INTERVIEW - Capt Henry: The Land of Rising Expectations

ESSAR SHIPPING A Pioneer in Coastal Shipping

CARGO Rising Furniture Imports

INTTRA Technology Transforms Container Shipping

Dateline Sri Lanka Time for South Asia to Rise

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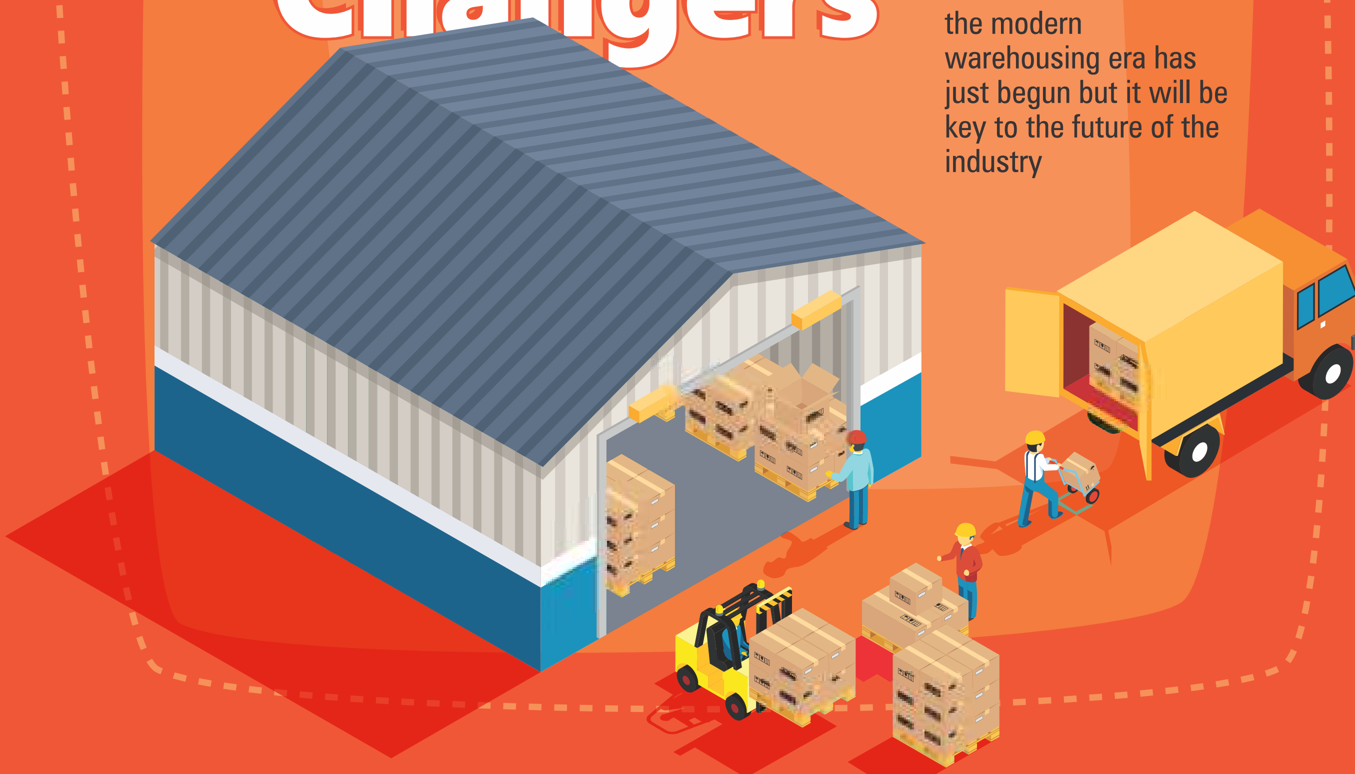
CMA CGM-ADANI Strategic Relationship

New Age Distribution Centres: The Game Changers

Minimal inventories of products and maximum in the consumer hands are the critical components of a successful distribution model. From automation to robots the modern warehousing era has just begun but it will be key to the future of the industry



The Wheel of Joys and Sorrows

It's been a little over six months since the lower house passed the much debated Goods and Services Tax Bill and the government starting from the Prime Minister has made sure not to miss a single occasion to showcase its strength. From projecting the passage of the bill as a sign of cooperative federalism to implementing it to make India a unified national market, many a platform has been effectively used to showcase this reform.

In fact, much of the next two months of Prime Minister's summer tour to Germany, Russia and the US will also be spent talking about the implication of this tax to project India as market that is ready to be a bigger free trade area. The implementation of the new tax slab for various products and services does mean that the levy will be only at the final point of consumption and the truckers' waiting point at the check posts will drop by half. But is that all the frenzy is about?

While this is quite some reason to celebrate given that it took ten long years to pass the Bill, there are many elementary matters to look in to before we cry "excellent". At least that's what even Sherlock Holmes would do. Even as the government is announcing the list of services and products that fall under the four tax slabs of 5, 12, 18 and 28 per cent, it is important to look in to the fine print before we say hurray. Because all said and done, there is a steep logistical mountain to climb. The government has given itself about five years more to train more than 60,000 of its personnel setting aside about $450 million to ensure all mechanisms to deal with such a tax reform are in place.

One must expect quite some disruption in activity temporarily because after all, India's indirect tax has undergone a metamorphosis. The promise of a single tax structure will bring with it its set of challenges. They say the logistics firms will be the biggest gainers as it would become cheaper to move goods and bring all states from Uttar Pradesh to Goa on the same plane. The removal of border levies is currently being touted as the much required collapse that was required. But the true test of the Bill would lie in halving India's current logistics cost of 13 per cent to the GDP to make it a free market place in five years. The time starts now.

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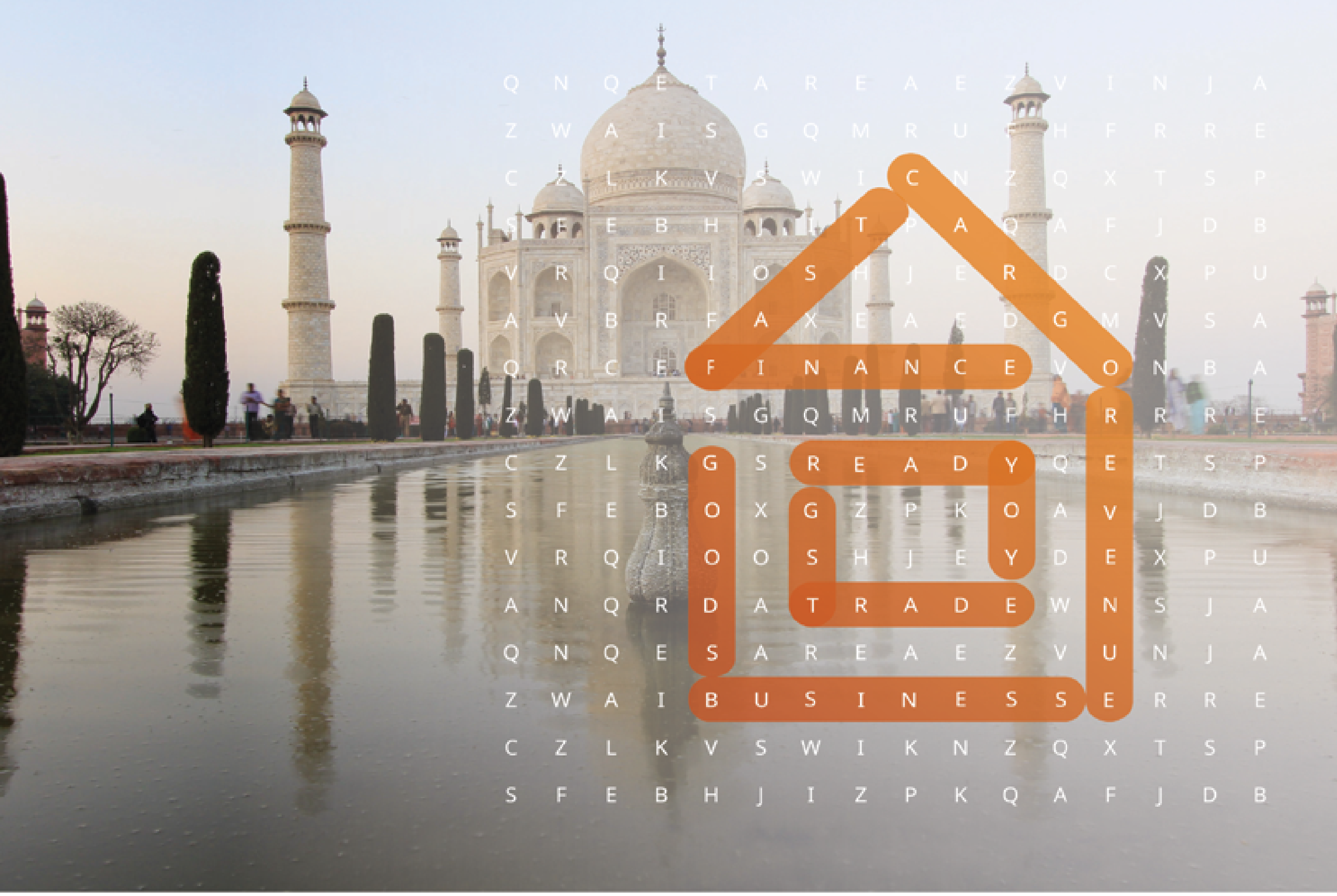


Hotel made of shipping containers

The 'trainspotting hotel' near the Elb River is made with discarded shipping containers. The design comprises a 40 foot-long container stacked on top of two perpendicularly aligned 20-foot containers. The environmentally friendly scheme has been designed by artikul architects for a client who intends to continually relocate the hotel. The lower two volumes house bathrooms and showers, as well as a warehouse and a guest room. Four more sleeping cabins are found on the upper level, each with floor to ceiling windows that adjoin an external terrace. The facility is capable of accommodating 12 guests at a time.

Mid-term review of Foreign Trade Policy

The Commerce and Industry Minister, Nirmala Sitharaman, has said that the revised Foreign Trade Policy (FTP) would be released early to synchronise it with roll out of GST. The core focus of the revised FTP would be promoting exports from the SMEs and high employment potential sectors.

CMA CGM Q1, 2017 performance strong

During Q1 2017, volumes carried marked a strong increase of 34.2 per cent in comparison to Q1 2016. The group's consolidated revenues registered a strong increase of 35.9 per cent in comparison with Q1 2016, to $4.6 billion. For Q1 2017, the group has registered a consolidated net income of $86 million. For the first time since 2011, the APL shipping operations registered satisfactory quarterly results with a return to profitability: it achieved a gross operating income of $56 million, or a 4.4 per cent core EBIT margin, thanks to the combined benefit of higher revenue per unit and cost control. Its net result was also a profit of $26 million.

CIL planning to export to Bangladesh

NTPC Limited, the largest domestic customer of Coal India Ltd (CIL), has signed an agreement to establish a thermal power plant in Bangladesh and Coal India is expecting the power company to source coal to feed the planned power plant in the neighbouring country. The prospect of making its first shipments of coal to Bangladesh would ease pressure from mounting CIL pithead stocks and depressed demand for the fuel, responding to the Coal Ministry's prodding to step up exports of Indian coal.

ClassNK launches bunker fuel oil analysis service

ClassNK Consulting Service (NKCS) has officially launched its bunker fuel oil analysis service. It is important to understand the properties of bunker fuel oil in order to ensure the safety of vessels and to prevent equipment failure. NKCS's bunker fuel oil analysis service provides an oil analysis report for the properties of bunker fuel oil based on the ISO8217 Standard with advice such as oil heating and purification.

Testing laboratories are located worldwide in Singapore, UAE, UK, and USA. After sampled oil is received at the nearest laboratory from each ship, an analysis report will be provided by email and online within 48 hours.

IIFF announces 10th batch for 'Logistics, Shipping &Freight Forwarding Diploma'

After successfully completing the 9th batch of 'FFFAI Diploma Course on Logistics, Shipping & Freight Forwarding' the Indian Institute of Freight Forwarders (IIFF) has announced that it would commence the new batch of this class room course from August 2017. The one year/300 hrs course would take place on Sundays from 9am to 6pm at FFFAI/IIFF building, 311-313 Mahinder Chambers, WT Patil Marg, Chembur in Mumbai. The course curriculum has been validated by international freight forwarders' association, FIATA, and offered through FFFAI.

Dhamra Port breaks even after six years

Dhamra has turned profitable after nearly six years. The port had kicked off commercial operations in May 2011. The port has achieved break even with a profit of ₹180 crore in 2016-17. Dhamra Port's total earnings crossed ₹900 crore in the last financial year with the port paying ₹75 crore as revenue share to the state government. A concession agreement signed with Dhamra Port Company Ltd says the state government is entitled to eight per cent of revenue share after the port completes five years in commercial operations.

New coal allocation policy for power sector

The Cabinet Committee on Economic Affairs (CCEA), chaired by Prime Minister Narendra Modi approved a new, transparent coal allocation policy for the power sector called Shakti or Scheme for Harnessing and Allocating Coal Transparently in India-2017. The CCEA also gave its nod to the signing of fuel supply agreements with power companies, which would eventually help these firms pay back their loans to banks.

Cochin Port Trust bags award

Cochin Port Trust has received two Best Performance Awards from Ministry of Shipping for the highest growth in operating surplus and also for achieving third highest growth in cargo traffic among the major ports in the year 2016-17.

The awards were received from Union Minister for Road Transport and Highways and Shipping Nitin Gadkari by P Raveendran, Chairman and A V Ramana, Dy Chairman, Cochin Port Trust at a function held at Goa. The port has registered an operating profit of ₹127.72 crore during 2016-17 as against ₹70.89 crore during 2015-16 recording a growth of 80 per cent.

New Farakka navigational lock

Work on the navigational lock at Farakka barrage, 280 km upstream from Kolkata, that promises a fresh lease of life for Kolkata Port, has just begun after a series of preliminary studies. The new navigational lock is being constructed by Larson and Toubro (L&T) at a cost of ₹359 crore and will facilitate smoother and faster dispersal of vessels.

MMLP in Ponneri

The National Highways Authority of India (NHAI) inked a pact with the Tamil Nadu government for developing a MMLP in Ponneri Industrial Node area near Kamarajar Port in Tamil Nadu. This MMLP is part of the government's plans to build multimodal logistic parks at 15 places across the country with an investment of ₹33,000 crore in a bid to bring down costs incurred on logistcs.

Concor inks MoU for MMLPs

Container Corporation of India (Concor) announced signing four memorandum of understanding during the India Integrated Transport & Logistics (IITL) Summit 2017. Concor signed two tripartite MoUs with the state government and the National Highways Authority of India for development of Multimodal Logistics Parks at Hyderabad and Surat. Further, the company signed one MoU with Paradip Port for development of a MMLP; and one MoU with Chennai Port for the development of an extended gate facility at CONCOR's facility at Tondiarpet to ease the congestion at Chennai Port.

Integrated cargo transport along multiple waterways

MV V. V. Giri, a vessel of IWAI, began a landmark pilot movement on April 23, 2017 from Kolaghat in East Midnapore district of West Bengal to Bhagalpur in Bihar with a cement consignment of 240 tonnes. The vessel's journey commenced from Kolaghat on Rupnarayan river (National Waterway-86) to reach Bhagalpur via river Ganga (NW-1). This marks the beginning of an integrated cargo movement involving two different NWs; Rupnarayan river (NW-86) connects with river Ganga (NW-1) at Geokhali near Haldia. On its return trip, the vessel will bring fly ash/pet coke.

Mormugao Port to import more coal

The Mormugao Port Trust has been conducting environmental public hearings, which will eventually influence the central environmental clearances required for redevelopment of berths 8 and 9 operated by Adani Ports and the JSW-operated South West Port Ltd. The proposed redevelopment of the coal handling facility is expected to increase import of coal, which is currently 12 million tonnes to 51 million tonnes by 2030. Coal imported into Goa is expected to be utilised by steel manufacturing units in the neighbouring state of Karnataka, through a road and rail network, which is also under expansion.

"As part of the Sagarmala project, the Ministry had identified where multi-modal hubs need to come up. Varanasi would be the first inland multi-modal hub where the railways, waterways and roads would be integrated."

– Rajive Kumar
Secretary, Ministry of Shipping

"We are working on a policy to make it easier for companies to transfer land to foreign companies so that they can set up plants without having to worry about approvals. These steps will attract foreign companies to India.

– Aruna Sharma
Secretary, Ministry of Steel

"We move 60 per cent of traffic on just 10 per cent of routes. We have created competing demands for various modes of transport. This is because we are competing for the same traffic, instead of complementing it. Why should road and rail be competing for same traffic?"

– A K Mittal,
Chairman, Railway Board

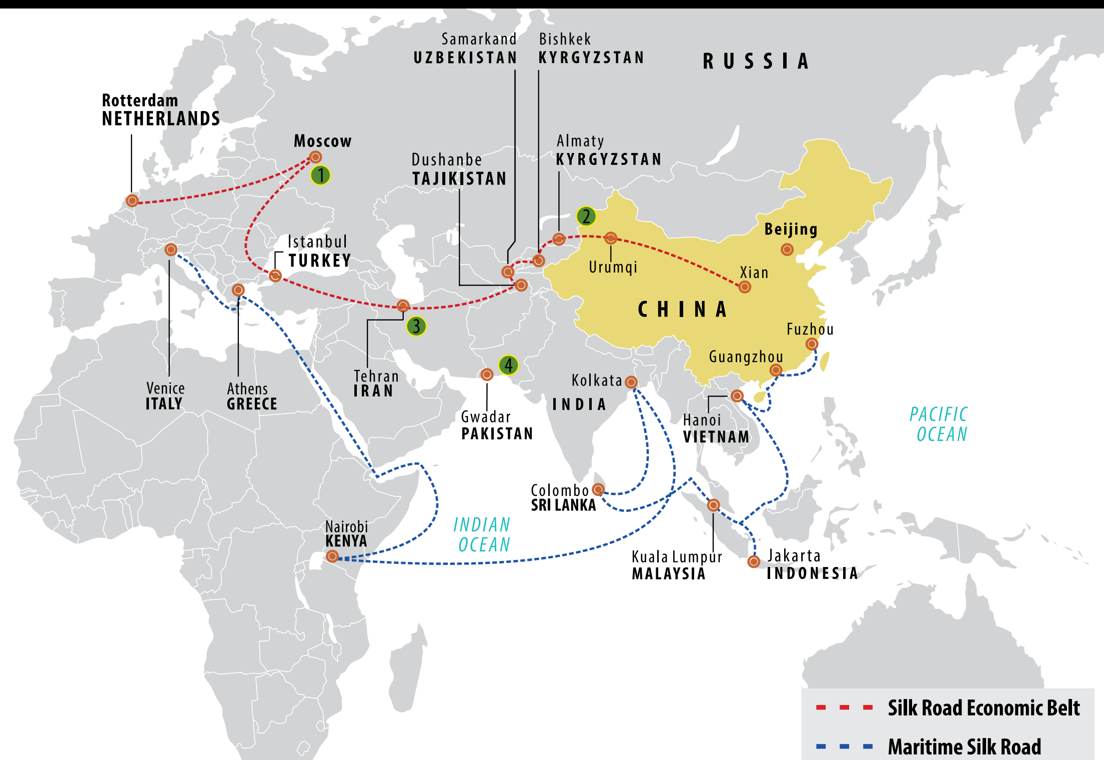
"We remain optimistic that South Asia is the fastest growing region in the world. We believe that even if there are mounting protection pressures (from the West) they will not affect South Asia too much. If anything, they may provide new opportunities."

– Martin Rama
Chief Economist, South Asia Region
World Bank

"We are making India a hub for production and out sourcing of parts for other manufacturing bases for other products. So we look at India as capable of engineering and good economics."

– Naohiro Yamaguchi
MD, Isuzu Motors India

WHAT IS ONE BELT-ONE ROAD?



A Land route running from Inner China to southern Europe via the Netherlands

A sea route connecting Shanghai Port with the endpoint of land based route in Venice via India and Africa

Audit firm PwC has said that about $250 billion in projects have either been built, started construction or been signed; full project would need about $5 trillion.

Why the Mega Plan?

To assert itself some more on the global stage. Stimulate trade with its neighbours. Up export demand for Chinese capacity (Some industries reeling from domestic over-capacity), help internationalise its currency Renminbi (that's seen significant devaluation). Implementation could take atleast 30 to 40 years

16 of China's 27 provinces are covered in the vision

OBOR is all about trade, it makes no mention of any political alliance

The sea route is a distance away in the future, in part, because China is **facing opposition from several nations** over its activities in South China Sea

India is **strongly opposed to the China Pakistan Economic Corridor (CPEC), a key chunk** of OBOR that cuts down transport time from factories in eastern China to West Asia from 12 days to 36 hours

Questions are being raised about the **security of the CPEC** too, given it snakes through Taliban territory as well

KEY BELT & ROAD PROJECTS

1. Moscow-Kazan High-Speed Railway: 770km line is the first stretch of 7,000 km high-speed rail link to Beijing
2. Khorgos Gateway: Cargo hub on China-Kazakh boder will handle one million containers per year
3. Tehran Rail Line: First freight train from China arrived in Tehran in February 2016
4. China-Pakistan Highway: Under construction at cost of $46 billion. "Economic corridor" between China and Pakistan will link China to port of Gwadar on Arabian Sea

India's stand

It's unrealistic for China to expect India to endorse One Belt One Road (OBOR) because of valid concerns on China Pakistan Economic Corridor that passes through Pakistan occupied Kashmir, which goes beyond sovereignty, says Ashok Kantha, former envoy to China. OBOR will increase China's economic dominance in the region and the plan has neither a membership structure nor specific policies that benefit signatories. A government statement says, "Connectivity initiatives must be based on rule of law, openness, transparency and equality and avoid projects that would create unsustainable debt burden for communities."

OBOR TALKS OF CONNECTING **65 COUNTRIES**

OVER HALF THE WORLD'S POPULATION (4.4 BILLION)

AROUND 30% OF THE GLOBAL ECONOMY

TOTAL INFRA INVESTMENT NEED OF ABOUT **$5 TRILLION**

PORTS

Kolkata Port's survival strategy

Faced with stiff competition on the eastern shores once two ports – Subarnarekha and Tajpur – are commissioned, the Kolkata Port Trust (KoPT) is heavily banking on its Naychar island plan for survival. Under the plan KoPT has come up with, it will cut a channel across the Nayachar island – located in the Hooghly river's mouth before it enters the Bay of Bengal – to divert water to Haldia Port and help in raising the draft from the existing 7.6 metres to 9 metres at least and that will allow movements of larger ships carrying up to 25,000 tonnes of cargo.

The Nayachar island divides the river into two parts. Ships bound for Kolkata Port can use the eastern bank, named Rangaphala, while those going to Haldia Port can be on the west bank, which is named Balari.

Dhamra Port discharges 1,13,944 MT coal

The Dhamra Port added another feather in its cap by discharging 1,13,944 MT non-coking coal by two ship unloaders from *MV Cape Natalie* within 24 hours. By establishing this benchmark, the port surpasses previous record discharge of 1,01,320MT during the year of 2013-14.

MV Cape Natalie of NKK class bulk carrier vessel of length 288mt and beam of 45mt. carried steam coal of more than 1,63,000MT from South Africa for AEL. The Dhamra Port already handled 320 vessels in 2016-17.

VO Chidambaranar Port to upgrade coal jetty I&II

VO Chidambaranar Port is all set for a four-fold increase in the capacity of two of its coal jetties – Jetty I and II from 6.25 MTPA to 24 MTPA. The VOCP Trust signed a Memorandum of Understanding with Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) for the upgradation of coal jetty I and II.

With the upgradation of the coal jetties, TANGEDCO will be able to handle additional volume of coal cargo for the upcoming new power plants in Uppur and Kadaladi in Ramanathapuram district in Tamil Nadu. In addition to this, there will be quicker turnaround of vehicles with the deployment of high tech handling equipments like two ship unloaders, each with a minimum 2000 tonnes per hour capacity and a high capacity conveyor system of 4,000 tonnes per hour. This enhancement of handling capacity and upgradation of infrastructure will result in reduction of logistics costs.

Dhaka to push Delhi for dedicated frontier ports

Bangladesh will pursue India for the establishment of dedicated ports on both sides of the frontier for facilitating imports of commercial vehicles from its next-door neighbour. Shipping Minister Shajahan Khan will discuss the issue with Indian officials when he visits India shortly. Almost 90 per cent of commercial vehicles in Bangladesh are imported from India mainly through Petrapole-Benapole ports, said importers. Such a port can be dedicated for importing vehicles, they suggested. The shipping minister will hold a meeting with Indian high-ups during his upcoming visit to Kolkata for resolving the problems related to the land ports.

Cargo traffic at major ports surges 6 per cent in April

India's 12 major ports marked a 6.27 per cent increase in the cargo traffic to 55.75 million tonnes (MT) in April. These ports handled 52.46 MT cargo in April 2016. Iron ore traffic volumes were up 40 per cent to 5.37 MT during the month as against 3.82 MT in April 2016 while coking coal volumes increased by 15 per cent to 4.61 MT. Container traffic was up 9.78 per cent to 7 lakh teus while POL volumes too surged by 7 per cent. Kandla Port handled the highest traffic volume at 9.32 MT during April this year followed by Paradip Port at 7.33 MT. JNPT Port handled 5.75 MT, Mumbai 5.33 MT and Visakhapatnam 4.92 MT. Kolkata Port including Haldia handled 4.23 MT of cargo while Chennai Port handled 3.93 MT of cargo.

Seaport immigration office opened at Vallarpadam ICTT

A seaport immigration office has been opened at the ICTT, Vallarpadam. Earlier, officers from the immigration office at Willingdon Island had to travel to the ICTT for carrying out the formalities related to the arrival and departure of ships. On an average, around 60 ships visit ICTT in a month and the Immigration Department officers had to make around 120 trips each month to carry out their duties. The office was opened at the ICTT by the Cochin Port Trust with the support of India Gateway Terminal Pvt Ltd, the operator of the terminal, and the Cochin Steamer Agents Association. This would also help in quicker turnaround of vessels calling at the ICTT, thereby pushing up overall utilization and efficiency. It is conducive to the ease of doing business policy of the government.

MMB to identify land parcels for boosting maritime infrastructure

To protect coastal land from encroachments and boost the creation of maritime infrastructure like ports, marinas and water transport projects, the Maharashtra Maritime Board (MMB) has launched an exercise to identify its land parcels spread out across the coastline. So far, the board had no firm estimates of the quantum of coastal land vested with it. The MMB will also identify government land falling in its impact zone and seek its transfer. Atul Patne, CEO, MMB said that they would also identify and destroy illegal sand extraction jetties and coastal encroachments. The effort will enable the MMB – which governs the regulatory framework of Maharashtra's maritime industry – to get an estimate of its landholdings and use it for creating coastal infrastructure.

Major ports to develop satellite ports

The government-run ports in Chennai, Paradip and JNPT are developing satellite ports as part of their expansion plans. While Chennai and Pondicherry Ports signed an agreement on 14 March to convert the one in Pondicherry as a satellite port for Chennai, talks are on to expand Outer Harbour Paradip Port to be made a satellite port for Paradip Port. Similarly, Mormugao Port in Goa is also exploring options to expand port infrastructure, including constructing a satellite port at Betul in Goa. JNPT is in the process of acquiring Vadhavan Port in Maharashtra, which was approved by the government in 2015 to act as its satellite port.

Nhava Sheva (India) Gateway Terminal sets record

DP World-operated Nhava Sheva (India) Gateway Terminal, at JN Port, loaded the heaviest cargo to have been handled at the Port. The break-bulk cargo, on board the *Maersk Guayaquil*, measured 14.62 m by 5.61 m by 5.75 m, and weighed 79 tonnes. It was also one of the highest tonnage handled at any container terminal at Nhava Sheva.

The vessel called under the Europe-Middle East (ME1) service, which connects the Indian Subcontinent to key ports in the United Kingdom, Germany and Dubai, amongst others. Nhava Sheva (India) Gateway Terminal has been built to a futuristic design, with the wharf equipped with the world's largest and most technologically advanced quay cranes.

JN Port & JNPCT achieve record monthly performance

JN Port and JNPCT have achieved record handling performance in April 2017. JN Port handled 4,16,436 teus during the month, its highest monthly handling till date, registering 0.59 per cent growth over March 2017 and a 12.64 per cent year-on-year growth. The previous highest monthly throughput was 3,99,419 teus in March 2014.

JNPCT handled 1,39,953 teus in April 2017, which is also record monthly handling till date, surpassing the previous best of 1,36,408 teus achieved in November 2016. JNPCT registered 8.62 per cent growth over March 2017 and a YoY growth of 6.06 per cent in cargo throughput. For the financial year ending March 2017 (2016-17), JN Port had achieved an all-time high container volume of 4.5 million teus. JNPCT, too, handled its highest ever volume of 1.53 million teus.

Launch of DMICDC's LDB service in Mundra and Hazira ports

A pioneering project to provide visibility to container movement from port to door, the DMICDC's Logistics Data Bank (LDB), has taken another major leap with the launch of the service in the port terminals of Mundra and Hazira under Adani Ports and Special Economic Zone (APSEZ) in Gujarat.

With the start of LDB in Mundra and Hazira, nearly 90 per cent of the traffic along the Western Corridor and 70 per cent of the total container volume of the country can now be tracked under one system. Shri Ajay Bhadoo, IAS, Vice-Chairman and CEO of Gujarat Maritime Board, launched the services in Mundra.

Cochin Shipyard building 4 ships for Andaman & Nicobar

Cochin Shipyard is constructing four passenger-cum-cargo vessels for the Andaman and Nicobar. The vessels would be ready before 2020. While two of these vessels will have a capacity of 500-persons-cum-150-tonnes-cargo, the other two will have a capacity of 1,200-persons-cum-1000-tonnes-cargo. While the construction of the smaller vessels is already going on, the construction of the larger set of vessels will start in June. While the larger vessels will ply between the mainland and the islands – and will also be capable of making international voyages – the smaller vessels would be employed for inter-island service.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APM Terminals Pipavav reports Q4FY17 profits

APM Terminals Pipavav reported a net profit of ₹662 million for Q4FY17 as against ₹517 million in Q4FY16. Total Income for the quarter under consideration stood at ₹1,746 million as against ₹1,610 million in Q4FY16. EBIDTA for the quarter was at ₹1,147 million and EBIDTA margin stood at 65.7 per cent.

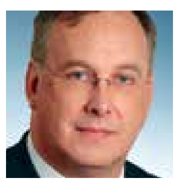
The container cargo business for the quarter stood at (appx.) 158k teus, bulk business at (appx.) 300k MT and liquid business at (appx.) 250k MT. RoRo business was at (appx.)24k units for the quarter under review. For the full year ended March 2017, the company reported a net profit of ₹2,499 million. Total Income from operations for FY17 stood at ₹6,831 million. EBIDTA for FY17 was at ₹4,186 million and EBIDTA margin stood at 61.3 per cent.

Second terminal coming up at Kamarajar Port for automobiles

With many automobile makers using Kamarajar Port to ship out vehicles to overseas markets, a second terminal costing ₹320 crore is being developed while another is planned for the future. Kamarajar Port Ltd. has borrowed $100 million loan in foreign currency to part-fund its current year's capital expenditure of ₹400 crore. 2,27,581 vehicle were exported during the last fiscal from Kamarajar Port compared to previous year's 2,16,922 units. Last year, coastal shipping of automobiles also began from the Kamarajar Port to Cochin and Kandla Ports.

EXIM

Hamburg appoints new ambassador for India



During the Annual Meeting of Hamburg Ambassadors, Olaf Scholz, First Mayor of the City of Hamburg, conferred this honorary title as the Ambassador to India upon Heiko Mohn. Mohn succeeds Frank König, who had been active as Hamburg Ambassador in Mumbai for the past ten years. Heiko Mohn, who trained in shipping, has lived for 12 years in India, and is Hamburg Süd's Managing Director for the India, Pakistan and Middle East regions. He sees urban development, waste handling and water purification as among likely fields for cooperation between India and Hamburg. 'We have numerous opportunities for shaping the future in the training field and an exchange of experience among young people," says the new Hamburg Ambassador.

Last year seaborne container traffic between Hamburg and India grew by two per cent.

Mango exports from Nashik rise

Nashik is fast emerging as an export hub for mangoes too. Last year, about 1,000 metric tonnes of mangoes were despatched from Nashik and the figure is expected to touch 1,500 metric tonnes this year. Farmers from Konkan, Uttar Pradesh, Andhra Pradesh, Telangana and parts of Karnataka send their produce to Nashik for treatment to make the fruit pesticide-free before it is exported. The fruits are packaged at the pack-house of Halcon located at the ICD and air cargo complex at Ozar before transported by road to Mumbai airport and despatched overseas. Mangoes grown across Maharashtra and many other states are exported from Nashik.

H-Energy plans more flexible LNG imports for India

H-Energy has pledged to reshape the country's LNG-import business model, positioning two floating storage and regasification unit (FSRU)-based terminals that will enable its customers to import gas in cheaper, smaller consignments. The two planned FSRU-based import terminals will target India's utilities and industrial users that need up to 1 million tonnes a year (mta) of LNG.

H-Energy announced last month that it will charter Engie's 145,000m³, 2010-built FSRU GDF Suez Cape Ann from next autumn. It will base the FSRU at Jaigarh on India's west coast, importing an initial 2 mta, taking delivery of the first cargoes in June next year.

India attracts steel companies

India is drafting a land-for-assets policy among a raft of measures aimed at attracting foreign investment into the world's third largest steel producing market. The government will help companies secure land in exchange for equity or setting up joint-ventures with local firms. "These steps will attract foreign companies to India," Aruna Sharma, Secretary, Ministry of Steel said. "We are also working on a policy to make it easier for companies to transfer land to foreign companies so that they can set up plants without having to worry about approvals."

The steel ministry has already asked its subsidiary miner NMDC Ltd to consider reviewing iron ore prices only once in three months instead of regular revisions so that prices do not swing, Sharma said.

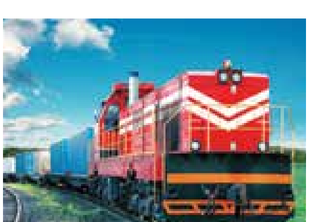
LOGISTICS

IndoSpace to develop logistics properties

Canada Pension Plan Investment Board and Everstone Group's industrial and logistics real estate development platform, IndoSpace, have joined hands to form a joint venture named IndoSpace Core to acquire and develop modern logistics facilities in India. The Canadian pension fund will initially commit approximately $500 million and will own a significant stake in the proposed joint venture. IndoSpace Capital Asia will manage the new entity.

In the first tranche, IndoSpace Core will buy ready assets of approx 10 million sq. ft. for about $500 million. Over the next 36-40 months, IndoSpace Core has the option to acquire an additional 15-20 million sq. ft, which will take their overall investment to approximately $1.3 billion.

Indian Railways to track wagons with radio frequency tags



The Indian Railways will use RFID for tracking of wagons, coaches and locomotives to ensure effective and transparent functioning. Leveraging information technology in a big way, the public transporter has issued instructions for equipping all wagons with RFID tags to begin with.

There are about 2.25 lakh wagons, 50,000 coaches and 9,000 locomotives in the railways. Railways have sanctioned ₹57 crore for the first phase of rollout of the system. The tag designed by the Centre for Railway Information System (CRIS) is estimated to cost ₹1000 per tag. Using RFID devices, it will be easier for the railways to know the exact position of wagons, locomotives and coaches.

While the RFID tag will be fitted in the rolling stock, trackside readers will be installed at stations and key points along the tracks to read the tag from a distance of about two meters and transmit the wagon identity over a network to a central computer.

DAMCO expertise heralds a new era for supply chain in Bangladesh

Damco has introduced an end-to-end solution wherein export products will be consolidated in Dhaka, and the full container will then be transported by river barge for onward trans-shipment to Chittagong Port. Launched on 13th March 2017, the new supply chain management product is also in line with the government's philosophy on promoting river transport.

In addition, Damco has initiated plans to create a sustained ecosystem by getting the imports movement to the Dhaka River Terminal(s), thereby utilizing the empty equipment for exports. The Pangaon Container Terminal and the SAPL River Terminal, together form the River Terminal Complex, with a combined capacity of over 200,000 TEUs.

More investments in Indian logistics sector

DP World has committed $1 billion investment in Indian infrastructure, including logistics and container terminals. "We have already invested $1 billion and will soon invest another $1 billion," Sultan Ahmed bin Sulayem, CEO, DP World, said. There was also a need to reach internal markets, invest in cold storage facilities and networks, as well as use coastal and inland waterways to increase efficiencies, Sulayem said.

On a separate note, Shipping Minister, Nitin Gadkari said, The Centre plans to build 35 multimodal logistics parks in the country to cater to 50 per cent of freight movement. The parks will lead to a 10 per cent reduction in transportation costs. Land parcels have been identified and pre-feasibility studies initiated at six locations. The parks will be developed jointly by the NHAI, National Highways Infrastructure Development Corporation and state governments.

SHIPPING

CMA CGM launches new mobile app for customers

The CMA CGM Group has launched a new version of its mobile application, overhauled with new features that will allow customers to track shipments, provide access to all line schedules and company news. It is now also available on tablets operating on Android and IOs systems. It exists in 5 versions, English, French, Chinese, Spanish and Portuguese.

As per an official communiqué, with the new version of the CMA CGM application, customers would be able to: Follow their shipments from the port of loading to the port of unloading; Access schedules of specific ships or trips in order to plan their shipments; obtain one or more shipping routes between two points, selected optimally by the app out of more than 200 shipping lines and more than 400 vessels from the Group's fleet; follow CMA CGM Group's corporate news including new services and rate information.

The new version of the application presents a redesigned and ergonomic interface that makes all features easy to use.

Maersk Line offers direct service to North Europe from Pipavav

Maersk Line has added Pipavav as an additional port of call for its ME1 service. The ME1 will now have 3 gateway ports, Pipavav in addition to Nhava Sheva and Mundra. With the Maersk Group strategically placed at Pipavav, there would be no impact on the transit time. This will be beneficial for the customers in northern India as they will have more options to route their ICD cargo to and from North Europe, Mediterranean and West Africa.

The ICD rail connectivity at Pipavav will also be a major contributor towards ease of doing business. With Pipavav's addition, the rotation of service would be as follows Jebel Ali – Jawaharlal Nehru – Pipavav – Mundra – Salalah – Jeddah – Port Tangier – Felixstowe – Antwerp – Bremerhaven – Wilhelmshaven – Rotterdam – Algeciras – Aqaba – Jeddah – Jebel Ali.

New service connects Iran and Iraq with Kandla

Hafez Darya Arya Shipping Lines (HDAS), a division of Iran's IRISL group, has started a new liner shipping connection between Kandla International Container Terminal (KICT) and the ports of Bandar Abbas in Iran and Umm Qasr in Iraq.

HDAS has deployed two 1100 teu container ships to maintain the service, which will also call at Nhava Sheva port in India. The first vessel to call at KICT was *Arezoo*, which loaded 607 containers and disembarked 998 units on its maiden voyage.

With this service IRISL has extended its coverage of the Indian market, complementing existing connections with Nhava Sheva and Mundra. IRISL says it plans to relaunch a direct service from India to Europe, via Iran, in the near future.

Maersk Line deploys its first 2nd generation Triple-E

Madrid Maersk, a 20,568-teu container vessel and the first 2nd generation Triple-E, called the Port of Tianjin in China. This was the first port on its maiden voyage. Maersk Line has deployed *Madrid Maersk* in its Asia-Europe service network.

Madrid Maersk is the first in a series of eleven 2nd generation Triple-E vessels. It is also the first of the 27 vessels Maersk Line ordered in 2015 to enter service. Maersk Line will take delivery of the vessels until the end of 2018 and they will replace older and less efficient tonnage.

Xander acquires Gateway SEZ

The Xander Group has signed a ₹2,300-crore ($350 million) deal to acquire Shriram Properties' Gateway Special Economic Zone near Chennai. While Xander will pay $190 million for the SEZ, it will invest $160 million more to expand the commercial component of the SEZ. The deal involves 1.7 million sq ft of occupied and operational SEZ, and a partnership with Shriram Properties to deliver 1.9 million sq ft under construction. Gateway is a 58-acre township including office space, shopping mall and residential apartments. Shriram will continue to develop and own the residential and retail components comprising 2.6 million sq ft, while Xander can develop an additional 1 million sq ft of office space.

JSW Steel secures iron ore supply

Sajjan Jindal-led JSW Steel is keen to have a long-term iron ore linkage arrangement with Odisha government-owned Odisha Mining Corporation (OMC), in order to secure supplies for its planned 10-million-tonne mega steel plant. The company has committed an investment of ₹50,000 crore for the steel mill and an additional ₹3,500 crore for associated infrastructure such as coal and iron ore berths and a slurry pipeline. The steel plant will need 16 million tonnes of iron ore annually.

For JSW Steel, the other workable route is getting an iron ore block through competitive bidding. JSW Steel has bid for Kalamang iron ore block opened up for auctions in Odisha. The Kalamang block reserved for an integrated steel plant has also got competing offers from Tata Steel Ltd, Tata Sponge Iron Ltd, Bhushan Steel Ltd, Vedanta Ltd, Rashmi Metaliks Ltd, Thakur Prasad Sao and Sons Ltd, JSPL, Shyam Metaliks & Energy Ltd, RINL and Shri Jagannath Steels & Power Ltd.

MSC announces the 'IMED' service

MSC has launched the 'IMED' service which will provide weekly, fixed-day sailings between the East Mediterranean and India. The transit time from Asya Port (Tekirdag) to Nhava Sheva will take just 22 days. Meanwhile, MSC will leverage its major hubs of Salalah, King Abdullah Port and Asya Port to cover ports throughout Somalia, the Red Sea and the Black Sea. The service fixed weekly rotation: Nhava Sheva – Hazira – Mundra – Salalah – King Abdullah – Port Said West – Mersin – Istanbul – Asyaport – Piraeus – Iskenderun – King Abdullah – Salalah – Nhava Sheva.

NEPAL

Connecting China to Kathmandu

China's Belt and Road initiative spans some 65 countries representing 60 per cent of the global population and around a third of global gross domestic product. A part of this project is to improve connectivity between Nepal and China. Nepal is in talks with China to build a cross-border rail link that may cost up to $8 billion, with funding expected after the Himalayan country signs up formally for the Belt and Road plan. The proposed 550km railway would connect China's western Tibet region to Nepal's capital of Kathmandu.

BANGLADESH

BEL moves Bangladesh methanator unit

Transport and power firm Bengal Electric has moved a large methanator heat exchanger for a fertilizer factory in Bangladesh. The project involved dismantling and transporting the 16-meter methanator unit using a 500-tonnes Demag crane and a 150-tonnes Tadano crane. Once lifted from its foundation the unit was turned horizontally and placed on a 250-tonnes hydraulic trailer.

Bengal then lifted the new piece with two tire cranes of 100-tonnes and 150-tonnes capacities and transported it to the erection site, where the 500-tonnes and 150-tonnes cranes were again used together to turn it upright and install the exchanger.

MYANMAR

Puma Energy Asia opens petroleum products terminal

Puma Energy Asia Sun (P.E.A.S) and Asia Sun Energy (ASE) have opened a petroleum products terminal at Thilawa port, southeast of Yangon. This $92 million investment into the country's largest and most modern petroleum products terminal is a first of its kind, following the opening up of the sector to foreign direct investment. With a fuel storage capacity of 91,000m³ the Thilawa terminal caters for a range of petroleum products, including commercial fuels (Mogas 95 and 92, low sulphur Diesel), HFO (heavy fuel oil typically used for power generation), bitumen and jet fuel.

AFGHANISTAN

Imports hit as vehicles are stranded

Exports to Afghanistan suffered severely as over 8,000 empty and loaded cargo containers and commercial vehicles remained stranded in Afghanistan since the February 17 border closure despite hectic efforts of the regional Customs authorities to find an end to the stalemate between Pakistan and Afghanistan. The Customs authorities at the Torkham border crossing have also informed the Model Collectorate Customs (MCC), Peshawar, of the situation. Pakistan sealed its border with Afghanistan for an 'indefinite period' owing to security concerns following a suicide bombing on February 16.

SINGAPORE

PSA goes high-tech and retains all its workers

The "giraffes" that used to work continuously at PSA Corporation's Tanjong Pagar Terminal have long been a visual cue of Singapore's economic health. Although the port industry was badly hit last year, today's idle quay cranes do not tell the full story. Those cranes are not in use because PSA is winding down its city terminals, said Jessie Yeo, executive secretary of the Singapore Port Workers Union.

In spite of that, none of the city terminal's 600 port workers were laid off because PSA had informed the union of the move months in advance, so it could train them for the new roles at the high-tech, $2.6 billion Pasir Panjang terminal, Yeo said.

SRI LANKA

Laugfs LPG terminal to be commissioned in 2018

One year into the construction of the Laugfs LPG import and export terminal in Hambantota, the first phase with a 30,000 metric tonne (MT) capacity will be commissioned by the first half of the FY2018. Built with an investment of $80 million, the Laugfs Terminal is set to be one of the largest LPG import and export terminals in its class in South Asia. It was the first and the largest investment in Sri Lanka's Hambantota Port. The new LPG terminal will reinforce Sri Lanka's energy presence within the region by tapping the requirements of some of the largest emerging LPG markets, including India, Bangladesh and Myanmar.

MALAYSIA

Post Cabotage, Malaysian shipping firms look to relocate

Anticipating massive losses, some local shipping companies are preparing to shift their bases out of Malaysia after the government announced removing the cabotage policy on Sabah, Sarawak and Labuan. The cabotage exemption means foreign ships – usually larger built vessels – will be able to transport cargo domestically. About six local shipping companies have been mulling moving their business to Singapore in the face of such daunting competition.

New Age Distribution Centres: The Game Changers

Minimal inventories of products and maximum in the consumer hands are the critical components of a successful distribution model. From automation to robots the modern warehousing era has just begun but it will be key to the future of the industry

by Sisir Pradhan

E-commerce sector's strive to survive and excel has not only seeded wonders, but it has brought innovations that are completely changing business verticals associated with the journey of goods from factory to the consumer. Storage and supply chain management is one such key area where e-commerce industry has turned upside down the traditional way of goods distribution. To give an example of how fast e-commerce sector is reacting to challenges, is the precision management of Cash-on-Delivery, a solution that was introduced to beat reservations of buyers to pay in advance, and lack of plastic and online banking penetration. In the mid of last decade when e-commerce industry were just making an entry, one biggest challenge was to closely match the product delivery time of a brick and mortar store. Hence, it began the journey of new age warehouses called fulfillment centers for product storage, sorting and distribution.

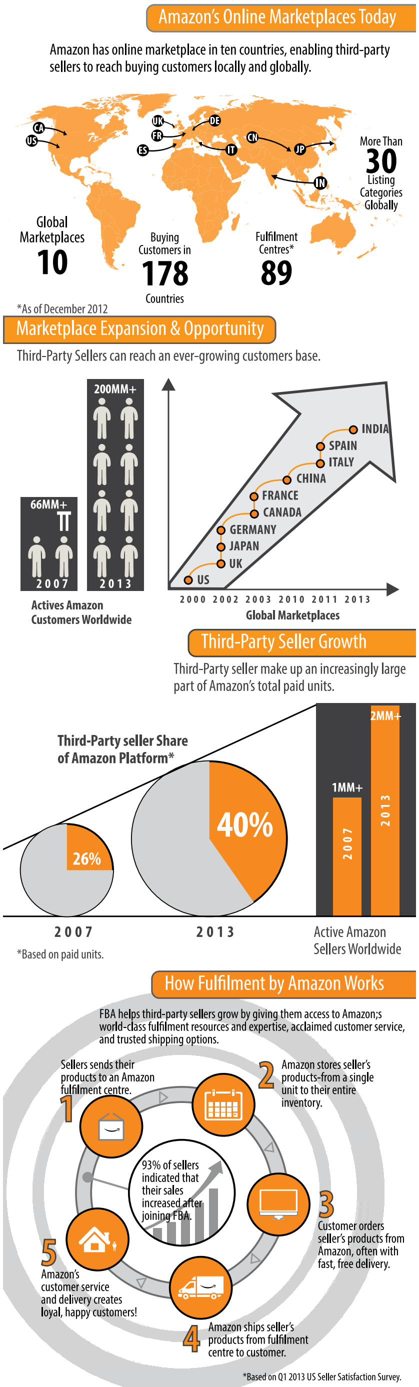
Tapping Untraditional Modes

Companies like Amazon have pioneered safe, precise and time-bound delivery of goods. In 2016 when the American E-tailing major launched Prime service in India, it assured Prime members to deliver goods in a day and two-day timeline, which sounds unbelievable in Indian conditions! But still with India's legendary infrastructure bottlenecks, e-commerce companies have made it possible. The secret lies with the highly efficient goods storage and distribution network backed by a strong IT infrastructure where information exchange continues uninterruptedly and status of an in-transit good is relayed at each stage. Additionally, e-commerce industry is supported by an army of technology-enabled 3PL and 4PL companies like Ecom Express, Aramex, Delhivery, Gati, FedEx, Blue Dart who take care of the critical last mile connectivity and door-step delivery of goods. And many of them are start-ups who bring fresh ideas to the industry which are frugal yet effective. For example, Amazon and later other e-commerce companies have discovered a goldmine in the India Post network, which has a whopping reach through its 1,55,000 post offices, an underutilized infrastructure largely over sighted by logistic industry till the beginning of current decade.

Things don't stop with this. At a time where warehouse automation has just started in India, Amazon had already launched its 8th generation fulfillment centers way back in 2014 in the US and has started work on the 9th generation. The robot called, Kiva, which can move around goods-laden shelves is one of the many technological innovations that Amazon relies on to fulfill huge rush in demand during festival and sale seasons. These new generation fulfillment centers, apart from using thousands of Kivas are also backed by many wonders like Robo-Stow, one of the largest robotic arms on the planet moving large quantities of inventory. It has a new vision system in place that enables unloading and delivery of an entire trailer of inventory at breakneck speed. Apart from the hardware part, high-end graphically oriented computer systems help its employees to dispatch goods with little error. These automated warehouses have helped Amazon to drastically reduce order shipment time, improved warehouse capacity, save in operational expense and increase in sales. The company has not stopped with just e-commerce and market place, rather in a bid to bring down ideal time for its infrastructure and squeeze the maximum out of its warehouse and distribution system, it has started Amazon Now,

AMAZON LAUNCHES INDIA MARKETPLACE

On June 5,2013, Amazon launched its newest online marketplace in India. India represents Amazon's tenth marketplace launch. How has this program grown over time, and what does it mean for customers and sellers?



Source: Amazon

where it delivers grocery from ones neighborhood stores.

The Bigger, the better

Amazon started with one Fulfilment Centre (FC) in Bhiwandi in June 2013 and now with its 41 fulfillment centers across 13 states has doubled its storage capacity to over 13 million cubic feet. Ecom Express, another major player in the modern fast paced goods distribution scene, services over 17,000 pin codes across 1,600+ cities/towns through a network of 1,700+ delivery centres. This network and reach makes it an indispensable logistics and preferred service partner for the e-commerce Industry. Talking about business model and distribution infrastructure, **K Satyanarayana, Co-founder and Director, Ecom Express Private Limited** said, "The idea behind Ecom Express was to set up a dedicated logistics firm to take care of the diverse shipping and delivery needs of the e-commerce industry which was largely catered by the traditional courier service providers. We provide end-to-end solutions starting with parcel pick-up (first mile), network connectivity (mid mile), delivery (last mile) and return solutions. The extensive network panning across metros, Tier I, Tier II, Tier III and Tier IV towns allows us to serve the growing needs of the industry by providing end to end order fulfilment services and facilitating the industry growth."

Speaking about the market

growth for the cargo distribution and warehousing business in India, Satyanarayana said that the ecommerce industry is compelling warehouses to upgrade for faster turn-around time of cargo, greater reliability, higher efficiency and better customised solutions for customers. The company has launched Ecom Fulfilment Services (EFS) earlier this year. It currently operates three facilities and its largest warehouse-cum-pickup processing centre and fulfilment centre 'India -1' in Haryana (National Capital Region) is spread over 2,50,000 square feet and the two other centres are located in Bengaluru and Lucknow, spread over 40,000 square feet. The company has more such establishments in the pipeline to augment further spread in due time. With changing time, logistic companies are also changing their business strategy. For example, Ecom Express claims to be the first logistics solutions provider with operations on 365 days a year, including all Sundays and public holidays. The company prefers last mile delivery staff on the company's rolls and encourages them to grow in their career, and the strategy has yielded rich results with front line delivery associates growing within the organization to lead positions in a short span of four years since the company has come into existence. A key consideration for this decision has been the lack of formal talent pool and education for the development of logistics professionals in India.

The young companies serving logistic needs of e-commerce industry believe in the growth potential of Tier IV and rural areas as they believe that the next generation of online buyers will come from there. In the near future, Ecom Express aims for distribution in urban and rural areas through 3,000+ delivery centres and over 25,000 delivery staff directly on its payroll reaching out to over 1.5 million customers and 2,00,000 sellers at a daily level. By 2019, the company aspires to setup a logistics network spanning the entire length and breadth of the country for which it plans to launch 7 large, and 20 small and medium warehouses with state-of-the-art technology and automation solutions.

"THE ECOMMERCE INDUSTRY IS COMPELLING WAREHOUSES TO UPGRADE FOR FASTER TURN-AROUND TIME OF CARGO, GREATER RELIABILITY, HIGHER EFFICIENCY AND BETTER CUSTOMISED SOLUTIONS FOR CUSTOMERS."

Getting GST ready

Moreover, with GST just about a month to go, the industry has started to realign strategy to make the most out of the new tax law. **Shrichand Chimnani, Senior Director, Logistics – Schenker India** said, "Investment decisions will no longer be dictated by the comparative tax advantages of various states. Most warehouse occupiers are expected to take decisions purely on the basis of reach-to-market, quality and size requirements. The need for so many layers of agents will decrease and there will be a shift towards organized sector - one principal company, a good logistics player and last-mile retailer."

Source: Amazon

Similarly, another major MNC logistic service provider DHL Supply Chain is hopeful that it will be possible to operate large scale shared facilities with multiple users which will set the platform for consolidation in the post GST scenario. DHL Supply Chain is in fact, has already invested in several large Multi-Client Sites (MCS) in all metros. These offer a wide range of additional services that improve the performance of a customer's supply chain. From sub-assembly, co-packing, customization, postponement, kitting, sequencing to pre-retail activities across all industry sectors, DHL MCS solutions aims to help businesses lower costs, reduce inventories, and suitably match supply with demand. **Vikas Anand, Managing Director, DHL Supply Chain** is hopeful that there will also be a move towards a containerized mode and larger capacity vehicles which would result in reduced pilferages and greater efficiencies. DHL Supply Chain has already begun using such vehicles inter-state leading to higher productivity in transportation.

Disruptive innovation here to stay

There has been an ever-increasing emphasis on service levels, reliable transit time, customer-centricity, geographical reach and penetration especially in tier-II, tier-III cities and rural markets, surged Cash on Delivery (COD) services capabilities and end-to-end supply chain visibility and security requirements. The growth will be fueled by rural areas and remote locations backed by growing income, access to technologies and aspirations for quality products. For ecommerce companies to win over this burgeoning consumer market, they need to have right end-to-end supply chain strategies in place and engaged partnership with logistics service providers. Necessity is laboratory of innovation, and this sector has compelled the supply chain to be more responsible and reliable even in India conditions! mg

Quicker delivery to more pin codes

In line with Amazon's vision to transform the way India buys and sells, **Akhil Saxena, Vice President – India Customer Fulfilment,** is razor-focused at making quicker delivery of products to more pin codes, penetrating into the hinterland across India

Akhil Saxena, Vice President – India Customer Fulfilment, Amazon India

Q Please provide details about Amazon's distribution infrastructure in India?

We started with only one Fulfilment Centre (FC) in Bhiwandi in June 2013 and till the end of 2016 there are 27 operational FCs across 10 states covering a total area of close to 2.5 million sq.ft and a storage capacity of 7.5 million cubic feet. This year we have invested in 14 new FCs which include seven specialized ones specifically for large appliances and furniture category. With 41 FCs across 13 states we have doubled our storage capacity to over 13 million cubic feet to support our exponential growth in the country. We continue to have the largest warehouse infrastructure for sellers in the e-commerce industry across India. This infrastructure has helped thousands of sellers reach millions of new customers and has enabled us to offer faster delivery of products to more pin codes.

Every time a seller uses our Fulfilment Centre, we have seen that their defects rate goes down which brings down their cost structure. The speed of delivery increases resulting in higher conversion and more orders from customers. Hence, we have invested significantly in our fulfilment and logistics capability to enable and empower sellers to serve customers nationally at lower costs. At the same time, we are razor-focused on further expansion of our robust delivery network to be able to make inroads to the hinterlands of India and reach more pin codes across the country. It stands testament to our larger commitment of making deep investments in the country and in turn creating opportunities for employment, growth and revenue generation for the Government.

Q What is your observation about evolution in e-commerce logistics and distribution in India? And how would be the scenario in this segment in the future?

As the Indian e-commerce space is still at a nascent stage with great scope for innovation, we see immense potential for development of logistics and fulfilment infrastructure and distribution network across the country. We foresee thousands of SMEs getting online to leverage the growth of India's flourishing digital economy. Considering that there are a vast number of entrepreneurial SMEs who have never sold online - but have great product selection and are motivated to grow – we will see thousands adopting and adapting to benefit from the digital economy. At the same time, with increasing penetration of internet and growing popularity of e-commerce across even the smaller markets we will continue to witness increased demand amongst customers for faster delivery each time they order a product on an ecommerce platform. The Indian e-commerce space is currently at an inflection point and there is tremendous opportunity for growth.

Q What will be your strategy during post-GST implementation?

From the GST perspective, we believe it will further enhance the ability of e-commerce industry to support growth opportunities for small and medium businesses by eliminating hurdles in inter-state delivery and subsume the entry tax introduced on e-commerce shipments by some states. However, we will wait to see the fine print for GST implementation, particularly on movement-related documentation, to assess any potential impact on our network.

Q What are the major issues and challenges in logistics and distribution?

The big challenge is how we bring the same experience that customers have learned to expect from Amazon.com to a market like India without diluting it. India does pose constraints in terms of poor internet connectivity, extreme weather conditions, offloads and the limited last mile delivery footprint. Since our launch in India in 2013, we have been investing heavily towards improving our fulfilment and transportation capabilities that overcome these challenges to support the growing base of sellers and offer an unparalleled shopping experience to buyers. We are India's largest online store today with over 100 million products across hundreds of categories. When we launched in June 2013, we had only 100 sellers on our platform. Today, over 1,80,000 sellers in India sell on Amazon.in and the number is increasing every day! mg

Riding on time-definite deliveries

TCIEXPRESS follows the time-tested hub & spoke distribution model on which majority of the distribution sector is banking post-GST implementation. An efficient time-based and definite delivery system enables prompt movement of cargo powered by a strong network

P C Sharma, CEO and Whole Time Director, TCIEXPRESS

Q **Tell us about TCIEXPRESS's business model, and storage and distribution infrastructure in India?**

Our business model operates through a 'hub and spoke model' across our sorting centers, which are strategically located across the country. Our processes are designed to ensure a systematic and channelized route of goods from the sorting centre to the customer. We have 28 sorting centers across India. At our sorting centers we follow processes which include storage, transportation, sorting and picking. At the storage facility we use semi-automatic handling equipment for efficiency and operations at the facility, and to ensure safety and timely dispatch of goods. Further, we deploy containerized and GPS-enabled vehicles to ensure real-time tracking and safety of the goods. The process is supported by the fleet desk team who constantly monitor the Hub Network Transit Schedule (HNTS) and Delivery Network Transit Schedule (DNTS) for faster delivery routes. We also follow package scanning through barcode technology as well as deploy HPT (Hand Pallet Truck), Pallets and Forklifts which reduce human interface and ensure safer movement of goods and no delays in our warehouses.

Q **What is your expectation for growth of cargo distribution and warehousing business in India?**

Logistics market is expected to grow at a CAGR of 14.59 per cent in the next five years. India's express Industry has reached a market size of ₹20,346 crore by 2015. We anticipate a lot of momentum and growth in the market, especially with the expected implementation of the nationwide uniform GST. There will be demand for increased space for sorting centers/warehouses and set up for larger spaces. This is likely to invite investments and better inventory control via better technology application.

Q **What are the unique operational methodologies that the company has leveraged to grow in India?**

The key market drivers that we have adopted over a period of time in this sector are time-definite deliveries and strong network. TCIEXPRESS is well equipped to offer time-definite solutions to 670 out of 675 districts in India with its wide spectrum of services comprising surface, domestic and international air, e-commerce, priority and reverse express services. Following well-connected routes for prompt movement of cargo through a hub & spoke distribution model allows for an efficient time based and definite delivery system. We service over 40,000 locations, out of our 550 owned offices to provide last-mile delivery.

Q **What will be the strategy for the post-GST market conditions?**

Under the GST regime, the interstate movement of goods will be subject to Integrated Goods Service Tax, wherein all movements will be 'tax paid'. Additionally, the Goods Service Tax Network will have an audit trail of the movement of goods across the state boundaries. Our primary strategy will be to address the immediate need of the industry post the bill implementation and adapt to technology processes to adhere to new tax credit system. Other strategies such as aligning of transit routes, exploring 3PL opportunities, increasing capacity for sorting centers will all be under consideration once the bill is fully implemented.

Q **What is your observation about evolution in e-commerce logistics and distribution in India? How would the segment evolve in the future?**

The future of the express delivery business will stride on the growth of the e-commerce sector. There will be an upsurge in the demand of time-definite delivery and the future will be positive for the express business. The sector is also moving towards digitisation and this acceptance is pushing the unorganized players to adapt to the newer business models. But we as an organised entity have always been in sync with the changing technology to ensure innovative solutions for the customers. Therefore, the penetration in the e-commerce sector will pave the road for a bright and active future for express logistics where the market requirements will be met at express timelines.

A pioneer in coastal cargo movement

Essar Shipping has been straddling both the eastern and western coasts of India since the 1970s, moving raw material to its steel plants and finished goods to the market

by Omer Ahmed Siddiqui

"OUR STRATEGY TO HAVE AN IDEAL MIX OF CAPTIVE AND MARKET CARGO HAS ENSURED BETTER UTILISATION OF VESSELS IN FY17. THE STRONGER BALTIC DRY INDEX, COUPLED WITH INCREASED ACTIVITY AND CAPACITY UTILISATION AT ESSAR STEEL, HAS ALSO MADE A POSITIVE IMPACT ON OUR TOPLINES. ALMOST HALF OF OUR FLEET IS CURRENTLY ENGAGED IN COASTAL MOVEMENT."

Ranjit Singh
Executive Director & CEO, Essar Shipping

Of late coastal shipping has gained a lot of fanfare with impetus from the government. But there are certain players who have been quietly traversing the coastal routes for the past few decades, probably even before the industry had woken up to the advantage of coastal shipping. Meet Essar shipping – one of the pioneers in coastal cargo movement

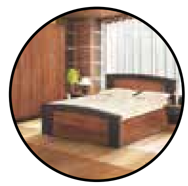
Essar Shipping has been in business since 1976, and is involved in coastal cargo movement almost since its inception. Since the commissioning of the Essar's Hazira Steel Complex in the early 1990s, Essar Steel has emerged as Essar Shipping's anchor customer for coastal cargo movement. Carrying of raw material, bulk cargo and finished goods is a critical element of Essar Steel's backward integration. Essar Shipping has been assisting in these operations, enabling Essar Steel to have quicker access both to raw materials sourced from mines in Eastern India, as well as to steel consuming markets in India and overseas.

In FY 2016-17, Essar Shipping moved almost 11 million tonnes of cargo through coastal routes, straddling both the eastern and western coasts of India. The coastal trade involves not only bulk commodities, but also finished goods. For carrying bulk cargo, the Essar Shipping fleet comprises Supramaxes, Capesizes and Mini Capesizes, Handysize bulk carriers and mini-bulk carriers. Almost all these vessels are currently being used for coastal cargo movement.

Major benefits that Essar Steel derives by using coastal routes include quicker access to raw material and finished goods can be pushed to the market within no time. It also helps Essar Steel reduce both logistics cost and the carbon footprint. In the FY 2016-17 cargo handling by Essar Shipping increased by 22 per cent. The company's 14-vessel fleet also grew its capacity utilisation to 94 per cent from 80 per cent in the previous fiscal. Share of captive cargo in the total cargo moved increased to over 80 per cent and the coastal movement volumes almost doubled. The company also benefitted from a considerable growth in backhaul cargo both on the east and west coast because of the all-round growth in Essar Steel. The Baltic Dry Index, a key indicator of freight rates, has also gone up by four times during FY16-17 – from an all-time low of 290 (in Feb 2016) to a high of 1,300 (in March 2017). In FY17, ESL carried dry bulk cargo of almost 11.5 million tonnes, as against 9.4 million tonnes in the previous year. More than 80 per cent of its fleet carries dry bulk cargo, which includes iron ore, coal, bauxite and limestone. ESL's two VLCCs – *MT Smiti* and *MT Ashna* – are used for crude oil transport and are employed on spot contracts to take advantage of volatility in the crude oil prices.

Challenges

Currently, the issues that plague coastal movement are the high duties charged on bunkers and other fuel oils. Indian ports also lack the infrastructure to increase coastal trade. There is an urgent need for expansion projects to reduce turnaround time and bring them at par with global peers. Increasing operational efficiency at ports and adopting digitisation in a bigger way will help mitigate these concerns significantly. mg



Rising Furniture imports

A major thrust for imported Chinese furniture is it comes at a fraction of the price of locally available options. Import of furniture from China is on the rise and it is going to stay for some time due to favourable market conditions.

by Sisir Pradhan

Three years ago Swedish furniture retail major IKEA's decision to invest in India, roughly $100 million for setting up of each retail store is an indication of the potential and size of the furniture market in the country. In recent years, the furniture market has attained a sizeable number to attract organized players, and more importantly there has been a steady growth in the imported furniture segment. The size of imported segment can be gauged from the fact that furniture and home furnishing items worth about $1,493.27 million were shipped into India in FY2015-16 whereas the figures stood at $1,217.87 million till January of FY2016-17.

Favourable market conditions

Largest volume of furniture and home furnishing product (HS Code 9403) import comes from China, which stood at 75,930 tonne in 2016, followed by Malaysia which ships furniture goods of about 13,004 tonne and Italy is the third largest exporter with 9,441 tonnes. And the import segment is growing at about 10 per cent. One of the major factors contributing to growth of furniture import is government currently allows duty free import of furniture for all the SEZs and STPIs. A sales tax of 14.5 per cent is being imposed for transactions with local players. The demand for branded furniture has increased in India due to the emerging upper and middle class urban population. Although demand for local artisan furniture still exists, but the growth is in imports as consumers seek contemporary designs. All these have made India a net importer of furniture and furnishing products.

In 2000, the India government had allowed foreigners to invest 100 per cent in local furniture manufacturing. This policy enticed companies such as Sauder and Herman Miller (US), Lista (Switzerland), and Gautier (France) to enter the India market. For the period

2008-13, furniture imports grew at a CAGR of 17 per cent. The share of total furniture and furnishings import in total Indian imports was 0.2 per cent in 2012.

A majority of furniture movement takes place through sea route and JNPT accounts for about 39 per cent of import followed by ICD Tughlakabad which account for 18 per cent and about 11 per cent of imports come through ICD Whitefield. Few years ago the furniture market was largely controlled by unorganized operators but as the segment grew, some home grown organized payers such as Godrej Interio, BP Ergo, Featherlite, Haworth, Style Spa, Yantra Furniture, Millenium Lifestyles, Durian, Kian, Tangent, Furniture Concepts, Furniturewala, Zuari, V3 Engineers and PSL Modular Furniture, have expanded in this segment.

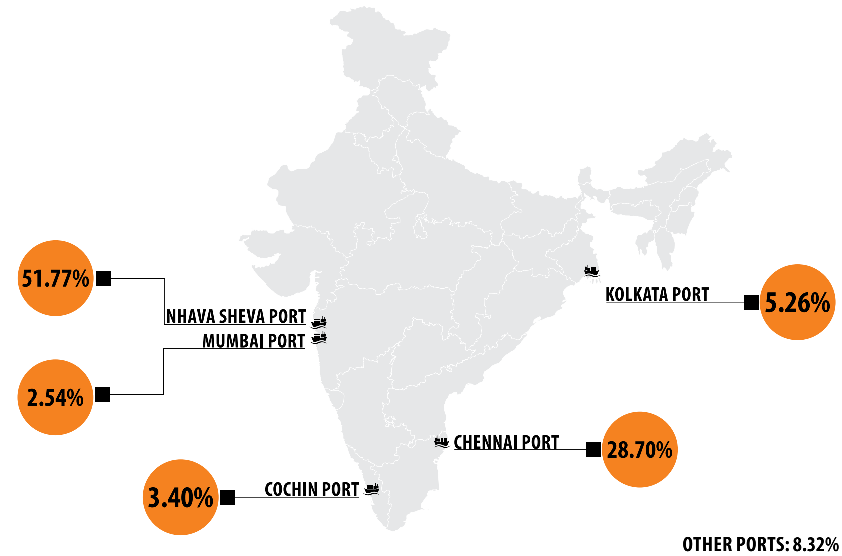
Giving details on the favourable market conditions for imported furniture, **Neha Gill of Indian Importers Chambers of Commerce and Industry** said, "The market outlook for imported furniture is on the rise. India majorly imports from China, Vietnam, Indonesia, Italy and Thailand, and most of the imports takes place in CKD form. Total import is $320 million and all furniture is imported by sea and main ports are Nhava Sheva and ICD Tughlakabad."

Lack of benchmark pricing

There is no price benchmark in the segment and so, importers quote many times higher retail sale price as compared to actual purchase rate. The declared value of imports from China and South East Asia are significantly lower than the declared values of imports from European countries such as Italy and France which mostly sell branded products. Hence, the declared values of unbranded furniture are found to be significantly lower than the declared values of branded furniture, as a result the prices of established brands are higher than the lesser known ones.

The Customs broadly categorizes imported furniture into four segments such as 1) Office Furniture 2) Home Furniture 3) Furniture of Special Solutions like Marine Solutions; and 4) Laboratory Furniture.

FURNITURE IMPORTS-PORT WISE IN 2016



The major anomaly in the present valuation practices is that irrespective of the design, quality, brand, usage or material composition of the furniture, the valuation is mainly on weight basis. This leads to a situation where high end products made of solid wood or other expensive materials and those exquisitely or ergonomically designed are being valued on par with ordinary furniture made of pressed wood

Import boom here to stay

Revival in real estate and hospitality sectors in India is expected to help push the furniture industry's growth. India's furniture imports are growing mainly because of lack of modernization and innovative design, dearth of skilled labour, limited market access and lack of quality control in the domestic furniture industry. These are also the reasons behind non-operation of furniture factories in India. Around 262 or 19 per cent of the total 1,419 registered furniture factories in India were non-operational as of 2011-12, according to an ASSOCHAM report. Some of the major furniture supply regions are Shunde district, Langfang, Suzhou and Chengdu. The advent of e-commerce platforms in the B2B space have further facilitated placing overseas orders. A cubic feet of high quality teak costs more than ₹2,500 per cubic feet while Chinese furniture come at a fraction of its price. Chinese furniture is also becoming the trend due to increasing cost of good quality local timber which is in short supply. According to industry estimates there are about 10,000 dealers who import furniture.

The office furniture segment appears the most attractive, as it is growing rapidly and also offers large volumes. MNCs like Teknion have appointed sub-contractors for installation of its furniture solutions as the company imports furniture from its plants in Malaysia. Similarly, in the branded segment Durian sells imported furniture through 40-odd outlets. Even international express company has also entered into the segment of shipping furniture in containerized form to India. Chinese furniture manufacturers especially the high-end rosewood furniture manufacturers are mainly concentrated around the Pearl River Delta, Yangtze River Delta, Bohai Bay Area and Fujian province. Major distribution channels for high-end furniture are done through directly operated flagship stores, and multi-brand furniture retail chains. Many furniture makers have also launched e-commerce platforms and also sell through third-party online marketplaces like Tmall. But still sourcing and supply chain management is critical for furniture importers for catering to both, the home and commercial segments. mg

Rodolphe Saadé, CEO, CMA CGM Group and **Karan Adani**, CEO, APSEZ at the signing of joint venture agreement to operate Container Terminal 4 at Mundra Port in Mumbai

Strategic Relationship

With the commissioning of Container Terminal 4 at Mundra Port, CMA CGM Group makes its maiden foray into container terminal operation in India and aims to expand its presence in India, while with the addition of the new facility APSEZ further strengthens its position in container operation not only in India but also becomes an influential port operator in the sub-continent

by Sisir Pradhan

Adani Ports and Special Economic Zone (APSEZ) and CMA CGM on April 25 announced commissioning of their new container terminal, Adani CMA Mundra Terminal Private Limited (ACMTPL). Notably, a joint venture agreement for a strategic collaboration between APSEZ and CMA Terminals (CMAT) was signed in July 2014. Karan Adani, CEO, APSEZ and Rodolphe Saadé, CEO, CMA CGM Group signed a formal agreement at an event in Mumbai to jointly operate the new container terminal.

On this occasion, Karan Adani said, "It is an important moment for the company to operationalize the JV terminal. Following the commissioning of the new terminal, Mundra has become the largest container terminal port in India, with a capacity to handle 5.5 million teus."

APSEZ is looking forward to a stronger relation with CMA CGM beyond Mundra, and in future they are looking forward to strengthen ties to serve the entire coastline of India and also in logistics sector as well, he added.

The new container terminal is commissioned three months ahead of schedule and it will be capable of handling the world's largest container ships. For CMA CGM, ACMTPL is its first port investment in India, and hints at its ambition to further increase presence in the strategic and fast-developing country.

Rodolphe Saadé who recently took over reigns of the French container shipping major said, "Vision for the company is to stay profitable along with improving relationship with customers. The company will continue to focus on bringing products and services to the preference of customers. CMA CGM looks to increase its presence across the globe, and it is one of the reasons for his visit to India, and a strong presence in

India will help the company to achieve the goal."

In his maiden visit to India, Rodolphe Saadé, CEO, CMA CGM Group said that he is impressed about the developments taking place in Indian market. "India has a great potential, and we look forward to the partnership with Adani Group. The JV is very important to us and it shows our willingness to develop co-operation in India for building state-of-the-art terminal. India is becoming a very important place for CMA CGM. There are about 12,000 people working for us in India. We have vessel calls to different Indian ports and looking forward to strengthen our presence in the country. We believe in development of India and see great potential in this market."

While Saadé sounded optimistic about the potential of Indian market, but he also cautioned that there are issues and one needs to be patient with Indian market. However, the companies will continue to focus on India as it aims to take a strategic position to grow the group's presence in India.

Saadé said, "One of his priorities for CMA CGM is gaining presence in digital business. Digital-enabled trade will change the way business is done in the future, and it can make a lot of difference in client communication and relation. Hence, the company is working in this direction to develop new technologies to serve clients better."

Talking about challenges, Saadé said that retaining good manpower is important for the company. He stressed that the company will invest in training and skill development of its workforce to offset any challenges in the future.

Explaining plans to start new services in India, Saadé said, "The company is looking forward to increase its presence in India and will start implementing new projects in the next couple of months. The company is also considering to start new service to India in July." He said that 2016 was a difficult year for the trade, however market conditions have improved in the current year and the company looks to take advantage of it. While appreciating direct port delivery initiatives by the government, Saadé said during his visit to JN Port he found the CFS and warehouses impressive and stressed that the company also aims to increase presence in CFS space across the country. Customers are now keen on end-to-end solutions, hence the company will focus on offering logistic solutions, he added.

Saadé mentioned, following the success of Mundra terminal, the company will also look at increasing its presence at other locations in India. He said that the acquisition of APL few months ago has helped CMA CGM to secure market share in India and other parts of the world. He highlighted that recently the company has inked a major co-operation with Asian carriers of Ocean Alliance which will allow to offer competitive service on East-West trade route.

Talking about priorities for APSEZ, Karan Adani said that "Building the right team of professionals was an important focus area for him. He also expressed his intension of extending the footprint of Adani Ports beyond the Indian shores, and to develop the company as a formidable player in the region with presence in Africa and Bay of Bengal. The focus will be on last mile connectivity to maintain profitability and differentiate itself from competition. In this direction the port company will work towards strengthening its position in end-to-end logistics and at all the verticals where it has a presence. Apart from this, the company will invest in best-in-class technology to bench-mark in terms of operations and cost efficiency, and customer experience."

Elaborating on expansion plans on the East Coast, he said, "Two new berths are being added at Dhamra Port, of which one berth is already commissioned and fourth one will be commissioned soon. The focus is on bulk cargo at Dhamra since it had registered a surge in this segment."

Notably, APSEZ continues to expand its container terminals footprint across India's coastline and further augments existing three container handling facilities at Mundra, Hazira and Kattupalli, an under construction transhipment hub in Vizinjham in Kerala and two other under construction terminals at Ennore and Dhamra.

ACMTPL: KEY FACTS

- APSEZ and CMA CGM to jointly operate container terminal 4 at Mundra Port for 15 years
- The partnership has an option to extend the contract twice for 10 more years
- The new terminal will have an annual capacity of 1.3 million TEUs
- Mundra Port's container handling capacity will increase to 5.5 million TEUs, making it India's largest container port

1.3 M TEUs capacity

Quay **650** M long

Draft **16.5** M

16 Container- handling cranes including **12** RTG cranes

THE LAND OF RISING EXPECTATIONS

After emerging out of the military rule, Myanmar has a lot of catching up to do in maritime infrastructure development. **Capt. Henry Khin Maung,** Chairman, Mahanadi Maritime Services, details on the Indo-Myanmar trade and the opportunities for India to participate in the growth story of Myanmar

Q **What is the Indo-Myanmar export/import scenario?**

Myanmar is the second largest exporter of beans and pulses to India. We export about one million tonnes of bean and pulses into India, of which, 70 per cent goes to Chennai and 30 per cent goes to Nhava Sheva. Myanmar earlier used to imports cement from India, but today the nation has become self-sufficient in cement production. Currently, Myanmar imports a lot of sugar from India through Nhava Sheva, Mundra and Haldia.

Sugar imported from Renuka Sugar, India is very famous in China. Myanmar imports sugar from India and re-exports to China. Actually people in Myanmar do not consume much sugar but because of the Chinese demand the government has opened this corridor connecting Yangon to Mu Se which connects to the Chinese border. Therefore, in import from India Myanmar earns 2 per cent and in re-export to China the government earns another 2 per cent. About 70 per cent of the sugar imported into Myanmar is from India. In addition, pharmaceutical and steel products are also imported from India in containers. The reason for importing in Containers is the freight rates are low and the import volumes are not high enough to import in bulk carriers.

> **“IN THE HINTERLAND IN MYANMAR THERE ARE A LOT OF THINGS THAT NEED TO BE IMPROVED AND THE GOVERNMENT IS WELCOMING INVESTORS TO PARTICIPATE IN THE GROWTH PROCESS.”**

Q **What is the status of port infrastructure in Myanmar?**

Almost all terminals in Myanmar except the three jetties are privatised. So, the government involvement is very limited. Myanmar International Port Terminal Ltd along with Simatech and other partners is building one jetty. An SEZ is coming up near the outer terminals with investment by the Japanese. It will primarily import raw materials and goods will be re-exported.

Q **Is there any import/export imbalance between India and Myanmar?**

Imports from India are quite less. The beans and pulses, especially Toor, Black mapte and green mung are produced especially for exporting to India. These exports are above one million tonne. So, approximately $800-900 million worth of cargo is exported to India.

Q **You have been using Chennai and Kolkata Ports, what is your experience?**

As per the feedback from the trade community, the Tamil Nadu government is very flexible in releasing the cargo, while on the other hand the West Bengal government is very stringent and requires all sorts of documents. So naturally, the trade community prefers Chennai Port over the Kolkata Port.

We are not using the private ports on the east coast because to go there we need to have a certain kind of volume. Moreover, Kolkata is geographically strategic and attracts most of the cargo. If we can get import transhipment to a private port on the east coast where we can save money that will be an attractive opportunity for us.

Q **How is your hinterland connectivity?**

In the hinterland in Myanmar there are a lot of things that need to be improved and the government is welcoming investors to participate in the growth process. I believe India can play a significant role in developing the maritime infrastructure by sharing the expertise and technology.

Time for South Asia to rise

The transaction cost of shipping and logistics in South Asia is double that of the ASEAN region. If this gap alone is brought at par with ASEAN the export out of South Asia will increase by 7 per cent.

Rohan Masakorala, CEO, Shippers' Academy, Colombo

> THE REGIONAL COUNTRIES NEED TO WORK OUT A MARITIME AND OCEAN FRAMEWORK COOPERATION POLICY AND WORK AS PARTNERS AS THE OCEAN ECONOMY OF THE INDIAN SUBCONTINENT WILL BE A GREAT STRENGTH FOR ECONOMIC PROSPERITY NOT ONLY TO THE BAY OF BENGAL REGION BUT TO SOUTH ASIA.

Asia continues to dominate global economic growth and South Asia as a sub sector of Asia is positively indicating over 6 per cent economic growth led by reforms made by the major economy of India. As at now the region is considered the poorest in Asia. A population of over 2 billion along with the BIMSTEC region will benefit if the economic activity is enhanced with greater connectivity through oceans, roadways, canal ways and air. Consumption and demand for goods and services will see a probable double digit annual growth of regional GDP with an increased middle class consumption. This growth will transform into a requirement to handle greater trade through multiple logistics corridors efficiently, which will be a challenge and a priority for all the South Asian nations in the coming years.

Time is right that industry together must lobby for the right reforms and dialog with governments to move towards greater facilitation and integration of trade and logistics. South Asia among its neighbours trade very little compared to a region like ASEAN. Little or no communication means less business activity. Joining hands among all South Asian regions logistics and shipping industry can give the impetus to push towards the common goal and reduce the political rhetoric we hear more often than proper business plans.

Networking among stakeholders will create the needed platform

Thousands of shipping and logistics companies operate under difficult circumstances in South Asia due to lack of proper infrastructure, systems, skilled people, educational and technological gaps. This reflects as a cost to the manufacturers, exporters and consumers, also affecting profitability of shipping and logistics companies. A recent international report indicated that the transaction cost of shipping and logistics in South Asia is double that of the ASEAN region. It says that if this gap alone is brought in par with ASEAN the export out of South Asia will increase by 7 per cent. These are serious matters and numbers, where regional business leaders must discuss and go as one voice to the regional authorities to get their attention for the needed restructuring and reforms of the transportation sector. It was very recently that Prime Minister of India, Narendra Modi made a statement in Sri Lanka that India's economic rise would help its neighbours as well. He requested greater cooperation and dialogue among stake holders to work towards a prosperous South Asia.

Bay of Bengal focus

As of now Colombo plays a key role as the leading hub of South Asia for containerised cargo, facilitating cargo transshipment to the South Asian container markets and the Bay of Bengal. Bay of Bengal region is now becoming a topic in geo strategic discussions and the economic corridors of the countries in the Bay of Bengal are seeing significant focus. International research organisations predict a minimum of doubling of cargo handling in all major ports of South Asia by 2030.

These volumes will certainly grow from the Bay of Bengal and the BIMSTEC countries as well. Therefore, the maritime connectivity will be a crucial factor for trade growth in this region. Hence the need to upgrade the ports and facilities to service the Bay of Bengal maritime/logistics services is a priority.

South Asian countries need to work out a maritime and ocean framework cooperation policy and work as partners as the ocean economy of the Indian subcontinent will be a great strength for economic prosperity not only to the Bay of Bengal region but to South Asia. If infrastructure and economic corridors are properly understood and designed using technology for efficient connectivity, the ocean economy will help millions of South Asians to be lifted out of poverty. Therefore, a regional corporation body of South Asia and BIMSTEC countries should be established with private sector participation for planning as well as other reforms for ocean and land connectivity.

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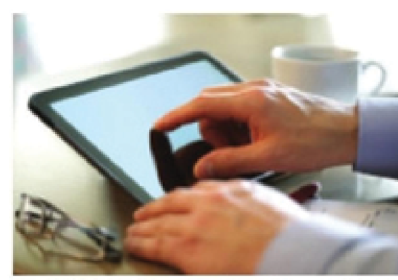

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Strategic partner to Act East

Vietnam remains strategic to the success of Act East policy and much of it cannot be achieved without strengthening sea trade route to the region.

by Sisir Pradhan

Trade relations between India and Vietnam date back to post-independence era when former Prime Minister Jawaharlal Nehru first visited the South East Asian country in 1954. Over the years, trade pacts have strengthened bilateral trade and trade between the two countries was valued at $7,826.54 million in FY2015-16. Vietnam has become eighth largest export market for India in FY2016-17 with exports valued at $6,815.43 million, an increase of about 29.42 per cent as compared to previous year.

Major traded commodities

While India's export commodity basket to Vietnam consists of a diversified portfolio but iron and steel are major traded products, apart from edible and agro products. The two countries have also signed agreements covering defense, IT and space.

Among edible products, bovine meat is the highest export product to Vietnam with volumes touching 1.33 million tonnes in FY2016-17. Interestingly, despite the proximity of ports on the East Coast of India to Vietnam, majority of the meat exports sail from JN Port to Vietnam ports like Hai Phong and Ho Chi Minh. Though trade insiders admit that majority of shipments to Vietnam, end up for consumption in China.

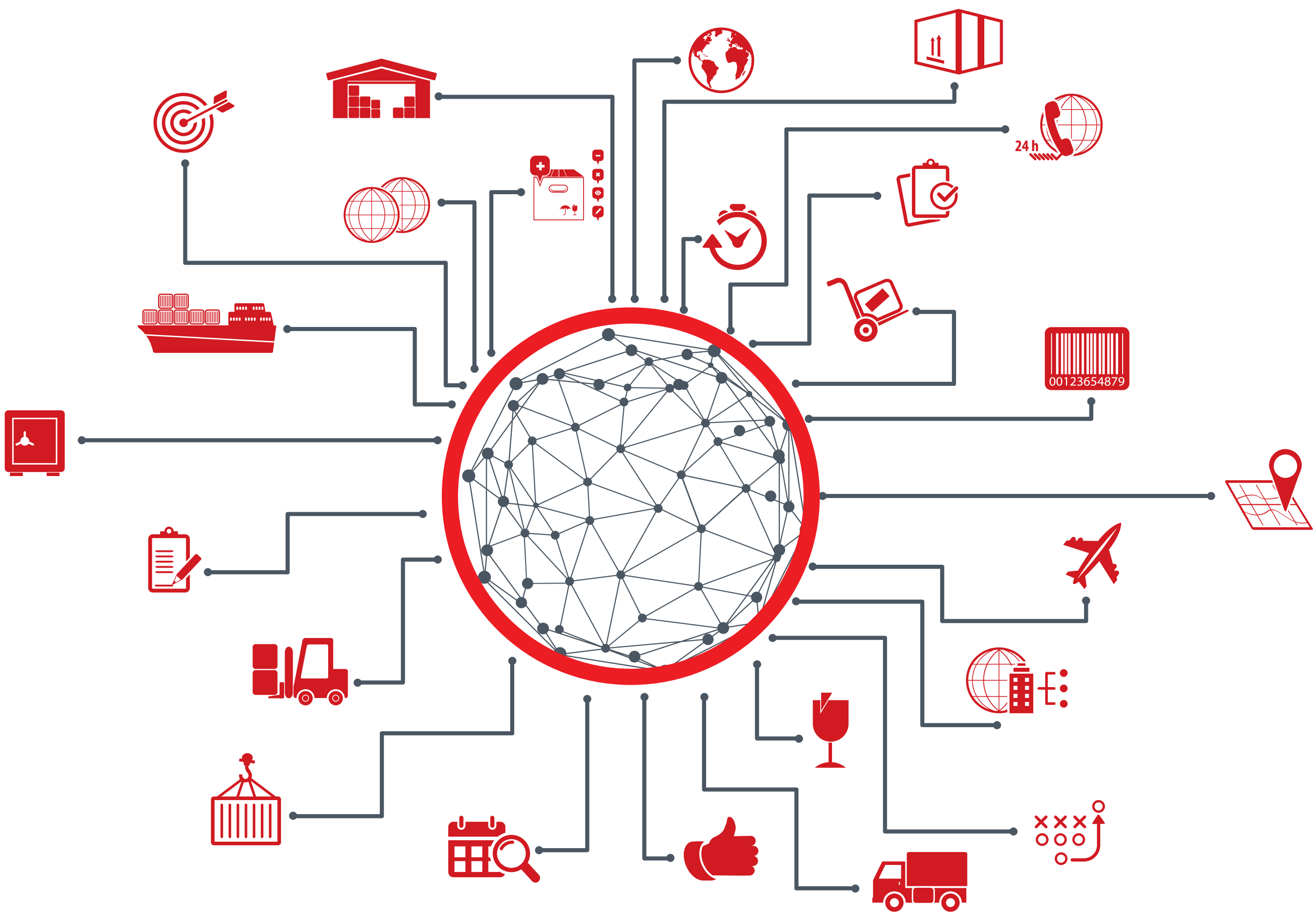
While India and Vietnam are competitors in the international seafood market, but seafood shipments from India, mostly from Andhra Pradesh, Kerala, Tamil Nadu, Odisha and West Bengal to Vietnam have increased as India continues to be a raw material supplier largely to South East Asia, including Vietnam. These countries use Indian raw material to add value and export as retail branded products.

Spices are another prime trade commodity between India and Vietnam, especially in black pepper trade. Spice state Kerala leads in this segment and notably, there are many investors from the state who have invested in spice processing units in Vietnam. One of the reasons for India investing in Vietnam pepper trade is due to higher crop production in Vietnam price of the commodity is lower compared to India. Hence, traders import pepper from Vietnam for re-export from India, and even for domestic consumption. It is expected that pepper import to India stood roughly at 19,000 tonnes in FY2016-17. Moreover, coffee producers like CCL Products India, Tata Coffee and Nestle India source low-priced robusta coffee beans from Vietnam for re-export as value-added instant coffee to Europe, CIS countries, US and Middle East. These companies have also invested in processing units in Vietnam. India's re-exports between January and May 2017 stood at 24,049 metric tonnes.

India has exported 7,39,282 thousand tonnes of iron and steel to the country. Auto import by Vietnam from India between January-March 2017 was 4,800 units, which has increased four times as compared to previous year.

Connectivity, the key to open Eastern trade

While on the west coast, ports like JN Port and Cochin have good connectivity to Vietnam, it is time to improve sailing to Vietnamese ports from east coast. India has considered to count cargo trade with neighboring East Asian countries as coastal trade. Currently, few Indian ports are directly connected by shipping lines to Vietnam. Transportation costs and time go up substantially when shipment goes through feeder routes. India needs to explore alternate modes of transit via Myanmar ports as landfall, other than congested Malacca Strait shipping route, involving multi-modal transportation to save transit time and cost. mg



Technology transforms container shipping

Technology will be the major driver in transforming ocean shipping, while the gap in technology adoption among industry participants will widen further, leading to more consolidations and greater variance in quality of service and pricing

Inna Kuznetsova, President & COO, **Jeff L. Howard,** SVP, Chief Product Officer, **Peter Spellman,** Chief Technology Officer, INTTRA

Over the past 15 years, the ocean logistics industry experienced vast changes to business models, services and technology adoption. In 2016, the pace of technology innovation accelerated as participants sought business model optimization. Digitalization is now a competitive necessity. This trend will continue in the next 15 years, creating new opportunities – and winners and losers. In this paper, INTTRA outlines our vision for the direction of information technology-driven innovation from our vantage point as a neutral service provider. We foresee that:

- Shipping will become increasingly interconnected, accelerating business velocity, elevating digital networks and neutral platforms, enabling consolidation of operational/financial flows and raising intermodal visibility and engagement via multiple physical tracking devices.
- Digitalization will leverage new integration protocols and technologies, such as blockchain, predictive analytics, and artificial

intelligence to increase efficiency.

- The industry will adopt an agile, iterative innovation model favoring targeted, short-term ROI technology solutions often delivered by disruptive startups.
- The digital divide between companies embracing digitalization and those lagging will widen.

Drive towards full digitization

In 2016, overcapacity reached 30 per cent for many carriers, spurring $8-10 billion in losses industry-wide, and the top 20 independent shipping lines in 2015 shrank to 14 over 18 months. Industry consolidation creates the perfect opportunity to rethink processes, digitize shared operations and adopt common technology platforms, reinventing today's highly manual processes and communications. Carriers, forwarders, and shippers also need to standardize procedures to capture synergies from alliances.

The speed of technology adoption is accelerating

INTTRA has been very successful in digitally processing 27 per cent of containers in global ocean trade from 2001 to 2016. But 15 years later, approximately half of all bookings are still manual. Yet in 2016, we saw an encouraging sign: INTTRA's global eVGM Initiative and other industry groups collaborated on a digital approach to SOLAS Verified Gross Mass (VGM) compliance and development of common standards, resulting in the vast majority of VGMs being transmitted electronically.

The pace of digitization accelerated over the past 15 years. Carriers and shippers moved from standardizing form exchanges early this century, next to bespoke, single-process products, then to ERP systems. Recently, Cloud-based Transportation Management Systems (TMS's) have rapidly proliferated, allowing shippers to avoid expensive in-house implementation. Technology will be the major driver in transforming ocean shipping, while the gap in technology adoption among industry participants will widen further, leading to more consolidations and greater variance in quality of service and pricing.

Rapid increase in use of networks, communication standards and interconnectivity

Connection to other participants of the shipping chain: the value of the network

The shipping industry has always seen value in a broader physical network offering integration of multiple providers. Similarly, rapid adoption and expansion of data exchange and analytics, across multiple vendors in one transportation chain, will deliver tremendous benefits, facilitating optimization and increasing velocity in logistics. Growing technology adoption combined with Cloud technologies and predictive analytics have created this potential. Establishing and maintaining numerous one-to-one digital connections is onerous and expensive. Connecting to the extended community via a trusted, secure network increases efficiency and speed while removing cost industry-wide. Leveraging this network allows for consolidation and harmonization of business processes and flexibility to conduct business across the network with minimal change to technology infrastructure.

There will be interconnection across operational, informational and financial data.

The three workstreams of shipping – operational, financial and informational - will be integrated in this networked environment. Operational interconnection encompasses space utilization, booking, tracking, intermodal, empties repositioning and other aspects of container movements. Financial flow includes rates management, letters of credit, invoicing and freight audit. Informational flow covers data exchanges accompanying cargo shipments – from trade compliance to customer service. These workstreams were improved in recent years, but in disparate fashion. They ranged from new services for locating empty containers near packing sites in operational, to reducing invoicing errors through electronic delivery via INTTRA's eInvoice network in financial, and providing electronic forms for customs and compliance in informational. Progress will continue.

Over the next 15 years, we envision these workstreams gaining new tools and technology-driven optimization. Moreover, closer integration of these areas with shared data will trigger breakthroughs in cost reduction and operational efficiency, manifesting as:

- Integration of rates information into operational scheduling and booking workflow enabling automated integration of financial and operational streams, from scheduling to freight invoicing and settlement.
- Creation of an original, immutable, digital bill of lading that can be integrated into a digital trade finance flow interconnecting shippers, customs and financial services firms on the network, offering far more efficiency and speed than paper documents.
- In addition, INTTRA foresees integration across transportation modes and on-shore facilities, driven by connectivity, better monitoring systems and data exchange. The neutral, secure, digital network enabling universal trusted interconnection is the first step in advancing the industry.

New technologies will drive out costs and increase efficiency

Digitizing every step of the shipping process and growing use of container tracking devices will create vast amounts of data and opportunities for optimization. Today many shippers and freight forwarders utilize multiple systems and lack consistent views of data for partner performance, multimodal booking and door-to-door tracking of container

INTTRA

"INDUSTRY CONSOLIDATION CREATES THE PERFECT OPPORTUNITY TO RETHINK PROCESSES, DIGITIZE SHARED OPERATIONS AND ADOPT COMMON TECHNOLOGY PLATFORMS, REINVENTING TODAY'S HIGHLY MANUAL PROCESSES AND COMMUNICATIONS."

location. Likewise, carriers struggle to consistently plan their allocations based on historical customer behavior, predict demand or perform efficient inland container management. Data is often incomplete and lacks sufficient quality for business analytics.

Three technology trends will converge to drive significant near-term improvement:

- Integration across systems, applications, and partners: Immutable, transparent, smart contracts built with technologies like Blockchain and RESTful interfaces will simplify transaction processes and reduce costs by distributing identity verification through shipment lifecycle management to transmission of bills of lading and letters of credit across an integrated network.
- Real-time status of containers and cargo: Traceable identity of shipments paired with tracking devices connected to the "Internet of Things" increases the amount, timeliness and quality of data with an immutable record of container or cargo events, driving greater efficiencies in shipment planning.
- "Big Answers" and Artificial Intelligence (AI): Digitization and integration allow companies to transition from "big data" to more accessible business analytics (e.g., through PaaS and SaaS models), more predictive (e.g., automatically replacing bad data and suggesting outcomes with high probability) with greater accuracy and velocity (via AI and machine learning). These technologies also advance bot usage, which can automate business processes and operations, such as confirming bookings, streamlining customer service or navigating complex environmental and compliance regulations.

Progress is occuring today with early tools and technology solutions, but these are fragmented and lack integration across all data points required to base execution on predictive (future) scenarios rather than historical analysis. Leveraging these trends on a trusted network will create significant opportunities to improve planning, reduce costs, increase efficiencies and business

velocity, by utilizing standardized data sets and Cloud computing over the next several years.

Industry must move to a more agile, iterative innovation model

Small, focused tech solutions with short-term ROI

Low margins and traditional allocation of operational vs. technology investment reduce discretionary spending on new technology solutions, even those with higher projected returns. Many expensive ERP projects faltered recently, contributing to distrust in major technology initiatives. INTTRA envisions the emergence of "packaging of innovation" - incremental changes with clear results and faster routes to ROI instead of drastic changes.

Much opportunity for disruptive startups and focused solutions

This trend will also benefit new and emerging companies that combine shipping and technology expertise to solve well-defined customer problems with advancements in rates management, shipment visibility, predictive analytics, electronic bills of lading and container movements. The "packaging of innovation" is further supported by heavy venture capital investment in logistics technology recently. But this trend could contribute to fragmentation and isolated networks if not implemented on a common platform.

The divide between digitized and non-digitized companies will widen

Shipping companies vary in sophistication of technology systems and data use, as well as system integration levels. We see the 'digital divide' widening. Currently, service in this industry is as much about managing paper and regulatory processes as transporting goods. INTTRA believes this will change, with many players disintermediated in the race for first-mover advantage. We see this change necessarily emerging in an agnostic, neutral model that spans the industry.

Operational flow is only as efficient as its slowest link. Full automation industry-wide will take time. The digital divide between ports, terminals, countries, shippers, carriers and container depots will likely expand if organizations don't take advantage of standardized digital networks. The most advanced players will streamline significant parts of their operations and start building digital networks with other IT-savvy providers, increasing profitability and improving service delivery. INTTRA works with all types of providers and network participants to help enable these improvements.

Preparing for the future: digitize, interconnect, and pilot new models

We see three actions companies can start taking to prepare themselves for an inevitable all-digital future.

- Participate in and support industry-wide working groups and neutral networks that enable industry standardization and communications.
- Prepare for the digitally integrated shipment lifecycle by digitizing business processes via risk-averse paths of incremental refinement, and combining the best commercially available skills and technology with in-house expertise.
- Invest in, test and pilot new tools and technologies such as analytics and artificial intelligence to identify new opportunities for revenue optimization and cost reduction.

Over the next 15 years, information technology will significantly transform ocean shipping and related logistics value chains, changing industry processes, participants and the overall landscape. Advancements in digitization, integration across the transportation chain and data flows will enable new business models, causing further competitive differentiation. Those who fully embrace technology and select strong partners to drive innovation will occupy the winning side of the digital divide.

Professional development of women in maritime industry

Dedicated to professional development of African women working in the maritime industry by helping them through training and networking

by Sanjam Sahi Gupta
President, WISTA India

Each year the annual WISTA International conference is hosted in a different country. This year, the 2017 WISTA International Spring Board Meeting took place for the first time in Africa, in the city of Cascablanca in Morocco.

Hosted by WISTA Morocco, a young WISTA Association that is about 2 years in the WISTA family, the conference attracted participants from Ghana, Nigeria, Tunisia, Guinea. The theme of the event was "Womens' Governance: Strength and Gender Pride in Maritime Industry."

Asmaa Benslimane, Founding President of Women's International Shipping and Trading Association (WISTA Morocco) welcomed the gathering and shared the aim of the association which is to promote the professional development of women in the maritime industry (logistics, transport, fisheries, etc.) through continuous training, exchange and sharing of ideas and promotion of networking. She underscored the significance of professional development of women by sharing a quote by Phumzile Mlambo-Ngcuka, Executive Director of UN Women, "... The stakes are high: advancing women's equality could boost global GDP by $12 trillion by 2025."

As she concluded, Asmaa remarked, the creation of WISTA Morocco is the expression of the will of the Moroccan women working in the maritime industry to make their contribution alongside their male brothers for the development of all sea related activities.

The event offered a perfect platform to: take advantage from the presence of the WISTA International Executive Committee in Morocco to strengthen the presence of WISTA in the continent, since this is the first time this meeting takes place in North Africa; Celebrate the courage and perseverance of Moroccan women who have played a significant role in the development of sea related activities; deepen the reflection on the possibilities of cooperation offered by WISTA network to African women; organize training for members and non-members.

The key highlights of the event were four interesting sessions:

- Freight Forwarding in Morocco by M Rachid Tahri, Moroccan Freight Forwarding Association and FIATA certified trainer
- Port Handling in Moroccan ports by Professor Hassania Cherkaoui
- Tools available to the exporting company by M Aziz Mantrach, APRAM and FONASBA President, ASMEXVice President
- International Maritime Logistics and Women Governance by Loubna Oudrhiri

Working towards the common goal of increasing the competence and education of women in all segments of the maritime industry, the WISTA Executive Committee announced WISTA International's intention to sign an MoU with the Institute of Chartered Ship Brokers. Under the MoU, scholarships will be offered to five WISTA members every year.

The event was followed by "WISTA Morocco Award 2017" that honoured the most outstanding Moroccan and African women in the maritime sector. The recipients were:

- Kaoutar Guessous, Managing Director of WorldWide Logistic Services
- Zahra Rochdi, Director of Maritime Training, Seafarers and Rescue at the Department of Maritime Fisheries
- Lamia Znagui, Director of the Federation of Industries of Transformation and Valorization of Fishing Products (FENIP)
- Naa Densua Aryeetey, WISTA International Director for the African Region
- Sabah Lazraq, Director of Maritime Fishing Industries in the Ministry of Agriculture and Maritime Fisheries

The conference concluded to meet again next year wherein the 2018 Spring Meeting will be organised in Singapore. This is in keeping with the commitment to encourage more NWA (National WISTA Associations) in the Asia-Pacific region.

No coal imports for PSUs

The Indian government wants to end coal imports to state-owned power utilities during 2017-18, while pushing private companies to follow their example, during the current fiscal year. Susheel Kumar, Secretary to Coal Ministry has promised to make available enough domestic coal to cover the needs of those companies, while saving up to ₹17,000 crore in imports. Coal imports have already decreased from 217.78 million tonnes in 2014-15 to 199.88 million tonnes in 2015-16. They have fallen again by 2.59 per cent year-on-year during the first 10 months of 2016-17.

Coal India is expected to raise its production to 660 million tonnes in 2017/18 fiscal year. The miner is expected to achieve its 2016/17 production target of 575 million tonnes and aims to raise output to 1 billion tonnes by 2020. During April-December, Coal India produced 378 million tonnes, lagging behind its target for this financial year ending in March.

Cement imports to rise

Vexed with steep hike of cement prices in Andhra Pradesh and artificial demand created by cement manufacturers, the builders in capital region of Vijayawada and Guntur have decided to import cement from China, South Korea, Bangladesh for continuation of construction activity, which has been stalled for more than two months due to abnormal increase of cement prices for two months in AP.

Average use of cement is 30,000 tonnes in a month in the capital region of Vijayawada and Guntur. The builders are spending hundreds of crores of rupees to purchase cement every month. Now, the realtors say they could not cope up with the soaring cement prices. Cement prices in China, South Korea and Bangladesh are far less compared to Andhra Pradesh. A 50-kg bag of cement is available for less than ₹250 in these countries. In Andhra Pradesh, the 50 kg cement bag price reached ₹400 during the last two months.

According to K K Maheshwari, MD, Ultratech Cement, government expenditure in infrastructure remains the largest support on cement demand in India, accounting for 20 to 25 per cent of total demand. Housing represents 60 to 65 per cent of demand, with the remaining coming from the industrial and commercial sectors. The "housing for all" program, being pushed forward by the Modi administration, will likely have a strong impact in the sector as well.

Cotton production growing

Cotton planting in India, the world's biggest producer of the fibre, is likely to rise by 15 per cent in the 2017/18 marketing season to a three-year high as farmers switch away from other crops, likely boosting cotton production and exports. Higher output in India could kill a rally that pushed global cotton prices to their highest in three years this month. Domestic cotton prices rose 19 per cent from a year ago to ₹41,300 ($639) per 356 kg candy, following the rally in overseas prices.

A 15 per cent rise in crop area would lift India's cotton planting to around 12.08 million hectares (29.9 million acres) in the marketing year starting on October 1, highest since the 2014/15 year. That compares to 10.5 million hectares in the current marketing year, the lowest in seven years.

Oilseeds and pulses compete with cotton in key producing areas like the western states of Maharashtra and Gujarat. Prices of oilseeds and pulses plunged as much as 60 per cent due to bumper production this year, which will force many of them to switch to cotton, said Chirag Patel, chief executive officer at Jaydeep Cotton Fibers Pvt Ltd, a leading exporter.

Daimler, Volvo making India an export hub

Daimler AG and Volvo AB are likely to feature among the biggest success stories of the Make-in-India drive, with the two marquee names in the global heavy-duty transport industry using the South Asian nation as their export hub for large trucks and luxury buses.

Mercedes-Benz, Mitsubishi Fuso, Freightliner and UD Trucks are being made locally for overseas buyers, helping establish the country's automotive-manufacturing credentials beyond compact cars or two-wheelers that have traditionally been exported to emerging economies, and markets in India's immediate neighbourhood. Daimler India Commercial Vehicles (DICV) has already begun exporting Mercedes-Benz-badged trucks and buses, made at its suburban Chennai (Oragadam) facility, to Southeast Asian markets. DICV exports the India-made Mitsubishi Fuso range of trucks to 28 countries: In the second half of 2017, it will begin sales to Mexico of the Freightliner-branded giant trucks, people aware of DICV's plans said.

India's exports of medium and heavy-duty trucks rose 25 per cent in FY17 to 43,719 units, helping manufacturers offset the revenue impact of tepid sales growth at home.

For overseas companies such as Mercedes-Benz and Volvo, higher export volumes help absorb fixed costs associated with their Indian investments. Erich Nesselhauf, MD of DICV said, exports have emerged as an important strategy dimension in the company's business model for the country.

Mango exports may touch 50K tonne in FY18

India's mango exports are likely to surpass last year's level and touch 50,000 tonnes mark in the ongoing fiscal, buoyed by strong demand and supply of export quality fruit. The country had shipped 45,730 tonnes of mangoes. The export figures pertain to shipments undertaken by exporters registered with APEDA. Of the total shipments undertaken so far, about 131 tonne has been shipped to the US, 42 tonnes to the Middle-East and 18 tonnes to the European Union (EU). Mango varieties, especially 'Baiganpally', 'Alfonso' and 'Kesar' are being exported currently from southern and western parts of the country.

The volumes are expected to rise as new export destinations like Korea have opened up for Indian mangoes. There will be more shipments to New Zealand, Australia and Korea. As per the government estimate, mango production this year is estimated to be 19.21 million tonnes, higher than 18.6 million tonnes in the year-ago period.

India is also looking for access to the Chinese market. Though China had granted market access to Indian mangoes in 2004, it is yet to become 'effective' and commercially meaningful. China's import of the fruit from India has so far been minuscule. In 2015-16, India's exports of mangoes to China were worth just ₹24,000 out of India's total mango exports of ₹317.1 crore.

Vietnam glut hits Indian black pepper export

A glut in black pepper production in Vietnam is spoiling India's export party. Vietnam, which had a record crop of 2 lakh tonnes (almost half the world's total production) saw prices drop to $5,000 to $5,250 per tonne. Indian black pepper prices are hovering around $9,000 per tonne which makes exports uncompetitive.

"Our black pepper exports dropped by nearly half from 2,500 tonnes to 1,000 tonnes last fiscal when Indian prices ruled higher in the global market. This year too the same trend may continue," said Gulshan John, managing director of exporting firm Nedspice India.

As per the data from Spices Board, black pepper exports from India plummeted by 40 per cent in quantity and 37 per cent in value for the nine months to December 2016 at 14,100 tonnes worth ₹903 crore from a year earlier. The final figures for 2016-17 are expected to be much lower than 28,100 tonnes of the previous year.

With prices ruling high due to a shortage of pepper in India, exporters had to depend more on imports last year. The unofficial figures put the import in 2016-17 at 19,000 tonnes, close to 20 per cent higher than the year before. In the current fiscal, imports are anticipated to top 20,000 tonnes given the plunge in price of Vietnamese pepper.

Tanker segment recovers, dry bulk to grow steadily

The timing of any upturn in crude tanker market will be heavily influenced by the level of scrapping. The dry bulk shipping market will continue to improve, albeit at a moderate pace, predicts Drewry

The ongoing overcapacity in the tanker market is expected to persist further in 2017 because of a sharp increase in deliveries.

Although tonnage deliveries are projected to decline after 2017, given a weak demand outlook, hope of recovery will hinge on the extent of scrapping activity, which will be influenced by forthcoming IMO regulations on ballast water treatment.

Scrapping activity has not increased so far, but Drewry expects it to gather momentum towards the end of 2017, once the new ballast water convention is implemented. Since some owners might bring special surveys forward, the real impact of this IMO regulation will not be seen until 2018.

In the existing fleet, there are about 20 mdwt of vessel capacity aged 19 years or more, for which the fifth special survey is due during 2017-22. Drewry assumes that all of these vessels will be scrapped during 2017-22, as unattractive freight rates, poor employability and the additional cost associated with complying with the forthcoming IMO regulations will force owners to scrap them.

Additionally, there are about 367 vessels (of 67 mdwt), for which the fourth special survey is due during 2017-22. As these vessels are currently in the age range of 14-19 years, owners will have to decide whether to scrap them before they are due for their next survey as the owners will have to incur the additional cost of fitting ballast water treatment systems as well as scrubbers required to comply with IMO regulations on sulphur limits.

If we assume that about a third of these vessels are demolished during the forecast period 2017-22, the recovery in tanker freight rates will not start until after 2019. However, the extent of actual demolitions will be a crucial factor for deciding how quickly the market recovers.

"We expect the market to start a gradual recovery from 2020. For any recovery before 2020, demolitions need to be strong enough to keep fleet growth slower than demand growth," said Rajesh Verma, Drewry's lead analyst for tanker shipping.

Dry bulk shipping market to grow steadily

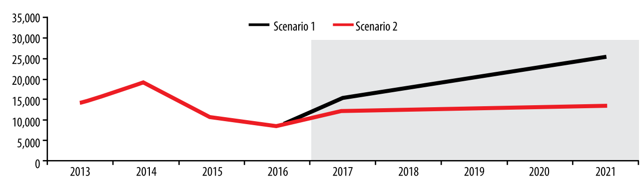
With high demolition activity and low deliveries the fleet is expected to grow at a slow annual rate of 1 per cent over the next five years, while tonne mile demand will grow at a faster pace of around 3 per cent per annum. As supply and demand becomes more balanced over the forecast years, charter rates are expected to improve gradually.

Drewry has also researched and flagged the impact of renewables on the dry bulk trade, as this has the potential to reverse charter rates, and has built two scenarios based on current trade developments

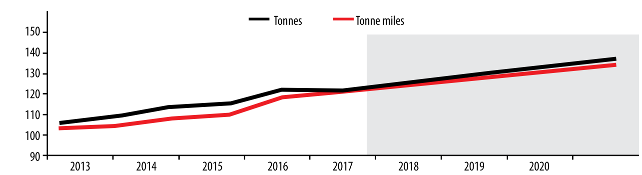
The Chinese government's stimulus package in 2015 supported steel production last year and is likely to aid the steel industry over the next two years. The relative cheapness of imported coal (cfr) over domestic coal makes room for increased coal imports, supporting the rally in rates for the rest of the year.

However, the declining cost of producing energy from renewable sources and the general acceptance that COP21 may reduce the use of coal as a major energy source is a threat to the dry bulk shipping trade. Although the share of renewables in total energy production is quite low for most major economies, any shift away from coal could hamper the dry bulk trade over the medium term (1-3 years).

TIME CHARTER RATES UNDER TWO SCENARIOS, CAPESIZE ($/DAY)



SEABORNE TOTAL CHEMICAL TRADE DEMAND (INDEX 2010=100)



Source: Drewry Dry Bulk Forecaster

Looking at demand, Drewry has identified three concerns that might impact dry bulk shipping rates in the near future. First, the National Energy Administration of China plans to increase coal consumption by only 0.7 per cent annually over the next four years, and plans to meet its energy production targets by making coal use more efficient.

Secondly, China also plans to cut down on excess steel capacity by 100 million tonnes over the next five years by shutting down illegal, sub-standard, steel-making units. The combined efforts of China and India to increase the share of renewables in their energy mix could bring down the dry bulk market to an era of negative growth in the short to medium term.

Thirdly, India plans to increase its thermal coal power generation to 236 GW in 2022 from the current 186 GW, an increase of 4 per cent annually. Coal India, which meets most of the country's coal requirements, has been increasing its output by 5.8 per cent annually and the government has been making additional efforts to increase Coal India's output faster. To produce 236 GW thermal coal power in 2022, India will require 159 million tonnes of imported coal, meaning an annual fall of 1.8 per cent in imports.

If we club the three downside risks to demand together, there is a risk that charter rates could start declining. Drewry has built a scenario to show what will happen if India and China together reduce or slow down their coal imports, and China starts cutting down its steel production output.

From a low base in 2016, average rates might still be substantially higher in 2017, but will start sliding from current levels and will continue to fall over the next three years, stabilising thereafter. The chart (Time Charter Rates) shows the time charter rates in scenario 1 (base case rates) vs rates in scenario 2 (lower demand case).

"The rationale for using demand to create scenarios finds its logic in the fact that the dry bulk market has become more demand-dependent than ever before," commented Rahul Sharan, Drewry's lead analyst for dry bulk shipping. "However, for the time being the impact of renewables on coal trade is not likely to be significant as its share of the global energy market remains very low. Hence, Drewry expects its base case (Scenario 1) to prevail which will see the dry bulk shipping market continue to improve, albeit at a moderate pace. mg

A week full of deliberations and celebrations

The week-long event saw industry leaders deliberate on challenges and trends disrupting the maritime and logistics domain. Catching up with these trends is Singapore making its ports smarter. The industry awards honoured companies and individuals contributing to Singapore's maritime growth

by Omer Ahmed Siddiqui

The 12th edition of the Singapore Maritime Week brought together the who's who from the international maritime community for a week of conferences, dialogues and exhibitions. Organised from 23 to 28 April 2017, this years' theme "Navigating through challenging times," focused on the difficult markets and disruptions brought in by technology.

Josephine Teo, Senior Minister of State for the Ministry of Transport, Prime Minister's Office and Ministry of Foreign Affairs, officially inaugurated the event. She touched upon the disruption digitisation and new technologies are bringing to the sector. Catching up with these changes, Singapore is focused on building a smarter port, developing a vibrant enterprise ecosystem: The Maritime Singapore network and developing human capital.

The smart port will use data analytics to gain insights into the flow of vessels and containers, while on the operational side, automation solutions will optimise processes and use of equipment. Complementing the smart port is the vibrant enterprise ecosystem – a densely inter-woven network of business connections.

Teo also announced the launch of Skills Framework for Sea Transport. In support of the jobs and skills pillar under the Industry Transformation Map (ITM) for sea transport, the new initiative aims to guide maritime organisations and educational institutions

AWARD WINNERS

Category	Winner
International Maritime Centre (IMC) award	"K" Line Pte Ltd
Excellence in manpower training and development award	Swire Pacific Offshore Operations (Pte) Ltd
Outstanding Maritime R&D and Technology Award	Sembcorp Marine Ltd
SRS Ship Owner of the Year	Pacific International Lines (Pte) Ltd
Bunker Award	Sinanju Tankers Holdings Pte Ltd
Maritime Service provider Award	Lloyd's of London (Asia) Pte Ltd
Offshore and Marine Engineering Award	American Bureau of Shipping
Green Ship of the year Award	Asiatic Lloyd Maritime LLP

Dr Detleft Trefzger, CEO, Kuehne + Nagel International AG, delivering the keynote address

in developing relevant training programmes for maritime professionals.

Providing crucial insights into the driving forces of logistics was the 11th edition of annual Singapore Maritime Lecture that had 400 senior maritime representatives gleaning insights into the key drivers of today's logistics industry. Dr Detleft Trefzger, CEO, Kuehne + Nagel International AG, in his keynote address detailed on the "Driving Forces of the Logistics Industry," followed by a fireside chat moderated by Professor Annie Koh, Vice President, Office of Business Development and Professor of Finance (Practice), Singapore Management University.

The ever changing needs of consumers are driving forces of all activities, revealed Dr Detleft as he highlighted key market trends: the growing middle class in developing Asian nations causing shifts in global distribution patterns, the logistics industry influenced by technology, data and predictive analytics and success will depend on mastery of these.

A major highlight of the event was the International Maritime Awards 2017 wherein best performers in the sector are recognised. Currently into its ninth year, the event honoured 52 maritime enterprises and 10 industry leaders who have contributed towards the growth of Maritime Singapore.

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PROGRAMME

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09:00 hrs onwards	: Registrations
10:00 hrs – 11:00 hrs	: Inaugural Session
11:00 hrs – 11:30 hrs	: Tea & Coffee Break
11:30 hrs – 13:30 hrs	: Keynote Session
13:30 hrs – 14:30 hrs	: Lunch Break
14:30 hrs – 16:00 hrs	: Business Session 1
16:00 hrs – 16:30 hrs	: Tea & Coffee Break
16:30 hrs – 18:00 hrs	: Business Session 2
18:00 hrs – 19:00 hrs	: Networking over cocktails
19:00 hrs – 20:30 hrs	: Smart Logistics Awards
20:30 hrs onwards	: Networking Cocktail Dinner

WHO SHOULD ATTEND?

- **Shippers:** Importers, Exporters, Retailers, Manufacturers
- **Ports:** Bulk Ports, Container Terminals and Dry Ports
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- Container Train Operators
- Trucking and Haulage Companies
- Distribution Centers / Warehouses
- Government Officials
- 3PLs / Freight Forwarders / CHAs
- Technology Providers
- Port Equipment Providers
- Trade and Industry Associations
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Be ready for disruptions

Industry leaders pointed at the disruption happening in the sector with emergence of new technologies and applications. Those who do not adapt with this new reality will have to risk getting left behind

by Omer Ahmed Siddiqui

The significant role that Asia continues to play in the global maritime and offshore industries, even in today's market environment, was firmly demonstrated at Sea Asia 2017 held in Singapore last month. **Khaw Boon Wan,** Coordinating Minister for Infrastructure and Minister of Transport, at the outset, called for Singapore's port and maritime industries to gear up to deal with digitisation and disruption of global transport supply chains. "The lines between e-commerce, shipping and supply chains are blurring, for example, Amazon is looking at having its own shipping and logistics operations. Freight Forwarders will also have noticed Maersk and CMA CGM partnerships with Alibaba to allow shippers to book space on container ships online," noted Khaw. "Despite economic uncertainties and challenges in the maritime industry Asia will continue to drive global shipping for some time to come. Supported by a growing middle class and rising incomes, Asia remains the fastest growing region of the world," Khaw observed as he addressed at the official opening of Sea Asia 2017.

While digital disruption has loomed large over many sectors such as taxis, hotels and retail, Singapore Maritime Foundation Chairman, **Andreas Sohmen-Pao,** highlighted that goods and commodities will still require shipping. "In spite of the challenges facing the industry, it will remain the cornerstone of the global economy even as we advance into an era of modern technology," Sohmen-Pao said in his opening speech.

But a major problem facing the shipping sector is over supply. "Excess capacity in shipping and offshore will not go away 'in a hurry' due to the sectors having witnessed a prolonged period of having access to 'too much cheap money," remarked **Piyush Gupta,** CEO, DBS Group. Gupta opined that long term viability of shipping business would seem to work only if they are either state-owned such as the Chinese shipping conglomerates or privately owned with minority public interest.

Noting the survival techniques of shipping lines **Andy Tung,** CEO, Orient Overseas Container Lines said, "Liners typically operate in a network so Liners are not into the business of trading assets for profitability but rather focused on operating the assets." The shipping industry is ripe for disruption and the driver for change will come from outside the industry as shippers demand greater efficiency, stated **Frank Coles,** CEO, Transas. The impetus for change is the improvement in technology now available, and will take place in the next five to ten years. "Shipping companies and other asset owners will have to adapt to this new reality or risk getting left behind," warned Frank.

A major highlight of the event was the release of "Menon Report" that positioned Singapore on the top among the leading maritime capitals of the world. The report had earlier ranked Singapore in the first position twice in 2012 and 2015. Singapore was ranked number one in three categories: Shipping, ports and logistics, attractiveness and competitiveness. The maritime nation also scored impressive results in the remaining two categories: Second place in maritime technology and fourth place in finance and law. Significantly, Singapore jumped three places from fifth to second position in the maritime technology category, affirming Singapore's focus in technology, research and development.

In the sectors of shipping, ports and logistics, Singapore emerged first due to its strategic geographic location as well as its position as an important centre for commercial management and the world's second largest port. According to the report, seven in ten experts regarded Singapore as one of the maritime capitals most prepared and ready to adopt digitisation.

Close to 15,000 participants from 85 countries attended the three-day event with 822 delegates participating in the conference. The exhibition saw 448 exhibitors spread across two floors of Sands Expo and Convention Centre.

Industry leaders at the last day of Sea Asia 2017 said there is still a lot of optimism and opportunity in the industry despite the current market environment, if companies are willing to scale to the right size, focus on innovative solutions and be proactive in developing competitive advantages. mg

Automated high throughput vehicle and container weighing using in-ground scales saves valuable time at terminal gates

Dynamic VGM

Weighing of containers arriving at ports had become a serious issue, especially after declaration of VGM under SOLAS came into force. Addressing this particular need of the exim community, Intercomp with over 35 years of experience, has come up with in-ground scales that enable automated high throughput vehicle weighing.

Intercomp scales can monitor vehicle and container weights by weighing in motion, saving valuable time at the gate. Weigh-in-motion scales capture vehicle and container weights, minimizing traffic disruption and keeping the flow of traffic moving into the facility.

Increase entry and exit gate efficiency

Intercomp Weigh-In-Motion (WIM) technology dynamically measures vehicle weights using in-ground WIM scales at entry and exit points for moving cargo in and out of ports, rail & freight yards. These scales replace large in-ground stationary static scales which can be a source of bottlenecks for gate operators and roadway freight companies. Intercomp WIM scales and sensors can be configured to meet various site and accuracy requirements. Installation into inbound and outbound lanes of traffic provides a potential return on investment in multiple ways:

- Process vehicle traffic quickly: Real-time WIM systems, minimizing need for truck holding areas for static weights
- Automate gate transactions: Reduce errors in data entry, while increasing traffic flow through gate
- Minimize vehicle idling and yard time: Process vehicles more efficiently, without the need for large static scales

Two scale options for weigh-in-motion systems:

Low-speed WIM scales

Installation of LS-WIM scales requires civil works for installation and drainage. Intercomp's scale has a deck thickness of 8.6in (220mm) and a steel frame of only 12.5in (315mm) deep. This requires only a single drain and conduit per lane which simplifies installation. Load cells are mounted in the frame, allowing for safer and quicker scale maintenance.

- Durable platform construction
- Small scale footprint vs. statiscales
- Highly accurate
- Simplified maintenance

WIM strip sensors

Installation of strip sensors is straightforward and can be completed in 8 hours. Minimal civil works and no drains are required. Installed within 3in (75mm) wide channels cut into either asphalt or concrete, the sensor delivers high performance at a lower cost, with minimal time and labor associated with installation and maintenance.

- Install in existing pavement
- Small sensor footprint
- Zero maintenance
- Built in redundancy

Durable technology

Utilising strain-gauge based scales and sensors allows for operation in extreme environments. The equipment includes hermetically sealed strain gauge load cells certified for accuracy and performance by US and European government metrology authorities. With operating temperatures of -29F to 165F (-34C to 74C) and an IP68 protection rating, the systems provide operators with reliable and long-lasting means of data collection.

Data output

Intercomp scales and sensors provide data including axle and gross vehicle weights to the CPU. The data is processed and integrated into gate or terminal operating systems via ethernet output. Windows-based API enables integrators to indicate vehicle and cargo weights, to flag overweight vehicles and cargo, and to create vehicle records and reports including weight data. Intercomp solutions are flexible and can supply the scale and sensor components, or partner with local contractors or gate suppliers to coordinate installation, civil works and system integration. mg

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