in over 70,000 tonnes of oil being released into the Atlantic Ocean off the Spanish coast. It caused not only devastating environmental impacts but economic losses estimated at €8 billion. But out of this disaster came a bridge of trust between fishermen and environmentalists that still exist today.

WWF FOR SAFER SEAS

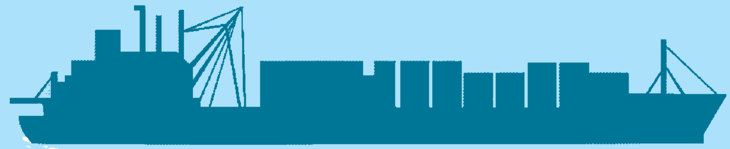
- The shipping industry needs to promote greater owner and operator responsibility
- Ships should register with better flag states
- Highlight irresponsible and badly performing flag states
- Bad and unsafe practices should be scrutinized publicly

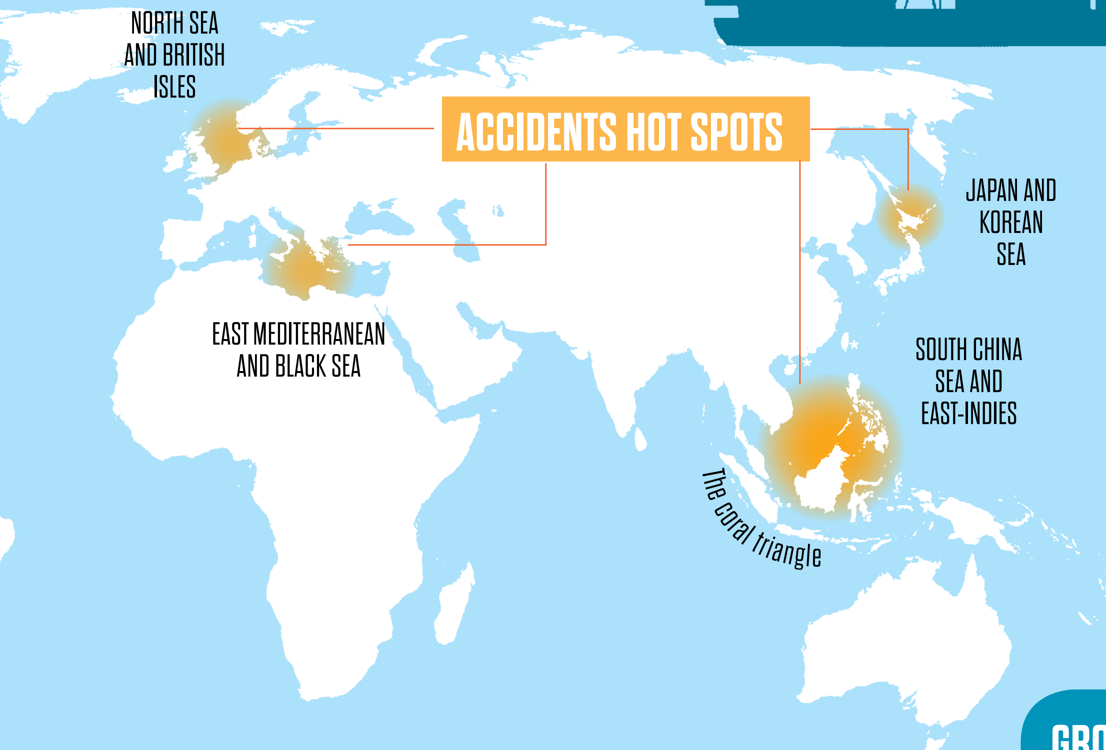
DEFINITION OF FLAG STATE

The flag state is the country the ship is registered too and that has the authority and responsibility to enforce regulations over vessels.

172

IN 2010, 170 VESSELS WERE LOST AT SEA





50%

GENERAL CARGO VESSELS ACCOUNT FOR NEARLY 50% OF ALL VESSEL TYPES LOST AT SEA

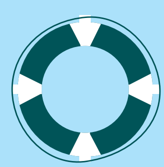
GROUNDING

Wrecked or stranded vessels caused by striking the sea bottom, shore or underwater wrecks is the second most common cause of ship losses

THE RISK FACTORS

The greatest probability of a shipping accident occurring is when all of the following factors act together:

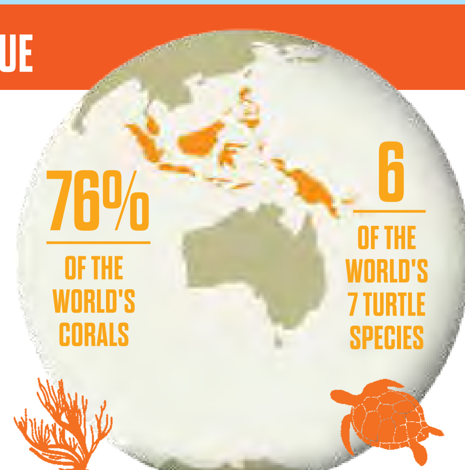
Key hotspot locations + Vessels over 10 years old + Poorly performing flag states + Being a general cargo or fishing vessel =



THE CORAL TRIANGLE'S ECONOMIC VALUE

Shipping accidents in the Coral Triangle could severely impact the livelihoods and food security of the 120 million people that reply on the areas resources.

Marine resources contribute to a growing nature-based tourism industry, valued at over US$12 billion annually



Tuna spawning and nursery grounds support a multi-billion dollar tuna industry and supply millions of consumers worldwide

Russian crisis keeps container shipping lines on guard

The ballooning political crisis in Crimea, where Russia is attempting to take over the nation, its people and interests is now beginning to show its effect on shipping and trade in the Black Sea. Container shipping lines are tracking the political movement in Ukraine closely as the Crimean port of Sevastopol is the icing on the cake Russia is targeting.

Russian President Vladimir Putin's threat to impose sanctions on the US and Europe and his Parliament's work-in-progress bill to allow seizure and freezing of assets belonging to the Western super powers has worried many. This is because the bill in its severest form intimidates the freezing bank accounts of companies from the West.

The Maersk Group feels most unprotected as it has spent more than $900 million in acquiring a 37.5 per cent stake in Russian Global Ports through its terminal operating subsidiary APM Terminals. The deal that was forged almost two years ago when the relationship between the West and Russia was flourishing on the promise of dense container movement now stands imperiled.

Global Ports, in turn bought over its Russian competitor NCC late last year and so, Maersk and Global Ports, not only have a geo political situation to deal with, but also a huge capacity glut that confronts them and awaits to be filled with containers. Global Ports' strength lies in the Far East and in the Baltic Sea with operations in Finland and Russia's most dominant business and academic nerve centre, St Petersberg. Having invested a billion in Russia's shipping business in addition to the new acquisition, Maersk's officials, however, mask a brave face by issuing a statement reinforcing the company's commitment to Russia.

Russia's strictures on trade come in response to the US and The EU's salvos that decided to cut off visa and financial negotiations with Russia when the latter first announced its move to take over Crimea. Other shipping lines such as the ACM Shipping Group have decided to wait and watch as the grain exporting season is yet to begin. CMA CGM was quoted saying, "As of today, the services offered by the CMA CGM group, which operates vessels calling Odessa and Illichivsk, have not been affected by the events in Ukraine. Nevertheless, the group remains watchful and regularly consults its local agencies in order to ensure the safety of its employees, crews, agencies and ships."

Drewry, UK's foremost Shipping analysis and trade firm views the scenario unfolding in Russia controlled Crimea as tense. It has already flagged the risk associated with the region in 'orange' (terming it as a medium risk zone) with respect to port related investments. It offers an explanation that relations between Russia and the West have been historically strained and the Crimean crisis has just festered it further.

"Key concerns are the macroeconomic development and the geopolitical situation in Russia," says Drewry in an analysis of the Russian port company, just published.

"The recent geopolitical tension with Ukraine could worsen the situation. The country recently faced ratings cut by global rating agencies in anticipation of tough sanctions from the US and Europe. 2013 has been a bad year for the Russian economy. Country's 2013 y/y GDP growth stood at a meager 1.3 percent, compared with a much higher growth achieved in the years after the 2009 financial crises," says Drewry.

The slow economic development is clearly reflected in numbers describing the activity in the Russian container ports. Last year brought a 5.7 per cent increase, which might look like a decent growth at first glance, but the expectations for and potential of the Russian market have been significantly bigger. In St. Petersburg, the dominant port in Russia, Drewry points to a 0.4 per cent decline last year, the report says.

In spite of the risks mentioned by Drewry, the analysts believe that Global Ports has economic potential, and that the company's revenue could grow from an expected $782 million this year to an expected $921 million by 2016. And the operating result is expected to move in the same direction, from $380 million to $470 million. The only companies who believe they have got away unscathed is the Danish shipping industry whose interests in Russia account for a negligible 2-3 per cent although it sees Russia as an important trade destination. The chief of the Danish Shipping Associated was quoted saying that he believed the politicians would resolve the conflict.

Russia's naval and business interests

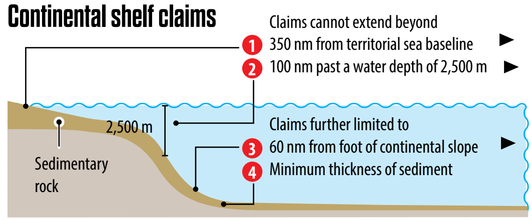
For Russia, its plan to take control over Crimea is anything but a surprise. Akin to China's strategy to fund ports in Sri Lanka and Pakistan to secure its energy needs, Russia's primary motive is to convert the Northern Sea Route (NSR) through the Arctic waters into major international trade route. Its oil and NG requirements will likely pass use these waters.

Arctic Boundaries

► A coastal nation can claim exclusive economic rights to natural resources on or beneath the sea floor up to 200 nautical miles beyond their land territory (exclusive economic zone or EEZ)

► If the continental shelf extends beyond that distance, the country must provide evidence to a UN commission

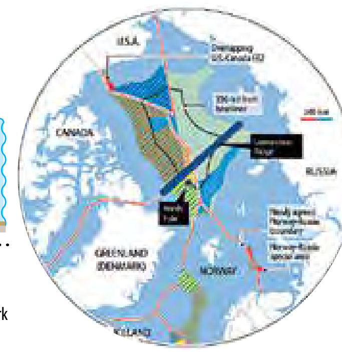
Continental shelf claims



Territorial sea / EEZ
Unclaimable
Median line
Agreed boundary
350 nm from baseline

Claimed continental shelf beyond 200 nautical miles
Russia, Iceland, Norway, Denmark

Potential claim beyond 200 nautical miles
USA, Denmark, Canada



UKRAINE: OVERVIEW OF SHIPPING ACTIVITY

Vessel Calls by dwt at Ukrainian Ports in 2013

Yuzhny	60,391,431
Odessa	50,664,821
Illichivsk	30,985,665
Nikolayev	25,151,233
Mariupol	20,741,295
Kerch	12,282,517
Sevastopol	10,995,254
Dneprobugskiy	7,003,589
Nika Tera	4,299,052
Kherson	4,106,801
Theodosia	3,876,617
Oktyabrsk	2,930,239
Berdiansk	2,861,163
Reni	1,386,564
Kamysh-Burun	1,310,137
Krym	1,214,297
Belgorod-Dnestrovskiy	710,629
Ochakov	591,726
Izmail	499,619
Yalta	126,369
Yevpatoriya	118,025
Kiliya	97,021

Source: Lloyd's List Intelligence

The NSR is known to weigh more in Russia's favour than the traditional route from north of Europe to the Asia Pacific cutting through the Suez Canal and Strait of Malacca. The new route will allow vessels to travel eastward from the Barents Sea along the Russian coast, through the Bering Strait and then straight to the Pacific Ocean. The only additional battle the Russia- borne ships will have to wage is the icy cold and harsh waters in the NSR.

Russia's output is dominated by oil and minerals and by any significant industrial or manufacturing goods. Europe, thus gets about a third of its energy needs from Russia and while Germany gets its share of supplies from a pipeline directly connected to its mainland, the other EU members slant on Ukraine's pipeline system for their supplies.

Russia's justifies its aggression into Crimean territory as the former's capacity to reach the sea is limited by its geography. Control over Crimea will help it gain entry into seas in the north and south. Crimea's ports also serve as well for logistics and repair services for the ships passing via the Black Sea to Asia. More importantly, Sevastopol's control will help Russia assert its naval power to the world. The EU and the US are trying to stem this take over as Russia rising power will hurt their interests economically and as threaten their status as the world's super powers.

Security at sea requires a single operational picture

Government agencies need to work together to build a single operational picture to make Coastguard operations more efficient. An innovative government structure like the Netherlands Coastguard has already made significant improvement in maritime security by adopting this approach.

Ed Veen

In a recent study conducted for the European Coast Guard Functions Forum (ECGFF) it became clear that within the European Union (EU) at least 316 agencies are involved in "coast guard tasks". The European Union consists of 28 member states including several land-locked countries as Austria, the Czech Republic, Hungary, Luxembourg and Slovakia. On average this means that in every country more than 12 agencies conduct coastguard tasks at sea.

The general impression is that governments work as a monolithic force with a consistent and clear policy for all activities. However, this is not the case. Different government agencies have different mandates and work very often completely isolated from each other. This can result in an inefficient use of assets at sea, where various law enforcement agencies deploy similar ships, at the same time, to carry out specific (but different) tasks. It is therefore not unusual to find in any given harbour similar ships from the immigration service, police, customs, fishery inspection and the Coastguard alongside each other. Although this situation would appear illogical, it stems from a so-called "siloed" approach, where the mandate and focus are encapsulated in the structure of each agency. These agencies were formed to handle specific information, specialized knowledge and expertise and manage the resources in order to effect the desired government outcome.

In 1987 the Netherlands created a unique construction for the Coastguard in order to overcome the inefficient use of assets at sea. The Netherlands Coastguard is created as a network organisation in which different agencies participate as shareholders. These agencies also fund the Coastguard. The Dutch Coastguard is a civil organisation directed by the "Board of the Netherlands Coastguard" in which 5 ministries (Infrastructure and Environment/Transport, Defence, Security and Justice, Finance, Economic Affairs) participate at the Director General level. The Board is responsible for the structure and tasking of the Coastguard. But within the board two Ministries have a special position. The Ministry of Infrastructure and Environment is responsible for the coordination of the policy demands and accountability. The Ministry of Defence hosts the Coastguard administratively. The Coastguard is integrated in the organisation and budget of the Royal Netherlands Navy, but the Coastguard

has its own governance completely independent from the defence organisation.

The Netherlands Coastguard coordinates and caries out 15 operational tasks for the executive agencies of the five ministries. The Coastguard tasks can be divided into the provision of service tasks and the provison of law enforcement tasks.

The service tasks are: monitoring, handling and coordinating national and international Distress, Urgency and Safety radio traffic; maritime assistance and Search and Rescue (SAR); limiting and dealing with the aftermath of disasters and incidents; wherever necessary, implementing vessel traffic services (buoys, vessel traffic service, instructions); maritime traffic research; clearing ordnance and explosives.

The law enforcement tasks are: maintaining law and order (Police); monitoring import, export and transit of goods (Customs); upholding laws regarding environment, sea fishing, nautical traffic, ships equipment and offshore activities (Rijkswaterstaat (Infrastructure agency), The Human Environment and Transport Inspectorate, Food and Safety Authority, State Supervision of Mines); border control (Immigration).

The Netherlands Coastguard has the mandate and bears the final responsible for the execution of these tasks. The Coastguard Centre is located on the Naval Base in Den Helder. The Director of the Coastguard is appointed by the Board and is always a senior naval officer. The Coastguard tasks vessels, helicopters and Maritime Patrol Aircraft (MPA), owned by the various ministries and services. As an example, the Coastguard tasks ships are owned, maintained and manned by the government-shipping agency (part of the Ministry of Infrastructure and Environment). Mission crews are delivered by the partners to execute law enforcement tasks or service tasks. Helicopters from the air force are available for search & rescue tasks. Police helicopters are tasked by the Coastguard to execute law enforcement tasks at sea. The Coastguard owns two maritime patrol aircraft, but these

To protect society from disruption owing to a disaster or crisis, the Netherlands formulated the National Security Strategy to acknowledge the interconnectedness of the different threat factors, addressing the maritime dimension indirectly.

aircrafts are embedded in the Royal Netherlands Air Force while a civil company carries out maintenance. The governance model may be slightly complex, but it simplifies operational performance at sea significantly by easily combining tasks and increasing the efficient use of available partner assets.

The Netherlands national security is highly dependent on the seas. Sea transport plays a major role in drug trafficking, smuggling, illegal immigration, etc. But it is not only crime that has a profound effect on the sense of public security. Environmental disasters as a result of pollution, collisions and other incidents have a significant effect as well. To protect society from disruption owing to a disaster or crisis, the Netherlands formulated the National Security Strategy to acknowledge the interconnectedness of the different threat factors. This white paper addressed the maritime dimension indirectly. Realising that the North Sea is one of the busiest sea areas in the world, the Board of the Netherlands Coastguard noticed the omission in the National Security Strategy and ordered the Coastguard to formulate a conceptual approach to achieve security on the North Sea. On 26 January 2010 the so-called "Security Concept North Sea" was accepted and today the Coastguard's Maritime Information Centre is continuously assessing information to create a "maritime situational awareness" for all agencies within the Coastguard network. Maritime situational awareness combines information from AIS, radar and air surveillance and identified potential risks from all information sources available to the Dutch Government. Within its framework the Coastguard is able to share, analyse and distribute all the information between the participating law enforcement agencies (Police, Customs, Immigration service, Food and Safety Authority, etc.) to ensure safety and security on the North Sea. All the participating ministries signed the underlying information-sharing protocol, making legal prosecution of offenders possible This also guaranteed compliance with privacy regulations. With the signing of the information-sharing protocol for coastguard tasks, the legal obstacles for sharing information nationally between different agencies under the Coastguard umbrella were overcome.

As an example: At the end of the winter a yacht came into difficulty on the North Sea and issued a Mayday call. The Netherlands Coastguard immediately deployed a lifeboat to assist. After arriving at the scene, the Maritime Information Centre collected routine information regarding the boat, its crew, port of origin, destination, etc. The resulting investigation showed that one crewmember was previously convicted of drug smuggling (law enforcement agency) and the crew was not enthusiastic about being rescued (Rescue Coordination Centre). The law enforcement agencies, already suspicious of the fact that these sailors were still active in the winter, were immediately alerted and activated when these snips of information came together. These independent pieces of information would normally not have led to further action. This would have been the case if an agency would have operated in "the siloed approach". However, the combination of information led to the decision to make a thorough inspection of the yacht in port. The result was that 350 kg marijuana was discovered in a hidden compartment. The amassing of information from different sources leads to an improved information position and in this case led to a successful prosecution of a gang of drug smugglers.

The governance construction of the Netherlands Coastguard makes it possible for the law enforcement community to share, compile and distribute information between the various partner agencies of the Coastguard. Normally the police, customs and immigration services are not permitted to share information. Due to privacy and security issues, an agency may only use information acquired within its own mandate. The Maritime Information Centre is for coastguard operations a significant step forward. However, the challenge of sharing data cross-border with international partners still remains. Coastguard organisations are cautious and law enforcement agencies follow strict protocol where information exchange is concerned. As an example: customs information may be shared between the different customs agencies of the EU member states, without restriction, bur it cannot be shared with the police. The police, however, have a completely different regime. The Dutch police work with their colleagues via Interpol. Interpol provides a network of contact points in each of its member states, through which information on all forms of crime is exchanged. It is not only the different regimes of the participating agencies which makes cross border operations difficult, it is also the fact that different Coastguards have completely different mandates. International cooperation is therefore very much depending on personal networks of the different administrators or senior officers involved.

Although the Netherlands Coastguard has a good starting position to face its safety and security challenges, the organisation is small with limited resources. In the long term, the Coastguard and the Navy are natural partners. The Coastguard is optimised to face the security challenges in the North Sea, while the Navy has the means to conduct these operations further away. The Netherlands Navy foresees a frequent deployment of the RNL Navy's patrol vessels for the protection of the EU's maritime borders and those of the Kingdom of the Netherlands. Maritime security operations further away from the homeland will be intensified.
In the Netherlands Navy Vision 2030, the navy will be "indispensable to secure economic interests, to maintain 'freedom of the seas', to contain migration flows, to increase security in (African and Asian) coastal waters, to counter drug trafficking to Europe, to secure maritime traffic in the Gulf region and at other chokepoints, to fight piracy, maritime crime and international terrorism as well as to realise environmental goals."

An innovative government structure of Netherlands Coastguard has led to a significant improvement in maritime security, but it is only one aspect. At operational level it is important to combine the information real time.

The Netherlands Navy's vision integrates seamlessly with the Coastguards' task to deliver security at the North Sea. The Netherlands Coastguard and the Navy are therefore working closely together to assist each other in achieving their organisations' mission statements. The Coastguard supports the Navy with information when naval assets execute expeditionary "Coastguard missions" in the Mediterranean or off the coast of Somalia. The Netherlands Navy supports the Coastguard with ordnance clearance capacities or when maritime incidents require specific assets or expertise.

It is increasingly clear that risk analysis, police-led information and the principles of effect-based operations will be the drivers of the future Coastguard operations. It is therefore of paramount importance that government agencies work together to build a single operational picture. Not only is the contribution of information important but the future information architecture will make it possible for all sea-going government assets (and participating non-government organisations) to contribute to a consistent and accurate maritime picture. An innovative government structure like the Netherlands Coastguard has led to a significant improvement in maritime security, but it is only one aspect of the solution. At operational level it is important to combine the information real time. That means that in the future there is a need for a larger series of interoperable systems on all government ships and operational commands in order to achieve effective and efficient operations. In the Dutch Vision for the Coastguard 2020 this elements have now been accepted. mg

The author is a Director of Netherlands Coastguard

Database to define piracy trends

A new report on global maritime piracy point towards the need to standardise existing data and improve the modus operandi to collect information on future incidents. The report observes significant trends in piracy activities in the Western Indian Ocean, including the Gulf of Aden, and the Gulf of Guinea.

The international community should help strengthening the law of the sea and its implementation, in order to fight against piracy, but also to prevent plundering of fisheries by industrial vessels and illegal dumping of hazardous waste, and assist the Somali authorities to restore coastguard forces and give support to the development of a modern judicial system, with rule of law, courts and police forces, according to UNOSAT global report on maritime piracy.

UNOSAT is a program of the United Nations Institute for Training and Research (UNITAR), providing satellite imagery and related geographic information, research and analysis to UN humanitarian & development agencies & their implementing partners.

Following a five year engagement by the United Nations Institute for Training and Research (UNITAR) to conduct applied research and geospatial analysis on piracy activities, the latest report constitutes the first global geospatial analysis.

The work takes into account studies from different sources, such as UN sister agencies, academia, insurance industry, shipping companies, European Commission and the World Bank. This report can be seen as a contribution to the important and ongoing debate on maritime piracy taking place in numerous fora, including the Contact Group on Piracy off the Coast of Somalia

The global report on maritime piracy has identified several important trends related to maritime security. Based on a refined and detailed analysis of primarily data from International Maritime Organization (IMO) Global Integrated Shipping Information System (GISIS) Piracy and Armed Robbery module – International Maritime Organization (IMO) Global Integrated Shipping Information System (GISIS) – UNITAR has been able to explore how trends in geospatial patterns and severity of reported piracy incidents are developing, from 1995 to 2013.

According to the report, there are two areas where significant trends in piracy activities are observed: the Western Indian Ocean, including the Gulf of Aden, and the Gulf of Guinea. In other areas, notably eastern Indian Ocean, including the Malacca Strait, and in South America, no major trends are observed. While activities in South America are relatively minor, piracy in the Malacca Strait continues to be a major disruptor for safe routes in the eastern Indian Ocean.

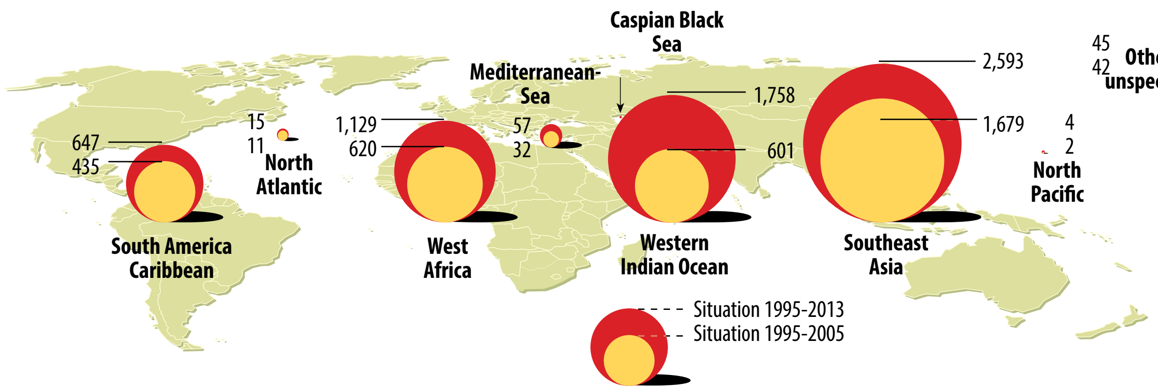
In the Western Indian Ocean, there has been a significant reduction in the number of pirate attacks during 2013 – to the extent one can claim they have almost stopped (28 incidents in 2013, of which only 8 since August 15). Not a single vessel was hijacked.

The report says in this area, the median distance from where an attack is reported to the nearest coast has dropped from close to 400 km in 2010 to under 50 km in 2013, thus indicating a considerable reduction in the radius of successful pirate activities; Incidents involving the use of rocket propelled grenades, relatively heavy armour for pirates, has decreased from 43 in 2011 to 3 in 2013 in the Western Ocean.

MARITIME PIRACY AND ARMED ROBBERY

6,249 reported incidents between 1995 and August 15, 2013

NB: Circles are proportional to the number of incidents.1. The International Maritime Organization (IMO) has reported 78 incidents worldwide between 15th August 2013 and 31st December 2013.



Ransom amounts paid to pirates have decreased from $150M in 2011 to about $60M in 2012. In addition to the well-known feature of piracy "mother ships" from which fast-going skiffs can radiate, a new trend of floating armoury vessels supplying anti-piracy entities with weapons out in international waters is observed.

In the Gulf of Guinea, the trend is to some degree different of that in western Indian Ocean. Here the number of attacks shows no sign of decreasing. In fact, attacks in the high seas have increased, while attacks in ports are on the decrease. The types of attacks have gone from low-intensity towards more violent acts. The financial losses to the national economies for countries with ports in the Gulf of Guinea are considerable. This has forced certain countries to take military action that has proven successful. In southeast Asia/ Malacca, the report observes a slight decrease although no significant trend in the number of attacks, or in their severity.

Following the detailed review of IMO's database structure and in-depth data analysis, a "severity index" to better differentiate the gravity of reported incidents is proposed for future data collection and analysis. It is important to know that close to half of all piracy incidents reported globally are not what can be considered severe, i.e. no threat of violence has been reported.

With studies indicating a significant shift of the centre of gravity for marine activities to Asia, finding solutions to reduce or end piracy is not only a major security issue, but an important economic factor. With changing climatic conditions at high latitudes and medium- to low-income countries in Asia experiencing the largest growth per capita, additional transport routes may be explored, including combined pipelines and secure area marine shipping routes.

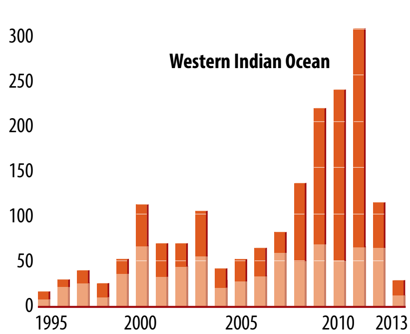
Although acts of piracy and armed robbery that took place in recent years are much better monitored and reported than previously, there remain a number of incidents, which for various reasons are never declared. However, if not comprehensive, the incidents collected by the International Maritime Organization (IMO) together give a good image of the piracy phenomenon, especially since 2011, as the reporting system has significantly improved.

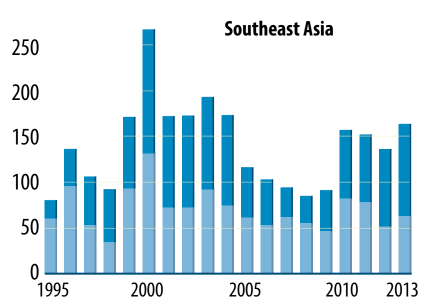
Piracy principally affects the inter-tropical zone close to strategic passages (Gulf of Aden, Malacca Strait, Singapore Strait) and zones with "high added value" such as the Gulf of Guinea. It remains difficult to characterise, but rather than adding up the number of attacks or hostage takings, it is important to be able to distinguish between the types of threat, the modus operandi, attempted attacks and the number of ships actually hijacked, cargo stolen, and crews taken hostage.

Modern day piracy is an example of the 'asymmetric threat'; attackers with few means, valuable targets, wide economic and media impact and – in the case of the Gulf of Aden – spectacular international mobilisation around a relative consensus.

The report suggests the best way to understand the trends and geography of piracy is to build a reliable database gathering events of piracy or armed robbery. mg

ACTS OF PIRACY AND ARMED ROBBERY, 1995-2013





Capt AK Bansal

Safe port and safe berth

Disputes between charterers and owners end up favouring owners as they do not need to prove any damage to the ship to claim that a port is not safe for berthing.

When 120,000 DWT bulk carriers on time charter arrived at the nominated port in North Japan in December, weather deteriorated and strong northerly winds caused her to range against the quay on heavy swell. One fender unit failed and disintegrated. Constant ranging against unprotected section of the wharf, with continued pressure from wind and swell caused heavy damage to shell plating.

Owners claimed that nominated port was not safe citing six reasons. There was no protection from northerly winds and no system, to provide protection alongside; there was no satisfactory system in operation at the port to provide warning about deteriorating weather conditions; there was no system and no facilities for the vessel to leave berth quickly if weather conditions so warranted; fenders alongside were inadequate for vessels of size scheduled to use the facility, and were not properly equipped. Chains required to limit upward and downward movement of fenders were missing on some units.

Berth had been extended to accommodate two ships. Stern of this vessel overhung end of the berth. Her stern lines were led to a distant post ashore, some three times the length of headlines. This did not allow a balanced and effective mooring system and caused excessive pressure on the fender at the knuckle resulting in its collapse. Further movement brought the vessel into contact with exposed concrete, causing severe shell damage.

It was held that charterers were in breach of C/P contract to nominate a safe port safe berth.

It was accepted that weather was exceptionally severe but such weather conditions were not abnormal for December in North Japan! Test is whether prudent Charterers should have nominated that port and berth considering all circumstances, including location, protection and time of the year. If such weather was experienced in summer in North Japan, it may have been accepted that weather conditions were exceptionally severe and charterers action to nominate that port and berth, may have been found reasonable and prudent. But in this case prudent charterers should have taken into consideration that it was winter in North Japan and that such severe weather was to be expected in December.

In this case charterers produced statistics of how many ship have safely docked in this port over the years. This was not contested but it was stressed that most of those ships had docked in summer months.

In another case *M.T Count* was voyage chartered from Sitra in Bahrain to Beira in Mozambique on

Asbatankvoy 1997 C/P form, which included a 'safe port' warranty. She arrived at Beira and tendered NOR. Same day, the '*British Enterprise*', grounded in the port channel twice. Consequently, 'Count' was delayed in berthing. Again she was unable to sail out after discharging as another inbound ship grounded in the approach channel.

Owner claimed for delays in Beira for charterers breach of 'safe port' warranty. Charterer maintained in arbitration that for owner to succeed, they had to establish that the 'Count' herself was exposed to danger and suffered loss due to such exposure. Arbitrators upheld owner's claim because groundings of other vessels was caused due to incorrect positioning and misalignment of buoys in approach channel, plus shifting of sand banks and shoals. Therefore Beira was not a safe port between June 29 and July 13, 2004, and was 'highly unlikely' to have been safe when the charterers nominated it on June 17, 2004.

Charterers appealed and argued that closure of the channel because of grounding of another vessel was a temporary obstruction, which could not give rise to a claim for damages for breach of the 'safe port' warranty in C/P. English commercial Court held them liable for breach of 'safe port' warranty in C/P even though she herself had safely transited the channel.

The buoys were out of position and there was no procedure to monitor changes in configuration of the port's access channel. It was clear that the misaligned buoys created a continuing risk of danger to vessels, including M.T Count, when approaching and leaving the port and it was, therefore, an unsafe port to nominate. Arbitrators were fully entitled to make a finding of fact that Beira had been unsafe when charterers nominated it.

This is an important decision in favour of owners as it makes it immaterial for them to show any damage etc to their vessel but only to show that taking all factors into consideration the port was unsafe for vessels of that size and draft to safely dock in that port.

> The system in place at any port should be sufficient to cope with the dangers posed by a vessel entering the port at a given time.

Gard Marine v China National Chartering

This capesize bulk carrier was ordered on a time charter trip on an amended NYPE form to carry iron ore from Saldahna Bay to Kashima. She was on demise charter for 10 years. Demise charterers gave her on time charter for 5/7 months. She was in turn placed on a Trip Time charter for the above voyage.

While discharging at Kashima, cargo operations were stopped by heavy rain, gales and storm surge. Waves of long amplitude from the Pacific caused swell and danger of collision against the quay. Additional mooring lines were ordered for the vessel.

Since another capesize bulk carrier was berthed at the same quay. Possibility was considered for both vessels to leave their berths for open sea. But this entailed sailing along two intersecting fairways and passing in close proximity to a breakwater with danger of the vessel being swept towards the breakwater by prevailing head wind. Master preferred to remain in port.

Two mooring lines broke. Master had them reset and ordered two tugs to hold the vessel against the berth. With this he believed that the vessel and the berth were safe as against negotiating the dangerous passage to open sea.

Pilotage was optional. Port Authorities mistakenly thought that Master had requested services of a pilot to navigate the vessel out to sea. When pilot arrived on board, Master mistakenly thought that this signified an order from Port Authorities to leave.

Vessel unberthed accompanied by four tugs which were released at various stages along the passage of the two fairways. Pilot disembarked onto the last remaining tug at southern end of the breakwater. While master was sailing his vessel along the 2-mile breakwater into open sea, she lost steerage and grounded against the breakwater. Crew were airlifted to safety.

Hence this action against trip time charterers main issue was safety of the port as against vessel's berth. The court also held demise charterers liable to owners for breach of safe port warranty contained in the demise charter and concluded that the port was unsafe because it had no early warning system in the event of the onset of long waves. Court also found that Master was negligent in the choice of navigational aids deployed in leaving the port as he used a GPS instead of the accepted parallel indexing method.

But this did not lead to situational unawareness and was not causative of the casualty and that ordinary seamanship and navigation could not ensure safe exit from the port in prevailing conditions. Charterers were held liable at first instance, for breach of safe port warranty.

One of the largest ports in Japan, built in 1969. By 2006, 1,254 VLCC's and 5,316 Capesize vessels have docked in this port without any similar incident.

The judgment uses the expression "good navigation and seamanship" interchangeably with "ordinary skill expected of a prudent mariner" as required benchmarks for the Master. But that the Master was not causally negligent may not have been fully investigated. He left the port when it was dangerous to do so and against his own better judgment under his mistaken assumption that he had been ordered to leave by the Port Authorities. In this case decision to leave was that of the Master alone. Also once the vessel had sailed past the breakwater, Master steered the ship heavily to port. This caused loss of speed and momentum and allowed the wind to take over. This does not appear to figure in the judgment. mg

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LHM 500 general cargo handling

Retrofitting harbour crane

Liebherr – Case Study

Thanks to the downward compatibility and flexible design of Liebherr mobile cranes, Sweden's Port of Gävle has been successful in not only increasing its productivity significantly, but also cut down demurrage costs to a large extent, making the port more attractive for shipping lines.

Liebherr mobile harbour cranes (LHM) are designed for easy and fast retrofits, allowing for both the implementation of new developments and the adaptation of the original configuration. Liebherr Maritime Cranes products are equipped with an in-house developed crane management system, which facilitates the implementation of newest Liebherr developments and features as they are downward compatible.

In 2012, Port of Gävle in Sweden decided to retrofit its existing LHM 400 and add LHM 500 to its fleet. The operation started in the same year. The comprehensive retrofit included the installation of additional hardware and new software features for more bulk handling capacity.

Situation

Located on the eastern coast of Sweden, Port of Gävle represents an important hub for the Swedish economy, handling around 1,000 ship calls a year. The strategic position just north of the greater Stockholm region ensures direct connections to Sweden's thriving industrial regions, with easy access to the well-developed road and railway network.

Goods imported and exported via Gävle include raw materials, wood and steel. Due to the fact that Port of Gävle is handling bulk material, general cargo and containers, versatile equipment is required. In 2008, a Liebherr mobile harbour crane, type LHM 400, started its operations in the port. The crane configuration was optimised for highly efficient container handling, i.e. one winch/two rope configuration.

Task

When the LHM 400 was ordered, the projected emphasis in terms of future tasks was on container handling.
For that reason, the LHM 400 was configured for the efficient loading and unloading of containers. However, in recent years the focus has shifted and the handling of dry bulk became ever more important for the Liebherr mobile harbour crane. Additional bulk capacity was required.

Solution

Facing a new situation, Port of Gävle decided to respond to this bulk increase in a number of ways. A retrofit of the existing LHM 400 was commissioned in 2012. Originally, the Liebherr mobile harbour crane came in one winch/two rope configuration, which allows for bulk handling. However, if maximum bulk handling performance is required, a two winch/four rope configuration is the preferred choice. In a two-winch set up, one winch opens and closes the grab, the other winch is used for hoisting and lowering the grab. Performance and speed of the mechanical grab are higher compared to a motor grab, which would be used in a two-rope setup. Thanks to the retrofit, which included the installation of a second winch, the bulk handling capacity of the LHM 400 has significantly increased.

LHM 400 Mundra bulk handling

Due to projected growth in cargo volumes Port of Gävle decided to add another LHM to their fleet. Their second machine, a used LHM 500, was already equipped with two winches for dedicated bulk handling. Today, the LHM 500 is used for most of the general cargo lifts, providing a lifting capacity of 144 tonnes.

In addition to high-capacity hardware, Port of Gävle has also made use of the immense potential in terms of software. There are a number of innovative features available to boost productivity, reducing the emission per tonne significantly. The retrofit of the LHM 400 and the used LHM 500 included Liebherr's anti-sway system Cycoptronic, Teach In and Vertical Line Finder. The Cycoptronic system is an optional tool that ensures accurate and sway-free load motion through initiating dynamic counterbalancing movements for operation at maximum speed.

LHM 400 Gaevle Havn

If highly efficient bulk handling is required, the Teach-In feature represents an optimal extension to the anti-sway system. This point-to-point control for semiautomatic operation pilots the crane to predetermined loading and unloading points at the highest possible speed. Furthermore, automatic steering to target points without any load swing and the possibility to stop crane motion at any time leads to a notable increase in both safety and speed. The Vertical Line Finder guarantees that the boom is exactly vertically above the load, thereby preventing side loading of the crane for a longer lifetime.

In course of the retrofit, Port of Gävle also equipped both machines with Sycratronic for smart and safe tandem lifts. This system allows two Liebherr mobile harbour cranes to be operated simultaneously by one crane operator for improved speed and safety. Moreover, no down ratings regarding capacity are necessary, thus both cranes can be utilised at maximum lifting capacity.

Thanks to the retrofit of the existing LHM 400 and the upgrade of the new addition to the fleet, the LHM 500, Port of Gävle has significantly increased productivity. Consequently, demurrage costs have been reduced, making the port more attractive to shipping lines. Moreover, due to the second LHM, Port of Gävle has expanded its heavy lift capacities and is able to provide lifts up to 244 tonnes.

MAPS: Creating Maritime Awareness

Industry stalwarts come together at 'MAPS- Maritime Summit 2014' to support the vision of creating positive awareness of the maritime industry with the masses.

With the maritime industry accounting for about 90 per cent of the world trade, shipping has become a silent contributor touching our everyday lives in many different ways. The common man has a limited perception or appreciation of its influence and role as an essential element in terms of our country's overall development.

To touch on these very elements and focus on the rich and diverse heritage of the maritime industry, **Maritime Awareness Program Society (MAPS)** a non-profit society, was launched early this year. The members of MAPS will work towards the realisation of due credit, to shipping, for its role in the existence of mankind and contribution to the global economy.

To fulfil its noble objective of creating 'maritime awareness' MAPS also organised 'MAPS-Maritime Summit 2014' in Pune in February.

Shipping is the major contributor to globalisation and the second line of defence for India. With a gross tonnage of less than 1 per cent of the world, India contributes 6-7 per cent of the seafarers, to the global fleet. Shipping brings in 80 per cent of crude into India without which Indian households would go without power. But for shipping with the present level of world economy and international trade, the planet earth would be uninhabitable by humanity in a matter of weeks.

Awareness about maritime industry its underlying transportation system and new trends in leveraging the most cost effective medium of transportation, has to be the top most priority for not only private enterprises but also for public entities and government policy makers. Our country needs new minds to contribute to study, research & innovate on this sector. Different aspects of the shipping industry such as its cost effectiveness, fuel efficiency, green mode of transport as well as its legacy and heritage was highlighted at the gala dinner followed by the summit. Unexplored aspects such as job creation in the maritime sector beyond just sea faring such as the range of the maritime careers were discussed. The event was used to communicate the objective and goals of MAPS society and succeeded in getting the right acknowledgement from the participants who were from across sectors.

On unveiling of the society, Sabyasachi Hajara, Ex CMD of the Shipping Corporation of India, Board of Directors at Doehle Danautic India Pvt. Ltd. (DDI) & Chairman of MAPS said, "The shipping industry has tremendous untapped potential and through this event our industry will receive the right exposure and public awareness. Shipping is still passing through a difficult phase. However since both world economy and international trade are expected to register higher growth in 2014 vis-a-vis last couple of years we expect the fortunes of shipping would also be better in 2014. The shipping markets are expected to be significantly better from 2015 onwards."

MAPS also unveiled a book on the maritime industry by Harry Subramaniam, an author and academic who already has several books on this topic to his credit. "*Introduction to the*

(L to R) **Capt. H Subramaniam**, Author **Mr. Navin Passey**, Secretary General MAPS & MD Wallem Ship Mgt, **Mr. S Hajara**,Chairman MAPS & Director on Board DDI, **Deepak Shetty**,Joint DG,GOI, **Mr. A K Jain**, ED, ONGC,

The shipping industry has tremendous untapped potential and through this event our industry will receive the right exposure and public awareness.

Sabyasachi Hajara
Chairman, MAPS, Ex CMD of the Shipping Corporation of India,

maritime industry", as the book is called is slated to be introduced into school curriculum. This will allow many youth to be exposed to the benefits of the maritime industry as a career option.

According to Deepak Shetty, Joint Director General (ex officio Additional Secretary), Ministry of Shipping,MAPS, whose time has come, has made a promising beginning as a structured initiative for disseminating an informed awareness about the role and contribution of the maritime industry in the daily lives of ordinary folks. "It must stay the course and become a vibrantly sustainable venture by taking on board all connected stakeholders by reaching out to them all by proactive involvement. I wish it all success in its enterprise," he said.

On the conclusion of the initiative A K Jain, Executive Director, Chief Offshore Engineering services, ONGC mentioned "Not only does shipping help provide us with the logistics to move our oil and gas cargoes but also helps to maintain our supplies to offshore which are so crucial for our 24x7 operations. Initiatives like MAPS will go a long way to highlight the contribution of the maritime industry across sectors and how it can be developed. We would like to congratulate MAPS on organising this initiative and look forward to working together in the future to meet its objectives."

MAPS would be conducting more seminars and conferences in the future and has plans of taking the society international. The Maritime Summit 2014 is slated to be an annual event and create many more platforms for positive awareness of the maritime sector.

Dedicated forums are the need of the hour to spearhead this charter and collaborate with industry experts, veterans and commercial organisations to create awareness on the medium. Dedicated study courses in educational institutions, skills and knowledge development programs and books on the maritime industry need to be introduced in our educational curriculum so that younger generations are made aware of its importance as well as pursue this as their career choice. This awareness is will lay the foundation for making maritime industry key to India's growth and rise as a global economic power hub.

Sudhir Vasudeva, CMD, ONGC said, "Upstream oil & gas industry is rapidly expanding towards the deeper sea, not only in India but globally. With this, the demand for shipping equipped with advanced technologies as well as trained manpower to provide services in challenging circumstances of high seas is also rising in tandem. Enhancing awareness among the shipping industry as well as investors about such upcoming areas by Maritime Awareness Programme Society (MAPS) will go a long way towards energy security of the country."

The MAPS steering members consists of shipping luminaries and is chaired by Sabyasachi Hajara, Ex Chairman Of SCI, & Director, Doehle Danautic India Pvt. Ltd. (DDI). Corporate members include Allcargo Logistics, Anglo Eastern Ship Management Pvt. Ltd, Bose & Mitra & Co, Doehle Danautic India Pvt. Ltd, Elite Mariners Pvt. Ltd, IRI Maritime & Corporate Services Pvt Ltd, Selandia Group, V.Ships India Pvt.Ltd, Wallem Ship Management Pvt. Ltd. mg

MIDF optimistic on dry bulk shipping

The worst in the dry bulk shipping sector is over, as fundamentals have improved, supported by better global economic conditions as well as the rollout of railway projects in China, according to MIDF Research.

It said in a report that tonnage demand for dry bulk shipping grew by 7 per cent year-on-year in the first quarter of 2014, outpacing the growth of the global fleet supply of 5 per cent.

"This has resulted in a net improvement of 2 per cent in fleet utilisation and has lent support to the current freight rate," the report said.

The research house noted that the average spot rate for Capesize, the largest kind of dry bulk vessels, rebounded from the February slump and gained more than 200 per cent month-on-month to $18,600 per day in March.

"The other segments in dry bulk vessels performed relatively stable except for Panamax, which dropped by 14 per cent to $8,700 per day in March, due mainly to lower grain and soybean exports from South America," it said.

MIDF Research acknowledged however, the short term outlook will be weighted down by the high iron ore inventory in China, which in turn will dampen import demand of iron ore commodities.

MIDF Research has maintained a "neutral" call on the shipping sector as well as MISC Bhd and Malaysian Bulk Carriers Bhd (Maybulk), with a target price of RM6.21 and RM2.30, respectively.

For Maybulk, it is expected to be able to turn around the operating losses in its core dry bulk segment within the next one to two quarters as more balanced supply-demand gap is seen.

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.

A maritime gateway event

Containers India 2014

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:
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Marine Risk Forum

May 6-7, 2014

Venue: Fishmongers' Hall, London

The Forum, a unique combination of marine insurance commentary, analysis and networking, is primarily for ship owners, risk managers, underwriters, P&I Clubs, senior brokers, lawyers, regulators, salvors, average adjusters and maritime security contractors.

More information:
http://www.tradewindsevents.com/events

12th International Naval Engineering Conference and Exhibition 2014

May 20-22, 2014

Venue: Marine Establishment, Amsterdam, The Netherlands

The technical programme will address the topics which affect the maritime operating environment and require the best that the our engineers and industry can provide whilst, of course, remaining within tight financial constraints.

More information:
www.imarest.org/events-courses

Maritime week Americas Panama 2014

May 19-23, 2014

Venue: Hotel Riu Plaza, Panama

A week-long series of key maritime events, including the MWA Conference – the largest and most popular bunkering conference in the Americas – plus one and two-day bunker training courses, technical workshops a maritime services exhibition and some exhilarating Latin American-themed networking.

More information:
http://www.petrospot.com

OSV Conference 2014

May 22-23, 2014

Venue: Sheraton Rio Hotel, Brazil

The event will focus on OSV demand, equipment and opportunities in Brazil. It will analyse key challenges facing the Brazilian offshore support sector.

More information:
www.informamaritimeevents.com

Posidonia 2014

June 2-6, 2014

Venue: Metropolitan Expo, Athens, Greece

For over 40 years this largest gathering in the shipping calendar has provided unique access to Greek and international shipowners and buyers. In its new home at the Metropolitan Expo, Posidonia again opens the door to global opportunity.

More information:
www.posidonia-events.com


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- Integrated rail terminal facilities
- Distance advantage of 300-plus kilometres vis-a-vis other container terminals for customers based in NCR and northern India
- Latest IT application support viz. ACTOS
- Environment friendly in-house initiatives viz. E-RTGs
- Abundant support infrastructure viz. eleven container freight stations in the vicinity

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