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'We expect to do well with all the positivity around us'

Capt BVJK Sharma
JMD & CEO, JSW Infrastructure

ANDHRA PRADESH

SUNRISE STATE

AFTER BIFURCATION, THE NEWLY CARVED STATE OF ANDHRA PRADESH SAILS ON A HOPE TO BOOST THE ECONOMY BY DEVELOPING THE COAST LINE INTO A MAJOR MARITIME HUB. INDUSTRIAL CORRIDORS FROM VIZAG TO CHENNAI WILL LINK THE PORT CITIES FUELLING GROWTH. IN ADDITION, MANUFACTURING AND INDUSTRIAL CLUSTERS BEING PLANNED WILL HELP THE STATE AUGMENT EXPORTS AND IMPROVE ITS FISCAL HEALTH.

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Feedback
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Tone is set for Reforms

When images of Arun Jaitley holding the black suitcase were being flashed on national television, I bet the shipping industry did not expect as many goodies. But Jaitley in his speech almost pulled out the rabbit out of the hat announcing sops and generous outlays for the ports and the logistics sectors.

Came close on the heels of budget, some quick policy make overs from Ministry of Shipping. From revamping Port Trust Boards to allowing Indian Shipping companies owning foreign flagged vessels to relaxation of cabotage norms at major ports for empties, Gadkari's laundry list indicates the shape of things to come.

We welcome budget announcements because after years of being taxed and sidelined, this sector has been recognized as a significant contributor to the nation's development. The beauty of this budget lies in the fact that there is a little something for everybody. It is perhaps for the first time in the last ten years that all wings of infrastructure have been accorded equal importance. If you listened closely to the Minister's speech, he spoke of fast tracking the east and west freight corridors, speeding up critical railway lines, allocated ₹5,000 crore for the establishing of warehouses and developing select expressways for faster movement of goods and people.

It is perhaps for the first time in the last ten years that all wings of infrastructure have been accorded equal importance.

Equal thrust was given to the energy sector where a number of announcements were made to improve the health of the country's infrastructure. And all this is certainly good news for the ports and the vessel owners as better connectivity and power will boost industrial productivity and hopefully bolster exports.

If the previous National Democratic Alliance or NDA regime's motive under Atal Behari Vajpayee was 'India Shining', Modi's is no different. During the first few weeks of his administration, when Modi asked his cabinet colleagues and bureaucrats to turn up on time for work, many dismissed and labeled his ways of functioning as seminary. However, two months later, when the budget was announced and many files were seen being cleared, the skeptics had to eat crow and admit Modi was getting his way through the lethargic corridors of power in Delhi.

But that said, we have to still wait and see how these reforms on paper are translated in to action. Modi's man for Shipping, Nitin Gadkari is known to be a tough task master. The budget, they say, was primarily drafted to restore India's financial health. But in the same breath we say infrastructure needs to be improved too. The next few years would be crucial in determining whether or not Acche Din are here.

For now, we are not complaining!

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COVER STORY p.22

ANDHRA PRADESH
SUNRISE STATE

After bifurcation, the newly carved state of Andhra Pradesh sails on a hope to boost the economy by developing the coast line into a major maritime hub. Industrial corridors from Vizag to Chennai will link the port cities fuelling growth. In addition, manufacturing and industrial clusters being planned will help the state augment exports and improve its fiscal health.

INTERVIEWS

OTHERS

Costa Concordia refloated two years after capsizing

The shipwrecked Costa Concordia was successfully refloated Monday in preparation to be towed away for scrapping, 30 months after it struck a reef and capsized, killing 32 people. Authorities expressed satisfaction that the operation to float the Concordia from an underwater platform had proceeded without a hitch. Technicians later shifted the massive cruise ship some 30 meters (yards) before ending the day's operations. The entire operation to remove the Concordia from the reef and float it to Genoa, where it will be scrapped, will cost a total of 1.5 billion euros ($2 billion).

Damco becomes first international company to start CFS operation in Myanmar

Third-party logistics provider Damco has started operating the first international standard warehouse and container freight station (CFS) facility in Myanmar. This brand new world-class 4,000-square metre facility is C-TPAT compliant and strategically located within 15 km from Yangon port and major industrial locations. It is suitable for import/export activities for Fast Moving Consumer Goods (FMCG), consumer electronics, apparels, components, machinery and project cargo.

Bromma's order intake up 50% in Q2

Stockholm-Headquartered Bromma, the world leader in crane spreaders, reported a 50 per cent increase in order intake for the second quarter in 2014 compared to the corresponding period in 2013. The geographical distribution shows a good global spread with major orders from all continents. In more than 50 years of continuous operations, Bromma has delivered crane spreaders to 500 terminals in 90 nations on 6 continents, and Bromma spreaders are in service today at 97 out of the world's largest 100 container ports. Bromma is the industry market leader in ship-to-shore spreaders, mobile harbor crane spreaders, and yard crane spreaders.

Stay out of maritime disputes in south-east Asia: China to US

China told the United States to stay out of disputes over the South China Sea and leave countries in the region to resolve problems themselves, after Washington said it wanted a freeze on stoking tension. China told the US to stay out of the disputes over the South China sea. AFPChina told the US to stay out of the disputes over the South China sea. AFP

Michael Fuchs, US deputy assistant secretary of state for Strategy and Multilateral Affairs, said no country was solely responsible for escalating tension in the region. But he reiterated the US view that "provocative and unilateral" behaviour by China had raised questions about its willingness to abide by international law. China claims 90 percent of the South China Sea, which is believed to contain oil and gas deposits and has rich fishery resources. Brunei, Malaysia, the Philippines, Vietnam and Taiwan also lay claim to parts of the sea, where about $5 trillion of ship-borne trade passes every year.

- Reuters

Subsidy hopes sink for local shipbuilders

Hopes of reviving a subsidy scheme for local shipbuilders have died with transport minister Nitin Gadkari ruling it out, citing the fragile state of the economy. Representatives of the Shipyards Association of India (SAI), a local shipbuilders' lobby, met Gadkari recently to discuss issues facing the industry. This is the first time a minister has categorically stated that the subsidy cannot be reintroduced. The earlier subsidy scheme ended on 14 August 2007 after a five-year run. Since then, yards been lobbying for its reintroduction. The subsidy scheme offered shipbuilders, both state-owned and private, a 30 per cent extra amount as subsidy from the government on building ocean-going merchant vessels that are more than 80 metres in length, if they were manufactured for the domestic market. For export orders, however, ships of all types and capacities were eligible for the subsidy.

Gadkari announces slew of projects as Mumbai Port completes 142 years

The Union Minister for Shipping, Road Transport and Highways, Mr Nitin Gadkari, has announced upcoming projects that will be developed on 1,800 acres of Mumbai Port Trust (MbPT) land along the eastern shore of the city.

The plan includes building a cruise terminal, waterways projects, a 500-room floating hotel to be anchored off the Raj Bhavan coast, three-to-four floating restaurants, a Ferris wheel on the lines of the London Eye and marinas and jetties that would facilitate intra-city water transport in Mumbai. Speaking at the 142nd Foundation Day celebration of Mumbai Port, the Minister said a panel, led by Ms Rani Jadhav, former Chairperson of MbPT, will be set up to suggest measures for the project.

APM Terminals leads productivity rankings again

The JOC Group's latest study of port productivity data, covering the year 2013, retains APM Terminals Yokohama as the world's leading container terminal in productivity with 163 container moves per vessel hour (MPH).

Eleven facilities in the APM Terminals Global Terminal Network were cited, including APM Terminals Port Elizabeth, and APM Terminals Los Angeles, which were named the first and second most productive terminals in the JOC's Americas grouping, with 104 and 96 MPH, respectively.

SCI appoints Director

Capt Sarveen Narula, SVP, Shipping Corporation of India Ltd has taken charge as Director (L&PS), SCI Ltd. at a recent board meeting.

Ethiopian Shipping Line starts triangular service

Ethiopian Shipping Line (ESL), the national shipping line of Ethiopia, has commenced a new liner triangular service with a dedicated multi-purpose self-geared vessel of 25,000 DWT having crane capacity of 90 tonnes. It is planned to be a fortnightly service with port rotation as: Nhava Sheva, Mundra, Djibouti, Nhava Sheva. The service will accept both COC and SOC boxes.

Able Shipping Agencies opens office in Hazira

Able Shipping Agencies, a leading name in NVOCC, shipping agency and international freight forwarding, has expanded its service locations by opening a new branch office in Hazira. Hazira is an emerging container terminal which has been gradually attracting more services of international lines and is also a key location for project cargo movement.

Big shipbuilders in the doldrums

Korea's three biggest shipbuilders are struggling to win orders, as China cements its status as the world's top shipbuilder. Hyundai Heavy Industries, Samsung Heavy Industries and Daewoo Shipbuilding & Marine Engineering combined for $14.6 billion in orders during the first half of the year, which translates to 26.8 percent of their goal.

For all of 2014, HHI aims to win $25 billion worth of orders, but so far it is only 35.2 percent of the way there with $8.8 billion. Samsung Heavy Industries stands at 26 percent of its annual goal with $3.9 billion, while DSME has managed only 13.1 percent of its order target at $1.9 billion. Industry insiders attribute the shipbuilders' 2014 struggles to fewer overall orders for expensive offshore drilling platforms and plants, the top contributor to last year's performance.

AP Cabinet nod for Petronet LNG project

The Andhra Pradesh Cabinet on Monday approved the proposal of Petronet LNG to set up an LPG terminal at Gangavaram port.

Announcing the development, the State Chief Minister N Chandrababu Naidu said the Cabinet has approved the Petronet LNG proposal for setting up 5 mmtpa project, with a capacity to ramp it up to 10 mmtpa.

MMRDA & Cidco to jointly work for MTHL, multimodal corridor

The Mumbai Metropolitan Region Development Authority (MMRDA) and City and Industrial Development Corporation (Cidco) have decided to work together to expedite the Mumbai Trans Harbour Link (MTHL) and the multimodal corridor, official sources said. The MTHL, also known as Sewri-Nhava Sheva Trans Harbour Link, is a proposed ₹9,630-crore, 22-km freeway grade road bridge connecting Mumbai with its satellite city of Navi Mumbai, while the multimodal corridor is a ₹12,975-crore, 126-km long Virar-Alibuag corridor connecting NH-8, Bhiwandi bypass, NH-3, NH-4 and NH-4B, Mumbai-Pune Expressway and NH-17.

Artist reimagines 'Life of Pi' on Shanghai's sullied waters

In a departure from his better-known pyrotechnic work, Mr Cai Guo-Qiang's latest project combines elements of the Noah's Ark story and the film "Life of Pi" by stuffing bodies of (fake) pandas, elephants and tigers onto a fishing boat for a four-day sail along eastern China's sullied waterways. On Thursday, he floated the piece toward Shanghai's iconic Bund – a course the artist charted in part to recall a particularly discomforting spectacle last year when the city's key river got jammed up with the bloated bodies of 16,000 dead pigs.

VOICES

The infinite wisdom of the Chinese has helped to ensure that competition between the leading shipping companies will continue to exist. From the point of view of the logistics industry and our trade and industry customers, this is good news in every respect.

- Klaus-Michael Kuehne
The German billionaire who owns the world's largest sea-freight forwarder on China's veto of P3.

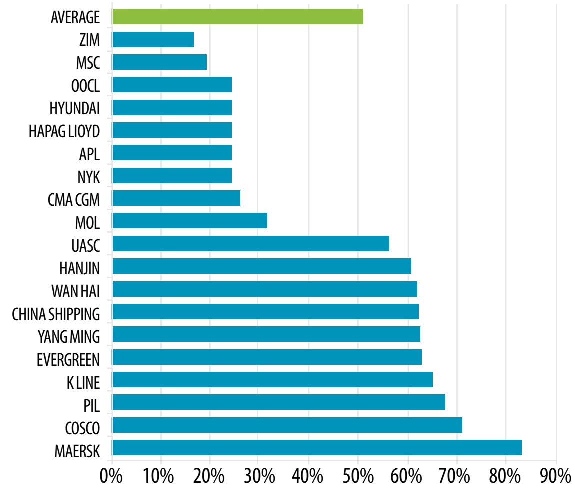
Trade deficit can be reduced to sustainable levels through more exports from India to China as well as China's investing in building manufacturing capacities in India.

- Ms Nirmala Sitharaman
Commerce and Industry Minister

The grant of the environmental clearance to the Mundra SEZ will encourage investment and development is expected at a much faster pace as it provides seamless connectivity through sea, rail and road.

- Gautam Adani
Chairman, Adani Group

Schedule Reliability, Asia-Europe Services, Q1 2014 (% of calls on time)



Source: Drewry Maritime Research

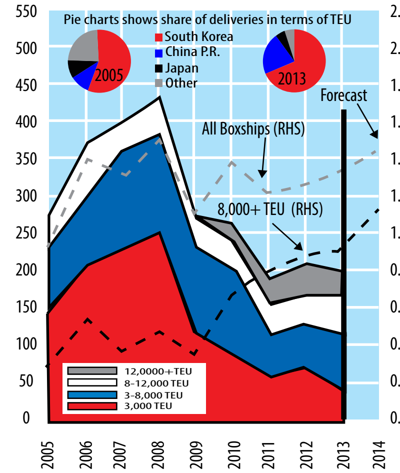
Traffic Handled at Major Ports

(During April to June 2014* VIS-A-VIS April to June 2013)

(*) Tentative (IN ' 000 Tonnes)

Ports	April to June Traffic 2014*	April to June Traffic 2013	% Variation Against Prev. Year Traffic
1	2	3	4
Kolkata			
Kolkata Dock System	3045	2955	3.05
Haldia Dock Complex	6837	7071	-3.31
Total: Kolkata	9882	10026	-1.44
Paradip	17318	17001	1.86
Visakhapatnam	15336	14566	5.29
Kamarajar (Ennore)	7175	6199	15.74
Chennai	12837	12833	0.03
V.O. Chidambaranar	7415	6779	9.38
Cochin	5508	5274	4.44
New Mangalore	9685	9668	0.18
Mormugao	3503	2672	31.10
Mumbai	14571	13280	9.72
JNPT	16472	15593	5.64
Kandla	23358	23285	0.31
Total:	**143060**	**137176**	**4.29**

Boxing Up and Shipping Out



Source: Clarkson Research Services

Joint Secretary in the Ministry of Commerce briefs FFFAI members on INSTC project

The Federation of Freight Forwarders' Associations in India (FFFAI) last week convened a press conference and a meeting of members at its Mumbai office with Mr Ravi Capoor, Joint Secretary, Ministry of Commerce, to elaborate on the International North South Transport Corridor (INSTC). FFFAI is doing a dry run study of the bottlenecks on the INSTC route.

Mr Kapoor FFFAI would be doing the dry run project on behalf of the Ministry of Commerce, wherein two containers would be moved from Nhava Sheva on the following two routes:

1. Nhava Sheva-Bandar Abbas by sea, Bandar Abbas-Baku by road
2. Nhava Sheva-Bandar Abbas by sea, Bandar Abbas-Bandar Anzali or Amirabad by rail, and further transhipment to Astrakhan or Olya through the Caspian Sea

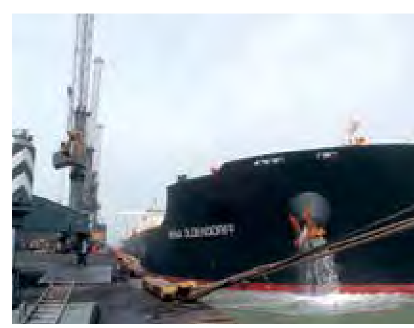
He called on Customs brokers and freight forwarders to take the lead in popularising this route as it took just half the transit time compared to shipping the cargo to St Petersburg or Poti and then moving it to the landlocked countries of the CIS.

Mr Shankar Shinde, who will be leading the dry run study, gave a brief on it and asked members to provide inputs with regard to the issues faced along the route and how the route could be developed. This could be integrated into the study and for the purpose of implementation, he added. Mr Sailesh Bhatia, FFFAI Vice-Chairman, while concluding the event, thanked Mr Capoor for updating members about the CIS countries and assured him the full support of FFFAI for carrying out the dry run project, about which a report will be submitted to the Ministry of Commerce.

Another first for Krishnapatnam Port

The MV Mina Oldendorff, carrying the highest cargo of 1.89 lakh MT of coal, was berthed at the Krishnapatnam Port in the Nellore district. It is the Liberian flag vessel listed among the large-sized vessels in the world. Till now, the number of giant-size vessels handled by this southern port came to 19. It is said that as many as 47 cape size vessels called at the port in the financial year 2013-14 and in the first quarter of the current year 2014-15.

The berthing of such large ships is considered as a welcome development as the Krishnapatnam Port has being aiming at increased capabilities to handle fully-laden cape size vessels in India. Handling cape size vessels play a big role in the maritime industry and it is seen as vital part of the country's maritime infrastructure. In the area of cargo handling, the port created a record by handling 3.0 MMT of cargo in June this year as against 2.83 MMT in the previous month.



Shipping industry welcomes GOC ideas

Proposals to protect the world's oceans have been welcomed by the International Chamber of Shipping (ICS), the principal trade association for merchant shipowners. ICS recommends that the Global Ocean Commission's (GOC) ideas should be taken seriously. The GOC wishes to see a greater level of environmental protection, especially with respect to areas of economic activity, other than shipping, that currently may not be adequately regulated. Issues addressed in its inquiry report, launched in New York on June 24, include preserving global fishing stocks, preventing ongoing damage to ecosystems caused by land-based industry and agriculture, and preventing the acidification of the sea.

Global Express Multilogistics becomes first to obtain AEO certification in Western Region

Global Express Multilogistics Pvt Ltd [erstwhile Global Freight Forwarders], Customs broker (Customs House Agents), has achieved a landmark by obtaining "Authorised Economic Operator (AEO)" certificate from the Customs. There are 8 certifications in India till date and this would be the first to be issued to a Customs broker in the Western region.

Various players in the international supply chain, such as importers, exporters, logistics service providers, custodians or terminal operators, Custom House Agents and warehouse operators, are entitled to the benefits of the AEO programme.

JN Port celebrates 25th anniversary

One of the highlights of the 25th anniversary celebration of Jawaharlal Nehru Port (JN Port) here on June 25 was an inspiring speech by Mr Nitin Gadkari, the new Union Minister for Shipping, Road Transport and Highways, who was at his eloquent and encouraging best in laying out his plans for the all-round development of the maritime sector and exhorting the stakeholders to take the necessary initiatives for growth.

He emphasised that the government would be proactive in formulating the right policies to give the sector impetus, be it in ports, shipping, coastal shipping, inland waterways, shipbuilding, roads, power infrastructure, etc. The Minister complimented JNPT for its performance and said that with the use of modern management techniques and technological upgradation, it had the potential to become one of the top container ports in the world.

"The proposed dedicated freight corridor from JNPT to Delhi, eight-laning of Mumbai-Pune Highway and its connectivity with the soon to be widened Mumbai-Goa Highway will help JNPT move its container traffic more efficiently and quickly," he told a huge gathering of representatives from the maritime trade and other industries, Port and terminal officials, including Mr N N Kumar, IRS, Chairman of Jawaharlal Nehru Port Trust (JNPT), Port users, officials from the state and Central governments, foreign dignitaries, former Chairpersons, representatives from the media and other invitees.

Also present on the occasion were Dr Vishwapati Trivedi, IAS, Shipping Secretary, and Mr N Muruganandam, IAS, Joint Secretary (Ports) in the Ministry of Shipping.

ICTSI terminates contract with L&T

International Container Terminal Services Inc. (ICTSI), of the Philippines, has reportedly terminated its contract with L&T Shipbuilding to operate the Kattupalli Container Terminal in Tamil Nadu. In a filing to the Manila Stock Exchange, it said that the deal was "not beneficial" to either party, and pointed out that it considers the cancellation of the contract in tune with the group's strategy of "moving away from contracts that isolate ICTSI from the facility's day-to-day operations, including regulatory and commercial activities".

ICTSI said that it will be reimbursed an undisclosed sum for the licence fee it paid to operate the terminal. It also emphasised that it will continue to look for opportunities in India as part of its broader strategy to operate ports in emerging markets.

WWL opens new office in Yangon, Myanmar

Wallenius Wilhelmsen Logistics (WWL) has entered into a joint venture with Myanmar-based Carrier King Logistics that makes it the first independent company in the country to provide modern automobile distribution from port-to-consumer. With the rapid and ongoing democratisation of Myanmar, a new consumer market is emerging—including a growing demand for automobiles with more and more international manufacturers establishing dealerships in the country's largest city, Yangon.

"Myanmar traditionally had a very limited automobile market, and still today the majority of cars sold in Myanmar are secondhand vehicles imported from Japan. They arrive at the ports and are then 'jockey driven' by individual drivers from the ports to wherever they are sold—or owners or dealers come to the port themselves to pick up the vehicles. As new cars are starting to enter the country, a professional and safe transport solution is clearly needed," explains Mr Trond Tonjum, Head of WWL South-East Asia.

VO Chidambaranar Port creates record in cargo handling

VO Chidambaranar Port Trust created a new record handling of lime stones in June this year. The port has unloaded a record-breaking 32,938 tonnes of Lime Stones in bulk in a single day from the gearless Vessel MV JAG ADITI using the port's New Harbour Mobile Cranes. It has surpassed the previous record of 25,323 tonnes of Lime Stones in bulk unloading from the vessel MV MASSALIA in December 2012.

Seaport Logistics Private Limited was the ship agent and stevedore for the vessel. S Anantha Chandra Bose, Chairman of VO Chidambaranar Port Trust, has affirmed that the two newly inducted 120-tonnes capacity Harbour Mobile Cranes are capable of discharging 40,000 tonnes of bulk cargo per day.

ClassNK acquires Canada's Helm Operations

ClassNK announced the acquisition ofVictoria, Canada-based maritime software company Helm Operations. The deal was hailed by both parties as two world-class companiesjoining forces to improve safety and operational efficiency in the marine industry, while greatly enhancing the success and capabilities of both organizations.

Tokyo-based ClassNK is one of the world's largest classification societies, providing safety and certification services for more than 8,600 ships, representing about 20% of the global merchant fleet. Founded in 1999, Helm Operations has grown to become a leading provider of manning, maintenance, dispatch, and HSQE software to the workboat and offshore industries, and Helm software is currently used on some 1,000 vessels belonging to some of the most respected workboat companiesin the world, including SVITZER, Seaspan, Blessey Marine and Florida Marine Transporters.

Yasushi Nakamura, Executive Vice President of ClassNK and **Ron deBruyne**, CEO and Founder of Helm Operations at the signing in ceremony

UASC, CSCL most likely partners for CMA CGM: Alphaliner

Having been left out in the cold by Maersk Line and Mediterranean Shipping Co (MSC) the best option for CMA CGM could be an alliance with United Arab Shipping Co (UASC) and China Shipping Container Lines (CSCL), believes analyst Alphaliner. In its weekly newsletter Alphaliner noted that as Maersk and MSC form 2M the termination of cooperative agreements CMA CGM has with Maersk on the Far East – Mediterranean trade, with MSC on Asia – North Europe, and both lines on the transpacific, would leave it with "significant service gaps which it can only fill through new slot arrangements with other carriers".

Although Alphaliner saw CMA CGM's options as limited with it either chosing alone along with individual slot share arrangements or join another alliance. "However, it seems more likely for the French Line to seek a new alliance arrangement. In this respect, CSCL and UASC appear to be the most likely partners for CMA CGM, as other carriers are either already members of existing alliances or simply too small."

The report even went as far as to give the potential new alliance a name dubbing it 2CU. Such an alliance would essentially split the Asia – Europe market four ways between it 2M, CKYHE and G6. It would have the smallest share on Asia – North Europe with a 19 per cent share of the market, while the potential alliance would have the second largest market share on Asia – Mediterranean with 21.6 per cent share.

The possibility of an alliance between CMA CGM and UASC and CSCL was also flagged-up last week to Seatrade Global by Braemar Seascope.

Source: Seatrade Global

MOL inks shipbuilding contracts with DSME for ice class carriers

Mitsui O.S.K. Lines (MOL) has announced that its joint venture company with China Shipping (Group) Co, has concluded and signed shipbuilding contracts with Daewoo Shipbuilding & Marine Engineering Co., Korea, to build three ice class LNG carriers. The vessels are intended for the Yamal LNG project, which is currently Russia's most strategic project in energy.

The ice class LNG carriers for the project will have independent ice-breaking capabilities that enable them to sail in icy seas of maximum 2.1m ice thickness. The vessels will be capable of transporting LNG from the Yamal LNG plant at Sabetta in Yamal Peninsula, Russia, to the main LNG markets in the world. In summer, the carriers will also be able to independently sail on the Northern Sea Route to transport LNG to East Asia.

As freight rates keep declining, cost reduction is top priority for box carriers

Drewry's 2Q14 Container Forecaster highlights that there is a widening gap between the positive financials of the few carriers really focused on cutting costs and the rest of the top 20 lines, as they battle with the pressure of falling freight rates.

Drewry forecasts that once again, average freight rates will be lower than in the previous year. It estimates that on the headhaul transpacific trade alone, carriers have given away in the region of $1.25 billion in annual revenue via the lower annual contracts they signed with Beneficial Cargo Owner clients in May. They also signed new annual contracts on the Asia-Europe trade earlier in the year at levels of around $150-$200 per 40ft container lower than in 2013. On the positive side, they may have secured base cargoes to fill their ships at a low price. But this puts more pressure on carriers to try and recover revenue from the spot market. Drewry believes that volatility in the spot market will remain high this year.

While supply and demand remain key drivers of freight rates across all trades, those carriers cutting their costs are also better equipped to offer lower rates and, in real terms, they are in fact passing back these benefits to their customers. Industry unit costs per TEU are forecast to decline by 2.5 per cent this year and strategies such as slow steaming, re-designing networks and buying bunkers in Russia are crucial to this, but carriers will struggle to make a profit since unit revenues are also forecast to decline by a similar amount.

The blocking of the P3 alliance by the Chinese authorities is also disappointing for the industry since it was an excellent opportunity to help stabilise the main trades in terms of capacity management and efficient use of assets. That chance is now missed. A mature debate is required to help balance the benefits of higher economies of scale, alliance consolidation and the need to control an oligopoly of mega alliances, Drewry's report said.

Mr Neil Dekker, Drewry's Director of Container Research, added: "It could be that the huge task of adequately matching supply and demand at the global level and on a consistent basis—which ultimately helps to drive freight rates—is simply beyond the industry, and we do not mean this as a condescending remark. This is an industry where accurate volumes on many trade lanes are unknown—simply because there is no unified and agreed system of accounting. This is an industry where relatively few shippers can provide accurate volume forecasts. This is an industry where the constant desire to launch bigger ships in order to reduce unit costs can only ever logically be at odds with the aim of matching supply and demand."

Western DFC faces logjam

The western dedicated freight corridor (DFC), from Dadri near Delhi to JN Port, reportedly faces a logjam due to several other major projects such as the proposed CST-Panvel fast corridor, the proposed Navi Mumbai international airport, suburban sections on the Virar-Vasai-Diva-Panvel line and the construction of the Panvel Coaching Complex.

The western DFC, among the two that are being built, the other being the eastern one from Ludhiana in Punjab to Dankuni in West Bengal, will pass through Panvel. It proposes to transport containers, commodities at a maximum speed of 100 kmph, which will considerably reduce haulage time.

According to sources, the alignment of the western DFC close to the proposed CST-Panvel fast corridor and the Panvel Coaching Complex would be an impediment. The existing railway station at Panvel would be expanded and more platforms added for the proposed CST-Panvel fast corridor and the Virar-Vasai-Diva-Panvel lines, they pointed out.

ADB team discusses core issues of VCIC with VPT Chief

The Asian Development Bank (ADB) team comprising experts from Pricewater House Coopers (PWC) and an independent consultant John Arnold met chairman of the Visakhapatnam Port Trust (VPT) met T Krishna Babu recently to discuss the core issues of the Vizag-Chennai Industrial Corridor (VCIC).

The Union and state governments have proposed the VCIC to boost the economic prospects of the truncated state of Andhra Pradesh with an investment of ₹1 lakh crore, thereby providing 50,000 jobs in the first phase of the proposed project. The proposed VCIC will be developed in four phases on the lines of Delhi-Mumbai Industrial Corridor project, which has been sanctioned as a part of the special package to Seemandhra region by the Union government.

Government to boost investment in the shipping sector; lays thrust on inland waterways.

Union Minister for Shipping Nitin Gadkari has said that the government is keen on boosting investment in the shipping sector with a special thrust on promoting inland water transport and coastal shipping.

Speaking at the International Day of the Seafarers in Mumbai today, Mr Gadkari said "Infrastructure development is the backbone of the economy, and we need to invest in it adequately. Besides it also creates employment opportunities" Mr Gadkari informed that the government is keen on developing inland water transport, as a cost-effective, less-polluting, fuel saving transportation option. "For this purpose we are considering to launch 'Pradhan Mantri Jal Parivahan Yojana' on the lines of the Pradhan Mantri Gram Sadak Yojana" he added.

On this occasion, Shipping Minister Nitin Gadkari also promised a slew of welfare measures for seafaring sailors, including early ratification of the ILO's Maritime Labour Convention 2006 that looks after conditions of employment, minimum qualification requirement, accommodation and recreational facilities, health care and social security protection aspects. Mr Gadkari said his government recognizes the importance of seafarers and is committed to ensuring their welfare.

The Minister further said that his Ministry has taken up with the Finance Ministry, the issue of Income Tax waiver for Indian Seafarers to ensure level playing field for Indian shipping companies.

Officials rush to Alang to review safety

There was an accident on plot no. 140 at the Alang Sosia Ship Recycling Yard last week, wherein 5 labourers were killed and 8 injured while recycling the dead vessel Perin. The injured were hospitalised immediately and 7 of them have already been discharged. One is expected to be discharged in two days.

It is likely that the accident was caused by a sudden gush of gas trapped in the vessel. However, the exact cause is being investigated. Mr H K Dash, IAS, Additional Chief Secretary (Ports & Transport Department), and Mr A K Rakesh, IAS, Vice-Chairman and Chief Executive Officer of GMB, visited the site a day after the accident and have ordered an immediate inquiry. An internal committee of the Board comprising the Port Officer (Alang), safety officials and senior officials from the Environment Department has been formed and is likely to submit its report within a week. Following the accident, Capt Sudhir Chadda, the Port Officer of Bhavnagar who has considerable experience of handling the affairs at Alang, has been given additional charge at the yard with immediate effect.

Maersk, MSC attempt new sharing agreement

The world's top two container shippers, Maersk Line and MSC Mediterranean Shipping Co, have struck a fresh vessel-sharing agreement after a previous three-way pooling deal known as P3 was undone by China's failure to approve it. Maersk and MSC say sharing vessels cuts costs, fuel usage and emissions. But critics, including those sending cargo, fear the shippers could dominate key trade routes carrying consumer goods around the world.

Analysts said the shippers had a better a chance of gaining Chinese approval with the latest deal because it involves fewer ships and volumes of goods and is structured differently.

In statements issued MSC and A.P. Moller-Maersk, the parent company of Maersk Line, said 185 vessels would be shared, including 20 of Maersk's giant Triple-E ships, with an estimated capacity of 2.1 million 20-foot equivalent units (TEU). They will run the trans-Atlantic, trans-Pacific and Asia-Europe routes, critical paths in the global trade of goods.

Last year's deal - between Maersk, MSC and France's CMA CGM - aimed to share about 250 vessels and would have had more than 40 percent of Asia-Europe and trans-Atlantic trade and 24 percent of the trans-Pacific market, according to industry estimates. It was rejected by Chinese regulators who said they did not believe consumers' interests would be sufficiently protected against the domination of the three shippers.

The combined capacity share under this deal would be below 30 percent in routes between Asia and Europe, Maersk Line CEO Soren Skou told Reuters. "This one is only a vessel sharing agreement. The P3 plan included an operating company which was the main reason why Chinese regulators looked at it as a merger," Skou told Reuters. He said the Chinese Ministry of Transport would look at the deal this time: P3 had been investigated by the Commerce Ministry. Calls to both ministries were not answered.

Allcargo 'Laxmi' delivers first consignment of bagged rice for FCI

In a first of its kind assignment, Allcargo Logistics' multi-purpose vessel 'Allcargo Laxmi' successfully delivered its first consignment of bagged rice for Food Corporation of India (FCI). MV Allcargo Laxmi carried 5,000 tonnes of rice from Vizag port and reached Diamond Harbour in 2 days.

FCI commissioned the project to dispatch raw rice stock from Vishkhapatnam to Agartala in the north-east region of India through multi-modal transport i.e., sea-river-road. It involved transportation of stock from Vizag port to Diamond Harbour in Kolkata.

At Diamond Harbor, the stock will be trans-shipped into barges and taken through river movement up to Bangladesh. Thereafter, it will transit Bangladesh through trucks and again would be boarded from Bangladesh to feed FCI depots in Agartala by trucks. The movement is regulated by Protocol on Inland Water Trade and Treaty (PIWTT) signed between India and Bangladesh government. With this shipment, Allcargo Shipping has significantly contributed in the novel venture of opening up an alternative route when compared with the conventional dispatch of stock by the rail-road hitherto done from Punjab/Haryana to Tripura.

Allcargo Logistics, part of the Avvashya Group and the integrated logistics multinational, has a fleet of three fully owned ships which operate in coastal movement of bulk, break bulk and project cargo across all major ports in India and its subcontinents. The shipping service provides a crucial link between all Indian ports which enables the clients to save on the logistics cost.

DSME, ABS collaborate on first LNG fueled drillship

ABS, the leading provider of classification services to the global offshore industry, has entered into a joint development project (JDP) with South Korea's Daewoo Shipbuilding & Marine Engineering (DSME) to develop the industry's first LNG fueled drillship.

The JDP will address challenges associated with storing and managing cryogenic LNG safely by combining DSME's experience developing and applying LNG technology to floating structures with ABS' technical standards and experience working on a number of gas-fueled, LNG and regasification unit projects.

KVH Industries acquires Videot

KVH Industries, Inc., announced that it has acquired Videotel, a producer of high-quality training films and e-Learning services for the commercial maritime industry. Servicing over 11,000 vessels, Videotel is a market leader in the provision of maritime training services, offering video, animation, e-Learning computer-based training (CBT), and interactive distance learning courses.

"The acquisition of Videotel is an important addition to our portfolio of services targeting the needs of commercial seafarers and supports our strategic vision of extending our maritime broadband service to include delivering premium content to vessels," said Martin Kits van Heyningen, KVH's chief executive officer.

Adani Ports to commission Tuna Tekra terminal by Dec 2014

Adani Ports & SEZ Ltd, India's largest port developer and part of Adani Group, will commission its dry bulk cargo handling terminal at Tuna Tekra in a record time by December 2014.

The group has announced this development with prospective clients during a trade meeting this month.

Adani Ports won the right to develop a dry bulk terminal with a cargo handling capacity of 14.112 MMTPA at Tuna Tekra, Kandla Port, in February 2012 under a concession agreement with Kandla Port trust.

"Adani Group has always believed in the idea of Nation Building through creation of world-class infrastructure. It gives me immense pleasure to announce that our dry bulk terminal at Tune Tekra will be commissioned by December 2014, as it will be a game-changer for EXIM trade of the Northwest hinterland, on account of its strategic location, infrastructural prowess and operational efficiency. The response to today's event only echoes our belief in the potential of this dry bulk terminal to benefit the states of Gujarat, Rajasthan, Haryana, Punjab and Madhya Pradesh amongst others", an Adani spokesman said.

Adani Ports inks pact with CMA CGM Group to set up fourth terminal at Mundra

Adani Ports & SEZ Ltd (APSEZ), India's largest port developer, has entered an agreement with France-based CMA CGM Group to develop the fourth container terminal at Mundra Port.

The terminal will be developed and operated under the 50:50 joint venture with CMA CGM Group's subsidiary CMA Terminals and APSEZ. The state-of-the-art facility, with an annual capacity of 1.3 million TEUs, will be a 650 meters terminal, with 27 hectares of back area and a water depth of 16.5 meters, the Port Said in a statement.

The construction phase will be initiated immediately and completion will be in a record 24 months. With this, Mundra will become India's largest container port in next two years, with a total Container handling capacity reaching 5.5 million TEUs.

"The strategic value of such a partnership with a major global player like CMA CGM is hugely significant and opens up a whole set of additional opportunities and synergies for both the companies" said Gautam Adani, Chairman of the Adani Group.

"This new container terminal will be an absolutely world class facility that will stimulate the growth of cargo benefiting our customers as well as help accelerate the industrial development over the vast hinterlands that Mundra provides access to," he added.

This 50:50 JV partnership is yet another major step by APSEZ to continue to rapidly expand its container terminals footprint across India's coastline and further augments APSEZ's existing two container handling locations at Mundra and Hazira along with its already announced two container terminals to be constructed at Ennore in Chennai and Dhamra in Odisha. It will allow Adani Ports to fulfill its stated vision of handling 200 million metric tonnes of cargo well before the year 2020.

For CMA CGM, Mundra Container Terminal is the Group's first port investment in India. CMA CGM is present in India since 1984. With around 500 staff members and 24 offices, CMA CGM is calling 9 ports in India.

Coasts might open up for foreign ships

The Union government is planning to relax cabotage norms at major ports for empty containers, to let foreign-flagged vessels carrying empty containers move on India's coastline without restriction. The shipping ministry has sought the Directorate General of Shipping's view in this regard. Cabotage rules dictate transport of goods or passengers on a ship or aircraft registered in another country. If the restrictions are done away with, movement of transhipment cargo along the coastline would get a boost. "There are currently only 15 vessels involved in coastal trade. Shortage of containers limits the capacity of Indian-flagged vessels in transport of cargo. It will also boost coastal shipping by filling the supply gap in the container segment," said a senior government official.

The Prime Minister's Office has asked the road transport and shipping ministries to suggest ways to increase transhipment cargo movement in the country and reduce instances of containers offloading in the port of Colombo in Sri Lanka.

₹100 cr logistics park near Nagpur

Vidarbha's second private inland container depot (ICD-cum-logistics park) was commissioned in July, in culmination of a ₹100 crore greenfield investment in the region, which is proposed to be doubled in a year. Gurgaon-based Vikram Logistics and Maritime Services inaugurated the set up spread over 72 acres at Borkhedi village, 35km from Nagpur.

The government-owned Container Corporation of India (CONCOR), an Indian Railway subsidiary, located in the city had set up the first ICD in 1998.

Briefing newspersons, Sathianathan, now managing director at Vikram Logistics, said the unit will start with an initial throughput of 50,000 twenty-feet equivalent units (TEU) annually, with plans to gradually increase the quantum. An initial investment of ₹100 crore has been put in here, with plans to double it in the next fiscal and also increase eventually.

This indicates the growing importance of the region for the logistics majors. Apart from its existing set up at Narendra Nagar, Concor is also setting up a logistics terminal in the Mihan area. Owing to the city's central location, the Future Group too has set up a major warehousing facility at Mihan catering to retail stores in various parts of the country. In Wardha, M/s World Windows is operating a private container depot.

Sathianathan said the company plans to set up a network of logistics parks which shall offer other container-based logistics services, apart from handling cargo from ports. The one in Nagpur is the first in the list, with the next park planned at Palval in the National Capital Region (NCR), followed by one at Bangalore.

Vikram Logistics, which sees Concor as its immediate rival, plans to have a major thrust on domestic cargo apart from that generated in exim trade. "Currently, business will be generated from the central region. Traditionally, the region exports rice, steel and textile while the imports include scrap, and PTA, a raw material for polyester makers," said Sathianathan.

In the domestic sector, there will be focus on automobile parts, machine tools and liquid cargo. Maruti Udyog Limited's depot at Butibori is being eyed for prospective business. However, Sathianathan said not many new industries have come up in the region over the years, though the existing units have been expanded, which the new logistics players can eye for business.

Vizag port likely to drop plans to set up satellite port at Bhimili

Visakhapatnam port is likely to drop the proposal to construct a satellite port at Bhimunipatnam, about 25 km from here. The move comes in the wake of a non-feasibility report given by consulting company Aecom. It was proposed to develop a satellite port in public-private partnership at Bhimili to reduce cargo congestion at Vizag port. Apart from constructing 4-5 berths, including break waters with a handling capacity of about 20 million tonnes a year, it was also proposed to shift the existing fishing harbour from Vizag port to Bhimili. Aecom, which was appointed by the port to prepare a feasibility report, stated construction of the satellite port was not viable and advisable at the moment.

The initial estimates suggest around ₹3,000 crore is required for the construction work, but the revenue on the investment would be negligible. Besides, chances of getting new and additional cargo too was minimal.

Shapoorji Pallonji buys out Shipping Corp of India in 50:50 chemical tankers JV

Construction and real estate major Shapoorji Pallonji Group has acquired 50 per cent equity stake held by state-controlled Shipping Corp of India Ltd in its equal equity chemical tanker joint venture SCI Forbes Limited for an undisclosed amount.

SCI Forbes had commenced operations in 2009 with four new chemical tankers, each having a capacity to carry 13,000 tonnes of cargo. The joint venture company was formed to tap the demand for moving petrochemicals from West Asia.

Shapoorji Pallonji Group firms Forbes & Co Ltd and Sterling Investment Pvt Ltd already held 25 per cent each in SCI Forbes and with transaction the firm becomes a wholly owned venture.

Lifetime licence for ships

The Ministry of Shipping has decided to reduce the paperwork for the shipping industry by scrapping the requirement of annual renewal of licences for Indian ships and any other vessel charted by an Indian citizen or company.

Such licences will now be issued with a lifetime fee instead of annual fee, but the licence will be co-terminus with the certificate of Registry of the Ship.

The move has been widely welcomed by the industry. The decision, approved by the Minster for Road Transport and Highways and Shipping Nitin Gadkari, also provides for all the five Registrars of Ships in Mumbai, Chennai, Kolkata, Goa and Cochin to issue these licenses under the provisions of the Merchant Shipping Act,1958.

Budget brings cheers

The Union Budget 2014-15 brings new hopes for the Indian maritime and shipbuilding industry. It has proposed new port projects, comprehensive shipbuilding policy, and reviving SEZs, among others.

In the NDA government's maiden Budget (Budget 2014-15), the Union Finance Minister, Arun Jaitley, has stressed upon "port-led" development of marine states, and proposed large investments in the sector on new capacity additions and to improve existing ports and their infrastructure. Similarly, the logistics and transport sector have also received high priority.

Along with proposing 16 new ports and allocating huge funds for growth in the maritime sector, the government has dedicated ₹5,000 crore for warehousing infrastructure development, proposed development of select expressways to improve overall infrastructure, connectivity and increase efficiencies of logistics and supply chain industry.

Ports sector

To boost trade movement at Indian ports in the long term, the government proposed 16 new port projects. "Development of ports is also critical for boosting trade. Sixteen new port projects are proposed to be awarded this year with a focus on port connectivity," the Finance Minister said.

"A sum of ₹11,635 crore will be allocated for the development of Outer Harbour Project in V. O. Chidambaranar (Tuticorin) Port for phase I. SEZs will be developed in Kandla and JNP. A comprehensive policy will be announced to promote Indian shipbuilding industry in the current financial year," the Minister added.

The Finance Minister said that Kakinada, its adjoining areas and the port will be developed as the key drivers of economic growth in Andhra Pradesh with a special focus on hardware manufacturing. He urged the states to play an active role in export promotion by providing good infrastructure and full facilitation. He proposed to establish an Export Promotion Mission to bring all stakeholders under one umbrella.

For inland waterways, a project on the river Ganga called 'Jal Marg Vikas' (National Waterways-I) will be developed between Allahabad and Haldia, covering a distance of 1,620 km, which will enable commercial navigation of at least 1,500-tonne vessels carrying passengers and cargo. The project will be completed over a period of six years at an estimated cost of ₹4,200 crore.

As regards the shipping and ports sector,

> "The budget did not disappoint and for the first time we saw several industry level announcements for the logistics sector. Just the fact that the finance minister used the word 'warehouse' more than 10 times indicates the focus on logistics!
>
> The impact of infrastructure on the transportation industry is massive and the government's plan to accelerate game changing projects like the Diamond quadrilateral, Sagar Mala, dedicated expressway on high traffic density roads will help the sector tremendously."

Vineet Agarwal
Managing Director, Transport Corporation of India

> Along with proposing **16 new ports** and allocating huge funds for growth in the maritime sector, the government has dedicated **₹5,000** crore for warehousing infrastructure development.

Being the lifeline of the economy, logistic companies expected a set of reforms and thrust across related sectors of the economy and the Finance Minister didn't disappoint. The proposed investment of ₹5,000 crore in warehousing, a clear focus on implementing GST by the end of this fiscal will provide the much needed impetus to the logistic industry. The proposed investment of ₹37,800 crore into NHAI and State roads and a specific focus on development of select expressways in parallel to the development of industrial corridors will improve overall infrastructure, connectivity and lend efficiencies to supply chain.

Mahendra Agarwal
Founder & CEO, Gati Limited

the Minister announced that a policy for encouraging the growth of Indian controlled tonnage will be formulated to ensure increased employment for the country's seafarers.

The government has proposed a new scheme which will allow local shipping companies or ship owners ship owners to register their ships overseas, in tax-friendly overseas jurisdictions, without opening subsidiaries there. "A policy for encouraging the growth of Indian-controlled tonnage will be formulated to ensure increase in employment of the Indian seafarers," Jaitley said in his budget speech.

The Finance Minister also pointed out that while public-private partnership (PPP) has delivered some iconic infrastructure like ports and highways, the model has also been impacted by rigidities in contractual arrangements, lack of more nuanced and sophisticated models of contracting and lack of quick dispute redressal mechanism. He proposed the setting up of 3P India, an institution to provide support to the mainstreaming of PPPs.

Although details on the role of 3P India are yet to be finalised, a positive impact on the port sector is expected from the proposed body, which could address some of the obstacles faced by port developers operating through the PPP route, especially if it could support the developers in obtaining regulatory approvals and speedy resolution of pending issues, according to an industry expert.

Additionally, a 24X7 Customs clearance facility will also be extended to 14 more sea ports in respect of specified import and export goods to facilitate cargo clearance. Indian Customs Single Window Project to facilitate trade will be implemented. Customs and Central Excise Acts will be amended to expedite the process of disposal of appeals.

Infrastructure, logistics and warehousing sector

The Master Planning of three new smart cities in the Chennai-Bengaluru Industrial Corridor region, viz., Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka will

Investments in roads all over India will help 'Freight forwarding and Logistics Industry' in faster movement of cargo and efficient national distribution services. The investment in new ports will ease congestion on existing ports and opening of new Airports in tier II and III cities will gives us an opportunity to extend our net work to those cities.

Ajay Sehgal
Director Finance & Accounts- Schenker India Private Limited

also be completed. The perspective plan for the Bengaluru-Mumbai Economic Corridor (BMEC) and Vizag-Chennai corridor would be completed with the provision for 20 new industrial clusters.

The Minister said that the roads sector again needs huge amount of investment along with debottlenecking from maze of clearances. He proposed investment in National Highways Authority of India (NHAI) and state roads of an amount of ₹37,880 crore, which includes ₹3,000 crore for the North-East. During the current financial year, a target of 8,500 km of National Highway construction will be achieved, he said.

Laying focus on infrastructure, the Finance Minister said, "A modern nation needs multiple sources of transport. A country of the size of India must have a transport network which can ensure faster travel across cities which are geographically distant. This will also improve the supply chain in transporting goods across cities. We will initiate work on select expressways in parallel to the development of the industrial corridors. For project preparation, NHAI shall set aside a sum of ₹500 crore."

Conclusion

Besides providing high level of infrastructure within the ports, there is no proposal on their connectivity to hinterland and improvement of roads around the port should have been considered on a priority. Ports in Singapore have introduced the system of 'turn around', where ships come, unload or load, and go back immediately as opposed to ships here that have to wait for long hours at Indian ports.

Gateway SpotLight, a special feature by *Maritime Gateway*, showcases the unique initiatives of business groups across maritime sectors in their products, services and processes that helps them achieve and sustain better productivity, efficiency, environment conservation and above all judicious business practices. **Gateway SpotLight** provides an opportunity for businesses to bring to light their best practices at work and thereby such a **FOCUS**.

Presenting **LIEBHERR** under this feature.

LIEBHERR

SMARTGRIP
INTELLIGENT GRABBING FOR HIGHLY EFFICIENT BULK HANDLING

Leading equipment manufacturer Liebherr has launched a unique technology to optimize grab filling rates of mobile harbour cranes. This innovative solution not only lowers the stress for the crane operator but also significantly increases operational efficiency of the port.

Liebherr has introduced a unique technology 'SmartGrip' to the mobile harbour crane market in June 2014. The technology operates as an intelligent system that optimises grab filling rates in a self-learning manner and provides a number of valuable advantages including higher performance and zero overloads.

The development of the 'SmartGrip' technology is based on recent turnover analyses of various ports around the world. The data showed that on an average only 70 per cent of the grab capacity is used. There are several factors responsible for the grab not being operated at full capacity including the suboptimal grabbing angle and varying material density. For crane operators, the estimation of the material density and the right grabbing angle turn out to be a real challenge. As a result, ports face with lesser turnovers than their expectations.

Intelligent grabbing

The 'SmartGrip' solution is used to optimise grab filling rates. In a comprehensive field study, Liebherr collected real data of different crane models that were equipped with a wide range of grabs to handle different materials. Additionally, numerous crane operators ensured a broad spectrum of skill-levels during data collection. Thanks to in-depth analyses, Liebherr has deduced the ideal grab filling model by means of data mining. In operation, the self-learning system automatically adjusts its behaviour by recognizing bulk density, compression and granularity as well as current frame conditions like depth of impression or type of grab. Load cycle by load cycle, SmartGrip automatically optimises filling to maximum capability taking grab size and outreach into account. Right from the second load cycle, SmartGrip ensures that the grab filling rate is above the average of 70 per cent. Within a maximum of seven cycles the full capacity of the grab is utilised.

Valuable benefits

SmartGrip controls the filling of the grab to suit the load curve of the crane. This leads to perfect crane utilisation without overloading, which results in an extended lifetime of the crane, saving fuel and time.

Moreover, when SmartGrip is activated, the operator can completely rely on the system for an accurate determination of the material density and optimal grabbing angle in a very short time. The automatic and optimized grab filling means less stress for the crane operator who can then focus more on other important issues like safety.

In view of the average grab filling rate of 70%, SmartGrip offers a potential of up to 30% more turnover. Additionally, turnover variance is significantly reduced, leading to more efficiency in operation. Field studies showed that even up to 40% turnover increase are realistic if the grab filling rate is below average. Additionally, SmartGrip partly closes the gap between high-skilled and less-skilled drivers, as some important parts of bulk handling are automatically optimised by the system.

Another striking feature offered by SmartGrip is the possibility to manually set target loads. If a crane operator needs to load a 40 tonnes capacity truck, for instance, he can advise SmartGrip to fill the grab with 40 tonnes. This feature eases the operation of the crane operator.

CASE STUDY
LHM 550 equipped with SmartGrip
Saqr Port, United Arab Emirates

Situation

Saqr Port is located at the northern tip of the United Arab Emirates, with access to the Arabian Gulf, and is the Middle East's major port for bulk cargoes, aggregates, pipes, cement, coal and other raw materials imported for the local industries. With its unique geographic position and superior intermodal connections, Saqr Port is also well-known for highly efficient material handling and premium infrastructure. The port's expertise has attracted additional business which has led to increased cargo volumes, over the past 5 years.

Task

Saqr Port handles several materials with densities up to 2 t/m^3 and loads on average around 5 ships per day. The most common material is limestone, which is characterized by small rocks, and when the grab is closed, some of these rocks are compressed which results in intense shaking and stress for the crane structure, due to strong dynamic forces. Thus, in order to minimize forces acting on the crane structure a smaller grab (22m^3) was used which naturally reduces turnover.

Solution

Saqr Port decided to install SmartGrip on their newest mobile harbour crane, type LHM 550, to cope better with limestone. This innovative system optimises grab filling rates in a self-learning process which results in more turnover, zero overloads and less stress for crane and operator. For the new LHM 550, the SmartGrip parameters (e.g. closing speed, slack rope values) have been specifically adapted for the rocky limestone material.

Performance

Thanks to the installation of SmartGrip, Saqr Port has been able to use the bigger grab (32m^3) without additional stress for the crane structure and the average limestone load has increased by more than 30%, leading to significantly more turnover. It also has additional benefits, time-consuming overloads have been completely eliminated and due to very smooth force effects, shaking has dramatically decreased, leading to more driver comfort and extended life span of the crane. mg

Rail Budget stresses upon infrastructure building

With a major focus on strengthening infrastructure, the Railway Budget 2014-15 has proposed FDI in railway infrastructure and PPP projects for cash strapped railways.

In its first ever maiden Rail Budget, Union Railway Minister Sadananda Gowda stressed upon infrastructure building, faster trains, safety, cleanliness and expansion of public private partnership (PPP) in new areas.

To mobilise resources for infrastructure upgradation and high-speed trains, the Railway Minister has proposed foreign direct investment (FDI) in building rail infrastructure, partially in operations, as the nation seeks to help improve the creaky transportation facility.

"FDI in railway projects, except in operations, to be attracted. Future projects to be financed on public-private partnership model. Plans to attract investment from domestic and foreign players in infrastructure; focus to be on aggressive Indigenisation, he mentioned.

Dedicated freight corridor projects: For eastern (Ludhiana, Punjab, to Dankuni, West Bengal) and western (Mumbai-Delhi) dedicated freight corridor projects, the Railways will target awarding of construction contracts for nearly 1,000 km this year, he said.

India runs more than 7,421 freight trains carrying about 3 million tonnes of freight every day. "I now target to become the largest freight carrier in the world," Gowda said in his speech. In the last 10 years, Indian Railways spent ₹41,000 crore on laying of 3,700 km of new lines.

The Railway Minister also announced periodic revision in passenger fare and freight rates will be linked to revisions in fuel prices in order to insulate the Railway revenues from fuel cost escalation. In his post-budget briefing, the Minister said the Railways would continue with the Fuel Adjustment Costs (FAC) formula under which there will be periodic hike in fares and freight rates once in six months, if there is a hike in fuel cost.

He has proposed to speed up construction of three critical railway lines – Tori-Shivpur-Kathautia, Jharsuguda-Barpalli-Sardega and Bhupdeopur-Raigarh-Mand rail links – that are expected may improve coal availability by about 300 million tonne. But, it may take five years to complete the projects and, only a small fraction of the total 590 km will be completed by 2016.

However, there are several concerns remain unattended. At present, Indian Railways makes most of its profits from transporting freight compared to the passenger trains. Freight trains are not timetable trains and spend more than 50 per cent of their travel time hanging around for the lines to clear. Currently, seeing the slow travel time and congestion in railway tracks, 70 per cent of freight traffic has shifted to roads which are way too expensive and less environment-friendly.

DFCs are the most crucial projects of the Indian Railways. Two of the six corridors planned—the Western DFC (Delhi-Mumbai) and the Eastern DFC (Ludhiana-Kolkata)—are targeted to be commissioned by March 2017.

The average speed of freight trains will go up from 25 kmph to 70 kmph which will reduce the transit time from the present levels. At the same time, DFCs will allow higher axle loads per carriage and much longer trains.

The ports in the Western region covering Maharashtra and Gujarat will be efficiently linked to the northern hinterland, and coal would move rapidly to the power plants in the north, and steel to the industries. The DFCs will have a massive impact on the Railways' profitability, and the entire Indian economy. mg

ANDRHA PRADESH

SUNRISE

After bifurcation, the newly carved state of Andhra Pradesh sails on a hope to boost the economy by developing the coast line into a major maritime hub. Industrial corridors from Vizag to Chennai will link the port cities fuelling growth. In addition, manufacturing and industrial clusters being planned will help the state augment exports and improve its fiscal health.

Deepika Amirapu

In the summer of 2014, when the central government run by the United Progressive Alliance made final the legislation to carve out Telangana, there was more than just a fissure in the state. Having retained Hyderabad for themselves, there was jubilation in the ten districts of Telangana, while the severed region of the Telugu speaking population cried foul over the iniquitous division.

They felt shortchanged as the new state walked away not just with their capital, but hope, pride and the sweat and toil of many an Andhraite who had invested so much of himself and his capital in the city spanning many decades. It is perhaps for this reason and a few more that the division of this state is different from the three others that were created in 2000.

Never before did the mother state have to relinquish its right over an existing capital to the new entity. Madhya Pradesh retained Bhopal, Patna remained with Bihar and Lucknow with Uttar Pradesh. But does it matter who the capital went to? Yes it does. More so in Andhra's case. Consider the demographics alone. Hyderabad has 7.75million residents and the next most populous city after the capital in the undivided state, Visakhapatnam, has just 1.4 million people. The statistics reveal similar disparities in other economic and human development indicators as well. Andhraites have never been lucky with retaining their capital as the state had to forego prosperous cities twice after independence- erstwhile Madras to Tamil Nadu and subsequently relocate from Kurnool to Hyderabad once the Nizam surrendered to the Union of India.

After Hyderabad was named capital, considering the geographical edge, the city became home to major defence, electronic, educational and biotechnology industries. During the dot com boom, when the chiefs in Googleplex, California and Redmond decided to open their offices in India, they helped funnel many millions of dollars into IT services by many entrepreneurs big and small. A little before that came the education boom with the proliferation of engineering colleges that showed the software industry an alternate to Bangalore.

Andhra's cities on the other hand, considered two-tier, were far behind in attracting any multi-national companies who could whip up the state's exchequer. Barring the pharma city in Vizag and sporadic industrial development in Guntur and Nellore, much of the funds were used to protect small scale and other indigenous units that formed the state's native.

Fifty percent of the states revenue came from Hyderabad alone and the city's secession from the state is more than just the loss of pearls. Though united Andhra Pradesh ranked 4th largest State by area, 5th largest State by population, 2nd in nominal GDP, and 4th in GDP per capita, most of its people are unlettered with a literacy ranking of 24th among 28 States of India. Neither is Andhra Pradesh's human development index encouraging with the state finishing among the last ten states.

The export sector of the state is mainly dependent on export of primary products

STATE

and raw materials and needs to be diversified.

It is, therefore, a daunting task to name a new capital considering the socio-economic development aspects waiting to be addressed while planning futuristic cities in the truncated state. But Chandrababu Naidu, who was popularly known as the chief executive of Hyderabad lost no time reaching out for help. He has already shared space with the industries minister of Singapore welcoming all support in modeling Andhra's towns after the city state. Delegations of officials are scheduled to visit the state when Naidu's men will roll out the map pointing to virgin locations with abundant natural resources waiting to be explored by impresarios and organizations alike. "Now is not the time to resent the disproportionate distribution of assets. It's our chance to make the most of the opportunity," said one senior member who is part of the team constituted to identify a suitable capital."

The most sought after districts are those that will berth the Petroleum, Chemical and Petrochemical Industrial Corridor region and the National Industrial Manufacturing Zones (NIMZ) — Kakinada to Vizag, Prakasam and Chittoor. With the state racing to be energy self reliant in two years under the national 'Power for All' scheme, officials are now trying to tie up coal reserves for the power plants waiting to be fired.

An IAS officer who once worked with Naidu and now serves the Telangana government said, "Given the previous track record of the chief minister, there is no doubt the state can attract investments." However, he says there is an uncomfortable flip side to this. If the loan waivers promised by Naidu make it, it will leave precious little for any investment required by the state. Although some foreign investments have trickled in to the state in the last one month, local industrialists are keeping their cards close to their chest waiting for the industrial policy to be unveiled.

Shiv Kumar Rungta of the Fappci says, "We want clarity on the financial sops that companies from all sectors can avail. Most of all, we want the state government to acquire land from the owners and sell/lease it to us at cheaper rates" They are a worried lot as land prices in the coastal state have trebled since the state was formed anticipating large scale development.

The upcoming state budget would perhaps answer a lot of questions and provide clarity to not just business houses but also to the scores of people who are resting their decision of going back to Andhra from Telangana on Naidu.

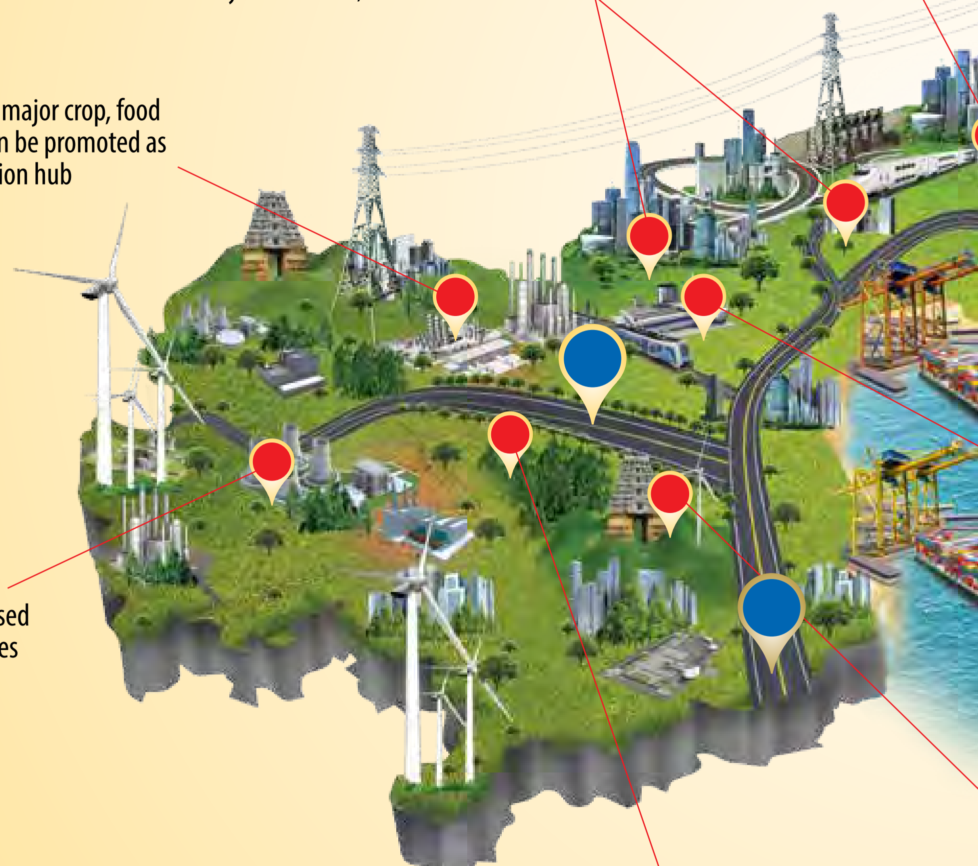
For the people of Andhra Pradesh, the progress of their state rests on Naidu's shoulders. After ten years of a sabbatical from power, he has made an impressive comeback. The next five years will decide not just his future, but also that of Andhra Pradesh. Which way the state would go is as good as anybody's guess. But if Naidu is successful in scripting a successful story, he would have rendered the Summer of '14 as memorable as the Summer of '69. Else, the ''summer would last forever'' waiting for a deliverer. mg

FOCUSED ECONOMIC ACTIVITY

Krishna – Vijayawada to be an Education, logistics and trade hub. At Nagailanka a missile launching station can be approved immediately by which DRDO programs can be developed. Products manufacturing hub can be created and Krishna can be an agri and food processing zone.

Guntur/Ongole – Guntur – Education, Medical and health care industry. Processing industry for all commercial crops, Textile industry, Mineral based industry like cement, lime stone based etc.

Kurnool – rice is the major crop, food processing industry, can be promoted as health care and education hub



Anantapur – proximity to Bangalore facilitates development of knowledge based industry, aerospace and defence industries

Cuddapah – mineral based industries, focusing on steel and granite, livestock

Chennai – Visakhapatnam Industrial Corridor

Chennai – Bengaluru Industrial Corridor

Visakhapatnam – IT & It enabled services, Medical and health care industry, Tourism, port based industry, Ship building and defence, navel based industry, manufacturing industry apart from existing pharmaceutical industry. Need to revise and scale up the industries like Steel plant, BHPV (BHEL), Hindustan Zinc, ship building, submarine products etc. Focus Education at large.

Srikakulam and Vizianagaram – Pharma and bulk drug industry, commercialisation of hill stations, natural products apart from agriculture.

Vizag – Kakinada Industrial corridor should be developed in the line of Ankleshwar of Gujarat as an industrial development corporation housing chemical plants, producing products such as pesticides, pharmaceuticals, chemicals, and paints.

East and West Godavari – Existing agri products, proposed PCPIR development. Kakinada as an education hub. Commercialization of hill stationed natural products and Food processing.

Prakasam – Processing industry for all commercial crops, Mineral based industry like granite, mica based etc.

Nellore – primarily an agri-based economy, food processing and agri based industries, Engineering and Chemical industries, port based industries.

Note: This image is artistic representation only

MAJOR PORT HUB

A glance at the fund allocation for new port projects this year by the Centre will reveal the residuary state of Andhra Pradesh has been apportioned an envious 46 per cent of the moolah. Having stated their intentions of developing the 960 km coastline and bordering cities in to maritime centres, the new chief minister and his battery of optimistic administrators hope to bring at least half the projects to pass utilising these funds.

Let's consider the plausibility of such an aspiration first. Many reckon the residuary state has greater benefits and resources than Telangana. The fertile green belt covers almost 60 percent of the state's land. Andhra's seafood is also one of the biggest foreign exchange earners. These two could together bolster agriculture and allied exports from the region. On the industrial front, the undivided state had spent close to ₹54,000 crore on developing the stretch between Visakhapatnam and Kakinada to render the area fit for the Petroleum, Chemicals and Petrochemical Investment Region (PCPIR) region. The special development authority (SDA), created specially to ensure the progress of this project is understood to be working overtime to iron out differences between the locals and administration.

PCPIR being the flagship scheme of the department of chemicals and petrochemicals to support projects that ensure raw material availability of naphtha could gain more momentum given the cordial relations between Chief Minister Naidu and Prime Minister Modi. The last regime at the centre had also allocated three national manufacturing zones (NIMZ) to the undivided state while others in the country had just one manufacturing zone marked in their territory. With 25,000 acres of land apportioned for furthering manufacturing growth in Chittoor and Ongole, the state could make the most of this allocation by inviting international companies to participate in the project. China, Germany and Russia have ostensibly evinced interest in establishing a few industries in this zone. But the most ambitious projects of them all is the Chennai-Bangalore-Nellore industrial corridor being envisaged to upgrade infrastructure along this region to promote industrial and manufacturing activity. The corridor development will involve employing ₹12,000 crore for improvement of three national highways NH 4, NH 7 and NH 46 with construction of roads to connect industrial hubs. Over the course of the next thirty years, thousands of crore will be spent developing clusters of satellite towns, where people and manicured property will coexist.

That said, Andhra's ports, however, cannot benefit unless the economic centre of gravity moves towards the coast from Hyderabad. With most FMCG and automobiles industrial units coming up in various districts of Telangana, the state has to play the card of being a coastal state and muscle its way to attracting export oriented industries. If the state aspires to be a maritime hub, the centre and state have to speak in one voice. Shanghai's

SWOT Analysis of Andhra's Ports

STRENGTHS

- Three of the four ports have deep drafts up to 18m, allowing handling of capesize vessels.
- Krishnapatnam and Vizag are well connected by railway and road connectivity enabling faster movement of cargo from/to the hinterland.
- K'patnam has the most modern container handling facility in the east coast.
- Vizag has a large immediate hinterland and is handles 70 MT of cargo annually with traffic increasing steadily. Vizag's rail line helps East meet North India.
- With 2 berths of 19.5 m draft, the state's first private port has handled the biggest vessel to call carrying bulk cargo.
- Kakinada, the other state controlled minor port boasts of an enviable list of many agriculture and fertilizer consumers.
- Kakinada also has a distance advantage from the cargo centre with the neighbouring districts producing rice or hosting fertiliser plants.

WEAKNESSES

- Vizag Port has a space constraint and cannot support much expansion. Also, shippers prefer JNPT/Chennai for certain commodities because of cheaper tariff, vessel frequency.
- For Krishnapatnam, although it has large land bank, it lacks soft infrastructure- CFS and ICDs around it.
- Gangavaram's fame extends to handling only bulk commodities. The port does not have connectivity to North India.
- Kakinada is the orphan among the ports, with no clear expansion plan, operating with make-shift berths and mobile harbor cranes.
- Absence of a state maritime board despite having four ports in the state reflects poorly on the state's vision for the sector.
- Absence of other support shipbuilding/ ship finance industry except the ailing Dredging Corporation of India.

IN THE MAKING

boom, for instance, is on account of the strong support extended by the central and state governments in making it fit to be an international maritime centre. The development of ports has to be in conjunction with development of industries.

The state has to identify and match industrial and port requirements and boosting smoke stacked plants cannot be an exercise in isolation. "The industrialists have to identify imports, exports, hinterland cargo and make an assessment of the location of the industries. A similar exercise has to be undertaken for new ports coming up as well. Availability of land cannot justify the existence of a new port," says Mr Raghuramaiah, former chairman of the Paradip Port who is now a port and infrastructure consultant.

The state should take care in choosing the least vulnerable location for a new port as the entire belt from Nellore to Srikakulam is highly prone to cyclones, he says. The new port should also have good connectivity else a major portion of the capital will be spent on developing roads and railway lines. Referring to Dhamra's case, Mr Raghuramaiah says the port could not achieve a good turnover for many years as it had spent 50 per cent of its capital on laying roads and developing connectivity. To add to its low returns, the poor turnout of iron ore volumes further led the port in to the red zone.

Ideally, the state maritime board should identify a location before they give any new port a green signal. To create a sea trading corridor and a wealth of opportunity for the port and users, firstly, sea ports should be able to host mother ships. This requires a 20m draft and currently all the four ports are just shy of this benchmark. Secondly, most bulk cargo is getting containerized all over the world. Andhra should now step up its efforts and beat the rest of the ports in containerizing most bulk cargo at its ports. Lastly, the state should draft a concrete plan to the sector mapping existing and new industrial activity to help prospective users.

While these measures will address the primary requirements, the state, in the long run will have to create an atmosphere to house other verticals or units of the maritime sector. To create an international maritime centre akin to Singapore's or Hong Kong's, ship management and ship finance are critical to the all integrated development of the sector.

If Vizag is being positioned as Andhra's financial capital, it should be also be the nerve centre for maritime finance. Globally, financial centres are also regional maritime centres with London, New York, Tokyo, Shanghai and Hong Kong being the seats for buying and selling ship services. Over the years, the IMC should also aim to an eastern confluence of maritime legal services, insurance, vessel leasing and chartering businesses. If consignors and ship owners are the bone and marrow of this relationship, the related services are the binding agents that allow the trade to flourish.

A analysis of the strengths, weaknesses, opportunities and threats of the four operational ports in Andhra Pradesh- Visakhapatnam, Kakinada, Gangavaram and Krishnapatnam will help comprehend the potential of the ports to support the volume of projected industrial activity in the coming years.

OPPORTUNITIES

- 11 projects undertaken by Vizag Port under PPP and self financing mode to be operational by 2015.
- Signs of bigger vessels visiting K'patnam signal prospects of increasing container traffic.
- Vizag Port has the ability to attract transshipment from the upper east coast ports, growing pharma exports could help the port in increasing volumes and regain top spot among major ports.
- Gangavaram can do an Ennore on Vizag. It can benefit from congestion at Vizag.
- State/Centre's thrust on agriculture could help Kakinada handle large volumes of grain, fertiliser.
- Opening of Buckingham Canal could further boost Kakinada Port's prospects.
- Coastal shipping from the coast to Cochin and development of other Inland Waterways could help the region garner a bigger share of cargo moved.
- Flurry of industrial activity is promising for all ports. Upcoming power plants to aid ports handling bulk cargo.

THREATS

- The proposed new port could cannibalise cargo from the existing ports.
- Vizag could face intense competition from Dhamra and Paradip that have lined up massive expansion plans.
- Low container traffic at all the ports could still tilt the balance in favour of JNPT and Chennai.
- Sporadic and unplanned industrial development could dent prospects for the sector as ports have to re-invest in infrastructure to improve connectivity.
- Greater allocation of funds to social schemes could limit budget support to maritime activities despite promises made to develop the east coast in to a maritime hub.
- Overlapping hinterlands could have the ports scavenging each other's cargo to sustain/justify volumes.
- Growing power of West Coast ports with Adani, Essar, JNPT improving their efficiency and cargo handling capabilities in bulk and container cargo.

P3 2M What will it mean?

Out went the P3 and in came the 2M alliance with another vessel sharing agreement between the Danish and the Swiss container shipping lines. Maersk and MSC have just announced a mega vessel sharing agreement that will replace their failed P3 alliance early next year. Drewry analyses what this new alliance will mean for the fraternity.

It will replace all current VSAs and slot purchase agreements that MSC has with Maersk Line on these trades. This new VSA service co-operation will be known as 2M and will provide approximately 185 vessels operating 21 strings. It will be smaller, and compare well in size with the G6 and CKYH alliances – but what about CMA CGM?"

Maersk and MSC have taken on board China's objections to the P3 alliance by coming up with a new vessel sharing arrangement called 2M that they hope will be agreed by all regulatory authorities before the beginning of next year. Out has gone CMA CGM, in order to bring the agreement's market share down to more acceptable levels, and in has come a much simpler joint co-ordination committee to monitor the carriers' network on a daily basis.

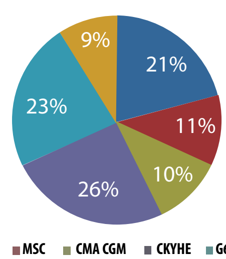
The objective remains the same – namely to reduce costs by sweating assets more efficiently between Asia/Europe, Asia/US and Europe/US, but as port rotations and vessel sizes have not yet been clarified, it is not possible to say how their market shares will change, or their undeniable savings compare with that envisaged by P3.

Drewry's analysis shows that on the Asia-North Europe trade route, Maersk and MSC currently have a 32% share of all effective westbound vessel capacity, which is more than the 30% market share threshold normally allowed under the European Union's consortium regulation, so will require close scrutiny (see Figure 1). Maersk currently provides 21.3 per cent on its own, and MSC/CMA CGM provide another 21.2 per cent through joint services shared fairly evenly, which would have given the P3 alliance a much bigger share of 42.5 per cent. Only six weekly services are planned by 2M instead of nine, but the VSA will still be the trade lane's largest.

From Asia to the Mediterranean, where four weekly services will be provided instead of the five planned by P3, 2M will have a much greater market share of 42.1 per cent, compared to P3's 53.8 per cent (see Figure 2).

Figure 1

Carrier Shares of Effective Vessel Capacity from Asia to North Europe, June 14

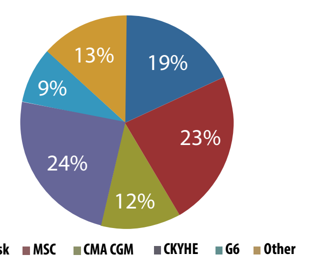


Notes: Effective vessel capacity = total vessel capacity less estimated space allocated to wayport and out of scope cargo; P3 = Maersk, MSC and CMA CGM; CSAV assumed to be independent of Hapag-Lloyd

Source: Drewry Maritime Research

Figure 2

Carrier Shares of Effective Vessel Capacity from Asia to Mediterranean, June 14



Notes: Effective vessel capacity = total vessel capacity less estimated space allocated to wayport and out of scope cargo; P3 = Maersk, MSC and CMA CGM; CSAV assumed to be independent of Hapag-Lloyd

Source: Drewry Maritime Research

Key takeaways from the alliance

- The VSA will improve the network efficiency and allow for lower slot costs through improved utilisation of vessel capacity and economies of scale.
- The VSA will provide more sailings and direct port pairs.
- The VSA includes 185 vessels with an estimated capacity of 2.1 million TEU on 21 strings in the Asia – Europe, US
- Maersk Line will contribute with approximately 110 vessels with a nominal capacity of app. 1.2 million TEU (55 per cent of the total capacity).
- MSC will contribute with approximately 75 vessels with a nominal capacity of app. 0.9 million TEU (45 per cent of the total capacity).
- Vessels deployed in the VSA will continue to be operated by the two individual lines.
- The VSA does not include joint marine operations. Each party will thus execute their own operations including stowage, voyage planning and port operations.
- The VSA does not include any commercial tasks or responsibilities.
- A joint coordination committee will monitor day to day management of the network.
- The duration of the VSA is 10 years.
- The VSA is expected to start early 2015. The starting date is conditioned by filing of information to and in some cases approvals by relevant maritime authorities

On the Asia/USWC route, 2M is planning four weekly services; whereas P3 was expecting to run six (see Table 1). At present, Maersk, MSC and CMA CGM share four weekly schedules. Between Asia and the USEC, two services will be provided, the same as at present, but two less than planned by P3.

On the US-North Europe route, 2M will operate three weekly services – the same number planned by P3, which reflects the fact that CMA CGM's capacity share on the route is relatively small. 2M will probably be the second-largest alliance in the trade lane, after G6, in Drewry's estimation.

As 2M will not include joint marine operations, with each party looking after its own duties, including stowage, voyage planning and port operations, service quality could be very different to that envisaged by P3. Will a shipper loading a container on an MSC ship really get the same schedule reliability as when loading on a Maersk ship, for example, as Drewry has consistently recorded a lower level of reliability for MSC?

Maersk will want to continue its Daily Maersk service guarantees between Asia and Northern Europe, which could create further friction between the two new partners.

It is not yet known whether 2M will negotiate joint operational contracts. If this does happen, it will be a concern to terminal and intermodal service operators, but an opportunity for the larger operators to secure more market share.

"MSC is pleased to have reached this agreement with Maersk Line. It represents another positive step in our continual drive to enhance our operational network in terms of scope, scale, efficiency and reliability.

Our customers will be able to enjoy these benefits alongside the world class customer service that has been the cornerstone of our business since our formation in 1970." says Diego Aponte, MSC Vice President.

Mr Aponte continues "The 2M Vessel Sharing Agreement will enable us to achieve significant reductions in fuel consumption, driving down the carbon footprint of our shipping operations. With sustainability a key area of focus for MSC, we're delighted that this vessel sharing agreement will mean major cuts in emissions while simultaneously enhancing our service to customers."

> They may be needed, as CMA CGM has **28** ships of **9,000** teu boxes on order

This aside, a bigger concern will be the future of CMA CGM, as it has been sharing vessels with MSC between Asia and Northern Europe, and with Maersk between Asia and the Mediterranean, since 2011, so will not be able to fill its ULCVs on its own reasonably. The game of musical chairs of the mega-alliances means that CMA CGM will now have to seriously consider a closer East-West vessel-sharing arrangement with someone else, therefore, the most obvious candidates being UASC and CSCL. Both have recently ordered 18,000 teu mega-ships, and have worked with CMA CGM in the past – but there are other options.

They may be needed, as CMA CGM has 28 ships of 9,000 teu on order, some of which are more suitable for North-South trades.

Our View

2M will become the largest alliance on the Asia-Europe route, if approved. Like other alliances, it will help reduce costs, and should be allowed.

Source: Drewry Maritime Research (www.drewry.co.uk/ciw)

Table 1: Existing Alliance Services and the New 2M VSA

	Asia to N Europe	Asia to Med	Asia to USWC	Asia to USEC	N Europe to USEC	Med to USEC
Maersk	5	0	1	1	1	0
MSC	0	2	1	1	2	2
CMA CGM	0	0	0	1	2	0
Maersk/CMA CGM	0	4	0	1	0	0
MSC/CMA-CGM	4	0	2	0	0	0
G6	5	1	14	8	5	0
CKYHE*	6	3	10	6	1	2
New 2M VSA	6	4	4	2	3	2

Notes: Maersk, MSC and CMA CGM share most Asia/WCNA services. G6 scope does not include Med/USEC route; * Although Evergreen has only joined the CKYH alliance between Asia and Europe, they now share vessels on other routes; Only wholly owned and operated services are included. Shared services between different alliance/consortia members excluded

Source: Drewry Maritime Research

Steel outlook set to improve in 2014

With the recovery of the automobile, construction and manufacturing industry, optimism returns in the steel industry. The industry is expected to improve in the year 2014.

The growth in steel consumption largely depends on a revival in procurement from sectors such as automobile, real estate and construction. Going forward, the stabilization in the Euro-zone, recovery in the US and Chinese economy will determine the fate of M&A deals. M&A activity is expected to go up in the Indian steel industry. Also, in the long run, as urban population increases, so will the need for steel to build skyscrapers and public-transport infrastructure increase. With its population and rapid urbanisation, India is set to drive the next growth engine in steel.

The steel industry, which has been struggling to keep afloat, is expected to see a good year in 2014.

Since 2012-13, the steel scene has worsened, when demand growth was 3.3 per cent, at 73.3 million tonnes (mt). India's steel consumption grew by just 0.6 per cent in the 2013-14 fiscal, the slowest in at least four years, to 73.93 MT. Exports grew by 4.1 per cent at 5.59 MT, while imports were down by 31.3 per cent during the period 5.445 MT.

According to Steel Authority of India Ltd (SAIL) Chairman Chandra Shekhar Verma, as major steel-consuming sectors from automobiles and capital goods to infrastructure are facing rough times, reflecting a slowdown in the economy.

Growth projections of the industry

In the past two years, the continuing Euro-zone difficulties, slow growth in developed economies and a cooling of emerging economies took a toll on the industry.

However, Steel Ministry estimates that India's consumption may go up to 176 MT by 2025-26 if the economy grows by 6.5 per cent during the period between now and 2025-26.

According to the World Steel Association (WSA), steel demand is expected to grow by 3.3 per cent to 76.2 Mt in 2014, following 1.8 per cent growth in 2013, due to an improved outlook for the construction and manufacturing sectors, even though this will be constrained by high inflation and structural problems.

Apparent Steel Use (ASU)

Short Range Outlook for Apparent Steel Use, finished steel products (2013-2015)

Regions	ASU, megatonnes			Growth Rates, %		
	2013	2014(f)	2015(f)	2013	2014(f)	2015(f)
European Union (28)	139	143	148	-0.2	3.1	3.0
Other Europe	37	38	40	8.5	3.9	4.2
CIS	59	59	62	2.2	1.1	3.7
NAFTA	129	134	139	-2.4	3.8	3.4
Central and South America	49	51	52	4.3	3.4	2.7
Africa	29	30	33	9.8	4.8	8.4
Middle East	48	51	55	-1.1	5.8	9.5
Asia and Oceania	92	1 020	1048	4.9	2.8	2.8
World	**1481**	**1527**	**1576**	**3.6**	**3.1**	**3.3**
Developed Economies	387	397	407	-0.3	2.5	2.4
Emerging and Developing Economies	1094	1130	1170	5.1	3.2	3.5
China	700	721	741	6.1	3.0	2.7
BRIC	843	869	894	5.4	3.0	3.0
MENA	63	67	73	0.9	6.1	9.4
World excl. China	781	805	836	1.5	3.1	3.7

f - forecast

Global steel industry recovering from slowdown

2014 is expected to be a "transition year" for the steel industry with all major steel-consuming countries expected to log positive growth. Global steel supply and demand will grow in tandem with economic recovery around the world.

While the steel industry started 2014 on a weak footing with a 0.4 per cent decline in production in January, the industry soon regained its ground as production picked up in China and India. Gains in the European Union, thanks to a recovery in steel demand in the region, coupled with a strong rise in the Middle East also contributed to the up-trend. After two years of contraction, steel demand in Europe is likely to improve on the back of a flourishing automobile sector and a recovering construction sector. In US, the demand will grow on the back of an improving global economy and the strong momentum in the automotive markets.

With the global economy gradually on the mend, the WSA expects continued recovery in steel demand in 2014 and projects global steel usage to increase 3.1 per cent in 2014. For 2015, world steel demand is projected to grow further by 3.3 per cent and reach 1,576 Mt.

As per WSA, global steel production has increased 2.2 per cent to 668 Mt in the first five months of 2014. China has churned out 50 per cent of the total, growing 2.7 per cent over the same time frame. Production in the European Union rose 4.6 per cent to 70 Mt. United States held the third spot with production climbing 1.5 per cent to 49 Mt. Japan nudged up 1.5 per cent to 45 Mt, slipping from its second position as a recent increase in sales tax by the government hurt demand in the country. India moved up 1.9 per cent to reach 34 Mt.

ArcelorMittal, the world's largest steelmaker, emerging economies will also continue to be a major driver of demand due to the huge amount of steel required for urbanization and industrialization. The demand for steel is thus expected to remain strong in the years to come.

For ArcellorMittal, the year-on-year improvement was the result of recovering steel markets, the expansion of its mining operations and benefits of cost controls. "The prospects for growth of our core markets in Europe and the US are encouraging and overall we remain cautiously optimistic about the business outlook for the rest of 2014," ArcelorMittal said in a statement.

"We expect to do well with all the positivity around us"

JSW Infrastructure is all set to take advantages of the opportunities that a change in regime is expected to usher in. In an interview with Maritime Gateway, Capt BVJK Sharma, JMD & CEO of the company, talks about its future plans. Sharing his optimism, Sharma says the positivity is already visible and that the group is confident of achieving its business targets well in advance.

Q How do you look at the group's performance last year and what are your plans for the coming year?

A Last year, our target was to reach a turnover of ₹500 crore. But we fell short of the target. On the positive side we achieved our business target set for PAT, which was ₹200 crore. Last three years, we have been recording a CAGR of 44 per cent at revenue level, EBITDA level and PAT level. This year, we aim to grow at 30 per cent.

We are looking at every possibility to achieve our growth targets. And, this includes increasing volumes, efficiency, new products and pricing.

Q What are the significant developments one can expect next year?

A Despite all the challenges, steel, energy and infrastructure verticals in our group have grown. We expect to do well considering all the positivity around us as against last year. We are even looking at our cement business turning around this year. We also have challenges. While group cargo is available to my vertical, I must match it with commercial cargo. So I plan to expand capacity in all three operating ports – Goa, Jaigarh and Dharamtar. This will include brown field expansion, brown field acquisition, brown field bidding and green field building. These are required as I need to create at least 100 MT capacity by 2020. We are even looking at advancing and expediting our targets. We are considering the possibility of reaching 150 MT by 2018 with all the positivity around. The earlier target was set during the previous government. Now with a change in regime, we should probably look at 150-200MT by 2018.

Q Does this plan require additional capacity building with new ports?

A We want to exploit the existing sites that are available with us. We are expanding capacities at Goa from 7.5MT to 12MT; Jaigarh from 15MT to 50MT; and Dharamtar from 8MT to 40MT. These are the expansions in the existing locations. We are also looking at one new site on east coast as our iron ore requirements are increasing day by day. We are also exploring another at north of Bombay. We are open to opportunities in Karnataka as well.

Q Currently, what is the cargo mix at each port?

A Our ports mainly cater to group cargo, which accounts for 80 per cent of the total cargo. But in my final model, the cargo mix will change to 50:50.

Q What is the main cargo handled at ports?

A We are handling mainly coal, limestone and coke in our port in Goa. We also handle and exports of steel and steel products. At Jaigarh, we are importing thermal coal. The port also handles import of coke, metallurgical coal, thermal coal for third parties. On the export side, we have bauxite, molasses, and raw sugar. Recently, we handled fertilizer and sulphur imports. We are now looking forward handling car exports and starting containers, LNG terminal and POL terminal at the port. We are in the process of getting statutory clearances for this. We are also tying up with partners for building infrastructure. Our biggest challenge at Jaigarh is connectivity, especially rail. Now, we are looking forward to the PPP model announced by the railways to address this issue. We want to participate in railway PPP projects that connect our ports to railways. Goa is already connected and Jaigarh will get connected to Konkan Railways and subsequently from Konkan to Central Railways. Dharamtar is connected to our plant. We need to extend it to port.

Q How do you look at current business scenario in the country? What gives you confidence that next year will be better and you will reach your business targets well in advance?

A The positive factor is that Indian business is demand driven. When demand gets created we create supply.

Currently, supply is lagging behind in all sectors – be it services, consumer durables, or raw materials. I am very confident that since supply side is always dragging one can easily compete on price front with good marketing. So business model is given in India. Only enablers are required. Policy side, we expect transparency, dispute redressal mechanism to be in place so there is a business to do for everyone.

Q You are also part of FICCI's infrastructure committee. What is the agenda that set by it?

A We are looking at what is required to be done on the present PPP model in India. We are also considering the issues involved in the land acquisition process and how to resolve it. The committee also studied the environment issues, ports, coastal shipping, international shipping, roads and railways. We have deliberated upon these and have given our recommendations to the government. Similarly, many other bodies like Assocham and CII are meeting respective secretaries and giving feedback to them.

Q What is your take on implementation of policy by the government?

A They are all low hanging fruits. We do not need to do much. Right things are already happening, enabling the decision making process. The government should look at PPP in its true form. Unless there is profit for the developer, there will not be any PPP success in India. All the money that needs to come can come through the PPP route. First thing the government needs to do is improve the quality of

> Across all sectors, there should be a common process and standards for PPP. The principle behind PPP should be protected and risk should be shared. This cannot be one sided.

bidding. The bidding process should not lead to big surprises like technical or geological in the project itself. Also, the traffic study should be realistic. The bidding process should be shortened. Both qualifications and pricing can be done simultaneously. Across all sectors, there should be a common process and standards for PPP. The principle behind PPP should be protected and risk should be shared. This cannot be one sided. The risk should be equally shared based on technology changes, political scenario and many other factors that may come in later. A mid-term review process should be provided for this. Long term funding is also required for this sector through proper PPP enablers ,where the government is also part of it with a real long term tenure of 25 years.

Q What about the infrastructure fund that was created a while back?

A It is working in a manner which can be expedited. All that is required is there should not be any negatives for lending to infrastructure sector. In the PPP model, if you reduce the surprises, then the upfront loading on interest rates will not be there. If you increase the tenure of 25 years to five year moratorium, then you are through. Earlier moratorium of two years was too short. But with five years outlook, one can definitely take the required steps and risks that are required. No risk, no reward. But it should be reasonably shared between the government and the private players. And modern technology should be encouraged wherever PPPs are considered. The government should find a mechanism to weed out non-serious players. They should be debarred so that serious players can compete and get qualified.

In some projects like roads, probably the government can look at separating the creation of infrastructure and operations. The model of creating a road and operating it for 30 years may not work any longer. We need to look at an EPC model so that the EPC player can exit after developing the infrastructure. In the operations part, we can look at a reverse BOT model like Mumbai-Goa highway.

Q Earlier, you had expressed interest in setting up facilities in West Bengal and Odisha. Are they still on your radar?

A For us the entire east coast is open. However, compared to west coast, east coast has more challenges in terms of geography. I'm looking at West Bengal and Odisha border. But the Odisha government has still not come out with a transparent process for bidding. I am interested in Odisha as

it is going to be a place with plenty of opportunities. They are blessed with lot of good things. I am also open to Andhra and Tamil Nadu. West Bengal has challenges and everybody knows it.

Q Which are the key customers for Jaigarh port in Maharshtra and Karnataka?

A In terms of coal, last year was very fruitful for us because we diverted all our third party coal handling customers in that region who cater to foundries. Around 440 industry units are there in Kolhapur region. Besides, there are sugar factories. In terms of coal, we have diverted UAE-based Walden Commodities (check), Dalda Oil, Emami Seeds and several others.

Q What are the incentives for customers to move from Nhava Sheva to Jaigarh?

A We have good draft. We can handle larger ships. Our discharge rates are very good. We discharge around 40-45,000 tonnes per day. Also, in terms of logistics cost we are far cheaper by around 50 per cent on land logistics. We handled the largest raw bulk sugar exports at our port, surpassing Mundra and Kandla. We have touched around 245000 tonnes of raw sugar exports in two months. Our main customers include Shripad Sugars, Baramati Agro, Suraj Influx and we have diverted all of them. Around 2 lakh tones of molasses have been exported out of Jaigarh last fiscal, which is about 90 per cent off the Maharashtra coast. We have also handled 4.5 lakh tones of bauxite.

Q What is the strategy for attracting cargo to your port?

A My strategy is simple. I plan to invest ₹800 crore in rail project, ₹500 crore in container project and ₹100 crore in CFS. This way I will be equally good as JNPT and will be well and connected to the hinterland required. The Maharashtra government is further connecting Konkan Railways to Central Railways by taking equity in the project. Larger the distance I go, I will be better equipped to compete as far as rail freight is concerned. Next enabler is draft for big shipping lines to come and call at the port. Thereafter, setting up enabling infrastructure, where lot of people can move in with families to a new location. We are moving in that direction and talking to a number of people. We have started a good school and a vocational training centre.

From the Custom's point of view, we are bringing in scanning equipment which is approved by the Customs. This will bring down the cost for our customers. There are concerns related to cost at JNPT. I'm told that the cost for importing a container is almost ₹30,000 at JNPT. When I look at my own cost, I believe it should not be more than ₹4,000. Why should a customer incur such high cost; who is benefiting from it and how we can reduce it are the factors we are looking into. Even if I have logistics disadvantage, I can beat that by bringing modern equipments and bringing players who will charge in a transparent manner. Beyond the port also, there is a lot of cost that gets added to shippers and consignees making it difficult for them because there is a monopoly regime at JNPT. Even in export containers, I was told that the cost is almost ₹11000. If the hinterland reach is increased and proper connectivity of rail, road and inland waterways are established, we can beat them. Our group cargo is increasing to 40 MT including some volumes of containers and I'm sure I will be able to offer services at the right price.

Q What is your outlook on coal?

A Demand will be always there. This government may take a call in mining our own resources in an effective manner. But by the time it will come into effect, one year would have passed. So, demand will be very high for coal this year. There onwards, once Indian coal mines are opened and we mine in a scientific manner probably the import will not be as high as now.

Q What are the current volumes handled at your port?

A This year, Goa will handle about 8 MT and Jaigarh will handle 7MT. We are also using other ports like KPCL for our coal import needs.

Q What are your wishlist for the new government?

A The new government should not differentiate between major ports and non-major ports. Whatever enablers are there for major ports should be extended to minor ports as well. They should specify certain minimum threshold for non-major ports like those invested at least ₹1,000 crore and handled 20 MT cargo and treat them on par with major ports. They should also seriously look at remodeling the PPP model. Land acquisition should be an enabler rather than what it has become today. Railway should fall in line. They have their own PPP model and their own way of working. They need to align their model with others. My wish is that roads, railway, ports and shipping come under one ministry and is part of the central budget to get proper attention and coordination. Ports without connectivity cannot be defined as ports. So, connectivity issues should be addressed. Simultaneously, whenever they are addressing a port there is a lot of room to improve inland waterways. Sagar mala project should be brought back because it will help ensure development of an entire region. That will further promote the growth of the port. This in turn will help develop the economy. Sagar Mala was well conceived. Sagar Mala project should be reintroduced by including inland waterways in it. The government should Incentivize the modal shift like in Europe, where there is a Marco Polo scheme. This will help ensure seamless shift of cargo from road to rail to coastal. This way logistics cost will come down.

Getting the port back on track

Visakhapatnam Port with good track record was slipping on achieving targets. Chairman T Krishna Babu vows to bring it back on track by completing the ongoing projects fast there by improving capacity and infrastructure.

T Krishna Babu
Chairman, VPT

For 80 years, the Port of Visakhapatnam has helped run coal plants, aided in the production of India's steel and given the world a taste of the finest coastal catch.

With many firsts to its credit the port is now embarking on projects aplenty to be completed and commissioned by 2015. Whilst these projects would keep the infrastructure wants at bay, the Port Chairman, Krishna Babu says his other priorities are to modernize cargo handling and suppress pollution levels at the port arising because of dusty cargo.

Edited excerpts of his first interview with Maritime Gateway after taking over as Chairman.

Q What in you view is the impact of state re-organisation on port sector – investments, economic activity? What support do you expect from Andhra Pradesh and how is the hinterland activity shaping up with

A The Government of India made certain commitments under the Andhra Pradesh Reorganisation Act 2014 to providing necessary support for development of both the regions. The Government of Andhra Pradesh is also indicating at the formulation of a new Industrial Policy to attract new investments. Further, the policy initiatives and directions contained in the Union Budget 2014-15 are aimed at improving the economic growth by giving a fillip to industrialisation. Some of the are the development of the Chennai-Visakhapatnam industrial corridors consisting of 20 industrial clusters being set up by Asian Development Bank, development of PCPIR, extension of ten years tax holiday for setting up of power generation units for one more year, expansion of the production capacity of the RINL, expansion of refining capacity of HPCL from 8.3 million tonnes to 15 million tonnes per annum and establishment of LNG terminals.

The budget provisions also talk of rejuvenating SEZs with a slew of tax incentives for the state. We understand that MSMEs will also be given much impetus to thrive.

Most importantly, the Government of AP is also considering setting up a State Maritime Board to develop an industrial hub similar to Singapore by developing ports along its coast which has huge potential for development.

It is certain that there will be substantial growth in maritime activity corresponding to the growth in the hinterland. But, the quantum of additional cargo to the Port of Visakhapatnam can only be assessed after 1-2 years when some of these initiatives transform into actions.

Q How is the rail connectivity and route rationalization in this region? Does it serve port needs well?

A The port is connected to trunk railways through the Chennai-Howrah main line of East Coast Railway. This line branches off at Kothavlasa leading to Bailadilla mines in Chattisgarh, which mainly caters to iron ore movement from mines to the port. There is also connectivity from IB valley in Chattisgarh for movement of thermal coal to port.

Imported coal moves to SAIL steel plants in Chattisgarh, Odisha and Madhya Pradesh. Rail connectivity goes further up north passing through coastal Odisha, West Bengal and up to Assam facilitating movement of Alumina, fertilizers, petroleum products and others to various stations. At Vizianagaram, the main line branches off and further branches at Rayagada meeting the industrial needs of Western Odisha and Chattisgarh and also acts as the gateway port for destinations beyond Central India and even leading to National Capital Region.

> The port has taken up several developmental programmes in the major thrust areas such as deepening the draft with a view to handle bigger vessels construction of new berths to enhance the capacity, and mechanisation to improve pr many as 8 projects with an estimated investment of ₹3000 crores through PPP mode.

The current level of rail cargo to the tune of about 30-35 million tonnes is being moved by the existing internal rail network of about 200 kms track through two exchange yards. The port also has plans to develop another exchange yard at Mindi to meet the future demand.

In April 2011, due to congestion on the rail route from Vizianagaram to Raipur, the Indian Railways have adopted a route rationalization policy that mandated all traffic originating from the port to the destinations in Central India and beyond, be routed on the longer route via Vijayawada-Ballarshah. This has adversely impacted traffic destined to Central India and beyond by adding an additional freight equivalent to 340 Kms. and consequent shifting of container and fertilizer traffic destined to the National Capital Region to western India. This policy may even have larger impact on this region jeopardizing the “look East” policy of the Government and the related proposal of developing Visakhapatnam Port as a container hub port.

Q You have had mechanization and expansion programmes lined up that were slow in taking off. What is the current status and schedule of completion including dredging activity?

A The port has taken up several developmental programmes in the major thrust areas such as (i) deepening the draft with a view to handle bigger vessels (ii) construction of new berths to enhance the capacity (iii) mechanization to improve pr many as 8 projects with an estimated investment of ₹3000 crores through PPP mode. Port has also taken up dredging in the outer harbour and inner harbour to handle deeper drafted vessels, construction of new berths, strengthening of the existing berths, improvement to rail and road infrastructure with internal resources. The Port will have a capacity of nearly 125 million tonnes by 2016-17.

Q The Vizag Port previously thought of two berths for handling petroleum products. Does that plan hold good still?

A The port has two berths in the outer harbour viz., OSTT and LPG Terminal capable of handling deeper draft vessels and two berths in the inner harbour viz., OR-1 and OR-2 for handling petroleum products. With the completion of dredging work in the inner harbour, the OR-1&2 berths will have the capability of handling deeper draft vessels as well. The existing berthing facilities would meet the requirement of the oil companies duly upgrading the pipeline facilities in the event of expansion of the refinery.

Q We have been hearing about PCPIR for quite some time now. Will it gain momentum in near future and support the port growth?

A There are indications that the proposal to develop PCPIR is being actively considered by the Government of AP. The PCPIR is being planned to be developed as per international standards on par with the petro chemical regions in the US, China, Japan, Singapore etc. I am hopeful that besides enhancing refinery activity in this region, the prospects for the units involved in production of chemicals such as Ethylene, poly Ethylene and other polymers will be promising.

Q Could you update us on the progress made on the satellite port planned near Bhimili?

A A study is entrusted to a consultant for development of a Satellite harbour integrated with Fishing Harbour at Bheemunipatnam. As the study indicated that the proposal is not attractive, Port has proposed to carry out a study for development of independent Fishing harbour at Bheemunipatnam.

Q What additional cargo will your port aim to garner with Paradip upping its ante to compete with

STATUS OF PROJECTS AWARDED UNDER PPP BY PORT OF VISAKHAPATNAM

- Installation of mechanical coal handling facilities and up-gradation of General Cargo Berth at outer harbour to cater to 2 lakh DWT carriers on design, build, finance, own and transfer (DBFOT) basis an estimated cost of ₹444.10 crore is operational from April 2013.
- Development of EQ-1 berth in inner harbour on DBFOT basis awarded to Adani Vizag Coal Terminal Pvt Ltd, at an estimated cost of ₹323.18 crore for handling steam coal is likely to be commissioned in July 2014.
- Development of WQ-6 berth in inner harbour on DBFOT basis awarded to West Quay Multi Port Pvt Ltd, at an estimated cost of ₹114.50 crore for handling CP Coke, LAM Coke, Granite and Steel cargo is likely to be completed by July 2014.
- Development of EQ-10 berth in inner harbour on DBFOT basis awarded to AVR Infra Pvt Ltd, at an estimated cost of ₹55.38 crore for handling liquid cargo is likely to be completed by July 2014.
- Development of EQ1-A berth in inner harbour on DBFOT basis awarded to SEW Vizag Coal Terminal Pvt Ltd, at an estimated cost of ₹318.23 crore for handling thermal coal and steam coal is likely to be completed in October 2014.
- Installation of mechanized fertilizer handling facilities at EQ-7 berth in inner harbour on DBFOT basis awarded to Vizag Agri Port at an estimated cost of ₹217.58 crore for handling fertilizers. There has been some delay in the take-off of the project as the concessionaire has been delaying payment of the licence fee. The project is likely to be completed by July 2016.
- Up-gradation of the existing facility and creation of new facility for handling iron ore on DBFOT basis awarded to Vadinar Oil Terminals at an estimated cost of ₹845.41 crore is likely to be completed by December 2015.
- Extension of existing container terminal in outer harbour on DBFOT basis awarded to Visakha Container Terminal at an estimated cost of ₹633.11 crore is likely to be completed by December 2015.

- II Status of projects undertaken by the Port through internal accruals:
- Deepening of outer harbour to facilitate navigation of vessels of draft up to 18.1 meters in the outer harbour at an estimated cost of ₹139.88 crore completed in March 2014.
- Works relating to development of West Quay North berth in inner harbour at an estimated cost of ₹221.14 crore have commenced and the berths are likely to be ready by December 2015.
- Dredging in inner harbour to facilitate navigation of PANAMAX class vessels at an estimated cost of ₹350 crore is in progress and is likely to be completed by December 2014.

Adani owned Dhamra Port? Does Vizag also plan to hold a road show to invite more customers?

A Competition between ports, terminals, service providers is desirable for better service quality at economic cost to the industry. Port of Visakhapatnam has also been facing competition from the neighbouring ports to the North and to the South. The Port entered the elite club of Ports across the world having the capability of handling Capesize vessels with effect from April 2013. The port has the deepest container terminal among major ports in India with a capacity to handle five lakh million tonnes annually. The terminal handles highest transhipment cargo among major ports. A project to extend the existing container terminal with an estimated investment ₹633.11 crores is awarded on PPP mode recently. With this, the port will have a capacity to handle 1 million TEUs per annum. Government of India is actively considering to notify Port of Visakhapatnam as a transit port to the EXIM cargo of Nepal. Further, with the locational advantage the terminal is poised to transform into a major container Hub.

The port will soon be able to handle fully laden Panamax vessels at the Inner harbour berths. The Port has been upgrading its infrastructure to compete with other ports by taking up developments in the major thrust areas viz., deepening, mechanisation, construction of new berths and improvement in other logistics. The port will have a capacity to handle 125 million tonnes per annum by the end of 12th plan and is anticipated to handle about 80-90 million tonnes.

> The port has also been extending **50%** discount on port dues and pilotage for mainline container vessels.

The Port has been organising trade meets to interact with the business fraternity in its potential hinterland and developing port infrastructure to meet their expectations. This is a continuous activity. We have organised about 4-5 trade meets last year and during the current year we have a target of organising nearly 8 trade meets to market our services.

Q What incentives are you willing to give your customers in addition to discounts based on volume?

A Besides providing incentives to the customers in terms of discounts based on volumes for promoting trade, the port is extending incentives for coastal cargo. The port has also been extending 50 per cent discount on port dues and pilotage for mainline container vessels.

The tariff fixed by TAMP are ceiling levels; likewise, rebates and discounts are floor levels. There is provision to charge lower rates and / or allow higher rebates and discounts by the Port. Provision also exists to rationalize the prescribed conditions governing the application of rates prescribed which may give relief to the user in rate per unit.

Q What is the handling capacity of the steam coal terminal built by Adanis?

A The Adani Vizag Coal Terminal developed at East Quay berth 1 in the inner harbour is capable of handling Panamax vessels of draft up to 14 meters with a terminal capacity of 6.41 million tonnes per annum.

Q Do you expect an increase or drop in volume with the new state being formed?

A To address the likely power shortage in the new state of Telangana to the tune of about 2,000 MW, the Centre has proposed setting up a 4000 MW mega power project by NTPC. Government of India has also proposed conducting feasibility studies for setting up a steel plant by SAIL in Telangana and another steel plant in Kadapa. A major chunk of the coal required for these projects may be routed through the Port of Visakhapatnam. As the new state has no coast line, the ports in Andhra Pradesh will cater to the requirement.

Q What are your immediate focus areas as Chairman for the Vizag Sea Port?

A The port is unable to achieve targets from past two to three years because of the on-going projects and inadequate facilities for handling larger vessels. The major task ahead is therefore putting back the port on track by restoring its lost glory.

Deepening projects are very critical for providing necessary draft both at the outer harbour and inner harbour. The outer harbour dredging has been completed ahead of schedule and I am proud that the port is now capable of handling capsize vessels and compete with any of the neighbouring ports. The inner harbour dredging, however, is complex in terms of execution. We are making a judicious balance of providing window for dredging with a view to minimize the corresponding effect on navigation. I am hopeful that the dredging in inner harbour will be complete by December 2014. Inadequate capacity and outmoded systems of cargo handling were posing problems to the port. With the developmental projects taken up, the port will be able to overcome these constraints. I am therefore keen on completion of all these projects within time.

Besides targeting improvements in capacity and infrastructure, priority on the agenda is to bring the pollution at bare minimum levels as per AP Pollution Control Board norms. mg

GEARING UP FOR FURTHER GROWTH

Paradip Port, which has registered an impressive growth in cargo volumes, is now looking at expanding to handle multiple cargoes including containers with mechanisation of berths on agenda. The port is striving to get cape size vessels. In this interview **S S Mishra**, Chairman of Paradip Port, details the strategy

S S Mishra
Chairman, Paradip Port

Q Paradip Port has registered a 20 per cent growth in cargo and 34 per cent growth in revenues last financial year. What was the growth aided by?

A There was an untapped market. We took a few measures to improve our performance. Since money invested in projects will not give us immediate result, we streamlined our functioning and we improved our system of working every month and did not want to take a big step at one go. So this helped us deal with higher volume of cargo with the existing infrastructure. One of our biggest achievements is that we are now dealing with 95,000 tones of cargo. The second achievement I would consider is we increased evacuation by 30 per cent. The east coast railway and the railway board helped us achieve this. Thirdly, we also talked to the customers, listened to their problems made them aware that this is a responsive port. Some of their problems we were able to solve. For example the berthing policy that was framed last year that is now totally liberalized. Initially the vessel calling in with import cargo had to clear all custom charges before berthing. Now it is after 30 days. This has helped the customers immensely. We also help some customers with priority berthing and I personally went to about 60 customers and tried to understand their issues.

In addition, we continuously tried to meet the ground staff of the shippers and stevedores of the port and we had an open house meeting and made some difficult decisions. Lastly, we tried to address issues of our employees by giving them healthcare benefit post retirement and made efforts to improve the overall working atmosphere.

Q In terms of cargo what contributed to growth?

A Our basket has not been widened. It is domestic coal sent through the coastal route to the power plants, imported coal going to nearby power and steel plants, crude and petroleum that IOC is pumping to refineries of Haldia, fertilizer raw material of IFFCO, iron ore a little of other cargo. We convinced the customers going to other places to have faith in us and we proved it by handling higher volumes. We are now trying to diversify our cargo. We signed an MoU with GAIL and LNG will now be transported through our port.

We are also going through a process

to award a container berth and are in discussions with various sake holders for a CFS, FTZ or an SEZ and we are evaluating the possibility. We will also shortly come to the market to handle menthanol, ethanol, edible oil which is a new commodity for us. We have just drafted a policy for handling bunkering fuel. The policy will allow government companies such Hindustan Petroleum Company Limited, Bharat Petroleum Company Limited and Indian Oil Company to engage an agency, bring a barge and will be given area to store fuel and the vessels which are coming from Dhaka, Haldia, Kolkata, Vizag, Dhamra, Gangavaram, Chittagong, Krishnapatnam can refuel at our ports. Currently ships go to Singapore or Colombo for their fuel needs. We are exploring the bunkering market and we are yet to decide if we will fuel vessels meant for domestic trade (coastal shipping) or for Exim trade. We are already in talks with IOC for this project.

The state government on its part has reduced tax on fuel from 12% to 4%. Once we reach a stage where this projects starts, we will approach the government for more concessions.

Q About six new captive berths of more than 10 mtpa, costing Rs 6,500, is planned at the Western Dock Complex. What commodities will the new berths handle?

A We recently conducted a study through Rites and we have an understanding on the power and steel plants that are coming up. They are all in need for imported coal. Similarly, I met the companies who ship coal from Talcher through the coastal shipping route. The Indian railways in collaboration with MCL has undertaken automatic signaling from Talcher to Paradip so that the throughput will increase significantly for the port and alongside the line capacity. The demand at this stage is 36 million tones for these upcoming power plants. We are not in a position to meet the demand right now. There is a huge potential and so as the manufacturing activity takes place, there is a shift to containerization. We haven't taken any step in this direction other than creating a facility for stacking 1,000 containers and allowing a 50 per cent discount in vessel related charges.

We see that apart from the multi-purpose container berth that we will award, we see the need for a container berth. Some companies have expressed interest for other cargo such as liquid petroleum cargo or fertilizer raw material cargo. So those prospects give us a confidence that the western dock complex will be fully utilised. Also, the off shore breakwater we are constructing for GAIL, there also we will have another berth.

Q Earlier, investors walked out of many projects despite the memoranda of understandings being signed due to a delay in awarding or implementation. What do you think is the reason and what measures will you take as a major port to promote more confidence among users and investors?

A Investors have three issues. Here is how our port plans to resolve them. Quicker evacuation of cargo is one of main issues. On the eastern front, we are one of the best in this area and our connectivity will further improve once our rail connectivity with Haridaspur Paradip railway line is commissioned in 2017. The second concern is environmental or forest clearance. For the southern dock where the IOC and the multipurpose berth are supposed to come up, the clearance took a long time, but after follow up with the authorities it came through. For the Western Dock also we are going ahead with the clearance process. The third issue pertains to handing over of land for scheduled projects. We are trying to obtain clearance through court cases filed against the iron ore plot users. We are also simultaneously collaborating with the Orissa government, especially the mining department for faster clearances.

> We are not in a position to meet the demand right now. There is a huge potential and so as the manufacturing activity takes place, there is a shift to containerization.

With these measures, we have assured the investors that we are making an effort to resolve their issues. We recently had a market analysis done to give investors a realistic status of the project and RITES, the consultancy has done a thorough job of analysing the connectivity and cargo. Further, on evacuation, when the eastern corridor DFC comes up, moving cargo out of the port will be easier.

From my understanding, the eastern corridor is promising higher rates of return and the Ministry of Railways will take it up. But what bothers me is the logistics plan of the Indian Railways. There are close to 18 of thermal power plants being set up in Central India. The average distance of these power plants from the Paradip Port is 500 km. But these plants are being forced by the Railways to procure coal from the ports of the west coast where the distance is three times compared to the distance

to PPT. I believe the market should be allowed find its own rhythm. Paradip Port, on its part, can run long haul trains- at least three trains- to carry six million tones of cargo that can be evacuated.

Q Looking at the timing of infrastructure expansion planned at your port, can one reckon that it has been timed with the logistics infrastructure developments promised by the Centre?

A Yes. Our timelines are well managed and leveraged to the Centre's proposal to have the dedicate freight corridor in place. The Ministry of Shipping is guiding us our expansion projects.

Q Neighbouring ports Dhamra and Visakhapatnam are gearing up to handle great volumes of cargo by containerizing cargo and adding new berths. How do you view this development?

A If you consider the cargo handled by Paradip Port in 2003, it was around 11 million. But Dhamra and Paradip last year handled 83 million tones together last year. Competition is always welcome and containerization is at a very primitive stage in eastern India. There is a significant room for all ports to be a part of this. The up country that uses the JNPT will realize that there is so much of congestion at that port and evacuation problems are adding to the logistics cost. We are sure that once the infrastructure is in place at our port, there will be a one third shift of cargo from the western coast. That said, one has to be competitive, responsive, reach out to customers and make improvements in house.

Q What is the port doing to promote coastal shipping?

A We are already actively promoting coastal shipping and last year we dispatched close to 19 mt of coal through the coastal shipping route. Many power plants in Southern India and a few in Eastern India were supplied coal through these ships. Further, we recently just spoke to a steel major to ship their products through this route.

Q The government extended the water limits of the Paradip Port Trust to Kanika Sands area for setting up of the transloading facilities. Has the facility been set up?

A It has been notified and working procedures are being decided by us. It is a very good thing to create an additional facility and it will be promoted. The facility will be of great use especially during the monsoon.

Q You were known to be an avid supporter of the inland waterways model during your stint at the IWAI. What work has been initiated on the National Waterways 5?

A It is the ministry of shipping, Inland Waterways Authority of Indian and the Government of Orissa that drove the project and the Port became a willing partner to develop the IW 5. There is a lot of improvement that is going to take place. IWAI, PPT, Dhamra Port and the state government Orissa have identified a stretch that has more water and greater depth. The IWAI is trying to ship fertilisers through waterways and though cargo movement from Sand Heads to Farakka is facing some difficulty, the Secretary, Shipping is taking personal interest in promoting the waterways of the country.

Q What is your take on the imports of iron ore from the port?

A A number of mines are closed now because of the Apex court's on banning mining in some areas and exports of ore in some others. However, we do see a number of steel plants being established. The government must be taking action to resolve the issues. So I do think there would be exports of ore in the short term.

Q What challenges does the port confront while upgrading infrastructure and increasing cargo volume?

A We must be cape size compliant and create more berths to ensure these ships call our port. And do this early. The connectivity through railway lines must also be completed at the earliest. The next is mechanisation. We have seven mechanised berths and in future all berths will be mechanized. But of the seven non mechanised ones, we plan to mechanise five of them. There are issues in the way, but we hope to go ahead with the process. The next is the manpower challenge. We have about 1987 employees in toto at all levels. Here is where we need to do something to have more quality manpower. Our age profile is highly skewed and most people are over 45 years. We need a young, dynamic work force. We also have to resolve land issues with the state government for the port to grow. The state government should assure us of our land and we can take steps for developmental activities in a confident manner.

Q The port had plans to set up an inland container depot. How far has that plan progressed?

A Yes, we are thinking of setting up a container freight station near the port and additionally a special economic zone (SEZ). We are taking to govt, cos and transaction advisor. We have made up our mind on the cfs, but we need to decide whether it's an SEZ or FTZ. But we are sure of going ahead of this plan. mg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POOR CONNECTIVITY LIMITING GROWTH

Formally inaugurated in January 1975, New Mangalore Port is now well equipped to handle bulk, liquid chemicals, hazardous cargoes, crude and POL products, heavy lifts, machinery and containers. The port handles 45 per cent of India's coffee exports. What make the port different are its competitive charges and low manpower related cost. In an interview with Maritime Gateway, NMPT Chairman P C Parida, talks at length about cargo, volumes and future plans.

Q What is the cargo profile and current throughput handled by NMPT?

A We handled 39.37 MT of cargo in 2013-14, of which 65 per cent is liquid bulk and the rest is dry bulk.

Containerised cargo has witnessed a spurt in the recent years. Number of containers handled at the port has gone up from 8,000 in 2003-04 to 50,000 in 2013-14. In fact we saw 30 per cent growth in containers in the last three months alone. Our main containerized cargo is coffee and we handle 45 per cent of the country's total coffee exports. We encourage containerisation by offering reduced marine and container handling charges to customers.

Feeder Vessels make minimum two calls a week to Colombo and Mundra from our port. Due to surge in container traffic in the 1st quarter, weekly call of feeder vessel increased to 3 to 4 vessels per week. It will take around 25-28 days to our cargo from here to reach Europe.

Q What are the most pressing issues faced by ports?

A We do not have cargo problem at the moment. What we face is rail and road connectivity issues.

To increase cargo volumes, especially those containers throughput would increase if connectivity improves. We face infrastructure problems in offering connectivity. Roads and railway connectivity have to improve.

A single track railway line connects Hassan to Mangalore. This single rail track was constructed by Hassan-Mangalore Rail Development Company (HMRDC), a special purpose vehicle (SPV) between NMPT, Railways and the Karnataka state government. Even though the track was designed for handling freight to NMPT, now daily about 6-7 passenger trains run on these tracks. As a result there is limitation to move our rail borne traffic.

If we could double the track it will result in an improvement in containerization. Again, this is easier said than done as Western Ghats is a treacherous terrain to manage and it is time consuming to double the rail track. But, we are liaisoning with HMRDC and they are in the planning stage and we understand they have found an innovative way to overcome the limitation of developing the additional siding in different stations.

The road from Bangalore to Mangalore also passes through the Western Ghats,

P C Parida
Chairman
New Mangalore Port

especially a 20 kilometre stretch of the Shirdi Ghat area it is difficult to expand the roads.

Q Which are the hinterland catered to by NMPT, and what is the future potential?

A We cater to Calicut, Hospet, Bellary, Harihar, Haveri, Mysore, Nanjangud and Kushalnagar. We can even stretch it up to Bangalore if we could improve rail connectivity. This is a possibility we are looking at.

As Chennai Port is facing congestion issues, cargo from Bangalore can come here due to proximity and sea freight advantage for Europe and Middle East bound cargoes.

Currently, we are looking at attracting coastal cargo. Kudremukh Iron Ore Company Ltd (KIOCL) is bringing iron ore from Orissa and making pellets which are then send to Gujarat. So cargo is moving from Paradip to Mangalore to ports in Gujarat. This is an attractive segment and can be expanded further. We are regularly liaisoning with KIOCL to increase the volume of this cargo.

With the iron ore ban getting lifted we are also looking at ore export from Bellary as well.

> Number of containers handled at the port has gone up from 8,000 in 2003-04 to 50,000 in 2013-14. In fact we saw 30 per cent growth in containers in the last three months alone. Our main containerised cargo is coffee and we handle 45 per cent of the country's total coffee exports.

Q What are the unique advantages of New Mangalore Port?

A Our advantage is that we are a major port. Users are comfortable in dealing with government ports. It is like using public transport as procedures are transparent and rates are fixed.

Secondly, at our port, there is very little cargo that is manually handled. Of the total cargo, 25.61MT is pipeline cargo and 7 lakh are containers. Besides, 3MT coal for Udupi power plant is also mechanised. That leaves just about 8.5 MT of cargo to be handled manually at the port.

Already, our port charges are very competitive. For instance, NMPT charges ₹18 per tonne for handling coal. Our total manpower is 1400 and pensioners are about 1400-1500. This makes us a lean port and we do not have any debt liability.

Q Are you looking at private partnership for expansion?

A Our current capacity is 77 MT and in 3-4 years we can expand to 100 MT through PPP.

But, to set up new berths or privatizing the existing berths, connectivity and draft have to improve. In the absence of these, we cannot achieve our full potential through private partnership or expansion.

Container cargo is clean and once rail and road connectivity improve then we will know about our true potential. If we improve connectivity, we can think of going for private partnerships and set up a container terminal. Good connectivity will help us bag a better offer from private partners

Q What are the steps taken to address infrastructure issues at the port?

A Currently, our draft is 14 metre and we have invited tenders to appoint consultant to conduct feasibility study for increasing the draft to handle cape size vessels. September this year, we plan to finalise the consultant and by February 2015, we will submit the report to the central government.

However, dredging is a tough task as it involves very hard rock dredging in a operating port.

> Our target set by the Govt. is 42 tones, I am hopeful of achieving it.

Q What kind of cargo volumes are you looking at for the coming year?

A Next year, our target set by the Govt. is 42 million tones. I am hopeful of achieving it.

However, we may not be able to see increase in liquid bulk unless oil companies go for expansion. So the additional volumes have to come from dry bulk and containers, which are 25% of our total throughput.

We used to handle 2MT LPG for the entire south. But with an LPG terminal at Ennore becoming operational, our share has come down to 1.35 MT. It is hazardous cargo and road connectivity is an issue. After commissioning of HPCL pipeline from Mangalore to Bangalore, LPG throughput shall go up.

Q What kind of policy support you expect from the government?

A Policy is already supportive. We also have fruitful and efficient cooperation with various other departments. One advantage of being a major port is that our board has representatives from other government departments. So, they are aware of our needs and sensitive to our demands. Representatives of Indian Railways, Customs, Navy and Coast Guard are on our board. So we get support from all allied departments facilitating operation & development.

Q What is your take on corporatisation of ports?

A Port trusts model is not designed to make profits as the government felt ports could play a major role in building nation. We do not have any share capital and we do not need to offer any dividends.

In the early 2000s, there was a move to introduce corporatization in major ports. A team from the European Union visited and studied our ports and our official also visited European ports. Subsequently, a report was submitted.

Personally, I feel, corporatization will lead to delegation of additional powers for faster decision making. Major ports can also make use of the professional expertise of independent directors from different fields. It will also help speed up mobilization of funds. But, ultimately, it is a decision that the government needs to take considering other various factors.

East Coast ports gear up to handle iron ore imports

An acute shortage of iron ore supply in the country has forced steel manufacturers to import large quantities of the mineral this financial year. India's ore wants are expected to scale a peak of 15 million tones (mt) this, according to the Federation of Indian Mineral Industries.

Port based steel plants are likely to import high grade ore as the price difference between the low and high grade ore has almost been bridged given the supply glut in the market. Notwithstanding the import tax of 2.55%, most private steel manufacturers such as JSW Steel and Tata Steel have already earmarked funds for importing coal. In a statement issued last week, Jindal said its first shipment of ore had arrived and the company would buy six million tones of ore from international markets this year. Tata Steel is also understood to have shipped 17,000 tonnes of ore from Paradip Port in the first quarter.

M Seshagiri Rao, Joint MD, JSW Steel and Group CFO said, "We have decided to import half a million tonne of high-grade ore every month to maintain the capacity utilisation at optimum level."

The upswing in imports is because India's domestic iron ore production is slated to fall to less than 10% to about 120 million tons in FY15. While the Supreme Court's partial lifting of mining ban in Karnataka and Goa have helped resume operations a little, the current levels of mining are nowhere close to the volumes generate before the ban. Another deterrent is the apex court's order that asks new licence holders in Orissa to re-apply for permission to mine in the state.

Imports through eastern ports mostly witnessed a record rise last year after the commodity was found to be wanting by industries. But unlike last year, imports will come at a friendlier price as there is now a threat of over supply with China paring its coal demand. An analysis by research firm fast market says the absence of seasonal weather-related disruptions to shipping in the first quarter and as a result an already high level of stocks in China, of both steel and iron ore, have been further inflated. That said, there level of stocks is not smoothly distributed along the supply chain, so there are likely to be bouts of restocking that should help underpin prices.

IRON ORE IMPORTS

In million tonnes

Year	Quantity
2009-10	**0.88**
2010-11	**1.85**
2011-12	**0.87**
2012-13	**3.05**
2013-14	**0.50**
2014-15*	**0.30**

*For Q1 of FY15

Source: Ore Team Research

While companies are engaging in tying up with suppliers overseas ports on the east coast of India are readying for handling the commodity in huge quantities. Iron and coal has been the mainstay for almost all ports on the east coast with Visakhapatnam, Krishnapatnam and Paradip handling a bulk of the shipments for customers. State owned Ennore and Gangavaram come close to handling the much needed commodity.

Krishnapatnam said it expects to handle at least three to four million tons of this commodity this year while Visakhapatnam expects its revenue to be bolstered by the same. In fact's Vizag's earnings in the first quarter went up by 5.29% handling bulk commodities, the majority of which came from handling iron ore (3.02 mt). The port handed the highest amount of iron ore among major ports beating Kandla for the financial year 2013-14 (25 million tons of ore). Ennore and Paradip came a close second during the year.

Supply and seaborne trade outlook

Seaborne supply and Chinese demand generally set the iron ore price; as seaborne supply will be insufficient to satisfy Chinese requirements the market will need to tap Chinese iron ore to balance the market. As seaborne supply increases and less Chinese domestic ore is required, the lower cost Chinese iron ore can be utilised, which will have the effect of pushing prices down the marginal cost curve. This, plus the presence of high stocks in China seems to be happening now.

Falling iron ore exports from India in recent years – the result of resource nationalism, characterised by exports bans and 30-per cent export tariffs – have limited the amount of iron ore available to the seaborne market, but this is now have less of an effect as output in Australia is ramping higher and output in Brazil is expected to start to recover this year, having slipped in recent years.

India accounted for 21 percent of China's iron ore imports in 2007, a figure that dropped to one percent last year. In 2013, India's exports amounted to 14 million tonnes compared with China's import requirement of some 800 million tonnes.

The overall outlook is for iron ore supply to grow at a faster pace next year and for the market to move into a supply surplus for the first time since 2010.

The east coast ports handle large volumes of cargo viz., coal, iron ore, fertilizers, food grains, gypsum and granite to name a few. With draft sizes of extending to greater than 18m, most ports can berth Panamax and capesize vessels. Gangavaram has to date handled over 100 capesize vessels. In June this year, Krishnapatnam handled a record of 3.0 MMT of cargo handled in June surpassing 2.83 MMT in previous month. mg

BLUE CHIP OF EUROPE

Container traffic flows from baltic ports keep the life blood flowing at Port of Hamburg with impressive throughput growth year on year

Port of Hamburg reports impressive results for first quarter seaborne cargo throughput

In 2013 the Port of Hamburg achieved total throughput of 139 million tonnes. This represents a growth of 6.2 per cent. This was contributed by both general cargo handling (97 million tonnes) and bulk cargo handling (42 million tonnes), ensuring the above-average growth for Germany's largest universal port.

"The Port of Hamburg's throughput trend is a fine signal for Hamburg and the entire Metropolitan Region. Growth of per cent is a most impressive result, underlining the tremendous effectiveness of port and logistics companies in Germany's largest universal port," said Axel Mattern, Port of Hamburg Marketing's Executive Board Member at the presentation of the Port of Hamburg's cargo handling figures for 2013. The container handling was the principal source of this growth. With throughput of 9.3 million teu (20-ft standard containers), there was a slight increase in container traffic by 4 per cent. This was primarily attributable to growth in transshipment services into the North Sea and Baltic region that were higher, plus the onset of a recovery in container traffic with Asia, especially with China – Hamburg's largest partner on the market.

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– Axel Mattern
Marketing Executive, Port of Hamburg

Port of Hamburg gains substantial market share in container traffic

Against the trend in its competing ports, the Port of Hamburg succeeded in capturing a substantial market share in container traffic. In the four largest ports of mainland Northern Europe, in 2013 seaborne cargo throughput totalling 849.1 million tonnes represented only slight 1 per cent growth. Container throughput of these ports has increased marginally. However the Port of Hamburg's share of container throughput in the same four ports now amounts to a little over a fourth of the total share. Hamburg has consolidated its position as Europe's second strongest container port. In the worldwide ranking of container ports, Hamburg currently stands in 15th position.

Balanced growth

The satisfactory result in the general cargo sector was achieved mainly thanks to almost balanced growth on the import and export sides of container throughput. In 2013 handling on the import side totalled 4.8 million teu and on the export side, 4.5 million teu. Handling of loaded containers totalled 8 million teu, representing a gain of 4.8 per cent. In 2013 strong exports provided a boost. A total of 1.2 million teu empty containers were handled last year. In 2013 the containerized proportion of general cargo throughput in the Port of Hamburg rose from 97.7 per cent to the current 98.0 per cent.

Throughput of non-containerised general cargo in 2013 totalled 1.9 million tonnes and was 7.6 per cent lower than that handled in previous year. The decline is primarily attributable to lower import volumes (19.3 per cent). Imports of citrus fruits are increasingly containerised, causing a downturn in the volume of conventional cargoes handled. At 1.3 million tonnes, exports of conventional general cargoes via Hamburg remained all but stable (-1.4 per cent). Apart from project cargoes from the machinery and plant sector, the port handled export cargo such as vehicles, iron and steel, paper and timber which are handled conventionally.

Bulk cargo throughput in 2013 rose by 7.2 per cent to 42.3 million tonnes, also contributing significantly to the Port of Hamburg's favourable result on the year. In all three handling segments, namely grab, suction and liquid bulk cargoes, an increase in seaborne cargo handling was achieved. Suction cargo throughput advanced especially strongly, with handling of 8 million tonnes representing a 29.9 per cent increase. Another advance was achieved in liquid bulk cargo, up by 3 per cent at 14.5 million tonnes. This was mainly due to an above-average 65.7 per cent leap to 7 million tonnes in imports of mineral oil products. Handling of grab cargoes, e.g. coal, ore, fertilizers and building materials, also improved significantly by 3 per cent, reaching a total for the year of 19.7 million tonnes.

Baltic region sustains growth

Hamburg's container services with the Baltic region are the main growth factor in the European trades. In 2013 a total of 2.3 million teu were handled via Hamburg on feeder and shortsea services between Hamburg and ports on the Baltic. "Consisting of Russia, Finland, Poland, Sweden, the Baltic states and Denmark, the Baltic region is of immense significance for us in container traffic. We are surprised that despite clearance problems at the Kiel Canal, with 2.3 million teu we were able to achieve such a good result for 2013," said Mattern. Against the background of growing traffic flows, HHM's Executive

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Board feels that the modernization and expansion of this waterway is of utmost importance for the development of Hamburg and the entire North German region. To further expand the links to this region, among other measures HHM has headed the EU-backed Amber Coast Logistics (ACL) project since February 2012. "We are delighted that high-ranking political representatives – also including Uwe Beckmeyer, the Federal Government's new Maritime Coordinator – are participating today in the ACL closing conference being held in parallel at Unilever House in Hamburg's HafenCity," reported Egloff. Nineteen partners from Denmark, Poland, Latvia, Lithuania, Belarus and Germany are participating with the goal of promoting multimodal transport links in the southern and eastern region adjacent to the Baltic. "By building up cooperation across national frontiers we have been able to lay an important foundation stone towards making a sustained improvement in accessibility, especially in rural areas as well," continued Egloff.

Good results in the most significant trades

Container services with Asia picked up again in 2013, with 4.9 million teu (+ 3 per cent) being handled in Hamburg in the form of imports from, or exports to, Asia. At 2.2 million teu (+ 5.1 per cent), exports, especially, produced distinct growth. On the import side, 2.7 million teu (+ 1.4 per cent) were handled in Hamburg. With a volume of 3.4 million teu on Port of Hamburg container services, the East Asia trade with the People's Republic of China and Hong Kong established itself as the port's leading market region for container throughput. Container throughput with the People's Republic of China and Hong Kong represented around 29 per cent of the Port of Hamburg's container throughput, reaching volume handled in 2013 of 2.7 million teu (+ 2.9 per cent). Container traffic between Hamburg and Singapore also rose in 2013 by 3.9 per cent to 547,000 teu. Also gratifying was the throughput trend between Hamburg and ports in Europe. Here 3 million teu (+ 9.5 per cent) were transported via Hamburg. Throughput in the America trade was slightly lower at 1.1 million teu (- 3.3 per cent). Container traffic with Africa at 268,000 teu achieved a gain of 12.4 per cent. Throughput on container services with ports in the Australia/Pacific trade totalled 42,000 teu (-2.5 per cent).

Expansion of infrastructure

"We need to stress to the public in general that the infrastructure for traffic into and out of the seaports lies in the interest of the entire national economy. We are therefore relying on a positive decision this year by the Federal Administrative Court in Leipzig on the deepening of the navigation channel on the Lower and Outer Elbe.

Countrywide, around 260,000 jobs, of which 110,000 are outside the Hamburg Metropolitan Region, are linked directly or indirectly with the Port of Hamburg. In addition, almost 20 billion euros of added value countrywide underlines that the Port of Hamburg's significance reaches far inland. On the construction of the Y-shaped rail link as well as the extension of the A20 and A21 autobahns, we all need to pull together. Championing improvement of the infrastructure should not be seen as North German folklore, but considered in connection with its relevance for the entire Federal Republic. Also part of the equation is the Port of Hamburg's significance for the seaborne foreign trade flows of our European neighbours," stressed Egloff.

Optimistic outlook for 2014

For the year 2014, the Port of Hamburg's marketing organization reckons with a further climb in seaborne cargo throughput that should reach a modest increase by the end of the year. mg

Eyeing Greener Pastures

DNB Bank, the largest maritime bank, is now building more fruitful relationships in India with a strategy to focus on ports and terminals

Q How big is your presence in the global maritime industry, specifically in India?

A DNB Bank ASA is one of the largest global maritime financing banks. Maritime industry is one of the pillars of Norwegian economy. DNB being the largest bank in Norway, the major focus of the bank remained in the maritime industry. We have been involved in this industry for many years now. Currently, we are globally positioned across sectors and sub-segments. Physically, we have positioned ourselves across geographies where maritime industry is present such as Singapore, New York, London, Greece and Shanghai.

When it comes to financing in India, back in 2007 when the bank decided to enter Indian market, we set up our representative office in Mumbai during August 2008 primarily to cater to the maritime industry here. In order to strengthen our operation and business, we entered India and broadened our product base as well as to looked at new clients in India. Earlier, we were more focused on the traditional shipping segments such as dry bulk carriers and tankers. Now, focus has extended to ports, terminals and offshore.

Today, we have relationships with large Indian companies ranging from state-owned companies to large private players& our global customers who have operations in India.

We are a relationship oriented bank with a more focus to maintain the relationship with key clients rather than chasing volumes.

Q Which are your key functioning and growth verticals in India?

A As I mentioned, apart from traditional shipping, we have moved into new segments such as ports, offshore sector, etc, and we want to grow in these areas in the country.We have also expanded our presence in the energy sector which is also a big growth area for us.

In the energy segment, our major focus is on oil and gas sector. We have developed relationships with large oil and gas companies. Though the segment has many challenges, we will continue banking in this sector and could look at power & renewables going forward. However, due to environment concerns, we don’t do coal and nuclear.

Q What is your main business function ?

A Our office in India is a representative office unlike a branchoffice compared to some of our global peers. Our job involves mainly liasoning. We represent the Bank in India, call on customers to understand their needs and gain market insights. As India is a big country, it is not easy to follow and understand the market just by following news. We function as ‘eyes and ears’ of the Bank in India.

The trade flows are increasing between India and Norway to support which is also an important function of the office. Similarly, we support India's crude imports of oil& gas and we have to work closely with the Indian banks. Maritime sector still remains the main focus.

Q What is your exposure in the Indian maritime industry?

A The volume of business is quite good and it has grown pretty well over the last few years. As mentioned, we are relationship focused and do not chase volumes. Due to our expertise in this segment, we are able to offer other products such as corporate finance, commodity hedging etc to our maritime customers from our global offices.

Q Usually, the shipping industry is cyclical with ups and downs. What are the major challenges in ship financing, and how DNB is managing the challenges?

A I agree with the point. Shipping is a global industry, and it has its own share of ups and downs. We have drawn our resources quite well. We work very closely with our teams in Singapore (our regional office), Oslo (bank's head office) and offices in other international markets.

India too had several challenges. Our strategy being relationship-oriented rather focusing on numbers has helped us. Even in good-old days during 2007-08, when Indian ship owners went to build capacity and tonnage, we stuck to our plans. That is why our exposure today though not large is good. 'Focus' is one thing that has helped us.

we support India's crude imports of oil and gas, and we have to work closely with the Indian banks. Maritime sector still remains the main focus.

Q What is your perspective on the Indian tonnage? Where do you see more business opportunities?

A A distinction could be made between Indian flag tonnage and India owned tonnage. There may not be immediate increase in Indian flag tonnage but Indian owned tonnage could increase as we see trend of Indian owners flagging vessels in foreign jurisdictions.

There may not be immediate increase in Indian flag tonnage but Indian owned tonnage could increase

I guess this segment will grow depending upon the economic cycle. Currently, India's share of India's EXIM trade is low and in single digit. Though there was a slowdown in FY 2013-14 in terms of imports, but with the economy picking up, the trade volumes will further grow, some evidence of which is starting to be witnessed. There should be growth especially on crude imports. The percentage share of Indian flag vessels in that trade is also low. The land based infrastructure like the ports could probably get more boost based on past track record The offshore sector is also doing fairly good due to its linkage to India's energy security..

Q Indian ship owners complain about their low access to funds, which has been a major concern for them. Why?

A Financing is a service industry, and the financiers will pick the right projects. From a bank's perspective (from any global bank perspective), capital flows depend upon the return on investment.

Global banks are focused on large fleet owners which are not too many in India presently That is the major challenge when it comes to global banks. When it comes to Indian banks, the long tenor of foreign currency financing needed for this segment acts as a constraint in my view. As shipping is a dollar based industry, rupee loans which is the strength of Indian banks are not the best option for financing vessels Also, the expertise level required in this industry which is of global nature & subject to global trends could also be a constraint.

Q In your earlier remarks you had mentioned that ports and terminals are your focus areas for financing. Are you involved in any of such projects in India?

A We have done a few projects in this segment. We are involved along with other banks both Indian as well as global banks. As of now, we are involved only in container terminals in India. Being a relationship driven bank the promoter is key when deciding to financing a project in this segment too.

Q In container terminals, capacities are increasing and the realisation of revenues is not that healthy. What is your observation as a banker?

A The location of the terminal is very important. If you take JNPT in Mumbai or Mundra Port or some of the terminals on the east coast, the volumes are still steady. Though there are several issues including tariff and some rationalization is in the process, the success of the terminal would depend a lot on the location etc., With growth in trade volumes and focus on coastal trade, the container business at the terminals should grow going forward. mg

Supply and Demand Scenario Europe-Mid East-Indian Subcontinent

The first half of the year is usually the best for ocean carriers, with the peak around June/July coinciding with the beginning of Ramadan, although this mainly relates to the Middle East. The average utilisation of all vessels sailing from Europe to MidEISC went up to 79 percent in March from 61 per cent in February. However, it fell low in April, not assisting the ocean carriers' efforts to improve freight rates.

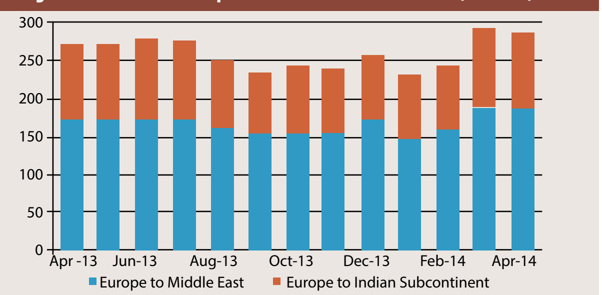
Containerised cargo from Europe to the Middle East (including Red Sea) and Indian Subcontinent fell from 291,000 teu in March to 285,000 teu in April, but the total of 1,051,000 teu shipped between January and April was still a healthy 6.5 per cent more than during the same period in 2013. The total of 684,000 teu shipped to the Middle East was 7.3 per cent higher, whereas the ISC's total of 367,000 teu was 5 per cent greater (see Figure 1).

April's decline in isolation is surprising, therefore, but the interpretation of a single month alone is dangerous due to the varying number of sailing that can fall into each period.

Ocean carriers responded to this change in cargo by reducing the number of cancelled sailings from four in March to only one in both April and May. Vessels continued to be upgraded, with the average size increasing from 8,080 teu in April to 8,156 teu in May. Offsetting this, vessel capacity from Europe to the Middle East was decreased in March/April though the restructuring of CSCL/UASC's Asia/Europe services, and Evergreen joining the CKYH alliance. Otherwise, only ports pairs and slot swaps were modified.

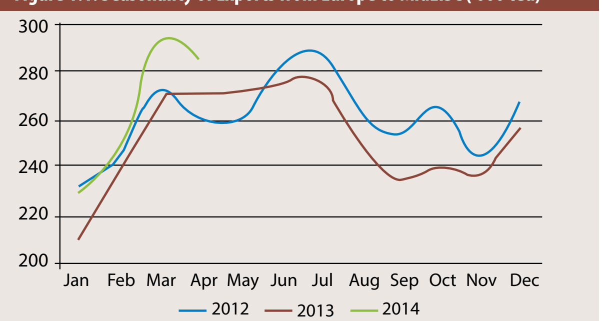
The average size of vessel deployed in direct/dedicated Europe/Mid EISC services remained at around 6,000 teu between March and May, but the pinch point in Nhava Sheva is said to have improved since March, with the port's maximum draught increasing from 13m to 14.5m, which means that 6,500 teu ships could soon become 8,000 teu. MSC/CSAV's IPAK/IMEX-1 schedule is already heading this way through the deployment of four vessels over 8,000 teu. Meanwhile, CMA CGM continued to upgrade its EPIC service

Figure 1: Eastbound Europe to MidEISC Container Traffic ('000 teu)



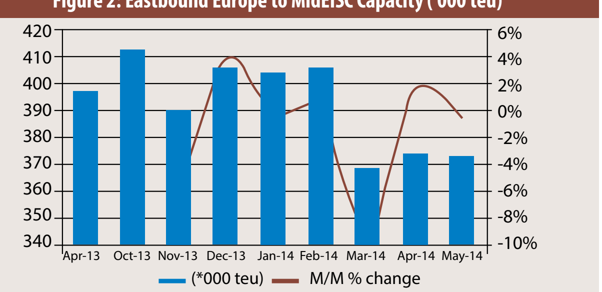
Source: Drewry Maritime Research, derived from CTS (www.containerstatistics.com)

Figure 1.1: Seasonality of Exports from Europe to MidEISC ('000 teu)



Source: Drewry Maritime Research

Figure 2: Eastbound Europe to MidEISC Capacity ('000 teu)



Source: Drewry Maritime Research

Table 1: Europe to MidEISC – Estimated Monthly Supply/Demand Position

	Supply ('000 teu)*		Demand ('000 teu)		Ship Utilisation	
	Eastbound	Westbound	Eastbound	Westbound	Eastbound	Westbound
Feb-14	404	256	246	191	61%	75%
Mar-14	369	256	291	216	79%	84%
Apr-14	374	264	285	194	76%	73%

*Notes: *Based on effective capacity after deductions are made for deadweight and high-cube limitations and then again for out-of-scope cargoes, ie. those relayed to areas outside the range. Where relevant,operational capacities have also been adjusted for slots allocated to way port cargoes*
***Source:** Drewry Maritime Research*

fleet in May through the deployment of more 6,500 teu vessels. Since April, four big ships have replaced 5,700 teu ships.

The consequence of all these schedule changes up to the beginning of May is that eastbound vessel capacity decreased by 9 per cent between February and March, but then increased by 1.5 per cent in April, to 373,000 teu, where it remained in May (see Figure 2).

This meant that the average utilisation of all vessels sailing from Europe to MidEISC climbed from 61 per cent in February to 79% in March, but then fell back to 76 per cent in April, which did not assist ocean carriers' efforts to improve freight rates (see Figure 3). It should be underlined that these are very broad numbers covering both Northern Europe and the Mediterranean as well as the Middle East and Indian Subcontinent. Vessel utilisation within each sub-region can vary enormously.

Looking ahead, UASC, CSCL, and CMA CGM still plan to upgrade their weekly GEM/MEGEM service between Turkey and MidEISC in the third week of June. Its current fleet of six vessels averaging 4,240 teu is to be upgraded to vessels ranging between 5,600 teu and 7,000 teu, including one from CMA CGM for the first time. The CMA CGM Bellini (5,770 teu) was due to take up position in Khor Fakkan on 18 June, and should start loading eastbound cargo in Mersin on 9 July.

Westbound

Cargo from the Indian Subcontinent and Middle East (including Red Sea) fell from 216,000 teu in March to 194,000 teu in April (see Figure 4) but, as shown in Figure 4.1, much of this was probably seasonal. Year-to-date growth between January and April still reached a healthy 8.3 per cent compared to the same period of 2013, with ISC's 12.8 per cent growth being only partly offset by the Middle East's decline of 1.6 per cent. India's currency devaluation continues to make its exports more competitive, whilst the Middle East's containerised exports of petrochemicals has yet to take off.

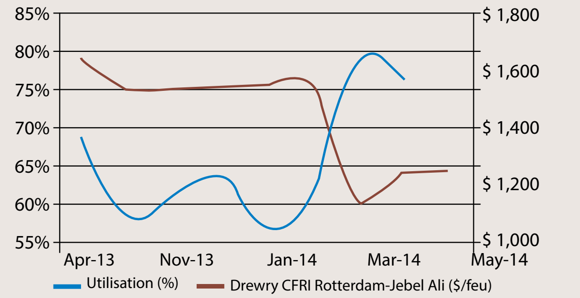
The eastbound schedule changes mentioned earlier meant that the effective capacity of all westbound vessels sailing from MidEISC back to Europe stayed the same between February and March, but then increased by 3 per cent in April, before falling back very slightly in May (see Figure 5).

The consequence is that March's average vessel utilisation of 84 per cent fell to only 73 per cent in April, which also did not help ocean carriers to continue improve freight rates (see Figure 6). Here again, it should be noted that these are very broad numbers covering separate services from both the ISC and Middle East to both Northern Europe and the Mediterranean, and vessel utilisation within each sub-region can vary enormously.

Our View

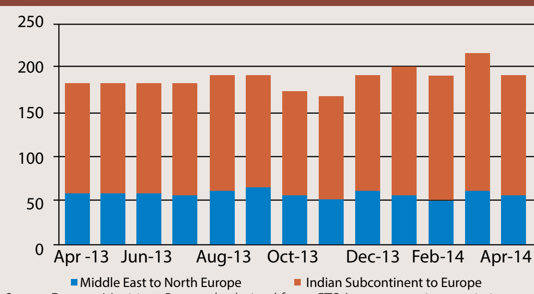
A greater number of sailings need to be cancelled in 3Q 14 to better align supply and demand. Vessels deployed in direct services will get progressively bigger due to India's port improvements.

Figure 3: Eastbound Europe to MidEISC Utilisation v Rates



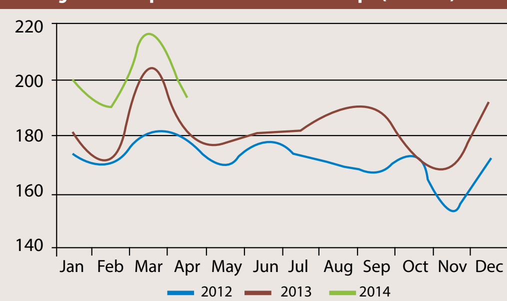
Source: *Drewry Maritime Research; Drewry Container Freight Rate Insight (www.drewry.co.uk/cfri)*

Figure 4: Westbound Europe to MidEISC Container Traffic ('000 teu)



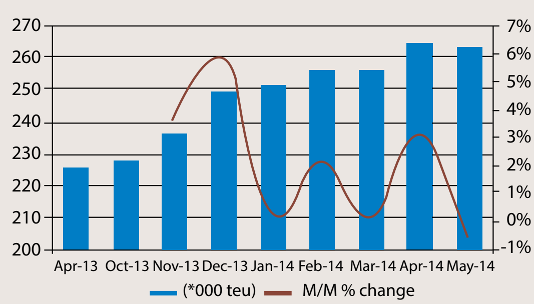
Source: *Drewry Maritime Research, derived from CTS (www.containerstatistics.com)*

Figure 4.1: Exports from MidEISC to Europe ('000 teu)



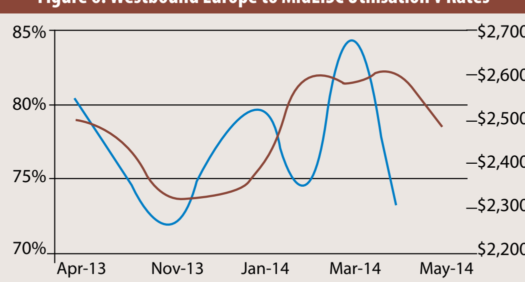
Source: *Drewry Maritime Research*

Figure 5: Westbound Europe to MidEISC Capacity ('000 teu)



Source: *Drewry Maritime Research*

Figure 6: Westbound Europe to MidEISC Utilisation v Rates



Source: *Drewry Maritime Research; Drewry Container Freight Rate Insight (www.drewry.co.uk/cfri)*

Source: Drewry Maritime Research (www.drewry.co.uk/ciw)

'Huge scope ahead in South India'

Cold storage units in India, which were earlier used for long-term storage of potatoes and onions now giving space for multiple products including fruits, vegetables, seeds, dairy and other FMCG products. With the addition of these value-added products, the cold storage industry in India has to become a ₹18,000 crore industry with 5,500 units across the country. A majority of the units are concentrated to a few states including Uttar Pradesh, West Bengal and Punjab. According to industry experts, the industry in north India has reached saturation point with a wide demand-supply gap, while south India posses a great growth potential with less units. Despite the opportunities, the industry faces several bottlenecks such as low subsidy and power cuts. In an interview with Maritime Gateway's Itishree Samal, **Gubba Nagender Rao**, Managing Director of Gubba Cold Storage Limited and former president of undivided Andhra Pradesh chapter of Chamber of Cold Storage Industry (CCSI) talks about the challenges and growth opportunities of the industry.

Q How big is the cold storage industry in India, and what are the opportunities ahead?

A India currently produces around 85 million tonne of vegetables and 45 million tonne of fruits per annum. More than 30 per cent of the produce gets wasted due to insufficient cold storage facilities. At present, there are around 5,500 cold storage units, with handling capacity ranging from 5,000 tonne to 20,000 tonne, in India. Most of the cold storages are located in North India; Uttar Pradesh and West Bengal together cater to 65 per cent of the market. The cold storages in North mainly preserve potatoes. With potato storage been restricted by the government under essential commodity, it has affected the cold storage industry. In recent years, many cold storages have come up in North India while production has remained stagnant. It has brought saturation in the northern markets such as in Uttar Pradesh, Madhya Pradesh and Bihar.

As South India houses only around 500-600 could storage units, the region has a great market potential. Also, the product variants are wide in south India compared to north where tamarind, chilly, turmeric, jaggery, pulses, seeds, vegetables, pharmaceuticals, are key products that are kept in cold storages.

In developed countries like US, most of the agricultural produce, dairy and poultry products are kept in clod storages. While in India, it is limited to only a few product variants. The cold storage market still has a lot of room for growth compared to its global counterparts.

Q Despite the growth opportunities, the industry is facing with several challenges such as disrupted power supply, low subsidy, low agricultural produce, less demand, etc. According to you, what are the major challenges faced by the industry?

A Few years back, cold storage industry was a booming industry, but current scenario paints a different picture. As against 30 to 50 new units every year few years back, now many

cold storages are struggling to stay afloat and few have already shut shop.

The industry is facing several challenges; finance and power are the major two challenges. Power, the crucial raw material of the industry, is becoming very burdensome day-by-day with multiple power cuts. If you take the example of the newly formed state Telangana, industries here are facing severe power crisis with multiple power cuts and power holiday compared to its neighboring state of Andhra Pradesh. Power cuts are adding up to the overall maintenance cost. Other bottlenecks include high power tariff, high infrastructure cost, no adequate government subsidies, etc. Also, there are restrictions on the industry to ramp up fire proof equipment which is another burden.

Government has declared cold storage as a priority sector and as an industrial sector. It also should come forward to reduce the interest rate, provide uninterrupted power supply and give exemptions from power cuts to the industry.

Q What is the outlook for next year?

A The cold storage industry is highly monsoon-dependent. If there is less rain, there will be low agricultural production and demand for cold storages will be low. We fear the next financial year will be a crucial year for the industry as monsoon is bad this year.

Potato cold storages used to contribute 88 per cent storage capacity till 2000. However most of the new cold storages in the last decade have added other products in their baskets. More addition of new products will bring cheer to the industry.

> Potato cold storages used to contribute **88** per cent storage capacity till **2000.** However most of the new cold storages in the last decade have added other products in their baskets.

Q At Gubba Cold Storage, the largest cold storage player in India, how has been the growth?

A Gubba Cold Storage started operation in 1987 with a 500 tonne cold storage in Hyderabad, which was then the first commercial cold storage of the country and the first cold storage in state of undivided Andhra Pradesh. Currently, we are the No.1 cold storage player tonnage wise with 93,000 tonne capacity and have 11 cold storages (all located in Hyderabad). We also leading players in some segments such as seeds where occupy more than 80 per cent of seed cold storage market. We cater to more than 250 seed companies including Syngenta, Dupont, Godrej and Monsanto. We also cater to vegetables, fruits and other grocery products, mainly the frozen packed products segment.

Q As all your units are concentrated in and around Hyderabad. Are you looking at expanding to new regions? How are you going to fund your proposed projects?

A Yes. We are looking at expanding our operations across India, starting with Maharastra, Gujarat and Bangalore, as well as in international markets. We have received interest from four-five countries including Thailand. We are currently doing the feasibility study. Internationally, we will stick to only special seed cold storages.

We need around ₹5 crore to set up a cold storage unit, excluding the land prices. For specialised cold storages, the set up cost is high. We are yet finalize the source of funding.

Q Apart from cold storages, do you have plans to look at the cold chain sector?

A Cold chain itself is a huge market. At this moment, we have no such plans. Once we expand our cold storage operations throughout the country and proposed international destinations, we may consider entering the space. It may take few more years.

Q Cold storage industry is a competitive industry where you have to constantly keep yourself updated with advanced technologies. What techniques and technologies you adopt to remain the No.1 player?

A We constantly keep pace with the government regulations and advanced technologies of global standards. We have adopted some of the latest technologies such as multi-racking system, handling of jumbo bags of one-two tonne capacity, etc, across our cold storages. We have even upgraded latest technology for fire fighting. mg

PRESSURE EASES, BUT OVERALL IMPROVEMENT IS QUITE SLOW

BIMCO's latest report on dry bulk indicates bulk commodity shippers will benefit from the slow but steady growth in demand for commodities in India and China will dry help bulk shippers. This would be aided by a spurt in demand for iron ore and coal from the two Asian countries. The only sorry patch for bulk shippers being the slow take off of grain movements from South America which the owner hope will gather steam soon.

Demand

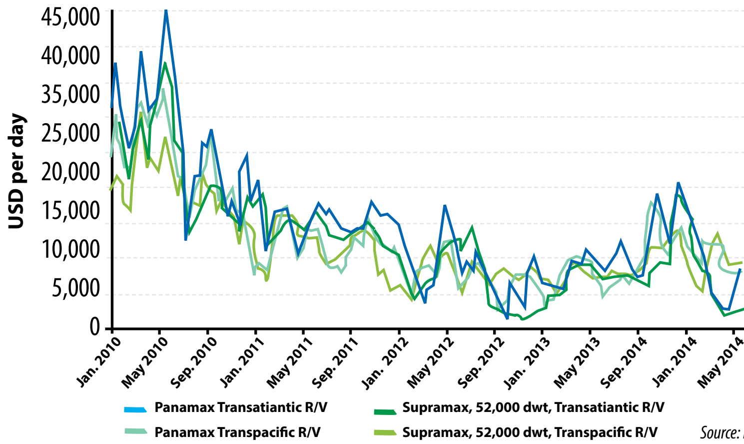
South American grain exports finally got under way. The lower export figures from April, being only on a par with 2012 illustrates, delayed take-off in shipments. Brazil has been the major exporter during Q2, while Argentina delivered more steadily throughout Q2 and Q3. Ship broking company SSY expects a combined 35.8 million tons (mt) of soya exports in Q2, with 30.8 mt in Q3. The strength of the current upturn depends on Asia's appetite, as all growth stems from that region.

The Atlantic basin has been awash with ships during most of 2014, putting downward pressure on freight rates for Panamax and Supramax ships in particular. Freight rates for a trans-Atlantic round-voyage, which were hitting a three-year high by mid-December 2013 (USD 20,500 per day), subsequently experienced four straight months of losses to hit USD 2,500 per day for Panamaxes. Since mid-April, Panamaxes have tripled earnings on the back of demand, finally meeting expectations. Supramax ships are still in the doldrums, failing to follow suit with big brother so far.

The optimism built up in H2-2013 has all but evaporated. BIMCO still expects stronger earnings as we enter into H2-2014, but the world fleet is capable of catering to a much higher level of demand than it does today. This is what makes the road forward full of air pockets, with owners and operators trying to hit the optimum speed in a quest to utilise their ships better.

H1-2013 was a low and flat freight rate environment, so in that sense so much more has happened in 2014. Normally, volatility is good for operators, but when the past two months have been flat, there is only some comfort in knowing that the

Tripcharter Rates for Supramax and Panamax - 2010-2014



Source: BIMCO, CRSL

year-to-date BDI average is up by 51 per cent (end-May). Below the surface, Capesize earnings are up by 158 per cent to USD 14,504 per day, Panamaxes up by 22 per cent (to USD 9,208 per day), Supramaxes up by 28 per cent (to USD 10,906 per day) and Handysizes up by 26 per cent (to USD 9,181 per day).

Supply

The dry bulk fleet has grown by another 121 ships in the past two months (0.9 per cent in DWT). The expansion has been easy in the Capesize segment, with only 10 new deliveries, as compared to roughly 30 new ships flowing into each of the other three sub-segments. For the full year, our estimates have been slightly upwardly adjusted, now to reach 52 million DWT of new built deliveries, meaning that the fleet will grow by 5.3 per cent (up from 49 million DWT).

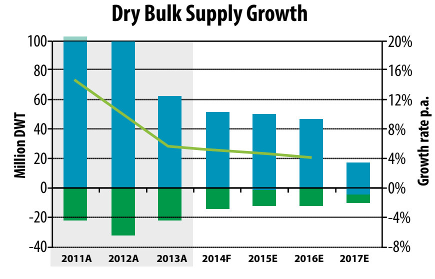
Order-book activity has been slowing down since January. The order book now holds 1,989 ships (163.4 million DWT) for future delivery and is still heavy on the Panamax side.

One hundred and nine ships had left the fleet by the end of May 2014, equal to 6.6 million DWT. During the first five months of 2013 no less than 12.2 million DWT left the fleet. BIMCO remains firm on the forecast of 14 million DWT to be sold for demolition for the full year, significantly down from last years' 22.2 million DWT. Demolished tonnage is only marginally younger on average this year. With expectations of improved markets just around the corner, BIMCO forecasts lower levels of demolition for the coming years as well.

The Handysize fleet started to grow again in April, following nine successive months of contraction. The total Handysize fleet remains shy of the record 89.17 million DWT fleet size in 1985, currently at 87.8 million DWT. BIMCO forecasts the Handysize fleet to grow slowly and thus remain South of the record size in 2014 and potentially in 2015 too.

In opposition to this is the Panamax segment, which with little hesitation,

Dry Bulk Supply Growth

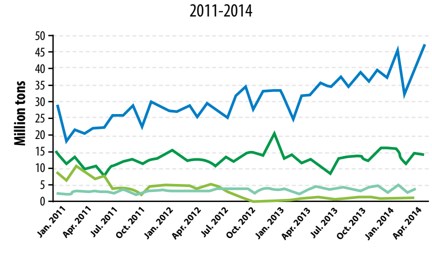


Source: BIMCO, CRSL

A is actual. F is forecast. E is estimate which will change if new orders are placed. The supply growth for 2014-2017 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10% due to various reasons and 30% of the remaining vessels on order are delayed/postponed.

China Iron Ore Import by Origin

2011-2014



Source: BIMCO, China Customs

sets a new fleet size record every day. Currently growing at 8.7 per cent on a year-on-year basis, standing at 191 million DWT at the end of May, the 200 million DWT fleet size threshold is likely to be reached before year-end.

Outlook

A trend has been developing over some years now and going forward, more of the same is expected. This trend is a continued Asia-biased dry bulk market, where China is completely dominant, dwarfing the slow but steady Indian import growth, while the rest of world only grows imports slowly. Moreover, the trend in commodities became increasingly focused on coal and iron ore trades that are taking an even larger share of the pie going forward. This trend favours the larger bulkers.

As the big mines in Australia and Brazil have scaled up iron ore output significantly in 2014 and will do so in the coming two years, the price of the commodity has been under pressure. Such a development should benefit international trading at the expense of China's higher-cost, domestically-produced iron ore of poorer quality. Is that what is happening? Yes and no. China has increased its iron ore imports significantly (up by 21 per cent in the first four months of 2014 from a year on) as good merchants buy at the right price, but domestic production keeps up (so far) despite the obvious cost pressure. They are doing so at a very steady level seen during the past 5 years. Conclusion: Don't expect China to become 100% reliant on imports while enjoying the lower market price. The current iron ore price is around USD 90 per ton, down from 130-140 per ton in H2-2013.

We cannot expect freight rates to react significantly to increased demand before China starts taking more iron ore from Brazil, most likely during the second half of the year.

To sum up, our forecast for June/ July: BIMCO believes that the level of Capesize TC average rates will stay around USD 12,000-22,000 per day. Panamax TC average rates will feel the supply pressure and stay around USD 4,000-9,000 per day. For the Supramax segment, BIMCO forecasts freight rates in the USD 7,000-12,000 per day interval, whereas Handysize freight rates are expected around USD 6,000-8,500 per day. mg

Propelling Indian Shipbuilding Industry

Shipbuilding, in the early 19th and 20th centuries was dominated by Europe. North America and Japan later took over the baton from the West in the 60s. Then, riding on superior design and prompt deliveries, came Korea, Singapore and Taiwan. In the recent past, when low cost became the mantra, China stormed in. Ostensibly, India should have been in too. But many major culprits blocked its entry.

High costs of steel, mounting borrowing costs and a slew of taxes is driving India's price differential to about 50% more compared to other countries, making India's shipbuilding proposition extremely unappealing to the international market. These are known to be the major culprits.

Yet, India has the natural makings of a shipbuilding powerhouse. Currently, India accounts for less than 1 per cent of the global shipbuilding industry, but with advantages like lower costs of labour, high availability of skilled workforce and a robust demand in the domestic market, it aims to capture 5 per cent of the global market share by 2020.

Realising an ambition

In order to lift the Indian shipping industry to global standards, the Government of India is taking all the necessary steps to provide the much needed impetus to the sector.

Some of the initiatives taken by the government include a 100 per cent FDI for port development projects and a 10- year tax holiday by Government of India augurs well for the sector. The Government has also proposed plans to develop ancillary units for the shipbuilding sector, with a potential to create millions of jobs.

However more needs to be done, if the Indian Shipping industry truly wants to scale to new heights. An overall approach is required, both from Government (Central and State) and also the yards, to address not only shipbuilding but also simultaneous synchronized implementation of overall Maritime Policy of India.

The government should provide fiscal incentives to promote strong R&D, revive the subsidy scheme, ease tax related regulations and give shipbuilding an industry status. Land should be easily made available for setting up a new port or a shipyard in each of the maritime states. As an industry, we should promote better integration among planning, designing, scheduling and production departments. Strategic level intervention is necessary to develop strong basic design capabilities in collaboration with multinationals that have proven expertise in providing innovative technologies.

“Providing an impetus

A robust ship-building industry is a vital component of a strong economy. Given that the nation’s private shipyards intend to invest US$4.3 billion and the public-sector investment plans have a volume of US$1.18 billion, the Indian shipping industry offers immense potential for growth.”

Providing an impetus

A robust ship-building industry is a vital component of a strong economy. Given that the nation’s private shipyards intend to invest US$4.3 billion and the public-sector investment plans have a volume of US$1.18 billion, the Indian shipping industry offers immense potential for growth.

Since the growth in orders to Indian shipyards is lagging behind the growth in global orders and needs immediate impetus to improve the weak order-book position, it needs to be considered and evaluated whether a renewed subsidy scheme providing initially about 15% subsidy on the price of the ship to Indian shipyards may be introduced or a funding loan interest subsidy at 7-8% to ship owners ordering on Indian shipyards help reinvigorate Indian shipbuilding. Amongst other measures such as awarding certain price preference to Indian shipyards in Indian new-build tenders, limiting coastal transportation to Indian flagged & built vessels, some of which may be deemed as a bit retrograde, providing an economic stimulus to Indian shipbuilding as outlined above, will enhance its competitiveness as well as the skill sets and project management levels with enhanced business. To promote indigenisation in shipbuilding, the fiscal subsidy or interest rate support may be linked to sourcing of at least 50 per cent of materials and components in terms of cost from domestic suppliers, so that there is growth of the ancillary industries as well. Currently, about 80 per cent of materials and components used by local yards are imported. It is such a domain that globally reputed manufacturers such as Rolls-Royce, with its comprehensive portfolio of products and ship repair services coupled with a 80 year old commitment to the nation would be able to significantly contribute to the development of the marine equipment manufacturing cluster in the country.

Lessons from the East

China has made extraordinary progress in its shipbuilding industry. With 1,700 shipyards of which 200 can build high-quality ships of international standards, China has emerged as the world’s leading shipbuilding nation

overtaking Japan and European nations. The Chinese government continues to give subsidies to the industry which greatly contributes to China’s 35 per cent share of the global shipbuilding market. The country has greatly benefitted from national investments in world class shipbuilding infrastructure and specialised institutions. Even the private equities in China are funding shipyards in a big way thus propelling further growth of the industry.

However, its biggest challenge moving forward would be in stimulating

domestic demand, realigning its research and development initiatives to support related upstream & downstream cluster as well as related industry objectives.

Conclusion

While challenges abound, so do opportunities. Given the positive outlook for cargo traffic, and the resulting increase in number of vessels visiting ports, demand for ship repair services will also go up. This will provide opportunities to build new dry docks and set up ancillary repair facilities. A coordinated approach both from Government and the yards is required to ensure shipbuilding, ship-repair as well as implementation of overall Maritime Policy of India. mg

Navjit Gill
MD, Rolls-Royce Marine India Pvt Ltd

Q Could you list the Kone's products for the Indian market with the services offered to the customers?

A Konecranes customers can be found across all market sectors like automobile, wind energy, steel, shipyards, general manufacturing, foundries, oil refineries and many more. Konecranes' business is fundamentally categorised into two divisions – Equipment & Service. Business Area Equipment offers Electric chain hoist, profile track cranes, standard EOT cranes, Process cranes; WMI Tailor made cranes, Container handling cranes to Shipyard cranes, Forklift & Reach stackers.

Business Area Service offers service and maintenance solutions for all types of cranes, like, annual maintenance contacts, on call repair, cranes rail inspection, rope inspection, crane modernization services to crane reliability survey.

Q When was India introduced to the Konecranes and how has the company adapted to the market's requirements?

A Since our inception in February 2007, the company has achieved a significant growth. Today, we employ more than 550 professional as compared to a single employee in 2007. Our sales and service network is spread all over the country and more than 100 service engineers ensure they provide the best service in the least possible time to customers. We have a new factory at Jejuri, which is one of the biggest crane factories in India. Konecranes has been successful in delivering lifting solutions to many industry segments right from general manufacturing, steel and automotive.

Pinning hope on future demand

Riding on the success of the Reach Stackers and Box Hunters, Swedish crane manufacturer Kone Cranes plans to launch products tailor made for the emerging markets. Alongside, the firm also aims to strengthen its infrastructure, sales and support to its customers in India. In an email response to MG's Deepika Amirapu, Kone Cranes Country Manager, Saeesh Nevrekar says ports should always invest in capital equipment considering the future outlook of business and not just the current situation.

Apart from industrial EOT cranes, our port cranes and Reach Stackers are in used for operations in India. Our products are very well recognised by the industry and in a short span of 7 years we have received orders to supply more than 1000 cranes. Our services offered are not limited to cranes manufactured by our company alone, but also extend them to other makers of cranes as well. We work as a complete lifting solutions provider with our customers instead of just supplying lifting equipments, and this differentiates us from the others.

Currently, we are focusing on developing our manufacturing infrastructure & sales and service network in India to bring global knowledge & expertise to local customers.

Q Could you care to give us details of your manufacturing/assemblage plant in Pune? What equipment is manufactured in India and is any equipment/spares exported to other markets from here?

A Konecrane's plants at Jejuri, Pune are state-of-the-art world class manufacturing facilities, which can manufacture more than 1000 cranes. Spread across huge area of 1.85 acres which has 2 manufacturing facilities, administrative building, stores, advanced simulation training centre.

Our factory is having the most advanced & automated equipments which lift with precision & limits chances of human error.

In terms of production, quality and performance norms have become the single stringent parameter that determines efficiency & durability. We have a dedicated facility for manufacturing components where tests done at each and every step of production.

One of the unique things carried out in this facility is, FAT- Factory Acceptance Testing, in which Cranes are tested before they are dispatched to Customers.

Q Of the RTGs, Lift Trucks and the Straddle carriers, which of the products is most preferred at Ports in India? How much does India contribute to Konecranes in terms of revenues. How has the response to the Box Hunter been in India and overseas?

A There is a good demand for STS and RTG cranes in India and mostly all the equipment manufacturers come from Europe and China. Konecranes supplies a complete range of material handling equipments for ports like STS, RTG, RMG, ADG Bulk Unloader, Reach Stackers, Forklift Trucks, Straddle Carriers, and Automated Stacking Cranes etc.

The Konecranes range of RTG cranes uses less energy than usual with its new Hybrid Power Pack technology. Hybrid Power Pack turns a fully-diesel RTG into a diesel/ electric hybrid RTG. Whenever possible, the crane is operated with electrical power drawn from the energy store. Like a hybrid car, it takes the energy generated during braking and converts it into electricity to recharge the batteries. Depending on usage, this solution can significantly reduce diesel fuel costs. Put another way, the RTG can operate much longer on a tank of fuel.

Reach Stackers work as a backbone for container handling in ICD & CFS. There is a great potential for these equipments in India, till date, Konecranes has supplied more than 44 Reach Stackers in India. Konecranes has introduced world's first hybrid reach stacker – the SMV 4531 TB5 HLT for container handling, with a lifting capacity of 45 tons. It features a hybrid diesel/electric driveline, electrified hydraulic lifting system, and a super capacitor based energy storage. This innovative lift truck will cut fuel consumption and emissions with at least 30% while offering improved performance, acceleration and response to driver's command.

Recently, we launched the BOXHUNTER and reinvented the RTG crane. BOXHUNTER is built around the needs of container terminal operators who want the best but do not need all the features or peak performance of Konecranes' top-of-the-range 16-wheel RTG. The BOXHUNTER maintains a steady level of performance, around 15+ container movements an hour, while still offering the high reliability and low downtime that lie at the heart of the Konecranes philosophy and brand.

Q How do your two business units- equipment and service fare in India? How many service centres' do you have in India and are they all company owned-company operated centres or are they franchised?

A Our products are very well recognised by the industry and in a short span of 7 years we have received orders to supply more than 1000 cranes. We have 8 branch offices all over the country to cater to demand of our customers. Branch offices consist of service as well as sales personnel.

We have developed a dedicated team of more than 100 service professionals for service and modernization of all types of cranes including Port cranes. For Lift Trucks and Reach Stackers, we provide services for maintenance, refurbishment and modernization of all brands. Apart from this, we also conduct maintenance training programs and driver training programs for customers.

Q What technology is deployed while manufacturing equipment for the shipbuilding and ports (terminals) sector to boost productivity and lower operational cost?

A In the eighty year history of Konecrane, many new technologies have been developed and at our headquarters. We developed our first shipyard crane in early 1950. The world's first all electric Rubber Tyred Gantry cranes was developed by Konecranes in 1995. We have many patented innovations on our account, to name a few are electric load sway damping, electric RTG wheel turning, active load control system for yard cranes, electro mechanical load control system for STS and many more.

our crane comes with container identification technology which can help operator to identify the specific container location among the hundreds of containers lying in the ports, so the operator can pick up the exact container with least time.

Konecranes has more than 100 patents on crane technology.

Our cranes are highly advanced in terms of automation solutions, the fuel efficiency of cranes and its fast speed of operation. When the ship comes at port for unloading it completely depends on speed and efficiency of crane for how long to make the ship waiting for unloading / loading. Faster the crane, lesser time is required to unload/load ships and it will increase the productivity of ports. Also our crane comes with container identification technology which can help operator to identify the specific container location among the hundreds of containers lying in the ports, so the operator can pick up the exact container with least time. These are just few examples of how our modern cranes can enhance the overall efficiency of port operations. Konecranes also has Automatic Stacking Cranes which operates without operator and fully controlled remotely. This eliminates human movements inside container operational area.

Q How many employees work with Konecranes India and are they trained at your institute? Does Pune also house a training facility?

A Konecranes India comprises of 550 employees. We have recently inaugurated a training centre in our factory in Jejuri. The new training centre is equipped with purpose made crane controller simulators, Single Girder CXT crane with latest Inverter technology,

range of workstation lifting equipments including new award winning CLX chain hoist, air balancer, XM profile crane system and whole range of Brake kits to provide both theoretical & practical training to the participants.

Worldwide Konecranes focuses and invests a lot on training of our employees. We provide product specific trainings to our employees worldwide. For instance, our service engineers are trained at Konecranes Sweden factory for Lift Trucks business exclusively.

Q What new products will be introduced to the Indian market up to 2015 and how many will be dedicated to the ports sector?

A We are continuously investing in developing new features and making the cranes more advanced. The Indian market is very price sensitive and many a time our cranes appear a little expensive to the customers at the first glance. We also observe that many big ports procure the capital goods through tendering process where most of the time the common and traditional specifications are included and the final decision is taken based on the price only. However, many ports buy equipments considering the existing container traffic at the ports. They express the choice of buying equipment of multipurpose use, those are able to perform multiple activities but at average efficiency. Our cranes are designed and build considering the increasing container traffic at ports in India in the long run.

Q With infrastructure projects such as the dedicated freight corridor and the diamond quadrilateral on the cards, what prospects do you see for the business in India?

A Our prospects for the Indian Ports sector are quite optimistic. Indian Ports are the gateways to India's international trade by sea and are handling over 90% of foreign trade. The Indian ports sector is poised for significant growth driven by new manufacturing and power projects and higher cargo traffic at ports. Increase in containerized trade coupled with the Government's active initiatives to develop the Indian ports sector, is expected to further boost the growth. Many private ports also came into operation to cater the increasing container traffic at the ports.

It clearly shows the growth in container traffic and the subsequent huge demand for Port cranes and material handling equipments like Lift Trucks and Reach Stackers. The market size for port cranes is estimated to be close to $ 300 million in India. Further the market is expected to grow steadily by 15 to 20 per cent.

We have geared up for the continuous growing demand for port equipments in India. Our aim is to strengthen our infrastructure, sales and service support to customers. At present we have good customer references in India and we are focusing on providing complete lifting solution to customers than just providing equipment.

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Q What are your growth plans for the ports segment in Indian sub continent for years up to 2020 and how does India feature among the countries as Konecranes customer?

A We have geared up for the continuous growing demand for port equipments in India. Our aim is to strengthen our infrastructure, sales and service support to customers. At present we have good customer references in India and we are focusing on providing complete service to customers than just providing equipment. We can now also provide the maintenance service for the port cranes and can also execute the maintenance contracts for longer durations. We want to become the complete lifting solutions provider company in port equipment business.

Q How many mid market products with high quality but lower price points are being developed to strengthen your position in emerging markets?

A Our strategy is to be one stop solution for the lifting requirement and to work as a partner with our customers. Not only equipments but we also focus on providing complete crane maintenance service and to help customers reduce the downtime and improve the efficiency of operations. Konecranes is focusing on emerging markets. We have plan of launching some products especially for emerging markets.

We recently launched new SLX electric chain hoist with capacity from 60 kg to 2500 kg. This is a new compact chain hoist with latest features and is useful for automotive, warehousing, machine tool and light lifting applications. MG

Land based logistics

Logistics played a decisive role in the outcome in all wars. Mongols successfully set up a flawless line of logistics during their regime. And in India Mughals developed highways to facilitate trade. This article looks at role of transport logistics in ancient times.

Vijay Kurup

Empires were built on the back of immaculate logistics planning. The importance of logistics was never underestimated at any point of time in history. Battles were lost because soldiers could not efficiently move to forward positions or were unable to protect their supply lines. The story is all too familiar coming to the present day where companies import large shipments and are not able to clear on time owing to skewed logistics planning or for want of timely information.

In the Second World War, logistics played a decisive role in the outcome. The army logistics of the allied forces were far superior to those of the Germans. They were successful in crippling the supply locations of German forces and in turn the allied forces ensured that their services and supplies were provided at the right time and at the right place.

At the time of Genghis Khan's death in 1227, he had the largest contiguous empire that stretched from the Pacific to the Caspian sea – an empire that was four times the size of Alexander's. But that was only half. By 1300, his grandson Kublai Khan had conquered China, Korea, Tibet, Pakistan, Iran and Turkey – 20 million square km, almost one-fifth of the world's area was under the one empire. How did they achieve it?

The Mongols understood the importance of establishing a flawless line of logistics chain in their conquest for world dominance. It meant establishing a daily line of communication over hundreds of kilometres of snow-bound and often hostile territory. This entailed a regular line of messenger posts, with spare horses between their own armies. The system was so perfect that the 'Mongol pony express', with regular change of horses, could cover 600 km in a day a speed not equaled again, until the coming of the railways in that region several centuries later! But the flexibility of the chain remained unmatched, says John Man in his meticulously researched book on 'Genghis Khan'.

Another empire built with painstaking attention to details in their logistics movement, dates back to 264 BC – the Roman Empire. Jonathan P Roth in his compelling book 'The Logistics of The Roman Army at War (264 BC – AD 235)' says that the Roman army rightly considered logistics as an integral part of warfare which gave them a decisive edge over their opponents. They had "convoyed provisions" or supply line to feed its army. They had developed a sophisticated system through various sources to feed its soldiers which enabled them to acquire dramatic success in their conquests. A series of depots between operational and tactical base was not only a question of "leap-frogging" supplies forward, but also to protect them from hostile attack. The importance heeded by the Roman commanders to logistics planning can be gauged by the fact that its commanders would commence only after completion of all logistical operations.

The Romans understood that to preserve grain for the longest possible period, the temperature and the moisture content of the grain had to be kept as low as possible. To keep the granaries cool, the floors were raised with built-in ventilators. These cool warehouses were used to store food grains.

Alexander the Great in his time would become a logistics legend. His success was not a series of fortuitous events, but was ascribed to meticulous logistics planning. In a paper titled 'Logistic lessons from Alexander the Great,' the writer Timothy Van Mieghem says that supply chain management occupied a strategic role in his warfare. He synchronised the movement of his troops with the harvest cycles. This ensured that his army was not burdened with carrying heavy supplies of food. He marched along the river, to reduce the burden on his soldiers, leveraging the inland water transport to carry large supplies of food.

Alexander personally led the logistics organisation of his army and included it in strategic planning. He ensured that logistics did not operate in a functional silo. His decision-making process involved cross-functional information sharing.

The Mughal era

Trade and logistics in the Mughal times was fairly developed but skewed in certain ways. Whereas development of highways was on their priority list, maritime activity was carelessly neglected. Abraham Eraly, in the eminently readable book, 'The Mughal World', describes in detail the trade and transportation during the Mughal period.

It could perhaps be said that the ascendency of the British in India could in part, be attributed to the Mughal emperors staunch refusal to see the importance of maritime or maritime trade. Visiting Jesuits in Akbar's court warned the Emperor that 'under the colour of merchandise the English would invade your country and take some of your forts and put your majesty to great trouble.' Later Jahangir was similarly warned. The Mughals, and it could be said that the Europeans themselves, did not foresee nor realise that the domination of the Indian seas would lead to the domination of India itself. The British however were astute enough to realise these lacunae to get a strangle hold in India.

The Mughal kings, however, did realise the importance of having a good transport system over land. The emperor Jahangir was aware of the advice contained in the Ottoman Nasihatnama (a major work of 11th century Persian literature) that urged monarchs especially to "look with favour on the merchants in the land; always care for them; let know no one harass them; let no one order them about for. Through their trading the land becomes prosperous and by their wares cheapness abounds in the world."

Mughals built three arterial highways fanning out of Agra

The Mughals built three major highways fanning out from the capital of Agra, according to the book Land Transport in Mughal India by Subash Parihal. The thrree arterial highways were from:

1. Agra to the Port town of Surat. Surat was the most important town of the Mughal Empire. It was from this port that all the goods produced in the empire were exported by sea to different Asian and European destinations.
2. Agra to Patna and Dacca. This highway ran parallel to the riverine route and the traveler could travel either by river or road.
3. Agra to Kabul. This highway was one of the most ancient routes in the subcontinent. The highway stretch between Agra and Lahore was, according to a British traveler Thomas Coryat, was the "most incomparable show of that kind that his eyes had ever surveyed." Another chronicler Thomas Roe said that it was one of the great works and wonders of the world.

The royal decree had ordered the Zamindars to plant "lofty trees with broad leaves and wide spreading branches affording shade to the traveler." The decree further bid them to build bridges over every river; spacious Serais and Choultries (a resting place for visitors where rooms and food are provided on charity) to be built at regular intervals. The later Mughal emperors continued the maintenance of the highways with the same vigour.

During the Mughal times the common mode of transport was not with horses or elephants, but with oxen. Goods carried in carts were pulled by oxen. The oxen were considered much faster and more efficient. According to the English ambassador Thomas Roe, during the Mughal period, an ox could carry load 3 times as much as a camel; cover more distance in a day and the merchandise was not required to be unloaded and loaded again thereby minimising damage.

Sea traffic was seasonal and was dictated by the winds. All ship movements came to a halt during the South West monsoons, i.e. from June to September. After the abatement of the monsoon fury, the change in wind direction enabled the ships to arrive at Indian Ports and then by January, taking advantage of the northerly winds the ships could depart from India.

International trade was almost a monopolistic venture of the royal ladies who had plenty of idle money and exclusive connections abroad. Shah Jahan himself set up a monopolistic trade in Saltpetre, and cornered the entire textile industry in Ahmedabad for exporting textile to the Middle East.

Financial trade was fairly well developed. Bills of Exchange and Hundis were commonly used. Some sort of insurance covering war risk was in vogue. The money transactions in Mughal India were handled by shroffs, money changers and merchants who also served as bankers.

Logistics in Mughal. India was fairly well developed, but it was confined only to the land. The scant interest shown by the Mughal emperors towards the maritime sector can be understood by the fact that bulk of their revenues came from the land. It was estimated that the gross revenue from the import duty was less than ₹3 million a year. Further the Mughals did not consider the seas around India as part of their domain. What if the Mughals were a dominant power in the maritime sector? What if they had an invincible armada to take on the might of the British naval power? Would India have been a maritime force to reckon with, today? Interesting thoughts, but that can only be conjectures now. mg

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.

India Shipping Summit

October 13-15, 2014

Venue: The Palladium Hotel, Mumbai

10 years is a very short time in history, however since the first edition of the India Shipping Summit held in Mumbai in September 2005, there have been many changes to the local and global maritime economy. The tenth edition of the India Shipping Summit will examine these changes, sharing the highs and lows of the industry, and will also contemplate the future, discussing solutions to current problems and the way forward into the next decade of shipping in India.

More information:
www. indiashippingsummit.com

CONTAINERS INDIA 2014

A maritime gateway event

India's premier maritime business magazine

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August 20, 2014

Venue: The Lalit Mumbai, Mumbai

Some of the world's most admired speakers examine:

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

More information:
vinod@gatewaymedia.in

Asian Offshore Support Journal Conference

October 8-9, 2014

Venue: Singapore

This conference is a focus for all of those involved in offshore support in Asia - from oil companies to suppliers. Shipowners will hear where oil companies will be driving the market and solution providers will be able to present to 280 plus industry experts and demonstrate their innovation and cutting edge technologies.

More information:
www.rivieramm.com

Cruise Shipping Asia Pacific

November 20-21, 2014

Venue: Hong Kong Convention & Exhibition Centre, Hong Kong

The annual cruise event will focus on the entire Pan-Asia cruise market,ingexplore the revenue outlook throughout the region.

More information:
www.cruiseshippingevents.com

Maritime Gateway Awards

August 20, 2014

Venue: The Lalit Mumbai, Mumbai

The Gateway Awards are the most coveted awards in the maritime industry honouring individuals, organisations and companies from across India's maritime industry. Gateway Media is proud to announce the 2014 edition of The Gateway Awards.

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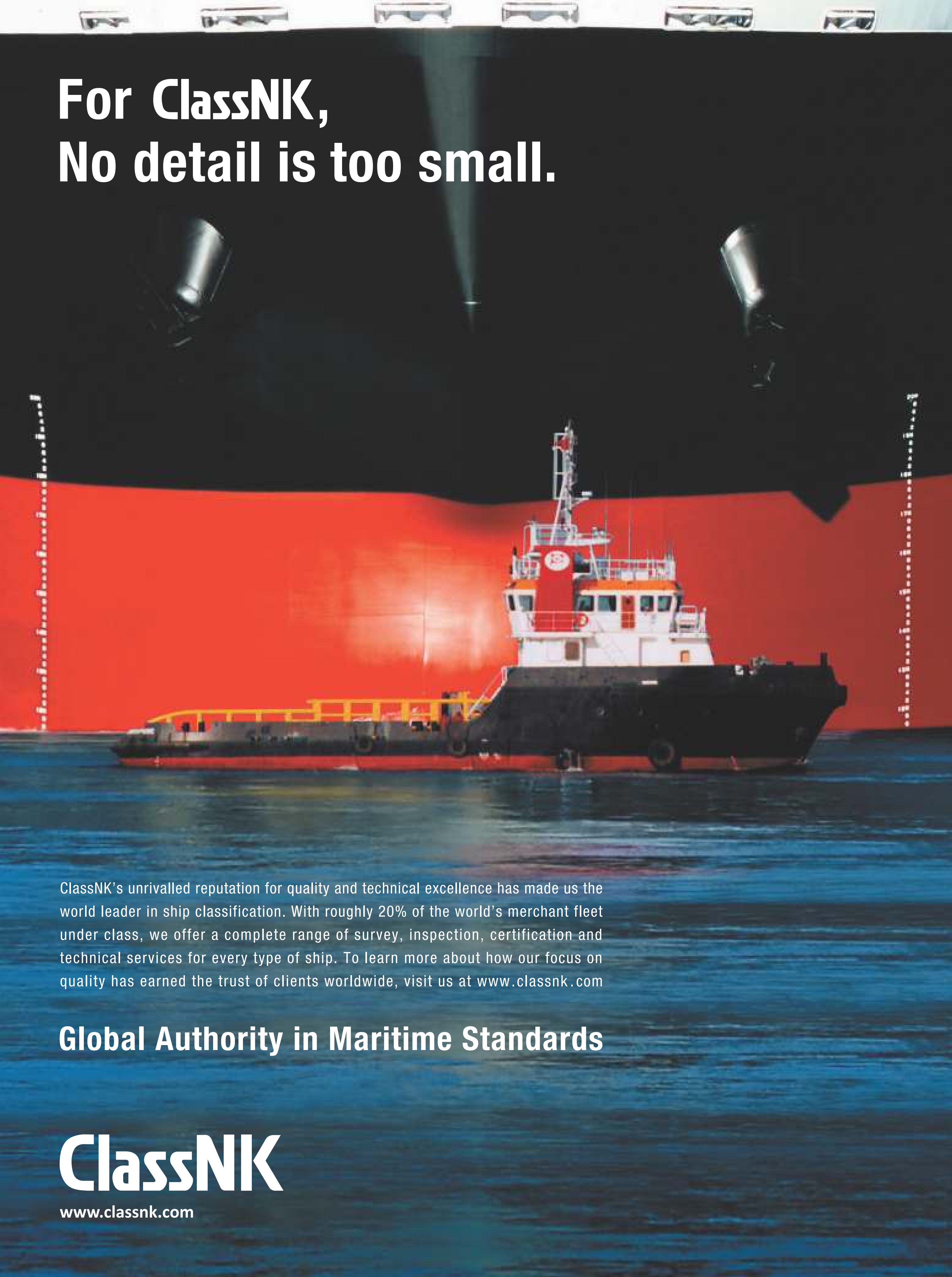
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