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TAKING THE BULL BY THE HORNS

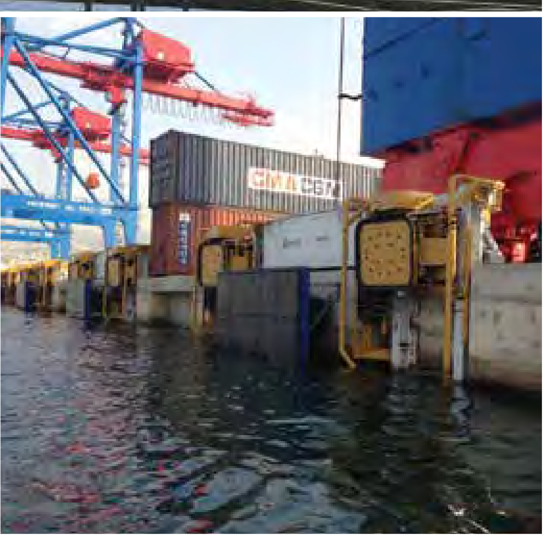
Neeraj Bansal

Chairman in-charge, Jawaharlal Nehru Port Trust

Elephant vs Dragon

Advances in Maritime Logistics

China is developing maritime infrastructure across the world for economic and political reasons. Experts opine that India should be careful of these developments and do its own bit for the neighbours



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Private Ports get the better of modernisation

If you notice the quantum of cargo handled by India's ports in the last two years, you can't help but notice how the private ports have steadily been upping portions of cargo handled over their dozen government-run counterparts. Many have attributed numerous reasons for this emerging trend. Traffic records revealed the non-major ports reported a 7.5 per cent year-over-year growth in cargo volumes for the financial year 2013-14 when compared to a mere 1.8 per cent increase at 12 major ports in the same year.

The private ports responsible for such phenomenal performance are Mundra and Pipavav on the West Coast and Karaikal, Krishnapatnam and Gangavaram on the East Coast of India. It's not hard to tell why these ports are steadily gaining priority over the state-owned ones. Investment firm Barclays crisply states the reasons in a recent report. Capacity shortages, it says will wean traffic away from major ports and push it towards the privately owned ones. Barclays expects traffic to rise to 600 million tonnes by the fiscal year 2017 at minor ports. "We think private ports with sufficient spare capacity and the right ecosystem (infrastructure, mix of cargo, connectivity and customers) will emerge as winners in the medium term."

> **While we are happy about the private ports posting healthy numbers, major ports too should try and keep pace with their peers and plug any deficiency**

Going by this report, one can quite surely say that the trend of the private ports gaining an upper hand even in the coming couple of years. The above mentioned ports are also making rapid strides in improving connectivity. If Krishnapatnam is readying an all new double rail siding, DP World at Adani's facility is constantly investing in technology and equipment, improving their turnaround time and Pipavav is reaping the benefits of an efficient railway line. To make good for all this loss, the major ports have asked for deregulation of the Tariff Authority for Major Ports to create a level playing field. This will help the government owned ports compete more fairly with the private ones. Although JNPT and Chennai are India's largest container ports in terms of volume handled, they have to watch out for their peers outgrowing them now pace of development at the minor ports.

While we are happy about the private ports posting healthy numbers, the state run ports too should try and keep pace with their peers and plug any deficiency. For India to compete with China where five of the world's top ten ports are occupied by its own, we require all of India's ports to do equally well without any of them lagging behind. The government should make haste in corporatising the major ports in creating more accountability so that the manner of functioning is more dynamic and delivery oriented.

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2. TRANSPORT OPERATOR
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5. CRANE

WHAT WE DO

Speedways, providing complete logistics solution to our customers with a one window service station by enabling all services when it comes to executing the supply chain management system. From freight forwarding to transportation of laden containers to warehousing cargo and crane hiring to customs clearing, a customer generally gets all the solutions under various departments of our firm when it comes to logistics.

CUTTING EDGE

"The one who innovates is the one who leads". Leading the industry in its own ways, we at Speedways never focused on doing different things but dedicated ourselves to do things differently. Accepting challenges and crossing hurdles, we have done what was feared to be taken as a thought, from handling huge volume of cargo in one go from customers end to the port, we accomplished it all and still are working towards a future brighter than our past.

“Excellence is an art won by training and habituation. We do not act rightly because we have virtue or excellence, but we rather have those because we have acted rightly. We are what we repeatedly do. excellence, then, is not an act but a habit.

MISSION

Gaining mass success with a remarkable reputation built over the years in the sector, Speedways has now made its existence in Kolkata, Haldia, Vishakhapatnam and Raipur providing the best service to our customers at a competitive price.

VISION

With the coming of Speedways Logistics PVT LTD, the company has now established its position in the industry providing "Total Logistics" solution with services provided for Transportation, Warehousing, Packaging, etc...

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Standing firm in the sector for about four decades, we have gained mass success and reputation standing on the pillars - GOOD SERVICE, RELIABILITY, TRUST, DEDICATION AND PROFESSIONALISM, experiencing the services, one does say - DEFINITELY SPEEDWAYS!!

CHAIRMAN SPEAKS

SPEEDWAYS LOGISTICS PVT LTD, a pioneer company in the Logistics trade stands strong and firm in the Eastern Sector to provide the best solutions to all customers, reputed amongst all, we have been serving the EXIM trade for more than four decades with an endless list of satisfied customers.

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Classrooms in shipping containers

Hewlett Packard and Nasscom Foundation have joined hands to donate five shipping container based digital classrooms under the National Digital Literacy Mission programme. This would be India's first portable digital classrooms and will be deployed in Mumbai, Pune, Chennai, Bengaluru and Rajasthan. They will be used to train 6,000 people for free of cost in its first year.Each centre will be air-conditioned and have a minimum of 15 computers. The 40 x 9ft container classrooms would be both cloud-and internet-enabled. "They will be parked at location where we can impact the maximum number of undeserved people. We are currently in the process of finalising the venues. The aim is to digitally empower the community and then move the classrooms to other locations," said, Shrikant, CEO of Nasscom.

Gammon to begin RoRo operations at Mumbai Port

Indira Container Terminal has accepted the Mumbai Port Trust proposal for an alternative use of the offshore container terminal for RoRo operations. The facility will be given to the importers and exporters of automobiles and self-propelled equipment for a year from the date of operation. Mumbai Port has agreed to offer a higher revenue share of 45 per cent in operations to Indira Container Terminal, while Mumbai Port Trust will take the remaining 55 per cent.

The total revenues from the operations could be ₹85-90 crore for the nine months remaining in the current fiscal. Till now, the RoRo facility at the port was being shared with other cargo like coal and steel.

Shipping Ministry plans yet another transshipment port

The Shipping Ministry is planning to develop a world-class transshipiment port particularly at Colachel in Kanniyakumari district of Tamil Nadu. The emergence of Colombo as a world-class transshipment port and dependence on the port for carrying goods to the east coast ports in India has made the Shipping Ministry think in terms of developing a transshipment port in the country.

Ministry of Shipping feels that Colachel Port is among the best option for India since it is situated a few nautical miles from the international shipping lane on the Indian Ocean.

DB Schenker wins SCALE Award 2014

DB Schenker has received the "CII Supply Chain and Logistics Excellence Award (SCALE) 2014 – Top Freight Forwarder of India" the second time in a row during SCALE Award ceremony organised by Confederation of Indian Industry. The award once again emphasizes DB Schenker's leading position in India for providing end-to-end logistics solutions and its ability to cater to any industry and destination across the world.

Reliance to invest in Pipavav defence

The Reliance Group proposes to make an additional investment of ₹5,000 crore into the Pipavav Defence project over the next few years, Anil Ambani revealed. The plans were to make Pipavav Defence a global centre of excellence in shipbuilding and ensure that it caters to all requirements of the Indian Navy from frigates to aircraft carriers and submarines.

Cochin Port joins the 'deep draft' club

Cochin Port has joined the club of deep draft ports servicing vessels of 14.5-metre draft, with the call of mainline container vessel *M V Petrohue* on July 19 at the Vallarpadam International Container Transshipment Terminal. The vessels will call at Kochi on a weekly basis. Galex has reinforced Cochin Port's position as a transshipment hub with state-of-the-art facilities.

Cargo traffic at major ports increases

Total cargo traffic at the 12 major ports soared by 4.5 per cent to 149.4 million tonnes (MT) in April-June 2015 vis-à-vis the 4.2 per cent traffic registered during April-June 2014 period. The growth in cargo handled at the major ports in June 2015 was 2.9 per cent against the recorded growth of 3.1 per cent in June 2014. During June 2015, Kolkata Dock System posted highest growth in traffic of 35.3 per cent.

India studying feasibility of FTA with Eurasian Union

Evaluating the possibility of a Free Trade Agreement (FTA) with the newly formed Russia-led Eurasian Economic Union (EEU), India has initiated the process of setting up a joint study group (JSG) to study its feasibility.

The EEU – an economic union that includes Belarus, Kyrgyzstan, Kazakhstan, Russian Federation and Armenia – offers a lucrative market with a joint population size of 180 million and a GDP of an estimated $4 trillion.

The Commerce Ministry has sent out notes to all the ministries and departments concerned asking them to send their inputs on the areas the JSG should examine. If the FTA is formed then emphasis will be on developing trade in areas such as pharmaceuticals, textiles, agriculture and energy as well as attracting investments in infrastructure sector. The JSG will have officials from both India and the EEU. The agreement to work on a JSG was reached between India and Russia during Commerce and Industry Minister Nirmala Sitharaman's recent visit to Russia.

Paper industry calls for higher import tariffs

The Indian Paper Manufacturers' Association (IPMA) has sought levy of 10 per cent special additional duty on imports of paper and paperboards into India.

It has also suggested that the basic customs duty on import of paper and paperboard from ASEAN countries be pegged at the Most Favoured Nation (MFN) rate. Currently, all paper imports from ASEAN attract 'Nil' rate under an existing FTA.

These measures are required to ensure that the capital already invested and proposed to be invested in further capacity creation in India is safeguarded.

Kochi Port to lease sites for foodgrain

Kochi Port has proposed to allot 3-4 acre sites on lease for 30 years to investors for putting up silos for handling foodgrains. The facility will be allotted on the basis of tender-cum-auction, which will be issued shortly. The port has the potential to handle foodgrains in a big way, provided the mechanisation of handling and evacuation is arranged. Silos and pneumatic pumping systems are the most modern methods to handle foodgrains in bulk. The decision assumes significance at a time when the port is experiencing labour shortage especially for manual handling of foodgrains. Foodgrains are currently being handled in a conventional manner using the traditional labour-intensive techniques.

JSW Port expansion plans

In the next five years, JSW plans to invest ₹10,000 crore to expand its ports and increase capacity more than six times to 200 million tonnes (MT) by 2020. Group Chairman, Sajjan Jindal said they are also looking at acquisitions on the east coast to speed up the process of achieving the 200 MT target. They are scanning both major and non-major ports across Andhra Pradesh, Odisha and Tamil Nadu.

JSW is looking to build or acquire the first phase of ports wherever its steel, power and cement plants are coming up. It will then create additional capacity for outsiders. The group wants to bring captive cargo contribution down to 50 per cent from 60 per cent at present by 2020. There are concerns that if the India growth story does not play out as expected, ports could be staring at redundant capacities and high debt.

IRClass adds EEDI validation service

IRClass has recently included Energy Efficiency Design Index (EEDI) validation to its service offerings. This is in response to the International Maritime Organization's adoption of the EEDI regulation on January 1, 2013 which will apply to the majority of vessels delivered on or after July 1, 2015.

Under the regulation, the EEDI value calculated for a vessel must be based on speed in ideal sea conditions. However, often such conditions are not practically achievable due to time and geographical constraints. This poses a major challenge for shipyards to precisely interpret the ideal EEDI values using parameters recorded during these sea trials. It is, therefore, important that the certifying Class Society has the experience and expertise to assess and validate such calculations.

Ki-tack Lim elected as IMO Secretary-General

Ki-tack Lim, President of Busan Port Authority, has been elected as the Secretary-General of the International Maritime Organization (IMO), with effect from January 1, 2016, for an initial term of four years. He served as the Republic of Korea's Deputy Permanent Representative to IMO from 2006 to 2009 and was Chairman of the Sub-Committee on Flag State Implementation (FSI) from 2002 to 2004. In 2006, Lim was appointed as Maritime Attaché, minister-counsellor at the Embassy of the Republic of Korea in London and led all IMO work for the Republic of Korea, serving as Deputy Permanent Representative to IMO up to August 2009.

VOICES

"We are working on opening up of North South Corridor, for trade from India to Russia to central Asia through Iran. It will reduce cost and time by half."

P S Raghavan
Indian Ambassador to Russia

"We have not seen any increase in berth productivity over the last six or seven years, and with productivity at current levels, sooner or later we are going to run out of space."

Soren Skou
CEO, Mærsk Line

"We are proposing to have a Shipping Investment Trust, much like the Real Estate Investment Trust. India's share in global shipbuilding is a meagre one per cent now, and it could get a huge boost if such a plan could be worked out."

Yaduvendra Mathur
Chairman and Managing Director of Exim Bank

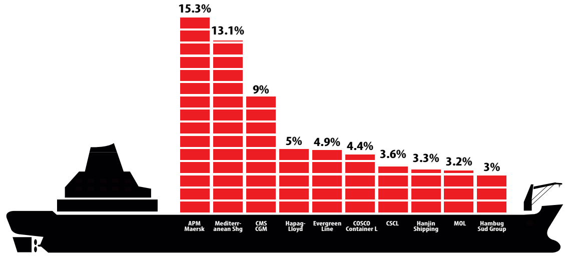
"With manufacturing facilities in Chennai and Sanand, we expect to triple our exports from India in the next five years."

Mark Fields
President and CEO
Ford Motor

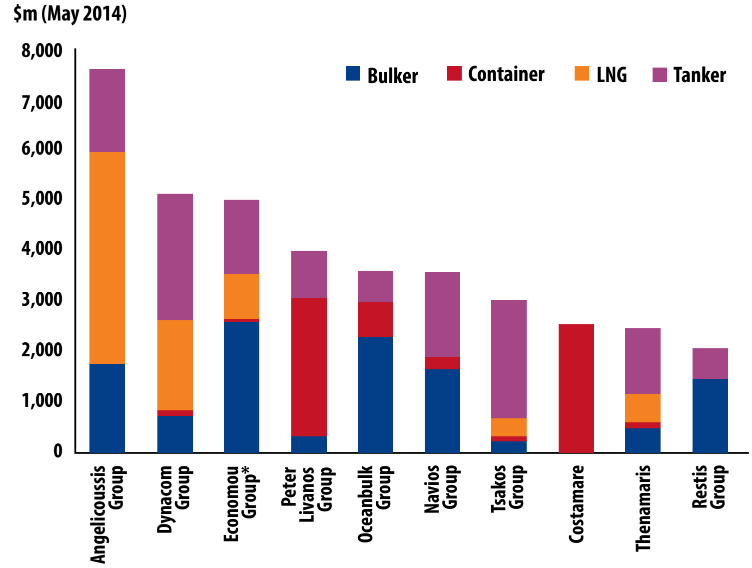
GRAPHICS

Who carries how much?

AS OF MAY 25TH 2015, 10 COMPANIES HAVE 64.8% OF THE WORLD LINER-FLEET (IN TEU* TERMS):



Top 10 Greek Shipowning groups by fleet value



Sources:VesselsValue.com

Top 10 Greek Shipowners

S.No	Owner	Company(S)	No of ships	DWT
1	John Angelicoussis Group	Anangel, Maran Tankers and Maran Gas	114	20,581,974
2	George Economou	Cardiff Marine and Dryships groups	128	16,433,577
3	George Prokopiou	Dynacom	95	12,486,682
4	Angeliki Frangou	Navios group	117	11,252,528
5	Petros Papas' group	Ocean Buk, Star Bulk, and PST Tankers	83	9,141,075
6	Nikos Tsakos	Tsakos Energy Navigation (TEN) Limited	62 tankers, 12 dry bulk carriers, 2 LNG tankers, 7 container ships	8,069,708
7	Peter Livanos	Euronav and GacLog	48	8,002,370
8	Victor Restis	The Restis Group	84	7,198,505
9	Diamantis Diamantidis	Marmaras Navigation	52	7,015,218
10	Andreas Martinou	Minerva Marine	54	6,422,434

Krishnapatnam Port receives Golden Peacock award

Krishnapatnam Port has received the Golden Peacock Environment Management Award for its initiatives and achievements in the field of environment. The award was presented by Union Minister of State for Environment, Prakash Javadekar to C Sasidhar, Managing Director, Krishnapatnam Port, at the 17th World Congress on Environment Management held in New Delhi.

Krishnapatnam Port has electrified railway line network from all storage yards as part of its sustainable strategy, thus leading to reduction in carbon dioxide emissions by 24,935 tonnes and also reducing the diesel consumption of railway engines. Currently the port is in the process of electrifying all its cranes so as to reduce diesel consumption and moving towards solar and wind energy to reduce fossil fuel usage.

Solar lights have been installed at the port and solar water heaters in the employee colony, gas connections are provided to villagers so as to discourage them from cutting of mangroves.

Chennai Port may acquire berths at Karaikal Port

The Chennai Port Trust (ChPT) is exploring the possibility of taking over one or two berths at Karaikal Port to handle bulk and dry bulk cargo.

Since there is no precedent or specific guidelines for a major port to take over a port/private berth, the ChPT has asked the Indian Ports Association (IPA) to formulate a business plan for this proposal.

The ChPT is now formulating a business plan to look at alternative modes of development to increase cargo volume, improve financial position and sustain operations. There has been a significant drop in cargo volume at the Chennai Port following a Supreme Court ban on handling of coal, iron ore and other dusty cargo in October 2011. The cargo was diverted mainly to Kamarajar Port at Ennore and Krishnapatnam Port.

World Bank approves loan for Eastern Freight Corridor

The World Bank has approved a $650 million loan for a huge Indian freight rail corridor that will span 1,840 km (1,140 miles) across the northern heartland of the country. Construction of the Eastern Dedicated Freight Corridor will help speed up the carrying of goods between Ludhiana in the western region and Kolkata in the east, and is part of a series of new freight lines India needs to ease congestion on its network. The loan is the third from the World Bank to help fund the freight corridor. Last year the bank approved a $1.1-billion outlay and back in 2011, $975 million were granted. The central government is also banking on big investments in infrastructure to boost the economy, and had approved a $137-billion investment plan for the railways in February.

Verified Gross Mass of packed containers should be reported

As of July 1, 2016, the enforcement of the Safety of Life at Sea Convention (SOLAS) requirements regarding the verification of the gross mass of packed containers will be applicable.

A packed container will not be allowed to be loaded on board vessels to which the SOLAS Convention applies unless the Verified Gross Mass (VGM) of the container has been provided to the ship's master or his representative and to the terminal or its representative sufficiently in advance to allow for the edition of the loading plan. The responsibility for obtaining and documenting the Verified Gross Mass of a packed container lies with the shipper.

The Verified Gross Mass means the total gross mass of a packed container as obtained by one of the two methods described below.

Method 1 – Using calibrated and certified equipment, the shipper (or a third party duly appointed by him) weighs the packed container at the end of the stuffing operation once the seal is affixed, using calibrated and certified equipment.

Method 2 – The shipper (or a third party, by arrangement of the shipper) weighs all packages, cargo items, pallets, dunnage and other packing and securing material and adds the tare mass of the container. The total sum finally obtained is the weight to be provided. This method is subject to certification and approval by the competent authority of the State in which the packing and sealing of the container was completed.

CMA CGM inks two agreements with China

Chinese Prime Minister Li Keqiang visited the Marseilles headquarters of CMA CGM in July. During the visit, two major economic agreements were signed:

A partnership between China Merchants (CMHI) and CMA CGM to develop the strategic "One Belt, One Road" project - a high-profile strategy initiated by the Chinese government to develop many infrastructure and ports-related logistics projects. As part of the project, both the parties will investigate and evaluate together, as their priority, the investment opportunities in the Maritime Silkroad.

CMA CGM and the Export-Import Bank of China (CEXIM) signed a framework agreement on financing solutions for a total of up to $1 billion in the form of loans and/or export credit insurance. Those solutions would be available for the future vessels and containers the group may order in China.

IRClass academy, Lloyd's maritime academy and IBC academy sign MoU

IRClass Academy has teamed up with Lloyd's Maritime Academy (LMA) and IBC Academy (IBCA) that are part of Informa PLC in the UK for delivering customised training solutions in specialist areas for Indian organisations as well as individuals in maritime and energy sectors. The collaboration is expected to contribute significantly to competency-building in maritime and energy sectors. IRClass Academy aims to emerge as a leader in professional development by partnering with industry and by collaborating with established providers of education and training services. The first activity to be taken up jointly under the MoU will be a one-day seminar on subsea systems and engineering, which will be delivered in Mumbai office of IRS during the last quarter of this year.

IRClass forms India Advisory Committee and Offshore Advisory Committee

IRClass – Indian Register of Shipping, a leading classification society and IACS member, has set up a high-level 'India and Offshore Advisory Committee' with a vision to raise the profile of its services and receive strategic advice for growth in South Asia region.

The India Advisory Committee comprises 14 senior members and representatives of the maritime fraternity of India.

Formation of this committee follows the launch of UAE Advisory Committee in March this year. IRClass also plans to set up 'Singapore Advisory Committee' very soon, preparations for which are at an advanced stage.

Setting up high level Advisory Committees in these three key business and maritime geographical regions is in line with IRClass' ambitious expansion plans. The company also intends to open three new offices in the near future in Abu Dhabi, Kuala Lumpur and Lagos.

During the inaugural meeting of the India and Offshore Advisory Committee held on June 12, IRClass CMD Arun Sharma sought active cooperation and guidance of the member representatives for expansion of IRClass services.

The committee discussed the need for a customer-centric approach and an increase in share of tonnage outside India. It also discussed several areas of opportunities prevailing in offshore, renewables, LNG, oil terminals, pipeline and defence sector.

Karaikal Port to set up liquefied natural gas terminal

Karaikal Port is planning to set up a LNG terminal for which it is in talks with three multinational companies.

The project will cost ₹2,500 crore, will have 3-million tonne capacity and will be operational in the next 24 to 30 months. The port is said to be strategically located as 800-MW capacity plants in and around the port are in need of gas and are operating at less than 30 per cent capacity due to non-availability of gas.

Karaikal's Port decision comes at a time when increasingly ports, especially in the East Coast, are going for LNG terminal.

Gandhidham-Tuna Tekra railway line

The dry bulk cargo terminal at Tuna Tekra near Kandla Port has now got rail connectivity. Railway Minister Suresh Prabhu recently flagged off the first goods train on the Gandhidham-Tuna Tekra route. Kandla Port Trust (KPT) and Adani Port and Special Economic Zone have funded the project. Construction of the new line started in May 2014 and it was completed within a year. Of the approximately 18 km line, 11 km was built by railways while the remaining 7 km was laid by KPT. The terminal will mainly handle coal and fertiliser. The railways expects to earn approximately ₹500 crore per annum by transporting cargo from Tuna Tekra.

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Yokohama Port to help in developing ports in AP

Yokohama Port located on the north-western edge of Tokoyo, will prepare an action plan for ports in the state of Andhra Pradesh. In a recent visit of Chief Minister N Chandrababu Naidu to Japan, the AP delegation discussed with executives of Yokohama Port on the areas of collaboration in the ports sector. Masayuki Takashima, President of Yokohama Port said they will prepare a master plan for collaboration with AP ports such as Kakinada, Krishnapatnam and Visakhapatnam. Masayuki further offered to promote Andhra Pradesh to other corporations in Japan. The AP state government ensured that road, power and other facilities will be provided to ensure that Yokohama Port does not face any hurdles in the development.

₹692 cr for Sagarmala project for 2015-16

The Union Surface Transport Ministry under Nitin Gadkari has sanctioned ₹692 crore for 2015-16 fiscal for the ambitious Sagarmala project. It would soon be constituting the Sagarmala Coordination and Steering Committee. The project is to promote development of ports (dry and wet) for transporting goods.

The Sagarmala Development Company will be set up under the Companies Act, 1956, to assist state/zone level SPVs, as well as SPVs to be set up by the ports, with equity support for implementation of projects to be undertaken by them. The project has already received green signal from cabinet in March. Besides 12 water ports, the ministry will also develop dry ports in Wardha in Vidarbha and Jalna in Marathwada under the project.

Wan Hai tops in SeaIntel's on-time reliability survey

Wan Hai Lines beat out Maersk as the most reliable in a new study by SeaIntel analysts, reports Lloyd's List. Wan Hai moved from third to first place, putting Maersk Line into second place in the survey checking on-time year-on-year performance of the top-20 shipping lines from March to May. The worse performing alliance was CKYHE, three of whose members – "K" Line, Yan Ming and Hanjin – saw a steep decline in on-time performance.

Ocean Three members CMA CGM and UASC also fell several places in the rankings, with UASC dropping from 4th place to 17th and CMA CGM dropping from 9th to 16th, despite a 0.1 per cent increase in its on-time deliveries.

Ocean Three alliance partner CSCL kept its 13th place, despite raising its performance by 3.5 percentage points. The rankings were affected by the strong performance of four of the G6 partners, SeaIntel said. APL, MOL, OOCL and NYK rose in the rankings to put them all in the top-10 in 2015.

Satellite ports in Jammu & Kashmir

The centre has proposed to set up two satellite dry ports in Jammu and Kashmir to facilitate "direct import and export" and has sought 300 acres of land from the state government for the purpose, even as it plans to undertake highway projects worth ₹25,000 crore in the state this year. The proposed plans in infrastructure development, besides highway projects, are part of its efforts to boost the state's economy and generate employment. The ports will be located close to national highway, river and railway where containers will be sealed and exported directly. The Shipping Ministry has also proposed using Dal Lake and other rivers for movement of goods.

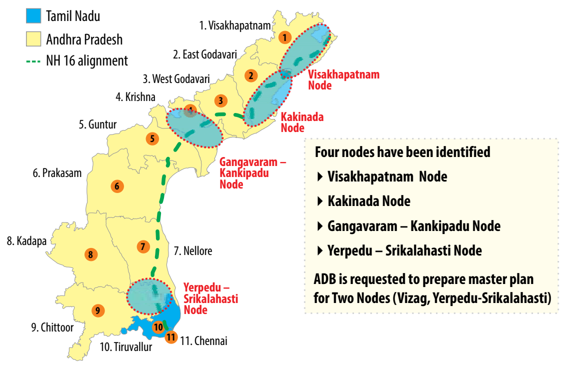
Promoting exports

To control the decline in exports, the government will soon set up a Trade Facilitation Council (TFC) comprising members of centre and states to promote India's overseas shipments. The council will be chaired by Commerce and Industry Minister Nirmala Sitharaman and secretaries of key ministries and state ministers will be the members.

The main objective of the council will be facilitating trade from states in a bid to boost the country's exports. To discuss the issue, Commerce Secretary Rita Teaotia will hold meetings with officials from the states. The other issues which will come up in the meeting include problems related with infrastructure and governance; local tax issues and its refund; and states' regulatory environment. The Commerce Ministry is also working on other measures including dissemination of exports data state-wise.

The Commerce Ministry will encourage every state for formulating a state trade policy in order to streamline procedures and increase exports. The Commerce Ministry has asked the state authorities to appoint commissioners and prepare export strategy. As many as 21 states have appointed Export Commissioners while 14 states including Madhya Pradesh and Gujarat have framed strategies for outward shipments.

ADB to fund Chennai-Vizag Corridor



The Andhra Pradesh Government is set to clinch a $500-million credit line from the Asian Development Bank for funding the Chennai-Vizag Industrial Corridor. The loan is likely to conclude before the year-end. This loan relates to Policy Finances segment, covering several aspects of infrastructure development on the corridor. The state government has secured the centre's nod for this loan and has pitched for additional credit in the business policy segment where several projects will be funded.

The ADB, department of economic affairs and the state are at an advanced stage of finalising the deal. The funding thus received could be utilised for infrastructure development, both to improve connectivity and power transmission capability, while also developing industrial clusters by APIIC. All detailed project reports for nearly 15 projects are ready.

The state is also in negotiations to secure funding from Japan Bank for International Cooperation and JICA for the Bengaluru-Chennai industrial corridor, where one of the nodes passes through Andhra Pradesh. The state plans to set up two special purpose vehicles for the corridors and their development.

New projects at Paradip Port Trust

Union Minister for Road Transport, Highways and Shipping Nitin Gadkari inaugurated projects worth ₹269 crore at Paradip Port, and announced that a super speciality hospital will be set up in the port town, while a medical college is under consideration.

The minister inaugurated the south oil jetty of 10 million tonnes capacity, built at a cost of ₹222 crore, for smooth movement of liquid cargo from Paradip Port. Installation of the new oil jetty would lead to enhancement of Paradip Port's cargo handling capacity to 118 million tonnes per annum from 108 million tonnes per annum. Nitin Gadkari also announced the draught enhancement in the central dock and MCB to 14.5 metres to be built at a cost of ₹47 crore. Both the oil jetty and draught enhancement facilities will add to the capacity of the Paradip Port and will help in improving quality of service.

Gateway Rail Freight Ltd sets up its fourth ICD

Gateway Rail Freight Ltd announced its fourth ICD at Viramgam, near Ahmedabad in Gujarat. This terminal will be on the confluence point of the two double-stack routes between its flagship hub at Garhi Harsaru in Gurgaon and two main ports on the west coast at Mundra and Pipavav in Gujarat.

The company will soon start construction of railway siding and its container yard. It is expected to be operational within a year. Gateway Rail has acquired 35 acres of land for developing the second hub for its container train services.

The railway hub terminal will be built over 25 acres of land and initially will have a capacity to handle two trains simultaneously. It will have a capacity to handle 150,000 teus annually. The balance 10 acre land will be used for developing an ICD to cater to the needs of Gujarat trade.

Kochi-Far East Galex service launched

DP World Vallarpadam Terminal will commence a new weekly direct service linking the Far East to Kochi.

The Far East-based Galex service is operated by a consortium of four operators – Emirates Shipping Line, KMTC, RCL and Hanjin – and will have its maiden call at ICTT.

Galex will operate 7,000-teu vessels, which is expected to provide adequate capacity to the trade in this region. Besides Kochi, the vessel will call on the ports of Pusan, Shanghai, Ningbo, Chiwan, Singapore, Port Klang, Nhava Sheva, Mundra and Jebel Ali. With this service, Vallarpadam seems to be coming back into a focussed approach on transshipment. Galex becomes the first Far East carrier service to call at Kochi, creating feeder connectivity to the west coast. With the addition of the Galex service, there will be a total of four direct services with West Asia. The service is expected to help the effort to divert the Indian cargo going to Colombo.

For Kochi Port, the new service also means additional expenses on dredging. The port has already started maintenance dredging in the ICTT berth basin to increase the draft, as the 300-metre vessel needs a water depth of 14.5-metres.

Haldia becomes first green port in the country

Union Minister for road transport, highways and shipping Nitin Gadkari recently inaugurated a bio-diesel dispensing unit at Haldia Dock Complex that makes the Haldia Port the first green port in the country which will use bio-diesel to run its railway engines, trucks and other vehicles. Emami Agrotech Plant at Haldia, the oldest and biggest bio-diesel plant in eastern India with a production capacity of 1.2 million tonnes of bio-diesel, will supply the requisite bio-diesel to the port.

The shipping ministry also transferred 61 acres land under Haldia Port to Inland Waterway Authority of India. This was for a World Bank-funded terminal that will integrate rail, road and waterway for passengers as well as cargo.

India's garment export slows down in May

India's garment export growth slowed down to 5.1 per cent year-on-year in May from 9.2 per cent in the previous month, due to a withdrawal of certain incentives by the government and a fragile recovery in key markets such as Europe.

Apparel Exports Promotion Council (AEPC) Chairman Virender Uppal said that the country's apparel exports hit $1.57 billion in May, against $1.49 billion a year earlier. In the first two months of this fiscal, the exports touched $3.01 billion, up 7 per cent from a year earlier but lower than a 12.2 per cent growth in the entire 2014-15 fiscal.

However, the growth rate is still better than 17.2 per cent drop in the country's overall exports during the April-May period from a year before. "As some of the export incentives for exports have been withdrawn in the Foreign Trade Policy (2015-2019), it has had a dampening effect on the overall trade," Uppal said. AEPC has said the government should ensure swift clearances of import and export by Customs.

The government should also finalise on an urgent basis the India-EU FTA and the CEPA with Canada so as to "mitigate the duty disadvantage suffered by India vis-a-vis our competitors like Bangladesh, Cambodia, Vietnam, Pakistan etc. in the major markets," Uppal said.

Volvo Buses announces global export plans

With the objective to leverage its manufacturing presence in Asia, Volvo Buses announced its plans to use India as an export hub for developed markets like Europe. A key milestone of this initiative is that the first bus made in the Indian facility will be unveiled later this year in Europe.

The company will use its manufacturing presence in India and China to cater to demands from global markets. At present, intercity coaches and city buses from the Indian facility are being exported to countries in the South Asia region and to South Africa.

The other aspect of the Asia Leverage programme is to ensure that by catering to exports the India facility will be able to face the cyclical domestic market demands. The company will gradually scale up exports from India to cater to more and more markets in the future.

Adani Ports & SEZ gets LoA for Vizhinjam

The Kerala government has handed over the letter of award (LoA) for the mega Vizhinjam Port project to sole bidder Adani Ports & SEZ Ltd. The Adanis will now undertake development and operation/maintenance of the Vizhinjam International Deepwater Multipurpose Seaport project on PPP mode and on Design, Build, Finance, Operate and Transfer basis.

The first phase of the project involves a cost of ₹7,525-crore of which ₹1,635 crore will come in a grant component by way of viability gap funding shared equally by the state and central governments. The LoA requires of the Adanis to execute the concession agreement within 45 days of its receipt and furnish the performance security. The first phase is expected to be completed over a period of four years, as per terms of the agreement. The state government's share will be ₹1,973 crore in land, rail connectivity, power, drinking water and land. It will also spend another ₹2,280.2 crore for building the breakwater ₹1,463 crore and furnish the viability gap funding share of ₹817.2 crore.

Container volumes decline at major ports

Container volumes via Major Ports in India dipped about 1.5 per cent in June year-over-year as a slump in the country's global trade continued, according to the latest port statistics.

Major ports cumulatively moved 658,000 teu during June 2015, down from 667,000 teus in June 2014. Monthly containerised cargo tonnage totaled 9.8 million tonnes, down from 10 million tonnes.

Containers passing through the two terminals in the Chennai Port complex increased to 130,000 teus from 128,000 teus in June last year. JNPT and Chennai account for roughly 80 per cent of total container cargo shipped via Major Ports.

In the first quarter, Major Ports grew container volumes by 2.5 per cent year-over-year to 2 million teus. However, the rate of growth was slower than the 4 per cent recorded in first-quarter 2014-15. Chennai's quarterly volume increased 5 per cent year-over-year to 398,000 teus.

Other smaller container ports, such as Kolkata, Tuticorin and Cochin, all saw modest growth in the three-month period, as well. Kolkata's volume increased to 147,000 teus from 143,000 teus; Tuticorin, or V O Chidambaranar, reported handling 148,000 teus, up from 134,000 teus; and Cochin's throughput rose to 94,000 teus from 89,000 teus.

Combine 'Make in India' with 'Made in China'

China plans to bridge the $47-billion trade deficit with India by combining 'Make in India' initiative with 'Made in China'. "We have agreed two industrial parks and are encouraging more Chinese investments in India to promote exports to China," said Huang Xilian, Deputy Director General of the Asian Affairs department of the Foreign Ministry. In the next five years, China expects to import $10 trillion worth of commodities, and they are trying to import as much as possible from India. China is also stepping up imports of Indian pharmaceuticals.

Work starts for building bridge over Feni

India has started preliminary work, including making a detailed project report to build a bridge over Feni river in Tripura to access Bangladeshi ports to carry goods and heavy machineries for the northeast region. Prime Minister, Narendra Modi and Bangladesh Premier Sheikh Hasina jointly laid the foundation stone of the Feni river bridge on June 6 during Modi's two-day Dhaka visit recently.

The 150-metre (490 feet) road bridge over the Feni river will connect the Sabroom border town (135 km south of Agartala) of southern Tripura with Ramgarh town in Bangladesh. After completion, the bridge, located north of the Chittagong international sea port, would provide a significant road link to India's northeastern states and facilitate greater trade and exchanges between the two countries. It would have a construction cost of over ₹100 crore.

"Access to the Chittagong Port and Ashuganj River Port in Bangladesh are crucial for the northeastern states to ferry men and materials," said Tripura Chief Minister Manik Sarkar. Chittagong international port and Ashuganj River Port are around 70 km and 40 km from Tripura respectively.

Global dry bulk shipping market set to pick up

The International dry bulk shipping market is expected to pick up in the second half of 2015, a report from the Shanghai International Shipping Institute has predicted. However, a recovery to the average level seen in recent years is far away, the report says.

The institute pointed to India as the country likely to fill the gap in demand left by China with its slowing economy. The development potential of India is estimated to be huge in terms of per capita GDP and infrastructure. At present, coal imports by India have offset a 75 per cent decrease in Chinese coal imports. In five years, India's coal imports are forecast to offset, and even outweigh, an even larger decrease in China's coal imports. Demand in China will continue to be depressed after the Chinese economy enters "a new normal". Although sales of real estate in China have significantly picked up, fixed capital investment growth remains weak in the face of downward pressures on the economy.

Port of Antwerp sets up "One Belt One Road" taskforce

"One Belt, One Road" is a Chinese development strategy launched at the end of 2013 that focuses on connectivity and cooperation among countries primarily in Eurasia. It has two main components, namely the land-based "Silk Road Economic Belt" and the ocean-going "Maritime Silk Road." Antwerp has a potentially very important role to play in both these routes as a major trading hub, and so the Port Authority is setting up a special taskforce for this purpose.

The project seeks to connect China's main industrial cities with trading centres elsewhere in Asia, the Middle East and Europe. Infrastructure work for this project will be financed by among others the new Asian Infrastructure Investment Bank. Antwerp is an attractive partner not only because of its location in the heart of Europe. Thanks to collaboration with various ports and regions that lie along the New Silk Road, the port has become a major strategic partner.

India and Australia move towards FTA

India and Australia are moving towards concluding negotiations for a proposed FTA by the end of this year. Australia is pushing for tariff reduction in dairy, fresh fruit, pharma, meats and wines. On the other hand, India wants zero duty on auto parts, textiles, and fresh fruits, including mangoes. India is considering the Australian demand to cut duties on high-end dairy products and wines, expecting that India may get mineral resources like iron ore at concessional rates. Indian dairy industry, on the other hand, has strongly opposed any kind of duty concessions.

"We have submitted to the Commerce Ministry that we are against giving any duty concessions to countries dominant in the dairy sector. In India, small and marginal farmers are engaged in dairy business and cannot compete with rich countries," GCMMF, MD, R S Sodhi said.

GFH and Adani team up for Mumbai economic zone

Bahrain-based GFH Financial Group has signed an agreement with the Adani Group for developing an economic development zone in Mumbai. The financial group's unit Energy City Navi Mumbai (ECNM) and Adani will together develop the master plan for the lands of Phases II and III of the project, which will offer world-class business infrastructure for local and international services, IT and energy companies.

Following approval of the master plan, Adani will develop the core infrastructure on these lands and will also commence the pre-sales and construction works. This agreement is a part of GFH's exit strategy for the project where annual sales payments will be made by Adani. Around $45 million has been received as part of the exit payments from the developer, where GFH owns more than 6 per cent of the total equity in ECNM.

India to import LNG from Canada

India is looking to import LNG from Canada to meet its domestic requirements. Oil minister Dharmendra Pradhan met the Canadian minister for natural resources Greg Rickford at the second India-Canada Ministerial Energy Dialogue in Calgary to discuss enhancing energy cooperation between the two countries.

The areas of cooperation discussed at the meeting included oil, natural gas, clean energy, power transmission and skill development. Canada could potentially supply a significant amount of the 44 billion cubic metres of natural gas that India is forecast to import annually by 2025. In 2014, India imported 1,500 barrels of Canadian oil per day.

Honda to export auto components from India

Honda plans to make India an export hub for auto components by enhancing supply from here to its various international operations, while it also looks to enhance overseas shipping of global models produced in the country.

The company, which exported auto components worth ₹722 crore in 2014-15, is looking for over 50 per cent increase to ₹1,100 crore in the ongoing fiscal by adding more countries such as the US, China and Canada to its basket. Honda's exports of auto components from India have been gradually increasing. In 2013-14, its component exports had a turnover of ₹420 crore. It ships different engine parts, forgings and transmissions along with others, which are produced at its Tapukara plant in Rajasthan to a host of global operations.

Honda Cars India exported 8,403 units last fiscal while in 2013-14 it had shipped out 5,798 units across various markets. In the first quarter of the current fiscal, the company has already exported a total of 1,858 units. Honda Cars India Ltd exports mostly to South Africa and neighbouring countries Nepal and Bangladesh. It is exploring other options to increase the export market.

Iran excellent transit route for Central Asia

Indian Prime Minister Narendra Modi has praised Iran's geographical location as a link between Central Asia and Persian Gulf, saying that the country can serve as the main transit route for Central Asian countries. Iran is currently a key link along the International North South Transport Corridor, which connects the countries of Central Asia to free waters of the Indian Ocean through its southern ports. Modi's remarks came after an Iranian official said on June 13 that countries in Central Asia are mulling a plan to use Iran's railroad network as transit route for bulk cargoes.

Hossein Ashouri, deputy head of the Islamic Republic of Iran Railways, said the central Asian countries have plans to carry various kinds of bulk and container cargoes from Bandar Abbas to Central Asia using Iran's railroad network.

India's first maritime finance centre

The Gujarat International Finance Tec-City (GIFT) to be set up in Gandhinagar may house the country's first maritime finance centre. The Exim Bank is planning an innovative finance model, whereby a consortium of banks would function out of GIFT and operate as a single-window facility for financing in the maritime sector.

The idea is to float maritime bonds to attract the investor community into the sector. The centre is likely to be developed around the Korean model, where public investment is mobilised by issuing debt and equity instruments to raise capital as well as channelise it into the industry.

As an export credit agency, Exim Bank is interested in increasing its shipping portfolio. As of now, its exposure to the shipping sector stands at ₹8,000 crore, of which 35 per cent of the loans have gone for corporate debt restructuring. The shipping portfolio of China's Exim Bank is estimated to be $200 billion.

Connecting Jaigarh Port with Digni station

JSW Jaigarh Port Ltd signed a concession agreement with Konkan Railway Corp Ltd to develop a 33.7-km stretch of the new railway corridor connecting port to the new Digni station on Konkan Rail network. The ₹771-crore project will help the port to haul bulk commodities to the hinterland. Following a competitive bidding process, the port emerged as a successful bidder to develop this project under PPP model for development, operation and maintenance of rail system. The joint venture is formalised as Jaigarh Digni Rail Ltd (JDRL), with JSW Jaigarh Port, Konkan Railway Corp. and Maharashtra Maritime Board as the shareholders. The alignment for this new rail line passes through difficult terrain of Sahyadri mountains which would necessitate construction of about 18 km long tunnels. The estimated time of completion is 30 months and the rail corridor is expected to handle around 12 mtpa cargo to and from Jaigarh Port.

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

Presenting iInterchange under this feature.

iInterchange Systems
Delivering simple business solutions for a complex industry

iInterchange Systems was established as a software solutions company in Chennai, in 2004, by VS&B Containers group, India and CRONOS Containers UK Ltd, to focus on the needs of container shipping and logistics industry. iInterchange has kept its focus intact to the industry and has come out with specialised products for container data management, container maintenance and repair management, cargo and freight management, container trade management, CFS and Depot management, container leasing management.

Key solutions created by the company include idex24 and iMARS.

idex24: The customer base of idex24, a value added data transfer solution, has drastically grown over the years, and today a considerable number of the world's top container leasing companies like Seacube- USA, Seaco/ Cronos- Uk/ Singapore, Beacon (USA), Bluesky (UK), Unit45, and shipping lines like SAMSKIP, Iceland transmit data through idex24. Over 900 worldwide depots, factories, ports and terminals use idex24.

iMARS: is a globally scaled highly specialised solution for M&R deployed at the world's third largest container shipping line CMA- CGM, Marseilles, France and in use by them worldwide.

Capabilities and Infrastructure

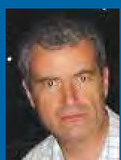
- A *world-class development facility* in Chennai.
- Dedicated *high bandwidth leased line connectivity* with necessary backups.
- A *well maintained data center* to host tools and applications used for the software development.
- A *well-qualified technology team* that practices best quality standards. And researches on latest technologies and implements standards across all product groups.
- Regular *internal training processes* that enable the teams to adapt to the latest of technologies.
- A *team of about 100 people* qualified and trained to create software solutions for shipping and logistics industry.

"We wish to compliment the excellent work done by iInterchange in developing and implementation of iTank Depot Software exclusively for JTS Operations. The software is functioning very well and meets our current expectation. We are also getting very good feedback from our customers and they are all very happy with the very informative reports."

– **Pasupathy**, GM- JTS Dubai (iTankDepo)

"Forbes container lines has used iNOVA for our global operations successfully. This enabled us to get the control back to us on our business process. This year we received a new version that is upgraded for technology and caters for inputs from users and industry, without any additional investment. We are in the process of implementing this which we are sure will improve our business process further. One major highlight was the timely support provided by iinterchange during the implementation and daily operations."

– Padma Kumar, Director, Forbes Container Line (iNOVA)



"Cronos has worked extensively with iInterchange to develop and maintain one of our core applications. They have a wide base of technical and project management skills and are able to respond quickly and effectively to our enhancement and support requests."

– Geoff Isherwood, Director - ITC, Cronos (CES)

"We contributed our long operating experience to the making of INOVA, and used it over 6 years during a period of high growth in the NVOCC division"

– Saju Chacko, MD-Caravel Shipping Lines (iNOVA)

"The iForward is an ideal and tailor made package for Freight Forwarding and Logistics business. It is simple, compact, user friendly and importantly web based. The package can also be integrated with accounting system which reduces time wastage. All our offices have relished using iForward."

– Wilfred Menezes, Director, Athena Logistics (iForward)

"They are extremely responsive to our requirements as well as paying attention to the details. For us, it is as if we have an additional employee that is looking out after our best interests"

– John J Colabello
VP-Operations, Seacube Container Leasing (idex24)

(L to R) Carlos Galiano, Chief Information Officer, SEACO; Dominic Buckwell, Genral Council, Seaco; Sujata Paulose, Director – Finance; Bijoy Paulose, Managing Director

- A *domain driven business analysis team* to analyse the customer requirements and quickly come out with solutions.
- A *delivery team which comprises of qualified project managers* and quality assurance personnell to develop and test the applications. (on route to CMMI 3)
- A customer support department well equipped to handle customer's queries 24/7.

We exist to serve

- **Container shipping lines** – with MNR software and EDI solutions
- **NVOCCS** – with comprehensive operating software covering all core shipping functionalities
- **Freight Forwarders** – with comprehensive operating software covering Air /Road/Rail/Sea, FCL/LCL/Consol
- **CFS's** – with comprehensive operating software covering all core handling, storage, billing and auction functionalities
- **Container leasing and trading companies** – with in-depth control systems to manage their global/regional leasing and trading operations and EDI solutions
- **Depots and tank depots** – with various options in depth and functionality for handling individual depots or large depot / tank depot networks
- All other segments in the shipping and logistics industry – with large project based engagements in the areas of LOS, TOS, customized multimodal solutions.

Recent developments

- In 2015, CRONOS was taken over by SEACO and the new SEACO board members were appointed in May this year.
- The SEACO association and active interest will only foster the growth ambitions of this global Indian company.
- A complete ERP engagement has been secured for *GOPETRANS*, a leading multimodal logistics service provider in *Bulgaria*.
- The company's old NVOCC system INOVA was re-worked ground up with over a year's development efforts – this makes the product stellar in its scope, functionality and incorporates the learning from various Industry leaders that have been a part of its creation

iInterchange has a strong customer base of users across the globe. A dedicated business analysis team comprising domain experts ensures that products evolve constantly and that new solutions are developed to meet ever-changing needs of the industry. To ensure highest quality standards, iInterchange Systems is in the process of obtaining CMMI level 3 certificate. mg

Shipowners remain buoyant

The financial crisis in Greece seemed to be producing mixed responses from the international shipping industry. While experts are claiming a less impact on shipping companies, as most shipping companies with offices in Greece are not incorporated in the country, the port sector, shipyards and tourist cruise ships have already tasted the adverse effect of the crisis **Mohammed Shareef MP**

As it was reported by Morgan Stanley (leading international wealth management firm)'s New York-based analyst Fotis Giannakoulis, the closure of the Greek banks would not have a major effect on the shipping companies, as most keep money in non-Greek banks. However the shipping companies would not be spared from an overall impact of the country's economic downturn on the global economy, it is reported.

Shipping is a source of pride and jobs for Greeks. It is the one area in which they unquestionably lead the world: their country's merchant fleet is the biggest on Earth. Directly and indirectly, it is reckoned to give work to almost 200,000 people.

Greek owners make up 20 per cent of the global commercial shipping fleet and it has been a major profit source for the country, as it accounts for around 7.5 per cent of the Greek economy. The responses from Greek shipowners seen in *Guardian*, UK as the crisis is not affecting them because they are technically not Greek companies but they are based in abroad. The law allows the Greek to have a ship registered in Liberia or Panama and an office in Greece. If everything collapses, they can leave the next day and establish in Cyprus or wherever.

"Our business is done in US dollars and shipping companies don't just have one account in one country," *Guardian* quoted a shipowner. So, not even the imposition of capital controls had any impact on Greece's shipowners, *Guardian* reported.

However this semi-detached status has come under increasing scrutiny as the country's economic plight has worsened. Shipowners have for some years been paying a tonnage tax and, in 2013, they agreed to double it over the three years from 2014 as an extraordinary voluntary contribution, given the country's financial difficulties.

While the commercial shipping business may not have suffered, another maritime industry is unquestionably feeling the pinch. The cruise ships owners and yacht owners are facing the brunt of the crisis. According to reports, at its peak, yacht chartering, and all that goes with it, contributed an estimated 3.8 per cent to Greece's GDP. But in recent years it has faced competition from other countries, including Turkey. And now it faces a new challenge with the cash strapped country's coffers.

It is evident that the port sector seems to be seriously affected by the crisis as Greek government has put the largest Greek ports – Piraeus and Thessaloniki – on the table for sale as part of the bailout proposal. APM Terminals, part of AP Moller-Maersk, has come forward expressing their interest in the proposal, according to reports.

However the key concern for the future of the Greek shipping industry remaining in Greece is whether the country can maintain a stable environment for business – especially when it comes to taxes. The money that flows through Greece from shipping equates to about 7 or 8 per cent of GDP, according to reports. This means there is a lot at stake for the economy.

The percentage of GDP that shipping represents has been going up even during bad markets, where in recent poor shipping markets its relative importance to the Greek economy has increased and as a cyclical business, shipping market is due and expected to return to relative strength.

Elephant vs Dragon

Advances in Maritime Logistics

China is developing maritime infrastructure across the world for economic and political reasons. Experts opine that India should be careful of these developments and do its own bit for the neighbours

Ritu Gupta

As the world's largest trading nation, China is responsible for approximately 10 per cent of the global trade in goods. Most of these goods are transported by ship, and consequently China is a major destination and starting point of international shipping routes. Seven out of the 10 busiest container ports in the world are located in China, with the port of Shanghai being the world's largest. Against this background, it is not surprising that China plays an active part in international shipping. Three Chinese shipping companies are among the 12 largest container transporters. China is the third-largest ship-owning nation, and the largest shipbuilding nation in the world. Moreover, Chinese ambitions in the international maritime domain go beyond shipping. Increasingly, Chinese firms are active in the construction and management of ports throughout the world. The Chinese government is also currently developing an ambitious programme of maritime infrastructure construction along the main Asia-Europe shipping route. China's initiative for a so-called '21st Century Maritime Silk Road' is aimed at port development in South-East Asia, around the Indian Ocean and in the eastern Mediterranean region. For example, China Ocean Shipping Company (COSCO), a Chinese state-owned enterprise, is developing the port of Piraeus in Greece into a major hub at the European end of the Maritime Silk Road. As a result, the container terminal at Piraeus has been growing very rapidly over the past five years. The term 'silk road' has been in use since the nineteenth century and refers to the traditional east-west trading network across Eurasia and the Indian Ocean region that flourished prior to the 16th century. This network comprised both overland and maritime trading routes. By using this term, the Chinese government emphasizes the commercial and open nature of the modern version of this network. The Chinese leadership publicly presented its initiative for a 21st Century Maritime Silk Road in October 2013. Earlier that year, China had already launched its Silk Road Economic Belt initiative, which is aimed at infrastructure cooperation in a zone that stretches from Xinjiang (the north-western part of China) to the Baltic Sea. The Chinese government uses the term 'One Belt, One Road' (*yidai yilu*) to refer to the combination of these two initiatives. Chinese investment in large infrastructure projects constitutes the basis of One Belt, One Road. These projects are financed, constructed, supplied and sometimes operated by Chinese firms that are either state-owned or that otherwise have close relations with the Chinese government.

While Piraeus is China's main port infrastructure project at the western end of the Maritime Silk Road, the many major seaports in China itself – Shanghai, Shenzhen and Hong Kong being the largest – constitute

China's investment in ports around the world

its eastern end. Between these two ends, the two most important strategic passages are the Strait of Malacca and the Suez Canal. The main ports in the Strait of Malacca are Singapore and Port Klang (Malaysia), in both of which Chinese involvement is limited. Singapore, in particular, is important for maritime shipping, as it is the main logistical hub for South-East Asia and the world's second largest container port. While COSCO is a minority shareholder in (part of) a Singaporean container terminal, the port of Singapore is firmly controlled by the city-state itself. On the east coast of the Malay peninsula, China intends to spend $2 billion to improve the port of Kuantan. There has been some speculation as to whether China might become involved in the construction of a canal across southern Thailand to connect the Gulf of Thailand with the Andaman Sea (the Kra Canal). This would create a route that is an alternative to the Strait of Malacca. However, no such canal project has as yet been initiated. Similar to the situation in Singapore, COSCO holds a minority share in the Suez Canal Container Terminal, part of Port Said East Port at the northern end of the Suez Canal. Chinese construction companies such as China Harbour

> As of now, the bulk of our trade takes place across the land border, and to the extent that we have sea trade this is done through distant ports. The goods are taken to distant ports and then they are reloaded into feeder vessels which then bring them into Chittagong. What this Coastal Shipping Agreement would do is basically enable the direct regular movement of ships between India and Bangladesh, which would bring the shipping time down from 30 to 40 days on average to seven to 10 days.

S Jaishankar
Foreign Secretary of India

Engineering Company (CHEC) and China Communication Construction Company (CCCC) have been active in construction works at Port Said East Port and al-Adabiya Port (at the Suez Canal's southern end).

Apart from Piraeus, Port Said and Singapore, Chinese port operators are involved in a number of other ports in the Asia-Europe maritime corridor. The Chinese state-owned enterprises COSCO, Shanghai International Port Group (SIPG) and China Shipping Group have minority stakes in two Belgian container terminals (COSCO at Antwerp and the latter two companies at Zeebrugge). Hutchison Port Holdings (HPH), a subsidiary of the Hong Kong-based conglomerate Hutchison Whampoa, operates terminals in Thailand, Vietnam, Myanmar, Pakistan (Karachi), Egypt, Spain and Italy, as well as in Rotterdam, Europe's largest port. A Chinese company called China Overseas Port Holdings operates Gwadar Port in Pakistan. Some of the Chinese-operated terminals around the Indian Ocean were built or improved by Chinese construction companies. This is the case with Gwadar Port, which was built by CHEC, which is also involved in the extension of Qasim Port near Karachi. Also in Pakistan, HPH has built a container terminal at the port of Karachi. Chinese firms are reportedly interested in investing in the 'iHavan' port in the Maldives, a large infrastructure project that includes the development of a transshipment port, an export processing zone, an airport and a cruise hub. In Bangladesh, CHEC was recently awarded a contract for constructing a new deep-sea port at Sonadia Island. In Myanmar, various Chinese firms are participating in the development of major maritime infrastructure projects. China Merchants Holdings (International) Company (CMHC), a Hong Kong-based firm, has a joint venture with the Sri Lanka Port Authority, and has developed a 2.4-million teu-capacity terminal in the Port of Colombo. Together with the construction rights, it has a 35 years' contract to operate this port. A second major project in the south of Sri Lanka is the construction of Hambantota Port, where CMHC and CHEC will develop and operate a container terminal. China was also to build a 'port city' in Colombo, a $1.5-billion project that, however, was suspended by Sri Lanka's new government, which came to power after the elections in early 2015. Moreover, along Africa's east coast, apart from the previously mentioned activities in Egypt, Chinese firms are engaged in various port projects. CCCC is expanding Port Sudan in Sudan, as well as Lamu Port in Kenya, which is part of the South Sudan-Ethiopia-Kenya corridor. CMHC has a 23.5 per cent stake in Port de Djibouti in Djibouti. In Tanzania, CHEC is constructing a major new deep-sea container port in Bagamoyo, which is projected to have a capacity of 20-million teu, and in Dar es Salaam, HPH operates a container terminal. In Mozambique, CHEC is active in the port of Maputo, while China has agreed to help with improvements at the fishing port of Beira.

This development of these ports is often referred to as the development of 'string of pearls'. The term was coined in 2004 in an internal report sponsored by the US Department of Defence called the "Energy Futures in Asia"; the metaphor depicts "the rising geopolitical influence from the South China sea through the Strait of Malacca, across the Indian Ocean and the Arabian Gulf. Each pearl corresponds to a port with a substantial Chinese investment. While the investment in maritime infrastructure helps China build strategic relationships with partner countries, it also secures China's presence along sea lines of communication (SLOC) that mainly connect China to the Middle East, but also to Africa, Europe, and Latin America.

Various other reasons can be quoted for China's maritime activities all over the Indian and Pacific Oceans, ranging from resources and commercial interests to diplomatic and finally security and military interests. China, highly dependent on natural resources from the Middle East and Africa, is a country vulnerable to supply disruptions caused by political instability in supplier countries or problems, such as piracy or blockades, in choke points such as the Persian Gulf, the Strait of Malacca, South China Sea or Taiwan Strait. Through a presence in ports in these strategic regions, China is securing its energy routes and, at the same time, expanding commercial and diplomatic relations with many countries. China's economic and military rise has made it the key player in the Indian and Pacific Oceans. Particularly in this region China's transformation to a global maritime power can be witnessed, making it capable of counterbalancing US interests in the Western Pacific and Indian aspirations in the Indian Ocean.

> "Indian investment in neighbouring littoral countries could help in reducing China's sphere of influence and dominance in South Asia to some extent. More than anything, if India refuses to be part of the Silk Road and the rest of the South Asian and ASEAN countries decide to join then India may become isolated. In this situation, it would be best for India to join the MSR."

Geethanjali Nataraj
Senior Fellow
Observer Research Foundation

According to experts, the maritime silk route is also nothing but an economic disguise for the 'string of pearls' theory, which concerns the build-up of Chinese commercial and military facilities, and relationships in the India Ocean. The initiative also has an economic rationale – for more than 35 years, China's economic development and progress has been mostly concentrated in its eastern, coastal provinces; through the continental project, China is planning to boost development in the economies of its western provinces and administrative regions. The launch of the project will provide new export markets for Chinese goods and capital. Through this initiative, China will find new markets for exports in central Asia and East Africa where many of the countries have huge domestic demand due to burgeoning middle classes. Indeed, China's appetite for new port projects, deep pockets to support these and its ability to deliver quality products would continue unabated. Although India is not in a position to support similar projects due to fiscal and technological constraints, it should be able to use diplomacy through creative ways and push its agenda through soft power, as having good maritime relationships with neighbouring countries is crucial for India's development. For instance, Colombo is a "transshipment" hub for India: big ships unload containers there and feeder ships take these to India's often crummy ports. About 13 per cent of India's container traffic travels via Colombo. If the new terminal (mostly controlled by China) ran at full capacity and dedicated itself to transshipping containers to India, that could rise to 28 per cent, leaving the country dependent on a foreign-run choke point. China's growing maritime ambitions, especially its security interests and projects, will also have adverse implications for India's defence.

According to experts, prime minister Modi needs a credible domestic strategy to ramp up India's maritime infrastructure. China can be an important external partner; but so will be Japan, South Korea, the US and Europe. A strategy of seeking multiple partners for India's maritime development would help Modi end New Delhi's current defensiveness on China's Maritime Silk Road initiative.

Cotton route: India's answer?

According to sources, like the Silk Route Project, the Modi government plans to launch a similar project called the 'Cotton Route' and Project Mausam – regional initiatives that are aimed at reviving the ancient maritime routes and cultural linkages with countries in India's extended neighbourhood. Modi's recent trips to Seychelles, Mauritius and Sri Lanka were aimed at boosting these initiatives. The 'Cotton Route,' still in the nascent stages, will reach out farther and wider, official sources hinted. It is aimed at increasing India's economic cooperation and strategic partnerships with countries in the Indian Ocean region. Sources said India's first cotton exports date back to the 1st century CE. There were regular supplies of large quantities of cloth of ordinary quality from Tagara in Maharashtra. Evidence of cotton exports is substantiated by archaeological discoveries from sites at the Red Sea ports of Berenike and Myos Hormos. Sources also claimed that cotton was exported to Central Asia via the ancient Silk Road. "We have to remember that silk was not the only product that moved across the ancient Silk Road. The Chinese consumption of cotton cloth is rarely discussed in surveys of Asian trade. However, what was the Silk Road for Chinese silk was, in the reverse direction, a Cotton Road," pointed out an expert who worked extensively on the subject, justifying the Cotton Road's equal historic importance as Silk Road.

Apart from these projects, the Modi government is also trying to strengthen maritime relationships with neighbouring countries in other ways. On June 6, 2015, during the visit of Prime Minister Narendra Modi to Dhaka, India and Bangladesh inked the agreement on Coastal Shipping for two-way trade through ports; renewed the 1972 Protocol on Inland Waterways Transit for using their waterways for commerce; and signed an MoU for use of Chittagong and Mongla Ports for movement of goods to and from India. The agreements will help to greatly reduce not only the time in shipping goods but also costs, besides making optimum use of the ports, inland waterways and roads. The Chittagong and Mongla ports, along with Kolkata Port and Haldia dock system, are located in the Ganga delta. According to the agreement, the two Bangladesh ports can be used by India to ship goods to its landlocked states in the northeast to Agartala in Tripura, to Dawki in Meghalaya or to Sutarkandi in Assam either through waterways, rail or road. Earlier, the shipping cargo between the two countries had to take the long route reaching ports in either country through either Colombo, Singapore or Klang in Malaysia. Not only will India get easier access to its northeast, Bangladesh will also get transit through India into Nepal and Bhutan, according to the renewed Bilateral Trade Agreement inked in 1972. This also gives a fillip to connectivity in the Bangladesh, Bhutan, India, Nepal sub-regional grouping of SAARC.

The agreement on use of Chittagong and Mongla ports was reportedly set to have been inked in 2011, but after the Teesta agreement fell through, Bangladesh backed out of signing the deal. Bangladesh is now constructing a bridge with Indian help on the Feni river that will connect with Sabroom, in south Tripura district, on the India-Bangladesh border. The bridge will provide direct connectivity between Chittagong Port, which has been upgraded by China, to Sabroom, about 75 km away, via a new road being built from Chittagong. Another connectivity link is the 15-km railway between Agartala and Akhaura in Brahmanbaria district of Bangladesh, which is to be completed in 2017. Akhaura has a rail link to Chittagong too. Once the Agartala-Akhaura railway link is ready, goods brought to Chittagong Port can be carried by rail directly to Agartala. The northeastern states can also export and import goods through the Chittagong Port. Though India and Bangladesh share an over 1,000 km of riverrine border, the trade traffic between the two takes place mostly on the congested land border. The sea trade route has not been used much. "As of now, the bulk of our trade takes place across the land border, and to the extent that we have sea trade this is done through distant ports. The goods are taken to distant ports and then they are reloaded into feeder vessels which then bring them into Chittagong. What this Coastal Shipping Agreement would do is basically enable the direct regular movement of ships between India and Bangladesh, which would bring the shipping time down from 30 to 40 days on average to 7 to 10 days," Foreign Secretary S Jaishankar was qouted saying by the media. I Kharbanda, general manager with MSI Shipping Services India Pvt Ltd., said the access to Chittagong and Mongla ports and the inland waters agreement would be very beneficial to Indian shipping as ships from Sandheads, at the mouth of the Hooghly river, would earlier return empty after unloading their cargo. "Ships can now load flyash from Bangladesh and bring it on their return journey. The ships can now carry loads on both journeys," he said.

> While the investment in maritime infrastructure helps China build strategic relationships with partner countries, it also secures China's presence along sea lines of communication (SLOC) that mainly connect China to the Middle East, but also to Africa, Europe, and Latin America.

Apart from the initiatives with Bangadesh, to counter Chinese presence in the Gwadar Port in Pakistan, which many in India view as a potential Chinese naval hub, India is building a port in Iran's Chabahar to gain access to Afghanistan. India has given a green light for collaborating with the US on construction of its largest warship, the 65,000-tonne aircraft carrier *INS Vishal*. Finally, for many years, Delhi was labeled as the obstacle to normalising Sino-Indian ties. Modi has deftly turned the tables on Beijing by signaling that he is willing to go all out in enhancing cultural and economic ties. According to experts, India should also become part of the Maritime Silk Route project. India is located at such a prime position that it can't miss out on the opportunity to be part of the project. Both the maritime and continental Silk Roads are going to traverse India's periphery. India could gain a lot from being an active partner to the initiative. India has expressed its desire to attract Chinese investments and being part of the MSR will certainly help with that. It would also help India to develop its northeast and further its Act East Policy of prioritising relations with East Asia. And it could prove to be a perfect platform to enhance India's regional and bilateral cooperation. "Indian investment in neighbouring littoral countries could help in reducing China's sphere of influence and dominance in South Asia to some extent. More than anything, if India refuses to be part of the Silk Road and the rest of the South Asian and ASEAN countries decide to join then India may become isolated. In this situation, it would be best for India to join the MSR," says Geethanjali Nataraj is a senior fellow at the Observer Research Foundation, New Delhi.

TAKING THE BULL BY THE HORNS

"If I don't re-engineer myself to align with global needs in view, I will become redundant. The new trend is to have international facility at Indian shores. For the hinterland of Maharashtra, we need more ports. I see ports enabling the Make in India concept."

Deepika Amirapu

Q The Jawaharlal Nehru port was continually facing problems with the truckers lining up awaiting entry. What exercises have been put in to practice to avoid congestion?

A The Port has seen quite exponential growth in terms of cargo during last several years and congestion at port is also an area of concern for all of us. During last several months, the Port authorities have put in a lot of efforts to regulate the traffic. The interaction with various stake holders reveals that there is a marked improvement in the road traffic. The port has

Neeraj Bansal
Chairman in-charge
Jawaharlal Nehru Port Trust

introduced a number of measures both in terms of monitoring and procedures:

(a) The port has introduced web based entry permission in place of physical production of Form No.13 & 11 at the entry gates. This step has eliminated the process of obtaining of hard copy of Form No.13 & 11 and also facilitated in exchange of data electronically. This also gives us authentic data on gate in and gate out time. This system was introduced in February, 2015 and has stabilised over a period of time.

(b) The trade had demanded inter-terminal movement of Tractor Trailers (TTs). This was a long pending demand but the same could not be implemented due to apprehension that it would affect the smooth flow of cargo in adjoining terminals. This difficulty arose due to the fact that all the terminal are designed as standalone terminals which didn't include sideways movement of trucks.Now, a truck carrying export containers enters GTI/NSICT, drops them there, makes a sideways movement to our terminal, picks up import cargo and moves out of our gate. We started this initiative on 13th Feb from JNPCT to GTI and from 24th Feb from GTI to JNPCT. In the month of Feb we had on an average 170 trucks using this facility per day making 238 transactions average per day. After success of this we started ITT transfers between JNPCT-NSICT and vice versa from 24th March onwards. This initiative has been showing very positive results and the average truck movement has increased to 407 and 515 transactions per day for the month of June. We save a lot of time in this exercise as the TTs avoid being in line at both terminals. This initiative has been one of our key endeavors for ease in transaction by the trade with the Terminals by reducing congestion. The added advantage of this measure is fuel saving and optimal utilization of the Tractor Trailers (TTs).

(c) E-delivery orders. The issuance of E-delivery order from shipping lines to CFSs was taken up by JNPT with Container Shipping Lines Association (CSLA) and Mumbai and Nhava Sheva Ship Agents Association (MANSA) on regular basis for last three months. The major shipping lines like WAN HAI, CMA-CGM, APL, OOCL, KLINE, EVERGREEN LINE etc. have already implemented the facility of e-order to majority of their customers. This is one of the important steps for ease of doing business.

If the new initiative works you may no longer see the queues at JNPT.

(d) Main reason for traffic at port road is due to factory stuffed containers which reach port road without documents and are parked on the port roads affecting normal traffic. We have taken various measures to minimise this:

- The local police, private security agencies and port traffic team are constantly monitoring the Port roads to bring in more discipline.
- Allotted 'holding yards' to GTI & NSICT to regulate the factory stuffed undocumented TTs traffic.
- Regular interaction with stakeholders to discuss the various issues including Port traffic.
- Widening of existing roads, better road direction signage and development of 45 hectare central parking plaza that will be ready in a year and a half are part of our long term planning. This plaza will have facilities for the truckers like food, stay, truck repair facilities, it will also be custom bound area and there the documentation will be completed. Once they are checked, the trucks will move to the respective terminals once the call for the vessel has come. So, these initiatives with respect to the holding yard and parking plaza will bring about a huge change in the way we work.

(e) Boston Consulting Group (BCG) has been asked to study this issue at length and suggest more measures. Meanwhile in the recent past a study was done by Pune based firm "Central Institute of Road Transport (CIRT)" to suggest measure to ease out congestion at the roads, all the suggestions given by them has been already implemented. Presently Port is handling more daily traffic with much less congestion. This has been possible due to the team effort of the Port officers, CFS Operators, GTI, NSICT and CISF. From the recent data of CFS association, the traffic position is shown as normal.

Though a lot of progress has been achieved in this area but we are not satisfied with the development made so far, we are continuously striving to improve it further. Every effort would be put in to ease out congestion and for the smooth transaction by the Trade.

Q How much is this entire exercise costing?

A The port is developing this. We have spent about ₹70-80 crore and now the detailed master planning is on. The total cost will be about ₹150- 200 crore. This will create a synergy between traffic flow and port operations and improve the sentiment about coming to the port.

Q How is the Special Economic Zone coming up? With the concept of Maritime Clusters picking up among the trade, how do you plan to attract investment and industry to the SEZ?

A It is a 277 hectare Phase 1 project. Detailed master planning has been done. We are having around 200 hectares for processing industries and around 77 hectares for a non processing zone. We are now working on the marketing strategy and are targeting top global and Indian companies. Our goal is two- fold – First, look at optimal utilization of our land, bring in those industries which create a synergy for the port operations. It will be a win-win situation for both the partners i.e the companies and the Port. That the companies can create more value for their trade by easy import of raw material & export of finished goods through the Port. This will in turn help us in handling more cargo, which is our core area. The second goal is to generate huge employment along with foreign direct investment. With this task in mind, we are working on how we could balance these two ambitions. The port will be investing ₹500 crore on development and this will come from internal accruals.

Q Have you sent expressions of interest and feelers to firms?

A Few international companies have shown keen interest in the project and we are considering their proposals for investment. We are confident about securing many big ticket investments as a port based SEZ has greater benefits than a land based SEZ.

Q Could you update us on the progress on the 12 lane highway connecting the port? Why are you having to fund the whole project?

A The project is on track and the project is being executed through EPC mode. Secondly, it is an utmost necessity for us to have an evacuation corridor. We will garner revenue when we charge for the containers passing through the highway. Specific lanes for container traffic would be marked to segregate the civil traffic movement.The contracts for this should be awarded soon and we are looking at a two year period and total cost of this project is ₹3, 250 crore.

Q Do you think the new port at Dahanu is a necessity?

A We currently handle 45 per cent of the container cargo among Indian ports and in near seven years, we would be handling 10 million teus per annum. Further a lot of cargo will move from traditional methods to containers, e.g. flowers, food grains, even liquid cargo are moving to containers. We see a 14 per cent growth in containerisation in India. When we look at the construction of a new port, we are not looking at traffic projection in the next year or two; but for the next 30 years. As per the recent trend bigger & bigger vessels are coming up to reduce the cost. Our port currently can handle vessels only for a 15 meter draft. For bigger vessels to call, we need a deeper draft which only a new port can provide. So, it is an absolute necessity. If we don't re-engineer ourself to align with global needs in view, we may lose the initiative and business. The new trend is to have international facility at Indian shores to cater to all categories of vessels. For the hinterland of Maharashtra, we need more deep drafted ports.

Q What figures in the immediate list of deliverables for your term?

A To make JNPT an international port operationally and infrastructurally is among the top priorities. The existing facility must be optimally utilized and for this a number of initiatives have been taken to increase the cargo throughput. We also have to improve our efficiency within to serve the exim trade in a better fashion. I'm sure we can add another 3 lakh teu annually with the existing infrastructure. When we have the 330 meter new extension by DP World ready, throughput will improve further. And once the phase I and phase II of the PSA terminal is ready, we would be touching a cargo throughput of 10 to 12 million teu

Our other focus areas would be to bring in more transparency in operations. We are requesting all stakeholders to publish their rates on their website so that there is certainty in mind of the trade about the costing. We have already provided links of such changes at our website and more and more infrastructure would be provided to make it one stop window for trade.

Q JNPT is going to be one of the first ones to be corporatized. Have you started negotiations with your stakeholders and employees?

A The Hon'ble Minister of shipping in the recent past has addressed the Union and assured them that there will be no change in the service condition of the workers. The second issue that needs clarity is that corporatisation does not mean disinvestment. The Hon'ble Minister of shipping has time and again mentioned that corporatisation will be meant to make the ports more competitive. The ministry is working on alternate models to modernize the Ports. mg

JNPT SEZ moves ahead

The master plan for the JNPT Special Economic Zone has been sent to the Ministry of Shipping for approval. A soft launch of the project is expected to be carried out by the end of 2015 and construction work on site may also commence by the beginning of 2016.

The JNPT authorities have already commenced construction of basic infrastructure works and have completed 85 per cent of the land filling works, while construction of boundary wall is in progress. JNPT will also have to put in place other basic infrastructural facilities such as sewerage system, water supply, road and electricity among others. The SEZ will handle dedicated cargo for the port. For the units located in the Special Economic Zone the port will reduce the cost of logistics.

The JNPT is looking at an investment of ₹3,500 crore from Indian and global majors into the SEZ project, which will be spread over an area of 277 hectares. The Port Trust will invest about ₹468 crore in developing infrastructure facilities at the SEZ. From the likes of Port of Singapore, Dubai Ports World and GTI have evinced interest in the SEZ project and the JNPT is looking at investments from firms associated with them. The port trust has deviced a marketing strategy for which it has roped in E&Y Consulting firm. Marketing activity will be initiated by early 2016.

Changing the game in trucking business

Escalating fuel costs, accidents, too much paper work and unions have shaded the trucking industry for long now. But two firms among others have endeavoured to make certain the trucking industry is synonymous with route and cost optimisation, mobile services and fast track transactions by wheeling trucks on tech paved roads. **Return Trucks** and **Take My Shipment** have altered the way not just how trucking is perceived, but also operated

Deepika Amirapu

The efficiency and cost of ocean and rail transport notwithstanding, almost all of India's domestic movement of cargo happens by road. Although 90 per cent of India's exports are sea-borne, it is India's largely unorganised but extensive trucking system that wheels trade to and from the remotest corners of the country and connects them to the mainstream economy. And it is not difficult to guess why. Despite inadequate infrastructure and poor maintenance, the tarred paths are perhaps India's best bet in moving cargo swiftly. Whether it is the hand-woven carpets from Kashmir, the pulses from Punjab or fertilizers and rice from down south, all cargo criss-crosses the length and breadth of India, albeit at a cost. It is said that over the next five-year period from 2012–13 to 2016–17, assuming a GDP growth of 8 per cent, road freight is expected to grow at a CAGR of 9.6 per cent taking the total road freight opportunity to 1,700 billion tonne kilometres, or BTKMs.

Over the last decade, the increase in demand for better services from the trade has led to many new models of logistics and transportation services in India. Many international players forayed in to the market and forced a change in bettering the quality of offerings and creating a competitive service-oriented environment where superior service is ranked higher than even lesser cost. This change compelled many a moderate size fleet owner to upgrade his work and lead to the shaping of 3PL and 4PL networks that integrates all the services in the logistics and supply chain process. While custom house agents, warehouse, inland container depot and container freight station operators are yet to fit in to the matrix, the fastest adaptors of this changing demand have been the freight forwarders. Even if compulsion were to sanction a change at that!

Being the interface between the trucking community and the trade, freight forwarders have recognised the need for organized, wider array of services. Seeing an opportunity in bringing together the predominantly disaggregated trucking community, a clutch of entrepreneurs have plunged headlong into the sector to refine and

moderate truck operations in the country. And not surprisingly, many venture capitalists and private equity players too have begun investing small and big sums of capital into logistics firms that earn their revenue majorly from trucking operations.

Two such firms that have ventured in to trucking and attempted offering seemingly organised services are Visakhapatnam-based **Return Trucks** and Mumbai-headquartered **Take my Shipment.** Both firms primarily function as match makers bringing together people who want goods move and those who move them. While Take My Shipment was started by veterans who have greyed their hair and cut their teeth working for many multinational corporations, Return Trucks was started by an executive-entrepreneur who saw an opportunity in streamlining chaotic trucking solutions. What makes you raise an eyebrow about these fledgling firms is how they use technology in

systematising trucking operations and render an economic bottom line for truck and load owners.

Return Trucks

Two-year old Return Trucks (RT) was the brainchild of Sudhakar Vintha and can be called an accidental invention. On one of his trips from the United States to the port city of Vizag, Sudhakar was looking to move some cargo, but the agent could not offer a truck on time and his transaction was delayed. So, out of this necessity, Return Trucks was born. Now, just as you may begin to ponder, a return truck is a vehicle returning from a destination after delivering cargo from the point of origin. Most often, trucks retreating after a voyage have little cargo to bring back with them. Sudhakar's online enterprise helps return trucks find cargo to fill their belly and cargo owners a vehicle to transport their cargo.

The reason Return Trucks has curried favour with the traders and truckers is because while it helps the fleet owners make money on their return trip, the customers move their cargo at a lesser cost as trucks coming back charge a lower freight rate while returning. "The online platform connects truck and load owners for an effective, timely and economic engagement. Our platform helps the load owners post their requirements and truck owners post their availability for free of cost. Our major focus on return trips ensures that the truck owners reduce the lead time for the return journey while the load owners are assured of timely delivery at a comparatively lesser cost," says **Sudhakar Vintha**, now the **chief executive officer** at the firm.

Both parties involved in the transaction are connected by the call centre that sends bulk text messages to all the truckers once a request is posted from the cargo owner. Upon seeing the message, the truckers then call based on their route and availability. The system also allows the truckers to bid for the load through text messages till the customer picks a trucker of his choice. While much of the intelligence on cargo owners is gathered from the company's database

"Our major focus on return trips ensures that the truck owners reduce the lead time for the return journey while the load owners are assured of timely delivery at a comparatively lesser cost."

Sudhakar Vintha
Chief Executive Officer
Return Trucks

of load owners, agents also play a critical role in match making. As one is wont to assume, agents are not entirely eliminated from this process as they help providing information about parties that have inventory with them waiting for dispatch.

What is pertinent to note here is that RT does not interfere in considering the freight charges. At best, the call centre assists both parties in negotiations and helps them arrive at the right price. "We only charge a minimal amount per transaction as our fee," Sudhakar says. RT's other sources of revenue include a charge for a couple of value added services it provides to its customers. Load insurance is bundled with a GPS tracker and offered to the load owner for a charge. Insurance coverage which otherwise demands many tedious hours of paper work, is now just a short 30 minute process, thanks to lesser documentation required if RT processes it. The GPS tracker is fitted to the consignment instead of the truck to avoid any tampering and the owner can track his goods real time. Any attempted foul play by the truck driver is instantly alerted as an alarm goes off simultaneously notifying the call centre server where action can be triggered.

To help customers keep away from crafty truckers, RT has enabled a rating system where past customers can rate services of the trucker employed so others can benefit from this rating and pick their transporter accordingly. In the last one year or so, RT has offered its services to quite a number of clients from Hyderabad, Vizag, Bengaluru and Chennai accepting both partial and full truck loads for them. India Post, one of the customers RT services says, “India Post has the best technology collaborations for efficiency improvement and we made a right choice partnering with ReturnTrucks in logistics pace. ReturnTrucks helps us get return loads to our postal vehicles and also track our vehicles real time. With dedicated customer experience team and a call center, they are an excellent technology partner in logistics." The firm has in its kitty a few government contracts as well with its network of almost 6,000 trucks, 5,000 load owners and counting.

“We shortly hope to expand to other cities as well once we identify a scalable model,” says Sudhakar who is now looking at building his team of 14 people. To sum up, Return Trucks says it has eliminated shipping worries for customers who can now focus on fine-tuning their production processes while RT takes care of their transportation schedules.

Take My Shipment

Their tag line could perhaps be ‘Move Anything Any where’, because Take My Shipment, or TMS, with the help of 250 transporters helps move all sizes of cargo anywhere in India. Based in Bombay, Take My Shipment is a blessing in disguise for many logistics managers who spend many hours scouring websites to find bonafide truckers who would transport their consignment safely and on time. Until TMS came to be, the managers responsible for moving their firm’s cargo would, after a long search, settle for tried-and-true movers who would necessarily not be the most cost effective ones. But now, with TMS commissioning operations through its website, finding truckers and load owners is just a click away, as the popular adage goes.

A customer merely states his requirement on the website and negotiations begin with the truckers and deals are closed within a few days compared to weeks of hectic mediation and compromise spending hours of talking time earlier. Truckers bid for the wares and the one that quotes the lowest price walks away with the prize catch of moving cargo. “Nobody talks to anybody, yet business gets done because there is complete transparency and wide access to transporters,” says **Shyamendra Narain, Director, TMS**. The additional strings attached as part of the online bid are fair price, an audit trail for life and electronic transaction record. And the benefit of this simpler process is seen the way TMS’ business has grown since its launch about five months ago.

> Nobody talks to anybody, yet business gets done because there is complete transparency and wide access to transporters.

Shyamendra Narain
Director, Take My Shipment

But what really is making many in the trade ditch traditional ways of doing business and hitch on to their screens is the ease of doing business. A glance at the way they work will tell you how transporters and cargo owners function. TMS has a certified track record of small, mid-size and large transport corporations listed with them that own varying sizes of fleets. Their performance is reflected as ratings on the website so even the most discerning customer can verify a trucker’s credentials before he avails his service. Also, there are many extras and perks for the shipper and the transporter operating through a website as this one. While both get business done sitting at their desk, there is a direct price saving and a reduction in overheads over a long term for the shipper. For transporters, cargo comes easily and predictably if their services are up to mark and the price is competitive. Other safety measures include GPS and GPRS fitted devices in truck that help in tracing cargo, assuaging the customer from fear of misplacing cargo.

This may make you wonder if this solution is sticky or in other words glues customers to the online operations. “To our delight, our repeat order is 100 per cent,” says **Kishore Degweker, Director, TMS**. The success of the platform is in its ability to transform high quality of assistance from the back end office, non interference and flawless implementation of technology. In the next couple of years, team Take My Shipment of five promoter-directors and 15 other employees plans to expand its workforce to 2,000 people and expand to 10 other cities in India. Partnerships will be forged with local companies in these cities so that any requirement can be immediately met by the regional vendors without delay.

While the website will continue attracting and matching retail requirements, the two directors from India’s ivy league technology and management institutes say they’re hopeful of garnering business from bigger corporations that require at least 50 trucks. What’s in the works is also scaling up intra-city movement and improving last mile connectivity. And more cargo means more trucks are going to be available for an auction. About 10,000 trucks, the founders say will be vying for attention from the shippers big and small in the next few years. Eventually, the success of this model might replicate itself to ship cargo by air and sea engaging carriers and vessel owners too.

Both Return Trucks and Take My Shipment have found common ground in technology to aggregate business and have made a beginning in transforming the highly disorganised market. By eliminating chance and ensuring reliability, they’re now being called the Make My Trip and Go Ibibo of the logistics industry. The success of both these companies is crucial to the progress of the transportation business. Because what it has done to the industry is that it has kept complacency out of the window and upgraded the efficiency level of the transportation industry. That such businesses are flourishing is testimony to the fact that the fragmented transportation system is not just embracing change, but also ready to do what it takes to remain in business. India’s annual logistics cost, they say, is about $65 billion. These start ups have helped bring down cost for their customers by almost five to seven percent in bulk shipment. If this is a sign of things to come, we can then expect more such bright lights in the industry in the days to come.

RECORD GROWTH FOR KRISHNAPATNAM PORT

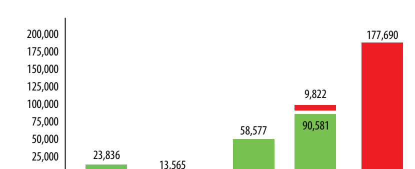
With an unprecedented record for posting the fastest growth in India, Krishnapatnam Port is positioned by all means to become the hub port on the East Coast

Omer Ahmed

At a time when the new entrants are struggling to sustain in the highly competitive Indian maritime sector, especially on the east coast, the seven-year-old Krishnapatnam Port, despite being in its nascent phase, is making strides. In a short span, the port has been seeing double-digit progress year-on-year. Since inception, it has handled record-breaking cargo volumes and last year the port handled 41 MMT of cargo volumes, which is its highest so far since its inception. It is the fastest growth recorded by any port in India.

The port has risen to become the fastest growing port in India due to its world-class infrastructure and best-in-class services provided to customers. It is the first port to handle 100,000 containers cargo in less than one and half years of the commencement of the Krishnapatnam Port Container Terminal.

Year-wise Container Handling (in TEU's)



Projection	2011-12	2012-13	2013-14	2014-15	2015-16
Actual	-	-	-	-	177,690
	23,836	13,565	58,577	90,581	-

The port's enormous activities translate into huge revenues to the government. The port's contribution towards Custom revenue has doubled this year. The contribution has been ₹1,942 crore during 2014-15 as against ₹970 crore during the previous year. This is a huge leap since the time the port started off in 2008 when the Customs contribution was ₹230 crore. The port contributed ₹2,058 crore to the Southern Railway (highest compared to any other port) and ₹45.75 crore as its share to Andhra Pradesh government and ₹257 crore to service tax.

In the year 2014-15 it not only registered highest parcel size in single vessel in June '14 – the *'Tiger Shark V.187S'* that handled 1,628 teu of cargo – but also its reefer exports reached all month's high to 493 teu in July '14. Between the period of April and July, 2014, the terminal recorded 77 per cent year-on-year growth.

The port has potential to become the hub port of the East Coast and a transshipment hub not only for domestic cargo but also for international transshipment of containers.

Container Terminal on a blazing growth trail

Since inception, the container terminal has registered consistent growth in monthly throughput, without a drop in its cargo volume. In the very first year it registered a record-breaking volume of 58,577 teu. Continuing the success story, during 2014-15, it has recorded a total volume of 91,152 teu, including laden imports of 5,848 teu and laden exports of 55,962 teu.

The terminal has also set another benchmark in operational efficiency; 641 teu of cargo were exchanged with the vessel *"MV MSC Sierra –II"* at the terminal, registering the highest crane productivity of 48.6 containers per hour and a berth productivity of 96.64 containers per hour, which helped KPCT bagging the prestigious LIMCA Book of Awards.

Apart from its strategic location that helps in saving transportation cost, other growth driving factors include faster trailer turnaround time due to uncongested roads, reduced handling cost due to no enforced CFS movement, tariff flexibility and conversion of cargo from bulk to containers.

The vast land area, state-of-the-art equipment, deepest draft in the county, efficient and transparent processes and unparalleled road and rail connectivity are some of the factors that are helping KPCT to become a gateway container terminal for the east coast of India. mg

"PLETHORA OF PROBLEMS PLAGUE OUR BUSINESS"

P S Krishnan, President, Chennai Custom House Agents' Association details on the various problems that hindred the operational efficiency of the port and the measures taken to improve the performance

The Chennai Port has often been in the news for the congestion issues at the port. Not long ago, as one approached the port, long haul trailers could be seen lined up for miles waiting to get into the container terminals through its zero gate. This caused serious traffic problems for the commuters in North Chennai. High freight charges charged by shipping companies further added to the issue causing diversion of containers and other commodities to nearby ports, resulting in a loss of revenue to the major port.

Q How is the container business this year?

A This year the business is not too good. We have to wait and see whether it will improve or not. Some of the cargoes are being diverted from Chennai Port to near by ports due to congestion issues here. Both the terminals are having some problems in handling cargo. Terminal operators, transporters and CFS operators are playing blame game, but none of them seem to take responsibility. Because of this, a lot of cargo is being diverted to Tuticorin Port. Many traders from Andhra Pradesh and Hyderabad that used to import in Chennai have now diverted to Krishnapatnam Port. So, all in all, we have lost business.

In fact, many proactive steps have been taken by our association in cooperation with the Commissioner of Customs and we have received a notification that any cargo, such as factory sealed containers and other containers that come to Chennai Port, have to be routed through CFSs, even if the cost is slightly greater. Compared to cargo that is coming by trailer from the outstations, for it to reach the terminal from the CFS takes more than three days. Here, the freight

charges charged by trailers are very high, so we thought we could route it through CFSs by paying mere ₹1,000 extra cost, so the turn around time will decrease for the trailers and the cost will come down.

Q Will this strategy solve the time delay in end-to-end container movement?

A This is one of the steps we have taken in addition to other measures wherein the police department in Chennai has also been involved, because the trailers are always parked on the road creating traffic problems. So, to solve this issue we have made a system wherein only 15 trailers can be sent from the CFS every one hour so that whatever cargo is ready for shipment will only be sent from the CFS and three to four documents have been prescribed to accompany the trailer.

What we understand is that terminal operators today are not concentrating on unloading export cargo. Earlier, the terminal was handling 1.5 million teu, whereas today it is only about one million plus only. We have analysed why this performance has come down. Operators are not allocating enough cranes for unloading export cargo and instead concentrating on import cargo. This was brought to the notice of Customs. Now, the Customs department has given directions that till the congestion issue is resolved lines are supposed to be diverted to L&T Port.

Transaction cost is going up day-by-day burdening the importers and exporters. Shippers are calculating the transaction cost of using Chennai Port as compared to Tuticorin or Krishnapatnam and diverting cargo where cost is less.

Q What are the elements escalating the cost?

A The competition today is so imense that one cannot survive with what one was doing previously. For example, earlier, if we wanted to move a container from the port to a CFS of our choice, it was not allowed by the steamer companies. The container had to be moved to a CFS that is designated by them. We went to the Court against this practice and got orders in our favour. As per the court orders, the importer,

exporter and the CHA have the right to choose CFS. Now when we request for moving the container to CFS of our choice, it is still not being considered. With the help of the CHA Association if we move containers to CFS of our choice, shipping companies are charging exhorbitantly.

We are charged ₹3,000 to 4,000 extra for moving a 20-feet container and ₹5,000 to 6,000 extra for moving a 40-feet container, which is illegal. We have brought this issue to the notice of the Ministry of Shipping and also to the Finance Ministry, but the practice is prevailing at most of the ports across the country. The government wants to bring down the transaction cost, but the cost is escalating because of such extra charges.

Q As president of CHA Association, you have been trying hard to retain cargo at Chennai Port. But what are the measures taken by the port in this regard?

A I am both the trustee of the port and also representative of CHA Association. At board meetings we constantly give suggestions for improving business and the port authorities are trying their level best. But unfortunately this port is situated inside the city and we have only one road through which all the export/import cargo has to pass. As the trailer operators are frequently going on strike, the evacuation of import containers has become a problem. So, the port has taken a decision that Concor should intervene and equalise the transport charges for rail movement from port to Tondiarpet ICD, which we have accepted. This is a measure to ensure that port does not loose on any cargo.

Q Shipping lines move to ports where cargo evacuation is fast. So, is there any chance in future that cargo movement will improve at Chennai Port?

A Our Association had a meeting with L&T Port and also with some shipping companies. We have asked them to bring their cargo to that port and we have assured them of our support. We have no issues whether the cargo lands at Chennai Port or Kattupalli Port, ultimately the cargo should reach the CFS we choose. For this we have got a notification from the Customs. So now the port may not lose more business as shippers have L&T Port as an option.

Secondly, at Ennore Port, Adani is coming up with a terminal which is expected to be completed in one year time. In this scenario, hopefully, Chennai business will not be lost.

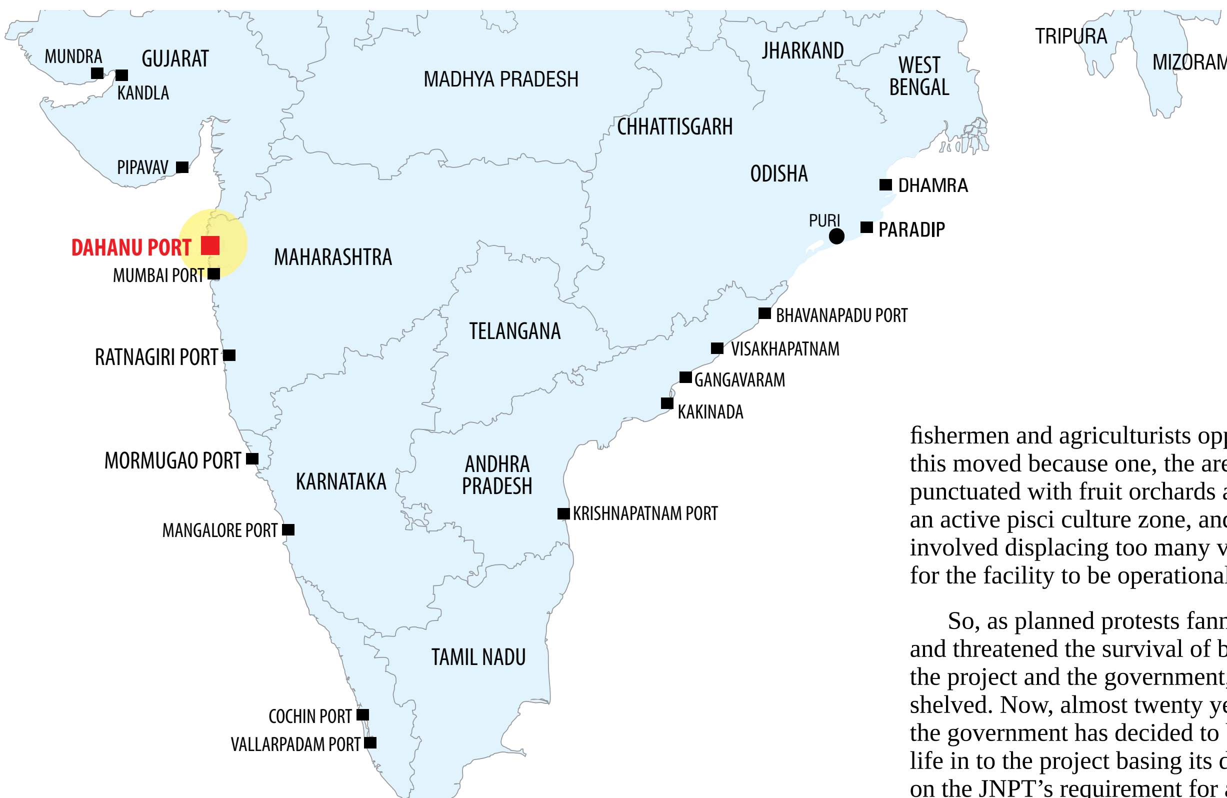
Q What are your expectations from the government?

A The government has come up with a lot of initiatives and in the last one year whatever has been done, the results can be seen only after six months. The government is very proactive especially in terms of 'ease of doing business,' and the Sagarmala project. One good development is that now the ports can decide on competitive rates and need not go to TAMP. So, in a nutshell there are signs of improvement. mg

DAHANU: TO BE OR NOT TO BE

The Maharashtra Maritime Board and Jawaharlal Nehru Port Trust are positive about the new ancillary port at Wadhawan in the Dahanu Taluk of the state. This facility, they say, will decongest JNPT and open Maharashtra's northern hinterland to the shipping trade. But, pray, if the intention were so noble, why are the cat calls from the naysayers getting shriller again?

Deepika Amirapu



By signing a memorandum of understanding, the Bharatiya Janata Party leaders at the centre and the state have not just revived a 20-year-old mothballed plan, but also affronted environmentalists and others who think little of the port becoming an affordable reality.

The critique first. The creek at Dahanu in the 1990s was home to many steel plants and the small facility thus functioned as a captive port to ship coal to the industry located around the area. Coal from the mother vessels in the deep sea used to be transferred on to transloaders and barges to the plants along the western coast. Within years, more industries came up and the steel plants shared their surroundings with chemical and manufacturing companies. This necessitated the need for better infrastructure facilities and the state government, in 1998, called for tenders to develop a port at Wadhawan, also in Dahanu. Many including Dubai's P&O Ports (as it was then called) and Sea Consortium expressed interest in developing the port. But many activists, fishermen and agriculturists opposed this moved because one, the area is punctuated with fruit orchards and is an active pisci culture zone, and two, it involved displacing too many villagers for the facility to be operational.

So, as planned protests fanned out and threatened the survival of both the project and the government, it was shelved. Now, almost twenty years later, the government has decided to breathe life in to the project basing its discourse on the JNPT's requirement for a satellite port to decongest traffic at the existing terminals. It is envisaged that the port will eventually handle 40 million tonnes of cargo and tenders for this mammoth 32 berth project will begin this December.

While this argument has its merits in considerable measure, those working in the industry are not entirely convinced about the need for another port. An executive whose experience makes you lend credence to his argument of port's prodigality says the facility might not live up to its expectations for many reasons. The first being the expense involved in reclaiming land for ships to dock. According to the plan, the channel will be dredged about nine kilometres in to the sea to make sure the surrounding mangroves are untouched.

"This is a very expensive proposition", the executive says that will involve many fistfuls of dollars and sound technology to make it happen. The other concerns he cites are the lack of an identified hinterland for this port and the effort required to create unhindered rail and road connectivity. "The closest catchment area is perhaps Tarapur, which is about 50 kms away," he contends while explaining how far the closest cargo catchment area is.

Yet, if these two constraints are overcome, winning the support of the locals is going to be a tough task. With environmentalists bracing for more opposition and protests, it is not going to be smooth sailing for developers along this ecologically sensitive region.

But not all industry persons are as apprehensive about this port coming up. A veteran with over four decades of experience in running ports and setting up container freight stations just chalks up the criticism to experience and roots for Wadhavan's creation. He counters every argument about the non-functionality of the port by pointing to the opportunities this piece of infrastructure offers. He begins by saying that the previous port project was supposed to have come up at Ale Wadi and not at Wadhavan, which is away from the dense vegetation. So, this would eliminate any problems arising of displacing people or cutting across mangroves. The likelihood of project affected people (PAP) problems arising are minimal, he avers. He urges every sourpuss to take a look at the re-jigged project showing them the many upsides.

Located right at the border of Maharashtra and Gujarat, the port can target cargo originating from South Gujarat, the agro regions of Madhya Pradesh, Rajasthan and North Maharashtra. This hinterland comprises both commodities that are seasonal cargo and chemical and manufactured goods that can be shipped all round the year. Hence, this all-weather port will always be utilised. On the connectivity front, the port will skirt around the coastal highway being built along the Nargole stretch, not forgetting even the Delhi-Mumbai industrial corridor, thus showing the goods many ways out of the port. "With the state and the central government partnering to make this project happen, you can't ask for more," he says. Adding that this project could enthuse a lot of private participation because of the DBFOT (design, build, finance, operate and transfer) model that allows a developer great autonomy, he foresees the first vessel calling the port in three years if all the paper work is completed on time.

This port is expected to cost anything between ₹6,000 to ₹10,000 crore, providing employment to scores of people and kindling development of many industries. That said port projects are perhaps the most tedious models of infrastructure to execute. They require consensus from people, clearance from the agencies and a favourable economy to start with. At the moment, there is merit in both sides of the argument. While some are hopeful about the port creating more economic value to all around, others reckon that JNPT's problems cannot be solved by creating an additional port. Such decisions, as always should be best left to the duo of careful calculation of demand and supply and the judicious deployment of resources. mg

Tanker order book set to beat 2013 record?

Investment in construction of tankers driven by stronger appetite in ordering of new tonnage so far this year has all the signs of beating the 2013 record, Gibson said in its tanker report. A total of 34 very large crude carriers have been ordered during the first half of 2015, just marginally below the 2014 total and not far behind the number of orders seen in 2013, when investment in new VLCCs reached its highest level in several years, the report shows.

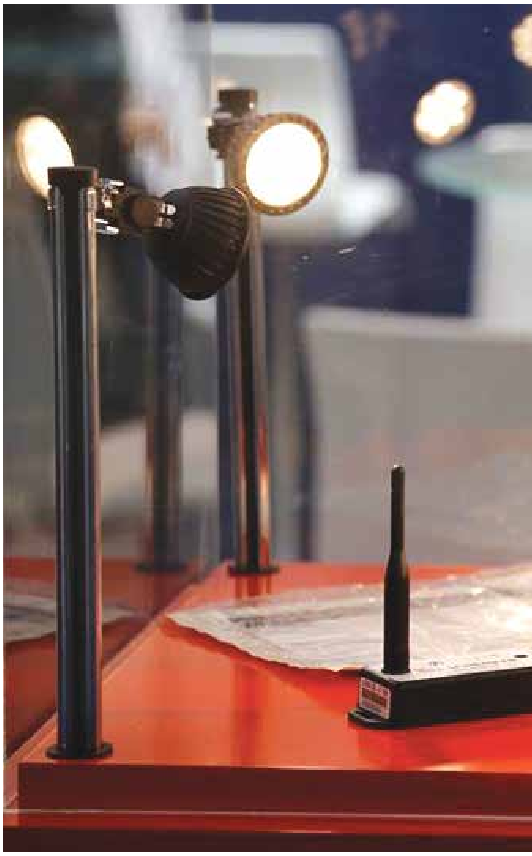
The picture is similar for Suezmaxes, with 30 orders so far this year, already more than half of all the orders for 2014 – the highest since 2010. Ordering activity for Aframaxes was considerably more muted in 2013-14, yet an impressive rebound has been seen this year with 40 Aframaxes on order, the highest since 2007.

Investment in new larger product carriers has also accelerated so far this year. In the LR2 segment, 37 tankers have been ordered, well above the number seen last year and more than half in 2013, when investment in new tonnage surged to its highest since 2007. In the LR1 segment, 25 orders have been placed since January, just marginally short of the 2014 total, when investment jumped to its highest level since 2009, Gibson's data shows.

In contrast, ordering activity for new Panamaxes has remained highly restricted, due to owners' preference for coated tankers, according to Gibson. Investment in new Handy/MRs has also been very limited since 2014, albeit following an impressive surge in orders during 2012-13. Stronger investment in recent years has naturally boosted the size of the tanker orderbook, which by now has reached its highest level since 2011-12 for most size groups. At present, VLCCs and Suezmaxes have the largest orderbook, at 18per cent and 17per cent respectively to their current size. The orderbook for other tanker classes is also substantial, with exception of Handy tankers.

"It will be interesting to see whether new tanker ordering activity will remain at similar robust levels in the second half of this year. If industry returns continue beating expectations, it most likely will be the case. Taking into account limited prospects for tanker demolition, which is another consequence of high earnings; all of the above means that the growth in tanker supply is going to start accelerating soon," Gibson added.

SMART BOX
TRACK YOUR CARGO HEALTH



The new DB SCHENKER's Smart Box service monitors global freight transports in a more convenient and innovative way. The company offers customised solutions for every mode of transportation and area of application along the entire supply chain. The Smart Box can be viewed as a device that encourages transparency and strengthens security in global transportation

Deepika Amirapu

Was my cargo stowed in carefully in to the container? Will the cold winds dampen and leave the packed apparel sweaty? What if acceleration forces cause excessive movement and damage goods within the container? These are probably among the few unceasing presentiments playing on the mind of every customer who chooses to move his cargo in containers by ocean, air or rail modes of transport. Despite all the care taken at dry ports and freight stations to stow and secure cargo safely, a significant volume of cargo does get fouled up by the time it reaches its destination, leaving its owner or recipient up the creek and without a paddle.

Often, the customer has little information about the condition of cargo inside the box as shipping lines help trace only the geographic location of cargo once the vessel sets sail. While it is easier to detect damage to cargo due to ingress of sea water or leakages from water or oil systems on board, carriers or customers find it difficult to point to exact reasons why cargo inside the box was damaged. In the absence of any accurate explanation, parties involved cannot ascertain the particular stakeholder in supply chain process who is responsible for any failing in his work, thereby, making leaving the affected party unable to claim his insurance and damages.

It is imaginably for these reasons that the German firm DB Schenker conceived and created the 'Smart Box' to trace international shipments and provide real-time information about the cargo inside the box to its owners. The sponge size light grey device clamps on easily to any freight container and provides information on a range of parameters such as temperature, light influx, tilt level, G-force, movements, door status and g-log position. Once fitted on to the box with screws, the global positioning system technology enables satellite navigation where the location of containers and all other collected data is transmitted to the customers via mobile communication networks to the web portal. It provides additional security throughout the entire supply chain and enables customers to optimize their logistical processes on the basis of the data. A customer can benefit from the offerings of the Smart Box by renting this device from the firm for a fee.

Developed jointly by Schenker and Kirsen Global Security, the firm has introduced to the market various versions the device allowing the customers to pick and choose from the available set of basic to premium versions. "The software included in the box enables customers to define their own thresholds for each parameter and pay for services chosen. This is a proactive instrument that helps you in making decisions," **Shubhendu Das, Chief Operating Officer at DB Schenker India** says.

Weighing in at just 1.4 kilograms, Schenker's premium box has made many in the logistical process sit up and take notice of this innovative device. Even lighter are the other versions of the Smart Box- light and easy, The most lightweight solutions are called "easy" and "tag" – and they come in the form of credit cards. "easy" records the temperature inside the container

and the data is exported via USB after the container arrives; "tag" registers temperature deviations and is labelled with a barcode that can be read using a smartphone app. Both of these super-slim versions are intended for one-time use only.

Since its launch and initial usage a little over a year ago, the device has been lapped up by customers from various industries. Those from the pharmaceutical industry and distilleries often opt for the gadget with the temperature control option as this feature is crucial in helping them determine the quality of their product. Any change in the temperature affecting the efficacy or potency of the product can be corrected at the next nearest port the ship possibly calls. Elsewhere, suppliers of electronic spares or makers of costly phones such as Apple choose a model of the gizmo that helps them monitor the door status of the stuffed container. The box is also equipped with geo-fencing technology, a telematics solution that alerts the customer if the container is moved outside a predefined area. "An

Salient Features

- An innovative GPS based real time security tracking solution
- Provides comprehensive data on freight consignments
- Records temperature, light influx, G force, movement inside containers
- Sensor technology used provides visibility throughout the supply chain
- Enables enhanced quality and claim management

alarm goes off the moment the container lock is tampered with and any attempt made to damage cargo can be checked when the box immediately notifies the security staff at the location through the server." Both of these functions have the added potential of reducing customers' insurance premiums, the firm says. All information gets transmitted to the customer and to the internal server at Schenker where any complaints or observations can be logged for taking action if required.

Tracking of cargo within the box is important as research agencies point that two-thirds of accidents involving the loss of or damage to containerised cargo are thought to be caused by improper packing and securing of cargo inside containers each year.

Around 25 per cent of all accidents involving trucks can be attributed to inadequately secured cargo. There have even been cases where the movement of unsecured cargo inside containers has caused freight trains to jump points and derail. Therefore, status on safety of contents within the box is pertinent to determine the extent and point of damage.

What perhaps makes this product a must have is that in addition to providing comprehensive data on consignments real time, it makes evaluation and assessment very convenient. The versions used in airfreight operate without GPS-technology. "But together with our suppliers we are working on a GPS-solution that can also be deployed in airfreight.

In the meantime, the box is also being used within the DB Corporation. DB Schenker has been equipping wagons with smartbox technology since the start of the year in an effort to optimize internal processes.

"It has been widely appreciated in the Indian market as well and has curried great favour with the automobile market," says Das. The device has been used for domestic shipments as well in India and the firm is now trying to see how the device can be sent back to the point of origin of cargo for re-use. Schenker India is talking to various customers to sensitise them and create more awareness of this product. It hopes the Smart Box will see an uptick in preference shortly. He added the firm is cooperating with a network of selected carriers, technology experts and insurance companies on this service.

Schenker's Das says such innovations are important for logistics firms to gain more visibility and enjoy an edge over others. Value added services that help achieve cost and movement efficiency are key to the survival of logistics and freight forwarding firms that are asset light. mg

Leveraging Location

Established as part of the first-ever seven ICDs in India, ICD Whitefield is emerging as a major player in container cargo movement in south India. The container depot is seeing its cargo volume increasing year-on-year. While its total throughput was at 92,147 teu in the year 2011-12, the ICD has seen huge jump in volume in just three years, which has increased to 1,15,020 teu in the financial year 2014-15. Its total exports were at 56,164 teu and imports at 58,856 teu in last financial year, apart from domestic cargo movement.

"The year 2014-15 has been the best year for us in terms of exports, imports, domestic cargo and earnings. Our earnings grew to ₹138 crore in the year, from ₹105 crore in 2011-12, ₹106 crore in 12-13 and ₹118cr in 13-14. We target 200 crore in next two-three years," according to SP Shastri, Chief Manager, of ICD Whitefield run by Container Corporation of India Ltd.

All thanks to its strategic location, that makes the ICD the most preferred destination among exporters and importers in the region. The ICD has the maximum number of seaports including Tuticorin 580 km, Vallarpadam 541 km, Chennai 319, New Mangalore Port 395 km, Kattupalli 348 km and Krishnapatnam Port 385 km in a proximity of 600 km.

The ICD also benefits from Bengaluru's increasing trade potential in EXIM cargo. The ICD imports general cargo, furniture, machinery, timber sawn, personal effects special, marble item, equipments, tiles, wheels, glass, newsprint, elevators components, chair and parts, stainless steel goods, cable, granite, wooden items and fabrics, etc. While it exports gherkins, granites, UPS and UPS accessories, radiator and parts, food products, coffee, transformer, motor cycle and parts, pharmaceutical products, mango pulp, bags, hazardous cargo, auto parts, engineering goods, fabrics and other mixed commodities, etc.

The city's land-locked status has not stopped it from becoming a major hub for EXIM trade. Cargo movement in containers sees an impressive year-on-year growth with more and more cargo being transported via rail and road. From machineries, furniture, timbers, tiles and granites, newsprints to agricultural products such as gherkins, Bengaluru sees a boom in container traffic year after year

Itishree Samal

Infrastructure & Facilities

With the objective of developing multi-modal logistics support for India's international and domestic containerized cargo and trade, CONCOR was incorporated in March 1988 under companies Act and commenced operation from November 1989 taking over the existing network of seven ICDs from the Indian Railways; over the years the small Railway Goods Sheds at Bengaluru Cantonment was transformed into the current swanky ICD that provides world-class infrastructure.

The ICD has 400,000 sft of warehousing space, 2 lakh sft of bonding space (required for imports), and stacking space for 4,000 containers. It runs two trains per day on an average and operates around 70 trains in a month, including direct daily train service to Chennai Port and domestic trains moving to TKD Delhi, Kolkata in West Bengal and Balasore in Odisha.

"Infrastructure-wise, we are well-equipped. We have significant rail infrastructure available at the ICD which can facilitate about 100 trains in a month," he said adding that "if we will handle one additional train per day, it will translate into 90 imports and 90 exports, total 180 teu a day, 5,400 teu in a month and can increase our cargo volume by 50 per cent annually." Currently, around 80 per cent of cargo is moved via rail and rest by road transportation. In road transport, the ICD has connectivity to JNPT, Vallarpadam, Tuticorin and Kattupalli.

Potential of Bengaluru market

The city's land-locked status has not stopped it from becoming a major hub for EXIM trade. Cargo movement in containers sees an impressive year-on-year growth with more and more cargo being transported via rail and road. From machineries, furniture, timbers, tiles and granites, newsprints to agricultural products including gherkins, Bangalore sees a boom in container traffic every year.

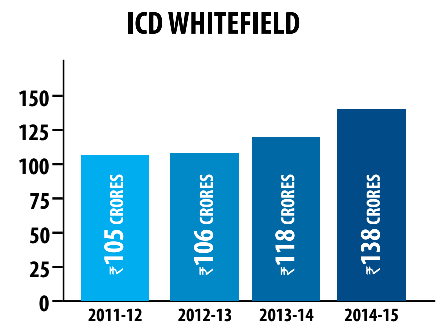
Many existing industries are expanding their operations, along with many new players are also entering the market, for instance, Bosch recently announced to set up its manufacturing plant in the city. Also, several major industrial areas including Peenya and Hoskote are situated in nearby proximity to the ICD, within 50 km. Other industrial areas include Bommadandra, Doodannakundi, Kadugodi, DDK industrial area, Kiadb in Hosur Road, Dobbaspet 70 km, Nelamangala 65 km, Bidadi, Jigani, etc.

"Commodities such as granites, gherkins, radiators and UPS already exist and will continue to rule in the cargo market," he said.

Challenges

Despite the potential and increase in cargo volume, the ICD captures only 50 per cent of the Bengaluru's cargo potential. According to Shastri, "Half of the city's cargo goes to Chennai Port and is moved via road." It means half of the Bengaluru's exporters and importers prefer moving cargo via road than taking CONCOR's help.

Reason? According to CONCOR, "cost" and "time taken for transportation" are the two major



ICD whitefield earnings

factors affecting the ICD's volume. At ICD Whitefield, the cargo movement involves two modes of transportation – rail (moving cargo from the ICD to ports). Road transportation is used to move cargo between the ICD and factories, and from the ICD to the ports. "When you divide transportation into rail and road, the cost automatically increases," he said. Local transporters charge us a whooping fee due to strict traffic laws and restrictions on cargo movement during the day, which restricts the transporter to do only one trip a day.

"It costs us more to move cargo locally for lesser distance than bringing cargo from neighbouring ports," he said. For instance, it costs the ICD anywhere between ₹15,000 and ₹20,000 to move cargo between ICD Bengaluru and Chennai Port in a 20-feet container, covering 380 km distance, whereas it costs an exorbitant price of ₹7,000 to move the same container from the ICD to the neighboring industries situated within 35 km distance.

"Also, if a transporter goes to Peenya Industrial Area at 10 pm, he cannot unload the cargo at the factory the same night as it will be closed during the time. It has to wait and de-stuff the cargo once the factory opens in the morning. On top of it, there are restrictions to move cargo through heavy vehicles during the day, only between 11hrs to 16hrs during the day is allowed. Between these five hours, it is not feasible for a load container to go and de-stuff and come. If an importer has an urgent cargo requirement, he cannot clear the cargo between 11-16 hrs due to the restrictions. It is not possible to go around the city and come back within five hours," he said.

Another issue the ICD faces is the growing congestion in Whitefield area. When established, the region was considered to be the city outskirts. But over the years, it saw IT boom and Whitefield emerged as an IT hub and saw skyscrapers, offices, malls mushrooming in its vicinity, making it difficult for the ICD to operate efficiently. It takes an hour to cover just 10 km in the city during the peak traffic. "In such case, our competitors benefit as they use only one mode of transportation, which reduces the additional expenses and saves cost," he said. In a full-day, ICD moves more than 500 trailers – empty containers go for stuffing and containers with cargo come for de-stuffing.

Though the ICD Whitefield was among the first seven ICDs set up in India, it is getting stiff competition from road-based transporters in the city. Currently, around 50 per cent of the city's cargo is moved by road-based transport operators. Bengaluru has three CFSs (Container freight stations) – Marigold Container Deport situated in Devanganthi (12 km away from ICD), JCC (Joint Container Cargo Complex) run as a JV by HAL, and another one by CWC. This apart, several other container depots are also in the pipeline.

Pins hope on new connections

However, despite all these shortcomings, the ICD is positive to increase its share and see a good growth in the near future on the backdrop of new initiatives launched by the ICD and with its added infrastructure. The ICD has recently started a direct train service to Krishnapatnam Port, which is situated around 380 km away in Nellore district of Andhra Pradesh.

Being the nearest ports amongst all, Chennai Port gets around 50 per cent of container traffic from Bengaluru via road. "If we can divert the current road-based container traffic to rail, it will be a major game-changer for us," he said. The ICD targets to achieve a good growth in this financial year and hopes to cross 1.75 lakh teu cargo by volume during the period. The ICD has registered 17 per cent growth last year. mg

Container Shipping will be lucky to break even in 2015: Drewry

A toxic mixture of overcapacity, weak demand and aggressive commercial pricing is threatening liner shipping industry profitability for the rest of 2015, according to the Container Forecaster report published by Drewry.

Earlier this year Drewry forecast that container shipping carriers would collectively generate profits of up to $8 billion in 2015, but our revised view is that it will be lucky to break even this year. This means that some lines will be back in the red by the end of 2015. The only way to address this is for carriers to take much more radical action to address overcapacity.

Despite first quarter industry operating margins of 8 per cent, cost savings through falling oil prices were passed onto shippers by carriers in the form of much lower freight rates. And going forward, shipping lines will struggle to continue reducing unit costs in line with the expected erosion in freight rates, given stabilising bunker costs.

Drewry estimates that this year average global freight rates will decline at their fastest pace since 2011, when the fall in industry unit revenue was as great as 10 per cent. The outlook for freight rate development has not been helped by second quarter spot rates in the four main East-West head haul trades falling by 32 per cent year-on-year.

Recent decision by the Ocean Three lines to remove approximately 4 per cent of trade capacity on the Asia-North Europe trade should help the carriers' July and August GRI initiatives to push rates up. But more decisive action is required here and elsewhere since void sailings are only a very temporary solution. As many as 129 ships of 8,000 teus and above still need to find homes across a number of trades in the second half of 2015.

Average global head haul utilisation fell to 83 per cent during the first quarter of 2015, though this alone should not have precipitated the deterioration in spot rates. However, the perceived weakness pushed many lines into rate-war mode across a number of key trade routes. With the exception of the westbound Transatlantic and Asia to Middle East trades, rarely have we seen so many major routes performing so poorly all at once. Spot freight rates have reached historical lows on the Asia to Europe and Asia to East Coast South America trades, which have been driven by carriers' fear of losing volume base cargo to competitors as well as impending new build deliveries.

Each quarter brings another 10 to 15 ULCVs into the market and the resultant cascade of tonnage into the Transpacific, Latin American and Asia-Middle East trades is having a genuine detrimental knock-on effect.

DRIVING CARGO VOLUMES

SP Shastri
Chief Manager (ICD Whitefield)
CONCOR

"Our immediate target is to improve container traffic, drive exports, imports and domestic volume. And in order to improve our EXIM traffic, we need to divert the road traffic of Chennai Port to make it rail-based."

Itishree Samal

Q Despite having adequate infrastructure and facilities, the ICD Whitefield is facing competition from other container freight stations in the city. What are the factors affecting your volume?

A An ICD differs from a Container Freight Station (CFS) in terms of transportation. A CFS depends on only one mode of transportation, i.e. road, whereas an ICD takes both the rail and road route to transport cargo.

For instance, if an importer imports from Chennai Port using CONCOR service, his cargo comes via rail from the port to the ICD, gets Customs clearance at the ICD and then transported to the customers' warehouse via road; whereas if an importer imports through a freight forwarder it involves only one mode of transportation, i.e. road. After the Customs clearance at the port, cargo is transported directly to his door. In our case, it becomes an expensive affair as it involves local transporters to transport cargo from the ICD to customer's doorstep.

In our case shipping lines charge exporters/importers an additional fee, apart from the fees paid to CONCOR. Whereas, CFSs charge only one fee, i.e. the overall transporting cost.

"Cost" and "time taken for transportation" are the two major factors affecting our volume.

Q Ideally, cargo movement through rail should be less expensive. But in case of ICD Whitefield, it's a different story? Why moving cargo via rail is an expensive affair in Bengaluru?

A Unlike ICDs in other cities which are situated in outskirts, ICD Whitefield is located in the middle of the city. But it was not the case when it commenced operation way back in 1989. Whitefield used to be the city outskirts, but with its growing popularity as an IT hub made the region a hub for software companies, malls, residential complexes, which mushroomed in and around Whitefield area in the last 15 years.

Whitefield is now facing severe traffic congestion issues and restriction on heavy vehicle movement. (Heavy vehicles are not permitted between 8 hrs to 11 hrs & 16hrs to 20hrs). It takes around one hour to cover 10 km at peak hours due to heavy traffic. As most of the industries are concentrated in Peenya (35 km away) and Hoskote 20 km, it is not possible reaching the industries, loading or unloading during the working hours and reaching back to the ICD within the stipulated time frame. At times, a local transporter is able to make only one trip a day, which in turn increases the overall cost.

Q How the expansion of Whitefield is affecting your operation?

A If an importer has an urgent cargo requirement, he cannot clear his cargo during day due to traffic restrictions. So cargo movement happens during night. More than 500 trailers move everyday for stuffing and de-stuffing. At ICD Whitefield, cargo movement involves both rail and road transportation. Cargo movement between the ICD and companies happens through road. It virtually costs us more to cover less distance than reaching far away destinations. When you divide the transportation into rail and road, cost increases. The increasing cost of local transportation is a major concern. The local transportation costs are high due to several traffic regulations in the city, which restricts the transporter to do only one trip a day.

Q Who are your major clients? What potential do you see in Bengaluru market in coming years?

A We have a large customer base in Bangalore including TTP Technologies, Volvo, Honda and Schneider Electric. Companies are moving UPS, radiators, machinery, electronics, etc. Apart from the existing industries, many new industries are also proposed to come up around the city. Bosch has recently announced setting up its manufacturing plant in the city. Commodity-wise, granites, gherkins, radiators and UPS will continue to grow as well in the coming years. The city has immense potential.

Q Coming to ICD Whitefield, what goals you have set for yourself?

A Our immediate target is to improve container traffic, drive exports, imports and domestic volume. On long-term, we focus to divert the road-based traffic of Bengaluru moving via CFSs and make it rail-based.

Q What initiatives you have taken to divert the road-based traffic to rail?

A We already run daily direct train services to Chennai Port, which drives most of the EXIM trade in Bengaluru. We have also launched a direct train service to Krishnapatnam Port in June this year. Initially, it will run as a weekly train, but if demand increases we will make it a bi-weekly or a daily service.

> We expect to see a 15-per cent increase in cargo volume this financial year. We have recorded 1.15 lakh teu last year, registering a 17-per cent jump compared to previous year. We hope to cross 1.75 lakh teu this year.

We also plan to start a reefer container rail service this year to Chennai Port & Krishnapatnam Port. At present, we move reefer cargo via road, which has been a challenging affair due to changing climate and temperature, power back-up and fuel issues, road congestion, strike, etc.

The reefer train is an initiative for hassle-free reefer cargo movement, and it will be a weekly-train initially. Bengaluru has around 300 teu of reefer cargo exports and imports potential every month. If demand rises, the ICD will make the train a bi-weekly.

Q How do you see the new train service driving your volume in the near future?

A After our successful train service to Chennai Port, this is the second direct train service we are connecting to any port. Krishnapatnam Port is situated at slightly longer distance vis-à-vis Chennai Port (of about 30/40 km).

Despite being a new port on the east coast, the port is seeing success year-on-year. Being centrally located, the port has a vast hinterland spreading across Andhra Pradesh, Telangana, Karnataka and some parts of Tamil Nadu and Maharashtra. Its nearby ports such as Chennai and Vallarpadam in Kochi are situated in the middle of the city and facing with congestion and land scarcity issues. Whereas in case of Krishnapatnam Port, it has 18 km of last-mile connectivity which will not restrict any future expansion and support heavy flow of traffic. Given the high congestion at nearby ports, high chances are there Krishnapatnam Port gaining momentum in driving cargo volume in Bengaluru.

If the port will be able to divert the road-based traffic moving from Bengaluru to Chennai Port, our total cargo volume will automatically go up. mg

Readymade Garment Exports: The Road Ahead

In spite of stiff competition from countries like China, Vietnam, Bangladesh and Cambodia, India continues to register good growth in readymade garment exports

Itishree Samal

It's an interesting phase for readymade garment exporters in India. The country has emerged as the second largest exporter of textiles beating competitors like Italy, Germany and Bangladesh and became the sixth largest exporter of readymade garment globally (2013) jumping two rankings up from its previous year.

In the year 2014-15, India recorded $41.4 billion in exports of textile and clothing, as against $39.3 billion in the previous year, as per Cotton Textiles Export Promotion Council (Texprocil) data. During the year, the country recorded $16.8 billion (₹1.03 lakh crore) in exports of readymade garment, a 12.2-per cent increase compared to the previous year (₹90,790 crore). And exports were at $15.7 billion and $12.9 billion in the year 2013 and 2012, respectively. The country is registering a year-on-year growth in readymade garment exports, and it is expected to see further growth in the near future with the expansion of several manufacturing units as well as proposed investments in the sector. The readymade garment industry is estimated to have witnessed an investment of ₹2.6 billion in last financial year completing seven projects. Another six projects envisaging an aggregate investment of ₹3.2 billion are expected to be commissioned in the current financial year and ₹6.2 billion in the subsequent year, as per the Centre for Monitoring Indian Economy Pvt Ltd (CMIE)'s CapEx database. This apart, other growth driving factors include simplified government policy, growth in fashion orientation, brand awareness and rising consumer expectations.

Apart from exports, demand in the domestic market is also seeing an upward trend. According to reports, the Indian apparel industry is expected to double in the next five years. Currently, the domestic apparel industry is estimated to be around ₹1,50,000 crore, including ₹40,000 crore organised retail sector and ₹1,10,000 crore consisting of unorganised sector.

Scenario at the domestic front

Though the country has huge potential in domestic markets, the readymade garment industry in India gets around 80 per cent of its revenue from exports. The country majorly exports readymade garment to US and European destinations. Europe itself accounts for almost 41 per cent of the country's garment exports.

For instance, Shahi Exports Limited, one of the leading readymade garment exporters in the country, has been seeing a 30-per cent year-on-year growth in exports since the last five years. Its major growth driving factors, the company claims, are its expansion of manufacturing base and addition of new customers.

"We are acquiring new customers as well as retaining our old customers, which in turn, helping us maintaining the growth rate consistently in the last five years," **Sailendra Venkata, general manager of Shahi Exports** told Maritime Gateway. The company exports its manufactured products to more than 35 global brands such as Gap, PVH Corp, Walmart, Columbia, Jessica, Coles, Target etc.

It moves around 1,000 trucks of cargo (volume of readymade garment) every month through CFS; in addition to it, 50 containers of cargo directly go to assigned ports every week. Similarly, Pearl Global Industries Limited, a multinational ready to wear apparel manufacturing conglomerate, is seeing a year-on-year growth. The company does about 3,000 teu of shipments per month and 5,000 teu during the peak seasons. "We have seen immense growth in our shipments in recent years. In 2003, we used to do lesser than 1,000 teu every month," **Prasanna Kumar, Assistant Manager (Accounts), Pearl Global Industries Limited,** told *Maritime Gateway.*

Headquartered in Gurgaon, Pearl Global has several manufacturing units across the country including in Chennai and Gurgaon and in Bangladesh. The company has around five manufacturing units in Chennai and six units in Gurgaon. It has recently commissioned a manufacturing unit in Bengaluru, which commenced operation in February this year. The Bengaluru unit targets to achieve ₹100 crore turnover by this year. The unit currently manufactures exports order assigned to its other units.

While at the same time, other companies in the sector are facing a slowdown and crumbling to meet their revenue target. For instance, Gokaldas Exports, which used to be a leading player in garment exports, now crippling with several issues. The company recently entered into a Share Sale Agreement with apparel major Raymond to sell Robot Systems, its wholly-owned subsidiary, for an undisclosed amount. Silver Spark Apparel, a unit of Raymond, has entered the pact with Gokaldas Exports.

Challenges & Setbacks

In other challenges, the country is also failing to meet the exports targets set by the government.

For the financial year 2015-16, the government has set an ambitious target of $47.5 billion of textile and clothing exports, including $18.70 billion of garment exports, an 11 per cent rise in outbound shipments from the actual level of 2014-15, according to official sources. Though India's garment exports were at $16.85 billion in the year 2014-15, up 12.2 per cent from a year before, it fell short of the official target of $18 billion for the same financial year. Similarly, the country's overall textile and garment exports grew roughly 5 per cent in the last fiscal to $41.4 billion from a year before, but still lower than the official target of $45 billion for 2014-15.

"With demand from crisis-ridden Europe remaining tepid and the chances of a free-trade agreement with the EU in the current fiscal still remote, the shipment target for the current fiscal would be hard to achieve," according to a report. In the first two months of the current fiscal, the growth rate in apparel exports also slowed to just 7 per cent from a year earlier at $3.01 billion.

Dependence on overseas (especially EU and US) customers increases the industry's vulnerability to the global economic conditions, and to fluctuations in currency rates. "The recent rupee devaluation cheered many exporters. Exporters are realizing more. While the importers suffered in the last few years, the last one year has been stable for us," Kumar of Pearl Global says. In another challenge, while the industry is actually itching to do more, the availability of specialty fabric is a big bottleneck. Some readymade garment manufacturers import all most everything starting from fabric to accessories such as button and thread, to meet the high-quality, export standards. Import of raw material mostly happens from China, Taiwan and Hong Kong. "Losses are involved with if a manufacturer imports raw material and sells the products domestically," he added. Some players also import readymade garments from different countries; e-commerce player Myntra imports garments from Hong Kong.

Talking on similar lines about the challenges faced by a garment exporter, an official of Jeena & Company, a freight forwarder in India, said, "Meeting the shipping deadline is very crucial for an exporter, as delay causes cancellation of consignment as well as causes loss."

Keeping in mind the fast-changing fashion trends in apparel industry, for a buyer getting the order within the stipulated timeframe remains the first priority. "If there are some issues with vessel timing or manufacturing delay, the exporter usually sends the consignment though air freight," he said adding that missing deadline remains a concern for an exporter.

In India, around 70 per cent of the garments are exported via sea freight and rest by air. In South India, Chennai Port leads the pack in readymade garment exports followed by Tuticorin Port due to vessel frequency.

Current global scenario

Though India has overtaken developed countries like Germany and Italy to emerge as the world's second largest textile exporter, however, it is lagging behind its biggest competitor China, whose exports are nearly seven times higher. In readymade garment also, China's exports are 10 times more than of India.

> India's readymade garment export was at $16.85 billion in 2014-15, up 12.2 per cent from a year before. However, the country's overall textile and garment exports grew 5 per cent in the last fiscal to $41.4 billion from a year before.

In 2013-14, India's apparels and textiles exports were at around $40 billion, while China's exports were at $274 billion. Even if 10 per cent of China's exports get diverted to India, Indian apparel exports could double, according to Apparel Export Promotion Council. This is because China has the advantage of having adequate infrastructure to meet the global demand for textiles and clothing, which enables the country to become a leader in textile exports. Its manufacturing base in textiles is larger than that of India both in terms of yarn and fabric, the report says.

"The readymade garment is a labour-oriented industry. Some of the Indian manufacturers are now tying up and diverting their export orders to partners in countries such as Bangladesh and Cambodia for cheaper labour and low cost of production," according to Kumar of Pearl Global.

Overseas buyers are looking at India as safe and reliable source. Also, the signing of FTA with European Union is expected to open up more opportunities for Indian exporters, providing duty free access to Indian garment in Europe.

STRENGTHENING INDO-EUROPEAN TRADE

"HAROPA is keen to carry on increasing its offer to the Indian continent as France is the largest trading partner for India among EU countries. We hope to develop trade even further with India, as part of the planned economic growth in global shipping."

Omer Ahmed

HAROPA is an economic interest group, grouping together, since early 2012, the strategy, networks, sales and communication teams of Ports de Paris, the Grand Port Maritime de Rouen and Grand Port Maritime du Havre. As the first North-European port called at for world trade, the port complex enjoys exceptional geographic location along the Northern seaboard of France and irrigates the European market owing to the quality and fluidity of the connection networks. The 5th biggest North European port, HAROPA is positioned as a major maritime hub in Europe. Seahorse Ship Agencies Pvt Ltd represent HAROPA in India.

Q What is the contribution of HAROPA to the European economy?

A HAROPA's contribution to the European economy can be expressed around two main lines: increasing HAROPA's market share in the carriage of goods between the Seine corridor seaports and the Greater Paris area, which is the largest consumer area in France and the second in Europe. As HAROPA enjoys an outstanding geographic location at the entrance to Northern Europe and is a hub for service to other French ports and European ports of the Atlantic sea board. The second line is to go further by catching farther areas such as the South-West of France, the East and the Centre. Today, HAROPA's market share for container flows in France accounts for about 33 per cent. This figure clearly shows that HAROPA already goes beyond the boundaries of its close hinterland.

Q Last year, HAROPA was elected for the fourth consecutive year as "the Best European Port" by supply chain operators in the Asia Pacific region. What makes HAROPA stay ahead of the competition?

A This year professionals reinforced their confidence in HAROPA ports by appointing the port system "Best Green Seaport" in the world. The environmental commitment of HAROPA ports lies in two main points: the development of consolidated modes of transport and multimodality on the one hand, and encouraging efficient initiatives in terms of fight against global warming on the other hand. Apart from an exceptional shipping service and an ideal location, the three ports of the Seine artery are connected with more than 600 ports in the world and propose high-performance times for Customs clearance (4 min 34 sec), competitive transit times and transport costs especially with Asia.

Q French Customs top in the "Doing Business 2015" ranking of the World Bank. How has the Customs been able to achieve this position?

A The 2015 Doing Business report, which measures favorable and adverse regulations to business in 189 countries around the world, takes HAROPA as an example and its simplification of the existing administrative procedures, in particular thanks to a) Paperless transactions and b) the use of electronic statements and c) the least number of Customs documents required, providing problem-free transactions of documents.

Q As shipping lines add mega ships to their fleet, how do you ensure quick evacuation of cargo continues?

A Facilitating the transit of goods is a prerequisite to attract traffic. Accessible 24/7, 365 days a year, without any tidal constraints, the port of Le Havre, with Rotterdam, is one of the very few ports on the Northern range to be capable of berthing the largest containerships in the world (18,000 teu) at full load. As the first port of call in northwest Europe for inbound vessels and the last port of call for

Antoine Berbain
Managing Director
HAROPA Ports

exports, HAROPA – Port of Le Havre offers competitive transit times, thereby reducing the lead-times for getting goods to market. HAROPA is known for providing simple and easy logistics solutions keeping abreast with the possible requirements of maritime and coastal environments.

HAROPA ports provide excellent Green logistics solutions and seamless connectivity (by road/rail and by inland waterways) to the major consumer regions of France and NW Europe. Also the well-established "Truck Appointment System" facilitates and ensures seamless / trouble-free and quick gate movements.

Q How has been your experience in doing business with India?

A Our commercial activities in India commenced more than 10 years ago along with our Indian partner M/S Seahorse Ship Agencies Pvt Ltd and we regularly conduct B2B meetings with our regular as well as potential clients all over India.

Our experience has been initiated over the last 4 – 5 years during our various business events, grouping together more or less 150 participants in each place we travelled, in addition to the daily action of our local Indian representative: Seahorse.

Furthermore, our Indian roadshow in February 2015 was also focused on breakbulk shipments for which we pointed out the port of Rouen, specialized in this business.

Therefore, we can consider that our commercial activity corresponds to more than 800 contacts per year.

Doing business with India has been a good experience and continues to improve day after day, and at the end we found good partners with good capacity of development, especially with regard to RoRo services and breakbulk shipment.

Q How is the response to HAROPA from Indian EXIM trade and ports?

A Most of the shippers and forwarders, we met during our sales calls were all favourably surprised and were pleased to learn that HAROPA is able to provide the best services in the region as well as for import as for export business. This information brings them to consider HAROPA in addition to traditional ports of call in Northern Europe and the UK for EXIM trade and for logistics activities in NW Europe region.

Q For Indian traders, the cost of operating through the HAROPA ports is said to be two-third of the operating cost through other European ports. How does HAROPA offer this cost advantage?

A HAROPA offers a better competitive rate compared to other European ports, thanks to a wide availability of land dedicated for storage as well as for warehouse building. In addition, our workers have a real know-how of the activity, thanks to a long history of transport and logistics in this area. People remain stable in their jobs, productivity is good, and then, cost at the end remains low.

Q Which are the Indian ports that are currently connected to HAROPA and which are the specific cargoes that move between the two destinations?

A All major Indian ports are well connected via weekly reliable service with HAROPA including:

Visakhapatnam, Tuticorin, Pipavav Port, Nhava Sheva, Mundra, Mangalore, Chennai Port, Krishnapatnam, Kandla, Jawaharlal Nehru, Hazira, Goa, Cochin, Kolkata, Bengaluru, Haldia, Mumbai

Main exchanges between HAROPA and India are made up of leather, textile garments, manufactured goods and chemicals for import and of cellulose & waste, manufactured goods, chemicals, pharmaceutical, machinery, motors and parts for export.

Q What is the significance of river transport and inland waterways in France?

A Beside its position of first port of call in Northwest Europe for inbound vessels and the last port of call for exports, HAROPA is also capable of providing end-to-end solutions with a multimodal offer along the Seine corridor to serve a European hinterland. This vast hinterland whose core is in the Seine valley and the Paris region forms the biggest French consumer market area (25 million consumers) and the second one in Europe. With around 10 Normandy and Paris area partner ports, the "one-stop" hub now forms in France a global transport and logistics system, capable of providing a comprehensive end-to-end service. HAROPA has a network of river, rail and road connections to the main city and industrial centres in Europe. River transport represents now almost 10 per cent of the traffic with the hinterland.

Q How do you see the Seine-Nord Europe canal impact trade movement?

A This project represents:

- A challenge for competitiveness and progress for the regions and the ports
- An opportunity to serve the North of France: the performance high level and the involvement of the operators of transport operating at present along the Seine river will make it possible to them to remain competitive compared with Benelux stakeholders.

Q In the coming years where do you see growth in business coming from – container trade, bulk or liquid cargo?

A HAROPA handles over 120 million tonnes of cargo by sea and waterway each year. The container traffic clearly boosted 2014 figures and is to be considered for the future as mentioned in the HAROPA ports strategic project. 2014 container traffic represented 33 per cent of the total and reached 26.9 million tonnes (+4.9 per cent), to stand at 2.648 million teu (+2.3 per cent). 2015 teu throughput forecasts are expected to reach 2.7 million.

Q Tell us about the growth and capacity expansion plans at HAROPA ports?

A Logistics is at the heart of HAROPA strategic projects for the 2014-2019. HAROPA ports system has thus several ongoing logistics projects to be achieved in 2015 that will reinforce its attractiveness. Among them:

- Pont de Normandie 1 Logistics Park (PLPN1): a building potential of 70,000 sq. m. of warehouses is still available on three separate plots of land. One of them has been reserved for a warehouse of up to 40,000 sq. m. from 2015,
- Pont de Normandie 2 Logistics Park (PLPN2): HAROPA-Port of Le Havre and a logistician with numerous sites on the Seine corridor are finalizing a project to build a warehouse of approximately 30,000 sq. m. In addition, 31 hectares were reserved in June 2015 by a leading logistics real estate developer, PANHARD Group, to build 1,35,000 sq.m.,
- Port-Jérôme: in addition, PANHARD Group plans to build a 1,75,000 sq. m. warehouse behind the Port of Rouen terminal (Radicatel),
- Pont de Normandie 3 Logistics Park (PLPN3): a building potential 70,000 sq. m. of warehouses,
- RVSL (Rouen Seine Valley Logistics, Grand-Couronne): a new area of 26 hectares has just been opened to development,
- Port of Gennevilliers: VAILOG plans the construction of a 60,000 sq. m. warehouse to answer to the e-commerce requirements.
- Longueil Sainte Marie Terminal: a new river port to facilitate the container traffic.
- The Multimodal Terminal (representing an investment of €136.9 million). On 100 hectares in the heart of the industrial and port area, the multimodal platform will tranship containers onto rail wagons or river barges. In addition to making goods transport more fluid within the port area, the platform provides an indispensable link in a bulk transport supply chain along the Seine corridor and extends therefore HAROPA's hinterland.

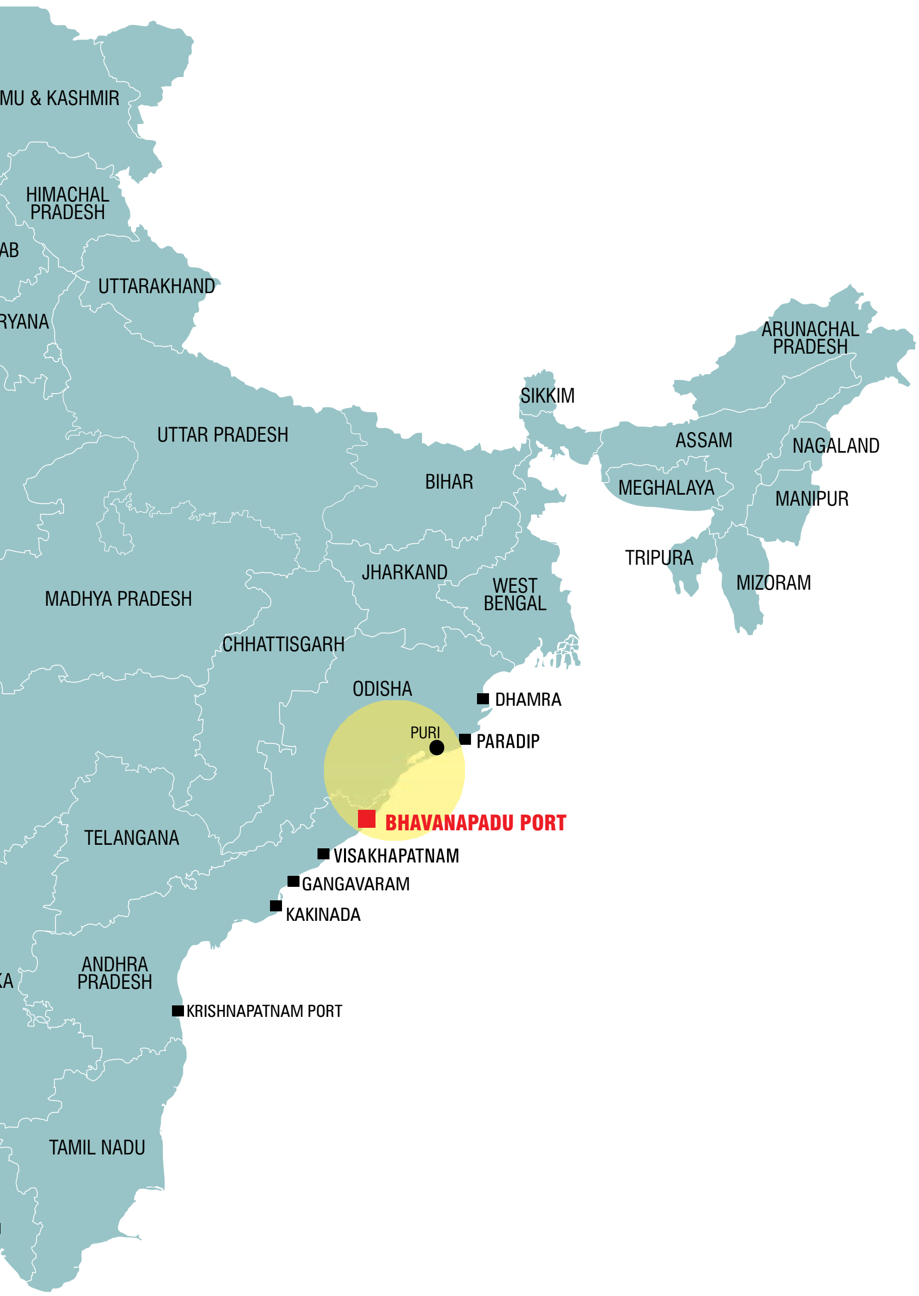
Q Your future plans for Indian operations?

A HAROPA shipping service provides an ideal tool for trade between the Indian Subcontinent and Europe and, as the fifth biggest port in Northern Europe. HAROPA is keen to carry on increasing its offer to the Indian continent as France is the largest trading partner for India among EU countries. India is consequently a first-class partner for HAROPA which therefore hopes to develop trade even further with India, as part of the planned economic growth in global shipping. mg

Prospective Port in the making

Keeping in the view the prospects of rising exports owing to increased economic activity in the state of Andhra Pradesh, the government has asked interested firms in developing a new port to convey their willingness

Mohammed Shareef MP



If everything goes well, Andhra stands a chance for yet another multipurpose port at its farthest coastline. A port proposal at the Bhavanapadu village in the Srikakulam district is expected to spur economic activity soon as the state government initiates the early process of the project, leading towards bidding and project planning. Under the public private partnership (PPP) mode of development, a dozen expressions of interest for the project were received by the Infrastructure Corporation of Andhra Pradesh Limited (INCAP) and the evaluation process of the same are on, according to state government officials.

As maritime legend has it, the Bhavanapadu Port used to act as an economic hub during the British and the Dutch regimes. Perfumes, textiles and other goods were exported to other countries from this coastal area. The state government is keen to revive economic activity by constructing a multipurpose port in the region.

Leaders in the Indian port and shipping sectors including Adani Group, Vedanta, JSW, Sravan Shipping, Krishnapatnam Port and others have submitted their expressions of interest in the project following the call for EoIs issued by the AP government in February this year, according to INCAP officials.

Initial responses of the industry experts look hopeful and according to them, the port project offers tremendous potential for development and growth of a wide spectrum of maritime activities such as international shipping, coastal shipping, ship repairs, fishing and captive births for specific industries. While there has not been any explicit statement to this effect, one could possible augur that a maritime cluster akin to Gujarat's model is in the making at Bhavanapadu.

According to port industry sources, the AP government is keen on developing Bhavanapadu Port with a capacity of handling around 50-60 million tonnes of cargo and if the government provides basic infrastructure like road and rail connectivity and makes available the land required for the project, it is going to be a viable alternative for the neighbouring ports to ease congestion and lead to a competitive business environment.

Development Potential

Hinterland and Catchment area

The Bhavanapadu Port would be tapping its cargo from the almost similar hinterland and catchment area of the existing ports in the region such as Visakhapatnam and Gangavaram. However, it looks like the new port will have a better edge as this would be the closest port connecting those hinterlands and the catchment areas once the development of the port is completed.

As the AP state department of ports puts it, the hinterland and the catchment of the port with rich potential of agricultural produce, salt, marine and mineral resources comprises Srikakulam and Vizianagaram districts of Andhra Pradesh and mineral rich states Chhattisgarh, Jharkhand, Madhya Pradesh and Southern Odisha. According to experts, over a period, the catchment area can be extended up to West Bengal.

Once the port is developed, which would be the closest one to receive bulk cargo like coal, iron ore and other minerals from Chattisgarh, Jharkhand and Odisha, the industry experts are of opinion that it could serve as an alternative port for the existing Visakhapatnam Port.

Visakhapatnam Port, being in the midst of human habitation, has been hearing complaints of pollution issues faced by the residents nearby. The people of Visakhapatnam, especially those in the old city in the vicinity of the port, have been constantly making a fervent plea to the authorities of the Visakhapatnam Port to stop handling dirty cargos such as coal, mineral, fertilizers etc. and protect the health of the two million residents in the city and port vicinity. Once the Bhavanapadu Port comes up, it can be an alternative in handling bulk cargo like coal, iron, fertilizers etc.

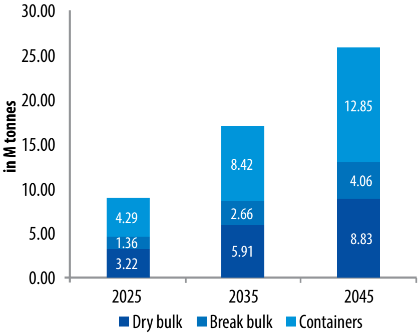
G.Samba Siva Rao, MD Sravan Shipping is one of those who submitted EoI and is positive about the Bhavanapadu Port project. According to him, once developed, this port is definitely going to be a viable alternative to existing port in reducing congestion and in mitigating pollution at the port situated at dense human habitation in handling bulk and hazardous cargo.

"If the state government can, in advance, rehabilitate people at least 5 km around radius of the proposed port site, Bhavanapadu Port can be a viable alternative for existing ports especially in handling bulk cargo which tend to raise issues like pollution. With Bhavanapadu village being a less populated area it wouldn't be difficult to achieve this task," says Samba Siva Rao.

The proposed site is around 120 km away from the Visakhapatnam Port, this location advantage is also a positive aspect, according to industry expert. Once proper, rail and road network are put in place for the port, this would in turn reduce charges on rail and road freight for the shippers.

> If the state government can, in advance, rehabilitate people at least five kilometers around radius of the proposed port site, Bhavanapadu Port can be a viable alternative for existing ports especially in handling bulk cargo which tend to raise issues like pollution. With Bhavanapadu village being a less populated area it wouldn't be difficult to achieve this task.

G Samba Siva Rao
Managing Director, Sravan Shipping



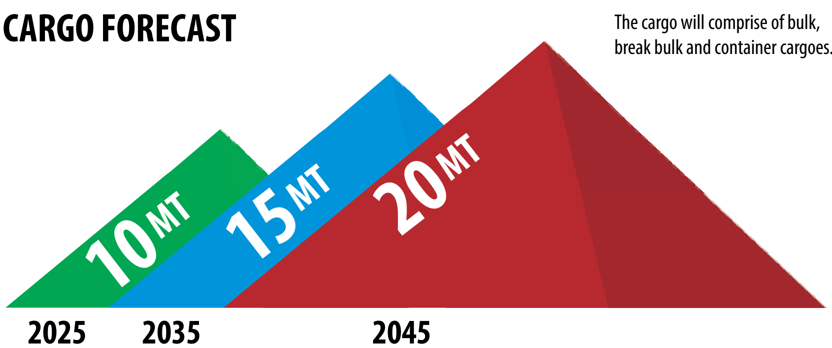
Sources from Vedanta Group, another firm which expressed its interest in the project also echoed its views positively about the port project, although stating the success would hinge on the government ensuring there is good connectivity with the hinterland.

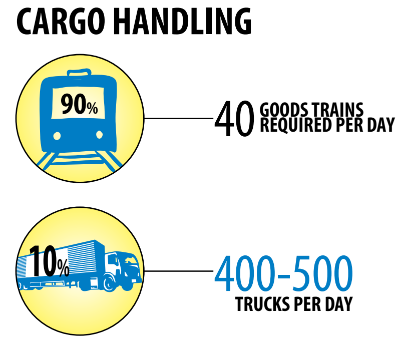
"Due to congestion at the existing port, we are always spending time at the anchorage doing nothing. We hope once the Bhavanapadu Port comes up, we can dock at this port also which would save our time and also the money. In the Make in India initiative and also in the Maritime Agenda 2020, one of the main concerns is the increase in capacity to reduce congestion. We are hopeful about the project, provided the government makes all necessary port-led development along with the port development," industrialists working with the Visakhapatnam Port told MG.

Power plant near Port

A new greenfield power plant is being constructed by East Coast Energy Private Limited near the port. The construction of this new power plant will stimulate improvement of the hinterland connections. The power plant is a possible supplier for the energy needed for the greenfield port and the port will act as a supplier of the coal required for the plant.

The Bhavanapadu Thermal Power Project is a 2,640-MW thermal power plant and the first phase of it is under development by the East Coast Energy. It is going to be one of the biggest beneficiaries of the port once it comes up. Once the port is operational, the required coal for the plant can directly be transferred using conveyors which would be a huge saving for the plant as there would not be any need for any other mode of transportation for moving coal.





Expert Study and the traffic forecast

Since the state's plans are at its nascent stage, they haven't commissioned any project plan study by any of the expert consultants. However, Hydraulic Engineering Department at the Delft University of Technology (DUT) Netherlands has made a study on the Bhavanapadu Greenfield Port Project. According to them, the whole east coast of India will be witness to rapid economic and industrial development. In the northern front, the states West Bengal and Odisha offer immense potential to develop a greenfield port. But because of environmental and political issues in these states, such a plan is viable. Thus, the most suitable location would be north coastal Andhra Pradesh.

As per a market study conducted by the experts of DUT, the distribution of the traffic forecasts were determined for the years 2025, 2035 and 2045. According to the traffic forecast, in the first phase the port is expected to handle around 10 million tonnes of cargo, later it would increase to 15 MT and up to 20 MT by 2045. The cargo may comprise bulk, break bulk and container cargoes.

Hurdles

It is to be noted that the industry is only hopeful about the project on a condition that the government brings about required supporting infrastructure, i.e. the proper connectivity to the port and to the hinterland or to the catchment area. Though state officials claim that the port is connected with road network, it is yet to be connected to the National Highway. New railway infrastructure needs to be created as well as there is no existing line. However, the port location is only about 7 km south east of Naupada railway junction which is connected to the Kolkata- Chennai railway line.

> The hinterland and the catchment area of the port with rich potential of agricultural produce, salt, marine and mineral resources comprises of Srikakulam and Vizianagaram districts of Andhra Pradesh and mineral rich states Chhattisgarh, Jharkhand, Madhya Pradesh and Southern Odisha.

Experts point out that as per the present projections, around 90 per cent of the cargo will be handled by rail and about 10 per cent by road. So, going by the capacity of handling cargo, around 45 million tonnes of cargo would need to be handled by rail. It will then require around 40 goods trains on a daily basis and around 400-500 trucks per day. For this, the government will have to lay electrified double lines to connect to Naupada Junction as well as a four-lane road to Tekkali.

While there is connection from Naupada Junction to Gunpur, there is no railway connection from Gunpur to Therubali Junction in Odisha, which is needed in order to be able to connect to Rayagada. Otherwise, the goods trains will have to take 110-km detour via Vizianagaram, which is not economical. While the survey for the railway line from Gunpur to Therubali junction has been completed, it is expected to cost around ₹990 crore and needs funding support from the central government.

Moreover, for a four-line road and a flyover needed for one stretch to bypass a railway line to reach Tekkali, the state government may have to shell out around ₹300-400 crore.

According to Indian Railways sources, the survey for the rail line had been completed, but funds for the project were yet to be allocated by the central government.

Another major hurdle is the present location of the port near a creek, river meeting the sea where constant siltation would create problem for the port later and dredging would be a problem. Expert points out that port near a creek is not a right location. However, there is a location about half a kilometer away at Bhavanapadu Beach with enough space for developing a seaport, provided the state government acquires the land and gives it to the developer.

Unless the state government gives a guarantee on a timeline for setting up these facilities, developers would be at quite a risk. However, INCAP, the nodal body which is looking after the entire project from the AP state government is hopeful to clear all the bottlenecks concerning the port project and according to them the tender process has just been initiated and further clearance and planning are afoot.

THE MOST THOUGHT PROVOKING CONFERENCE ON CONTAINER TRADE

CONFERENCE AGENDA

THEME
TIME FOR TRANSFORMATIONAL CHANGE

09:30 am – 10:30 am — Inaugural Session

10:30 am – 11:00 am — Coffee Break

11:00 am – 01:00 pm — **Session One:**
Transhipment Hubs: Myths and Realities
- Policy changes in maritime sector: Are we keeping pace?
- Can cabotage relaxation alone increase transhipment cargo?
- What ecosystem we need for making ports and terminals more efficient?
- Do we need more Ports and Terminals?
- When will mega ships call Indian ports?
- Dredging or Cargo evacuation: Which is priority at our ports?

01:00 pm – 02:00 pm — Lunch

02:00 pm – 03:30 pm — **Session Two:**
Hinterland Strategies: Challenges and Trends
- How close you are to the market?
- What are the drivers for serving the market?
- Need to look at multiple connectivity options
- Interdependence of players in container movement
- Collective efforts in developing hinterland
- Teaming up to face structural imbalances

03:30 pm – 04:00 pm — Coffee Break

04:00 pm – 05:30 pm — **Session Three:**
Ports and Terminals: More capacities or More efficiencies?
- What makes a port / terminal efficient?
- Long term strategies v/s knee-jerk reactions
- Service levels in the industry
- Customer expectations vis-a-vis delivery
- Weighment of containers: What are the challenges ahead?
- How does self-regulation become operational?
- What future trends can disrupt your business model?

05:30 pm – 05:45 pm — Closing Remarks

05:45 pm – 07:00 pm — Entertainment & Networking over Cocktails

07:00 pm – 09:00 pm — The Gateway Awards Presentation Ceremony

09:00 pm onwards — Dinner

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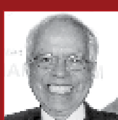
KEY SPEAKERS


Mr Michael P Pinto
IAS (Retd)
Former Secretary
Ministry of Shipping


Mr R P S Kahlon, IAS
Chairman
Kolkata Port Trust


Mr Asheesh Sharma, IAS
Chief Executive Officer
Maharashtra Maritime
Board


Mr Dhruv Kotak
Joint MD
J M BAXI GROUP


Capt Vivek S Anand
General Manager
All India Operations
NYK Line (India) Ltd


Mr Debashis Dutta
Chairman, Federation of
Freight Forwarders
Association in India


Ms Vinita Venkatesh
Director
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Container Terminal (KPCT)


Mr Julian M Bevis
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Unlocking the potential

The central government and IWAI are giving full impetus for developing inland waterways. Lucrative business models are being planned to rope in the private sector on PPP basis for dredging and setting up of riverine terminals

Vijay Kurup

India could well be on its way to have an operating highway, crisscrossing the riverine areas of the country, that is environment friendly, cheaper and with a higher IRR (Internal Rate of Return) for the stakeholders. Minister of Shipping, Nitin Gadkari and IWAI Chairman, Amitabh Verma spoke at the recent seminar organised by FICCI on inland waterways, of the advancements and policy changes which have pushed inland waterways in India to the centre stage.

This has led to quite a buzz in the corridors of the Ministry of Shipping (MOS) and IWAI (Inland Waterways Authority of India). The progress of inland waterways were stymied by

lack of clear direction. Historically, development in rail and road progressed at the expense of inland waterways. Bridges, communication lines, water pipes, and power lines had been built across these rivers without allowing sufficient vertical and horizontal clearance.

Verma maintains that the challenge is to check the unplanned vertical developments along the rivers by the respective state governments. Water, being a state subject, the Central Government and IWAI have no right over the water or the soil. The centre and IWAI can only develop the waterways and ensure that the structures developed over the rivers have the required clearances.

After almost 29 years of its existence, only five inland waterways have been declared as national waterways, of which only three are functional, viz. the Ganga, the Brahamaputra and the backwaters of Kerala. The two other waterways, viz. Kakinada-Puducherry national waterways and the Howrah Talcher national waterways are not functional and are to be taken up for development now.

The expenditure incurred on the national waterways from 1986 to 2010 has been just ₹1117 crore or $200 million. China from 2005 to 2010 boasted an investment of $15 billion. Germany in 2012 made an investment of €15 billion. In China 47 per cent of passengers and cargo move by inland waterways, in Europe 40 per cent, Korea and Japan 44 per cent, whereas in India the percentage is only 3.4 per cent of which 3 per cent is through coastal and 0.4 per cent through inland waterways.

Tenders for the development of National Waterways 4 and 5 are expected to be out by October. Gadkari had said that a Bill for declaration of 101 waterways as national waterways would be introduced in the current Session of the Parliament. In 2014 World Bank had offered ₹4,200 crores towards development of inland waterways. NW1 canals have been provided with buoys, electronic navigation charts and GPS. The River Information System (RIS) has been set up, which Verma says is of world-class technology. IWAI is ready with the commissioning with the RIS between Haldi and Farakka. "We are placing order from Farakka to Patna and thereafter from Patna to Varanasi."

In order to lure the private sector, IWAI has asked the states to provide incentives to set up industries on the banks of the rivers to reduce logistics costs. It is also looking for PPP options for the development of National Waterways 4 & 5.

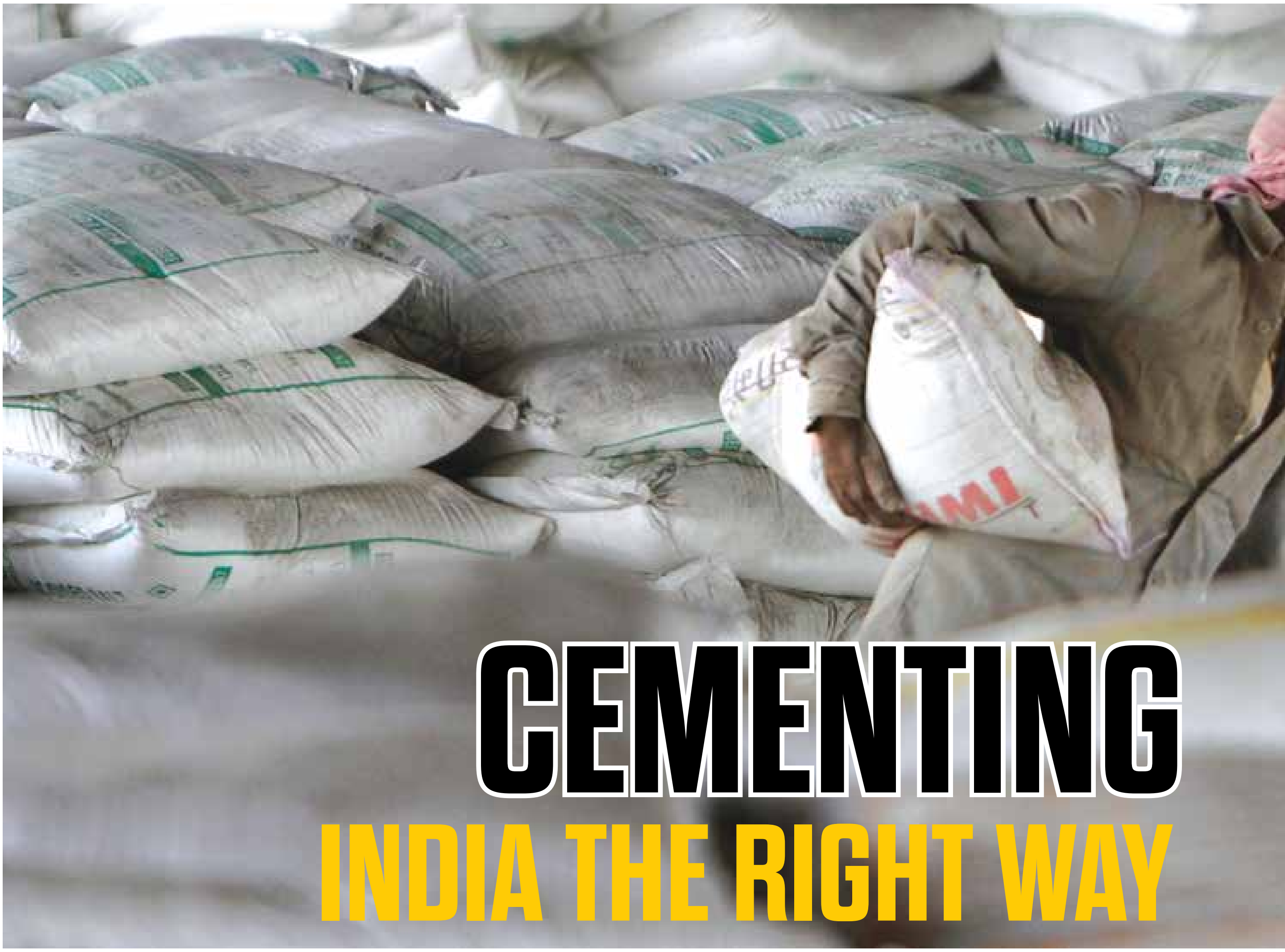
Four PPP options for constructions of riverine terminals are being considered.

1) IWAI will construct terminals and lease out for operation and management.
2) IWAI does the basic terminal construction and hand it over to any private sector who can then construct and develop logistics facilities.
3) Hand over the land and allow the private sector to construct, operate and manage the terminal.
4) IWAI identifies the area and informs the private party to identify the location for development and management of the terminal.

The first PPP project would be the construction of the GR Jetty in Calcutta.

IWAI is now prodding the states to do their own dredging. Only Bihar and Uttar Pradesh have come with dredging projects. Likewise in dredging, IWAI has moved forward in opening up this activity to the private sector. The modus operandi would be to give out a stretch of the river for capital dredging and maintenance for an assured depth for a fixed number of years. Tenders would be out soon for the stretch between Patna and Varanasi. Verma claims that this is a difficult stretch. If they are successful here, they could move to other easier stretches.

A momentum has been generated. There are still miles to row before inland waterways becomes the accepted mode of transport. Water is a state subject, and the centre and the IWAI have limited jurisdiction over it. The bureaucratic hurdles are bound to be there which need to be painstakingly overcome. But the policy-driven approach holds hope that the potential of Indian waters can be unlocked.



CEMENTING INDIA THE RIGHT WAY

India is the world's second largest cement producer after China and the industry has recorded a growth rate faster than the nation's economy. With rising demand the industry will need to ramp up its production capacity, a major impediment to which is availability of efficient and low-cost transport

Reshmi Chakravorty

Among other factors, a nation's economic growth also depends on the strength of its infrastructure that acts as one of the biggest enablers of doing business easily. Good roads and highways not just smoothen ways for movement of cargo, but also connect people and integrate them into the economy facilitating business prospects.

With infrastructure being such a critical component, several ancillary industries have been playing a far crucial role in bettering India's infrastructure, the cement industry being one such. In the last two decades, India's cement industry has made remarkable progress becoming the world's second largest cement producer after China.

It is interesting to note that India's cement industry has grown faster than the Indian economy and the demand is expected to reach 550 to 600 million tonnes per year (MTPA) by 2025 as a result of booming infrastructure and housing needs in India.

Cement industry in India

According to **Jayanti Vijaya Sastry, a cement industry professional**, India is seeing an upside in the cement markets. The government has announced a lot of projects in the infrastructure and manufacturing sectors. Housing too has been given a boost. All these bode well for cement off-take. India's per capita consumption of cement is very low compared to many countries. However, the Indian cement industry has to double its size and offering from the current approximately 350 million tonnes to cater to the local demand and consider a higher rate of growth too.

In India, there are a total of 188 large cement plants which together account for 97 per cent of the total installed capacity in the country, while 365 small plants account for the rest. Of these large cement plants, 77 are located in Andhra Pradesh, Rajasthan and Tamil Nadu. The Indian cement industry is dominated by a few companies. The top 20 cement companies account for almost 70 per cent of the total cement production of the country. The southern region has more cement capacity as limestone reserves are aplenty. Presently, the industry is also working on a split manufacturing model, where clinker units are put up close to limestone mines and grinding stations are situated near the consumption centers like the big metros. This is supposed to optimise the supply chain and improves service to the markets.

Cement from India is exported to neighbouring countries or even to Africa from the manufacturing units near the ports. This is despite cheaper imports from Pakistan and China coming to India irregularly. Coal and Gypsum are the major imports made by the cement industry. With international prices of coal coming down, the coal imports have gone up substantially in the year 2014-15. Most of the other raw materials like limestone, bauxite etc are sourced or mined locally.

Cement and its logistics woes

The whole trade depends on the logistics and supply chain management system. In India, leveraging GPS and RFID in the supply chain process has begun. There is the need for faster movement towards more bulk cement, ready mix concrete, palletisation, cement and raw material specific wagon designs that will reduce dead freight and transit losses. Logistics has been recognised as key to efficiency, service and the cost driver in the cement industry.

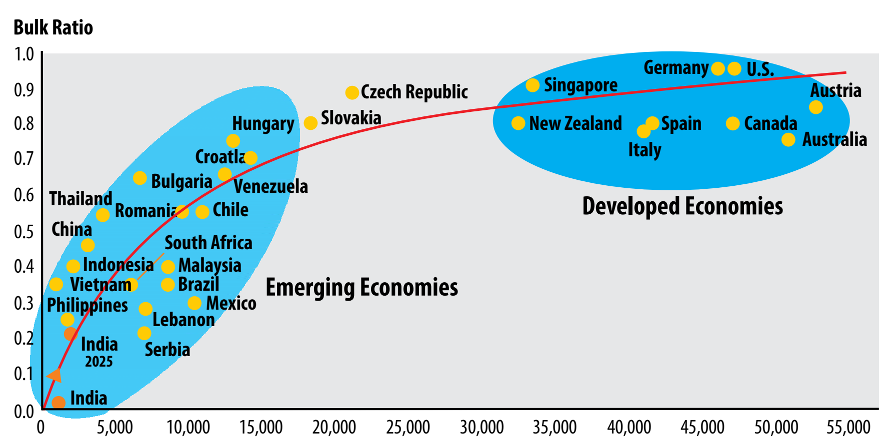
"I am happy that the top management's attention of various cement companies is shifting towards getting the supply chain right. This augurs well for the industry. Semi mechanisation of warehouses and bag handling has also been piloted. We need to modernise cement handling at warehouses and rail heads on a large scale to improve wagon turnaround," said Sastry.

> "At times, availability of railway wagons at the ports, to clear coal and gypsum imports is a major challenge. The railways are doing their best to clear the backlog. At times, with natural calamities such as HUD HUD cyclone at Vizag last year, the problem of cargo clearance gets compounded, which is beyond anyone's control."
>
> **Jayanti Vijaya Sastry**
> Cement industry professional

Roadblocks to clear

Transport – As cement is a high volume product, it requires a cheap transport option like railways. But the unavailability of adequate rake supply, insufficient terminal infrastructure and high loading and unloading time is the reason behind the lack of use of railways as transportation. Even roadways have their own set of problems. There is a lack of organised players who offer high-end services, the turnaround time for trucks is high due to manual loading and unloading. According to a research done by A.T Kearney in association with Confederation of Indian Industry (CII), the most cost effective transport solution for cement industry is to use the waterways. It is the most environment friendly and fuel efficient mode of transport, be it the usage of inland or

Demand for bulk cement is expected to rise

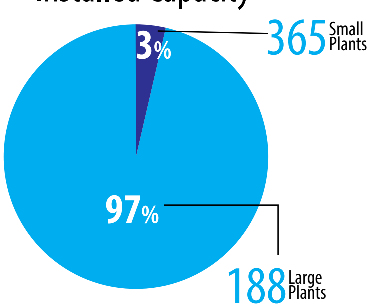


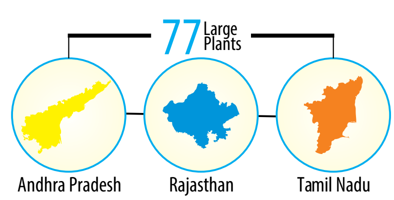
Sources: CIA World factbook; A.T. kearney analysis

India is the world's second-largest cement market

2012	China	India	United States	Brazil	Indonesia	Italy
Total Cement Production (Million Tonnes)	2,105	221	79	68	55	25
Cement Intensity (Grams per $ GDP PPP)	168.4	47.7	5.0	29.1	45.4	12.1
Share of Housing	25%	63%	22%	56%	72%	36%
Share of Infrastructure	45%	21%	56%	25%	12%	29%
Ready-mix concrete penetration	33%	8%	88%	32%	16%	64%
Bulk Cement penetration	46%	2%	95%	35%	40%	78%

Installed Capacity





coastal waterways. India has about 2,600 km of water channels but only 2 per cent of cement movement happens through it.

By 2025 as per A.T Kearney study, the cement industry would require 4500 additional rakes to meet the railway transport requirement along with 3-4 lakhs of heavy trucks for road transportation. According to industry experts, the government needs to consider amendments to the Motor Vehicle Acts to increase the maximum loading capacity of trucks. As modern multi-axle trucks have greater loading capacity, it can be increased from the current 9 tonnes per axle to 13.

Raw materials - Scarcity of gypsum in India is another road block for cement industry as it is an essential raw material to make cement. This low production of gypsum leads to higher demand to import or usage of synthetic gypsum as a substitute. The compilation of the raw materials and sending the end product to the market is an important task. The journey from port to factory and vice versa is very crucial. “At times, availability of railway wagons at the ports, to clear coal and gypsum imports is a major challenge. The railways are doing their best to clear the backlog. At times, with natural calamities such as HUD HUD cyclone at Vizag last year, the problem of cargo clearance gets compounded, which is beyond anyone’s control,” explained Sastry.

Further elucidating the point he said, “The Indian cement industry needs to ramp up the capacity to meet the dream of expanding. Finding adequate capital, cost effective and timely project execution skills to set up green field plants, maintaining highest safety standards in the plants, improving productivity in mining, reducing wastages and high cost of logistics, finding cheap and sustainable fuel mix, promoting wide usage of Bulk cement for reducing costs and improving environment are some of the industry challenges.”

Bagging is an important factor when it comes to cement industry. The concerned personnel can look into better scheduling of import consignments, rationalisation of port charges, availability of warehouses for storing gypsum, cement, minimising loading and transit losses and giving freight incentives for quicker loading and reducing logistics costs- these are important. Many of the cement plants are in the hinterland and hence the Inland logistics costs are some times higher than the consignment costs.

Taxation - In India, cement is one of the highest taxed commodities, in fact it is higher than its neighbouring countries. The total taxes and levies include royalties and import duties on raw materials, VAT and excise duties. Though import of cement is duty free, the import of raw materials is taxed, making the production of local cement difficult.

Silver lining

The cement industry is eagerly waiting for the GST Act to be implemented, when they can sell cement to markets directly within the radius of 150-200 km, thereby saving national resources and costs. Involvement of organised players will help transit to the desired goals faster. Road congestion and check posts delay truck turnaround and leveraging smart card system will allow free movement of trucks across without having to wait for hours at inter-state borders/check posts.

The cement industry needs to optimise its supply chain footprints, move more bulk cement, move more ready mix concrete and move fast in larger fleets to conserve fuel and reduce CO_2. Also, the industry must work on Rail-road optimisation and stop road transport on long haul routes. For this to happen railways need to have dedicated track corridors – and India will have that soon. The support must come from all stakeholders – from logistics companies to retailers to consumers in moving up the value chain and embracing safety and innovations. mg

Lifeline for Growth

The trans harbour link expected to decongest the financial capital has found many bidders, but with their own terms and conditions. Now it is for the Fadnavis government to choose the best deal and obtain the required clearances for the project

Omer Ahmed

Decongesting Mumbai and improving connectivity between the Island city and main land (Navi Mumbai) are the main objectives of the Mumbai Trans Harbour Link which is being planned and implemented by the Mumbai Metropolitan Region Development Authority (MMRDA) on a PPP basis with a 20 per cent Viability Gap Funding from the Government of India. The 22.5-km long six-lane bridge will connect Sewri on the island city to Nhava-Sheva on the mainland. This includes 16.5 km long sea link and 5.5 km long viaducts on land. This link consisting of six-lane (3+3) carriageway will have interchanges at Sewri in Mumbai and near Chirle village at NH-4B.

According to chief minister Devendra Fadnavis, all the pending approvals and clearances for the project will be obtained in the next few months. Forest clearance for the project is pending since 2013 and has been discussed four times by the Centre's Forest Advisory Committee, but to no avail. According to an official from the Maharashtra Government's Forest Department, the project has been held up mainly because it passes through a key conservation area for Flamingos. The state government has proposed a series of conservation measures and the project is expected to get forest clearance soon.

The government expects to launch the construction by end of December 2016 and complete the project in three and half years especially before the assembly election slated for September-October 2019. Japan International Cooperation Agency (JICA) has expressed interest in providing 80 per cent loan for the project which will be approximately ₹8,800 crore.

It has been reported that quite a few nations including China, Japan, the United Kingdom and Germany are interested in the project and are in constant touch with the Fadnavis government for updates on the project. However, each of them has their own terms and conditions: United Kingdom has suggested that 20 per cent of the project work should be given to firms in the United Kingdom, while 30 per cent could go to Indian firms. The rest 50 per cent could be given to other firms abroad. Germany, on the other hand, has proposed that 50 per cent of the project work could go to German firms, while Indian companies could grab 30 per cent and the rest could go to other firms abroad. China has not come up with any conditions so far but there are reports that the dragon nation expects to have the entire project under its command. So, the ball is now in the Fadnavis government's court to choose the best deal.

The establishment of Dahanu Port as the satellite port for JNPT has come as a blessing in disguise for the trans harbour link connecting Wadala to Nhava Sheva.

Benefits of the project

- Development of areas in Navi Mumbai and Raigad District.
- Faster connectivity to the proposed International Airport in Navi Mumbai.
- Savings in fuel and vehicle operating cost/travel time of commuters due to reduction in distance between Mumbai and Navi Mumbai, Raigad & Konkan.
- Decongestion of traffic in Mumbai city.

Maritime trade is key to bilateral ties

Maritime trade and cooperation paved the way for India and Bangladesh to improve bilateral ties, inking the land border agreement and the coastal shipping agreement, among 20 other deals in June when the Indian Premier visited his counterpart in Bangladesh

Reshmi Chakravorty

India and its closest eastern neighbour agreed to grease the wheels for a smoother transit corridor to help each other benefit from trade movement. This includes development of roads connecting Bangladesh to India's north eastern states and ports to enable faster movement of men and material. The coastal shipping agreement signed to boost trade and connectivity is expected to help India greatly in moving commodities by sea cutting down transport time considerably.

India's trade with Bangladesh has grown rapidly during the past few years. Bangladesh's exports in the fiscal year 2015 rose 3.35 per cent from a year earlier to nearly $31.2 billion. This was boosted by stronger clothing sales, as per the Export Promotion Bureau report. Garments are a key foreign-exchange earner for Bangladesh, where low wages and duty-free access to western markets have helped make it the world's largest apparel exporter after China. Apart from garments, Bangladesh exports a good amount of ceramics, leather, tea and jute products.

Ashok Janakiram, FEDSAI Chairman and ASIC President, when contacted welcomed the agreements saying he found this facilitation agreement pro development centric to usher in a new growth for the region Padma-Ganga belt which is an abundant supply of water resource. Besides the fact that Bangladesh is India's largest business partner in South Asia, it has long 1,000-km riverine border and shares the longest border at as many as 54 points. Hence, it is in the interest of both the polities to have a natural collaboration. For the first time after 1965, India will be resuming eight new railway links between two countries in a bid to boost trade and commerce between two countries having a large market on either side.

According to the media briefing by PMO, the unique features of the Agreement include facilitation of food grain supply to the North East States with much faster transit time at a lesser cost. He mentions that Chittagong and Mongla along with Kolkata & Haldia Dock systems will be the main periphery where the ships will dock but there shortly will be newer points of the ships operation, as both India and Bangladesh are closely working to have better land, rail and river connectivity between two countries like Bangladesh constructing a bridge with Indian support over Fenni River which will connect Sabroom in the South Tripura district. The said bridge will have direct connectivity between Chittagong Port and Sabroom, about 75 km away. More connectivity is envisaged between points like Agartala in Tripura with Akhaura in Bramanbaria districts of Bangladesh.

With this agreement inked, India can access its North East states via Bangladesh, whereas Bangladesh and will enjoy a transit passage with Nepal and Bhutan as per the original treaty signed in 1972 which is renewed now (Inland Waterways Transit and Trade).

The biggest beneficiary of these agreements is also improved trade relations with South Asian nations.

The clearing of the land border deal will iron out many issues for the EXIM community such as congestion faced at the border, slow clearance of cargo, labour issues besides longer transaction time. "By creating new mode of transportation with easier norms, we can expect lot of efficiency in the transaction cost and time," Janakiram says. At present, the average transit time between India's West Coast and Bangladesh is approximately a month since cargo is first shipped from West Coast ports and then it is transshipped at either Singapore or Colombo. By having this opportunity of doing direct trade, the transit time will cease to be only 10-12 days. Cargo from North India can find its route via Rail to Kolkata or Haldia further to Bangladesh by water.

"Currently there is no significant cargo movement between sea Ports of Bangladesh and India as it is not profitable for the big ocean going vessels to operate between the sea ports of the two countries. Therefore, to reduce the cost of shipping operation, a lower but pragmatic standard of vessel known as River Sea Vessel (RSV) has been prescribed for coastal shipping. The RSV category has significantly lower construction and operation cost without compromising on the safety of the vessel. For the Indo-Bangladesh coastal shipping, the RSV category of vessel has been agreed upon by both the countries," said the coastal agreement.

The salient points of the agreement are sure to boost export-led growth in diverse sectors like textiles, leather goods, pharmaceuticals, auto components, ship building and marine food processing through land transit and connectivity. mg

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Ashok Janakiram
FEDSAI Chairman and ASIC President

More 50 lakh jobs in shipping and highways sectors

The government is committed to providing jobs to at least 50 lakh people in highways and shipping sectors where it plans to undertake massive projects worth ₹6 lakh crore. "We have decided to do work worth ₹5 lakh crore in road sector and 1 lakh crore in shipping sector. In the next five years we will ensure this employment is generated in the country," revealed Nitin Gadkari, Union Minister for Shipping.

Besides, the government is also working towards a ₹22,000 crore project to provide connectivity between India and Sri Lanka for which the Asian Development Bank has expressed willingness to provide funding.

He said, there is a missing link of narrow corridor of about 22 km in connectivity to Sri Lanka from Rameshwaram, which is presently being serviced through makeshift ferry service arrangements.

As soon as the project is completed, Trans Asia Road and transport network could be extended to Sri Lanka. The proposed project will be a combination of bridge and underwater tunnel which will allow unhindered movement of ships.

Since last year both the sectors have started looking up and the Modi Government has already awarded projects worth ₹1 lakh crore, said Gadkari. After signing pacts with Bangladesh, Bhutan and Nepal for seamless flow of traffic, another project for providing connectivity with Sri Lanka is on the anvil. India would soon enter into another landmark motor pact with Myanmar and Thailand by year-end, on the lines of the BBIN signed with three other SAARC nations, he added. Work on $8-billion road connectivity projects among Bangladesh, Bhutan, India and Nepal under Motor Vehicle Agreement (MVA) will be completed within two years, he said.

ONE STOP SHOP FOR PORT AND TERMINAL NEEDS

Terex offers the most comprehensive product portfolio for ports and terminals. The company is ready to go the extra-mile by tailoring solutions to meet the unique needs its customers

Omer Ahmed

Terex Corporation is a diversified global manufacturer of a broad range of equipment that is focused on delivering reliable, customer-driven solutions for many applications, including the construction, infrastructure, quarrying, mining, shipping, transportation, refining, energy, utility and manufacturing industries. Terex reports in five business segments: aerial work platforms, construction, cranes, material handling and port solutions, and materials processing.

Shyam Pathak
General Manager – Sales
TEREX Port solutions

Q Which are your major products and which have been the best sellers in the past year?

A We provide individualised solutions which help customers to exactly meet their needs in becoming more productive and therefore profitable and competitive and to achieve sustainable (green) operations as well. In most cases, the solution is a combination of products from our equipment, consulting and software portfolios.

Our port equipment portfolio is the most comprehensive in the industry and includes manual, semi-automated and fully automated products for:

Loading and unloading vessels: STS cranes, harbour cranes on wheels, portals or barges

Transport of goods from quay to stack: AGVs, straddle and sprinter carriers

Storage of goods: Yard cranes of different types - RTG and RMG cranes, also automated yard cranes - ASC cranes

Handling of goods: Lift trucks incl. RS, ECH, FCH, FLT, also hoppers for bulk applications

Goods to be handled: Containers, general cargo, bulk cargo and heavy project cargo

Our portfolio also includes consulting services and software for simulation and emulation to help customers get an idea of the terminal layout and performance prior to the first cut with a spade. We also offer comprehensive services dedicated to the entire products life cycle.

Coming to the best sellers, Straddle carriers and rubber-tyred gantry cranes were especially in demand during 2014. There is also a strong demand for full electric RTGs.

Q What makes Terex Port Solutions stand apart from the competition?

A Terex Port Solutions (TPS) is known for the most comprehensive product portfolio in the port- and terminal-related market place. Customers get greater choice and holistic solutions for manual, semi-automated and fully-automated requirements.

Terminals can grow with us and our products. Our dedicated service portfolio supports our customers throughout the entire product life cycle. We are dedicated and passionate about finding solutions to our customers' needs – including the development of new products when necessary.

Q Shipping lines are adding mega ships to their fleet. How are Terex solutions positioned to meet the requirements of bigger ships?

A Besides the capabilities for loading and unloading, these new large vessel terminals need to transport and store all these containers that the new giants bring into the ports. TPS likes to focus on the automated equipment and solutions, like our automated guided vehicles or our automated stacking cranes, to name only two products. Both products accelerate operations and help the terminals to cope with the new vessels and the huge number of containers they carry. With both automated guided vehicles and automated stacking cranes terminals are in the position to overcome congestion.

Q Terminals are gearing up to become more efficient to remain competitive. What role can Terex Port Solutions play?

A Automation – increasing productivity and throughput. When we say automation we also include advanced driver assistance systems to start with. The next phase may include semi-automation, which may be further developed to fully automated solutions at a later stage.

Software – Operators should consider how to improve their management software in order to better coordinate and therefore utilise existing equipment even better. Why spend double-digit investment budgets for hardware if a reasonable investment in software leads to similar or even the same results?

Green technology – Environmental protection is the key, in both society and ports. New drive technologies not only have less impact on the environment but also decrease fuel consumption significantly, therefore reducing overall operating costs.

Tailored solutions – The breadth and depth of our portfolio can adjust to any scale of operations, from large seaports seeking higher productivity and greater throughput, to inland and river terminals who can also profit from more efficiency with an ever increasing amount of goods to be handled.

Q Tell us about your operations in the Asian markets and what opportunities do you see here?

A Terex Port Solutions operates five factories worldwide. One of these is our factory in Xiamen in the PR of China. Our Xiamen facility is ideally located on the coast in order to serve the Asian market. The Terex Quaymate M50 mobile harbour crane is a great example of how we leverage our Asian manufacturing base. This mobile harbour crane is manufactured in the region and for the region. It goes without saying that the Asian market is important to us and that, in case certain demands become obvious, we are adapting existing products or product lines accordingly.

Q With the Indian government promoting use of inland waterways and coastal shipping for moving domestic cargo, do you see an increase in the demand for cargo handling equipment?

A We would assume that new inland waterways would need dedicated ports and terminals equipped with cargo handling solutions. Also for these kinds of ports we have the right equipment in our portfolio. For example, the new Quaymate M50 mobile harbour crane was developed to meet these requirements.

Q In addition to the ports sector, which are the other sectors in which your products are in demand?

A Our products can also be operated in hinterland intermodal terminals and in many industry sectors. Intermodal: For transshipping containers from train to truck in intermodal terminals e.g. automated stacking cranes, in short ASC, rail-mounted gantry cranes and lift trucks including reach stacker, empty and full container handlers can be applied.

Heavy fork lift trucks as well as reach stackers may be operated in the wood, construction, steel and other industry sectors.

Q Tell us about your products in the pipeline?

A We have many new developments. We are about to introduce additional new models from these product families in the months to come. Then we have the Quaymate M50 mobile harbour crane. We are prepared to further automate our product range with regard to RTGs, straddle and sprinter carriers. We also consider alternative drive systems for certain products. Software is still becoming more and more important and that's why we offer various software solutions for businesses based on their needs. We will continue to research and develop new software solutions. mg

AROUND

VIETNAM

Constrained by lack of big ships

Since Vietnamese shipping firms have not made appropriate investments to develop container fleets, they have had to concede the container transport market to foreigners.

According to the Vietnam Maritime Bureau, the volume of goods shipped by sea increased sharply from 290 million tonnes in 2011 to 500-600 million in 2015, while the figure is expected to reach 1,000 million tonnes by 2020.

However, Vietnamese exports are carried by foreign shipping firms instead of Vietnamese. Clinker, a key export item of Vietnam, is mostly carried by shipping firms from Bangladesh, China and Hong Kong. Vietnamese shipping firms cannot obtain contracts on shipping Vietnam's rice exports, about 12,000-50,000 tonnes a year. Vietnam's plywood exports to China, about 10,000-20,000 BDMT (bone dry metric tonnes) per order are also carried by foreign firms. Sliced cassava and sand exports to Singapore are carried by Chinese firms. Foreign companies also have the contracts on shipping import products such as coal, animal feed and materials for animal husbandry.

Analysts say Vietnamese shipping firms fail to obtain shipping contracts because they don't have big vessels. Many vessels have been leased to foreigners, while others have been put up for sale.

Lacking big container ships, Vietnamese shipping firms focus on carrying bulk. However, even in this field, they are inferior to foreign competitors. Cement and clinker exports in small quantities fitting 3,000-8,000 tonne ships are carried by Vietnamese ships. However, most of the products are exported through intermediary parties – Singaporean trade companies.

Singaporeans always set clauses disadvantageous to Vietnamese shipowners in transport contracts.

In fact, Vietnamese shipping firms can obtain contracts to carry rice exports to Malaysia, Indonesia and the Philippines under government-to-government agreements, implemented by Vinafood 1 and Vinafood 2.

However, the contracts often contain load/discharging clauses unfavorable to shipowners. Vietnamese shipping firms carry goods in small quantities such as gypsum, feldspar, coal, steel, equipment and ore within ASEAN countries.

PHILIPPINES

Opening up the shipping sector

Philippine President Benigno Aquino has signed a legislation to open up the shipping sector and encourage more competition in the cloistered industry.

A new statute will provide greater access for international firms to the Philippines' shipping routes, replacing a 79-year-old law put in place to protect local firms "The old law was apparently meant to encourage the development of the domestic shipping industry. The problem was our fleet hardly grew. This led to an absurd situation where the entire market was controlled by a few," Aquino said. The new law enables foreign-flagged vessels to ship imported goods and transport Philippine-made exports within the country.

TAIWAN

Giants battle for Taiwan's mega-berths

PSA International and DP World, two of the world's largest terminal operators, are said to be in talks with Taiwan's Kaohsiung Port to compete for bids over the operation of mega-ship berths that are under construction at its container terminal 7.

PSA International has been involved with its own mega-terminal project, officially announcing the opening of its $2.6-billion Pasir Panjang Terminals, phases three and four.

Wang Pai Feng, Harbour Master of the Port of Kaohsiung, said: "We are already in talks with some international lines such as those from the G6 Alliance and 2M, and international operators like PSA and DP World," adding that he hoping to attract investment from the international players.

Wang continued that all the five berths can potentially be operated by international players if they are interested and win the bids.

The remaining two and a half berths will be completed under phase two with a total investment of $1.05 billion.

PSA International has recently signed a joint-venture agreement to operate a new container terminal at Qinzhou City, Guangxi Province, China.

DP World is among the operators continuing with their financial investment, having previously pledged to up their spending by 14 per cent in 2015 from $1.4 billion to $1.9 billion.

THE WORLD

CANADA

Canada needs new LNG terminals

Canadian natural gas production will drop 10 per cent to 13 billion cubic feet per day (bcf/day) by 2025 unless new terminals are built to enable global LNG exports, the Canadian Association of Petroleum Producers (CAPP) said.

There are 19 LNG terminals proposed for Canada's Pacific coast aimed at exporting Canadian gas to energy-hungry markets in Asia, but progress has been slow as the projects seek provincial and federal regulatory approval.

So far only one consortium led by Malaysia's state-owned energy company Petronas has been given a conditional go-ahead to investing in the project.

In the meantime, cheap and plentiful US gas supplies are displacing western Canadian gas in the traditional markets of central Canada, the US Midwest and US Northeast.

Without increased demand from the fast-growing global LNG market, CAPP expects Canadian production to decline steadily over the next decade and then remain flat at 13 Bcf/day until the end of the current forecast period in 2030.

If Canada can participate in the global LNG market, production should recover to current levels of 14.5 Bcf/day by 2020 and potentially climb to 17 Bcf/day by 2030."Accessing the global LNG market can strengthen the long-term viability of Canada's natural gas industry and backstop the significant economic benefits it creates for Canadians," said CAPP Chief Executive Tim McMillan.

JAPAN

Order rush for Japanese yards

In June 2015 Japanese shipyards received 98 export orders totaling in 4,671,040 GT, against 91 orders totaling 3,392,460 GT in the same period in 2014. In April and May 2015 together the nation had received only 39 orders. Bulk carriers were in demand the most, followed by tankers. The overall orderbook of Japan Ship Exporters' Association members for 2015 fiscal year stands at 137 orders, which equals to 7,510,238 GT. During April to June 2015, 68.7 per cent of orders were placed by Japanese owners, 13.3 per cent by European and American companies, followed by Greek shipowners with 5.1 per cent and Hong Kong with 1.4 per cent.

NIGERIA

Improving efficiency at ports

Nigerian Shippers' Council seeks to improve efficiency in shipping and port operations by conforming to global benchmarks with the reduction of cargo dwell time. The initiative entails purchase of more cargo equipment by terminal operators and an enhancement of the temperament of Nigerian Customs Service. It will be ensured that ships do not take more than two or three days for discharging their cargos and leaving the ports. Importers should be able to get their goods cleared in a day or two.

The initiative will achieve improved return on investment as port managers cut down cost for importers and earn more for government as revenue agencies. More ships will come to Nigeria because of the efficiency level of the nation's ports. Currently, over 40 per cent of imports arrive in Nigeria through ports of neighboring countries, such as, the Republic of Benin and Togo.

KAZAKHSTAN

Overcoming the logistics challenges

As a transcontinental country in Central Asia, Kazakhstan has many of the attributes needed to emerge as a primary logistics hub connecting Europe and Asia. One of the key components is the completion of its first comprehensive Transportation Infrastructure Development Plan, which the government drafted in collaboration with the World Bank. The modernisation of the Aktau port has enabled more efficient and cost-effective operations in the Caspian Sea, attracting major foreign investment in the oil sector. Further, Kazakhstan has developed more export opportunities through other ports to increase the flow of international goods, such as the Baku Grain Terminal, the Black Sea port of Batumi, the grain terminal in the Baltic port of Ventspils and several others. Thus, despite its landlocked status, Kazakhstan has built a port infrastructure with substantial international reach.

The largest transit project is the 2,700-kilometre Kazakh section of the Western China-Western Europe auto corridor that passes through Kazakhstan. Once completed, the planned Eurasian corridor will enable shippers to send goods faster by land with only 10-day travel times from China to Europe. It will reduce yearly transportation costs in Kazakhstan by $230 million.

To ensure Singapore retains its position as a leading port hub, the Republic must strive to remain relevant by making sure its new ports achieve higher level of productivity, are more automated and have higher environmental standards, says Andrew Tan, CEO, Maritime and Port Authority of Singapore

Omer Ahmed

Poised for massive expansion

Singapore is surging ahead with Port expansion plans to cope with mega-ships and alliance complexities that continue to frustrate transshipment hubs in the region. Andrew Tan, Chief Executive of Maritime and Port Authority of Singapore elaborated on the expansion plans: "Singapore will continue to plan and invest ahead, such as our commissioning of Pasir Panjang Terminal Phases 3 and 4 which will increase the overall capacity of Singapore's Port to 50 million teu when fully operational." The expansion is expected to be complete by the end of 2017 and will bost the nation's container throughput by more than 40 per cent. Currently, Singapore's Port is moving close to achieve its maximum capacity of 35 million teu, after handling a total of 33.9 million teu last year.

In June this year, Lee Hsien Loong, the Prime Minister of Singapore, officially inaugurated PSA Singapore Terminals' latest Pasir Panjang Terminal (PPT) Phases 3 and 4 development. The S$3.5-billion project, with almost 6,000 metres of quay length and up to 18 metres draft, is specifically designed to serve the next generation of mega container ships that PSA's customers are deploying.

The development involves installation of class-leading infrastructure and the latest port innovations, such as a zero-emission and fully-automated electric yard crane system. Such technologies will help to raise port productivity, enhance PSA's ability to manage greater business complexity and create more high skill-based career opportunities.

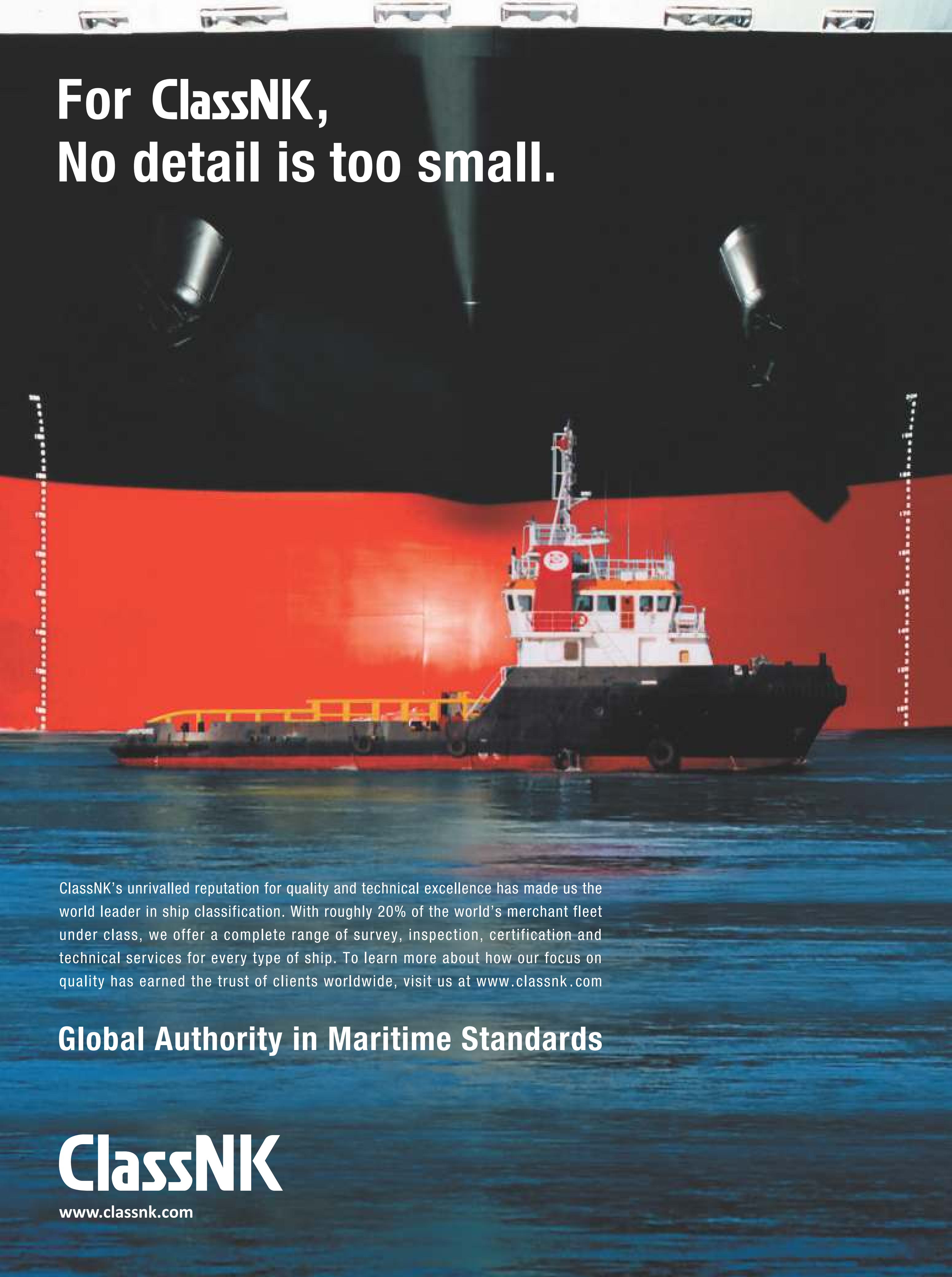
Automated rail-mounted gantry cranes will be used for the first time in the new expansion. These yard cranes are operated remotely from a control centre and containers are stacked with the help of computers, sensors and cameras. Earlier, one operator was needed for each rail-mounted gantry crane, but with the automated cranes, one operator can oversee five cranes.

But even after automation, merely providing the infrastructure will not be sufficient to handle the world's largest container ships and the multi-member alliances. Pacific International Lines, Managing Director, Teo Siong Seng says, a 20,000-teu ship requires scores of feeder ships to load and off-load boxes at every port call.

In addition, PSA is also working closely with the Singapore government on the development of the Tuas Port, which will incorporate more innovative automation systems, intelligent planning and control systems, and environmentally-sustainable solutions. When fully operational, it will be able to handle 65 million teus annually.

JTC Corporation, a developer and manager of industrial estate in the city-state, is developing the mega-port in the Tuas region which has a design capacity of 65 million teu and is scheduled to be operational in 2022. Dredging operations are in progress, and to overcome the congestion issues those have been plaguing the ports across the globe, the developer has come up with an innovative approach for container transport, for which feasibility studies are in-progress. A 'container subway' is being planned at the new port that will transport the containers through an underground passage to their destinations.

To ensure that Singapore's position as a leading port hub does not diminish, the Republic cannot be complacent and must strive to remain relevant by making sure its new ports can achieve a higher level of productivity, are more automated and have higher environmental standards, said Andrew Tan. The maritime industry in the city-state employs 170,000 people while contributing 7 per cent to its gross domestic product. mg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