INTERVIEW
Eddy Bruyninckx
Former CEO, Port of Antwerp

PHOTO FEATURE
AMTOI Day, Port of Antwerp Mission, FFFAI Convention

INTERVIEW
Tarun Arora
Director, IG Group

OIL SPILL
We're Prepared on Paper, not at Sea

India's premier maritime business magazine

₹ 100

maritime gateway

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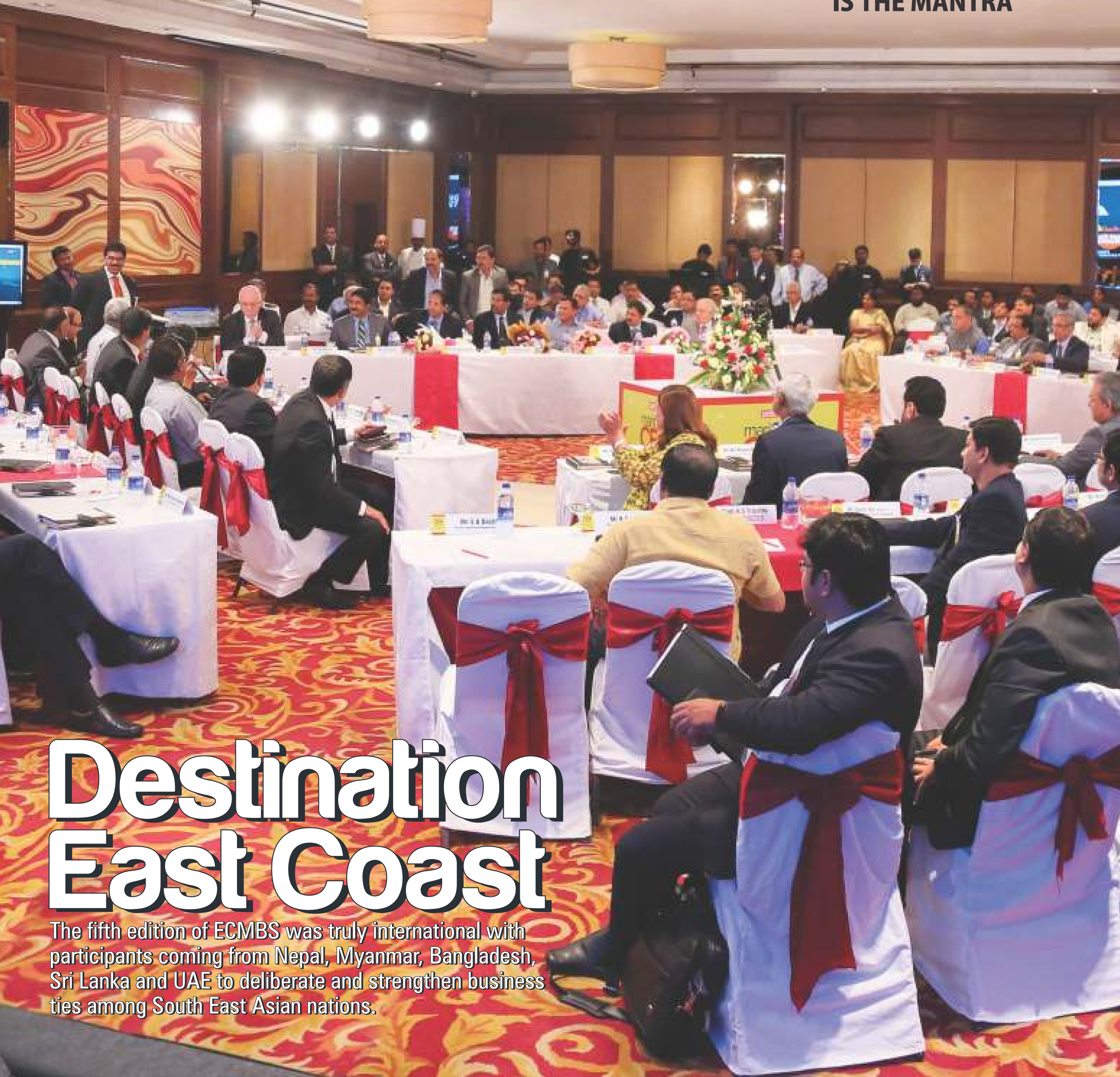
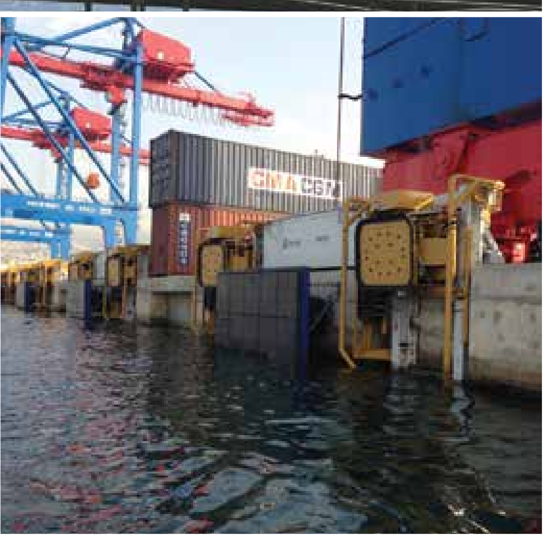
PORT-LED INDUSTRIALISATION IS THE MANTRA



Destination East Coast

The fifth edition of ECMBS was truly international with participants coming from Nepal, Myanmar, Bangladesh, Sri Lanka and UAE to deliberate and strengthen business ties among South East Asian nations.



Freight Tax: No need to Panic

When the announcement of the new freight tax of 4.5 per cent came, it alarmed a number of importers. The announcement lead to a lot of speculation about double taxation as the government declared its intent was to cut back imports and promote exports. Many a shipping expert also said this may discourage companies to use services of Indian freight forwarders.

But others say that rest assured this will not impact any regular trader who imports goods by paying the same rate of service tax that is imposed already. It will not add to the cost of imports as there will be a CENVAT credit or refund of tax paid on procuring goods or services. The idea of imposing such a tax is only to include more people in to the tax bracket and punish erring traders. To put it simply, many traders in India try and enter in to a contract with their supplier overseas through another agent located overseas to be exempted from paying tax. The government, having taken cognizance of this, has said that in the event of two non-resident parties entering in to a supply contract where the goods shall be delivered in India, the shipping agent taking delivery in India will be liable to pay tax.

This tax will also not have an impact on the logistics cost as feared by many importers although a section of importers said that they have contracted on C&F or CIF basis, which means it is not for them to bear the additional tax levy, while others felt the additional burden is likely to be marginal and could easily get absorbed.

In effect, those paying tax regularly shall not be affected as they would already be paying 4.5 per cent service charge on goods imported. Meanwhile, shipping companies engaged in export assignments will be allowed the input tax credit, a move to encourage export of goods, one of the crucial parts of 'Make In India' initiative kick-started by the government. This move has drawn attention to another factor where exports are exempted from any freight tax. In fact, India is the only country among all other maritime nations to be charging service tax on imports. Almost all sea trading nations do not tax imports and exports. Trade bodies such as Indian National Shipowners' Association say that India should immediately withdraw tax on imports as India is an importing economy and 95 per cent of the trade takes place through the sea.

R Ramprasad
Editor and Publisher
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Feedback

Readers are advised to send all feedback and comments to *editor@gatewaymedia.in*

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Shipping container wall to quell prison clashes

Brazilian security officials have built an improvised wall of metal shipping containers inside the Alcacuz prison where rival gangs have clashed, resulting in the brutal killing of 26 inmates. The rusty red containers were hauled into the Alcacuz prison yard in north-eastern Brazil and were mounted one above the other to build a strong wall to prevent members of Brazil's most powerful gangs from clashing. The outbreak of violence was the latest in Brazil's beleaguered penitentiary system, where about 140 people have died in clashes since January 1, 2017.

Inland Vessels Bill, 2017 to enrol non-mechanically propelled vessels

The new Inland Vessels Bill, 2017 proposes the enrolment of non-mechanically propelled vessels by local self-administration and administering, enforcement and implementing its provisions in Part XIV by local self-governance. Prescribing basic minimum standards for construction and safety of non-mechanically propelled vessels are also envisaged in the proposed bill.

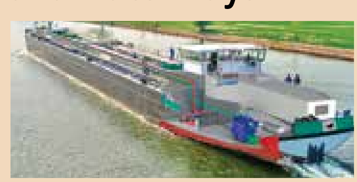
NTC Logistics successfully executes coastal movements

NTC Logistics India (P) Ltd successfully executed a coastal movement by shipping Gamesa's 35 units of nacelles and 35 units of hubs from Chennai to Kandla Port. The shipment included 100 tonnes of nacelles that required a heavy lift vessel to hook and hoist. The company joined hands with BBC Chartering GmbH for the operation. NTC moved the wind turbine towers from Halol via Kandla to Ananthapur via Krishnapatnam. The Krishnapatnam Port Company Ltd (KPCL) hosted a berthing ceremony to mark the arrival of the vessel *MV Combi Dock1* carrying Gamesa's windmill shipments from Kandla.

Seaways opens warehouse

Seaways Shipping and Logistics has opened a new warehouse spread on 90,000 sq. ft in its FTWZ division. Traders, exporters, importers and manufacturers can be benefited from the duty deferment benefit of up to five years for the cargo stored by them inside FTWZ. Customs duty can be paid only for the part of the cargo that they move out of FTWZ as and when they require.

HHLA to assist on inland waterways



IWAI has contracted HHLA subsidiaries Uniconsult Universal Transport Consulting and HPC Hamburg Port Consulting to help towards increasing inland waterway traffic in the country. National Waterway 1, which is part of the Baghirati-Ganges river system, has been identified for a pilot project. The plan is to work with a local expert firm to bring together forwarders and inland shipping companies.

FFFAI and JSC RZD Logistics team up for North-South ITC development

JSC RZD Logistics and FFFAI have recently signed an agreement to develop the North-South ITC (International Transport Corridor). JSC RZD Logistics and FFFAI will work together to attract Russian and Indian freighters to the corridor. They are planning to develop Russian-Indian logistics cooperation as well. The signing of the agreement took place during the International Rail Business Forum "1520 Strategic Partnership: The Caspian Region."

SCI reports Q3 2016-17 profits

The Shipping Corporation of India Ltd (SCI) has reported a net profit of ₹7.25 crore for the quarter ended December 31, 2016, as compared to a loss of ₹20 crore during the quarter ended September 30, 2016. With this, SCI's net profit for the nine month period ended December 31, 2016 has increased to ₹43.16 crore. Increase in the operating income in Q3 2016-17 is due to the rise in tanker freights.

Goa to promote new jetties

Nine new jetties are likely to come up in Goa. The move is likely to drastically bring down cargo traffic from the road to promote coastal shipping of cargo. An initial survey by Public Works Department of Goa has shortlisted nine locations for new jetties namely, Raibander, Old Goa or Divar, Banastarim, Borim, Shiroda, Durbhat, Cortalim or Rassaim, Aldona and Bicholim. A detailed project report will be prepared on these nine jetties, a consultant for the same will be appointed soon.

Rodolphe Saadé is the new CEO of the CMA CGM Group

Jacques Saadé announced the appointment of his son Rodolphe Saadé as CEO of the CMA CGM Group. Jacques Saadé remains Chairman of the Board of Directors. Rodolphe Saadé was previously Executive Officer. After he founded a company selling water coolers in Middle East, he joined the Group in 1994 in the US. He then worked in Hong Kong before coming back to Marseilles to head a shipping line linking Northern China to Japan. From 1997 to 2000, Rodolphe Saadé successively headed different shipping lines.

Thar Dry Port handles car train

Hasti Petrochemical & Shipping Limited (HPCSL)-Unit The Thar Dry Port Sanand handled the first full car train from APL VASCOR on its newly commissioned private freight terminal. In all, 180 cars were unloaded from the NMG rake and stacked inside the ICD.

INTTRA container orders grew by 16 per cent in 2016

INTTRA generated 16 per cent growth in 2016 over 2015 in container orders, which include bookings, shipping instructions and shipping orders. The company processed 38.5 million container orders on its platform. Containership sailings in the industry rose by just 3 per cent in 2016. In addition, INTTRA tracked a record 427 million container status events in 2016 through its Track & Trace service.

Nitin Gadkari to revive stalled highway projects

In order to revitalise the stalled highway projects, Road and Transport Minister, Nitin Gadkari met bankers in Mumbai to discuss funding of highway projects. The meeting focussed on resolving 10 highway projects worth over ₹20,000 crore stuck due to lack of financial closure. A two-member committee will be formed to look into the revival of these stuck projects. The committee will have representatives from banks and National Highways Authority of India. The projects have been stuck due to disagreements, cost escalations and doubts over viability of the projects.

In a separate move, the ministry wants to auction the road projects identified under the Toll Operate Transfer (TOT) model, aimed to monetise India's public funded national highways. Under the TOT model, NHAI plans to lease as many as 75 national highway projects, which are operational and have been generating toll revenues for at least two years.

Michael Pinto felicitated

The 38th convocation of Narottam Morarjee Institute of Shipping was organised on February 18, 2017 at The Shipping Corporation of India in Mumbai. Ms Malini Shankar, IAS, Director General of Shipping was the chief guest. At the event Michael Pinto, Former Secretary, Ministry of Shipping was felicitated with NMIS Life Time Achievement Award.

APSEZ records 38 per cent PAT growth

Consolidated operating income registered a growth of 20 per cent from ₹5,219 crore in nine months FY16 compared to ₹6,245 crore in nine months FY17. Consolidated EBITDA increased by 22 per cent from ₹3,352 crore in nine months FY16 to ₹4,092 crore in nine months FY17. In the nine months of FY2017, container volumes increased by 28 per cent on Y-o-Y basis, APSEZ handled 126 million tonnes of cargo, a growth of 11 per cent Y-o-Y. In Q3 FY2017, consolidated operating income registered a growth of 32 per cent from ₹1,696 crore in Q3 FY16 to ₹2,236 crore in Q3 FY17. Container volumes increased by 26 per cent on Y-o-Y basis and APSEZ handled 41 million tonnes of cargo, a growth of 8 per cent Y-o-Y.

Shreyas Shipping acquiring new vessels

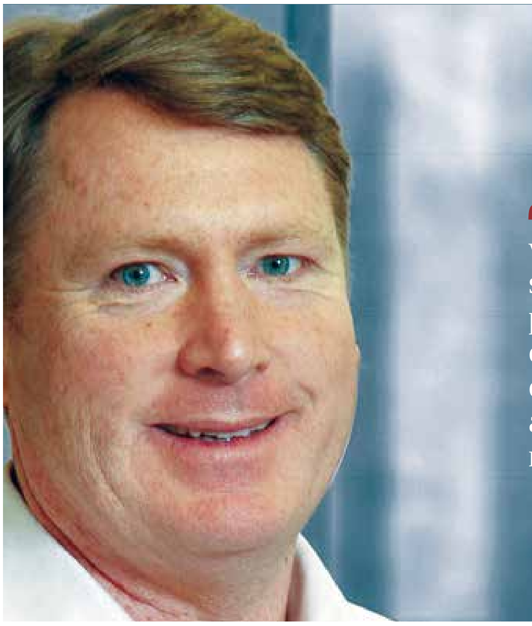
Shreyas Shipping & Logistics Ltd has acquired a container vessel of 2,500 teu capacity. The vessel was delivered in February 2017. With this acquisition, the company will own a fleet of 10 vessels. The new vessel shall be deployed on the Indian coast. A Memorandum of Agreement had also been signed for the acquisition of one container vessel of about 1,100 teu, whose delivery is expected in first week of March 2017.

"India today has very fragmented warehousing, with state-of-the-art warehousing facilities missing. Investments could come up in a big way in this particular area."

– Nandan Yalgi
Managing Director, Boxcoworld

"What we ask from the government is to solve these existing issues with the FTA first because our exporters go through much stringent and challenging non-tariff barriers when they send their goods to India."

– Sarada De Silva
Outgoing President of the National Chamber of Exporters of Sri Lanka



"Digital divide is widening in ocean shipping and the path to success is combining the best of digitisation with a strong physical network.

– John Fay
CEO, INTTRA

"LNG is seen as a fuel of the future and we expect its demand in India to double in the next four years, with expansion of the regasification and pipeline infrastructure in the eastern and southern part of the country."

– Debasish Mishra
Partner, Deloitte Touche Tohmatsu India

"The maritime traffic between the Indian subcontinent and HAROPA continues to grow over 5 per cent. All indicators are encouraging and positive for a continuous and prosperous trade relationship between India and France."

– Herve Martel
CEO, Port of Le Havre

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THE CHANGING WORLD OF LNG 2015-2016

The size of the circle reflects the total volume from each country. Export capacity is coloured green, import capacity is red. The volume within each circle is in million tonnes per annum.

Source: ICIS

AUTO COMPONENTS

Assessment of indirect trade costs and the value of lowering trade costs in the sector*

The potential value in terms of increased exports if transport and logistics costs (TLS) were reduced by 10%

Average TLC for exporting a 40ft container, USD

42% Indirect TLC — **$6,410** — 58% Direct TLC

» **$6,410** Current TLC — 10% decrease in TLC — **$5,768** Reduced TLC

» **$4.2-$4.3bn** Export potential — 5-8% export increase — **$4.0bn** Export today

*Assessment based on interviews with shippers, Maersk Line, DAMCO and APM Terminals as well as industry reports and external company and logistics data. The assessment of indirect TLC is subject to uncertainty. The above numbers are upper estimates; lower estimates are 7-10% lower.

PHARMACEUTICALS

Assessment of indirect trade costs and the value of lowering trade costs in the sector*

The potential value in terms of increased exports if transport and logistics costs (TLS) were reduced by 10%

Average TLC for exporting a 40ft container, USD

47% Indirect TLC — **$8,409** — 53% Direct TLC

» **$8,409** Current TLC — 10% decrease in TLC — **$7,565** Reduced TLC

» **$12.2-12.6bn** Export potential — 5-8% export increase — **$11.7bn** Export today

*Assessment based on interviews with shippers, Maersk Line, DAMCO and APM Terminals as well as industry reports and external company and logistics data. The assessment of indirect TLC is subject to uncertainty. The above numbers are upper estimates; lower estimates are 7-10% lower.

ELECTRONICS

Assessment of Indirect trade costs and the value of lowering trade costs in the sector*

The potential value in terms of increased exports if transport and logistics costs (TLS) were reduced by 10%

Average TLC for exporting a 40ft container, USD

63% Indirect TLC — **$6,833** — 37% Direct TLC

» **$6,833** Current TLC — 10% decrease in TLC — **$6,151** Reduced TLC

» **$9.5-$10.2bn** Export potential — 5-8% export increase — **$9.0bn** Export today

*Assessment based on interviews with shippers, Maersk Line, DAMCO and APM Terminals as well as industry reports and external company and logistics data. The assessment of indirect TLC is subject to uncertainty. The above numbers are upper estimates; lower estimates are 7-10% lower.

Source: Maersk line India

TEXTILES AND GARMENTS

Assessment of indirect trade costs and the value of lowering trade costs in the sector*

The potential value in terms of increased exports if transport and logistics costs (TLS) were reduced by 10%

Average TLC for exporting a 40ft container, USD

38% Indirect TLC — **$7,463** — 62% Direct TLC

» **$7,463** Current TLC — 10% decrease in TLC — **$6,716** Reduced TLC

» **$40.5-$41.7bn** Export potential — 5-8% export increase — **$38.6bn** Export today

*Assessment based on interviews with shippers, Maersk Line, DAMCO and APM Terminals as well as industry reports and external company and logistics data. The assessment of indirect TLC is subject to uncertainty. The above numbers are upper estimates; lower estimates are 7-10% lower.

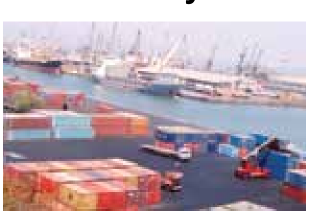
PORTS

Three new ports planned in Tamil Nadu

Three modern ports, of which two are for captive use of the industry, are coming up in Northern Tamil Nadu for providing steady flow of coal to the thermal plants. Puduchery Port is being revived to handle container traffic in a limited way.

Final touches are being given to setting up of a modern Trestle Jetty at Silambiamangalam to exclusively cater to the requirement of cement major Ramco Industries. The port will import coal for their cement plant and export cement to eastern parts of the country through this jetty. A deep water port is being set up by ILFS at Parangipet near Cuddalore to meet the coal requirements of 1,300 MW thermal plant being put up by this group.

JNPT gets radiological detection system



JNPT is the first major port to equip all its gates with radiological detection system, in order to detect the presence of any special nuclear material in containers. Installation of such devices in the main areas is expected to give an added advantage to the major importers in the region who import huge volumes of scrap and raw metals.

A total of 28 Vehicle Monitoring Systems (VMS) have been installed at various locations for the purpose of radiological detection in containers carrying unshredded scrap and metallic waste. With the help of VMS, the presence of radiological materials can be detected through specialised detecting characteristics in the system.

Vizag Port preferred for Myanmar linkup

The Union Shipping Ministry has decided to give priority to the transportation of cargo from the Visakhapatnam Port, rather than ports in West Bengal, for supporting the Sittwe port project in Myanmar.

The change in the strategy has been triggered by the regular bickering between the Centre and West Bengal government, which is not very conducive for developing projects in Myanmar. The idea is to create an alternative route to the North-East and break free of the Siliguri corridor. While the distance between Sittwe and Kolkata ports is 402 nautical miles, Visakhapatnam is 556 nautical miles away from Sittwe Port.

Mumbai Port leads in coastal shipping

In a bid to strengthen its revenue from coastal cargo, Mumbai Port has chalked out a strong marketing strategy to garner a variety of bulk cargoes such as agri-products and engineering goods. "We are in talks with Engineering Export Promotion Council of India for project cargo and Food Corporation of India for various agri-products to increase our volumes from the coastal division," revealed Y A Wanage, Deputy Chairman. Currently Mumbai Port handles coastal cargo for iron ore, cement, petroleum products and finished steel goods. Bhushan Steel, Essar Steel and Tata Steel, among others, have increased their cargo volumes via coastal shipping.

Over the last two years, finished steel (under break-bulk category) has seen a ten-fold growth in coastal cargo volumes, having jumped to nearly 500,000 tonnes during April-December from a meagre 43,120 tonnes during April-March 2014-15.

Oman revamping port infrastructure

Oman is planning to transform the formerly sleepy fishing town of Duqm into a port and industrial hub with the help of foreign investments. Oman is revamping its ports infrastructure from Muscat to Duqm, Sohar and Salalah, to adapt them for tourism but more importantly to increase industrial production and exports, and to exploit the country's strategic location to create a hub for international shipping. Duqm, located 550 km south of Muscat, is the centrepiece of these plans. It was initially envisioned as a trade hub that would be connected to new rail networks and pipelines traversing the GCC, and would allow companies and states reliant on energy exports to bypass the Strait of Hormuz, especially in the event of a crisis between Iran and the GCC.

DP World reports 3.2 per cent volume growth in 2016

DP World handled 63.7 million teu across its global portfolio of container terminals in the full year of 2016, with gross container volumes growing by 3.2 per cent y-o-y on a reported basis, and 2.2 per cent on a like-for-like basis, which compares favourably to the industry estimated growth of 1.3 per cent for 2016.

Port of Antwerp opens training centre in India

Indian port professionals who follow courses given in Mumbai by APEC, the port of Antwerp training centre, can now benefit from a purpose-built training facility. The new facility was officially opened during the annual Port of Antwerp Mission to India, in the presence of Belgian Deputy Prime Minister Alexander De Croo, Port Alderman Marc Van Peel, APEC principal Kristof Waterschoot, JNPT Chairman Neeraj Bansal and Indian Port Association Chairman Sanjay Bhatia. Port professionals in India have been able to follow APEC courses since 2015 when the Antwerp training institute signed a five-year agreement with JNPT.

Township plan on Kolkata Port Trust land

In about a month's time, Kolkata Port Trust (KoPT) may receive a go-ahead from the Union cabinet to lease out land for townships on a PPP mode. The port authority will then draw up a township policy on the lines of Mumbai Port Trust before inviting bids from realtors. Last year, KoPT chairman M T Krishna Babu had announced plans to lease out nearly 420 acres of prime land in Kolkata to realtors.

While land for commercial purposes is leased out for 30 years, KoPT proposes to lease out property for residential use for 99 years to make the proposals more attractive. The basic idea is to raise money for KoPT's pension fund.

CONCOR announces train between Vadodara and Pipavav Port

Concor has announced scheduled train services between its Vadodara terminal and the Port of Pipavav. The first service will depart from RCT-BRC on March 8, 2017. This will be followed by another service on March 22. The third train will run from RCT-BRC on April 5, 2017. As many of the vessels call at Pipavav Port on Saturdays/Sundays, the schedule is planned to cater exactly to the trade's needs.

This new initiative is to cater to the huge demand from the exim trade for rail movement of containers between Vadodara and Pipavav. The frequency can be increased to one train a week and more depending on the response. This is a time-and cost-effective initiative from CONCOR.

DPD registrations rise at JN Port

A release from JNPT informs that the port has achieved an eight-fold rise in Direct Port Delivery registrations in January 2017, with 483 importers registering as against 60 in December 2016. With this spike, the total DPD registrations have increased to 543. Besides, JN Port handled a total of 67,098 teu under DPD from April 2016 to January 2017, a growth of 19 per cent over the same period last year. JNPT has initiated a series of measures in the last two months for expanding the base of DPD clients. In December 2016, JNPT and Jawahar Customs had organised a three-day intensive drive ('Registration Mela') to extend DPD facilities to all importers who have been granted ACP (Accredited Client Program) status.

To ensure seamless movement under DPD, The major port is investing ₹3,000 crore to upgrade road and rail connectivity. The primary goal is to lower the logistics cost for traders.

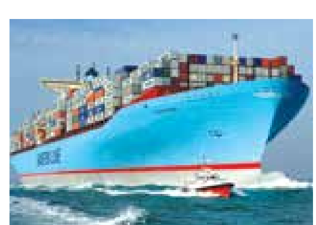
SHIPPING

Hamburg Süd opens office in Dubai

Hamburg Süd has opened its first proprietary agency in Dubai that will coordinate Hamburg Süd's business in the Persian Gulf and takes over all the tasks and activities for commercial operations as well as container logistics from the long-standing local agency partner Inchcape Shipping Services LLC. Vessel and Customs clearance in the ports of Jebel Ali and Khorfakkan will continue to be handled by Inchcape Shipping Services.

One of the key commodity sectors of Hamburg Süd is temperature-controlled cargo. Hamburg Süd ships especially meat and fruits into the region from South America. By establishing a proprietary office in the high-growth metropolis of Dubai, Hamburg Süd can respond even better to the requirements of its customers in the region.

Maersk Line enhances Asia-Europe and Transpacific services



Maersk Line has introduced a new service – the AE7 – on the Asia-North Europe trade and a new service – the TP16 – on the Transpacific trade. The new services will enable MSC and Maersk Line to accommodate the incoming volumes from the recently announced slot purchase agreements with Hyundai Merchant Marine and Hamburg Süd. The two carriers will move cargo, but not operate vessels in the 2M network.

The AE7 will improve Maersk's product from East China into Rotterdam and Hamburg. TP16 will provide new opportunities in the Asia-US South Atlantic trade. Maersk will merge the TP8 and TP3 services between Asia and the US West Coast to form TP8. The new slot agreements require Maersk to increase its capacity to match the increase in cargo volumes. Maersk will be able to provide best transit times to the Asia-Europe and Transpacific trades.

IRS to certify Bangladeshi shipbuilding

Bangladesh and India signed an agreement for certification in maritime, industrial survey and inspection in Bangladesh. The IRS can now certify the raw materials for shipbuilding and oceangoing vessels. Currently, companies from France, Germany and Italy certify Bangladesh's oceangoing vessels on shipbuilding, safety and inspection.

A new IRS office has been set up in Chittagong from where their activities will be controlled throughout Bangladesh, according to a statement. IRS quality service will be most cost-efficient compared to other international certification authorities in Bangladesh.

Coal India to produce oil & gas

Coal India plans to produce oil and gas from its coal in a big way as growth from its core activity is declining. It also plans to enter commercial production of coal bed methane and expand presence in thermal and solar power generation.

A decade ago Coal India had entered into talks with South Africa's $22-billion Sasol Ltd, the world's largest producer of coal-to-oil for setting up a ₹3,000-crore project with coal supplied from either IB-valley or Talcher in Odisha. Talks advanced, but the proposal was later dropped because crude prices dipped making it uneconomic at the time. With crude prices on the rise again, coal to oil is turning out to be attractive again.

Reliance to maintain Seventh Fleet ships

Reliance Defence and Engineering Limited has signed the Master Ship Repair Agreement with the US Navy to maintain the vessels of its Seventh Fleet operating in the region, with the company estimating revenues of about ₹15,000 crore ($10 billion) over next 3-5 years.

Reliance Shipyard at Pipavav in Gujarat, one of the largest drycocks in the world, was qualified as an approved contractor in January 2017 to perform complex repair and alternation services for the US Navy.

Reliance Shipyard is the first in India to have received MSRA Certification to undertake servicing and repairing work for the vessels of the Seventh Fleet. The fleet has about 100 vessels of different types including auxiliaries. Currently, these vessels visit Singapore or Japan for such works.

CMA CGM upgrading India Middle East-East Africa services

Starting February 20, 2017, CMA CGM has decided to upgrade its products as follows:

- Swahili Express service will be dedicated to Kenya and Tanzania markets with very fast transit times. Mombasa will be reached from Mundra in 12 days and Dar Es Salaam in 14 days.
- Two direct weekly services with a combined fleet of nine vessels up to 3,500 teu, 12 ports of call.
- Noura Express service will have an improved transit time to Somalia by four days. Mogadishu Port will be reached in seven days from Jebel Ali and in 17 days from Mundra.

Swahili Express service

As from *m/v CHIEF* at Nhava Sheva on February 24, 2017, the Swahili Express service will be operated with 4 vessels. A Mombasa direct call will be added to complement the current Dar Es Salaam call. The port coverage at origin will be upgraded with 2 direct port calls in India.

Noura Express service

As from *m/v KETA* on February 20, 2017, the Noura Express service will be operated with five vessels of 2,200 teu. The service to Mogadishu will have significantly improved transit times. Longoni and Zanzibar port calls, transferred from Swahili, will be continued on Noura.

Shipbreaking at Alang becomes safer

All the hazardous waste generated by ship recycling at Alang are being disposed-off in a safe and environmentally sound manner in a Gujarat Pollution Control Board-authorised treatment, storage and disposal facility operated by Gujarat Maritime Board. Landfills are constructed as per the guidelines of the Central Pollution Control Board and provided with liner system in the bottom, which prevents pollutants from percolating into the sub-soil.

Monitoring of environmental parameters is regularly done by Gujarat Pollution Control Board. Regular health check-up for the workers is conducted by GMB. Environmental impact assessment is carried out whenever development of new yards or expansion and upgradation of existing yards is taken up.

Cochin Shipyard in talks to buy ABG

Cochin Shipyard Ltd has started preliminary discussions to buy a controlling stake in debt-ridden ABG Shipyard Ltd. Shapoorji Pallonji and Co. Ltd, another contender, has decided to back out of the discussions. A controlling stake in ABG may be valued at ₹400-500 crore. In the March quarter of 2016, the company had posted a loss of ₹1,710 crore and had an outstanding debt of ₹16,000 crore. ABG Shipyard's debt piled up because of a fall in freight rates and an industry slump. Its corporate debt restructuring is among the largest loan recasts in India, second only to the ₹13,500 crore debt reorganisation of engineering and construction firm Gammon India in July 2013.

Milaha commences direct service from KICT

Kandla International Container Terminal (KICT) celebrated its first vessel call of Oshairij. The event was graced by Ravi Parmar, IAS, Chairman of Kandla Port Trust (KPT), as the Chief Guest. Exchange of plaques between Dhruv Kotak, Joint MD, J M Baxi Group and Jan Mortensen, VP, Container Shipping, Qatar Navigation (Milaha), marked the agreement for the weekly service, which is the first direct common carrier feeder service between Saudi Arabia and India. The frequency of this first-of-its-kind Kandla Dammam Express service will be weekly and it connects Kandla Port directly with Jebel Ali in Dubai, and Dammam and Jubail in Saudi Arabia.

Maiden call of CIX service at Mundra

Hyundai Merchant Marine vessel *m.v. HYUNDAI CONFIDENCE* under China India Express Service (CIX Service) berthed at Mundra Port. HMM have deployed four vessels of 5,000 teu on the CIX Service with following port rotation: Mundra – Port Kelang – Singapore – Hong Kong – Da Chan Bay – Kwangyang – Busan – Shanghai – Ningbo – Shekou. With this new service Hyundai is confident that customers will be immensely benefited from this service frequency and ports coverage among China/South East Asia/ US East and West Coast Ports. Hyundai will also accept 40 feet reefer and special equipment.

Maersk and Hamburg Sud in slot purchase agreement

Maersk Line and Hamburg Süd announced a slot purchase agreement for Hamburg Süd's volumes on the East–West trades to be shipped on vessels in the 2M network. Due to changes in the global liner alliances, the agreement follows commercial negotiations in anticipation of the termination of Hamburg Süd's current slot purchase arrangements on the East–West trades. Søren Toft, Chief Operating Officer, Maersk Line: "We are pleased with this agreement. Accommodating these additional volumes enables improved utilisation in our fleet and in turn provides opportunities to enhance our customer offering on select trades in our East–West network."

UNICONSULT helps to promote inland waterways

In February, IWAI contracted HHLA subsidiaries UNICONSULT Universal Transport Consulting and HPC Hamburg Port Consulting to realise the potential for moving goods to inland water vessels. National Waterway 1 has been identified as being particularly suitable for a pilot project.

"Over the past 18 months, we have examined how the waterway system can be improved so that the specific features of inland shipping can be better harnessed," explains Hartmut Beyer, MD of UNICONSULT. "By the end of the year, we want to move more goods transport to inland water vessel." To this end, the plan is to work with a local expert firm to bring together forwarders and inland shipping companies."

IWAI is getting newer ships designed with flat bottom and more cargo capacity that can float even in a lesser draft of 2.5 metres. These vessels will carry containers, bulk, break bulk and liquid cargo. This will help in navigating rivers that do not have a uniform draft.

Agility India's first Life Sciences Center opened at Hyderabad

Agility Logistics unveiled its first temperature-controlled Life Sciences Storage facility in Hyderabad. It is the first time the logistics company has introduced storage solutions by va-Q-tec which are designed to maintain prescribed temperature inside it for days even without electricity. The company aims to serve pharmaceutical companies.

Citing the reason for choosing Hyderabad to introduce the service, Satish Lakkaraju, Chief Commercial Officer, Agility Logistics said, "The storage unit is meant for sensitive products such as life science products which require to be stored in a set temperature controlled environment. Under the current practice, reefer storage units depend on external power source to maintain a specific temperature. The storage units by va-Q-tec's are designed to maintain the required temperature without external power supply. Hence, it eliminates the risk of damage to sensitive cargo due to change of temperature during storage or transit. We chose Hyderabad as first city in India to start the service because it is a hub for major pharmaceutical companies in India."

The company also aims to cater to the needs of pharmaceutical companies in Visakhapatnam, Goa, Pune and Bengaluru since the facility is strategically located inside the cargo zone of Rajiv Gandhi International Airport. The company officials said the 6,000-square-foot speciality storage facility is named as Life Sciences Excellence Center (LSEC) and it will provide conditioning, preparation and storage of pharmaceutical goods and operate as a control tower for Agility life sciences customers in India.

va-Q-tec's containers and boxes keep the required temperature for five days or longer without any external energy supply. The LSEC will house va-Q-tec's inventory, perform quality checks, conditioning and preparation of containers, and box packaging for va-Q-tec's products before the release of packaging for users.

Sunrise state AP: 10 MoUs worth ₹9,100 cr signed

Ten MoUs pertaining to port-based activity and worth ₹9,100 crore were signed at the recent Partnership Summit 2017 organised at Visakhapatnam. There are three LNG import units and one LPG unit among these 10 units. Maha Infrastructure India Limited with an investment of ₹1,000 crore will have its LNG units at Uppalaguptam and Yanam in East Godavari. GMR in association with KSPL Association will invest ₹750 crore in Kakinada Port area. Hindustan LNG Teminal will come up in East Godavari with an investment of ₹2,000 crore. The proposed unit will be a land-based LNG terminal with 5 MIMTPA capacity. Indian Oil Company will invest ₹700 crore and develop LPG facility at its base in Kakinada. The Priyanka Group will set up a dry dock in Kakinada Anchorage Port area with an investment of ₹50 crore.

New scheme to fund export Infrastructure

A new scheme namely Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18 to create infrastructure for exports, a move aimed at reducing transaction costs for traders. The scheme will help create modern infrastructure like last-mile connectivity to ports, testing labs and certification centres. Announcement about TIES assumes significance as the "Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) Scheme" was shifted to states on the recommendations of the 14th Finance Commission. ASIDE provides for an outlay for development of export infrastructure in states. As per the scheme all the pending or incomplete projects will have to be undertaken by States.

Kerala proposes to grow cashew in Andhra Pradesh

Kerala Minister for Fisheries, Harbour Engineering and Cashew Industry, J Mercykutty Amma has proposed that Andhra Pradesh will give 50,000 hectares to the Kerala State Agency for the Expansion of Cashew (KSACC) for cashew cultivation with an initial investment of ₹700 crore over five years. The farming will be done by farmers' societies of AP under the supervision of the KSACC and the production is to be procured by Kerala. Chief Minister N Chandrababu Naidu has given in-principle clearance to the proposal. A lease agreement is to be signed for 99 years by the departments concerned of the AP and Kerala governments for taking the National Horticulture Mission (NHM)–funded project forward.

Truck scanners at all border checkpoints

The government is procuring five Full Body Truck Scanners for location at Attari (Indo-Pak Border), Petrapole (Indo-Bangladesh Border), Raxual (Indo-Nepal Border), Poonch-Chakkandabagh (Indo-Pak Border) and Uri-Salamabad (Indo-Pak Border) in accordance with the laid down procedure.

The government has issued a global tender enquiry for procurement of the truck scanners. It is also obtaining various clearances from the respective state governments and other nodal agencies. The scanners are being installed as part of the security arrangement provided when goods crossing the borders and entering our country.

AP identifies 90 projects under Sagarmala

The Andhra Pradesh government is drawing up plans to make the most of Sagarmala project, identifying 90 projects entailing investment of ₹1,30,762 crore.

Chief Minister N Chandrababu Naidu has constituted a 33-member committee to monitor the implementation of these projects. He himself will be the chairman of the committee which will conduct periodical reviews.

Visakhapatnam Port Trust will be the nodal agency for the implementation of inland waterways projects. Two industrial corridors and five SEZs will be part of the project. The Chief Minister has instructed the officials to prepare action plans, port-wise as well as cluster-wise, for all these projects and submit them to the Union Government.

Real-time traffic updates through radio

To provide real-time traffic updates to commuters and transporters, government will start highway radio services on various national highways spread across 13 states.

Road Transport and Highways Minister Nitin Gadkari said that the pilot project on Highway Advisory Services to provide real-time traffic updates was implemented on Delhi-Jaipur NH-8 and the pilot project was implemented under the World Bank Technical Assistance programme.

"Phase II of the pilot project, which is also being funded under the World Bank Technical Assistance programme, wherein the pilot will be implemented on more stretches, has been approved," the minister noted.

First logistics park to come up at Nagpur

The first logistics park to be set up by the Road Ministry and NHAI will come up at Nagpur. Centre is planning to set up warehousing zones on the outskirts of major cities through PPP while the NHAI will set up logistics parks. These parks will bring down the logistics costs by at least 50 per cent so that Indian goods are competitive in global markets.

DESTINATION EAST COAST

The fifth edition of ECMBS was truly international with participants coming from Nepal, Myanmar, Bangladesh,Sri Lanka and UAE to deliberate and strengthen business ties among South East Asian nations

Suleiman, Flutist and winner of India's Got Talent 2016

The year 2016 witnessed the rise and fall of some of the biggest entities in global maritime scene, and the shock waves could be felt on Indian shores as well. But the industry hardly baffled, they dropped anchors at the illustrious maritime city on the east coast of India, Visakhapatnam on 9th and 10th of February to deliberate matters most pertinent for growth and sustainability. The **5th East Coast Maritime Business Summit** hosted by *Maritime Gateway* one of the most sought after maritime and logistics industry summits in the Indian subcontinent in its fifth year got even bigger and had drawn industry leaders from neighboring countries Sri Lanka, Nepal, Myanmar, Bangladesh and UAE. The two-day business summit had a mix of heated debate and discussions evaluating the bygone year, and issues upsetting institutional and collective business interests. There was healthy dose of cultural and exciting activities to relax the participants, and also the ambience to be engaged in some productive business networking.

ECMBS, in its latest edition had some insightful sessions spread over two-days but the most engaging one was the '**CEO Conclave**'. The flagship session on Day one was exclusive to top management executives from about 200 maritime and logistics companies and manufacturing exporters, which witnessed narratives of some insider strategies to overcome challenges faced in the current economic scenario. The top executives were lauded for their achievements and also cautioned for the future as conventional ideas and approach to business might not be as effective as in the past in the era of technology and innovation. If there is no cargo, there is no trade, hence the summit was not limited to maritime and logistics fraternity, and called upon users' community from diversified industries like containerized cargo, metal and minerals, agri-products, among others.

The Day two focused on **Maritime Business in a Changing Environment: Opportunities & Challenges,** where participating delegates highlighted newer avenues of business expansion, investment prospects, local to global trade matter, and ways to cope up with existing and new policies, to name a few. While the trade appreciated certain government policies like promoting coastal shipping and inland waterways, one country-one tax regime, direct port delivery, the floor did not shy away to be critical of policies that are made without taking inputs from the industry. The floor was unanimous that policies should not be made in isolation, and it is high time policy makers should pay attention to the difficulties of the trade. Cargo owners also drew attention towards gray areas in logistics value chain, and the trade assured to find solutions to make logistics efficient.

The serene and sublime backdrop of the event venue overlooking the Bay of Bengal, had no moment of somnolent, and the soulful performance by child prodigy and winner of India's Got Talent 2016, Suleiman enthused delegates to try their hands as flutists. The summit rewarded the achievers from maritime trade, and as the event came to an end the delegates bid adieu to old acquaintances and new partners in progress. There was a sense of accomplishment for all participants, and the promise to come together to make ECMBS a never-ending journey on the path to maritime glory for each and every member of the trade. mg

Rebooting business strategies

The CEO Conclave is where the heavy weights of the industry come together to appraise industry performance, market conditions, impact of policy changes and brain storm to explore newer business opportunities, evolve strategies to resolve challenges and chalk the way forward for maritime and logistics industry

In recent times, a number of external and internal challenges have created bottlenecks for the maritime industry. While the global economy is going through a rough phase, some of the policy changes in India such as restriction on import of coal and direct port delivery of containers have forced the industry leaders to go back to the drawing board and think of innovative ideas to remain competitive. In such a scenario, ECMBS provides a platform to industry leaders to come together once in a year to appraise institutional and industry performance, market conditions and impact of policy changes in the past year and brain storm to explore newer business opportunities, challenges and way forward for maritime and logistics industry. The CEO conclave was an ideal platform for manufacturer-exporters who put forward their logistic needs and issues with existing infrastructure, whereas maritime, freight forwarding, port and vessel operators got an opportunity to introspect and explain their service offerings.

First day of the summit, christened as Maritime CEO Conclave was an exclusive session of free-wheeling debate and discussion among more than 100 top management executives from port, shipping, freight forwarding industry along with manufacturer-exporters. Theme of the CEO Conclave was ‘Rebooting Business Strategies,’ and as the name suggests the session focused on the need for the industry leaders and decision makers to retrospect and have a relook at their business strategy to remain sustainable at a time where trade dynamics are fast changing and technology is fast evolving. Following the opening remarks of moderator **R. Ramprasad, Editor-in-Chief & Publisher, Maritime Gateway,** participating delegates pointed out some of the pain points that is affecting the sector and also suggestions to overcome those.

On the backdrop of government pressing for DPD, **Ashutosh Jaiswal, President - Intl Business Divn & Logistics, Century Plyboards,** explained that CFS was introduced by government as an extension of ports and ports like Kolkata with infrastructure bottlenecks have been benefited from CFS.

Capt K G Ramakrishnan, MD, Benline Agencies India said that apart from logistics cost, the government should focus on improving logistics efficiency.

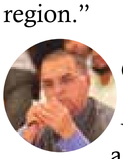
However, industry leaders voiced their anguish over bottlenecks like excessive regulations preventing ease of doing business for them.

Rajiv Agarwal, MD and CEO, Essar Ports said that sectors like airline which have lesser government intervention and policy regulations are growing fast. Hence, similar approach towards ports and maritime industry can help the sector.

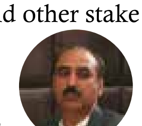
Shaik Khader Rahman, Commissioner of Customs Preventive Commissionerate (Vijayawada) appraised the audience about various initiatives taken up by Customs to streamline smooth movement of cargo, and due to which India's ranking has also improved to No. 37 on parameters set by World Economic Forum for efficiency of Customs. He said taking cue from issues raised by delegates in earlier edition of ECMBS, the department has worked on them and highlighted the progress taken up in the last one year. He appealed the trade to avail AEO scheme and associated benefits.

Raising concerns over grey areas in self assessment of goods by importers, some traders said that even major ports like JNPT don't allow the facility and appoint a CHA for this purpose.

Stressing on the need to convert shipment related data available with DGFT and use it as a tool of business intelligence for mutual growth, **Vinita Venkatesh, Director, Krishnapatnam Port Container Terminal** said, "When a shipping line considers to extend its service to a new destination, it will ask its local agent to provide the data related to local shipment volume, and many ports and shipping agents on the east coast are voluntarily providing the data to persuade a line to extend its service. While it helps to get a clear picture of the cargo throughput, however, few stake holders didn't share information which acts as a deterrent for growth of business in the region."

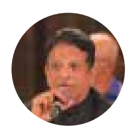


Sushil Mulchandani, COO, Visakha Container Terminal, emphasized upon the need for seamless access and exchange of data among government and private stake holders. He said while information regarding a container shipment is filed with a government agency, but still due to lack of data exchange and other bottlenecks the shipment information needs to be submitted multiple times which is a waste of time and resource. "Cargo volume and shipment related data not only help in terms of business intelligence but it also improves operational convenience for terminal operators and other stake holders," Mulchandani said.



Vineet Malhotra, Director, Kale Logistics Solutions emphasized the need for logistics companies to leverage from technology. Malhotra said, "There are large number of SMEs operating in maritime and logistics sector, including 1 million road transporters with an asset of about 75 million vehicles and more than 30,000 Customs brokers. These small and medium operators find it difficult to acquire high-end technology due to financial and other constrains. Hence, there is a need for developing low-cost technology solutions for wider use in logistics sector. While RFID based container tracking are expensive proposition for many companies, innovations like barcode and QR Code based solutions provided by the company have been widely accepted as a cost efficient alternative to track containers.

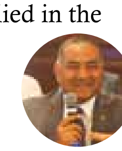
Stressing on the need for data analysis in logistics, **Capt Ramnath Vaidyanathan, CEO, ISL Groups** said that baring the proprietary data, information regarding various shipment and shipper should be available seamlessly which will enable better adaption of technology.



Julian Michael Bevis, Senior Director (Group Relations, South Asia), A.P. Moller Maersk expressed concern over lack of consultation between the government and industry while formulating policies which results in chaos and it is not helping the cause of ease of doing business. He said all service providers are eager to work with the government to make business easier and cost efficient for the trade, however things will not improve if the industry is not taken into confidence and communicated properly.

Similarly, **Capt Biswajit Chakraborty, MD, K Line India** also stressed that shipping lines are an important link in EXIM logistics but the government is not eager to consult with them on various issue and policies. "While the shipping lines were the first to comply with various reforms for ease of doing business such as E-Delivery Order and E-Form 13, however, a number of directives and policy changes are issued by government without due clarity. There is lot of ambiguity in policies, and decisions are made without industry consultation, for example a circular has been issued on 22 January to impose 4.5 per cent service tax over freight on cargoes imported on a delivered or CFR basis. Imposition of multiple taxes are not helping ease of doing business. Multiple factors and bottlenecks delay cargo delivery at port, hence it is not good to hold shipping lines responsible for delays."

Chakraborty stressed that simplification of taxation can promote ease of doing business. "If the government wants to earn from import, it requires to put a one time tax on the import commodity which will eliminate the multiple taxation regime and related complexities. In fact notifications from DG Shipping and Customs have multiplied in the last three months."



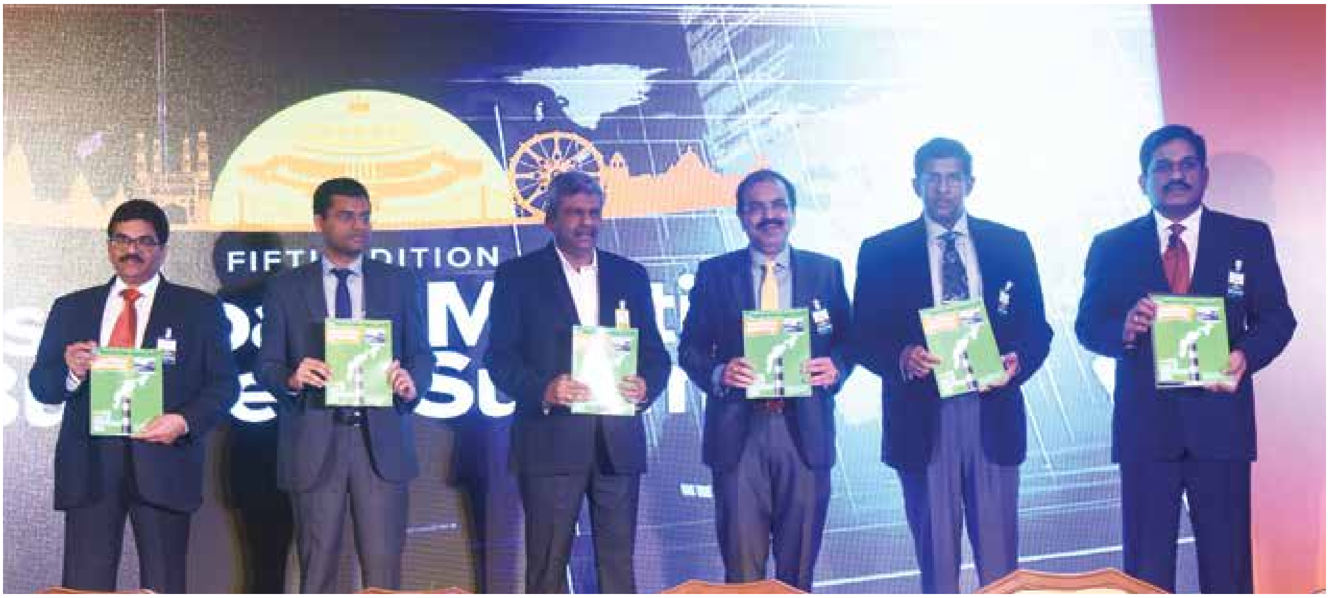
P Jairaj Kumar, Chairman and MD, Ocean Sparkle speaking on changes taking place in the form of port operations and business environment, said, "In the past few years port infrastructure has not developed as per requirement. Port sector growth has been stagnant for some time and we are hopeful that new policies and initiatives taken up by the government will boost the sector. We are looking for more initiatives by ports for privatization of services."

Highlighting opportunities for private investors in inland waterways, **Amitabh Verma, Chairman, IWAI** said, "There are immense opportunities to invest in various infrastructural projects like dredging and terminal operation required for developing inland waterways."

The engaging and spirited session continued for more than two-hours, and it concluded with a closing by Ramprasad highlighting that despite the challenges, investors are still eager to invest in port sector. Over the years, the port sector has evolved and there are many other avenues of investment in the form of direct and indirect service provider in the port and maritime sector. The delegates agreed that things are changing in the port sector which will trigger future growth.

Riding the growth curve

Growing industrialisation in the eastern states, spruced up infrastructure leading to better connectivity and upswing in exim activity make it evident that maritime growth has taken off on the east coast



Release of Maritime Gateway special issue on east coast. **From L to R - Ramprasad,** Publication Director, Maritime Gateway; **Kiran Malla,** Director, Corporate Finance and Strategy, Ernst&Young; **Sambasiva Rao,** President Elect, Andhra Pradesh Chambers of Commerce and Industry Federation; **V Kalyanarama,** Chairman and Managing Director, Concor; **Amitabh Verma, IAS,** Chairman, Inland Waterways Authority of India; **M T Krishna Babu, IAS,** Chairman, Visakhapatnam Port Trust

Established five years ago, ECMBS has become the single largest platform for promoting growth on the east coast. The intention is to improve the business connect with South East Asian business partners and so this year the event has participants from Bangladesh, Myanmar, Sri Lanka, Nepal and Dubai which makes the event truly international.

Publications Director of Maritime Gateway, Ramprasad, welcomed the august gathering as he pointed at the key growth indicators in the east coast such as growing industrialisation in the eastern states, infrastructure has spruced up leading to better connectivity and upswing in exim activity. These elements make it evident that maritime growth has taken off on the east coast. The region has maintained its growth curve braving against the slump in coal and steel imports. In FY 2016, total cargo volume of major and private ports combined on the east coast was 393 million tonnes where installed capacity is about 696 million tonnes. This denotes that the capacity utilisation is about 50 per cent and hence there is still scope to grow the cargo volumes.

During April-December 2016, cargo volume growth at major ports in the east coast against the same period last year was around 4.28 per cent. Two major ports – Paradip at 17.75 per cent and Visakhapatnam at 8.80 per cent – have registered impressive growth. Similarly, growth in container volumes at the major ports on this coast registered 5.44 per cent against the same period last year. Both Visakhapatnam Container Terminal and Krishnapatnam Container Terminal have shown impressive volumes.

The Gross State Domestic Product (GSDP) in Andhra Pradesh, Telangana and Odisha is likely to grow at a rate of 9-11 per cent CAGR and Madhya Pradesh, Chhattisgarh and Bihar are expected to grow at 6-8 per cent CAGR. This growth will intensify industrial activity giving fillip to exim volumes.

The Asian Development Bank has approved the first part of the grant to develop the first 800 km of East Coast Economic Corridor which will seamlessly connect to South and Southeast Asia. Other key infrastructure projects like the Vizag Chennai Industrial Corridor and Chennai Bengaluru Industrial Corridor will spur industrial activity in the region. But to promote multimodal transport in its true sense movement of goods through waterways and coastal shipping needs to catch up.

Heated debate @

maritime CEO 2017 conclave

where next level leadership meets

A maritime gateway event


maritime CEO conclave
maritime CEO conclave

The potential in coastal shipping is yet to be explored. All the schemes and policies for pushing forward the sector have created awareness about this mode of transport but diverting cargo volumes to coastal shipping still remains a challenge. Moving thermal coal through coastal shipping can save ₹20,000 crore annually, while promoting steel and cement can save ₹5500 crore and ₹4000 crore respectively. Automotive manufacturers are experimenting with this mode of transport and it's only a matter of time before coastal shipping and inland waterways pick up as a predominant mode of transport.

To ensure seamless connectivity at optimum cost, multimodal transport is essential. But to sustain future growth in these difficult times, ports will have to diversify and maintain better cargo mix.

Taking further the discussion on multimodal logistics, **V Kalyanarama, Chairman and Managing Director, Concor**, presented a brief account on their initiatives to make the modal shift in logistics happen and improve logistics on the east coast. Lot of efforts are being made to make logistics efficient by using ports, inland waterways, coastal shipping. More effort is needed to push containerisation in India as it is the future of logistics, he said. Handling of cargo in containers is quick and easy when compared to handling in break bulk form. Efficient logistics is not just about transportation cost, it is about seamless movement using multimodal forms of logistics.

V Kalyanarama,Chairman and Managing Director, Concor, at the inaugural session

A sea change in the way business is done and logistics happen will be brought about with the implementation of GST exclaimed Kalyanarama. There is more container movement (65-70 per cent of total India) on the west coast. This is supported by the industries developed in the north and western part of India. But there is significant distance between the industries and the ports. On the contrary, in the east coast industrialisation is now coming up so the planners can do a better job here locating the industries closer to the ports.

"Concor is looking towards east with great interest. MMLPs are planned at Krishnapatnam, Kakinada and Paradip. MMLPs are already functional in Kolkata and Balasore. Concor is present at every port on the east coast. An ideal MMLP will be built on 100 acres land and will house processing and warehousing facilities. The basic idea for setting up these MMLPs is to make the modal shift in logistics happen." Single mode of transport between ports and hinterland is not effective, so Concor is developing MMLPs in the hinterland as well. Concor has planned 15 MMLPs in the hinterland and another 12 are on the drawing board. At the port-based MMLPs the modal shift will be towards rail to sea and vice versa.

"When transport of goods is transformed into logistics, India will become competitive." "Almost three decades back Information Technology industry was referred to as the sunrise industry, but today the sunrise industry is logistics." mg

Audience with rapt attention

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I, **R. Ramprasad** hereby declare tha t the particulars given above are true to the best of my knowledge and belief.

Date: 26 February 2017

(Sd/-) **R. Ramprasad**
Publisher

From competition to Cabotage: Deliberations on challenges

The plenary session was highly interactive as the Moderator, Michael Pinto, IAS (Retd), Former Secretary, Ministry of Shipping, stirred the panellists and the audience into discussion raising vital issues such as growth of major ports, use of inland waterways and connecting it to coastal shipping, the connect between east coast and neighbouring countries, Indian ports and shipping acts in context of ease of doing business, PPP at major ports and cabotage

From L to R - **Michael Pinto, IAS (Retd),** Former Secretary, Ministry of Shipping; **Julian Michael Bevis,** Senior Director, Group Relations, South Asia, AP Moller Maerskline Group; **M T Krishna Babu, IAS,** Chairman, Visakhapatnam Port Trust; **Amitabh Verma, IAS,** Chairman, Inland Waterways Authority of India; **Ted Muttiah,** Chief Commercial Officer, South Asia Gateway Terminal; **Shardul Thacker,** Partner, Mulla & Mulla; **K K Krishnadas,** Director and CEO, Chennai Container Terminal Pvt Ltd.

In the past few years the private ports had overtaken the major ports, but in the last two years the major ports have staged a comeback. Hinting at the rise of major ports, **M T Krishna Babu, IAS, Chairman, Visakhapatnam Port Trust** said, private ports which are mostly greenfield ports established recently have the benefit of latest technologies delivering OSBD in the range of 50,000-100,000 tonnes per day. They account for 43 per cent of Indian maritime trade. Major ports are in the process of reinventing and repositioning themselves. In 2015-16 the growth of private ports in cargo handling has been challenged by major ports. Major ports recorded a growth rate of 4.3 per cent compared to -1 per cent in private ports. In the first half of 2016-17, the major ports posted a growth of 4.9 per cent and in the Q3 it was 7.2 per cent. In the past three years at major ports there has been a lot of focus on benchmarking and comparing the performance with the global ports. Benchmarking studies have been conducted to understand the weakness of major ports and the focus has been to reduce the turnaround time. Earlier major ports used to take eight days for turnaround of a vessel, this has been reduced to 3.6 days and most of this has been achieved in the past two years.

Another factor that is driving the major ports to excellence is the growing competition from upcoming ports, pointed **P L Haranadh, Deputy Chairman, Visakhapatnam Port Trust**. Competition is important because decades back when the major ports had monopoly none of them tried to upgrade their performance. With growing competition, the major ports are compelled to improve productivity. The user community will ultimately benefit from lesser logistic cost and better service.

A major cog in the logistics wheel that can drive down the cost and ensure swift movement of goods are the inland waterways and coastal shipping. But the waterways are confronted with two major issues: maintaining LAD and attracting cargo. Responding to these issues, **Amitabh Verma, IAS, Chairman, Inland Waterways Authority of India** said, earlier IWAI used its own dredgers and manpower for maintaining the minimum required depth in waterways which proved to be highly inefficient. Later the organisation used its dredgers and outsourced manpower which showed a bit improvement in efficiency. IWAI is now tendering out dredging contracts for maintaining assured levels of water. The Farakka to Bhagalpur stretch has been tendered out for dredging and the bidder who bags the contract will maintain assured depth (3 metres LAD and 45 metres width) for five years. IWAI will only conduct hydrographic survey to check the availability of LAD. A third party hydrographic survey will also be done to boost confidence among the users about the LAD.

At least 3 metres of draft is to be maintained but Indian rivers have a different morphology resulting in high siltation which makes it difficult for draft maintenance. So IWAI is looking to have vessels with flat bottom and greater capacity that do not require 3 metres LAD. A German company has been given the contract to design such vessels that can carry all kinds of cargo. With help from World Bank, IWAI plans to buy 20 barges when the designs are ready. IWAI is also procuring LNG-based vessels and it has tied up with Petronet LNG to ensure supply of the fuel.

Amitabh Verma also assured seamless movement of cargo between coastal shipping and inland waterways, as lot of waterways connect to the ports. NW-1 connects to Kolkata and Haldia Ports, NW-5 connects to Dhamra and Paradip, NW-3 connects to Cochin and NW-4 connects to Kakinada. IWAI has inked an MoU with Shipping Corporation of India to establish a subsidiary that will take the cargo from seaports to the hinterland through waterways providing last mile connectivity. Private players are also welcome to offer similar services. The Director General of Shipping has identified certain stretches in the sea which will come under inland waterways and river sea vessels will be used to move on the waterways. IFFCO fertiliser cargo is already moving from Paradip to Haldia. An MoU has been signed with Mormugao Port and Paradip Port for developing waterways. Feasibility report for 90 rivers has been prepared and 30 rivers will be made ready for moving cargo in the coming six years. Consultants have been appointed to identify cargo and barge operators and connect them. About 50 million tonnes of cargo is projected to be moving on NW-1 by 2020.

“In the past three years at major ports there has been a lot of focus on benchmarking and comparing the performance with the global ports.”

M T Krishna Babu, IAS
Chairman, Visakhapatnam Port Trust

Raising a concern on dredging of waterways by private players, **P Jairaj Kumar, CMD, Ocean Sparkle** said, his company has participated in IWAI bids earlier but the siltation in Indian rivers is so high it increases the operational cost and so dredging companies find it difficult to quote a reasonable price for the bid. But if dredging contracts are for a longer period (5 years) then more private companies can come forward to participate.

Shifting the gear, Michael Pinto moved the discussion to the connect between east coast and South East Asian countries. **Ted Muttiah, Chief Commercial Officer, South Asia Gateway Terminal** brought to the fore synergies between east coast and Colombo. At the outset Ted announced that “Port of Colombo is complimentary to growth aspirations of India.” About 80 per cent of the cargo moving through Colombo is transshipment, of which 75 per cent is to or from India. East coast has a greater share of the transshipment cargo that comes to Colombo from India. “The growth of port of Colombo has been much on the back of Indian ports growth.” Transshipment via Colombo to US or Europe will save four days compared to that via Singapore or Malaysia. Port of Colombo has 20 sailings per week coming from east coast. Colombo is an extension to the Bay of Bengal gateway and also encourages shipping lines to bring cargo from other neighbours such as Bangladesh.

Shardul Thacker, Partner, Mulla & Mulla discussed the Indian Ports Act and Indian Shipping Act in the context of ease of doing business. The major ports act will soon be abolished and TAMP will be modified so that ports will be able

Audience interacting during the plenary session to negotiate rates with shipping lines on a market driven tariff mechanism. India has grown to have many ports and shipping lines connecting them so there is no need for having a protective mechanism in place for any player, emphasised Thacker. The problem in the New Ports Bill is that while the board has the power to negotiate rates with new entrants, they have ignored the existing PPPs, most of which are in the court for some conflict of interest. The powers given to the landlord ports enable them to resolve these conflicts. If the conflicts with old PPPs are not resolved it will negatively impact the new PPPs coming to operate terminals at major ports. The ports need to bring in more flexibility and transparency. Further, the ports will be operated by a board comprising of eleven members coming from various departments like customs, railways, shipping and others. As each board member will be playing double role, so it is the implementation of the new bill that will decide the success of the new model.

Responding from the audience, **Anil Yendluri, Director and CEO, KPCL**, shared the valid points raised by Shardul Thakkar that if members of railways, customs or other department are present on the ports' board then they would put their department's interest in the first place rather than the interest of the port. So the board members should be appointed in a manner that maximises the shareholder value.

Elaborating on the key elements for making a PPP successful, **Julian Michael Bevis, Senior Director, Group Relations, South Asia, AP Moller Maerskline Group** said, the essential of a PPP is a good mechanism. "The desires and aspirations of all the parties need to be balanced in a PPP." And in this regard the PPP model existing at ports stands deficient in certain aspects. Here the risks and rewards need to be properly balanced through a dialogue between the government and the private parties.

Pointing at the deficiencies in a PPP, **K K Krishnadas, Director and CEO, Chennai Container Terminal Pvt Ltd** argued that all the terminal operators have been struggling to get TAMP abolished because most of the major ports on the east coast are operating on 2008 tariff. With the TAMP abolished, there will be an open market that will decide the rates.

"The desires and aspirations of all the parties need to be balanced in a PPP. And in this regard the PPP model existing at ports stands deficient in certain aspects."

Julian Michael Bevis
Senior Director, Group Relations, South Asia, AP Moller Maerskline Group

Sharing views on TAMP, MT Krishna Babu said, the problem is not with fixing of tariff but it is with lack of flexibility. New ports that are coming up in close vicinity are able to cross-subsidise services and gain customers while major ports having large properties are unable to fully utilise them as rates fixed by TAMP cannot be modified due to which the PPP operator loses business. This issue has been addressed in the new MCA that allows both the port and the private partner to decide the tariff based on market dynamics.

As the moderator moved the discussion away from ports to moving cargo by rail, responding from the audience was

Syed Abdul Rahman, IRTS, Regional Head – Eastern Region, Concor. He explained the entry of private players in container rail movement and the value addition happening therefore. Bringing in more players in rail-based container movement has benefited the trade by bringing down cost. Private container operators often complain that Concor being a government entity takes away all the benefits, be it in regulations framed by the railways. But this is not true as all the policies framed by railways are scrutinised to ensure they do not exclusively favour Concor.

The last topic of discussion in the session was Cabotage. Sharing view, Shardul Thakkar said, Cabotage should apply only on movement of domestic cargo. If cargo is meant for exports and the first leg of the journey is between two Indian ports then it should not come under cabotage as the trader has to pay one rate for the domestic movement and another rate for the international movement.

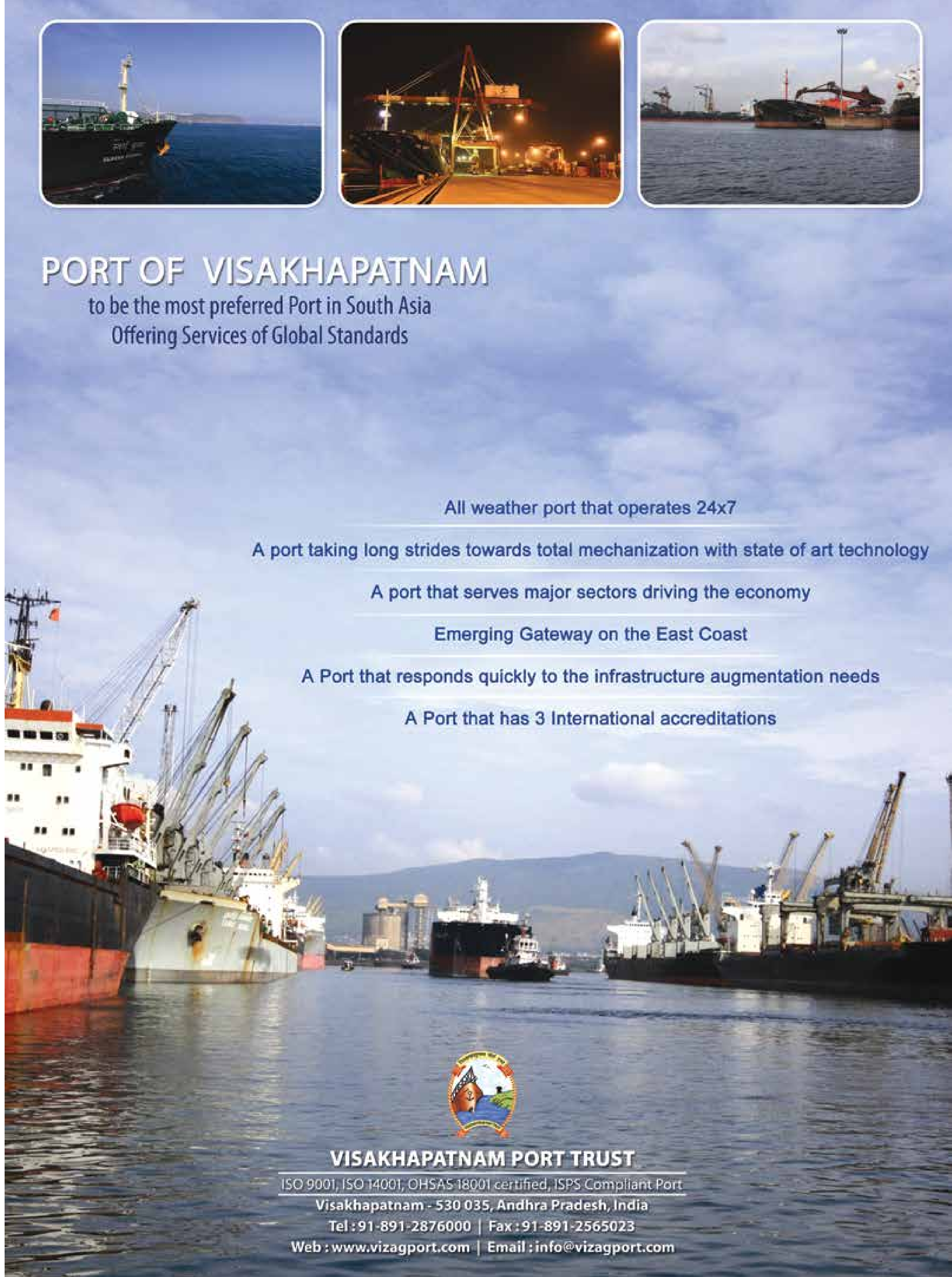
"Cabotage is one of the reasons for India not having a hub port," claimed Julian Michael Bevis. International carriers carry only exim cargo on the coast and have no interest in moving domestic cargo. Even empty containers coming on an international carrier have to go to a transshipment hub before coming to India which adds to the cost.

The success of Colombo Port is linked in a big way to the Indian Cabotage Law and this is no secret claimed Ted Muttiah. If India allows foreign vessels to carry domestic cargo, it would be a game changer for Colombo as Sri Lanka has another 10 million teu capacity in the pipeline and all of it for transshipment. mg

Sagar Mitra

Quick on the heels of the plenary session was the presentation on Sagar Mitra, a mobile app developed for the maritime industry by Volteo in collaboration with Maritime Gateway. The use of Cloud technology and mobile apps is yet to catch up in the maritime industry. Picking on this hint, Volteo took up a research project which revealed that a lot of information exists in the industry in silos. While we are focusing on multimodal connectivity but the connectivity of information in these various modes of transport is not present. If a business plans to move a container they have to visit multiple websites to schedule the logistics from hinterland to port. Sagar Mitra offers a one-stop-shop for planning the logistics as well as tracking it.

For more details on this application log on to www.sagarmitra.com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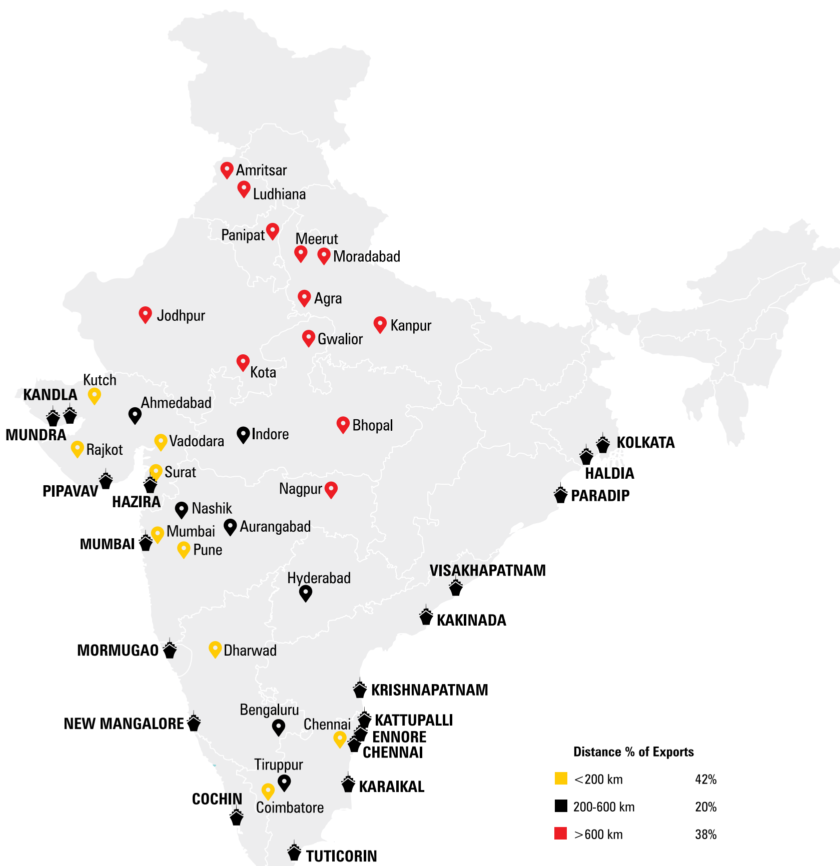
Port-led industrialisation is the mantra

"If India has to make the next big leap in trade it has to be based on newer economic epicentres preferably closer to the ports," suggests the white paper released by Ernst & Young



Container cargo generating centers of India

A major highlight at the event was the release of a white paper developed by Ernst&Young and Andhra Pradesh Chamber of Commerce and Industry that outlines the sustainable growth path for Indian maritime trade. Prior to the formal release of the report, **Kiran Malla, Director, Corporate Finance and Strategy, Ernst&Young** discussed the report highlights.

A glance at the global scenario reveals that the slowdown in global trade in 2015 has continued into 2016. China with the excess manufacturing capacities it has created is struggling to deliver the growth that it is expecting. Developed countries have become more protectionist, which is not a good sign for trade. India is ambitious to achieve more growth and make a mark in the world trade. In the past three decades, the world trade has progressed at a CAGR of 7 per cent. In the past five years it has been mostly stagnant with a dip in the past 24 months.

China and the US constitute for about 50 per cent of the global trade which is about $7.5 trillion. China has overtaken US in terms of exports and due to China the trade has shifted to developing countries that now account for around 50 per cent of the world trade. China achieved this growth by developing port-based industrial centres and out of the top 10 global ports eight are present in China. Thus taking a cue from China, India should as well focus on port-based industrial growth.

Over the years, India's trade destinations have also moved from US and Europe to East and Middle East. East is today India's largest trade partner both in terms of import and export and Middle East is growing trade with India. Coming to ports, the non-major ports have contributed to the jump in Indian trade. West coast remains dominant in terms of trade, accounting for 70 per cent of India's trade. Liquid and container trade takes the major share in the trade happening on the west coast. The growth in containerised trade at non-major ports on the east coast is higher compared to the west. Going forward containerisation will be the key because this is how general and other cargo would move. On the bulk side share of coal has increased and the iron ore has decreased. There has been marginal growth in terms of general and containerised cargo, but containerised cargo has remained nearly stagnant for the past few years so there is scope for more general cargo to get containerised. For non-oil cargo, average growth in the past five years has been almost flat.

Another important trend is that Indian imports tend to follow the same pattern as exports. The import intensity of exports is very high in India and about 60 per cent of exports is driven by imports. So India needs to focus at achieving higher exports for trade to be stronger at ports. In the past few years there has not been significant growth in containerisation, but whatever growth has come it is from non-major ports. Comparing the west coast major ports to their counterparts on the east coast, there has been marginal growth in the trade on the eastern side but the western side has remained stagnant. The states on the east coast have better governance, transparency, higher GDP.

"If India has to make the next big leap in trade, it has to be based on newer economic epicentres preferably closer to the ports which will make us efficient and cost competitive."

Infrastructure creation

There is focus on corridors along the coast line. Economic zones have been planned by the government but there is no strategy to bring them closer to the ports. These economic zones should be planned closer to the ports so that there is better hinterland and port-based connectivity. The large land banks available with major ports can be used to develop these economic zones. If these economic zones are located closer to the ports, it will save $28 billion in infrastructure investment and $3 billion will be saved in transportation cost as well. About 58 per cent of these zones are more than 200 km away from the ports. India spends about ₹55,000 per teu by road and ₹35,000 moving by rail. If the production centres are closer to ports within 100 km then transportation cost will come down to ₹14,000 per teu.

Advantage Eastern Ports

- India's share of exports to the east has increased from 15 per cent in FY03 to 19 per cent in FY14 and this is expected to increase further
- For bulk cargo Paradip, Visakhapatnam and Krishnapatnam are the leading ports on the east coast.
- For containers Chennai, Tuticorin and Kolkata are the leading ports on the east coast.
- Andhra Pradesh and Telangana top among the states with operational SEZs
- On the east coast Krishnapatnam Port has the largest draft and land bank compared to its peers. The port has draft in excess of 18 metres and a land bank of approximately 6,800 acres for the primary port area and another 13,000 acres earmarked for industrial development.
- To reduce costs arising from infrastructure bottlenecks, Krishnapatnam has been developed close to demand clusters. The port has implemented direct port delivery and has also developed efficient last mile connectivity.

"The growth in containerised trade at non-major ports on the east coast is higher compared to the west. Going forward containerisation will be the key."

Kiran Malla
Director, Corporate Finance and Strategy, Ernst&Young

Failure of SEZ

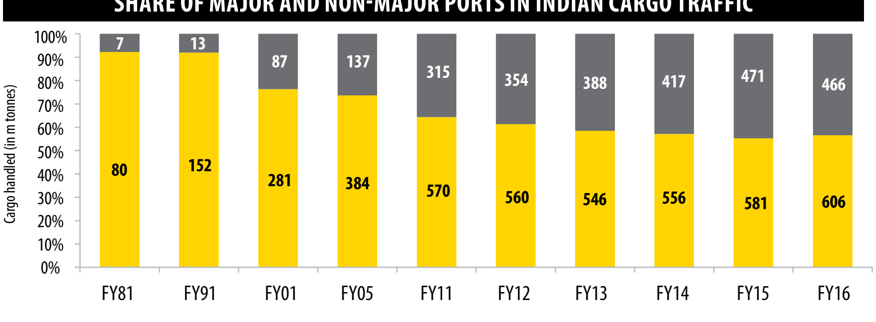
Almost 500 SEZ approvals were granted on paper, of which 170 did see the light of the day. Of these 45 are located in Andhra Pradesh and Telangana. But it failed to trigger the setup of large industrial zones and this was due to several reasons such as ambiguous tax laws, and rigid labour laws.

Coastal shipping and transshipment

The cargo going to transshipment ports through coastal shipping can be brought back to India creating better balance in trade and economies for the traders. The road, rail and waterways ratio is actually reverse to what is desired. Road is highest, followed by rail and waterways. In coastal shipping growth has been marginal, mostly driven by bulk trade. There needs to be a concerted effort to bring containerised trade to coastal shipping as well.

Following the brief presentation, the white paper was released by Amitabh Verma, IAS, Chairman, IWAI. The special issue of Maritime Gateway for ECMBS was also released. Later, Sambasiva Rao, President Elect, Andhra Pradesh Chambers of Commerce and Industry Federation, shared his views on the report. He gave a brief introduction to the establishment of AP Chambers of Commerce and assured that his department is always at the forefront for resolving any issues in industrialisation and prosperity of the state. He emphasised on reducing the logistics cost by using the huge land banks available with major ports for developing industries. He emphasised that port-led development is the goal of Andhra Pradesh government and invited investors to come and invest in the sunrise state.

SHARE OF MAJOR AND NON-MAJOR PORTS IN INDIAN CARGO TRAFFIC



Changing cargo profile and business environment

Changing cargo mix at ports, India transforming into a consumerist economy, key exim commodities at the east coast ports and hinterland hotspots were the key topics of discussion. The session brought to the fore untapped opportunities for the ports and strategies to survive in the changing business environment

From L to R - Shashibhushan Upadhyay, Chief Resident Representative, Jindal Stainless Steel; **Prakash S Karki,** President, Nepal Freight Forwarders Association; **Syed Abdul Rahman,** IRTS, Regional Head, Eastern Region, Concor; **K Swaminathan,** Director (Service Business), Balmer Lawrie & Co; **Jayyannt Lapsiaa,** President, All India Liquid Bulk Importers and Exporters Association; **G Chandrashekhar,** Economic Advisor and Director, IMERTF, Indian Merchant Chambers; **Vinita Venkatesh,** Director, Krishnapatnam Port Container Terminal; **Capt S R Patnaik,** Director & CEO, International Shipping and Logistics FZE; **P L Haranadh,** IRTS, Deputy Chairman, Visakhapatnam Port Trust.

"India's economic growth in the coming 15-20 years is going to be commodity intensive. There is going to be much more commodity consumption but much less commodity production," announced **G Chandrashekhar, Economic Advisor and Director, IMERTF, Indian Merchant Chambers**. In the global trade scenario India will be more important as an importer than being an exporter. The import of crude oil is going to drastically increase over the years. Today India's exim of oil stands at 200 million tonnes, but down the lane this is going to increase by 5-6 per cent. Similarly, Indian coal imports have drastically risen in the past 10 years and pegged at 160 million tonnes in 2014. The initiatives of Coal India Ltd have temporarily made a small dent in imports but India will continue to import more coal in the future.

Among agri commodities, India imports every year 13-14 million tonnes of edible oil, 5 million tonnes of pulses, 3 million tonnes of wheat. About 8-10 million tonnes of rice is exported annually. India is a major exporter of iron ore, exporting about 100 million tonnes of the commodity annually. Granite, minerals, automotive and petroleum products are another big ticket export commodities. Major imports include rubber, coal, fertiliser, chemicals, cement, newsprint, plastic raw material and crude oil. Imports of these commodities are only going to expand in the coming years as there is strong correlation between economic growth and commodity consumption, opined Chandrashekhar.

P L Haranadh, IRTS, Deputy Chairman, Visakhapatnam Port Trust, spoke about the changing cargo mix at ports and their strategy to survive in the changing business environment. The cargo mix handled at ports is going through a sea change. In the recent years, the domestic coal production has increased and Coal India Ltd has set a target of producing 1.5 billion tonnes by 2020. India's demand for steam coal is around one billion tonnes annually. By 2020, the domestic coal requirement will be met internally. Coal-based power generation will also come down from 60 per cent currently to 40 per cent by 2040 and use of solar energy will increase. So ports need to diversify their cargo mix to sustain in the changing market.

For the first time in the past five years, Visakhapatnam Port has posted growth of 8-9 per cent despite drop in coal imports as it is substituted by growth in iron ore, containers and other minerals. "The ports should note that because of increased connectivity the hinterlands are no more defined by geographic location. The manufactured cargo especially can move longer distances. So a port that will handle variety of cargo and provide efficient logistics will survive in the future." Today Vizag Port has a capacity of 98 million tonnes but it can handle 68 million tonnes due to poor connectivity to the hinterland. In the future as the industrial corridors come up the connectivity will improve and productivity of the ports will also get a boost. Here coastal shipping can also play a major role in improving port connectivity.

India's dependence on imports of crude oil and gas is going to increase in the coming years, opined **Jayyannt Lapsiaa, President, All India Liquid Bulk Importers and Exporters Association.** But India needs to improve its infrastructure to meet the growing imports. The pressure will be more on private ports as government ports are not equipped to handle this huge rise in cargo. At government ports, the port is first developed then the infrastructure is created which leads to a disaster in operations. But private ports first develop infrastructure and then the port. Major ports are saturated and lack the evacuation facilities for moving cargo, so the private ports can benefit with the rising bulk imports in future. Ports like Krishnapatnam, Hazira and Mundra have a well-defined vision to cater to the increase in volumes in the coming 5-6 years. They have huge land banks to install storage infrastructure for liquid bulk, dry bulk or gas.

India needs to develop infrastructure for storing liquid bulk as there is acute shortage of the same throughout the country. Import of edible oil and chemicals is more on the west coast, but since the western ports are saturated there is huge potential for the ports on the east coast to attract oil imports.

Chandrashekhar supported Lapsiaa's views as he pointed at around 9 million tonnes of palm oil imports coming from Indonesia and Malaysia which can be the potential cargo for the east coast ports. Taking the lead, Krishnapatnam Port is

A session in progress

"**Today the ship sizes have increased and so have the parcel sizes. Meeting this demand, the port efficiency has also increased resulting in freight savings.**"

Capt S R Patnaik
Director & CEO, International Shipping and Logistics FZE.

currently handling about 2.5 million tonnes of edible oil with 10 oil plants installed just outside the gate of the port and dedicated berths are provided for oil imports with direct pipeline from jetty to the tanks.

Shashibhushan Upadhyay, Chief Resident Representative, Jindal Stainless Steel, gave a sneak peek into the export/import scenario and industrialisation in Odisha. Kalinganagar was envisaged to be the steel hub of the country, producing 32 million tonnes of steel annually and many steel plants have come up in Kalinganagar, but many small plants are also on the verge of closure, he revealed. Odisha government is keen to develop Paradip as a port city focusing mainly on petroleum products. Going forward, ferrochrome, steel, stainless steel and sea food products will be the major exim cargo for Odisha.

Coming to Andhra Pradesh, Automotives, foodparks, pharma and chemicals will be the major cargo

drivers for ports in Andhra Pradesh, revealed **Vinita Venkatesh, Director, Krishnapatnam Port Container Terminal**. To tap these upcoming cargo, Krishnapatnam has teamed up with Concor to connect with the ICDs in the cargo origin and destination centres of Bengaluru and Hyderabad. Bengaluru cargo that earlier moved to Chennai is now moving to Krishnapatnam Port, as KPCL along with Concor established a rail line connecting ICD whitefield to Krishnapatnam Port. Chennai Port has more liner connectivity and lesser rail freight compared to Krishnapatnam but still 40 per cent of Bengaluru cargo is coming to the port because it takes 3-5 days for cargo to move from Bengaluru and get loaded on a vessel in Chennai Port, but the same activity at Krishnapatnam Port happens in 48 hours. As Vinita concluded she said, "Today the customer looks for more transparency and certainty for its cargo to reach destination in the expected time. And the port that provides punctual services will win more cargo."

Detailing on the container movement in the eastern region, **Syed Abdul Rahman, IRTS, Regional Head, Eastern Region, Concor**, said, based on the data collected in the past 10 years there are four trends emerging in container movement in the eastern region. The first trend is that the entire movement has become exim-related. So Concor has stepped up from serving the domestic market to meeting the needs of the EXIM community. In 2007-08 domestic cargo constituted 60 per cent of the total volumes moved by Concor. Now it has come down to 40 per cent, whereas exim cargo has risen from

32 per cent in 2007-08 to 60 per cent currently. The second trend is, in the past five years, the eastern region is seeing more flow of exim containers. In the December to March period, there is rise in demand for containers by agri commodity and the empty exim containers can be used for the purpose.

In the domestic sector as well there has been a change in the load to empty ratio. There is more movement of empty containers now and movement of loaded containers out of eastern region has actually reduced and movement of loaded containers into the eastern region has increased. The third trend is change in commodity profile of Concor in the eastern region. Semi-finished steel products earlier accounted for one-third of entire volume handled by Concor, but recently this ratio has increased to 50 per cent. The eastern region lacks capacity to handle surge in peak demand. In the December to March period there is so much demand for paddy and rice that even Concor is unable to meet the logistics requirements. As a result, a lot of agri cargo takes to the road for reaching the ports.

The cargo volume from Middle East to India is showing an increasing trend, revealed **Capt S R Patnaik, Director & CEO, International Shipping and Logistics FZE**. Cargo moving from Middle East to the east coast include limestone, Gypsum (from Oman and Iran). Barites is exported from Chennai to Middle East. A decade back when FZE did chartering services the most preferred ship size was the handy size, but when these vessels came to Chennai Port to discharge they used to take anywhere between 10 days to one month to complete discharge. But today the ship sizes have increased and so have the parcel sizes. Meeting this demand, the port efficiency has also increased resulting in freight savings. In 2007-08 the freight rate for urea from Middle East to east coast was $35, but today it has come down to $8.

K Swaminathan, Director (Service Business), Balmer Lawrie & Co explained the changing business model of CFS. In the past 3-4 years there has been a major change in the way CFS is operated. The containerisation level has not improved much in the past few years and so the CFS are not experiencing the growth that they saw in the 2005-06 period. As the profits in the initial years were high the sector saw many new entrants, resulting in competition, tariff wars and unremunerative prices. Considering all these aspects Balmer & Lawrie has decided to enter into a multimodal logistic hub in Vizag. Today most of the CFS have the same level of competencies, so improving performance and efficiencies to stand apart from the crowd and maintaining relationship with the customers is a must to survive, remarked Swaminathan.

> **India needs to develop infrastructure for storing liquid bulk as there is acute shortage of the same. Since the western ports are saturated there is huge potential for the eastern ports to attract oil imports.**
>
> **Jayyannt Lapsiaa**
> President, All India Liquid Bulk Importers and Exporters Association

Prakash S Karki, President, Nepal Freight Forwarders Association, gave a snapshot of the exim infrastructure in Nepal and the areas that need improvement. India is the largest trade partner for Nepal and also the gateway for trade with the third world. Nepal cargo mostly moves through Kolkata and Haldia Ports, and recently the Vizag Port has been opened. The transit treaty between India and Nepal was inked in 1991 and is valid till 2020. The entire transit cargo is moved through Kolkata and Haldia. Nepal traders confront a lot of challenges while moving goods through Indian ports, such as lack of adequate infrastructure and obsolete machines used at the ports, delays in berthing, time consuming process of vessel unloading which is mostly manual, congestion at the port yard, CFS levy huge charges if cargo is not moved from their facility within 10 days, lot of red tape and cumbersome documentation procedures at Customs and border clearance. Transit cargo is moved under bond which ensures CHAs involvement, while the freight forwarders are the actual movers of cargo but are not involved in documents.

Currently there are four ICDs located at Indo-Nepal border points including Birgunj, Biratnagar, Bhairava and kakarvitta. An ICD at Kathmandu is also planned and land acquisition is in progress. Another ICD at Larcha near China border is under construction. These ICDs will be equipped with container stacking yard, covered goods shed, reachstackers and forklifts, container repair facility and laboratory for testing edible cargo. Indo-Nepal trade treaty provides duty free quota for majority of goods being exported to India. Nepal shares border with six Indian states but due to lack of policy and strategy Nepal has not been able to reap the benefits.

Karki proposed certain areas that need improvement including port infrastructure, preferential treatment to landlocked countries, railway links at six Indo-Nepal custom points should be extended, monitoring systems should be installed to check pilferage, effective risk management and dispute settlement system should be developed.

Elaborating on the service, Vizag Port is offering to Nepal trade, P L Haranadh, IRTS, Deputy Chairman, Visakhapatnam Port Trust, explained that Visakhapatnam Port has been opened as the second gateway to Nepal and an agreement for moving containers by rail to Nepal has been signed in December last year. Geographically Vizag is at a greater distance than Kolkata to Nepal, but the total package offered by Vizag Port to Nepal cargo is much less than what Kolkata Port is currently charging. With these incentives, Vizag expects to attract atleast 30 per cent of Nepal bound cargo. mg

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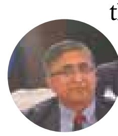
From L to R - **Ramprasad,** Publications Director, Maritime Gateway; **Capt Ashok Kumar Shrivastava,** Founder & CEO, Sheel Shipping Synergy; **Anand Venkateswaran,** Senior General Manager, Hyundai Motor India Ltd; **Sajan B Nair,** Secretary General, Federation of Indian Coir Export Association; **Ahamedul K Chowdhury,** Terminal Manager, Chittagong Port Authority & CEO, Pangaon Inland Container Terminal; **Sravan Kumar,** Director, Sravan Shipping; **B Biswas,** GM Materials Management, RINL

Coastal shipping: Lessons learnt so far

Coastal shipping is a cost-effective and eco-friendly option for moving cargo. Only bottlenecks that remain to be eased are availability of return cargo and higher transit time

There is lot of interest in coastal shipping but still the service has not been able to realise its true potential, remarked **Capt Ashok Kumar Shrivastava, Founder & CEO, Sheel Shipping Synergy**, moderator of the last session of the event, as he triggered the discussion on what ails coastal shipping and how its potential can be unleashed. Expressing confidence in coastal shipping, the session moderator said it will definitely happen and it is only a matter of time before the full potential in coastal shipping is realised, provided all the stakeholders come together to make it work. Steel is already moving from the east coast to different parts of the country and other commodities such as coal and agri-products can also be moved through coastal shipping. Cement and clinker is already moving through coastal route, he revealed.

Ro-Ro is another important category in coastal movement. Many car makers such as Maruti and Hyundai are already exploring the potential. **Anand Venkateswaran, Senior General Manager, Hyundai Motor India Ltd**, gave an account of coastal Ro-Ro shipping.



Hyundai plant near Chennai exports cars to almost 92 countries and has been the number one exporter of passenger vehicles consistently for the past 13 years. In 2015, 96 per cent of cars were moved by road and remaining 4 per cent by rail. In 2016, the share of road movement remained at 96 per cent, but the share of rail movement declined to 3 per cent and the remaining 1 per cent was through coastal shipping.

The pilot Ro-Ro shipment of Hyundai cars was done in February 2016 and full-fledged coastal movement of cars started in September 2016. The company has worked with various ports including Chennai, Ennore, Kandla, Kolkata and Haldia. On the east coast Ro-Ro movement of cars in bulk is only possible from Chennai to Kolkata. But the draft issues in using Kolkata Port had prevented Hyundai from using coastal service on the east coast. To ensure enough cargo for liners, Hyundai has also teamed up with other OEMs.

While Hyundai car production is located in South, Gujarat and Maharashtra are two states with high demand. Trucks carrying cars from Chennai to these states have to return empty as there is no return cargo. So there was a lot of empty running of trucks from west to south and north, which increased the logistics cost. Coming to rail transport, the government offers only 13 rakes which is insufficient for moving cars. When compared to movement by road, the cost breaks even for rail freight at 2,250 km. For moving cars from south to west the distance is below 2,000 km, so it is not feasible to use train. Rail logistics is suitable for moving cars to north-east (Guwahati and beyond areas) where it is cost and time efficient. So, the best option will be Ro-Ro shipping.

Initially, Hyundai tried moving cars by Ro-Ro from Chennai and Ennore to Pipavav but it was not economical as wharfage and vessel charges were high. So Hyundai moved to Kandla Port where it is able to use government concessions as well. Cars are moved from Ennore to Kandla, reaching Gujarat and NCR. 10,000 cars have been moved in the past four months. A major challenge in coastal shipping is load availability in return voyage.

Capt Henry Khin Maung, Chairman, Mahanadi Maritime Services and Aung Htoo, DGM, Myanma Five Star Line welcomed India to be part of Myanmar's growth story. Detailing on the previous disconnect between Myanmar and India Capt Henry said, for the past 25 years the military government in Myanmar had been pro-China and so Indian traders were not offered a fair chance to invest and compete with Chinese counterparts in Myanmar projects, but with the new government in place Myanmar is opening up its economy and inviting India to invest in the country. By March 31 a small port on Kaladan river will be operational, taking India's initiative of coastal shipping a step forward, informed Capt Henry. "Myanmar shipping sector is evolving and Indian participation is vital to this sector's development."

"Movement of steel by coastal shipping has become a necessity today," revealed **B Biswas, GM Materials Management, RINL**. There are two reasons for it: one is almost all steel plants in the country are going for capacity expansion. RINL with current capacity of 4 million tonnes will upgrade to 7 million tonnes in the coming years. Currently most of the cargo is carried by railways. At present India produces 60 million tonnes of steel which will increase to 120 million tonnes in next few years. Railways alone cannot handle this huge volume and hence there is room for coastal shipping to carry this cargo. The logistics cost for steel is huge (15 per cent of the total cost), this can be brought down through coastal shipping. RINL currently needs 90

> **"Movement of steel by coastal shipping has become a necessity today, as almost all steel plants in the country are going for capacity expansion."**
>
> **B Biswas**
> GM Materials Management, RINL

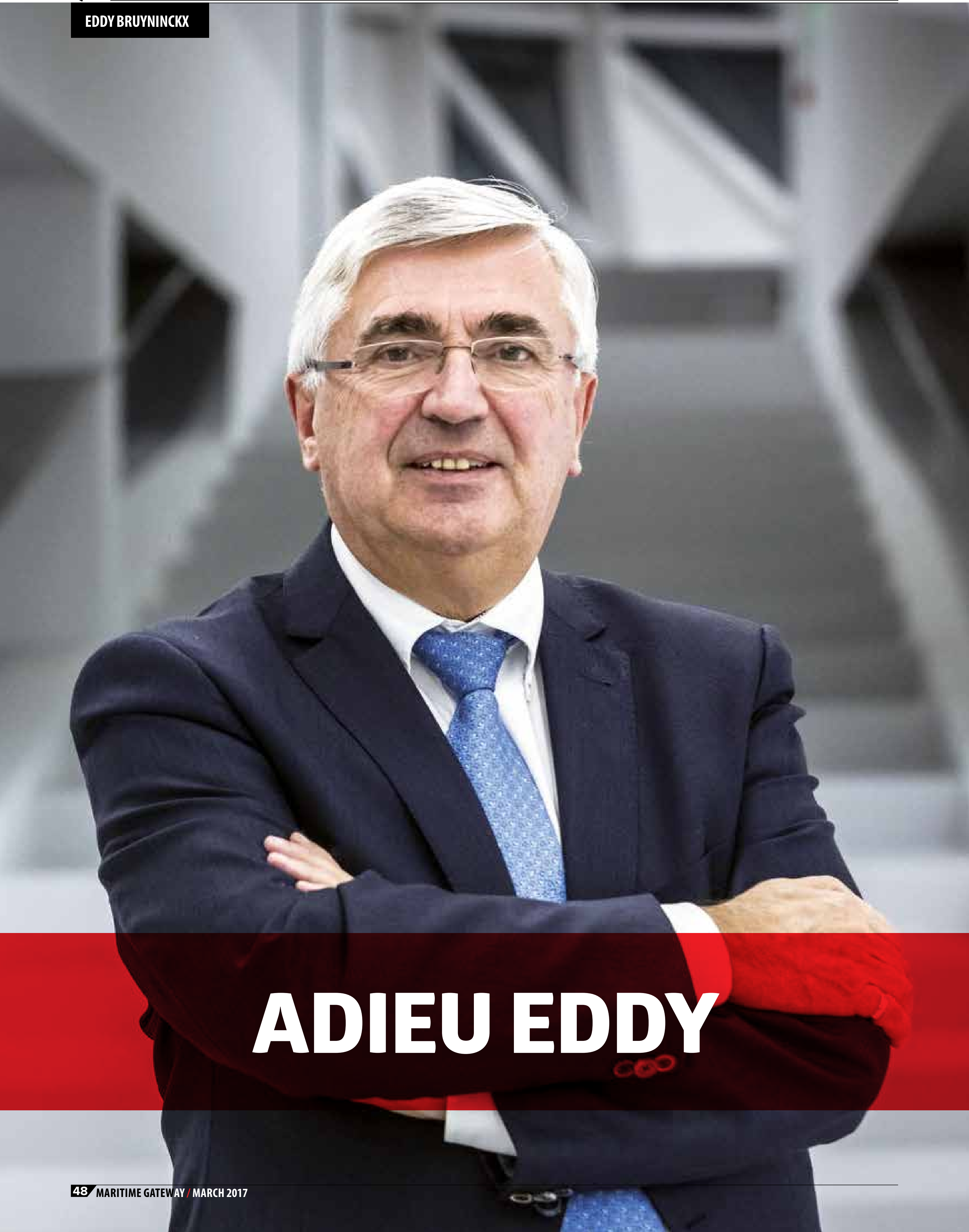
rakes per month for taking its cargo across the country. With production going up there will be demand for double the number of rakes. So, a better option will be coastal shipping and RINL is already moving 2.5 lakh tonnes of cargo by sea route.

When we talk of coastal shipping, it has to connect to inland waterways to cover the last leg of the cargo transit for reaching the hinterland. But Indian rivers are seasonal and it is difficult to maintain a uniform draft throughout the length of the river. Elaborating on this aspect, **Cdr Prashant Kumar Srivastava, Chief of Hydrographic, IWAI** said, unlike the seaports that have a small geographic area, rivers run through different states. For instance, Ganga runs through three different states. So maintaining a uniform LAD is a challenge so the entire length of the river is divided into different stretches based on LAD variation. This is the reason why IWAI has roped in the German company to design ships with a flat bottom that can float in a lesser draft of 2.5 metres.

As the discussion on coastal shipping continued, **Ahamedul K Chowdhury, CEO, Pangaon Inland Container Terminal** presented a detailed account of Indo-Bangla coastal shipping. Coastal shipping is a relatively new concept in Bangladesh. There are sufficient imports (about $6.1 billion) coming from India into Bangladesh, but exports from Bangladesh to India are only $462 million. India is the largest exporter of raw cotton to Bangladesh. Lack of return cargo is a major constraint for growth of coastal shipping. On the Bangladesh side, to make coastal shipping attractive tariffs have been reduced at Pangaon Terminal and discounts are being offered for cargo moving to Chittagong via Pangaon. Shipping a container from India to Chittagong costs $80 per teu, but shipping to Pangaon costs only $20 per teu and operational savings will be 62 per cent.

Sajan B Nair, Secretary General, Federation of Indian Coir Export Association, presented the case of coir industry in Kerala. The coir industry in Kerala imports jute from Kolkata and it takes 3-4 days by road to bring jute from Kolkata to Kerala where it is processed to produce mats and other floor coverings. Recently the coir industry in Kerala has explored that jute can also be transported in containers and Shreyas Shipping is providing the coastal service for moving jute to Kerala. The main constraints in this process are the jute industry in Kolkata is highly disorganised, the transit time is long (15-20 days) by coastal shipping, but it is slightly cheaper than road. In the current scenario of coir production and exports in Kerala, 2000 teu containers can easily be exported in a year, provided the transit time is brought down. The US is a huge market for jute products which Kerala can explore.

A positive sign is that coastal shipping is increasing on the east coast and Sravan Shipping is providing a dedicated fortnightly service connecting Kolkata, Vizag and transshipping to Cochin via Krishnapatnam, informed **Sravan Kumar, Director, Sravan Shipping.** A lot of rice is being exported to Cochin and tiles are being brought to Gujarat via Mundra, Rajasthan marbles are being shipped from Mundra to Vizag. The bottleneck in coastal shipping is poor last-mile connectivity and multiple handling which pushes the cost and time for moving the cargo to destination.



ADIEU EDDY

As a port authority one has to be very humble. Credibility and reliability is what counts. Always be ready to identify new threats and opportunities," is the message from Eddy Bruyninckx as he hangs his boots, having served the Antwerp Port Authority as the CEO for two and half decades. In a one-to-one with Ramprasad, Publications Director, Maritime Gateway, Eddy reflects back at his long and fulfilling career with immense satisfaction

Q How do you summarise the 25 years of your career journey?

The day-to-day activities when they happen we do not notice them much, but when we look back after a long period of time, it is impressive to notice the changes that have taken place, such as, containerisation, up-scaling of vessels, dredging of port, new infrastructure being built. When we initially came to India it was just a rational decision to improve our visibility, but very soon it turned into a friendship. The shipping industry is very passionate, you have a common heart for the shipping world. I feel very sad when some people talked about protectionism. Because growing shipping industry will ultimately result in growing welfare for the world. Today shipping denotes prosperity and it can be used as a yardstick to measure the growth of a country or a region.

Q From the ports' management perspective what has really changed?

Looking back up to the year 2008, cargo flow was booming and containerisation was growing. We had to focus on having the necessary equipment in place, so there was more focus on infrastructure. Then in 2008 and 2009, with Lehman Brothers it was the financial crisis that appeared first, which was soon followed by a pure economic crisis and decline in cargo flows. In October 2008, I was on a holiday when I read somewhere "Never waste a good crisis." I said to myself this is something we need. From the very moment I said lets go on a campaign and think as a global community what can we do better? In order to make full use of this crisis and bring changes in our organisation. We started thinking in a different way about what we had to do. Think of the other partners in the terms of supply chain when you are just a part of it. The result was we started a small cell in our group for trade facilitation. This is an example of thinking to facilitate global supply chain.

We became far more interested in what's happening in the hinterland. We started focusing on the origin and destinations of cargo, regions where there is more concentration of cargo. We obtained the statistics on cargo volumes and concentration centres and reached out to the rail operators and barge operators. With the statistics we could easily explain them the cargo hotspots and the untapped opportunities which they could use to grow their business, increase the frequency of service to those regions as well as help the trade move their goods to global markets or destinations. So that could be a win-win situation for the traders and the logistics service providers.

Q What future challenges do you see for the ports?

A major challenge is the current slump in the world economy and the trade flows. The most eminent thing will be data and ICT where more disruption will appear. Data will be stimulating and will oblige the players to face new challenges and embrace new opportunities. People will discover new opportunities and ways to deliver services. So there will be improvement of processes but it will be triggered through data and digitisation.

Q Few years back we were talking of globalisation. But recent trend looks like geo-political issues are making it more localisation. Does this affect the port business?

There will not be any major impact on the ports business as the gap between trade and economic growth narrows down. We have seen since World War II a higher percentage in growth of trade. I am a strong believer of globalisation and advantage of trade. The politicians should take initiatives to make society more inclusive.

Q What has been the most satisfying thing for you as the port CEO?

The fact that we succeeded in adapting the maritime access to our port, although we are a river port and we had to get the approval from the Dutch government for dredging as the river flows to the Netherlands, for welcoming the bigger container vessels. The day we could sign this agreement that was a milestone as the 14,000-teu MSC vessel called to our port for the very first time. I had gone to Felixstowe to welcome the vessel to Antwerp. There I could see the results in huge investments made for dredging. I am an extremely happy man as at this port I got the opportunity to meet people from all over the world and make friends with them.

Q What are your plans after retirement?

I have to bring more balance in my family life. I had the advantage that I could always choose the things that I liked to do, like spending all of my time to the port. I created a small consultancy company for myself and I have made agreements with three very interesting groups that have international ambitions. So, the fascination about what is happening in the world and being a part of it will always be there, and will never go.

Q What is your message for young CEOs who are running ports now?

Always be open minded, try to discover as soon as possible new threats and opportunities, and the most important thing is that as a port authority be very humble. You are here to serve your customers and help them develop their business. A customer can change a port of call within a day they have the choice not you (port operator). You always have to strive to maintain the confidence of your customers. Always be reliable and not opportunistic, otherwise I wouldn't have been able to continue my job as a CEO for 25 years at a stretch. One has to build up credibility and reliability. mg

AMTOI DAY

The theme of the AMTOI Annual Day 2017, held on February 3, 2017, was "Expressing Gratitude for our Armed Forces." Vivek Kele, President of AMTOI called upon the industry colleagues to change their old business models as they looked ahead.

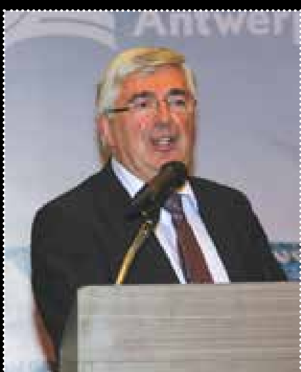
ECMBS

The fifth edition of ECMBS was truly international with participants coming from neighbouring countries like Sri Lanka, Nepal, Myanmar and Bangladesh to bolster trade in South East Asia.

PORT OF ANTWERP ANNUAL MISSION

The Port of Antwerp's recent Annual Mission to India brought together Belgian Deputy Prime Minister Alexander De Croo, Port Alderman Marc Van Peel, APEC Principal Kristof Waterschoot, JNPT Chairman Neeraj Bansal and Indian Port Association Chairman Sanjay Bhatia. During the visit new facility was inaugurated for Indian port professionals who follow courses given in Mumbai by APEC, the port of Antwerp training centre. The Port of Antwerp also hosted its annual reception in Mumbai, which was also an occasion to bid farewell to Eddy Baron Bruyninckx, former CEO of the port, who recently retired after 25 years of distinguished service.

Also present on the occasion were Jan Luykx, Ambassador of Belgium to India, Peter Huyghebaert, Consul General of Belgium in Mumbai, Luc Arnouts, CCO, Antwerp Port Authority and Raj Khalid, Representative of Antwerp Port in India. Alexander De Croo also met Shipping Minister, Nitin Gadkari to discuss further enhancing cooperation between India and Belgium and India and Antwerp Port.



FFFAI

The 23 Biennial Convention of FFFAI was held from January 19 to 21, 2017, at Crown Plaza Hotel, Cochin in Kerala. The theme of the event was “Indian Customs Broker-Trusted Single Entity Logistician-Capable and Dynamic.” This event has also seen lot of women power with one exclusive session on gender diversity.

WE'RE PREPARED ON PAPER, NOT AT SEA..

For the last two weeks plus a massive exercise has been underway to clear the coastal waters at Ennore and Chennai of the black tar like substance. Was the oil spill caused by the ships that collided or was it caused by an ineffective port control monitoring system?

It would have been a calm, balmy night on January 28 and the two cargo ships – *MT BW Maple* and *MT Dawn Kanchipuram* – would have continued sailing up along the east coast had they not ignored the warning sent out by the port pilot. The vessels were to alter their course to starboard to avoid a collision. Yet, the outgoing vessel turned to Port side, making its way in to the Indian vessel. The consequence of not heeding to it is there for all to see. Even as the port steadily denied there was no more than a tonne of oil that spilled in to the sea, in less than 48 hours the spill turned to a slick.

Tonnes of black gooey tar is now trailing the shores of the Marina beach in Chennai and an assessment by no less than the Directorate General of Shipping (DGS) has revealed that there is heavy damage to Dawn Kanchipuram and there is also a possibility of the oil spill to be over 40 tonnes instead of the earlier reported 20 tonnes.

While government agencies from the Tamil Nadu Pollution Board right up to the National Green Tribunal have been looking at whether this is a small spill or a big one, we're asking if this is how we should respond to an ecological disaster. This marine Oil Spill turned out to be one of the major threats for marine environment along the 45-km Chennai and Ennore port coastline. The consequences of this spill have already profoundly and adversely affected harbors, beach, wild life, fisheries, human health, tourism and industrial plants. And assessments conducted so far have lead to reports on how there is a serious impact to the local economy already. Little crabs have stopped running between feet and the endangered Olive Ridley turtles' eggs have been glossed by thick black slick. Has this spill, therefore, been addressed by way of advance preparedness or contingency planning? The port and other allied agencies may jump in with their yeses. But this time, like most other times when there were oil spills in India in 2010, 2011 and 2013, the nays are louder than the ayes. While there is a mechanism on paper to address such spills, there should be a single nodal agency for cleaning which should lay down standard operating procedures and guidelines.

In the early nineties, various government agencies allocated functional responsibilities to various ministries and departments for oil spill response in the marine zones of India were constituted. A National Oil Spill Disaster Contingency Plan (NOS DCP) was formulated and the Director General Coast Guard was designated as the Central Coordinating Authority (CCA) to implement the plan and coordinate response activities in the event of oil spill at sea. The Ministry of Shipping, the Department of Ocean Development, the Ministry of Petroleum and Natural Gas, oil companies, port authorities and maritime states were also the stake-holders in the plan. Based on the IMO guidelines, a tier system was adopted to classify the oil spills. The oil spill up to 10,000 MT is considered as Tier-II oil spill and the oil spill up to 700 MTs is considered as the Tier-I oil spill to deal with the contingencies arising out of oil spill in the marine area. And the oil spill of more than 10,000 MT is considered as Tier-III oil spill.

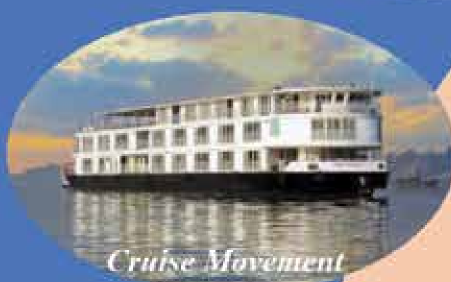
The review process has been going on for two decades now, but one of its most important requirements is still virtually absent. The Indian Coast Guard has repeatedly brought up the need of Local Contingency Plans (LCPs) for the proper functioning of the national plan.

The disaster planning mechanism on paper seemed just what any agency should follow to clear the waters after the spill. However, there is a vast difference between the regulations on paper and ground level implementation. Investigation has revealed that most equipment and machinery deployed at Indian ports is not suitable to be used in shallow waters. Three weeks have passed since the oil leak. Yet, there are no answers to many questions and no one institution to shoulder the responsibility of this disaster. Until the law finds a mechanism to bring to book those that are less circumspect, lapses at many levels and lack of transparency coupled with a lackadaisical attitude will continue haunting the shores and the ports.

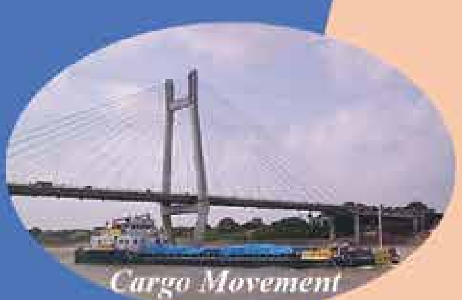
Inland Waterways Authority of India

Ministry of Shipping, Government of India

RO-RO movement



Cruise Movement



Cargo Movement

Cargo Terminal

Cargo movement on NW-5

Boost to Waterway transportation in India

- *National Waterway Bill 2015 for 111 waterways passed in Lok Sabha .*
- *Jal Marg Vikas Project with World Bank funding in progress (National Waterway-1).*
- *Upcoming Multimodal Terminals at Varanasi, Sahibganj and Haldia.*

Highlights of NW-4 and NW-5

- *Development of selected stretches of NW4 & 5 under PPP mode.*
- *EIA & EMP Study awarded for NW4 & NW5.*
- *Dredging, Excavation and channel widening work commenced on NW-5*

Leader in perishable logistics

For almost five decades now IG International has been sourcing 30 varieties of fruit from different parts of the world so that Indians can have their share of fruit every day. From operating just a couple of pack houses and wholesale outlets, IG International has grown to be the largest trader and logistics player in the fresh produce division. In a conversation with MG's Deepika Amirapu, Tarun Arora, Director, IG Group of companies speaks on how logistics in the perishable commodity space functions.

by Deepika Amirapu

Tarun Arora, Director, IG Group of companies

Q Tell us about your fresh fruit imports?

We import about 50,000 tonnes of fruit every year mainly from the Nhava Sheva, Chennai, Kolkata and Krishnapatnam ports. We source apples, citrus fruits, pears and kiwis from the USA, China, Chile, Netherlands and Australia for the Indian market. Once the shipping lines – MSC, CMA CGM and Maersk bring the produce in containers, we break bulk the fruit in smaller batches and dispatch them to Tier II and Tier III cities. Our cost of import of loaded containers varies from $800 to $8,000 depending on whether the box is coming from China or Chile.

On the exports front, we handle about 400 tonnes of mangoes, bananas and grapes annually. Much of this gets transported from Nhava Sheva.

Q How has fruit handling and logistics changed since the time you started your business in 1965?

There are a lot more organised players in the market now – both logistics firms and traders. Adani Agri Fresh, Mahindra Shubhlabh have entered the trading sphere while Snowman logistics and Cold Star have established cold chains all over the country.

Q Why did IG decide to float its own logistics wing and not rely on third party movers?

For a firm that does our scale of business, it was very important to have control over the entire supply chain when handling commodities that have a short life. We need all our produce to be transported to the final destination within 48 hours of import to be able to minimize wastage. In the interest of transporting fruit in a speedy manner, we decided to own our fleet of reefer trucks. From owning just five trucks in 2008, we own about 80 reefer trucks, 20 refrigerated trailers. containers.

Q With your vast network of cold chain storage facilities, how do you plan to maximize utilization?

This is one of our main challenges. To maximize utilization, we are planning to synergise with players in the same industry. Our utilization during the peak season, that is, from January to August is close to 90 percent. During the lean season, it's just about 30 per cent as most fruits are imported during the first eight months.

Q With the impending passage of the GST Bill, do you see your firm expanding in the temperature controlled warehousing segment?

We would look at expanding our temperature controlled warehousing business to 50,000 pallets and our fleet of trucks and trailers to 120 from 80 today. At present, we have a capacity of 40,000 MT and facilities at seven locations. We would also look at increasing our pack houses where fruit is de-stuffed from containers and packed to be shipped to different destinations. Since there is no tax on perishable commodities, we expect the Bill to favour us.

Q In a market with many new entrants, what is the mantra to preserve your margins?

Fortunately for us, we have been growing at a CAGR of 33 per cent in the last four years. To preserve this rate of growth, we're trying to see how to fetch return cargo. We're unable to bring back vegetables in our trucks as people perceive that vegetables that come in reefers are stale. They have a lower retail value. And we cannot wait for long to get cargo as we need to deploy our vehicles to other locations. This remains to be a key challenge for us.

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