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3RD EDITION OF ECMBS

"STABILIZE AND SUPPORT EXISTING CAPACITIES"

FROM PORT TO PULP TO PAPER

THE STORY OF INDIAN PAPER LOGISTICS

Driven by industrialization and rising literacy levels, the Indian paper and paper boards industry bears the promise and the capability to cater to the growing domestic demand simultaneously creating multi fold benefits to the environment, in the employment and forex segments. However, the value chain needs to be encouraged by the government and logistics bottlenecks have to be sawed down for the industry to flourish.

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Feedback
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Coastal shipping comes of age

If I were to rephrase the statement 'one step for man is a giant leap for mankind', I'd do it best for the progress made by coastal shippers in India. A tiny step taken by the Indian government to promote coastal shipping has come a long way in encouraging the crestfallen players to ship wares along India's coast line.

The Centre has off late announced quite a few measures in giving a fillip to those who ply their vessels along the shore line. A subsidy of ₹0.5 per tonne per km is available for bulk cargo and a heftier rebate of ₹2,000 per container is what the shippers can claim. What's an incentive for vessel owners is a 20 per cent rebate on vessel or cargo related charges at the port of arrival. These measures are likely to push up the not so commendable volumes of 160 million tonnes of cargo that was transported via the coastal route in the financial year 2013. It is interesting to note that some states have taken a cue from the Centre's action where Kerala has announced a subsidy of ₹1 per tonne per km and the Andhra Pradesh government has promised to slash bunker rates to make this mode of transport more viable.

It is perhaps on the back of such perks promised that firms like Shreyas Shipping have actively pursued this route now covering the entire coastal line of India and a couple of ports in the Middle East. The company says good results from operating along the Indian ports of Kakinada, Visakhapatnam, Cochin, Mundra and Nhava Sheva has enthused it to purchase more vessels for plying. It would not be wrong to say many more players are waiting in the wings for viable options.

The Centre must now step on the gas and work more closely with states on this subject. Both parties could come good on their promises to reduce taxes and duties, between road and rail networks, revive non-functional ports.

Both parties could come good on their promises to reduce taxes and duties, between road and rail networks, revive non-functional ports.

The transfer of subsidies must be brisk and executed without any delay as any deferment can cause the shippers to revert to road or rail transport. Of 835 Indian flagged vessels, about 70 per cent of vessels operate along India's coasts. This number can drastically go up if the Centre provides the promised assistance of ₹30 crore to each major port to develop dedicated coastal berths, the benefits of which are self explanatory. The Maritime Vision 2020 says the country should increase shipping of general cargo items such as salt, sugar, automobiles, fertilizers, food grains and marble to 20 per cent by 2020. This leaves us with just five years to cover a yawning gap of 13 per cent!

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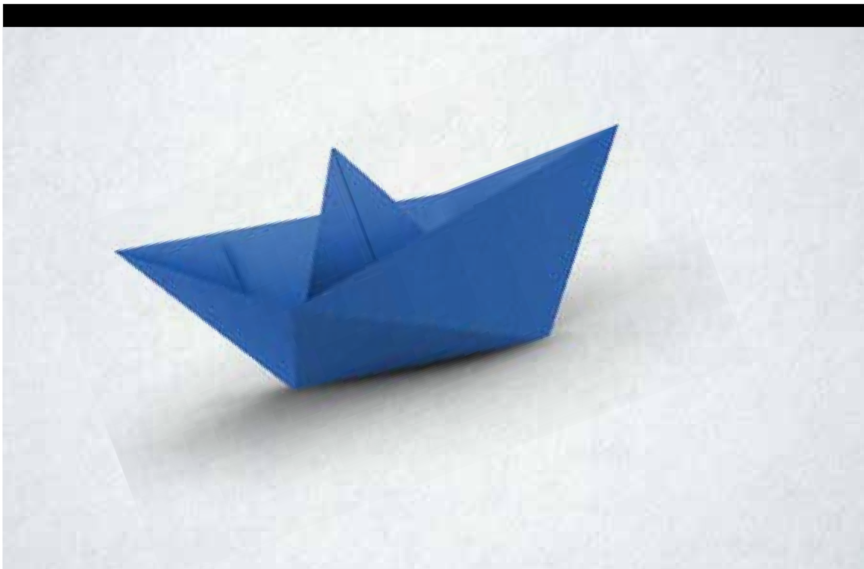
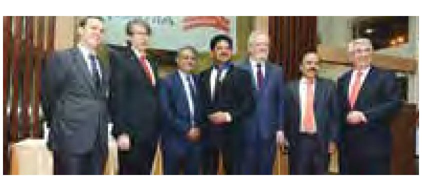


COVER STORY p.20

FROM PORT TO PULP TO PAPER THE STORY OF INDIAN PAPER LOGISTICS

Driven by industrialization and rising literacy levels, the Indian paper and paper boards industry bears the promise and the capability to cater to the growing domestic demand simultaneously creating multi fold benefits to the environment, in the employment and forex segments. However, the value chain needs to be encouraged by the government and logistics bottlenecks have to be sawed down for the industry to flourish.

FELICITATION
HIGHEST CIVILIAN HONOUR FOR SHASHI KIRAN SHETTY 18
This decoration has been awarded for Shashi Kiran Shetty's glorious efforts in strengthening business relations between Belgium and India........



MEGA VESSELS
BATTLE OF THE BIG VESSELS 38
Over the past years, shipping lines have endlessly invested in larger vessels to capitalise on economies of scale, which can only be leveraged with actual growth in trade.

INTERVIEW

Liquid Leader 44
Goodrich Maritime is one of the leaders in the liquid logistics space and this segment is growing at a meteoric pace. In the next few years, the firm will look at strengthening its presence in the CIS region.

T Venkataraman
Managing Director
Goodrich Maritime

FOCUS
COAL GETS PRIORITY OVER FERTILIZER 42
As the demand to handle black gold is hotting up at ports, crystal white fertilizers are getting the cold shoulder. Instead, firms should look at transporting these crop fortifying agents through inland water ways or coastal movement ....

OIL TRADE
LOOKING BEYOND VOLUMES 46
Since 2009, growth in tonne-mile trade of crude oil has consistently outpaced growth in terms of barrels, eventhough the pace of growth in tonne-mile trade has been relatively limited.

MEGA SHIPS
EVERGREEN JOINS THE MEGA-SHIP CLUB MANY MORE TO FOLLOW.. 48
There is not enough cargo for everyone to have ULCVs, so future orders will be dictated by alliance needs and not those of individual lines.

LOGISTICS
Delivery via drones 51
Efficient logistics is the most critical component for e-commerce, and companies are leaving no stone unturned to make their deliveries fastest.

TRENDS
Efficient future 52
The shipping industry is expected to be facing better times than today by 2020 if it innovates and believes in being efficient.

GREEN PORTS
Transporting containers with green power 54
HHLA Container Terminal Altenwerder is embarked on a project to power batteries of heavy good vehicles with renewable energy.

SAFETY AT SEA
Lost containers – under water risk 56
Shipping containers lost at sea are like growlers with most of their surface below the water and lurking on the world's busiest shipping routes.

ECMBS REVIEW

CEO ROUNDTABLE
"Relook at Port Development Projects" Industry Captains advise States 26

SUMMIT REVIEW
3rd edition of ECMBS "Stabilize and support existing capacities" 29

What will drive growth on East Coast? 30

Finding cargo and its evacuation are biggest challenges 32

Multimodal transport is the way.............. 33

Infrastructure track: Growth strategies at ports and terminals 34

OTHERS

News in Brief... 06
Numbers 08
News 09

Containers turned into homes in Hawaii

Faith Action for Community Equity, a local charity in Hawaii, has set up a 20-foot-by-8-foot shipping container on the grounds of Honolulu Hale that can house a family of five. The dwelling was built for about $11,000 and features four beds, a desk and is wired for electricity.Honolulu City Councilman Ron Menor has authored a resolution that calls on Honolulu Mayor Kirk Caldwell to investigate the possible use of shipping containers as dwellings, and says the demonstration project by FACE shows what's possible."I have supported the use of shipping containers because I think it provides a low-cost way to provide housing," said Menor.

Scanners to help push India-US trade

India and the US want to increase their trade five-fold to $500 billion in the next 10 years but the Americans want 100 per cent examination of cargo that originates from Indian ports to avoid arms and radioactive material going undetected. To meet this condition and also its own domestic security concerns, India has installed three gamma-ray mobile scanners at Chennai Port, Nava Sheva in Mumbai and Tuticorin. Container scanners are also being installed to ensure that goods are not exported on fake invoices, for money laundering purposes. According to P Jaideep, Additional Commissioner, Customs, in Chennai, the mobile gamma-ray scanning system can scan a container every five minutes.

Demand for constituting Andhra Pradesh State Maritime Board

The demand for constitution of Andhra Pradesh State Maritime Board is heard loud and clear with the representatives of the shipping industry deciding to mount pressure on the government for a suitable legislation. The most positive aspect of the board is to facilitate hassle-free decision-making. "Instead of regulatory regime, the industry is looking at facilitation at various levels and packaging of various clearances and works which the port users need," said Krishnapatnam Port Container Terminal Director, Vinita Venkatesh.

Secretary of State for Transport and Mayor of Liverpool tour port's new terminal construction

Peel Ports, operators of the Port of Liverpool, welcomed the Right Honourable Patrick McLoughlin MP, Secretary of State for Transport and the Mayor of Liverpool, Joe Anderson, to view progress on the Port's £300-million expansion project. Construction is well underway on what will be Europe's first semi-automated container port. When completed, the new Liverpool2 terminal will be able to accommodate some of the world's largest deep sea container vessels.

Transport Secretary Patrick McLoughlin said, "Our record investment in Liverpool's transport network is a huge boost to its economic growth, driven by the city's maritime and business ambitions. Improved port, road and rail connections will link people with thousands of new jobs in the region and encourage businesses to grow."

Sabyasachi Hajara appointed Independent Director in Apeejay Shipping

Apeejay Shipping announced the appointment of Sabyasachi Hajara as independent Director. Hajara was previously Chief Executive of Shipping Corporation of India and is the only person in the Indian shipping industry to have held the post of the President of Indian National Shipowners Association (INSA) for five years in a row. Hajara is the sole Indian who has been featured among the top 100 influential personalities in the global shipping industry in 2010 by two reputed industry journals – *TradeWinds* and *Lloyd's List*. He was also the Director and Vice President of the International Shipping Federation.

Odisha can double its exports in ten years

Odisha can double its export figures within 10 years at an annual growth rate of 10 per cent per annum if the State Export Policy-2014 is implemented properly, opines Secretary of MSME Department, Panchanan Dash. "The export of metallurgical, marine and electronics products has now exceeded 62 per cent of the total exports from the state. The export from 2012-13 to 2013-14 has grown by more than 52 per cent against the target of 10 per cent. We have to create an atmosphere where the manufacturing sector grows creating massive employment and scope for export," said Dash. The state government plans to formulate a new MSME development policy, apparently laced with new subsidy sops for the sector.

Plans to revive non-functional ports

The shipping ministry is formulating a plan to revive several of the country's 133 non-functional ports as part of a move to encourage traders to use India's vast 7,500-km coastline for transporting local freight. The ministry has prepared a concept note for forming special purpose vehicles by Shipping Corporation of India and Dredging Corporation of India with state governments and private operators. Most of these ports face dredging issues or lack terminal facilities. The revenues from the ports would be shared among the consortium partners in an agreed upon ratio.

The ministry is looking at developing five coastal ports in the next one year. An amount of ₹30 crore per port would be provided by the government to kick start their development. The remaining funds are likely to be provided by the state governments in order to provide connectivity to nearby state, national highway or railway station.

DB Schenker (India) appoints Rupesh Gupta as Director – Ocean Freight

Schenker India Pvt Ltd has appointed Rupesh Gupta as Director – Ocean Freight. He will be responsible for further strengthening the ocean freight operations, procurement and development activities and drive the functions at national level. Rupesh has held various ocean product & P+L roles in the logistics and other industries and brings with him more than 15 years of experience in the global logistics market. Speaking on the new appointment Shubhendu Das, COO, Schenker India Pvt. Ltd., said, "Rupesh brings with him years of expertise with Indian and global markets, which definitely makes him an asset for DB Schenker in India. His distinctive capabilities with ocean freight products and strategic mindset will help in further growth of the organisation."

Port of Amsterdam and Gujarat Maritime Board ink MoU

A K Rakesh, Chairman of Gujarat Ports Infrastructure & Development Co. Ltd (GPIDCL) and CEO and Vice-Chairman of Gujarat Maritime Board (GMB), and Anthony Van Der Hoest, Commercial Director-Logistics, Port of Amsterdam, have signed a Letter of Intent to increase cooperation in the development of ports in Gujarat state. The cooperation entails actively sharing knowledge and experience in the field of port management and port development in the future. GPIDCL is presently setting up a maritime university and maritime cluster in Gujarat.

ABD World Logistics starts operations in India

ABD World Logistics has commenced operations in India. ABD's strategic focus would be to provide single window, cost-effective services to customers for all their logistics needs worldwide. Anil K Chand, a renowned figure in the trade, who has experience of over 2 decades, has joined ABD as team leader to expand the business in India and abroad.

Direct shipping line between India and Iran

Gholam Hossein Shafeyee, Chairman of Iran Chamber of Commerce has revealed that Tehran and New Delhi have a plan to establish a direct shipping line between Iranian Chabahar and Mumbai ports. "This is the best, the shortest and the most economical route for the export of the Indian commodities to Central Asia, the Caucasus and Europe," Shafeyee said. The establishment of North-South and East-West corridor will further aid bilateral trade. India is Iran's second largest oil customer after China and purchases around $12 billion worth of Iranian crude every year, about 12 per cent of its consumption.

New PrimeShip-HULL software from ClassNK

Leading classification society ClassNK Chairman and President, Noboru Ueda has released Version 2.0.0 of its PrimeShip-HULL(HCSR) ship design support software. The new version is the world's first software system to fully reflect all rule amendments of the IACS Common Structural Rules (harmonized CSR) adopted in December 2014.

The main features of HCSR Version 2.0.0 are as follows:

- Fully compliant with the latest version of the harmonized CSR adopted by IACS in December 2014 allowing shipyards to create structural designs based on the latest prescriptive and direct strength calculation requirements. HCSR is the world's first software with this feature.
- Further improved data linkage with commercial CAD software, especially with the widely used 3D design model software NAPA Steel. Added features allow for complete data linkage to prescriptive rule calculation software used for all members' data within the cargo areas of oil tankers as well as to direct strength assessment software used for other additional information such as compartment data etc. These powerful new data linkage functions can exponentially reduce the amount of time typically required by the design process.

VOICES

India-Myanmar bilateral trade is growing and India is today Myanmar's fourth largest trading partner with the balance of trade greatly in favour of Myanmar. Yet, this trade is far below potential and does not reflect the closeness of ties.

– **Pranab Mukherjee**
President of India

We do about $100 billion a year in trade with India, which is a great improvement since I took office. But we do about $560 billion a year with China. That gives you some sense of the potential both for the kind of growth that India might unleash, and the potential for greater trade between our two countries

– **Barack Obama**
President, USA

A critical change in nature of our bilateral ties over the last few decades has been its growing economic dimension. China is today our largest partner in trade in goods. The two economies are moving to invest in each other.

– **Sushma Swaraj**
External Affairs Minister

Economic activity along industrial corridors

Industrial Corridor	No of High Potential Districts (Total Districts)	Population in 2025 (million)	GDP growth 2014-25, in %	Type of Economic Activity
Delhi–Mumbai	30 (38)	133	7.4%	■ Textiles ■ Tourism ■ Gems & Jewellery
Amritsar–Kolkata	18 (19)	104	6.9%	■ Textiles ■ Food Processing ■ Fertilisers
Chennai–Bengaluru	11 (14)	56	6.8%	■ Automotive ■ Consumer Electronics ■ Leather
Chennai–Vizag	7 (7)	31	6.4%	■ Food Processing ■ Automobiles ■ Chemicals & Petrochem
Mumbai–Bengaluru	7 (11)	53	7.1%	■ Automobiles ■ Food Processing ■ Textiles

Source: McKinsey Insights India Toolkit, 2014

INDUSTRIAL CORRIDORS IN TELANGANA

PHASE-I
Hyderabad-Warangal
Hyderabad-Nagpur
Hyderabad-Bengaluru

PHASE-II
Hyderabad-Mancherial
Hyderabad-Nalgonda
Hyderabad-Khammam

DISTRICT–WISE FOCUS

Nizamabad	: Minerals, Cement and Food Processing
Adilabad	: Cement and Paper
Karimnagar	: Fertiliser, Power, Cement and Textiles
Warangal	: Minerals, Food Processing, Textiles & Leather
Khammam	: Minerals, Power, Granite, Metallurgy and Paper
Nalgonda	: Cement and Pharmaceuticals
Mahbubnagar	: Textiles, Minerals, Pharma and Consumer products
Ranga Reddy	: IT and BT, Pharma, Food Processing and Defence and Aerospace
Medak	: Chemicals, Engg, Automobiles and Pharma

SPECIFIC INITIATIVES

- New Pharma City and Chemical City with well–developed infrastructure including waste management
- Development of Warangal as the textile hub of Telangana
- Food processing and seed production initiatives
- Mini-industrial townships along with industrial parks
- Direct loans to Dalit entrepreneurs
- Creation of a venture capital/angel fund
- Inter–state VAT rationalisation on industrial inputs and outputs
- Review and reform of all age–old industry sector regulations, including labour laws

As production increases, Coal India focuses on evacuation

With coal production increasing over 6 per cent and offtake at only 3.2 per cent during the year, logistics and coal evacuation comes into core focus for Coal India. Unless there is evacuation, what is the point in production, said Coal India Chairman, Suthirtha Bhattacharya. A lot of deliberations are being carried out with ministry and internally on various models to enhance the rail connectivity for coal movement. CIL has also roped in retired Railway Board member A K Moitra as advisor on railway and logistics.

“We are looking at various models. We pay and give the responsibility of building the infrastructure to the Railways and in return we get freight discounts,” said Bhattacharya. “The second model could be that we form a SPV which can collect freight from all the users. In these SPVs we can also involve the state governments.”

CMA CGM and Hamburg Süd expand cooperation

The CMA CGM Group and Hamburg Süd have reached an agreement to further enhance their existing cooperation. In addition to the already existing joint services between North Europe and both East and West coasts of South America, various new initiatives are in the final stages of preparation as follows:

Since mid-January Hamburg Süd is taking slots between Asia and the Caribbean on CMA CGM’s PEX 2 service as well as on the Brazex service which provides it with a connection to Manaus from the Caribbean.

Starting mid-May, and subject to prior FMC approval, the lines will start a new pendulum service which will connect Asia, the Caribbean, the United States East Coast and North Europe, together with United Arab Shipping Company for the transatlantic side. This new service will be complementing the one connecting Asia with United States East Coast via Suez.

As from July onwards, the lines will, together with further partners, revamp the services between Asia and both East and West Coast of South America.

The enhanced cooperation allows both lines to provide the market with cost-efficient, innovative new products which will be best in class as far as scope, frequency and fast transit times are concerned.

Dock workers to strike against corporatisation plans

Port and dock workers have announced an indefinite strike as of March 9 as a protest against government attempts to corporatise the country’s major ports. Those unions involved are the Water Transport Workers’ Federation of India, All India Port & Dock Workers’ Federation, All India Port & Dock Workers’ Federation (workers), Port, Dock & Waterfront Workers’ Federation, and the Indian National Port & Dock Workers’ Federation.

The unions allege that the Ministry has not reacted positively towards a number of points involving statutory settlements, including pension consolidation and the recognition of trade unions. They accuse the government of ignoring advice given in 2011 by the Parliamentary Standing Committee on Transport, which argued that labour federations should be consulted before making any major changes.

Port tariff reforms gather speed

Efforts to reform tariff-setting practices at the 13 ports owned by the Indian government have gathered speed. India’s attorney general, the government’s chief legal advisor, has agreed with a shipping ministry plan to move private cargo handlers operating under a tariff guideline framed in 2005 to a new market-linked tariff regime announced in July 2013 for new projects. The government has issued policy guidelines to set rates for services provided by the government-owned port trusts, which had thus far been governed by the 2005 guidelines.

These two developments show how the shipping ministry has moved smartly to dilute the role of the Tariff Authority for Major Ports, even while it braces to introduce an amendment to the Major Ports Trusts Act in Parliament to transform TAMP from being a rate setter to a performance monitoring and grievance redressing authority.

Cereal exports on the rise

India's cereals exports in December 2014 have grown to $711.48 million, an increase of 14.64 per cent compared to November 2014, revealed InfodriveIndia.com. Exports of rice have grown month on month basis by 8.86 per cent. Total value of rice exports in December 2014 was $646.77 million, compared to November 2014, an increase of $52.63 million in December. The major destination countries were Saudi Arabia, Iran, United Arab Emirates, Kuwait and Sri Lanka. Major Indian ports for trade were Mundra, Loni ICD, Kandla, Ludhiana ICD and JNPT.

Exports of Maize (corn) grew month on month basis by 92.21 per cent. Total value of exports in December 2014 was $30.37 million, compared to November 2014, an increase of $14.57 million in December. The major destination countries were Vietnam, Malaysia, Sri Lanka, Canada and Bangladesh. Major Indian ports for trade were JNPT, Tondiarpet ICD, Kakinada, Madras Sea and Raxaul.

Exports of Wheat and Meslin grew month on month basis by 305.75 per cent. Total value of exports in December 2014 was $25.75 million, compared to November 2014, an increase of 19.4 million in December. The major destination countries were United Arab Emirates, Bangladesh, Turkey, Taiwan and Malaysia. Major Indian ports for trade were Kandla, Mundra, JNPT, Cochin Sea and Madras Sea.

Exports of Buckwheat, Millet and Canary seed grew month on month basis by 19.11 per cent. Total value of exports in December 2014 was $3.59 million, compared to November 2014, an increase of $0.58 million in December. The major destination countries were Yemen, Vietnam, United Arab Emirates, Saudi Arabia and Namibia. Major Indian ports for trade were Mundra, JNPT, Raxaul, Tuticorin Sea and Jaipur ICD-Kanakpura.

Shreyas acquires another box vessel for $5.4 million

Shreyas Shipping and Logistics has expanded its coastal container service capacity with an additional 1,613-teu vessel named `*SSL Gujarat*,' acquired at a cost of $5.4 million. This will enable Shreyas to offer a fortnightly service linking all the major ports on east and west costs from Mundra in Gujarat to Kolkata – the first company to provide such a service. The service will operate on rotation on the Mundra – Tuticorin – Katupalli – Vizag – Tuticorin – Cochin – Jebel Ali – Mundra sector. The company proposes to make it a weekly service in the future. The service will enable shippers to move goods by sea from Gujarat to Andhra Pradesh and West Bengal. This will significantly reduce the logistics cost of moving goods between west and east coasts. The service is also expected to help transshipment of cargo through Vallarpadam container terminal near Kochi.

Shipping ministry seeks tax holiday in upcoming budget

The Shipping Ministry is asking for a tax holiday and more incentives for the shipbuilding industry in the upcoming Union budget, according to a report in *The Economic Times*. In a letter to the finance ministry, the Shipping counterpart also makes its case to get an excise duty exemption on raw materials and customs duty on imported capital goods used for shipbuilding. The ministry has further requested that a 10-year tax holiday be granted to loss-making shipyards to help them save capital for further expansion.

The ministry also wants to make it compulsory to import LNG on ships bearing Indian flags. This will create service opportunities for Indian players. The market observers say that the BJP government's 'Make in India' initiative could get top billing in the 2015-16 Union Budget with tax breaks and other measures for several sectors.

Adani, JSW Steel and others compete for dredging project at Goa Port

Adani Ports, JSW Steel, Mercator Lines and Dharti Dredgers and Infrastructure are competing for a ₹350-crore dredging project at Goa Port for deepening of draft, the first such scheme on PPP mode at a major port. Under the PPP mode, the private player will not only bear the cost of the project but would also contribute to the revenue of port as the terminal operator may collect higher charges from vessels.

The project involves deepening the draft of its navigation channel from the existing 14.5 metres to 19.5 metres, which when done would enable the port to receive large size vessels. At present only 75,000 - tonne vessels come to Goa Port and the dredging will pave way for large cape size vessels of 1,75,000 dwt. This will also result in savings of up to $7 per tonne on freight to the importers.

Direct China-Myanmar service by MCC Transport

The first sailing of MCC Transport's new direct service between China and Myanmar is on the water as the sister company of Maersk Line moves to capitalise on growing trade between the two nations. Eight 1,100-teu vessels have been deployed on this service. China is Myanmar's biggest trading partner, accounting for an estimated 45 per cent of all Asian imports.

The new service will reduce the transit time from China to Yangon. Imports from Shanghai to Yangon previously took 18 days but the direct service will cut it to 13 days, providing a direct service that eliminates any need for transshipment of the cargo in Southeast Asia. It will run on a 56-day rotation covering ports including Shanghai, Singapore, Port Klang, Sihanoukville, Busan, and Ho Chi Minh City.

Ajay Shukla takes charge as New Member Traffic, Railway Board

Ajay Shukla has taken the charge as the new Member Traffic, Railway Board. It is in addition to his own duties as Additional Member (Commercial) Railway Board. Shukla is a senior officer of 1979 batch of Indian Railway Traffic Service. He has varied experience of working on several important posts in the Indian Railways, like Chief Passenger Traffic Manager and Chief Safety Officer, Northern Railway; Divisional Railway Manger, Dhanbad, East Central Railway; Chief Operations Manager, North Western Railway and South East Central Railway; Additional General Manager, East Central Railway. For his outstanding service, Shukla has won various awards which include DRM's Award, General Manager Award, Railway Minister's Award, and Railway Board's Silver Medal for Rajbhasha.

Kandla Port Trust seeks permission for new expansion plan

The Kandla Port Trust (KPT) has demanded permission from the Gujarat Government and the Government of India for their new expansion plan. It has sought CRZ (Coastal Regulation Zone) and other environmental clearances also.

The KPT in its proposal to the Gujarat Government said, "There is no land acquisition as the land is owned by KPT and proposed activities are within limit of Kandla Port Trust. 11 KLD of water would be required for construction and 8 KLD of water required for domestic use." The state government has asked the KPT for detailed plans for considering the permissions.

The KPT has proposed following activities in CRZ areas:

- Development of barge jetty at Tuna (500 Mx12m, Capital Dredging: 4,50,000 M3, Maintenance Dredging: 2,30,000 M3/year, Back up area: 15 ha, optimal capacity: 6.57 MMTPA)
- Develop Oil jetty to handle liquid cargo and ship bunkering at Old Kandla (Jetty: 300m X15m, Approach: 450mX10m, Back up area: 5.5 ha, Capacity, 3.39 MMTPA, Capital Dredging: 1,73,660 M3,Maintenance Dredging: 1,56,294 M3)
- Development of barge handling at Khori Creek , KPT(Length of the Wharf, 1000, Width of the Wharf, 12M, Total back up area: 25 ha, Capacity, 8.57 MMTPA, Capital Dredging: 6,33,333 M3, Maintenance Dredging: 5,70,000 M3/year)
- Upgradation of Barge handling capacity at Bunder Basin at Kandla
- Providing railway line from NH 8A to Tuna Port;
- Multipurpose cargo Terminal at Tekra off Tuna :Stage II(T-shape jetty-600m X 80m, Capacity:9.08 MMTPA, Back up area: 80 ha)
- Contraction of rail over-bridge at NH-8A near Nakti Bridge
- Mechanized dry cargo handling facility at (Berth 7&8)
- Development of ship repairs/building facility

Visakhapatnam Port Trust to expand cargo handling capacity

The Visakhapatnam Port Trust (VPT) has outlined a ₹3,000-crore expansion-cum-modernisation plan aimed at enhancing the port's capacity by nearly 50 per cent. "Private players Vedanta, Essar, SEW and ABG have been finalised as the partners who would invest on modernising the cargo-handling," VPT chairman MT Krishna Babu said. The port plans to raise the cargo handling capacity from current 85 million tonnes to 125 million tonnes and become the third-largest port in the country over the next three years.

According to Krishna Babu, the port is unable to utilise more than 70 per cent of its existing capacity, largely owing to issues with cargohandling equipment and evacuation. The port authorities will discuss with the railways to increase the availability of rakes for speedy evacuation of cargo. An amount of ₹300 crore have been ear marked for dredging works to facilitate large vessels with 100,000 tonnes of cargo.

ClassNK inks MoU with Maritime and Port Authority of Singapore

Leading classification society ClassNK and the Maritime and Port Authority of Singapore (MPA) signed a MoU on February 13 to promote R&D and innovation in the maritime industry.

Over the next five years, ClassNK and MPA will join forces to carry out joint R&D projects focused on enhancing ship safety and environmental sustainability in four main areas:

- Safe ships: Fatigue-related research and evaluation of structural integrity for safe and reliable construction and operations of ships
- Smart ships: Data analytics to assist in real-time anomaly detection of machinery, real-time monitoring of emissions and condition-based monitoring of structures for ships.
- Environmentally-friendly ships: Applied research in emission control and alternative fuel engine technologies to achieve reductions in SOx, NOx, and particulate matter
- Marine renewable energy: Research on developing a tropical marine energy test site and tidal energy generation, material biofouling studies, and energy storage systems for shore power supply.

DP World wins Golden Peacock Human Resource Excellence Award

DP World has been recognised with the Golden Peacock Human Resource Excellence Award (GPHREA) for best practice in the profession. The award was presented by Baroness Verma, Minister for Energy and Climate Change, Government of the United Kingdom, and received by Monal Srivastava, Head of Human Capital, DP World Subcontinent Region, at the 9th International Conference on Corporate Social Responsibility held in Mumbai.

As part of its leadership strategy, DP World has created a People Development Framework, a global career and succession planning tool that helps its HR professionals to evaluate skills, competencies and readiness of employees for future roles. It also helps them develop a succession plan for the organisation.

Port of Hamburg achieves best-ever throughput in 2014

With total throughput of 145.7 million tonnes, representing growth of 4.8 per cent, the Port of Hamburg achieved its best-ever result in 2014. Up by 6.1 per cent at 102.7 million tonnes, general cargo throughput was outstanding. A 1.7 per cent increase in bulk cargo throughput to 43.0 million tonnes also contributed to the new record for Germany's largest universal port.

At 9.7 million teu, Hamburg's container throughput achieved a gain of 5.1 per cent, above average for ports in Northern Europe while remaining just below a fresh record 10 million teu mark that is now the aim for 2015. Strong growth in container throughput is primarily attributable to a 9.8 per cent jump in container services with China. With around 3.0 million teu, the Middle Kingdom is Hamburg's most significant partner for container transport. Among Hamburg's top ten trading partners, Poland with 395,000 teu (up by 22.6 per cent) and India with 232,000 teu (up by 14.9 per cent) both posted fresh throughput records for container traffic.

2nd WISTA India Forum gets strong support

Deepak Shetty, Director General of Shipping, along with WISTA team

The Royal Mumbai Yacht Club saw around a hundred dignified members of the shipping fraternity gather for the second WISTA Annual Forum on January 23. The select crowd included long-term supporters of WISTA India and WISTA members, as well as members who flew down from Delhi, Chennai, Cochin and Bengaluru especially for this conference.

The programme commenced with the traditional lighting of the lamp by key dignitaries – Deepak Shetty, the Director General of Shipping who was the chief guest of the evening; Sanjay Bhaty, Kandla Port trust; Umesh Grover, CEO of INSA and Sanjam Sahi Gupta, the President of WISTA India and Board member of WISTA International. In his key note address, Deepak Shetty emphasised on the importance of women participation and how WISTA India could help bring a more woman-centric outlook to the shipping industry and help frame policies that would support the same idea.

Foreign funds sought for expanding major ports

The government is planning to raise nearly $2 billion in overseas funding for deepening of port channels, expansion of major ports as well as to execute rail and road projects to connect them to the hinterland. The shipping ministry is likely to soon finalise the proposal for a dozen major ports that have a combined US dollar denominated income of about $400 million a year. The plan will require the nod of the finance ministry and the Reserve Bank of India. India allows foreign direct investment up to 100 per cent under automatic route for construction and maintenance of ports.

For road connectivity projects alone, about ₹27,000 crore is required. Some of the funds can also be used for financing the Rail Corporation, which is being set up with participation of all the 12 major ports, exclusively for building port connectivity rail projects. The shipping ministry is still in the process of deciding the mechanism of fundraising.

Tuna Tekra bulk terminal at Kandla commissioned

Adani Ports & Special Economic Zone Ltd has commissioned a bulk terminal at Tuna Tekra, Kandla Port, with an annual handling capacity of over 20 million tonnes, further consolidating its leadership position as number one on the west coast of India. Nitin Gadkari, Minister for Shipping, Road Transport and Highways, inaugurated the terminal after the berthing of the project's first vessel *MV Sheng Ming*. The project is expected to benefit the states of Gujarat, Rajasthan, Haryana, Punjab and Madhya Pradesh. It is connected to the National Highway grid through NH-8A coming from Ahmedabad via Wankaner. Morbi and terminates at the Kandla Port.

Maersk retains crown as most reliable box line

Maersk again topped the liner shipping reliability rankings last year, according to new research released by industry analyst SeaIntel. The top two spots were retained by Maersk and Hamburg Sud in a year during which 19 of the 20 largest container shipping lines saw their schedule reliability decline, compared with 2013.

The only carrier to buck the trend was CSAV, with 77.8 per cent of its vessels arriving "on time", compared with 77 per cent in 2013, the result of its limited exposure to the main east-west trades where liner operators encountered most of their scheduling problems. Maersk and Hamburg Sud had a reliability score of 83.7 per cent and 82.2 per cent respectively. Average reliability in 2014 across the top 20 carriers declined by 7.6 percentage points to 72.2 per cent, as carriers struggled to maintain schedule integrity in the face of adverse winter weather conditions in northern Europe and the US east coast in the early part of the year, and the port congestion that plagued Europe's hub ports in the summer, and which continues to affect many of the major Asia hubs.

However, there was little surprise which factor SeaIntel decided was the most decisive: "The single incident that impacted carriers and shippers the most in 2014 was the heavy congestion in Los Angeles, Long Beach and in the main ports on the northwest coast, a problem that is still on-going," it said.

Reliability on the Asia-North Europe, Asia-Med and transpacific trades was significantly hit. Asia-North Europe declined steeply by 13.8 percentage points from 2013 to 67.2 per cent, while the Asia-Med trade decreased 4.1 percentage points to 69.8 per cent. On the transpacific trade, reliability decreased by 17.5 percentage points to 62.3 per cent as port congestion gripped the west coast and at some points spread to the east coast.

Labour disputes hamper apple exports to India

Despite the record apple crop in the US, importers in Chennai complain they are getting only half their shipments. A long drawn labour dispute at the West Coast ports in the US has been threatening shipment to the lucrative overseas market. The 2014 Washington apple crop is estimated at 155 million boxes, 35 per cent higher than the 115 million boxes last year. However, inventory has been building up at ports in the US given the work slowdown. Instead of shipping apples to profitable markets such as India and China, they are being sent to Mexico and Canada via trucks.

In terms of sales volume, South India is one of the largest regions for Washington apples. Chennai is a big import point with its ports. Fruits are then distributed across South India to Hyderabad and Kochi. Bengaluru is also a growing market for apple. In the current season, India is among the fifth largest markets for Washington apples, behind Canada, Mexico, China and Taiwan.

VOC Port gets two new container feeder services to Colombo

Two new container feeder services to Colombo have commenced from Dakshin Bharat Gateway Terminal (DBGT) at V.O. Chidambaranar Port. The newly started Box consortium (BTL, OEL and X-Press Feeder) has declared a third string call to the DBGT. This service would be operated twice a week to Colombo. The maiden call of the service by *MV Bauhinia* commenced on February 1, 2015. So far, in the current fiscal, 34,209 teus had been handled by the DBGT. With the commencement of two Box consortium services and existing two Simatech services, the DBGT would be operating four services every week to Colombo. According to VOC Port Trust, the eighth berth with a capacity of 6 lakh teus is being operated by the DBGT.

China – top steel supplier to Vietnam in 2014

China continues to be the largest steel supplier to Vietnam in 2014, accounting for 53.4 per cent of Vietnam's total steel import volume. Last year, Vietnam imported 6.3 million tonnes of steel worth $3.8 billion from China, up 81.1 per cent in volume and 61.06 per cent in value year-on-year. In December 2014 alone, Vietnam imported some 990,500 tonnes of steel from China, accounting for 68.5 per cent of the country's monthly import steel volume.

Japan was the second largest steel supplier to Vietnam after China, making up 19.1 per cent of Vietnam's total steel imports in 2014. Japan sold 2.2 million tonnes of steel worth $1.4 billion to Vietnam during the year, down 9.18 per cent in volume and 10.68 per cent in value year-on-year.

DB Schenker opens logistics centre in Patna

Schenker India Pvt Ltd has opened DB Schenker Logistics Centre (SLC) in Patna. With a starting capacity of 10,600 sq. ft, the SLC would be providing customers with logistics and warehousing solutions with last-mile delivery and value-added services to industries involved in home appliances, electronics, computer peripherals and hi-tech segments. The facility has scalability options to cater to future growth in the region for the next 3-5 years.

Strategically located 14 km from Patna railway station, at Deedarganj on NH-30, and only 6 km from Transport Nagar, the logistics centre features uninterrupted power back-up and advanced transportation and IT systems, enabling efficient and convenient end-to-end supply chain solutions to its customers.

With its proprietary Warehouse Management System, SLC would provide customers many benefits, including the analysis of product supply, forecast and demand fulfilment, real-time data input, interface capabilities, Web order placing, and other customised functions.

Sumit K Dhawan joins Glander International Bunkering

Glander International Bunkering, a marine fuel, lubricant trading and brokering firm, has selected Sumit K Dhawan as senior bunker/lubricant trader and team leader for the Mumbai office. Sumit has more than seven years of experience in the bunker and cargo trading industry. He holds an MBA in oil trading and has considerable experience for bunker supplies in India/subcontinent, Singapore, Fujairah and ARA region.

APL Logistics acquires stake in India Infrastructure & Logistics Pvt Ltd

APL Logistics Ltd has acquired the 24 per cent stake held by its JV partner, HIPE Transportation Infrastructure Ventures, in India Infrastructure & Logistics Private Limited (IILPL) for a consideration of $10 million. With this IILPL, operator of freight rail train services in the country, has become a wholly-owned subsidiary of APL. The all cash deal was funded through NOL Groups's internal accrual.

The JV formed with Hindustan Infrastructure Projects and Engineering (HIPE), offers container rail freight service connecting New Delhi and Mumbai. The services are offered under the APL IndiaLinx brand. The JV formally received a Category 1 licence to run freight trains in India for 20 years, extendable by another 10 years.

About 12 million tonnes of iron ore stuck at Indian ports

Around 12 million tonnes of low-grade iron ore has been stuck at Indian ports for months, as hefty export taxes and plunging prices make higher quality ore more appealing to buyers. The stranded ore is a bad news for Indian miners and exporters who are smarting from a 30-per cent duty on iron ore exports, and especially when a handful of large international miners are bent on maximising output to push out smaller rivals. "For many of us, it's a case of blocked capital. We are on the brink of sinking," said PK Chaki, honorary secretary of the Iron Ore Exporters' Association.

IDFC and ICICI partner Indian Oil for Ennore LNG terminal

Indian Oil Corporation (IOC) will rope in financial institutions IDFC and ICICI as strategic partners for its proposed ₹5,151-crore LNG terminal at Ennore in Tamil Nadu. B Ashok, chairman of IOC, said the PSU would hold 50 per cent stake in the JV project, while other partners would have the rest. Tamil Nadu Industrial Development Corporation (Tidco) would also have a marginal stake. UK-based Foster Wheeler has been chosen by IOC as the project consultant for the Ennore terminal.

Myanmar port project to be completed in May

India will complete the reconstruction of Sittwe Port and the associated river transport facilities, as part of the Kaladan Multi-modal Transit Transport Project in Myanmar, in May. The project cost, however, is expected to be 29 per cent higher at ₹450 crore, compared with the initial estimate of ₹350 crore, largely due to unexpected volatility in exchange rates. While the commissioning of the port-cum-waterway will surely boost bilateral relations, India has to wait for years to start transshipment of goods to Mizoram in the North-East, as the Ministry of External Affairs is yet to kick off the road transport part of the Kaladan project. The project will reduce the distance from Kolkata to Aizwal by less than half from the existing 1,550 km in 2010.

Wheat export prospects for India turn bleak

Prospects for wheat exports in the new marketing season are turning bleak on falling global prices even as the country is seen headed for a bumper output this year. The recent fall in Euro against the dollar has made the French wheat cheaper thereby exerting pressure on the global prices.

The French wheat is selling around $210-215 per tonne, while the US origin is around $232. Even the Australian wheat, currently at around $270 per tonne, is cheaper than the Indian wheat quoted at $275. Also the levy of duty by Russia on the Black Sea origin wheat to offset the falling Rouble has not helped the Indian exporters to take any advantage. The strengthening of the rupee against the dollar in recent months has made the Indian wheat unviable in the international markets. In the absence of exports, a bigger harvest would only inflate the government stocks, which is contrary to the recommendations of the high level committee on restructuring of Food Corporation of India.

SPV to promote railway projects in Tamil Nadu

Tamil Nadu government has expressed its willingness to enter into an MOU with the Ministry of Railways to set up a Special Purpose Vehicle to promote railway projects in the state. The state administration expects the land allocated by it for the projects to be treated as part of the state government's equity contribution to the SPV at market value.

Three of the trunk infrastructure projects proposed under the Madurai Thoothukudi Industrial Corridor are railway projects – the Chennai-Thoothukudi freight corridor, Chennai-Madurai-Kanniyakumari high speed passenger link and Coimbatore-Madurai high speed passenger link. Tamil Nadu Chief Minister O Pannerselvam has asked for assurance that deliverables from both the sides should be made in time to ensure that projects do not suffer delays due to lack of adequate funding.

Highest Civilian Honour for Shashi Kiran Shetty

This decoration has been awarded for Shashi Kiran Shetty's glorious efforts in strengthening business relations between Belgium and India, particularly due to the economic initiatives of Allcargo and ECU-LINE.

The founder and visionary Executive Chairman of Allcargo Logistics Ltd, Shashi Kiran Shetty has been conferred with the highest civilian honour by His Royal Highness King Philippe, King of the Belgians. Shetty was awarded with the "Distinction of Commander of the Order of Leopold II" making one of the very few global Indians to receive this honour.

At the felicitation ceremony held in Mumbai during the Annual Port of Antwerp reception, over 300 top representatives of India's corporate fraternity including the shipping and logistics industry were present to witness this decoration. Representing the Port of Antwerp were Marc Van Peel – Chairman, Eddy Bruyninckx – Chief Executive Officer and H.E. Karl Van Den Bossche – Consul General of Belgium in Mumbai. His Excellency Jan Luykx, the ambassador of Belgium to India, presented the honorary medallion to Shetty during the evening.

This decoration has been awarded for Shetty's glorious efforts in strengthening business relations between Belgium and India, particularly due to the economic initiatives of Allcargo and ECU-LINE. Spanning a marvelous career of over four decades, Shetty is the pioneer and a visionary who has taken India's logistics industry on a global scale. Under his leadership today Allcargo is India's largest logistics company in the private sector listed on

BSE & NSE. With presence in over 90 countries and over 200 offices globally, Allcargo is India's truly multinational whose consolidated revenues are expected to cross over $1 billion by end of this financial year.

Some of the other renowned India citizens to have received this honour were, the late S P Godrej – Former Chairman of Godrej Group of Companies, Naresh Goyal – Chairman of Jet Airways, Dr R K Pachauri – Director General of the Energy and Resources Institute (TERI) and Mrs Sonia Gandhi – President of Indian National Congress.

Speaking on the occasion Shetty said: "As an Indian and as a global citizen, this is one of the proudest moments in my entire professional life. Receiving this honour for the first time in India's maritime industry makes me feel extremely privileged. I would like to dedicate this award to my industry colleagues and mentors who have guided me through these years. The support of my family, friends, colleagues and well wishers was also very important for me to achieve this honour. We at Allcargo and ECU-LINE will continue in our endeavour to foster stronger relations between India and Belgium, as well other European countries."

About the Order of Leopold II

It is an order of Belgium and is named in honour of King Léopold II. The decoration was established on August 24, 1900 by Leopold II. It is awarded for meritorious service to the sovereign of Belgium, to both Belgians as well as foreign nationals. The Order of Leopold II is awarded by Royal Decree. This decoration is one of the highest honours along with Order of Leopold and the Order of the Crown in the Belgian honours hierarchy.

Venturing into new territories

Having shown its commitment to the governments ambitious Sagar Mala project, Shreyas Shipping is gearing up to add new non-traditional cargo, improve transshipment through more ports and venture into newer territories of e-commerce, liquid logistics and warehousing

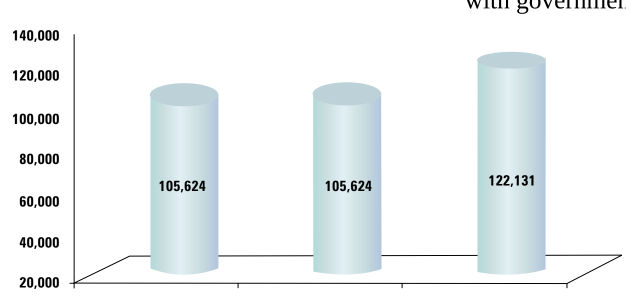
(L to R): **Capt V K Singh,** CEO, Shreyas Shipping and Logistics; **Ramesh S Ramakrishnan,** CMD; **Ritesh Ramakrishnan**, Director; **V Ramanarayan**, Executive Director; **S Varadarajan**, CEO, Shreyas Relay Systems Ltd

Apart from posting excellent Q3 results, Shreyas Shipping has emerged as the first Indian company to:

- Service domestic containerised cargo at every Indian port from Mundra upto Kolkata
- Offer feeder services
- Commence coastal transshipment service for EXIM cargo
- Offer land-sea-land multimodal logistics solutions

Total income of the company for the quarter ended December 31, 2014 jumped by 18.37 per cent to ₹139.83 crore from ₹118.13 crore, while profit after tax shot up to ₹22.42 crore as compared with net loss of ₹2.91 crore for the corresponding period last year.

Deadweight Tonnage in MT



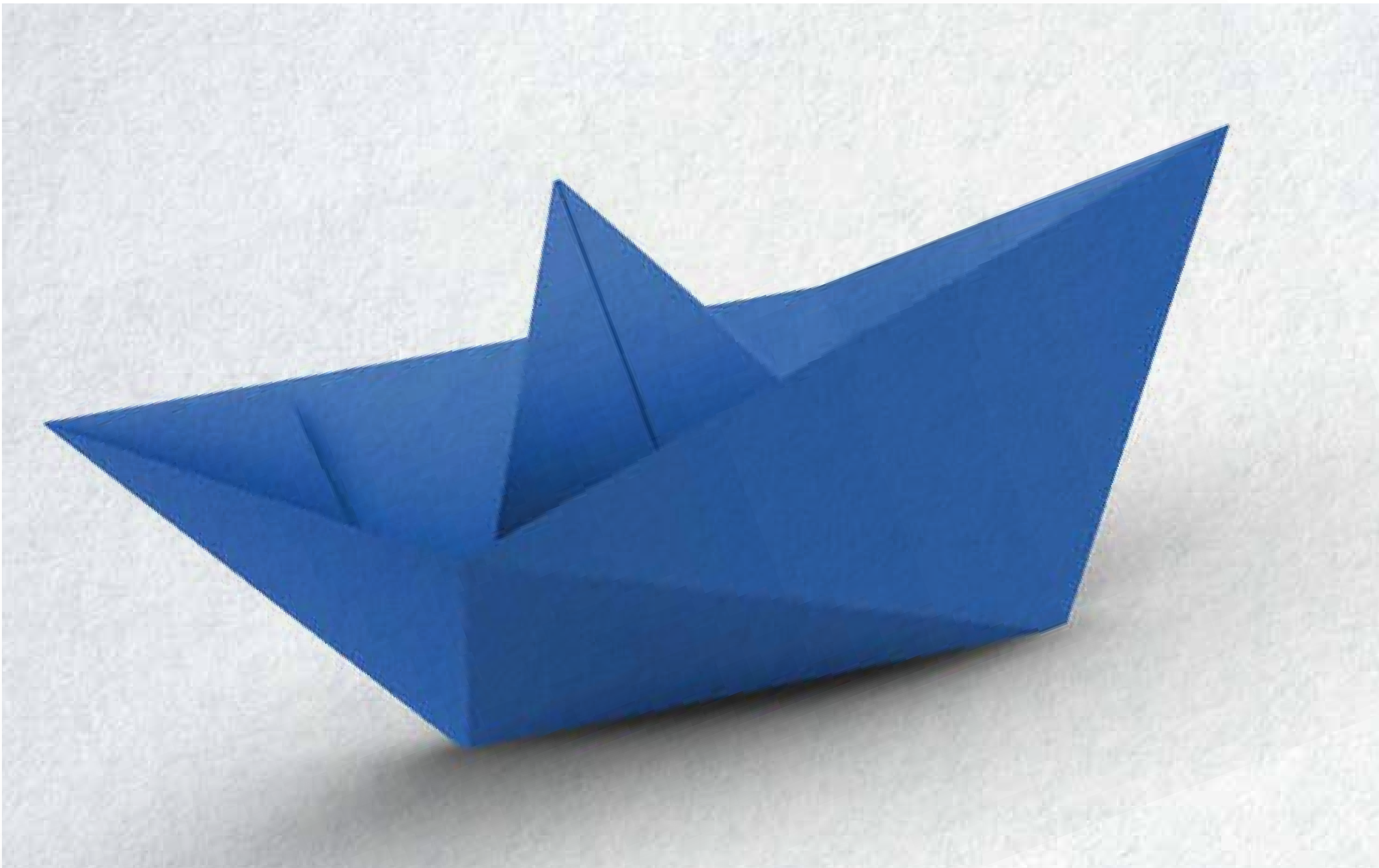
"The results display the efficiency of the company and underscores that it is on the growth trajectory. It is expected to perform better, considering the expansion in capacities, supported by pragmatic policies of the government to boost economic development of the country," said Ramesh S Ramakrishnan, Chairman and Managing Director of the company.

"In line with, and supporting Prime Minister NarendraModi's ambitious Sagar Mala project, the company has decided to dedicate one of its vessels, *M. V. OEL VICTORY* by renaming it as *SSL SAGARMALA*," Ramakrishnan added. Deploying the newly acquired vessel *SSL Gujarat*, whose delivery was taken in January, 2015 at Jebel Ali, Dubai, on self-operated service along the coastal route, has enabled Shreyas Shipping and Logistics Limited to link all ports.

The additional tonnage acquired is being adequately deployed and now covers the entire coastline of India. In fact, the company is now able to offer direct connectivity from Eastern / Southern India upto Middle East. With the recent acquisitions, the average fleet age is now reduced to 19 years. The overall debt exposure has also seen a reduction despite the vessel acquisitions. "The strategic decisions taken by the company over the years has helped in augmenting its growth," added Ramakrishnan. As regards the wholly-owned subsidiary Shreyas Relay Systems Limited, it is now an Indian coastal regional and liner service provider synergising and optimising the asset utilisation.

Way forward

Shreyas Shipping and Logistics Limited is committed to enhancing coastal shipping in India and integrating with the inland waterways network in line with government's ambitious Sagar Mala Project. The company will be providing services to new destinations and acquiring cost-efficient, fuel-efficient and environmentally friendly vessels to ensure minimal ecological impact. Shreyas Shipping and Logistics Limited also aims to identify new non-traditional cargo and increase connectivity to improve transshipment through more ports in India. The company also intends to venture into e-commerce, liquid logistics and warehousing through its wholly-owned subsidiary.



FROM PORT TO PULP TO PAPER

THE STORY OF INDIAN PAPER LOGISTICS

Driven by industrialization and rising literacy levels, the Indian paper and paper boards industry bears the promise and the capability to cater to the growing domestic demand simultaneously creating multi fold benefits to the environment, in the employment and forex segments. However, the value chain needs to be encouraged by the government and logistics bottlenecks have to be sawed down for the industry to flourish.

Just how much wood you think is required to make a snowy sheet of paper? Think big. When you take down trees that perhaps fill a large tennis court, you are left with a cubic metre of wood. And when this wood is processed, it gives you not just a sheet, but one lakh sheets of A4 size paper, or 10,000 one-litre tetra packs to fill your flavor of Tropicana juice and may be enough to print 1,200 newspapers!

To put it even simply, it takes four tons of wood to make one ton of paper. Paper is manufactured primarily from wood pulp after adding various quantities of chemicals to brighten and thicken it. But the process is not as simple as it sounds. Making paper is one of the most laborious tasks as it requires a heavy infusion of capital, huge machines that fill a room, hundreds of megawatts of power and an army of people, not to forget a sustainable green cover.

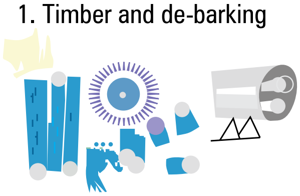
And there are quite a few companies in India that make paper from pulp, but among the top is ITC Paper and Specialty Papers Division, or ITC, headquartered in Hyderabad. It may sound astounding, but they do bring to the market some 6.5 lakh tonnes of paper each year- roughly half of India's requirement- giving some of the country's famous brands a cover. From Colgate, Horlicks, to Olay, Vivel and Mangaldeep incense sticks- they all get wrapped by ITC. The company manufactures paper- recycled and virgin paper and paper boards at three of its facilities in Bhadrachalam, Telangana, Kovai in Tamil Nadu and Tribeni in West Bengal. It operates another ancillary unit in Bollarum, also in Telangana, for extrusion where paper is coated and laminated with chemicals to enhance its appearance and texture. The paper industry in India can be broadly classified into four categories namely, paperboard and industrial packaging papers, writing and printing papers, newsprint, and specialty papers.

Now coming to the heart of the matter, why are we huffing and puffing so much about making paper? Simply because the sheer volume of raw material that goes in to manufacturing wafer thin pages is so complex that it could turn a logistical nightmare even if one spoke in the wheel is not aligned with the larger plan. The logistics game plan- that is transportation and warehousing is different for inbound and outbound cargo or material. The intensity of logistics is far more on the input supply chain side than on the finished goods side because the ratio of what goes in to what comes out is 6:1. That is, if four tons of wood is used, a tonne of chemicals and an equal number of engineering spares of the weight and coal is consumed in making one ton of paper.

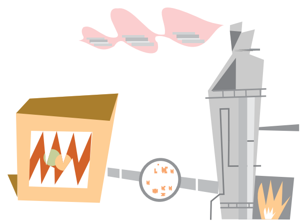
Not surprisingly, the company spends 5 per cent of its annual revenues on moving raw materials and paper around, making logistics an expensive proposition.

Efficient and effective logistics is the buzzword for this industry as it decides where the manufacturing unit can be located. "You have to choose whether you want to be closer to your customer or your raw materials," says Anupam Sharma who takes care of materials planning and procurement for ITC. And since the cost of transporting raw materials is far higher than transporting finished goods, "we decided to be closer to where our raw materials are," he says. And so it made sense for ITC to locate its first and largest manufacturing facility at Bhadrachalam which was first started in the 1970s as a back-end unit to make cardboard packs for its cigarettes that ITC today is synonymous with. Seven giant size juddering paper and board making machines function in a little known sleepy village called Sarapaka off the temple town of Bhadrachalam. Alongside the paper units is an 80MW captive power plant to light up the industry and homes of its employees. For all one knows, the location was also chosen because the plant gets 90 per cent of its chemical requirement from two industries located a few miles from ITC's PSPD unit. This unit alone makes 5.5 lakh tons of paper and board each year while the Kovai unit churns out one lakh tons of recycled paper and Tribeni makes tissue paper, laminated paper and cases for cigarettes totaling to 30,000 tonnes per annum.

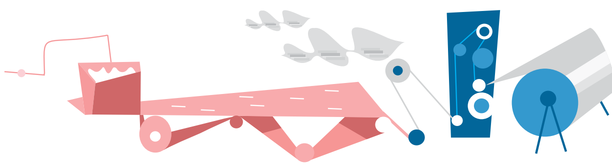
1. Timber and de-barking



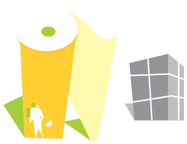
2. Chipping machine and pulping process



3. Cleaning and bleaching



4. Washing and drying



Source: J K Paper

Bark Bytes

- For every tree chopped, three trees are planted
- For 2.35 mmt of CO_2 emitted by the ITC Group, 4.52 mmt carbon was sequestered in 2013-14
- About 11 biodiversity hotspots are conserved to maintain the environment economic index.

How is paper made?

Once a tree is taken down, it is cut in to logs. The logs are cut into boards of varying sizes. The wood is then converted into wood chips. The wood chips are then put into "pulp digesters" where they are broken down by steam and chemicals into a gloppy pudding of cellulose fibers and other wood components. In another process, the chemicals, wood resins, and wood lignin (sort of a natural glue in the wood) are removed. The cellulose fibers are cleaned and screened many times to get them ready to be made into paper. The paper pulp (from wood chips, recycled paper, or both) is fed into the paper-making machine. A pump sprays a thin layer of the liquid paper pulp onto a moving wire screen. As the pulp is carried along by the screen, the water in it drops away, and the cellulose fibers become matted together, forming paper. While the paper is still damp, it is fed through a series of heated rollers which press it and dry it. The paper is then spooled into huge rolls, cut into various sizes, and converted into paper products. *(Source: Idaho Forests)*

Inbound Logistics

a) Procurement of Wood

Having said that paper comes from pulp, it's anybody's guess that more than 50 percent of the raw material is wood. The rest is a combination of chemicals (procured locally and imported), fuel, furnace oil, engineering spares and packing material. Wood is both grown in India and imported as pulp from other countries that arrives as bales. About 3,500 metric tonnes of wood is consumed in Bhadrachalam daily to make pulp. All the wood in the form of logs comes from Andhra Pradesh and Telangana, Karnataka and Orissa. Some 500 tonnes is imported from South Africa, Malaysia and Thailand. Since the Government of India does not permit companies to own and raise plantations for making paper, the wood based segment of the paper industry meets its current wood requirements mainly through social/farm forestry and supplements with purchases made from the State Forest Development Corporations. "We incentivise farmers to grow Eucalyptus, Casuarina and Subabul that are the most common varieties used as pulp wood," says Amit Singh, the Unit Materials Manager at the plant who oversees the operations. Plantations are currently overseen and supervised at one lakh hectares all around Southern India for ITC.

In addition to the pulp that is generated at the plant, some imported pulp figures in to the manufacturing process coming from USA, Europe, Russia, Sweden and Finland in containers. Ken Research released an analysis on India's Paper Industry and said that 'India's wood resources are limited; therefore, cost of wood is much higher in global comparison'. Since there is conspicuous absence of government's enabling policies favouring industrial/production plantation, securing future wood supplies is industry's biggest challenge. About two to three lakh tons of wood chips are also imported at times from Australia, South Africa and South East Asia.

Given the scale of imports, ITC uses about three to four ports for bringing in all its supplies. For containerised cargo, Visakhapatnam Port takes the lion's share with the port offering a good tariff and reasonable facilities compared to other ports. Wood logs and chips arrive at Kakinada and a small portion of chemicals arrive in to Chennai. Down South, the Kovai plant in Tamil Nadu gets much of its fibre imports for recycled paper from the Tuticorin port owning to the locational advantage.

A snapshot of all the brands ITC makes boards for

If ports are the origin for imports and exports, they are, by far, also the origin of discontentment for any industry, particularly paper, thanks to the scale of requirement. When ITC imported its first consignment of wood logs from Kakinada in 2012, the port had not handled such cargo previously. "So, we took the port officials and CHAs to Kandla Port for them to demonstrate how wood is handled. Not just that, we even hired equipment enroute to Kandla since Kakinada didn't have any of its own," quips Singh. But their woes with the port did not end there. Subsequently, when cargo began arriving as bulk at Kakinada, the consignment, for want of space, was left to nature's mercy. The wood was placed on the sand and left to spoil since there was not any space in the gowdown. It doesn't get any better at major and private ports too. Much to the firm's chagrin, liners and port authorities wring every last penny from the company without offering valuable service.

"We were initially importing 90 percent of our requirement from Chennai. But we moved lock, stock and barrel to Vizag's VCTPL because Chennai just couldn't care less. Neither the port authorities, nor the liners listened to us, Vice President Commercial, Prabhakar Venneti gasped. Services at Vizag and Krishnapatnam are a shade better, but they come with a set of worries too. Vessel calling at both ports is poor as there is no export cargo for the liners to take back with them. Hence, the lines often call at other ports from where ITC has to ship its cargo by road paying many thousands more.

This further leads to a delay in the inputs reaching the plant on time with ITC having to store large inventory for up to three months in their warehouses at the unit. ITC stores all its material in warehouses that can store cargo in about four lakh square feet "The warehouses charges at Vizag are exorbitant costing us three times the price compared to the charges at Bhadrachalam." About 14,000 tonnes of cargo comes in every months at Vizag. What compounds poor facilities and handling at the ports is the absence of a standard operating procedure while dealing with the customs clearance. Companies such as ITC that have been importing material for decades are subject to intense scrutiny where cargo is held up for weeks leading to time and cost overruns. At some ports documentation and cargo clearance procedures are vague where importers are unsure of how the Bills of Lading are dealt with. The much publicised 24/7 functioning of the customs at all major ports sadly is not a reality with the officials making their absence apparent at crucial times. A flustered Singh says, "It's not about operating new ports, it is about the facilities."

Just when you thought ITC's tryst with the ports was dusted, the liner produces a huge bill asking for all frivolous charges as payment. "Pulp is clean cargo. Yet, they impose a container cleaning charge on us at Indian ports. This practice is absent in international ports," Venneti says. Run down the list of charges and you find an equipment imbalance charge and survey charges too. And for all this the liners bring material only when there is place on board and not when the company required cargo.

Once this cargo is out of the port after paying all dues, it hits the road where the truckers rule the roost. They

Wood logs being stacked before being converted to chips


Paper reels before being cut to suit customer needs

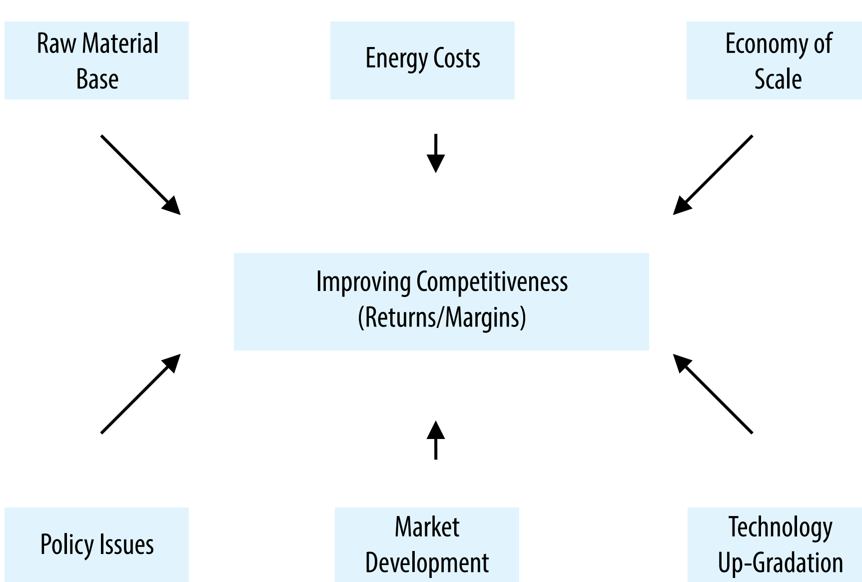
ask for a random increase in rates by about 10 percent and ITC has no option but to cough up the amount. Despite an annual contract with the companies, the unions push for arbitrary increase that is not commensurate with their services or truck availability. Trucks are unavailable during the agricultural season and those sent come in all shapes and sizes. Since much of the import and finished product is a reel form, any difference in the dimension of the truck is affects the quality of cargo. “Logistics in India is still governed by agriculture and not industry. The truckers’ issues are a fit case for the Competition Commission of India to look in to,” Sharma says.

While the company faces similar problems with ports and liners for its other two plants at Kovai and Tribeni as well, much of the material moves through roads as the quantum of pulp and recycled paper required is much lesser than what’s on order for Bhadrachalam.

b) Procurement of Chemicals

The other key component used in making paper is a healthy dose of chemicals. Half of the requirement of chemicals is imported, while the rest is sourced from domestic markets. Clay and Limestone are procured from the US and Middle East which are used after a high degree of processing. Calcium carbonate is supplied by Fimachem, a local industry that lives off ITC’s needs. Other chemicals that are used in coating are latex, starch, lime and Dioxide Titanium, some of which come from Shanghai, Port Klang, Colombo and Seattle. The company imports only solid chemicals. What's to be noted is the firm imports only solid chemicals.

Paper Economics



Outbound Logistics

After having fought hard with the truckers and won many a battle with the liners, sheets and rolls of paper are ready to be shipped to various locations in India and marginal quantity to Europe and Middle East. About 1900 mt of paper makes its way out of the three manufacturing units each day. Some portion of it is transferred to the transit godowns in Guntur, AP and Hyderabad, to port cities for dispatch and to the semi finished rolls of paper go to conversion units where they are cut to size to match consumer preferences. The other portion of this outbound cargo also goes to branches in various cities where it is dispatched to the customer directly for exports and to local customers. “The objective of storing this cargo in transit godowns is because there is insufficient space in Bhadrachalam and also truck availability on time,” Gagan Mishra, who manages logistics for the firm, says. Luckily for ITC, the transport of outbound cargo is less cumbersome as they escape the jaws of the truckers. All of ITC’s cargo moves by road once it is labeled “finished” as there are no rail sidings from any of its plants. Moreover, since the dimensions of paper differ, the handling of these bales or rolls is cumbersome given the railway’s handling at many entry and exit points that could cause damage.

The story of India’s paper logistics may thus seem as complex as manufacturing it. But if shipping lines and ports can blow out errant procedures out of the water and the truckers even out the bumps, the industry can thrive by expanding green cover, providing employment and foreign exchange to the country. Logistics is all about what goes in and what comes out. Hence, if both sea and road connectivity are seamless and the value chain is encouraged by the government, there will certainly lesser trade imbalance in the country.

"RELOOK AT PORT DEVELOPMENT PROJECTS" INDUSTRY CAPTAINS ADVISE STATES

The 'CEO Roundtable', conducted as part of the third edition of East Coast Maritime Business Summit (ECMBS), received a huge response from the industry fraternity. Organised on January 22 at Visakhapatnam, the roundtable was attended by the top honchos of the shipping and maritime industry.

The participated panelists discussed in length about the role of state governments in driving port-led development and how the state governments should gear up to attract investments, maximise the coastal benefits and enhance traffic and port-led development. Other issues related to policy and regulatory, tax, coastal shipping were also discussed along with focus on how the maritime states in coordination with the Union government should extend their support to port operators in order to get rid of the existing obstacles.

More focus was on port-led development, which is the stepping stone for any country aiming at improving bilateral trade with its neighbours. With the present thrust upon port-led development, both Union government and maritime state governments should capture the strategic advantage of the India's longest coastlines and develop the coastal areas to make them the growth engines of the state, came out as the gist of the roundtable.

MT Krishna Babu, Chairman, Visakhapatnam Port Trust

East coast is going to be the biggest contributor in international trade in the coming years in the back drop of emerging business prospects with South East Asian region. In this scenario, the state governments should introduce new schemes in collaboration with the Centre in order to boost the port-led development. Andhra Pradesh government is developing the first port-based industrial corridor 'Vizag-Chennai Industrial Corridor' in collaboration with the Centre.

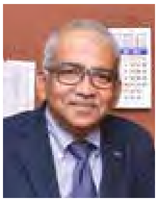
The west coast has early-bird advantages over east coast with its strong trade links with Europe, America and Gulf countries and robust railway network, while the ports on east coast suffer from constraints such as inadequate railway network and evacuation issues. Unless the state governments' liaison with the Centre to create and expand evacuation network – robust rail network, national highways and inland waterways, it will continue to create obstacles for the industry.

And land acquisition remains another critical challenge for the industry in the backdrop of whopping land prices. We hope the state government to implement a faster land acquisition process.

Anil Yendluri, CEO and Director, Krishnapatnam Port

Apart from the EXIM and maritime community, customs, railways and the state government are the three game changers for any port or port-led development. But, unfortunately these bodies play very conflicting roles. For instance, customs: it is the regulating authority as well as the facilitating authority. Same in case of railways which plays the role of governing agency as well as trade facilitation and logistics agency. Similarly the government becomes the PPP partner on one side and the administrator and regulator on the other. As the roles are not properly emphasised, it creates an imbalance between the role of a facilitator and a regulator. Currently, the need of the hour is to identify each one's role with more clarity.

T Venkataraman, MD Goodrich Maritime Pvt Ltd



India has a tremendous growth potential across several sectors such as coal, cement and chemicals. While we hear these positive stories on one side, the other side paints a completely different picture. Major ports do not have capacity to tap the potential and cripples with issues such as congestion, which is why more minor ports need to be developed and closer to the source of cargo. In this context, state governments will play a major role in implementing similar models like Gujarat Maritime Board.

Vinita Venkatesh, Director, Krishnapatnam Port Container Terminal

The government should make available some standard statutory packages for the existing private port developers as well for any new port operators. When we talk about port development, we always think of heavy infrastructure investment and tend to ignore the soft infrastructure. For a private port operator who has already put in investment in infrastructure, soft facilities such as certain statutory benefits including posting of officers and ADC are not available for them. The state government should provide such soft facilities to private players in consultation with the port operator and other statutory authorities.

Santosh K Mohapatra, Director, Adani Group

The way state governments see at port development projects needs to be re-looked. Unlike construction of highways, a port development requires a proper master plan well in advance. A state government should make a blueprint of a proposed port well in advance and invite bids, so that a private bidder will have enough information about the project and decide on viable funding.

Capt. GK Sarkari, Managing Director, Samsara Group

Hinterland plays a major role in driving business. On the east coast, cargo is coming from across regions in Odisha, Andhra Pradesh and Tamil Nadu. Capacity expansion is happening in a big way, existing terminals are adding capacities and new terminals are coming up. In this scenario, we need to broaden our prospects to work beyond states rather work like a 'Maritime Cluster'.

Vir Kotak, Joint MD, JM Baxi Group

The existing linkages to the ports are not efficient. For a quick address, the government bodies such as major ports, NHAI and railways can come together to work towards achieving the logistics goals not just at state level but at country level.

G Sambasiva Rao, Managing Director, Sravan Shipping Services Pvt Ltd

The government should allow the ports to compete with each other and improve efficiencies, so that customers can be benefited from the system. Also, the government needs to develop infrastructure in all priorities areas. Evacuation of cargo still remains a major issue at ports. Ports need to address the evacuation issue and take proper effort in reducing the waiting period for the customer and taking the cargo to destinations in scheduled time.

Capt G K Sarkari, MD, Samsara Group; **Vinita Venkatesh,** Director, Krishnapatnam Port Container Terminal; **S Khader Rahman**, IRS, Commisioner of Customs, Customs & Central Excise.

Pankaj Gadhia, CEO, Lemuir Group; **T Venkataraman**, Managing Director, Goodrich Maritime; **Anil Yendluri,** CEO and Director, Krishnapatnam Port

Capt Ramnath Vaidyanathan, Associate VP & Head (Container Terminal), Adani Ennore Container Terminal

The Gujarat Maritime Board could not have achieved what it achieved today without the support of various departments within the Gujarat government. If the government wishes to implement the Gujarat model across the country, the only way it can be achieved is through a comprehensive logistics policy. A logistics policy will include everything, starting from backend infrastructure to connectivity to the port. The Union government should create the policy and thrust the responsibility on states to implement the policy. This will also work towards making the 'Sagarmala' project a reality.

Capt Sudhir Vasudev Subhedar, President, ICC Shipping Association

I am happy to mention that things are changing and committees are being set up to review the old rules and guidelines in the maritime industry. The existing laws including the Ports Act 1907, Inland Vessel Act 1917, Indian Merchant Shipping Act 1958, require comprehensive review. Unless it is done in a fast-track manner over next two years, we will be repeating the same discussion even after a few years.

S Khader Rahman, IRS, Commissioner of Customs-Vijayawada Government of AP

The Customs department of Andhra Pradesh has introduced risk management system (RMS) to identify consignments that require detailed examination and analysis. To a large extent, we play a balancing role between enforcement and facilitation. Also, the Customs department of the state government has created a new commissionerate 'Customs Preventive Commissionerate' for Andhra coast.

Pankaj Gadhia, CEO, Lemuir Group

Cargo movement happens through various states and each state has different set of guidelines and permissions process. We feel there should be a single window mechanism for the smooth cargo movement across states. A single permission should be granted that is applicable for cargo movements on both national and state highways.

PK Srivastava, Hydrographic Chief, Inland Waterways Authority of India

Currently, the dependency is more on roads and railways for cargo movement. Despite India having a 7,500 km of coastline, coastal shipping is used only 7 per cent as a means of evacuation. Though in the last few years government's focus has shifted towards developing inland waterways and coastal shipping, the required infrastructure are not available currently. Coming to the east coast, the Andhra Pradesh government is putting a lot of effort and sensitising the use of waterways for major as well as minor ports. We are currently working towards the connectivity from Krishnapatnam to Kakinada in the first phase.

Capt SB Mazumder, Executive Director, Seahorse Ship Agencies

The major ports in India still control a majority of the cargo share handled across the country. As most of the major ports situated in the middle of the city, that restricts the evacuation process. Despite having a 56 per cent share, the major ports are lacking in vision and infrastructure. Though containerisation is shaping up in the country, still majority of the cargo is bulk. In the current scenario, infrastructure for bulk cargo is lacking in India. For instance, the waiting period is around 20 days at Kolkata Port.

Capt DK Manral, CEO, Vizag General Cargo Berth

I feel the local as well as the central government has a major role to play. In the current scenario, the government needs to relook at the tendering process and should focus on how to make the projects more viable. Otherwise, many customers will see it as a discouragement.

Samir J Shah, Partner, JBS Group of Companies

Logistics being an integral part of a port infrastructure and port-led development, the maritime states should work on broader aspects and bring logistics on to the table. When we talk about port-led development, we forget that a port is connected with several other things. Instead of 'State Maritime Board', a state should focus on having a 'State Logistics Board' with having verticals under sea, rail and road. mg

3rd edition of ECMBS

"Stabilize and support existing capacities"

After the successful two editions of East Coast Maritime Business Summits (ECMBS) in the past, we yet again were able to pull an outstanding show at the third edition of the summit that kick-started on January 22 in Visakhapatnam. The two-day event was an extravagant affair and attracted the who's who of the maritime and logistics industry to the port city.

Not only delegates came from all across the country, but also the event saw many international delegates and government representatives from neighbouring countries participating in the show including **Shri Chandra Kumar Ghimire, Consul General of Nepal,** who was here representing Nepal's maritime industry.

With a focus on giving a boost to the maritime trade on the East Coast, the third edition of ECMBS surprised everyone with addition of 'CEO Roundtable' this year. The CEO Roundtable, which was highly appreciated by the industry stalwarts, saw CEOs and industry leaders coming together on one platform and discussing about the issues and challenges pertaining to industry. Soon after the roundtable the inaugural session was started.

The third edition was formally inaugurated by Chief Guest of the evening Shri Ghimire, who spoke about the growing trade opportunities between the two countries and how the maritime community should gear up to avail the available benefits. "There are many potential areas. Also both the countries share proximity advantages as well as cultural advantages," he added.

C K Ghimire, Consul General of Nepal addressing the Inaugural session

Apart from gearing up to explore trade opportunities in neighbouring country, the maritime industry needs to work towards removing the existing hurdles. The ports in India currently suffer from several issues. **Manish Jain, IAS, Deputy Chairman of Kolkata Port Trust,** said, the existing capacity is under-utilised in the east coast.

R Ramprasad, Editor-In-Chief and Publisher, Maritime Gateway; **C Rajendiran, IRS,** Commissionerate of Custom House; **C K Ghimire,** Consul General of Nepal; **M T Krishna Babu,** Chairman, Visakhapatnam Port Trust; **Manish Jain,** Deputy Chairman, Kolkata Port Trust

"However, we have to work towards finding out evacuation routes through waterways."

On the same lines, **MT Krishna Babu, IAS, Chairman of Visakhapatnam Port Trust,** said, "The need of the hour is to evacuate faster and bring down the logistics costs. Also we need a clear maritime policy and a clear land acquisition policy." He further added, "Instead of creating new ports, let us stabilise port capacity utilisation at existing ports. However, once the proposed Sagarmala project takes shape, there will be more clarity."

From the customs and clearance prospective, **C Rajendiran, Commissioner of Customs and Central Excise,** mentioned that on an average the top 10 exporters are contributing 45 per cent and the top 10 importers are contributing around 50 per cent in the revenue of the custom house in Visakhapatnam.

He further said, "In order to boost the Indian trade and industry, the Finance Minister in his Budget Speech for 2014-15 announced that the 24x7 Customs clearance facility would be deepened and extended. The existing 24x7 Customs clearance facility, with effect from January 1 was made available to 13 more airports in respect of all export goods and to 14 more sea ports in respect of specified import and export goods."

It will be a success if all agencies concerned with the import/export process including custodians, customs Brokers proactively participate, he added. mg

What will drive growth on East Coast?

The theme of the key-note session was 'Maritime Business Growth on East Coast – Vision and Road Map'

The container traffic on the eastern coast of India currently stands at 2.86 million teu whereas it is three-times higher on the west coast which stands at 7.76 million teu. West coast has many advantages to its side including established trade tie-ups with the European, American and Gulf countries along with robust rail connectivity. While on the other side, east coast suffers from several bottlenecks starting from lack of good connectivity infrastructure to low trade relationships with neighbouring countries on the eastern side. However, with the recent 'Look East Policy' of the government and other efforts in strengthening trade relationships with the South Asian countries, the current scenario is soon going to change and open more business prospects in the future, according to the panelists at the key-note session of the East Coast Maritime Business Summit (ECMBS). The session focused on 'Maritime Business Growth on East Coast – Vision and Road Map'.

The panelists at the key-note session projected the bright future of the east coast and discussed about the factors that will drive the growth momentum in the coming years.

Capt GK Sarkari, Managing Director of Samsara Group, said, ports on India's east coast are adding more capacity in order to garner a greater share of the business as the nation's trade with China and other East Asian economies is on the rise. "During the next five years, current cargo traffic at ECI (east coast of India) ports is expected to rise by an average of 18-20 per cent. Share of ECI ports amongst all Indian ports in overall cargo handling is expected to increase from 35 per cent to 40 per cent over the next few years on the back of Centre's Look East policy," he added.

According to him, ECI has several advantages compared to west coast. It is closer to Far East/Southeast Asian routes. Apart from many new emerging gateway ports that are coming up and proposed capacity additions on ECI, there are many industrial clusters mushrooming closer to ports and many thermal plants and steel industries are coming up in this part that will substantially increase the ECI share among the total volumes handled. Through private participation, the government has taken a major initiative for the development of port infrastructure along ECI.

If you compare the eastern part of the country is under-developed and contributes only 30 per cent in the national GDP. However, many cities on this east coast will help in driving the growth momentum in the future. **Vir Kotak, Joint Managing Director of JM Baxi Group,** said, "The future looks bright for Visakhapatnam, the port city of the country. It will emerge as a warehousing and distribution hub in the country and will be the gateway for China, east and far-east. The city will emerge as the capital of 'Make in India' by 2020."

V Kalyanrama, Executive Director of CONCOR, commended Andhra Pradesh government's vision of making the state the logistics hub of India and felt that it will be good fillip to the port sector on the east coast, especially Andhra Pradesh. Hence he opined that there is a need of more logistics parks in the east coast.

He further said, "The success of the port mainly depends upon the successful evacuation. With more emphasis on the trade happening on ECI, we do feel that there is lot of requirement for logistics

Vir K Kotak, Joint Managing Director, J M Baxi Group; **Capt G K Sarkari,** MD, Samsara Group; **Bill Smart,** MD, Bengal Tiger Line Pte Ltd; **V Kalyanarama,** Executive Director, Container Corporation of India Ltd; **Capt Sanjay Gupta,** Vice Preisdent - Shipping, Petronet LNG Ltd.

parks, CFS, and movement from the eastern ports. With so many industries coming up in Odisha, Chhattisgarh, Bihar, Andhra Pradesh and some parts of eastern Uttar Pradesh these states could also become natural hinterland for east coast. With the restrictions that we have today for the movement across the nation to north, the development of ports on east coast will continue to face hindrances.

To deal with the growth momentum, CONCOR is preparing well in advance the infrastructure facilities. "I believe, together, we can cater to the needs of the industry and there should not be any lacuna or disadvantages from the logistics side," he said. CONCOR is giving a lot of importance for smooth cargo movement on east coast. Currently, CONCOR is operating five CFSs and ICDs on the east coast. It has plans to add another eight on the east coast – four in Odisha, three in Andhra Pradesh and one in Tamil Nadu. "In

Ports on India's east coast are adding more capacity in order to garner a greater share of the business as the nation's trade with China and other East Asian economies is on the rise. During the next five years, current cargo traffic at ECI (east coast of India) ports is expected to rise by an average of 18-20 per cent.

Capt GK Sarkari
Managing Director
Samsara Group

Andhra Pradesh itself, currently we have one CFS at Visakhapatnam and planning to build the second one. We have plans to build at Krishnapatnam and one at Kakinada," he said.

Stressing on the state support, **Capt Sanjay Gupta of Petronet LNG Limited,** said that state government should make plans to establish a gas grid to connect industrial hubs within the state – all gas trunk lines originating in Andhra Pradesh to connect to Ganagavaram Port.

However, there are several challenges on the east coast. "Among the major challenges, road connectivity, rail connectivity, rail route rationalisation, investments, warehousing, distribution and CFS, etc. remain on top," Kotak said.

According to Kalyanarama, the evacuation from this part of the country into north is little difficult. It may not be that easy. As of now, the freight corridors are not getting developed from this part of the country into north. Railways are operating in peak capacities and on the important lines.

On the similar lines, **Bill Smart, Managing Director of Bengal Tiger Line Private Limited,** spoke about how there is a trade imbalance affecting the ports on ECI. Ports on the east coast

Delegates in discussion

including Chennai Port, Krishnapatnam Port, Kattupalli, Visakhapatnam and Haldia Port put together do about 1,145,006 teu of imports but only 1,016,160 teu of exports.

"Also, capacity utilisation across these ports remains another big challenge. Currently, these ports have a combined capacity of 6.75 million teu annual capacity, while the current utilisation is only happening at 2.48 million teu (according to 2014 figures)," he added.

"Connectivity to the hinterland is a major issue for some of the ports on the east coast. For instance, for the road transport to Chennai you have several issues including gate issues and road delivery where trucks wait for 48 hours just to deliver one box. These issues cause disruption and need to be addressed," he said.

"From an operator perspective, pricing or the cost of marine tariff at ports remains another challenge in India. Currently, we pay around three to five times more tariff in India compared to the south east Asian ports. Also, waiting period is more here along with higher tariff. Some regulations should be there to address the pricing issue," Smart said.

Talking about the issues from a user perspective, **Prabhakar Venneti, Vice President (commercial), ITC Paperboards and Specialty Papers,** said, "The first problem lies in India is finding containers for India. We are very frequently told that India is a 20 feet export market, while most of our cargo comes in 40 feet containers. So finding containers from some of the leading shipping lines is a major problem." mg

Finding cargo and its evacuation are biggest challenges

(L to R) **V Padmanabham,** President-Andhra Pradesh Seafood Exporters Association; **M N Bhaskaran,** President - Sustainable Upstream Business, Nagarjuna Fertilisers and Chemicals Ltd; **P Raychaudhury,** Executive Director (Transport & Shipping), Steel Authority of India ltd; **Capt S B Mazumder,** Executive Director, Seahorse Ship Agencies Pvt Ltd; **Santosh K Mohapatra**, Director, Adani Group; **Vinita Venkatesh**, Director, Krishnapatnam Port Container Terminal; **Pankaj Gadhia,** CEO, Lemuir Group

The first session of the second day of the business summit highlighted both the challenges and opportunities in front of the Indian logistics and maritime sectors. The session started with a very vibrant presentation from **P Raychaudhury, executive director, transport and shipping, Steel Authority of India Limited.** While talking about the nuances of coal movement, he highlighted an important fact that coastal movement should be for finished products and not for raw materials only. He averred that SAIL is very keen to use inland waterways for cargo movement. As capacity of steel plants go up, requirement of cooking coal will go up, but there are logistics constraint for the movement of coal. According to him, there are two national waterways in the vicinity of steel plants, but their roadmap is not conducive for use by the steel plants. Moreover, the growth of ports on the East Coast could also be driven by the increased demand for coal for a number of power projects coming up in the area. With the increase in rail connectivity, a lot of imported coal through the western ports will be diverted through eastern ports.

Another problem highlighted during the session was evacuation of material from the ports. Ports are being used as storage points, and this is proving to be a big problem. It is as important to build the supporting infrastructure for speedy cargo evacuation, else the ports will merely become stockyards. According to the participants, this situation needs to be rectified immediately for the ports to become efficient. Other areas of concern highlighted were customers and cargo running away from ports where PPP model is being adopted, and also the crisscross movement of railways leading to inefficiencies. This session also included an interesting presentation by **M N Bhaskaran, President, Sustainable Upstream Business, Nagarjuna Fertilisers and Chemicals Limited**. He highlighted the fact that most ports are giving priority to project cargo as it means assured and huge volume of business for the ports. According to him, seasonal cargo like fertilisers is often not on the priority radar. He said another problem being faced by the fertiliser industry is the contamination of fertiliser cargo at ports (often by cargoes like cement and coal). He said that separate facilities should be made for storage of cargoes such as fertilisers. He also averred that export of fertilisers in small bags is also posing a problem. **Vinita Venkatesh, director, KPCT,** showcased the importance of her port during her presentation. She said that despite a modern container terminal being built at Krishnapatnam Port for cargo emanating from the Vijayawada-Guntur region such as cotton, tobacco and other agri commodities, this cargo is finding its way to Chennai for several historical reasons as well as the high tax structure in Andhra Pradesh. "The state government should address these issues and revise its tax structure, or else the state ports will not be used much," she said. According to her, another need of the day was to pull out cargo from diffused hinterland and decongest congested ports.

> “SAIL is very keen to use inland waterways for cargo movement. As capacity of steel plants go up, requirement of cooking coal will go up, but there are logistics constraint for the movement of coal.”
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>
> **P Raychaudhury**
> Executive Director, Transport and Shipping, Steel Authority of India Limited.

While **Pankaj Gadhia, CEO of the Lemuir Group** said that the tariffs for only some ports are published. He said that some ports charge different tariffs from different customers, which is a big problem.

V Padmanabham, President, Andhra Pradesh Seafood Exporters Association of India, said Andhra Pradesh accounted for 40 per cent of the seafood exports from the country and the exports were expected to double in the next five years. "The ports in the state should gear up to handle this low volume, high value, high risk cargo," he said. **Santaosh Mohapatra, Director, Adani Group,** also gave a very interesting insight about the new developments happening at his port, which is said to be very important for the development of the east coast. He said that the port handled 14.31 million tonnes cargo in 2013-14, 29.3 per cent higher than 11.07 million tonnes in 2012-13. This included 10.23 million tonnes of import cargo and the balance 4.08 million tonnes of exports. mg

Multimodal transport is the way

The second session of the day focussed on the multimodal logistics set up in India. The hiccups posed by rail and road modes of transport were discussed. The moderator of the session **Capt Sanjeev Rishi from Worlds Window Infrastructure** expressed his disappointment at the fact that officials from the Indian Railways were last minute drop outs of the session, thereby leaving a gaping hole in what was meant to be very meaningful time. The session started with a presentation from **Capt. D K Manral, Chief Executive Officer, Vizag General Cargo Berth Pvt Ltd.** He highlighted the problems related to railways. He said that there was a huge mismatch between import, evacuation and railway infrastructure. In many places, Railways lacks basic facilities like line electrification. There is also unavailability of freight corridors and sufficient rakes. He also lamented that there was inadequate port infrastructure to support coal throughputs, and the average pre berthing delays were about 10-15 days. The port also faces storage space scarcity.

Rajkiran Kanagala, Group Head, Business Development, Transport Corporation of India, on the other hand, highlighted the advantages of multimodal transportation in India. He said that instead of focussing on criticising the railway infrastructure, the industry should redefine its strategy and focus on using multimodal transport system for moving its goods. Multimodal logistics is considered as a solution to reduce logistics costs and time, which can prove to be the biggest advantage for the shipper. Port authorities, governments and the trade should plan hinterlands envisioning a model where the intermodal transport network makes a port the nodal point to where freight distribution is undertaken efficiently involving minimal costs. With more and more players from the manufacturing sector relying on multimodal transportation, the potential for this segment of logistics is enormous. But what is required to do urgently is to plug the infrastructure gaps.

PK Srivastava of IWAI said that the new government is committed towards making inland waterways viable, as it is both a cost-effective and eco-friendly way of transporting goods.

Kanagala also talked about the huge potential to develop IWT; he said that the challenges in developing IWT is mainly due to lack of finance. A KPMG report has urged banks to give soft loans for the development of IWT infrastructure. He further said that cargo carried through IWT in the country is showing increasing trend in the last couple of years. However, still it constitutes less than 1 per cent of the total cargo movement in India. The government aims to develop IWT as an alternative/complementary service in a multimodal transport network. There have been ongoing efforts to effectively integrate IWT with coastal shipping and interlink India's waterways to enhance its traffic potential. Jairaj Kumar, on behalf of Capt. Sudhir Vasudev Subhedar, President, ICC Shipping Association, made a presentation and said that there should be an integrated regulatory set-up for coastal shipping and inland waterways. There should be an incentive of ₹1 per tonne per km given to ship owners/operators to use coastal shipping. Coastal shipping can also be encouraged by prohibiting carrying of hazardous cargo on long distance by road rail. Long term support of cargo will bring in investment into Indian shipping. Carbon credits can also be used for encouraging a shift from railways to waterways. Deterrents to coastal shipping include high duties and taxes which inhibit the flow of private investment. Subhedar also added that there are huge untapped opportunities lying on the east coast of the country. Hinterland connectivity issues is a major challenge in the east coast growth trajectory.

> “Coastal shipping can also be encouraged by prohibiting carrying of hazardous cargo on long distance by road rail. Long term support of cargo will bring in investment into Indian shipping.”

Jairaj Kumar, on behalf of **Capt Sudhir Vasudev Subhedar,** President ICC Shipping Association

Capt D K Manral, CEO, Vizag General Cargo Berth Pvt Ltd; **Capt Sanjeev Rishi,** Advisor, Worlds Window Infrastructure; **P K Srivastava,** Chief of Hydrographic, IWAI; **Jairaj Kumar,** CMD, Ocean Sparkle Ltd.

Infrastructure track: Growth strategies at ports and terminals

In the last few years, many greenfield ports have emerged on the east coast with promise of less congestion, more expansion room, and closer proximity to growing consumer markets

With faster evacuation of cargo remaining a big challenge at ports, the third session 'Infrastructure track: Growth strategies at ports and terminals' of the Day II focused on several aspects of port-led development and stressed upon how infrastructure plays a great role in driving the business and the growth of the port. In addition to this, it also focused on how support infrastructure such as multimodal logistics parks and integrated logistics solutions can enhance the growth further. **Shirish Nadkarni, South Asia Correspondent, Seatrade Global,** moderated the session. In the last few years, many greenfield ports have emerged on the east coast with promise of less congestion, more expansion room, and closer proximity to growing consumer markets. While major ports are still battling with congestion and connectivity issues, these ports have been aggressive in targeting additional cargo volumes both in bulk and container traffic luring major exporters and importers to their docks.

According to **Capt Ramnath Vaidyanathan, Associate VP & Head (Container Terminal), Adani Ennore Container Terminal Pvt Ltd,** Indian cargo is likely to grow at around 7 per cent in the next decade, and share of south and east coast ports likely to go up to 42 per cent from the current 36 per cent. While the container traffic in India has grown at a 15 per cent CAGR in the last 20 years, the traffic share increased from 0.6 per cent in 1991 to 1.8 per cent in 2011. Under different scenarios of GDP growth and containerization levels, India's container traffic is projected to be between 17.7-20.5mn teu by FY2023.

In this context, infrastructure must be created to distribute cargo easily to gateway ports and at low cost. Rail costs should also be made cheaper in order to shift cargo from road to rail, he said.

Talking on the similar lines, **G Sambasiva Rao, Managing Director of Sravan Shipping Services,** said, "The demand is expected to rise in the future. Despite the outcome, we need to be infrastructure-ready. For instance, if a player wants to build a 100 acre warehouse, it doesn't happen overnight. It is built in phased manner and takes time. Instead of focusing on making profit from the day one, we should build infrastructure to support future demand."

He also said his company is coming up with its second container freight station (CFS) adding many other players are also showing interest in building infrastructure including VCTPL which is coming up with another CFS.

Currently, many of the ports and terminals have huge expansion plans

Capt D K Mohanty, Ex-Chairman and MD, Dredging Corporation of India, addressing the gathering

Antti Halonen, Sales Manager - Ports Business, Konecranes; **Capt D K Mohanty,** Ex-CMD, Dredging Corporation of India; **S Khader Rahman**, IRS, Commisioner of Customs, Customs & Central Excise; **Shirish Nadkarni**, South Asia Correspondent, Seatrade Global; **G Sambasiva Rao**, Managing Director, Sravan Shipping Services Pvt Ltd; **Capt Ramnath Vaidyanathan**, Associate VP & Head Container Terminal, Adani Ennore Container Terminal Pvt Ltd; **Manish Jain, IAS,** Deputy Chairman, Kolkata Port Trust

on their drawing boards which will add huge cargo handling capacities. Market analysts expect stiff competition among port operators which are fiercely battling out to gain access to the hinterland. According to **Manish Jain, IAS, Deputy Chairman of Kolkata Port Trust,** compared to other ports, the hinterland is very rich for Kolkata Port. Compared to other ports, we serve 14 states, two land-locked nations and the entire north-eastern countries. We are also strategically located, he said.

Despite aiming to become the premier gateway of eastern, northern and north-eastern part of the country, the Kolkata Port faces several infrastructure issues such as draft, long navigational channel and single lock entrance.

Giving a perspective from an equipment manufacturer side on how a crane manufacturer provides some solutions to the terminal operator and finally to the end user, **Antti Haloden, Sales Manager (Port Business), Konecranes, Finland,** shared the factors responsible for container terminal growth such as cost, automation, eco-efficiency and space utilisation. The company gets 40 per cent of its revenue from service. For a terminal operator, the practical challenge is the cost. When the ship size gets bigger we try to get the maximum of and get the cost down.

“

Indian cargo is likely to grow at around 7 per cent in the next decade, and share of south and east coast ports likely to go up to 42 per cent from the current 36 per cent. While the container traffic in India has grown at a 15 per cent CAGR in the last 20 years, the traffic share increased from 0.6 per cent in 1991 to 1.8 per cent in 2011. India's container traffic is projected to be between 17.7-20.5mn teu by FY2023.

”

Capt Ramnath Vaidyanathan
Associate VP & Head (Container Terminal), Adani Ennore Container Terminal Pvt Ltd,

SK Rehman, IRS, Commissioner of Customs & Central Excise, said, customs is a trading partner for Port. As a port develops, the revenue of customs also increases. Recently, the customs department has under gone a restructuring process and created a new commissionerate for Andhra coast, called Customs Preventive Commissionerate (CPC). “We have recognised and created infrastructure from customs point of view. Many people say ‘Look East’, while our department is ‘Acting East’. Rehman is the commissioner of Customs Preventive Commissionerate.

“It shows our commitment for the development of ports, terminals and other infrastructure on the east coast, particularly on Andhra Coast,” he said. The customs department is doing trade facilitation. Overall, there are 437 people who will be employed for the Andhra coast, he added. He announced that there will not be any cost recovery charges prior to October 15 for any CFS or ICDs.

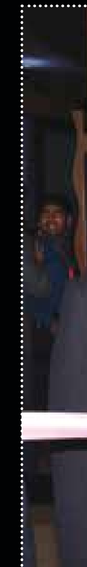
Talking on the necessity of having a proper clearance mechanism, he further said, a single window mechanism not only allows parties involved in trade to lodge standardised information and documents but also facilitates single entry point for all import, export, transit related regulatory requirements. It also helps in reducing transaction costs, improving competitiveness of steering committee and technical committee.

Capt DK Mohanty, Ex-CMD of Dredging Corporation of India, raised another concern of erosion of beaches, which is increasingly posing a major threat to the port operators.

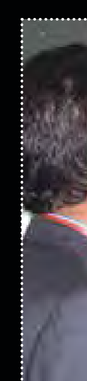
According to him, the state governments have declared several new port projects that include 10 new ports by Odisha government, 12 projects by Andhra Pradesh government and 14 new port projects declared by the Tamil Nadu government. Whether the country requires so many ports puts a big question mark. “Another major concern is do we require small efficient ports or few large ports that are destroying the environment,” questions Mohanty.

According to him, the issue of erosion has become a major concern across the country due to the addition of new port projects and allowing further increase in port capacities. 300 acres of land was eaten by the sea at Paradip Port. Our duty lies in protecting the environment. It is abundant duty of the port to see the environment is not affected. We should properly utilize the existing infrastructure,” he said.



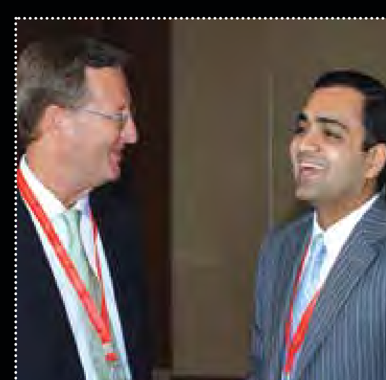













NETWORKING AT CONFERENCE

Being recognised as the biggest in the world must have its attractions, but it cannot be fun knowing from day one that a competitor is on track to eclipse your record. That has been the experience of China Shipping Container Lines, which had the world's biggest container ship, *CSCL Globe*, for a little over a month until the arrival of the *MSC Oscar*, operated by Geneva-based Mediterranean Shipping Co.

The 400-metre *CSCL Globe* can carry 19,100 standard containers. The *MSC Oscar*, delivered recently, is slightly shorter but is able to carry 124 more containers, allowing it to gain the title of the world's largest container ship.

But the *MSC Oscar's* time in the limelight will also be limited. Another leviathan, *Barzan*, owned by Dubai-based United Arab Shipping Co., - will break the record when it is delivered by Hyundai Heavy Industries in April. UASC has yet to reveal the *Barzan's* capacity but it told the *South China Morning Post* that it would be bigger than any existing container ships.

Such rapid record-setting has never been seen before in container shipping, which has been instrumental in helping global trade take off. Before the revolution known as containerisation, the absence of a cheap, efficient and safe mode of transport was the main hindrance to trade growth.

In The Box, Marc Levinson tells of a 1954 study that found a ship carrying about 5,186 tonnes of cargo, mostly food and household goods, from Bremerhaven, Germany, to Brooklyn in the United States contained 194,582 individual items of every size, and it cost $5,031.69 alone in lumber and rope to hold everything together on board and took longshoremen 10 days to load and unload. After decades of striving for greater efficiency, shipping lines and marine engineers transformed the face of global trade through bigger container ships. Today, most ships plying Asia-Europe and Asia-US sea lanes, the busiest in the world, carry 8,000 to 18,000 teu.

"In the 1970s, the largest container ships were of 2,000-teu capacity and it cost $4,000 to ship a container from Asia to the US, which in today's money terms would equal $20,000," said Andy Lane, a partner at Container Transport International Consultancy. "With ship upsizing, it costs only $1,000 now."

Such economies of scale have made logistics costs almost negligible in a manufacturer's sales planning.

But a series of developments in the past few years have seen the industry increasingly veer off course as an enabler of global trade. Captivated by a craze for big ships and desperate to survive, the world's major container carriers embarked on an arms race, ordering newer and larger vessels that could not be filled by cargo as trade growth slowed, leaving most with losses, debts and disgruntled customers who complain of ever more frequent shipment delays.

The current fad for ultra-large container ships started in 2011, when industry leader Maersk Line, whose 15,550-container *Emma Maersk* had held the biggest ship title for five years, ordered 20 bigger ones with a capacity of 18,000 teu. The ships, dubbed Triple-E class by the Danish company, each cost $190 million. Just before the first Triple-E was about to be delivered in May 2013, CSCL ordered the even larger 19,100-teu series. Meanwhile, France's CMA CGM upgraded its existing orders to 18,000-teu capacity. Lloyd's List reported that Taiwan's Evergreen Marine Corp was behind 11 orders for 20,000-teu container ships recently, which when delivered in 2018

BATTLE OF THE BIG VESSELS

Over the past 10 years, shipping lines have endlessly invested in newer, larger vessels to capitalise on economies of scale, which can only be leveraged with actual growth in trade. On the contrary, the gap between fleet growth and trade growth only appears to widen

will break the *Barzan's* record. Even Hong Kong's Orient Overseas Container Line, a conservative player in the battle for size, is contemplating joining the "big league".

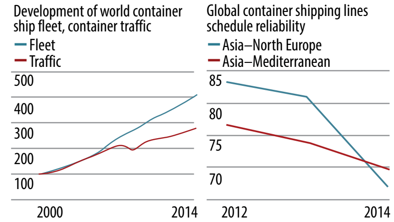
Jonathan Beard, who heads global ports and logistics research at US consultancy ICF International, said: "The rationale for shipping lines is that economies of scale will deliver lower unit costs and restore profitability. But over the past 10 years, shipping lines have endlessly invested in newer, larger vessels, yet the industry's profitability and return on capital have remained pitiful. Supply-demand [balance] is still the key determinant and until the market clears… failing shipping lines and shipyards go out of business, there will be little improvement."

Trade growth no longer justifies such massive capital expenditure. Data from British maritime consultancy Drewry shows the gap between fleet growth and trade growth has widened since 2006. Carriers now face a dilemma: without using the newest and largest ships to lower operational costs, they risk losing business; but by investing in a state-of-the-art fleet, they exacerbate a supply glut and poor freight earnings and may eventually struggle to stay afloat.

On a wave

Comparison of container ships over the years

Year	Capacity (teu)	Length x Breadth (m)
1956 **Ideal–X**	96	**160 x 9**
1970 **Dart Europe**	1,556	**232 x 31**
1995 **OOCL California**	5,344	**276 x 40**
2006 **Emma Maersk**	15,550	**397 x 56**
2015 **MSC Oscar**	19,224	**395 x 59**



Sources: Alphaliner, ship–Pics, Maersk, Drewry Maritime Research, SeaIntel Maritime Analysis SCMP

"Flooding the market with additional capacity is counterintuitive, and I believe all shipping lines know that," Lane said. "It has, however, become a case of 'you are damned if you don't, you are damned if you do'." In order to fill their ships, carriers have opted to befriend their foes. After obtaining antitrust clearance, most of the world's top 20 container lines grouped last year into four major alliances, or operational blocks with joint networks, sailing schedules and exchanges of vessel space. As a result, port operators and shippers – those who commission freight with shipping lines – are feeling the pinch. Last year, a number of ports in Asia, Europe, the US and Africa experienced worse-than-usual congestion. Although reasons for the gridlock varied between ports, the underlying cause was related to the expanding size of ships and the alliances using them.

SeaIntel Maritime Analysis, a Copenhagen-based consultancy monitoring the punctuality of container shipments, reported only 72.2 per cent of vessels arrived at ports on time last year and only 58.2 per cent of containers were delivered on schedule in December.

"If I send something via DHL or FedEx, I know exactly where my package is. But when I send a container with a shipping line, I pray to God that it arrives at the time the shipping line told me," the head of logistics at a leading European retailer said.

"In the 1990s, before the creation of the big vessels, I at least had around 80 per cent punctuality.

"As shipping alliances get bigger, I become smaller comparatively and have less bargaining power. Shipping lines don't bother if I switch my freight contract to their competitor."

Lane said container ships could not grow infinitely and cost savings from upsizing would soon begin to plateau.

"Going forward, risks will outweigh gains," he said. "Physical geographic restrictions, ability to fully utilise, product offerings, transit times, inflexible fleets, insurance, etc, are all significant risks associated with deploying a new generation of ship." mg

Source: South China Morning Post

Rationalisation policy has irrational results

Vizag port has been suffering for the past few years due to a decision taken by the Railways

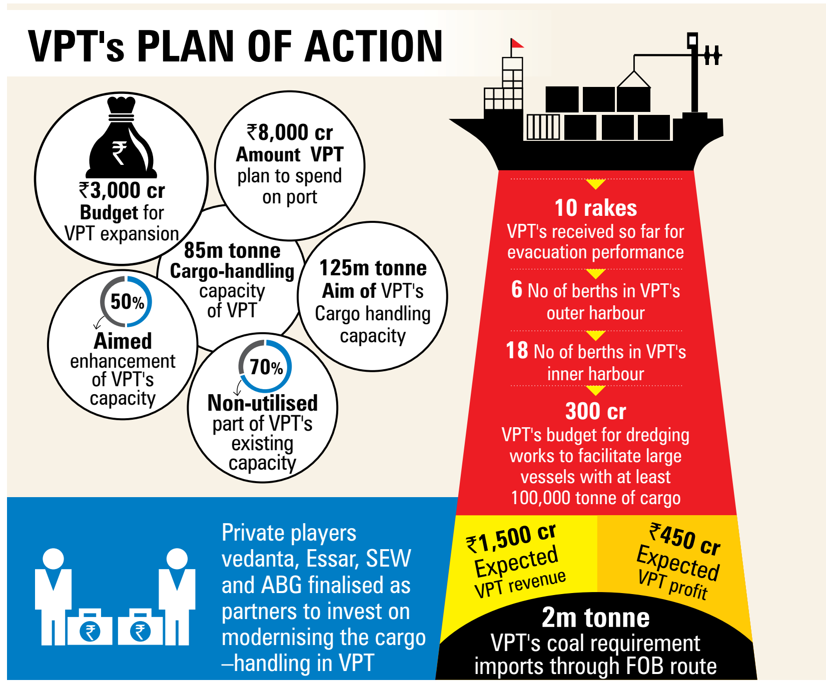
Ritu Gupta

The maritime and logistics industry often lambasts the Railways for its indifference and their apathy, but it seems that the cribbing is not having much of an effect, and the happenings at the Visakhapatnam Port are a glaring proof of that. In 2011, a route rationalisation policy was introduced by Railways for the Visakhapatnam-Delhi route, but this turned out to be a nightmare for export and import cargo operators from Visakhapatnam, as due to this all cargo from Visakhapatnam and Gangavaram ports are forced to transport via Duvvada-Balharshah route instead of Titlagarh-Raipur, which is closer by 300 km. It is putting an additional burden of around ₹5 lakh per train from Visakhapatnam to Delhi and vice versa. “For sending cargo to Raipur, we are forced to route it through Nagpur, a distance of 1,200 km instead of Vizianagaram-Titlagarh section, which is just 550 km,” said G Sambasiva Rao, managing director of Sravan Shipping Services. Appeals by several operators to see reason in their demand to end circuitous route to reduce handling cost as well as time for dispatch of various commodities have so far not yielded any results.

According to industry players, the route rationalisation by railways is irrational in the interest of the country's economy as a whole, though it might have filled the coffers of the Railways. It has also acted as a dampener on the goods traffic flow at the port of Visakhapatnam Port. Many companies have a growing preference to alternate ports like Krishnapatnam and Paradip. The worst-hit due to the policy is Visakha Container Terminal, which is considered one of the deep-drafted all-weather container berths. “The Railways is forcing us to route cargo through certain designated places putting a heavy burden on us. Increase in landing cost of coal is also pinching the consumers hard by increasing power tariff. To put a full-stop to the problem, electrification work of second track between Raipur-Titlagarh lane should be expedited,” said Krishna Kumar, president of Visakhapatnam Stevedores’ Association. Indeed, the work on doubling the railway line between Vizianagaram and Raipur, Titlagarh-Raipur and Titlagarh and Sambalpur sectors is going at a very slow pace, aver many industry players, and such delays are having long-term adverse affects on the throughputs of the Port. For instance, it has been losing out on coal imports. "Earlier coal for the hinterland of Paradip was going through Visakhapatnam Port because of the lack of depth in Paradip. But since Paradip has sorted out the issue with draft, it is regaining the vessels, which it had initially lost out to the Visakhapatnam Port. This is the major reason for decline in coal traffic at the Visakhapatnam Port. To ensure that coal traffic continues to increase at the Visakhapatnam Port, the route rationalisation policy of the Indian Railways due to which coal to parts of Madhya Pradesh, Chhattisgarh and Jharkhand comes from the west coast has to be stopped," said a senior shipping executive. As Visakhapatnam Port is the natural gateway for these states, the coal if transported from Vizag to these areas will cost about ₹700 per tonne, but since it comes through the west coast the cost increases to around ₹1,300-1,400 per tonne. This coal is eventually used by the power plants and the burden of cost passes on to the consumer. It is absolutely illogical to

What does Visakhapatnam Port want from the Railways?

- Line doubling
- Line electrification
- Availability of freight corridor
- More diesel locomotives
- Availability of sufficient rakes
- Decision of routes on the basis of cost benefit analysis



do such a kind of a thing. "The railways should lift the route rationalisation and allow power plants to choose the port of their choice for taking the coal," said Rao.

Another raking issue

Apart from the route rationalisation problem, the port is also facing a shortage in the supply of rakes, causing logistical problems for industries which are solely dependent on the railways for evacuation of cargo from Visakhapatnam Port. "Currently we are falling short of around 25 per cent in rake capacity as compared to the normal period. The problem is that if evacuation of cargo is delayed, then the berthing of other vessels gets delayed, causing operational issues and the customer has to end up paying hefty demurrage charges to the port if the cargo is not picked up in time from the port," an official of a public sector enterprise was quoted as saying in the media. Another official of a terminal operator said that availability of railway rakes is generally a constraint for ports in the region. Non-availability of rakes on time definitely impacts the movement of the cargo from the port and puts considerable pressure on the cargo importers to move the raw material to their plants.

Such problems definitely will have a adverse affect on the expansion plans of Visakhapatnam port. The port authorities have outlined a ₹3,000-crore expansion-cum-modernisation plan aimed at enhancing the port's capacity by nearly 50 per cent. Private players like Vedanta, Essar, SEW and ABG have been finalised as the partners who would invest on modernising the cargo handling. The port plans to raise the capacity to 125 million tonne and become the third-largest port in the country over the next three years. But at present the port is unable to utilise more than 70 per cent of its existing capacity, largely owing to issues with cargo handling equipment, evacuation and issues related to the railways. Therefore, it is imperative that the railways gets serious and resolves the problems being faced by the Visakhapatnam Port. The railways has to build the Delhi-Visakhapatnam dedicated freight corridor, which is being funded by the Asian Development Bank (ADB). The corridor, around which several power and steel capacities are being built by public and private companies, will certainly go a long way in resolving the port's problem of cargo evacuation in a cost-effective manner. The Union government is also planning to develop Visakhapatnam into a regional container transshipment hub. On a request by the Union ministry of shipping, the port has recently submitted a detailed action plan listing the bottlenecks which needed resolution. The issues, among other things includes route rationalisation and construction of dedicated freight corridor between Visakhapatnam and New Delhi via Raipur. mg

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COAL GETS PRIORITY OVER FERTILIZER

As the demand to handle black gold is hotting up at ports, crystal white fertilizers are getting the cold shoulder. Poor handling infrastructure, long waiting hours and unavailability of rakes is leaving the fertilizer firms helpless. Waiting for ports to turnaround is almost like waiting for godo. Instead, firms should look at transporting these crop fortifying agents through inland water ways or coastal movement

Deepika Amirapu

Fertilizer movement from Port to Plant

(a) Primary movement from destination via ship to port of call

(b) Secondary Movement from port of call to warehouses or on to rail rakes to reach manufacturing units or storage warehouses in the vicinity of industries {or}

(c) Secondary movement from warehouses to certified distributors by road in cities/towns

(d) Delivery to farm hands from distribution centres.

Indian ports are neglecting fertilizer cargo and are instead deploying their resources to the import of coal that has off late been flooding wharfs and yards due to the sudden increase in electricity demand. Fertilizer, though a vital crop nutrient, is being accorded secondary treatment for being 'seasonal cargo', fertilizer companies allege.

A urea laden vessel was made to wait for 21 days at a private port on the east coast as the port's berths were occupied by coal vessels discharging the commodity. Similar delays have resulted in postponement of supply of the crucial crop supplement that has to reach farmers within 50 days of sowing their corn, potatoes and greens.

Executive Vice President Nagarjuna Fertilizers and Chemicals Limited MN Bhaskaran told MG, "We had a problem even on the field at certain ports. Urea is unloaded on to the wharf where coal deposits itself on to the spotless white nutrient. Thus, even if urea is stored in warehouses since trucks drop traces of coal all along the yard, the urea gets rejected by farmers as contaminated cargo." To overcome this problem, NFCL has started transporting urea directly to the destinations instead of storing it at warehouses.

Due to delayed berthing and unloading of the vessel, NFCL had to pay a demurrage of ₹7 crore last year. Fertilizer companies complain that their vessels are made to wait for a 10-15 days on an average before the cargo is unloaded. This problem is compounded by poor planning on part of the Department of Fertilizers that does not space its global tenders for urea and other complex fertilizers. Because of this, bunching of vessels take place and cargo handling is further delayed. An official from a fertilizer firm said, "Ports should gear themselves up to handle such exigencies. They have to press more shore cranes in to service and ensure cargo is stored safely in clean warehouses."

Ports perhaps are unable to handle large volumes of cargo at once because they do not have dedicated berths for handling fertilizers and food grains. Also, coal is highly mechanised cargo, whereas, fertilizers requires a number of stevedores, rakes and sheds. If major ports such as Visakhapatnam and Kandla are battling poor infrastructure, private ports such as Krishnapatnam and Gangavaram are expensive for handling such cargo despite having adequate technological means. Rajagopal Reddy who takes care of downstream operations of Nagarjuna fertilizers says Mundra is perhaps the only port that has mechanised its facilities to handle cargo. About four years ago the western port handled the large consignment of fertilizer cargo of 22 million tonnes at a completely mechanised cargo complex equipped to handle 500,000 metric tonnes. The port boasts of

There have been times where fertilizer companies have complained of material piling up at ports because of unavailability of wagons. Fertilizer handling takes place for about eight months a year, yet, the railways does little to augment the supply of wagons.

handling almost 20 per cent of India's requirement of fertilizers annually, evacuating cargo in excess of 25,000 tonnes a day.

In the financial year 2014, India imported more than 7 million tonnes of urea valued at $2 billion as the cost of importing urea lessened in international and domestic markets. Other fertilizers imported include phosphate and potash (P&K) fertilisers di-ammonium phosphate (DAP) and muriate of potash (MoP). Another small port that is making significant steps in handling fertilizers is the Rozi Port in Jamnagar, Gujarat. Despite having problems of low draft, the port is known to operate floating cranes and load urea and discharge more than 10,000 tonnes of cargo a day. Their little but effective investment in infrastructure allowed them to buy hoppers and after unloading cargo, it goes straight into packing machines where cargo is bagged into 50 kilo bag each.

"But government ports are also put in great efforts," says BS Yadav of the Fertilizer Association of India, the one advocate of theefforts major ports are putting in to ensure the cargo is handled smoothly. The larger problem is, however, rake availability. The railways are known to put a spoke in the wheel, quite literally, by not proving sufficient rakes. Yadav from FAI says there have been times where fertilizer companies have complained of material piling up at ports because unavailability of wagons. Fertilizer handling takes place for about eight months a year, yet, the railways does little to augment the supply of wagons.

"How can they?" Reddy asks. The tracks have not changed for the last fifty years and signaling efficiency remains a goal year after year for the rail operator. "Nagarjuna Fertilizers and Coromandel Fertilizers are the biggest problem for the Kakinada Port. It's a dead end at the port and there are not any sufficient loop lines that can lead to the main line," he gasps. This goes to say that though the requirement of fertilizers, particularly urea, has gone up in the last few decades, infrastructure has just not coped. And, unfortunately, for such companies, they cannot hop from one port to another in search of better services because the procurement of urea is controlled by the Centre. Fertilizer companies have to bid for the product at ports and they win them depending on the quantity demanded from various regions. That is, there is a 1,400-km restriction on the movement of urea and a port can cater to movement of the product within this perimeter. If western ports cater to Gujarat, Maharashtra, Uttar Pradesh, Haryana and Punjab, the eastern ports cater to East, North East, Eastern UP and Southern India. While interstate movements are through the road transport, cumbersome documentation procedure leaves no alternative but rail to move cargo between states. "They have to shrink the entire supply chain," Bhaskaran says. Reports suggest that the cost of transportation accounts for half the cost of a fertilizer firm's marketing operations. Other elements of logistics such as handling, local cartage and warehousing add to the cost.

The ports and railways will have to work towards a solution to addressing the needs of fertilizer firms. The crucial role of the state and private warehousing agencies setting up their units in required locations can play a crucial role in lessening the cost borne by firms. The development of godowns to cushion shortage at modal rake points will be a vital spoke in the wheel for moving this crop fortifying agent. These firms should perhaps take a cue from the Food Corporation of India that has now begun moving rice from Kakinada on the east coast to Kollam on the west coast through coastal transport. With incentives in the wings for coastal barges, this could be a shorter and inexpensive mode of moving cargo. The refurbishment of the Buckingham Canal from Kakinada to Tamil Nadu holds promise too. Until then, it's the ports who hold sway, unfortunately.

LIQUID LEADER

Goodrich Maritime is one of the leaders in the liquid logistics space and this segment is growing at a meteoric pace. In the next few years, **T Venkataraman, Managing Director, Goodrich** says, the firm will look at operating a chemical storage facility in the UAE and strengthening its presence in the CIS region

Deepika Amirapu

T Venkataraman
Managing Director
Goodrich Maritime

Q A phenomenal rise in the import and export of liquid bulk cargo is set to drive capacity growth at Indian ports. As a liquid logistics player, what opportunities do you see in the segment?

A With the addition of liquid terminals, there will be increased demand for transportation of products to and fro from the production sites. Demand for movement of these products in road tankers, tanks, flexi bags via road, rail or through the coastal route will only increase in the coming years.

Q Does the country have adequate infrastructure to support the growth momentum of the industry?

A Inadequate infrastructure has affected the industry growth to an extent. However, various initiatives taken by government to improve infrastructure is showing signs of improvement. Dedicated Freight Corridor (DFC), opening up of new ICDs in inland areas, improved rail network, enhancement of port handling capacity and addition of new ports to handle liquid cargos will help to have seamless movement of goods within the country. Implementation of GST can further enhance this flow.

Q What are the opportunities and growth prospects for the industry in the coming years? And what are the major challenges in the segment?

A As the economy grows and with the government's 'Make in India' program, the opportunities will be huge in this segment. There is expected to be a huge increase in production of various products in India and this will open a lot of new avenues like storage, distribution in the coming years. Lack of awareness in handling of dangerous goods though will be a big concern but with the regulators becoming more stringent in implementing various rules and regulations, India will definitely lead the way.

Infrastructure constraints, tedious documentation procedures, involvement of multiple regulators etc. Will continue to cause delays in movement of goods but with hopes of GST getting implemented as early as 2015-16, these should be a thing of the past.

Q What is your current liquid cargo handling capacity in India and overseas?

A We are presently handling more than a half a million tonnes of liquid cargo globally.

Q How is Goodrich Maritime positioned today?

A Today, the company has registered formidable growth in different shipping and logistics field. Goodrich is thus firmly established as a leading shipping and logistics solutions provider.

Q How is your geographical presence in India and abroad-ports and inland destinations?

A Our network is well and truly widespread. The company is headquartered in Mumbai and has a wide network covering major Indian ports as well as inland destinations. Offices are located throughout the length and breadth of the country in many cities including Ahmedabad, Bengaluru, Ludhiana, Jaipur, Nhava Sheva and New Delhi. Goodrich also caters to international markets. Some of our offices are located at places of strategic importance such as Dubai, Singapore, Jakarta, New Jersey and our agency network encompasses locations such as Karachi, Colombo, Chittagong and we plan to expand our overseas offices network to United Kingdom and Europe as well.

Q The company has several verticals including liquid logistics and global freight forwarding. Which vertical contributes most to your revenues?

A The manner in which the bulk liquid division has grown in a short span of time can be called meteoric and is the major revenue contributor for Goodrich.

Q The bulk liquid logistics division of Goodrich is the leader in the segment- what is current operational presence and outlook for the next two years?

A The bulk liquid division has many sub segments created within this division. Goodrich provides on a pan India basis supply and fit of flexi bags, ISO tank services, tank leasing, gas tanks, SOC tank management and arrangement of parcel tankers. A lot of technical expertise and innovative thinking has assisted this growth. There have been occasions when Goodrich BLD has dared to experiment and carried out different tasks safely and successfully. Goodrich is the leader among the flexi bag operators in India.

Our domestic liquid logistics is also growing with the support of its inland transport division. Goodrich has won prestigious contract in the domestic liquid logistics scene with its ISO tanks and flexi bags. Encouraged by its success in bulk liquid logistics in India and the Middle East, the company is geared to achieve its goal of setting up a chemical storage facility in the UAE.

Q You mentioned about becoming the most versatile logistics company in the world. What are your plans and strategies to become a leading logistics player globally?

A To cater to and offer coverage to and from a wider market, Goodrich has been setting up a network of dedicated overseas offices. To cater to the intra-Asia unitised cargo business, it has established another NVOCC company, Goodrich Asia Pacific Pvt Ltd in Singapore. To further fortify its business in the South Asian region, the company has established Goodrich Asia Pacific SDN BHD in Malaysia. More overseas offices at Saudi Arabia, Oman, China are also on the anvil.

Continuing its stint of careful and calculated forays, Goodrich has now embarked upon setting up a liquid chemical storage facility with a dry chemical warehouse as well an ISO tank cleaning facility at Jebel Ali in the UAE. A joint venture office in Azerbaijan which will serve the entire CIS region is on the anvil as well. mg

LOOKING BEYOND VOLUMES

Since 2009, growth in tonne-mile trade of crude oil has consistently outpaced growth in terms of barrels, eventhough the pace of growth in tonne-mile trade has been relatively limited

In recent years, seaborne crude oil trade volumes have come under some pressure, with total crude trade in 2014 estimated at 3 per cent below 2005 levels. However, over the same period, seaborne crude oil trade in terms of tonne-miles has increased. While the estimated pace of growth in tonne-mile trade has still been relatively limited, trade in 2014 was up by around 6 per cent compared to 2005.

The big three

China, India and the US are the three crude importers who have helped shape these trends since 2005. These three nations accounted for 40 per cent of total seaborne crude imports in 2014. Crude imports of both China and India have significantly increased, rising by a CAGR of 9 per cent in the years 2005-14, adding 5.2 million barrels per day (bpd) of crude imports, and more than cancelling out the drop of 3.9 million bpd in US crude imports. Meanwhile, volumes to other OECD nations have also fallen, dampening global crude trade. However, since 2009, growth in tonne-mile trade has consistently outpaced growth in terms of barrels.

Chinese crude imports on the rise

Chinese crude oil imports surged to their highest level in December last year as the dragon nation purchased record quantities from its trading partners, cashing in on the rapidly falling prices in the global market. Imports increased by 13 per cent to 30.37 million metric tonnes in December, the highest growth rate during the year, while refined oil imports reached 3.2 million metric tonnes. China's crude imports from Iran, its main import source, rose 19 per cent year-on-year in December to 2.57 million metric tons. Crude imports from Saudi Arabia, Russia, Venezuela and Angola rose by 40 per cent to 70 per cent, on a year-on-year basis last year.

China imported 308.38 million metric tonnes of crude from the global market in 2014, up 9.5 per cent from a year earlier. That is about 665,000 barrels a day, even as import prices fell 7 per cent compared with 2013. China's oil imports are expected to clock a year-on-year growth rate of about 5 per cent this year, with the proportion of imported oil likely to reach 58 per cent this year. According to a report published by the Beijing-based Chinese Academy of

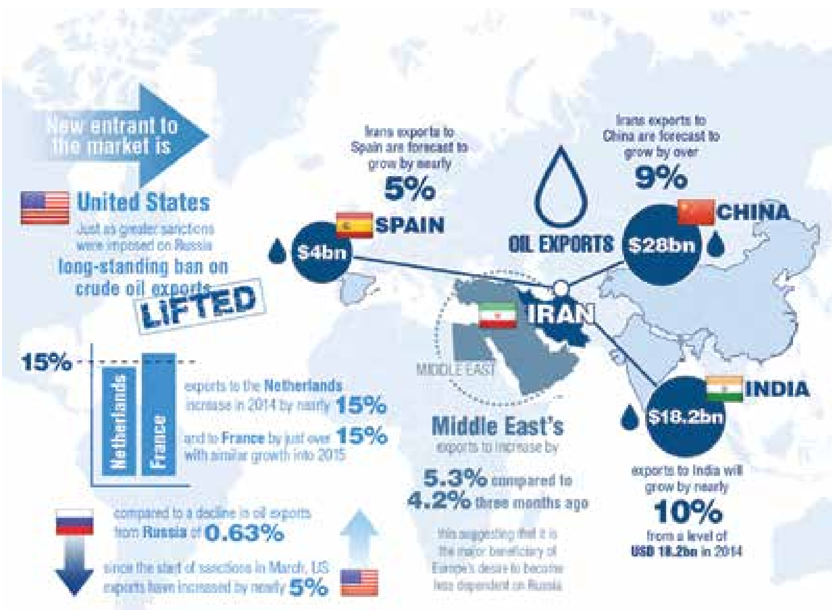
Social Sciences, imports will account for about 64.5 per cent of China's total oil consumption by 2020, aided by the huge gap between domestic consumption and production.

India imports more crude from Iran

India imported 42 per cent more Iranian oil last year over 2013 levels as its refiners increased purchases to take advantage of an easing in sanctions. Imports in December surged 84 per cent from a year ago to 348,400 barrels per day (bpd), the highest since March. Private-refiner Essar Oil was the biggest Indian client of Iran in 2014, followed by Mangalore Refinery and Petrochemicals Ltd and Indian Oil Corp. Iran's share in Indian purchases rose to 7.3 per cent last year, compared with 5.1 per cent in 2013.

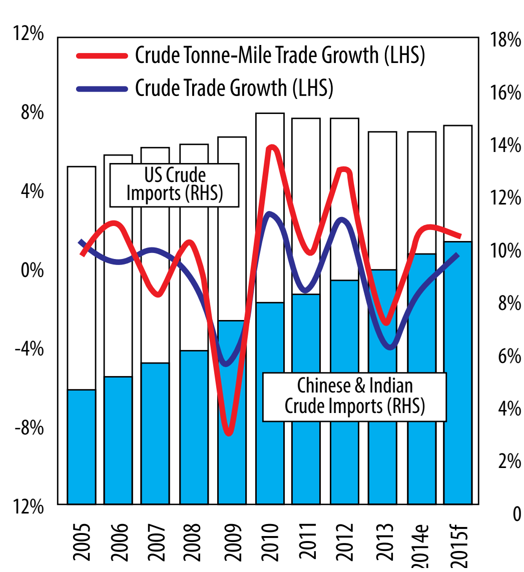
India eying at African oil reserves

India's state-run companies are looking to acquire stakes in oil and gas blocks in Africa, form joint ventures in the continent and supply all-natural gas to meet increasing fuel demand in the country. 21.5 per cent of India's crude oil imports are from Africa. Indian firms are also interested in farm-in possibilities in creating blocks, especially in Libya, Algeria, Egypt and Nigeria.



Global Crude Trade And Key Crude Importer Trends (Mbpd)

The lines on the graph indicate annual global crude trade growth in tonnes and tonne-miles between 2005 and 2015 (LHS). The bars indicate annual crude imports in million bpd (RHS) into three key importer countries; the USA and China and India.



Long tonnes to Asia

The accelerated rate of tonne-mile trade growth is reflected in the increase in the average haul of crude oil trade to more than 5,000 miles in 2014, 9 per cent greater than 2005 levels. Whilst China has been key to supporting this trend, the average haul of Chinese crude imports was just 3 per cent higher in 2014 than in 2009. This is largely due to China increasing imports from a wide variety of sources, on both long-haul and shorter-haul routes (including the Caribbean, West Africa, Middle East and Russia). However, since Chinese crude imports are longer-haul than the global average (by around 50 per cent in 2014), the rapid growth of Chinese crude import volumes has boosted the pace of global tonne-mile trade growth.

Meanwhile, India has increasingly sourced its oil from farther afield, with the average haul of Indian crude imports breaking the 4,000 mile mark in 2014, compared to 1,900 miles in 2005, whilst crude import volumes were almost twice as great as 2005 levels. Indian tonne-mile imports more than tripled during the same period, contributing to the accelerated pace of global tonne-mile trade growth. This growth has been largely driven by an increase of Indian imports of West African and Caribbean crude.

Cutting it short

Interestingly, although US crude imports dropped 46 per cent between 2005 and 2014, the country has also contributed to tonne-mile trade trends. Most of the fall in US imports has been on short-haul trades. For example, in the first three quarters of 2014, US imports of West African crude dropped 60 per cent y-o-y, whilst imports from the Middle East rose 2 per cent. As a result, US tonne-mile imports have declined less rapidly than trade volumes, while the average haul of US imports rose to 7,000 miles in 2014, 18 per cent higher than in 2005.So, clearly the global picture for crude oil trade is more complicated than just totaling up the barrels. Long-haul trades seem to be driving the majority of volume growth, and with Chinese crude oil imports recently hitting record highs, it seems likely that in the short-term, tonne-mile trade will continue to outpace volume growth. mg

Source: Clarksons

EVERGREEN joins the Mega-ship club

Many more to follow

There is not enough cargo for everyone to have ULCVs, so future orders will be dictated by alliance needs and not those of individual lines. The window of opportunity for carriers to order 18-20,000 teu ships is closing and those that do not make the leap will struggle to compete on slot costs

Evergreen recently signed time-charter agreements with Shoei Kisen Kaisha, Ltd. for 11 Ultra Large Container Vessels (ULCVs) of 20,000 teu – the nominal capacity stated by builders Imbari rather than Evergreen's operational estimate of 18,000 teu – means that the total sum for ships of 18,000 teu and above, either active or on order, has now passed the 1 million teu mark.

Measuring about 400 metres in length and 59 metres wide these ships will join the CKYHE Alliance (Cosco, K Line, Yang Ming, Hanjin and Evergreen) services from 2018 through 2019.

Evergreen emphasised the main draw of these ships, the cost savings, with the ship's new generation G-type main engine developed with a longer stroke in order to sail at lower speeds, helping to reduce fuel consumption and greenhouse gas emissions by an estimated 7 per cent compared with traditional main engines.

The 18,000 teu-plus club was formed by Maersk Line when it ordered the first tranche of 10 Triple E class ships in February 2011, which it followed in June of the same year with an order for 10 more.

Two years later, CSCL, MSC and UASC were suitably convinced of the competitive advantages of these leviathans that they ordered their own sets, and almost fully four years since the first Maersk order, Evergreen has become the fifth member of the club.

Evergreen's reticence to jump in sooner is not without precedence. Amid the 2007-order frenzy for ships of 10,000 teu and above, demonstrating a remarkable predictive talent, Evergreen Group chairman and founder Chang Yung-fa memorably vetoed such a move saying that big ships would struggle with half loads when the global economy turns cold.

Chang Yun-fa, Evergreen Group founder and chairman, said in 2007 "Prepare for the bad times. I'm no soothsayer, but I have been in the industry for 40 years and have weathered a lot of storms. When the inevitable lull comes, the huge ships will suffer instability."

Instead, Evergreen avoided the stampede and waited until 2010 to order 20 x 8,450 teu ships, followed by 15 more similar size ships the year after. It was only when the company moved away from its traditional independent status and forged closer ties with the CKYH carriers that it took the big-ship leap by ordering 10 x 13,800 teu ships in July 2012 (one year after Maersk's Triple E order), which it backed up over the next two years with orders for 5 x 14,000 teu and 5 x 14,350 teu.

Drewry has previously described the latest rush for ULVCs as an "arms race", and outlined the supply pressure that they are adding. However, a more apt description is probably "Follow the leader". If we take a step back into the recent past, the history of orders for the latest biggest ships reveals a common trend; Maersk Line makes the first order and other carriers eventually follow, see

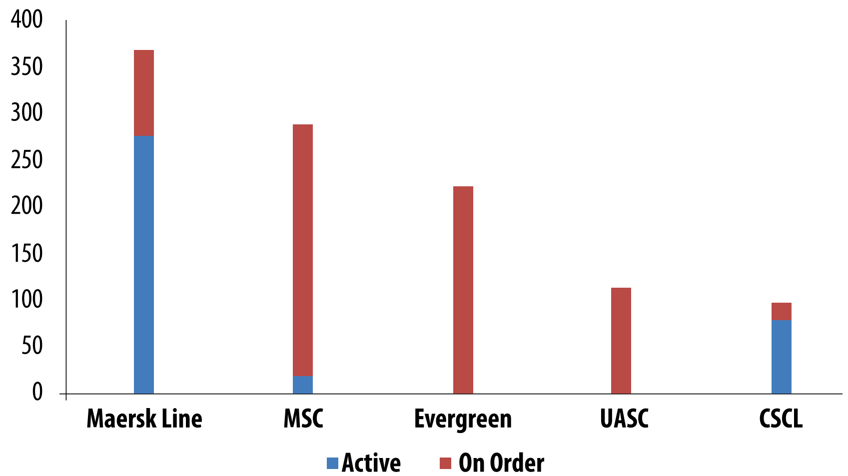


Figure 1: Containerships of 18,000 teu and above, Active and on Order, as of February 2015

First Odered	Ship Size(teu)	Carrier	Next ordered by another carrier for same ship size	Carrier(s)	Months between orders for same size	Months between orders for larger ships	No. carriers with ships active / on order
Feb-1995	8,000-9,999	Maersk Line	Nov-2000	OOCL	69	109	19
Mar-2004	14,000-15,999	Maersk Line	July-2007	MSC	40	39	10
Jan-2005	10,000-11,999	Cosco	May-2005	CMA CGM	4	NA	11
June-2006	12,000-13,999	MSC	June-2007	Maersk Line, CMA CGM	12	NA	12
June-2007	16,000-17,999	CMA CGM	None	None	NA	44	1
Feb-2011	18,000-20,000	Maersk Line	May-2013	CSCL	27	NA	5

Table 1: Follow the leader-Development of big ship orders

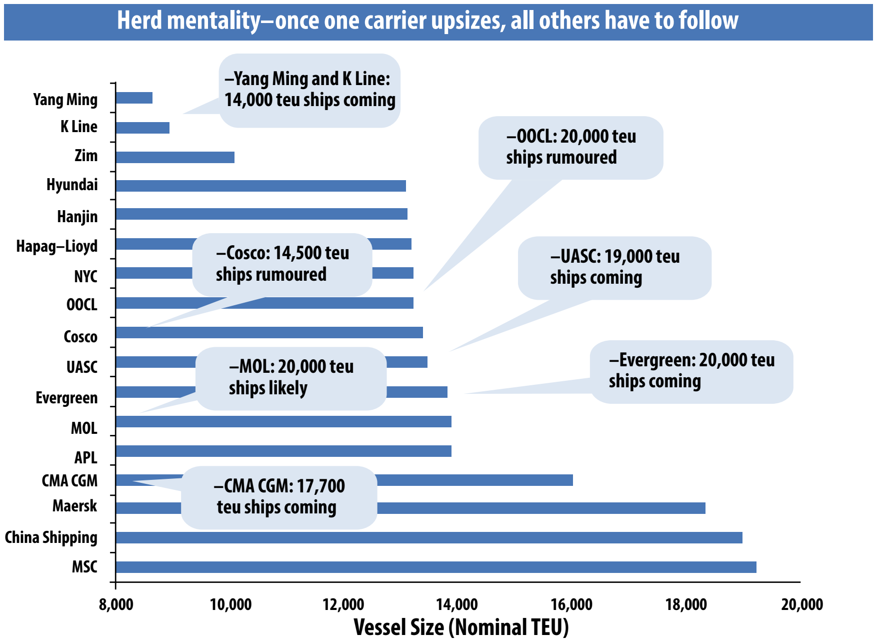


Figure 2: Largest Vessels Deployed on Asia to North Europe Trade, January 2015

Table 1. The main change is that carriers are taking less time to play catch-up.

For example, Maersk had a five year start on its rivals when it ordered its first 8-9,000 teu ships in early 1995 – delivered from late 1997 – as the next comparable order only materialised in November 2000 with two 8,063 teu time-charter ships for OOCL that were delivered in mid-2003.

While other carriers slowly got their own 8-9,000 teu ships, Maersk raised the bar to new heights in March 2004 with its eight 15,550 teu Emma Maersk series, delivered from the second-half 2006. This time the response was quicker, at just over two years rather than five, as MSC ordered smaller but comparable versions of their own: 8 x 13,800 teu and 5 x 13,800 teu ordered in June 2006 and delivered early 2009.

It wasn't until June 2007 that the Emma Maersk ships were surpassed in the orderbook, when CMA CGM opted for three 16,020 teu ships, delivered late-2012. There followed another period of catch-up, before Maersk made another quantum leap with an order for 20 x 18,220 teu Triple E ships, ordered in February and June 2011 and delivered from 2013 through 2015.

This time, it took CSCL just over two years to react with a May 2013 order for 5 x 19,100 teu ships, the first of which, CSCL Globe, was delivered in January 2015 to briefly become the world's largest containership. CMA CGM also moved for slightly smaller 17,000 teu units in June 2013, while MSC (via time charter) and UASC ordered 18-19,000 teu ships in July and August 2013. Both carriers added more last year, leading us to the Evergreen / Shoei order.

Maersk Line has clearly enjoyed considerable first-mover benefits, demonstrated by its market leading profitability in recent years. Eventually, all other major carriers, to varying degrees, have picked up the baton and looked to replicate its success by introducing comparable vessels, see Figure 2.

However, as the historical analysis in Table 1 shows, as the size of the biggest ships get larger, the opportunity for carriers to enter that size club gets smaller. The market has grown sufficiently that all of the major carriers

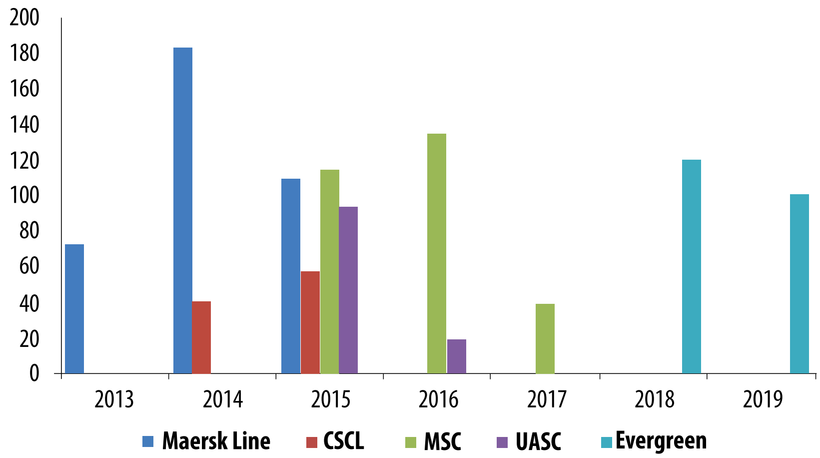


Figure 3: Estimated Delivery Schedule for Containerships of 18,000 teu and above, by year and '000 teu

Carrier	Details	Estimated First Delivery
MOL	6x20,000 teu (chartered)	2016-18
OOCL	6x18,000 teu (owned)	2016-18
Maersk Line	4+2 options x 19,000 teu (owned)	From 2018

Table 2: Rumoured 18,000+ teu Orders in the Pipeline

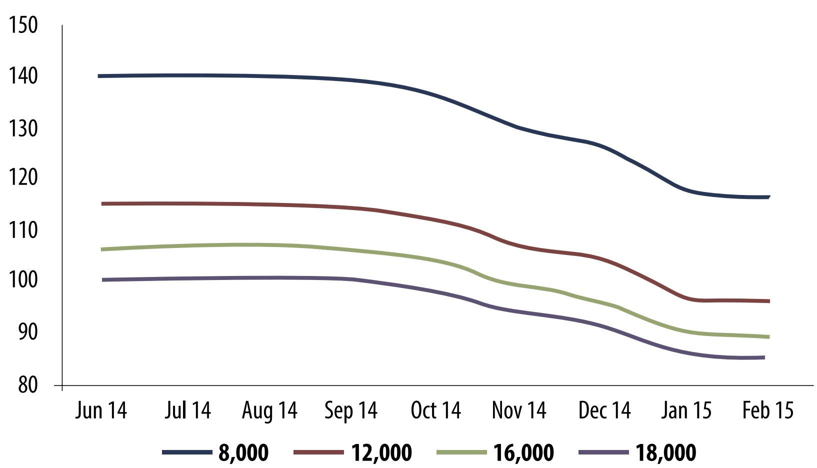


Figure 4: Estimated Cost per RV Slot, Asia to North Europe Trade (100=18,000 teu, 1 June 2014)

can now deploy ships of 8-10,000 teu, but the pool of carriers is shallower for ships of 12-14,000 teu with the number of operators at only 12.

In the short-to-medium term the demand simply does not exist for all lines to have 12 x 18-20,000 teu ships required for a weekly service of their own. What this means is that the container industry will effectively become a two-tier arena with the haves enjoying far greater economies of scale over the have-nots.

The new mega-alliances will offer the have-nots access to the big ships through vessel sharing agreements. Drewry expects future ULCV orders to be placed according to alliance needs rather than meeting individual lines' requirements. Although they are yet to be confirmed, the highly anticipated orders by G6 Alliance carriers OOCL and MOL for two sets of 6 x 18-20,000 teu ships would be a clear example of this way of thinking.

This approach will spread the benefits across the alliance members – assuming the costs are equally shared – and at the same time will prevent the industry being flooded with far too much capacity.

The expected orders from MOL and OOCL will enable the G6 Alliance to join the big ship club, but they will merely limit the damage to alliance's market share in the East-West trades as other carrier groups have bigger plans in place. Despite this fact, at present it seems unlikely that more orders from other G6 members will materialise in the near term. The 2M carriers, Maersk and MSC, have a distinct advantage in terms of 18-20,000 teu ships already on the water with another 360,000 teu worth to be delivered. Having made the first move, Maersk has no such ships due beyond 2015 and is expected to want to extend its advantage with another order soon. There are also whispers that MSC might be after more too.

The Ocean Three lines – CMA CGM, CSCL and UASC – are well catered for up to 2016 with the latter two carriers taking delivery of around 132,000 teu worth of 18-20,000 teu ships. CMA CGM has a number of ships just outside this range at 17,700 teu, all of which are due 2015, and so could well be tempted to make the step up.

The Evergreen order represents the only 18-20,000 teu ships for the CKYHE Alliance, for which they will have to wait at least three years. The next biggest orders are 30 x 14,000 teu units for Cosco, Evergreen and Yang Ming, which suggests they have made their bed and won't have the room for more of the larger ships.

The fear for lines that do not make the leap to the big ships is that they will get left behind in terms of cost competiveness, but they can at least take some solace that lower fuel prices are reducing the scale advantage of ULCVs.

Figure 4 demonstrates the estimated unit cost differential between ship sizes in the Asia-North Europe trade, driven by the prevailing bunker costs at Singapore at the start of each month. The data reveals that when bunkers were at their peak in June 2014 the cost difference between an 8,000 teu ship and an 18,000 teu unit was 40 points, but as fuel costs came down the gap has narrowed to 31 points by the start of February 2015.

Source: Drewry Maritime Research

Delivery via drones

Efficient logistics is the most critical component for e-commerce, and companies are leaving no stone unturned to make their deliveries fastest

Omer Ahmed

The potential of using drones for commercial delivery has caught the attention of e-commerce and logistics companies across the globe. The Chinese e-commerce titan Alibaba is the latest company to experiment with delivery through drones, launching a small pilot project in three Chinese cities – Beijing, Shanghai and Guangzhou to deliver packets of ginger tea to 450 customers. The drones were deployed by logistics company YTO Express.

The drones would not be flown right to customers' doors, but to central logistics sites where the "last-mile" delivery will be handled by human couriers, said Alibaba, whose online marketplaces account for about 75-80 per cent of the e-commerce in China. Securing approval for a wider drone delivery program in China could prove much more difficult, as much as 80 per cent of the country's airspace is controlled by the military. In 2013, a Shanghai bakery scrapped plans to deliver cakes within 30 minutes, using drone couriers, blaming airspace regulations.

Even in the relatively liberal US, Amazon has had to navigate regulatory issues as it tries to set up drone delivery services. The company, which has drone R&D testing centres in both the US and the UK, said it was creating "Amazon Prime Air," which aims to use pilotless flying vehicles to deliver packages to millions of customers within half an hour of orders being placed.

Amazon CEO, Jeff Bezos, said its drones will be able to deliver packages of up to 5 pounds in weight in less than half an hour. The drones would lift packages off conveyor belts, and be able to carry them a maximum distance of 10 miles. Racing against Amazon to get drones into regular commercial use, Google has opted for test runs in Australia, as aviation authorities are yet to allow any more than limited use in the US. Google's 5-foot-wide single-wing prototype from its Project Wing carried supplies including candy bars, dog treats, cattle vaccines, water and radios to two farmers in Queensland. Not to stay behind Deutsche Post DHL has tested its parcelcopter for delivering parcels from the town of Norden in North Germany to the North Sea island of Juist.

While the drone delivery concept looks very appealing for the moment, a lot of issues including technical, legal and safety need to be considered.

Air control for drones

Researchers at NASA's Moffet Federal Airfield are working on a complex air traffic control system that would be designed solely for drone aircraft, or indeed any flying aircraft below 400ft. The system would include provisions to stop drones from flying into buildings and other aircraft while also including classic no-fly zones – preventing any unwanted snooping on federal buildings.

Advantages of using drones

- Fast, safe and cost-effective deliveries to remote, hazardous or hard to reach areas
- More suited for delivering relief shipments or medicines more quickly on-site
- Autonomous logistics within your corporate structures or facilities (Micro logistics)
- Flexible UAV Transportation Network or Logistics-Swarm for last mile delivery
- Optimising your supply chain network in all directions.

EFFICIENT FUTURE

The shipping industry is expected to be facing better times than today by 2020 if it innovates and believes in being efficient

With the world economy in a fragile condition, it is not only financial analysts, bankers and policy makers who would like to know what the world will look like towards the end of this decade. The shipping community is also asking some questions: which drivers will influence technology choices in the years to come? and what will the world fleet look like in 2020? To answer these questions, DNV GL one of the world's leading ship and offshore classification society undertook a study, and found that the maritime industry will be faced with ever increasing requirements for safety, security, environmental and efficiency performance beyond 2020. Environmental and efficiency demands will remain front and centre for technology development, with the IMO global sulphur limit and the EEDI being the strongest drivers. This may lead to fundamental changes in the industry.

Furthermore, the capacity of the world fleet is expected to grow during the next ten years. It is estimated that the total fleet, measured in million dwt, will increase by approximately 50 per cent between now and 2020, based on annual economic growth of 3.3 per cent. This suggests that an average of 1,700 to 2,000 new vessels will be contracted for in each year. The shipping market is currently in a trough. The vessels that were ordered during the market boom are now being delivered, adding to the difficulty of adjusting to today's less favourable economic situation. It will take some years before the current oversupply is absorbed. As the BRICKTIM countries are expected to have higher growth rates than the Western world, it is assumed that the centre of gravity of economic power will continue to shift. Trade patterns will change and consequently the relative weights of shipping trade routes are expected to do the same, increasing the power of the emerging economies at the expense of the OECD countries. Fuel, on the other hand, will remain expensive beyond 2020 and will drive demand for energy-efficient ships. These will focus on optimal energy use, and will be designed and operated with alternative fuels such as LNG, power systems, and light weight construction. The demand for renewable energy will have grown significantly and this in turn will create new markets for the maritime sector, including shipping of biofuels. In order to serve offshore power infrastructure development and operation, new specialized ships will be required.

Trends in the various segments of the shipping market

The trends of the tanker market are very interesting. By 2020, oil imports to China and India are likely to have increased. The supply will come primarily from the Middle East, Africa and Russia, and also by pipeline. Substantially higher oil production levels from offshore Brazil are expected. Meanwhile, US crude imports will focus on shorter hauls, mainly from South America. Tanker owners have experienced strong pressure from oil majors for many years, as well as vetting schemes with respect to the quality and integrity of vessels, and this trend is expected to continue. In part, this is due to the fact that oil companies generally have very high technical and operational standards for oil tankers. Additionally, as bunker prices remain high, the unit transport cost is a driver for fuel efficiency, as in all shipping markets. Provided the scrapping rate picks up and demand for crude tanker capacity follows the growth in Chinese demand and in the number of oil supply sources, it is expected that the market to be in balance well before 2020.

The trends of the dry bulk market are supposed to be challenging. The continuous supply of new ships throughout 2012 and 2013 due to the large order book is a significant contributor to the prolonged deflated market. Presently, Australia and Brazil are the world's largest iron ore exporters and China is by far the largest buyer. This pattern is expected to continue as global steel demand is set to increase significantly as we approach 2020 and beyond. China has surpassed Japan as the world's largest importer of coal. Analysts believe that the high volume of imports will remain strong and that an increase in coal demand will give the bulk fleet a boost. Furthermore, it is expected that India's iron ore exports will fall in order to protect national steel production. This suggests that China will need to source vessels from more distant parts of the world. India will, however, need to import large amounts of coal in the coming years due to the investments made in several large power projects. All in all, it is expected that the trade between Africa-Asia and the Middle East-Asia will keep growing at a higher pace than the rest of the world as we approach 2020, and this will have a positive effect on the dry bulk market. The composition of the dry bulk fleet in 2020 is expected to be influenced by the factors described above. With respect to both supply and demand, we will see stronger growth below 100 thousand dwt and above 200 thousand dwt. All in all, analysts believe we will see sharp growth in the bulker fleet in 2012 and 2013, although thereafter, the dry bulk fleet is expected to grow by less than 5% per year up to 2020. Vessel values and earnings will continue to be under pressure for years to come as a result of the current oversupply.

As far as the container market is concerned, analysts believe that the composition of the container carrier fleet in 2020 will be influenced by the above trends. The large ships of 14,000 twenty-foot equivalent units (teu) and above will serve the main trade lines such as Asia-Europe. The Asia-American West Coast trade will also deploy larger vessels, up to the new Panamax standard of 12,500 teu. The rapid growth of ship size beyond the 18,000 teu mark may continue, but a practical maximum ship size limit of more than 20,000 teu is likely to be established in the next decade. For the emerging markets and inter-Asia and inter-China trades, we will see an increase in the number of 4,000-8,000 teu vessels, while vessels smaller than 1,000 teu are likely to represent a smaller share of the market in 2020 than they do today. The liner companies' consolidation efforts may also succeed. If so, the top ten liners in 2012 may be reduced to 4-5 companies, each covering a larger share of the global box trade in 2020.

Regulations

Forthcoming regulations will force ship owners to address technologies that can impact SOx emissions, NOx emissions, ballast water cleaning and energy efficiency. The industry is developing solutions at a fast pace within all these areas. The development of new technologies is seen as impacting the whole value chain, from ship owners to suppliers and start-up companies. For each regulation, a ship owner will have multiple feasible technologies to choose among. Making the right choice will require knowledge of the effects, side-effects and operational implications.

There are numerous environmental issues emerging on the agenda that are set to become important after 2020. Those expected to be most significant from a regulatory perspective are black carbon, hull bio-fouling and underwater noise. It is also likely that the realities of climate change will motivate the regulatory landscape to develop more comprehensive and stringent regulation of greenhouse gas emissions beyond 2020 and, as a result, there will be a growing demand for "clean" shipping technologies in order to comply cost-effectively. The EEDI will enter its last phase in 2025 with a 30 per cent emission reduction requirement. The development of new designs will determine if this is the lowest level or if a phase 4 will be implemented. Climate change and its potential impact on the offshore industry, as well as on ship design and operations, will remain subjects of much debate. A shift in wave patterns, increased wave heights, and more severe weather conditions will be observed, resulting in a call for enhanced safety standards. A possible shift towards risk-based regulation will facilitate increased innovation in ship design and the exploitation of novel solutions. Regulatory initiatives on a regional, national and local scale could also have a large impact on the maritime industry. mg

Growing oil consumption

By 2020, oil imports to China and India are likely to have increased. The supply will come primarily from the Middle East, Africa and Russia, and also by pipeline. Substantially higher oil production levels from offshore Brazil are expected.

Transporting containers with green power

HHLA Container Terminal Altenwerder is embarked on a project to power batteries of heavy good vehicles with renewable energy. It is expected to bring significant cost cuttings while reducing CO_2 emissions

An ambitious project is currently under way at the highly automated HHLA container terminal Altenwerder in the Port of Hamburg/ Germany: The aim is to find out how the batteries of heavy goods vehicles can be charged exactly at the same time that there is a surplus of wind or solar power in the grid. The German federal government has selected this project as one of its flagship e-mobility projects.

In order to determine the optimum time to charge the batteries of container transporters from an environmental and operational perspective, the HHLA Container Terminal Altenwerder, a subsidiary of the Hamburger Hafen und Logistik AG (HHLA), Terex Port Solutions (TPS) and energy enterprise Vattenfall have joined forces with the universities of Oldenburg, Göttingen and Clausthal, which are coordinated by the Energy Research Centre of Lower Saxony (EFZN). The comprehensive research project BESIC (Battery Electric Heavy Goods Transports within the Intelligent Container Terminal Operation) started in January 2013 and will continue until the end of 2015. It is subsidised by the German Federal Ministry of Economic Affairs and Energy and has a total volume of around €10.4 million.

The idea for BESIC is based on an award-winning project: The HHLA Container Terminal Altenwerder and Terex Port Solutions, received the renowned sustainability award Hanse Globe 2011 for the development of battery operated vehicles that transport containers weighting up to 70 tons 24 hours a day at the terminal. Now, within the framework of the BESIC project, the battery charging and changing station developed for the battery operated vehicles should begin charging the batteries when there is a particularly large amount of electricity from renewable sources provided in the grid. In this way, wind or solar power generated at peak times (peak power) could be used if there is a temporary surplus available.

Sites near the coast such as port terminals are particularly well suited to harness wind power. In addition to this, the batteries of the automated guided vehicles (AGVs) could be used as a buffer for peak power. Among others,

such technology can be used in many related areas, for instance to run electric buses in the public transport network, conveyor vehicles in warehouses or battery operated apron vehicles at airports.

That's why BESIC was selected as a flagship e-mobility project by the German federal government in May 2013, only months after the official start of the project. At the announcement, Christian Liebich, who is responsible for the funding operations of "ICT for E-mobility II," at the Federal Ministry of Economic Affairs and Energy, commented: "I am delighted that the federal government has recognised BESIC as a flagship project. This will focus public interest on a field that has previously received insufficient attention when it comes to e-mobility – namely, its use in heavy goods vehicles, especially in closed logistics systems. Particularly in the context of the current debate over the cost-effectiveness of private car use, it is important to demonstrate not only the environmental benefits of e-mobility, but also its profitability in commercial use. BESIC shows that e-mobility makes sense both from an ecological point of view as well as an economic one."

For the BESIC project ten battery-operated heavy goods vehicles transport containers between ships and the yard at the highly automated HHLA Container Terminal Altenwerder in the Port of Hamburg. Dr Stefan Behn, HHLA's Executive Board member responsible for the Container segment, explains: "The highly efficient HHLA Container Terminal Altenwerder is characterised by an advanced level of automation and electrification. We consistently use cost-cutting, environmentally friendly technology at this facility. Using eco-friendly technology is only truly sustainable if it costs less than conventional alternatives. I am confident that we can make successful use of surplus green power and reduce our energy costs as part of BESIC. With this project, we are bringing forward the energy transition in Germany."

Sustainability is an important part of HHLA's corporate strategy. The company has set itself several targets in this regard, including cutting specific CO_2 emissions by 30 per cent between 2008 and 2020. It had already succeeded in bringing about a 24.9 per cent reduction by 2013. This is partly thanks to HHLA's electric vehicles (EVs). With 64 electric cars now in use, the company operates the largest fleet of EVs at any European port.

New straddle carriers at Burchardkai

Twelve of the world's lowest-emission straddle carriers went into operation at the HHLA Container Terminal Burchardkai in mid-January. With their extremely low harmful emissions, these modern diesel-electric vehicles make an important contribution towards reducing emissions at the container terminal. The new straddle carriers' emissions of nitrogen oxides are 94 per cent lower than their predecessors' and they also generate 95 per cent less particulate matter.

"The Port of Hamburg is in the middle of the city. That makes it important to keep harmful emissions as low as possible. We at HHLA are using cutting-edge technologies and intelligent solutions to further reduce emissions at our terminals," said Dr Stefan.

The twelve latest-generation straddle carriers comply with the strict requirements of the European Union's emissions standard Euro 4: they emit a maximum of just 0.5 grams of nitrogen oxides (NOx) and 0.025 grams of particulate matter (PM) per kilowatt-hour of output. Compared to their predecessors – which met the Euro 1 standard – the new straddle carriers' emissions of nitrogen oxides are 94 per cent lower, while the particulate matter they produce has been reduced by 95 per cent. This translates into annual CO_2 savings of more than 130,000 kilos per vehicle. A total of 133 straddle carriers are now in use at CTB.

Shipping containers lost at sea are like growlers with most of their surface below the water and lurking on the world's busiest shipping routes

Elaine Bunting
Yachting World

Lost containers UNDER WATER RISK

When you are offshore and looking at empty water stretching all around, the odds of running into something barely visible seem very slim. Yet the hazard is common enough to warrant its own yachting acronym in France. There they are called UFOs: unidentified floating objects, and chief among them these days are shipping containers lost at sea.

Sometimes these UFOs are marine creatures, basking sharks or whales mostly, identified perhaps by blood in the water from the injured animals. It's sad and gruesome, dangerous on both sides and very difficult to prevent.

Statistically, though, perhaps a greater risk is from semi-submerged containers lost overboard from a ship. The Office of National Marine Sanctuaries, a

department of US oceanography and weather body NOAA, published an extensive report on the loss of shipping containers worldwide. It makes for chilling reading.

The report notes that containerised maritime trade 'grew eight-fold from 1985 to 2007, and worldwide there are now approximately 5 to 6 million containers in transit at any given moment.' An estimated 10,000 shipping containers fall from ships every year.

The reasons for these losses are rough weather, inadequate or faulty securing systems, and (quite often) miscalculations of container weights when a ship is being loaded. The latter was a contributory factor in the loss of the *MSC Napoli* off the Devon coast in 2007. Around a fifth of the 660 containers on the deck of the ship were found to be heavier than their declared weights, some by as much as 20 metric tonnes.

I had always assumed that anything but an empty container would sink reasonably quickly if it were lost overboard, but that's not the case, and the report has some worrying conclusions. Following loss incidents, containers rarely sink immediately.

Depending on whether they are full or empty, and on the nature of the cargo inside, containers may float at the surface for several days or weeks prior to sinking. Containers are not generally entirely watertight; while an empty container is likely to sink due to water ingress, a full container will likely float until air trapped in the cargo has escaped.'

A New Zealand insurance company has calculated that a 20-ft container would have to exceed 16 tonnes before it sank, and a 40-ft container would have to exceed 32 tonnes. So for quite a long time lost containers may float with most of their surface below the water, exactly like a growler. But these are growlers that lurk unseen along the world's busiest shipping routes.

The problem is growing because ship sizes are increasing. As each generation of ship becomes larger, the stacks of containers grow taller. At the moment, the average container ship is 5,000 teu. But when the Panama Canal expansion project is finished next year, the canal will be able to handle 'Post-Panamax' container vessels that can carry 12,000 teu. And these will not be as large as the latest generation of 'Malaccamax' ships designed for transiting the 25 m deep Strait of Malacca, which have a capacity of 18,000 teu. If only a tiny fraction of these containers are lost, the totals are enormous. Aside from the navigational hazards and the economic costs, the impact on the environment is significant. This report says that 10,000 lost containers equates to 41,500 tonnes of littered steel in container weight alone and 'it is conceivable that 100,000 tonnes of substances in packaged form – many of which may be harmful – are falling off ships in containers each year.'

According to a survey published by the World Shipping Council (WSC) in 2014, even with proper packing of the cargo in the container, proper container weight declaration, and proper stowage and securing aboard ship, substantial numbers of containers are lost at sea due to bad weather and more catastrophic and rare events, such as groundings, structural failures and collisions. Between 2008 and 2013 an average of 546 containers had been lost overboard each year, usually shaken loose from their lashings by heavy seas. Taking into account the catastrophic loss of entire ships, however, bumps up the average number of containers lost at sea each year to 1,679. For example, in 2011 the 236-metre Greek-owned *MV Rena* broke its back after running aground in bad weather near Tauranga, New Zealand, spilling 900 containers overboard.

Two years later, all 4,293 containers on board the *'MOL Comfort'* were lost when the 316-metre ship, bound from Singapore to Jeddah, was snapped into two by stormy seas 370 km off the coast of Yemen.

So what is the answer? Maritime and shipping organisations are looking at better stacking systems and procedures, more efficient ways of verifying container weights and methods of identifying lost containers. A proposal to the IMO a few years ago was to equip containers with a beacon. With technology that is miniaturising and getting cheaper all the time it's possible that in future these man-made UFOs could show up on AIS.

Changing face of UK Supply chain

The traditional model of entry for fresh fruit imports via south-east UK ports is set to be replaced by a more direct route to market, which will be enabled – in part – with the opening of Liverpool2, a new deep-water container terminal

Trends in UK fruit consumption and supply will require companies exporting fresh produce to the UK to question the current routes to market. That's the message that was given to delegates at Fruit Logistica in Berlin on February 4 by the supply chain director for the UK's Peel Ports.

Rising imports of refrigerated containers and more direct distribution to retailers are some of the changes taking place in the UK market, and will mean exporters need to consider how they reach the main customers and how to 'de-risk' the impact on the quality of their produce. Gary Parkinson, Group Asset and Supply Chain Director, Peel Ports said: "The trends that we're seeing may mean exporters having to examine and redesign their supply chain in ways that they haven't previously. This is especially true when looking at inland distribution, which should also have a major influence on the point of entry to a country. Unless companies understand what's happening to their goods once they leave the quayside, there is a chance they will be caught out by the changes that are taking place now."

74 per cent of fresh produce reaching the UK last year was transported by container, compared with 52 per cent 10 years ago. Also in 2014, trade via refrigerated containers hit 100 million tonnes, with various shipping lines adding to their refrigerated containers fleets.

This increase in trade reflects both growing consumption in the UK of fresh fruit and vegetables, up by 17 per cent in the last 15 years, and an increase of imports by 33 per cent during the same period while domestic production fell.

At the same time, there are changes in how these goods are reaching consumers. The traditional model of entry via south-east UK ports and multiple handling before reaching regional distribution centres, is set to be replaced by a more direct route to market that sees imports going straight from the port to the processor.

This switch to more direct routing will be enabled – in part – with the opening of Liverpool2, a new deep-water container terminal, towards the end of 2015.

Liverpool2 will enable fresh produce to be imported directly into the North of England from Southern hemisphere origins for the first time in over a generation as its hinterland includes the greatest density of employees in food and drink processing in the UK as well as a large density of supermarket distribution centres. There are 27 cold stores within 50 km (30 miles) of Liverpool and 180 within 160 km (100 miles).

The new Liverpool2 terminal will offer 600 reefer points with an additional 300 available at the existing container port. mg

e-retail drives warehousing space: CBRE

Logistics space uptake by online retailers rose by more than seven times over 2013. Emerging retail segment took up approximately 1.7 million sq ft of warehousing space across Mumbai, Chennai, Bengaluru and the Delhi National Capital Region in 2014

Almost 25 per cent of the total warehousing/logistics space uptake across the country in 2014 was by e-retail players, while the uptake of logistics space rose by more than seven times over that of 2013.

India's online retail sector saw exponential growth, as a number of local market-specific services – such as cash on delivery (COD), multiple payment options, and EMI options – assisted in developing the growth curve of e-commerce in the country, according to the findings of CBRE's latest special report, India Online Retail Driving Realty.

Commenting on the findings of the report, Anshuman Magazine, Chairman and Managing Director of CBRE, South Asia Pvt. Ltd. said, "The statistics of this report are proof of the increase in infrastructure development within India along with industry-specific aspects, such as the depth of internet penetration, and the development of core infrastructure such as highways and new warehousing facilities. This is now being supported further by the new Government. While such macro level changes will benefit e-retailing, the momentum reported in the segment over the past couple of years also calls for a detailed regulatory framework to drive it forward."

Growth in the e-retail segment is likely to stimulate demand for warehousing/logistics space as well as commercial office space. Funds – both off-shore and domestic – have begun to gain a foothold in the segment too. A significant share of fresh foreign fund inflow is expected to get channelized into building warehouses, expanding product lines, upgrading and expanding the supply chain, as well as into possible acquisitions. The year 2014 saw investments worth more than $2.2 billion being raised by e-retail majors in India.

The warehousing and logistics real estate segment benefited immensely from the expansion in e-commerce over the last two years, with 2014 witnessing considerable traction from leading players for leasing large sized warehouses and storage spaces in peripheral locations of key cities. According to CBRE Research, the emerging retail segment took up approximately 1.7 million sq. ft. of warehousing space across Mumbai, Chennai, Bengaluru and the Delhi National Capital Region in 2014.

The last couple of years also saw the segment becoming a new addition to the mix of major office space demand drivers in India, as online retailers increased their footprints for front-end as well as back-end requirements. By the end of 2014, approximately 3.5 million sq. ft. of office space had either been leased or was in various stages of negotiation by e-commerce firms across the country – a growth of more than 400 per cent year-on-year.

India's current foreign direct investment (FDI) policy does not allow for FDI in business-to-consumer e-commerce, while 100 per cent FDI is allowed in business-to-business e-commerce. The department of industrial policy (DIPP), however, has been pushing the new government to allow for increased foreign participation in this segment.

Key e-commerce players have also been observed to spread their wings towards tier II cities from their tier I hubs. Tier II and III cities and towns in India are ripe for the picking, mainly because of the relative absence of organized retail in these markets. Moreover, since the unorganized retail sector cannot provide the large product selection offered by big organized retail chains, it represents a large opportunity for online retailers operating in the country. mg

(The research report has been published by CBRE India on January 21, 2015. CBRE Group is a globally integrated commercial real estate and investment services firm.)

Capt S K Chugh, CEO, COSCO (India) addressing the meet

Exploring new opportunities

COSCO came together with the shipping fraternity to better understand the needs of the trade in India and explore new business opportunities

MG Report

Cosco Shipping Co Ltd, the Guangzhou (China)-based leading global break-bulk, project carrier and multipurpose vessel shipping company, organised a one-day trade meet in Mumbai on February 6. Representatives from the shipping fraternity in Mumbai, Gujarat and Delhi, and the business partners who graced the occasion got the opportunity to interact with a Cosco delegation from Guangzhou as well as officials of Cosco (India) Shipping Pvt Ltd, its general agent in India. Xie Guoxiang, Commercial Counselor at the Chinese consulate in Mumbai, was special guest at the event.

Capt Chen Shao Lin, Managing Director of Cosco (India), and Capt S K Chugh, CEO of Cosco (India), introduced two key members of the Cosco Shipping delegation to the trade: Tong Jian Sang, Line Incharge for the China to India East Coast, Chittagong, South-East Asia and Far East trade; and Huang Yi Jian, Line Incharge for the China to India West Coast, Persian Gulf and Red Sea trade.

There are 10 vessels sailing every month from China to the East Coast of India and 4 to the West Coast, it was pointed out. Besides, Cosco also carries cargo from India, Middle East and Red Sea to the Far East and South-East Asia.

Cosco Shipping wishes to enhance bulk haul cargoes to the Far East and China, for which it seeks the trade's support.

In his address, Capt Chen stressed that Tong and Huang had come to India to personally interact with the trade and better understand their requirements in order to develop long-term relationships that would benefit business. He highlighted that Cosco was one of the largest break-bulk, heavy lift and project cargo carriers in the world, and also serviced a wide range of cargoes, including RoRo and bulk, through its fleet of nearly 90 own vessels of all types. It has 50 chartered vessels and therefore 140 vessels operating at any given time.

He pointed out that Cosco's dedicated and professional teams all over the world facilitate its motto of exceptional capability and excellent service, making it a global leader in specialised shipping and project cargo transportation, among others.

Capt Chen said that the purpose of the get together was to interact with past, present and future customers and explore new and enhanced business opportunities. Later, in a brief interaction with Exim India, he said that India was a market with huge potential that was yet to be fully tapped. He added that the existing and potential Chinese investors were looking for stable policies from the government. He also expressed the hope that 2015 would be a better year for the shipping sector.

Tong and Huang, in brief speeches, said that their visit was aimed at better understanding the needs of the trade in India and developing more business in future.

Capt Chugh, in his presentation, highlighted the capability of Cosco's project and specialised cargo vessels, including tweendecks and triple decks that could carry all types of cargoes with their vessels' lifting capacities of up to 700 tonnes.

A key advantage of Cosco, he said, was its high-quality personnel and training set-up, which kept the team abreast of the technology changes and new regulations, ensuring that the cargo was stowed and delivered safely in a timely manner.

He disclosed that the company had recently commenced a project cargo service from Europe to the Persian Gulf, which it intends extending to the Indian West Coast. He pointed out that Cosco Shipping is a part of the China Ocean Shipping Group, a Fortune 500 company that operates 800 vessels globally at any given time, including break-bulk, container, submersibles, bitumen, tankers, bulk and RoRo of all sizes.

Capt Chugh also highlighted that Cosco had invested $2 billion in fleet expansion, with the average age of its vessels being less than 10 years.

Liebherr marks a milestone with record sales

Liebherr mobile harbour cranes set the benchmark in terms of annual deliveries last year, supplying as many cranes per year as no other manufacturer has ever delivered before

The year 2014 was a year of celebration for many reasons at Liebherr. Exactly 40 years after the delivery of the first Liebherr mobile harbour crane (LHM), these advanced machines are more in demand than ever before.

"For a fantastic year like 2014 several factors have to come together. We started with a record order backlog into the year. Throughout the year demand for our state-of-the-art cargo handling solution was very stable on a high level. Moreover, large orders helped to significantly increase the population of Liebherr mobile harbour cranes. Finally, we broke the existing record by nearly 10 per cent, which is amazing considering the economic environment," said Matthias Mungenast, Sales Director for Liebherr mobile harbour cranes.

In 2014, exactly 112 units have been supplied across the globe. In other words, throughout the year almost every third day a new Liebherr mobile harbour crane unit was delivered. This is the highest number of annual deliveries ever achieved by a mobile harbour crane manufacturer and clearly tops Liebherr Maritime Cranes' old record when 102 units were supplied in 2008.

The LHM 550 was the most successful model of the year. In 2014, 35 units were shipped to customers worldwide. Five of these are portal solutions. The LHM 280 also experienced a jump in demand in 2014, with 23 units sold to eight countries. This is more than double compared to 2013. One reason for this positive development is that this model was the favourite choice in most of the major orders.

A geographical breakdown shows that Europe (including Russia) is again the main region for mobile harbour cranes. In total, 42 units were supplied to this area, which is nearly 38 per cent of all deliveries in 2014. Second is the African market, where 33 units (almost 30 per cent) started operation last year. Thus, the annual number of units supplied to Africa has tripled, compared to 2013. Customers in Latin America opted for 14 units in 2014, which equates to nearly 13 per cent and is exactly the same amount as for Asia. Further deliveries to the Middle East, North America and Oceania complete the picture.

SmartGrip® - the evolution of bulk handling

In June 2014, Liebherr introduced a new technology for even more productivity in bulk handling. SmartGrip® operates as an intelligent system which optimises grab filling rates in a self-learning manner. There are many factors why the grab is not operated at full capacity, including suboptimal grabbing angle and varying material density. SmartGrip® automatically optimizes 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 average. This unique technology provides a number of valuable advantages, including higher performance, zero overloads and less stress for crane drivers. Operators of older Liebherr machines can equip their existing cranes with this unique feature for more bulk turnover and the installation of SmartGrip® is fast and easy.

Outlook

Particularly the strong expansion in iron ore, coal and other major bulks drove seaborne trade, which grew an estimated 4.2 per cent in 2014. The importance of bulk handling as an application is reflected by the fact that almost two thirds of all 2014 mobile harbour crane deliveries are used for bulk operation, either bulk only or in combination with container and general cargo handling. For 2015, strong growth of 5.3 per cent is forecasted in terms of world merchandise trade, which also is a positive signal for shipping. The LHM order backlog for 2015 is in line with this positive forecast and is one of the highest ever. Throughout the world, the demand for Liebherr mobile harbour cranes and their innovative features is on a very high level. For that reason, Liebherr is optimistic that 2015 will be another great year for its mobile harbour cranes. mg

Hydrographic surveys: Enhancing port economy

With increasing maximum loading and diminishing under keel clearances, the need for regular hydrographic surveys at ports is felt more than ever before to ensure the required depth is maintained at the ports for safe movement of megaships

Cdr. Sanjeev Sharma (Retd.)
General Manager, Hydrography
IIC Technologies

Most ports and harbours have dredged channels, berths and anchorages, which suffer from siltation, thereby reducing the available depth for shipping. Ports operate with a minimum under keel clearance (UKC) that must be maintained by a ship transiting a port. Importance of a good hydrographic survey is an overarching requirement for a port, to ensure its trade. Though it is considered as a cost center for a port, it is an essential activity to keep a port's trade flowing. Inadequate hydrographic support in a port can lead to either or all of the following:

- Increased risk of marine accidents
- Lack of confidence in shipping industry for a port
- Limited international trade
- Loss of economic opportunities
- Liability and litigation

Regular surveys are therefore required to monitor the published depth, as charted depth accuracy is a significant component of the calculation of ports under keel clearance (UKC). Minimum UKC can be determined by anticipating the following contributing factors:

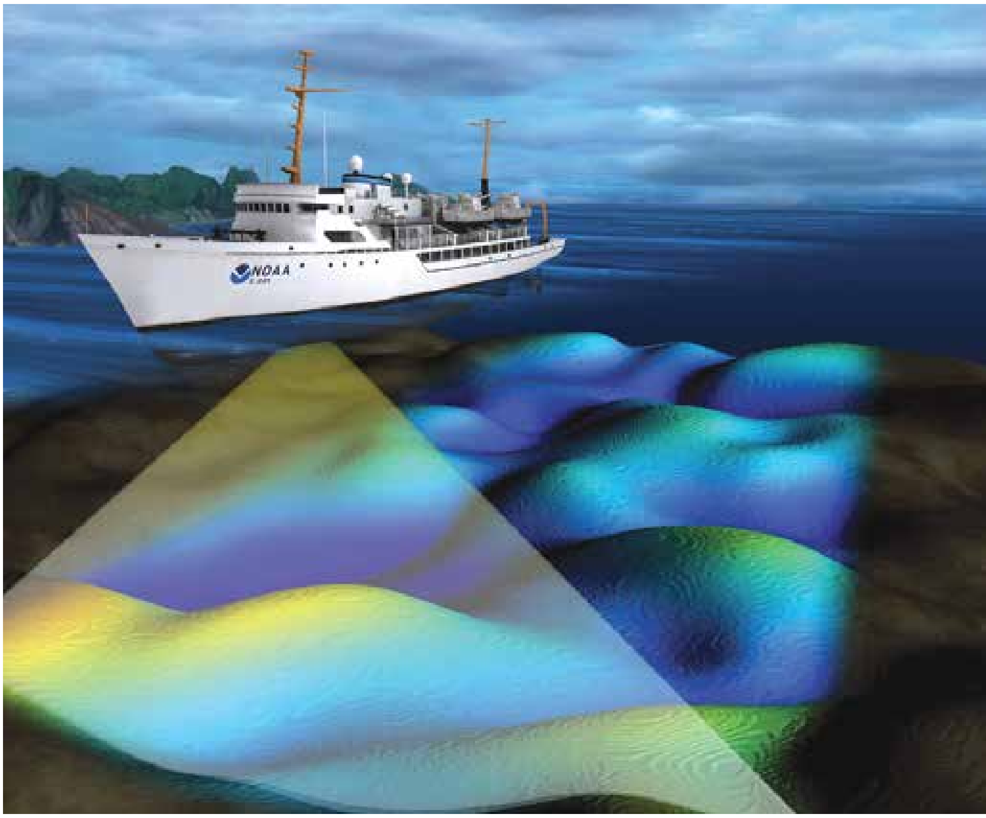
- Vessel Squat & settlement (vessel speed related)
- Vessel maneuvering characteristics
- Vessel draught
- Sea state & tidal stream
- Accuracy of tide measurement
- Accuracy of published depth
- Rate of siltation since last survey

A good hydrographic survey contributes to measurement of factors such as tidal height, accuracy of depth, rate of siltation etc.

What should be the frequency of surveying

The varied and dynamic nature of ports and harbours requires that the need, frequency and methodology for hydrographic survey in ports should be determined by a formal risk assessment study and not by a blanket set of rigid criteria. The study should reflect stability of seabed, its susceptibility to change and available depth in relation to the size of vessels operating. Other considerations include:

- Vessel type and operations (e.g. speed restrictions etc)



- Quality, reliability and/ or uncertainty of existing hydrographic information
- Complexity of the area to be surveyed
- Fairway design
- Tides and currents
- Investigation of a grounding or reported depth discrepancy
- Regional development
- Potential environmental impact of a hydrography related event
- Competency of persons responsible for surveys

Given that the depth of water and stability of the seabed will often vary within a port, it is recommended that an overall survey plan should be drawn up which meets the need for surveys at varying times in different areas.

New technology and equipment

The science of measuring depths have come a long way from using Lead lines, to sounding machines, to using Acoustic energy and Lasers. As of today, a standard practice have been to measure depths using a Single beam echosounder coupled with Motion sensor and DGPS, for gathering the depth information. Though this is good for assuring accurate depth information in the ports and harbours, but it suffers from the fact that alone it does not give the true picture of the seabed underneath.

In the past ten years, the introduction of Multi Beam Echo Sounders (MBES) with their ability to ensonify more sea-floor with an increased level of detail has seen an increase in effective use of this technology, in ports and harbours. In addition to providing the depth information, the data from MBES can be used to following advantages:

(a) Generate a terrain model, depicting the exact shape of seabed, thus giving more detailed seabed maps.

(b) Full seabed scan of the seafloor in port.

(c) Seabed classification

(d) Detailed spatial analysis

(e) Some MBES have capability to measure the reflected acoustic strength from the seabed, called the backscatter. The backscatter information can be used to locate changes on the seabed surface, i.e. locating containers/ wrecks/ pipelines etc. which can then be

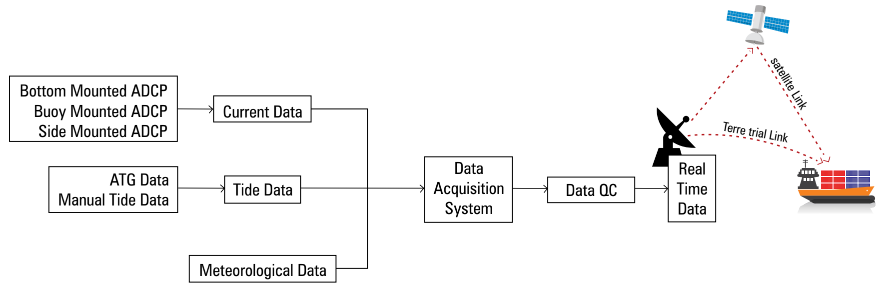


Figure 1: Real time data sharing for safe navigation

confirmed using a Side Scan Sonar.

MBES surveys require key ancillary equipment such as a good quality and reliable motion sensor, gyro and precise positioning devices, which must be correctly integrated for providing right information to the data acquisition system. It would also need a good sound velocity profiling system to correct for the refraction of beams in water column. A surveyor should be fairly experienced and knowledgeable of the system performance and should employ robust methodology to satisfy him on the operational capabilities of a MBES system. This would also include a repeated set of calibration procedures to be followed before, during and after the survey operations. Inherent with the increased detail and good coverage achieved by a MBES system, is the errors associated with it. The errors in measurement may creep in due to incorrect SV, incorrect vessel offsets, excessive vessel motion etc. Such errors should be included in the calculation of overall accuracy value accompanying the survey data.

With MBES in use for bathymetric surveys, it won't be an exaggeration to say that MBES gives the user "eyes" to visualize the seabed whilst he was blind so far using the SBES.

Looking further

Advancement in computer technology, faster processing capabilities has ensured real time visualization of our environment in 3D space. This can be gainfully utilized for enhancing port operations where timings and safety of navigation are paramount.

Latest bathymetric data coupled with real-time tide and current data, weather parameters, could enable the pilots to predict right timings and places in the channel to navigate in / out, a deep draught vessel to/ from a port.

A pilot can also simulate in advance the expected conditions and anticipate what he can encounter whilst navigating a vessel through narrow and shallow channels.

Cost versus benefit ratio

Though it is difficult to exactly lay down a figure to commercial benefits to a port which flows from following best hydrographic practice, but several studies by IHO member states indicate that the cost v/s benefit ratio is at least 1:10 for major nations with a significant dependence on maritime trade or interests.

A simple correlation to this statement can be gauged from the fact that "A hydrographic survey comprises of nearly 10 per cent in time effort for a Dredging project, but is accountable for 90 per cent of the money of the dredging contract"

It is also true that volume of global maritime trade is growing continuously and horizontal expansion of ports and facilities is slowly diminishing. The economic importance of quality and regular hydrographic surveys for a port can be further emphasized by posing following question:

"What would be the economic implications if there were no quality hydrographic services within a port?"

The answers could be any or all of following:

(f) Poor / dangerous maritime facilities

(g) Reduced maritime trade

(h) Poor port designs

(i) Poor protection of ports & coastal areas from maritime disasters

It will be difficult to support the progress of a growing nation like ours which is highly dependent on maritime trade. mg

N N Kumar, Chairman, JNPT and Marc Van Peel, Antwerp Port alderman signing the MoU in the presence of Eddy Bruyninckx, CEO, Antwerp Port Authority

Preparing the workforce

The training programme will enhance the skills and abilities of port personnel at JNPT that aims to achieve a target of handling 10 million teu by next year

MG Report

The port of Antwerp is offering training for port professionals in India, with courses given in a specially equipped training centre. Temporary facilities are being used at the moment, until the new centre is ready. The Memorandum of Understanding outlining the conditions for this collaboration between the port of Antwerp and Jawaharal Nehru Port Trust (JNPT) was signed on February 12 at a ceremony in Mumbai in the presence of Marc Van Peel, Antwerp port alderman, and Eddy Bruyninckx, CEO of Antwerp Port Authority. The two Antwerp representatives each presented an introductory lecture about the port of Antwerp, as a foretaste of the teaching syllabus.

Knowledge through friendship

The series of lectures is being organised by APEC, the international port training and education centre. Since it was first set up 37 years ago APEC has trained more than 14,000 port professionals from 150 countries. The courses cover subjects such as port management, infrastructure development & maintenance, and safety and ISPS-related aspects. The course material on offer to the Indian port sector is currently being analysed in detail so that the courses can be precisely tailored to the requirements. The Jawaharal Nehru Port Trust, the largest container port in India, will initially be the main customer for the APEC training programme. The Indian port has set itself the target of handling 10 million teu by as early as next year. By comparison, the port of Antwerp handled just under 9 million teu last year. "To reach this objective we must invest in the skills and abilities of our port personnel," declared N N Kumar, Chairman of JNPT. "APEC is able to demonstrate relevant experience in training port professionals. Furthermore, Antwerp is an important trading partner of India. Thanks to this offer we will be able to further expand the collaboration between our two ports," declared Kumar. The MoU has been made for a period of five years.

JNPT APEC Port Training Centre

The first series of lectures will be delivered to a team of around 30 port professionals. The lectures will initially be held in temporary facilities until the permanent premises are ready for the JNPT APEC Port Training Centre. The training centre will ultimately be located in JNPT port, although professionals from other Indian ports are welcome to follow courses there. In addition courses will be organised in Antwerp as part of this collaboration. mg

OCHA and APEC collaborate in training for foreign dockers

OCHA (the training institute for dock workers in the port of Antwerp) and APEC will collaborate in the development, promotion and carrying out of the training courses for dockers. OCHA will be responsible for developing the courses and training the trainers in Belgium and abroad, while APEC will take care of the international promotion and coordination with international delegations. The two parties have defined the terms of their collaboration in a Memorandum of Understanding, which also aims to promote a positive image of the port of Antwerp and its highly skilled workers abroad, in particular in other maritime countries.

This MoU and the corresponding collaboration in turn have grown out of another Memorandum of Understanding that was signed with Secretaria de Portos da Presidencia da Republica in Brazil. In addition to local seminars what were organised by APEC in the main port cities of Brazil, various 'Train the Trainer' courses were given for Brazilian dock workers in collaboration with OCHA.

Expanding Private Freight Terminals

Ritu Gupta

There is some good news for the Indian logistics sector CDC, UK's development finance institution, is making a $25 million direct investment in Pristine Logistics, a growing Indian company that develops and operates infrastructure to transport and handle railway freight in rural and under-served parts of the country. It is not for the first time that CDC is helping a company in the developing country. CDC's mission is to support the building of businesses in Africa and South Asia. It uses its own balance sheet to invest and has net assets of £2.9 billion. Under its strategy, CDC provides debt and direct investment to businesses as well as acting as a fund-of-funds investor. It has already invested in about 35 India-focused funds, with notable ones being Actis and IDFC private equity. CDC has also allocated $30 million to Rabo Equity India Agri Business fund that is focused on food and agribusiness companies.

The new funds will be used by Pristine to expand and set up private freight terminals and inland container depots at 11 locations. The company, which had ₹80 crore turnover last year, expects to close at ₹100 crore. "We will expand in Kanpur, where the terminal operations are already on. Two terminals will get operational in Patna and Ludhiana within a month or two. Also, Indore, Cuttack and Khagaria are expected to get operational over next 1-1.5 years," said Rajnish Kumar, another director of the company, while declining to share details for other locations. Apart from these activities, Pristine Logistics is developing, constructing and operating Greenfield rail freight terminals across northern, central and eastern India, where infrastructure is important for economic growth. The terminals provide handling, warehousing and transport services for businesses using the Indian Railways network for freight transport. The company also plans to develop a food park in Bihar to handle and process agricultural products, bringing market connectivity to the region. "Pristine Logistics has the potential to become one of the largest terminal operators in India in this exceptionally important sector. Low income states in India often struggle to attract long-term private capital. Part of the reason is the lack of enabling infrastructure, so this investment will not only create nearly 1,500 jobs directly but will also create 400 shorter-term construction jobs and will contribute more widely to prospects for economic growth," said Srini Nagarajan, CDC's Head of South Asia, said.

Indeed, the development will unlock the full potential of Pristine. It can see commercial opportunities in locations where investment is historically problematic. "Our business has a positive impact on industry generally in terms of cost efficiency and connectivity to larger markets, both nationally and internationally. The investment by CDC throws good challenges at the company. It reinforces our own core beliefs with regard to business, about creating growth opportunities for local communities, doing things the right way, creating world class infrastructure and providing maximum customer satisfaction. We, in Pristine, have a strong team and the requisite motivation to meet these challenges." said Amit Kumar, also Director at Pristine Logistics.

Industry players have welcomed this development. Devi Pandey, Member Traffic & Ex officio Secretary to the Government of India, Railway Board, Ministry of Railways, welcomed the announcement:"This landmark investment is extremely good news for the Indian Railways. Freight Terminals is a focus area in the Railways' PPP initiatives. Indian Railways is committed to create conducive environment for growth of private investment in this sector. Such developments will open up trade and commerce by modernizing and building last-mile infrastructure to service multiple large container markets. This will be welcomed by Railway's customers – freight shippers, importers/exporters and customers using India's rail network to transport freight."

The food park in Bihar will create a further 1,800 jobs. The lack of fast, reliable and temperature-controlled transportation means that many Bihar farmers cannot bring their produce to market. The food park will bring much-needed food processing, storage and modern transport services to local farming communities. CDC will also support Pristine Logistics as the company develops its procedures around environmental and social policies. In this way, CDC can contribute to the sustainable development of the company and build management capability in this field.