DIGITALISATION
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BIMSTEC PORTS CONCLAVE
Growing Intraregional Trade and Connectivity

LOGISTICS SCENARIO
Economic Slowdown Hits Trucking Business

INDIA BANGLADESH STAKEHOLDERS MEET
Land of Promise: Northeast

south asia's premier maritime business magazine

maritime gateway

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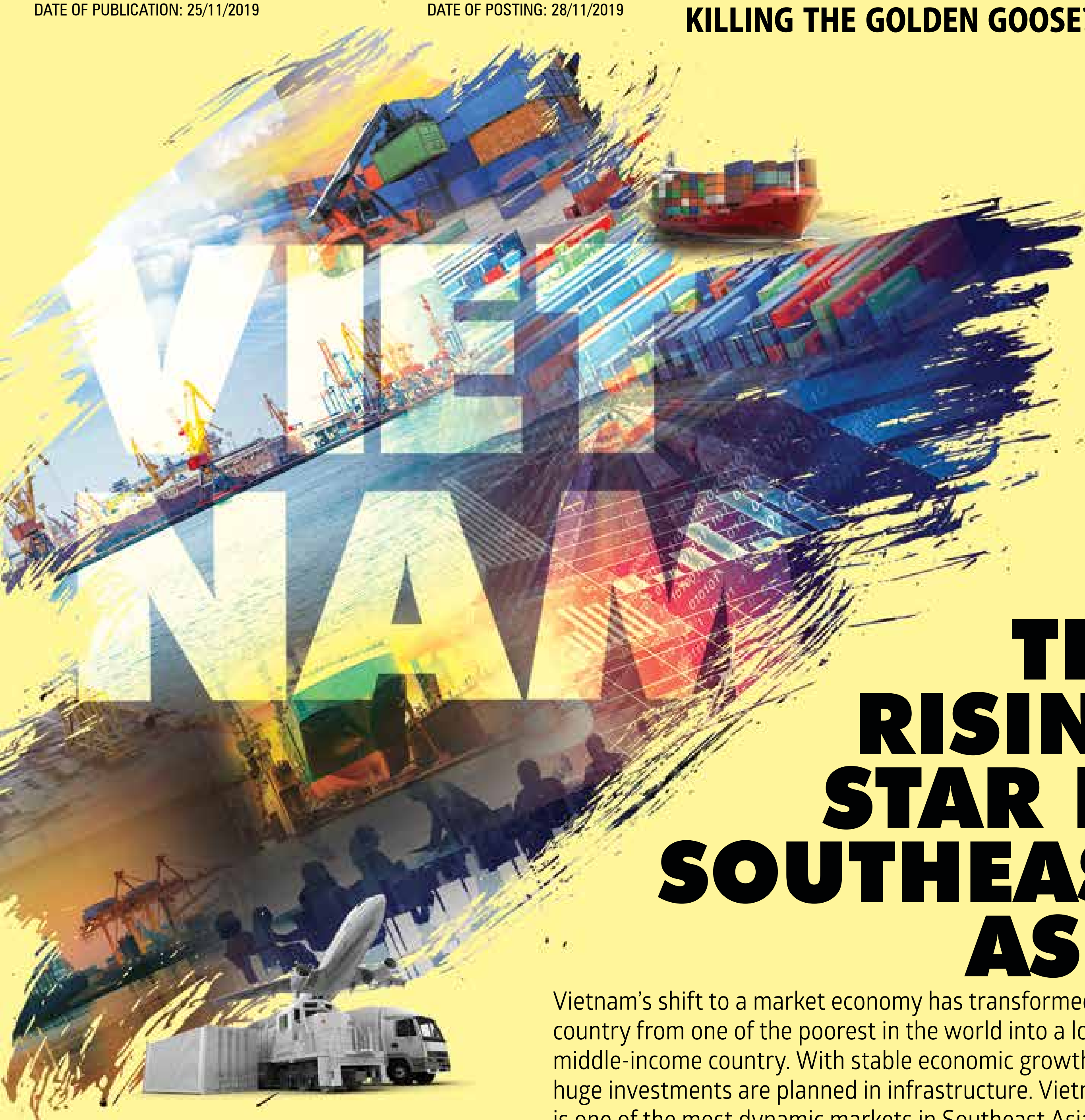
CONCOR DISINVESTMENT: KILLING THE GOLDEN GOOSE?



THE RISING STAR IN SOUTHEAST ASIA

Vietnam's shift to a market economy has transformed the country from one of the poorest in the world into a lower middle-income country. With stable economic growth in place, huge investments are planned in infrastructure. Vietnam now is one of the most dynamic markets in Southeast Asia region

Put The Economy on Track to Achieve $5 Trillion!

The BJP led NDA Government have enough reasons to worry a lot. The global and local agencies have been continuously predicting the weakness of Indian economy and forecasting sub 5 per cent GDP growth than the initial estimate of around 7 per cent for the current fiscal. The jaw dropping economic growth rate will certainly put the government at risk on various parameters of rising unemployment and declining consumption in the country. Although getting favourable judgements by the Supreme Court which may be helpful for gaining vote bank in the future, but, the government needs to recognize the importance of resilient economy than politics to achieve $5 trillion by 2024.

The recent poll debacle in Maharasthra and Haryana demonstrates looming challenges for the ruling BJP in a political point of view, albeit a recent favourable judgement to build Ram Mandir in Ayodhya – a factor that helps polarizing a large chunk of votes for the saffron party. But, the people are more interested in finding jobs for livelihood, repaying debts, building homes, providing better education to their children over any other issues in the current challenging environment. Thus, it's high time to put the economy back on track by limiting political tricks for a while.

A recent report by AP Moller Maersk, the global shipping giant, indicates worsening global economic scenario which may pose serious implications on the integrated world, including India. According to its report, the global container volumes slip to 1.5 per cent and freight charges declined by 3.6 per cent during the third quarter of the current fiscal. It clearly shows how vulnerable the global economy is and where it is heading for. The drop in volume growth and freight charges can be attributed to the ongoing trade war between the USA and China and also the weakening global economic environment.

In this back drop, India should open its eyes as more than 90 per cent of its EXIM trade volumes take place through ocean route which is currently in a mess. India's merchandise exports in October fell by 1.1 per cent and imports down by 16.3 per cent leading to a trade deficit of $11 billion for the month. The statistics of the Exim trade for the last seven months starting from April are even more disappointing.

Therefore, conducive global and domestic economic conditions are required to achieve an ambitious $5 trillion economy by 2024 – a leap jump by almost 100 per cent from now – at a time when India is witnessing lower consumption across the markets – rural and urban – subdued industrial output, rising inflation and unemployment, continuous slowdown in automobile sector and FMCG, lower credit offtake etc.

Hence, the government's actions should speak louder than the words being talked to ignite the ailing economy immediately. The implementation of Sagarmala, Bharatmala and other major infrastructure projects should be accelerated to arrest further fall of GDP growth. Otherwise, making India $5 Trillion economy remains a dream.

“Conducive global and domestic economic conditions are required to achieve an ambitious $5 trillion economy”

Ramprasad

R Ramprasad
Editor-in-Chief and Publisher
ramprasad@gatewaymedia.in

SPEEDWAYS LOGISTICS PVT LTD

WHO WE ARE

We are a dedicated team working united for the past three generations. Commitment, dedication, patience and excellence resulting to a good service has always been our motto and that's the passion that drives us. We at Speedways welcome you to venture into a world where we define Logistics Supply Chain Management towards a whole new level.

WHAT WE DO

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

CUTTING EDGE

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

MISSION

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

1. LOGISTICS
2. TRANSPORT OPERATOR
3. CLEARING
4. WAREHOUSING
5. CRANE

VISION

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

WHY SPEEDWAYS

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

WHO WE ARE

We are a dedicated team working united for the past three generations. Commitment, dedication, patience and excellence resulting to a good service has always been our motto and that's the passion that drives us. We at Speedways welcome you to venture into a world where we define Logistics Supply Chain Management towards a whole new level.

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

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Feedback

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

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THE RISING STAR IN SOUTHEAST ASIA

INTERVIEWS

OTHERS

PHONEX LOGISTICS PRIVATE LIMITED

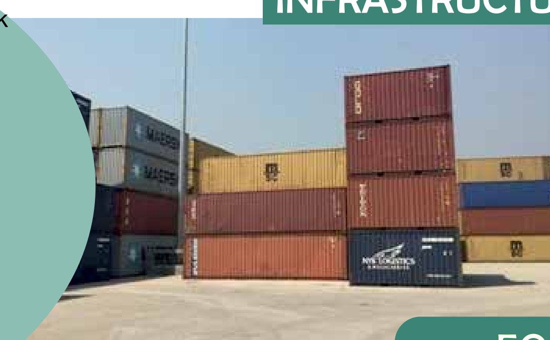
CONTAINER FREIGHT STATION -KOLKATA

OPERATION

- Movement & Handling of Export/ Import/LCL & Project Containers & Bulk Cargo from Kolkata/Haldia .
- De-stuffing /Stuffing & Storage Cargo.
- Door to Door Delivery Facility available for Corporate Houses.
- Offers Lashing, Choking, Dunging, Sink Wrapping & Repackaging of Cargo.
- Separate -3Nos of warehouses for Export, Import & Transhipment.

INFRASTRUCTURE

- Flood lights/ High mast towers for round the clock operations.
- Modern Fire fighting equipments.
- ERP Based Computerized documentation
- App based Tracking of Containers.
- Separate stack yard for Hazardous & Reefer Containers
- Generator facility (Power Backup).
- Canteen Facility separate for offices & staff.
- Dedicated office for Users/CHA's.
- CCTV Surveillance 24/7



EQUIPMENTS

- Reach Stacker (TIL Brand) – 3 Nos.
- Fork lift – 12 Nos. of Various Capacity.
- Trailers – 60 Nos. of 60 Mts capacity.
- Mechanical Crane – 35 tons capacity.
- Hydra – 3 Nos. JCB – 1 Nos.

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"Without sustainability, we cannot survive in the future, including the shipping community as well. We have to pursue the shipping business in a sustainable way."

- Kitack Lim
IMO Secretary-General

"Looking at it both from the growth trajectory that we see and the development elsewhere in Asia, we see South Asia as moving towards being much more of the centre of global growth."

- Anne-Marie Gulde-Wolf
Deputy Director, Asia and Pacific Department, IMF

"As one of the fastest growing economies in the world, India is investing heavily in the development of seaports, industrial areas and hinterland connections. That makes India an interesting partner in the field of trade, maritime industry and education but also in the field of digital developments and innovations."

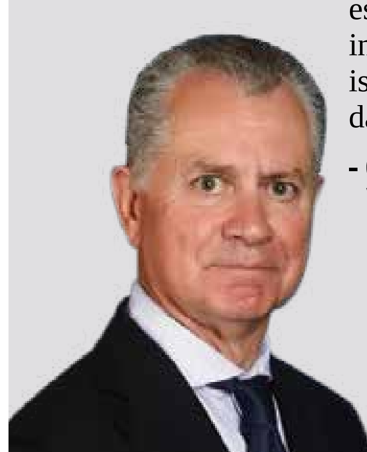
- Rene van der Plas
the head of Port of Rotterdam International

"It's great to see continued progress in India's World Bank Ease of Doing Business ranking. The biggest opportunity to break into top-30 lies in 'enforcing contracts' where our sub-rank has remained at 163rd out of 190."

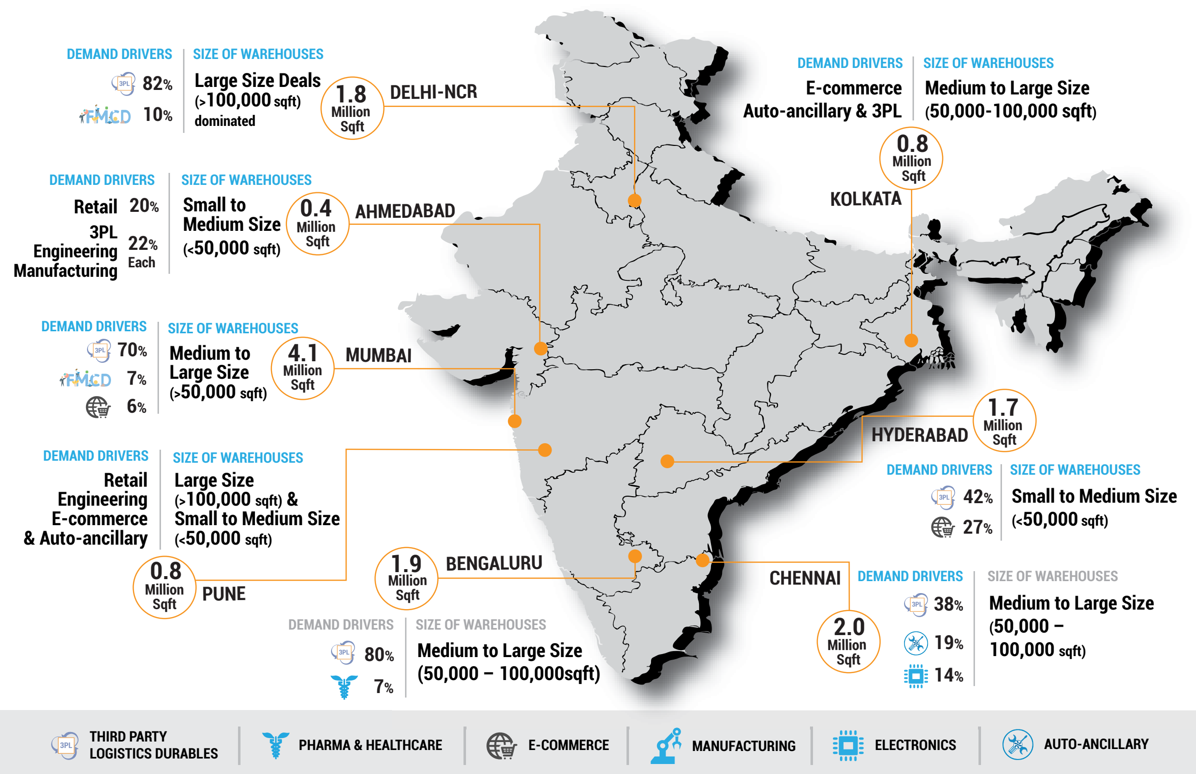
- Vishesh C Chandiok
CEO, Grant Thornton India LLP
& Regulation at BIMCO

"Shipping needs to establish an anonymous independent database that is capable of collecting data from all sectors."

- Graham Westgarth
V Group's CEO



REGION WISE WAREHOUSING SPACE TAKE-UP IN H1, 2019



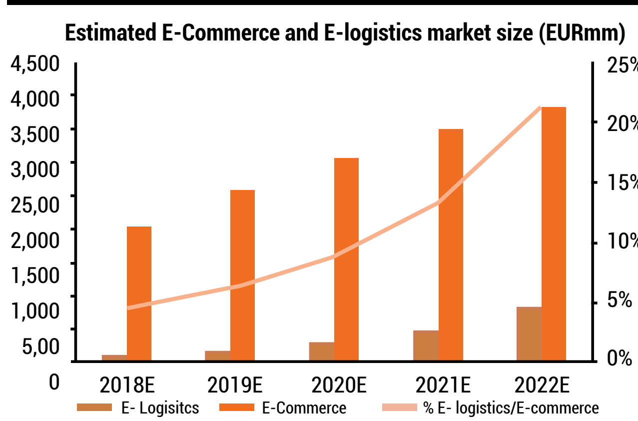
SOURCE: CBRE - INDIA INDUSTRIAL AND LOGISTICS MARKET VIEW, H1 2019

COMPARISON OF COMMERCIAL COLD STORAGE PROVIDERS IN VIETNAM

	Capacity	Facilities & Management	Performance
Foreign-Owned	48%	• High quality facilities and a professional management team • Barcode & an IT system to manage inventory in the store	High occupation rate, High price
Local	24%	• Simple designed facilities • Do not have professional team	Low occupation rate, Low price
Logistics Companies	14%	• Try to provide a full service for existing logistic clients	
Others	14%	• Small independent cold storage	

SOURCE: STOXPLUS

DEMAND FOR E-LOGISTICS IN VIETNAM PROJECTED TO BOOM



Source: Statista, Ken Research, Ipsos Business Consulting Analysis, Rang Viet Securities

PERFORMANCE OF FOREIGN FIRMS IN VIETNAM

Year	Firms Increasing Investment (%)	Firm Adding Employees (%)	Firms Reporting Profits (%)	Firms Reporting Losses (%)	Median Sales (Millions of 2010 USD)	Median Expenditures (Millions of 2010 USD)
2012	5.2	31.0	60.4	27.5	1.54	0.97
2013	5.1	30.0	63.6	24.1	1.45	0.94
2014	16.1	62.4	57.9	34.2	1.14	0.71
2015	11.4	62.4	55.1	37.6	0.69	1.42
2016	11.0	63.3	59.0	33.4	0.73	0.42
2017	13.2	62.4	54.3	37.9	2.43	2.02
2018	11.8	58.2	53.1	36.7	2.57	2.20

APPAREL PRODUCTS PRICE DYNAMICS

1.85% Declined
Apparel export price of China to the USA during January-April of 2019

5.03% Increased
Apparel export price of Bangladesh to the USA during January-April of 2019

1.05% Increased
Apparel export price of Vietnam to the USA during January-April of 2019

TCI
LEADERS IN LOGISTICS

CONNECTING BOUNDARIES

About SAARC

TCI SAARC, a business vertical of TCI group has a strong presence in the SAARC, especially BBIN countries. It provides logistics services to Nepal, Bangladesh, Sri Lanka, Bhutan, etc. with offices at borders & capital cities.

Our Subsidiary Companies in SAARC countries

TCI BANGLADESH
LEADERS IN LOGISTICS

TCI NEPAL
LEADERS IN LOGISTICS

TCI LANKA
LEADERS IN LOGISTICS

Services under SAARC/BBIN/Port Logistics

1. Road & Rail movement to SAARC nations (FTL & LTL)
2. Sea and Air movement to Bangladesh, Nepal & Sri Lanka
3. Express distribution
4. Warehousing & Yard Management at either borders
5. Customs Clearance (Both side of borders)
6. Consultancy on documentation/licenses
7. 3rd Country movement from Kolkata / Vizag port to Nepal
8. Domestic Transportation within SAARC countries
9. Handling SRO & IP based import shipment in Bangladesh
10. Import handling through New ICPs
11. Export under BBIN
12. End-to-end movement delivery inside Sri Lanka

Our Certifications

- Govt. Approved CHA License
- Govt. Approved Courier License
- IATA Certified
- IBA approved Transport Service
- AEO Certificate (under process)

TCI Group Information

1958	Year of Establishment
4300 Crs (2019-20)	Group Revenue
2.5% (by value)	Moving India's GDP
6,000+	Employee Strength
1,400+	IT Enabled Own Offices
12Mn. sq. ft.	Warehousing Space
12,000 (1,500 own trucks)	Trucks in Operations
CSR	TCI Foundation & TCI Institute of Logistics

Transport Corporation of India Limited
TCI House, 69 Institutional Area, Sector 32, Gurugram - 122001
Tel.: +91 - 124 - 2381603-07 | Fax: +91 - 124 - 2381611, E-mail Id: corporate@tcil.com | Website: www.tcil.com
CIN: L70109TG1995PLC019116

Find Us on

TCI SAFE SAFAR™
TCI's health and safety programme
www.tcisafesafar.com
tcisafesafar

Micro homes with green roofs

Fraser Brown MacKenna Architects has obtained planning permission for development of micro homes made from shipping containers with green roofs in Aylesbury, England. The architects has designed a 26.2-square-metre home that can fit inside each container. The one-bedroom studios will be rented out as social housing or student accommodation. The containers will be arranged in a terrace formation, progressively stepped back from each other to create a private decked area at the front of each micro home. This arrangement also avoids a major sewer pipe running through the Gatehouse Road site. Inside each brightly coloured container the micro homes are arranged in a linear fashion, with a living and kitchen area at the front, a separate bathroom, and a bedroom at the rear. Porches are placed at either end. Insulation will be added to the walls, roofs and floors of the shipping containers, along with double-glazing at either end, to keep emissions and heating bills low.

Essar Ports gives shape to Hazira Passenger Ferry Terminal

Essar Bulk Terminal Ltd (EBTL) said it has completed work on the Passenger Ferry Terminal that has paved the way for a cruise-based passenger ferry service, which commenced on 14 November 2019 between Hazira Port in Surat and Bandra-Worli Sea Link in Mumbai. The Hazira-based terminal will also lead to ferry services being offered on other routes in the future, revolutionising coastal transportation in India. Phase I of the terminal project will focus on the movement of passengers between Hazira in Surat to India's financial capital, Mumbai.

CONCOR's ICD Tihi Indore operations commenced

The Container Corporation of India (CONCOR) has announced that from November 18, 2019, all its exim operations at ICD Pithampur are being done at ICD Tihi, which is notified by Customs vide Notification No. 8/2019-Cus dated 15.11.2018. The EDI code of the new facility will remain unchanged. Import containers arriving from the gateway ports shall henceforth not be shifted to Pithampur, thereby benefiting the trade by way of reduction in shifting charges in their inland haulage expenses. Shipping lines have been advised to hereinafter book import and empty containers up to Tihi only, and pass on the reduced expenses to trade directly.

Ships to dock at Kollam port

Container ships will start arriving at Kollam port by December second week, making it an important terminal in South Kerala. All measures are being taken to make Kollam a busy port. The ships operated by SS Maritime carrying tiles, cement, fertilizer and sugar will be the first to dock at Kollam and the Thoothukudi-based company can use Kollam as a central hub for its commercial cargo operations in the future. They also have plans to transport cargo from Kollam to Kolkota and currently there are orders from a couple of other places.

Government working on policy to push MSME exports

The government is working on two policies to increase MSME exports and bring down imports by encouraging local production, Union MSME and Road Transport Minister Nitin Gadkari said on November 16, 2019. While addressing the gathering at Small Micro Enterprise (SME) conference at Nagpur, Gadkari mentioned that the MSME sector has 29 per cent contribution in country's growth and 48 per cent of export is done through MSMEs. Similarly, about 10-11 crore jobs have been created in MSMEs.

Government considering plan to allow LLPs and NRIs to register ships in India

The Shipping Ministry is weighing a plan to allow Limited Liability Partnerships (LLPs) and Non-Resident Indians (NRIs) to own and register ships under the Indian flag, under the revamped Merchant Shipping Act. The move is designed to make ship registration in India attractive to more participants. It will also help in the privatization of Shipping Corporation, if a foreign entity buys the state-owned carrier. Currently, ships are allowed to be registered under the Indian flag only when they are fully owned by Indian entities.

Kottayam to be made feeder port of Vizhinjam

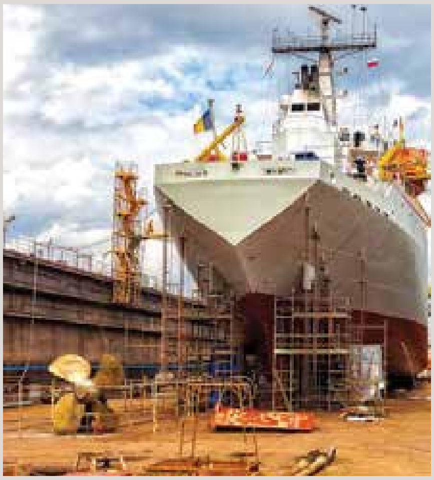
In view of the proposed opening of the first phase of the deep water seaport at Vizhinjam later next year, the authorities have begun efforts to develop the Inland Container Depot in Kottayam as its feeder port in the Central Travancore region. Commissioner of Customs, Cochin, Sumit Kumar visited the Kottayam port in November 2019 and evaluated its operations, including the issues related to the proposed inland water movement project. Alongside, interactions with major exporters and importers from the region were also held. Developing the port here as a direct feeder point of Vizhinjam by operating direct barge services will significantly cut down the cost and time of exports and imports.

Assam gets its first export policy

Assam has got its first export policy to boost exports. The state has a competitive advantage through increased market penetration as well as to explore new markets for products in nine focus areas, which includes tea, its principal export item, wellness hospitality, and health tourism. The export and logistic policy, 2019 will be in force for five years. For decades, tea has been a major export item and the state produces more than half of the total tea of the country. Today, 761 big tea gardens and more than one lakh small tea gardens produce an average of 630 million kilograms of tea which is more than 50 per cent of the country's total tea production.

South Goa to get maritime cluster

Aiming to tap the state's potential as a shipbuilding hub, the government has planned to set up a maritime cluster in South Goa which will support the local blue economy comprising of private shipyards and small marine units. Disclosing the construction of a cluster "soon", Chief Minister Pramod Sawant said that the government has already identified land and is in talks with the Ministry of Micro, Small and Medium Enterprises (MSME) to set up the maritime cluster. The cluster will create jobs for Goans, as it will enhance the prospects of the 43-odd maritime units.



Global container shipping volume slips in Q3

The third quarter of 2019 saw growth in the global container volumes slip to 1.5 per cent while freight rates declined an average of 3.6 per cent according to AP Moller – Maersk in its Q3 earnings statement. The company said that in Q3 global container volume growth softened to around 1.5 per cent. In particular US container imports fell 0.5 per cent in the quarter, with imports from Asia dropping by 0.9 per cent, which it said reflected the US-China trade restrictions. On supply side the growth in the container shipping fleet capacity outstripped demand with a 3.9 per cent in increase in Q3 to 23.1m teu.

APM Terminals introduces global customer alerts solution

In response to customer requests for real-time information about exceptional circumstances or disruptions affecting a terminal, APM Terminals has launched a global customer alert system. The system enables customers to subscribe for terminal alerts via SMS or email. Terminals will only use the alerts function for severe issues that have clear implications for customers, including labour shortages, bad weather warnings, congestion at the port or delays with customs clearance. The terminal will also provide an estimated resolution time, links to further information sources such as gate cameras or live vessel schedules or alternative solutions, such as extended free storage limits or longer gate opening times.

Hapag-Lloyd launches 'Cherry Express' for Chile cherry exports to Asia

Hapag-Lloyd has launched the "Cherry Express" on the West Coast South America (WCSA) – Asia trade to coincide with the beginning of the cherry season in Chile. The Cherry Express is anchored in its weekly service AN1 on the WCSA – Asia route, which is operated jointly with MSC – under the Inca brand, Ocean Network Express as AN1, and HMM as NW1. It is the second year Hapag-Lloyd has made this service available. The 'Cherry Express' also incorporates a call in Hong Kong that connects directly with Valparaíso, with a transit time of 22 days. The first direct connection between Valparaíso and Hong Kong will be launched by the 10,010-teu ship 'MOL Benefactor' with a departure scheduled for 13 November, arriving in Hong Kong on 5 December.

Cargo moves on Brahmaputra

A landmark container cargo consignment sailed on inland waterways from Haldia Dock Complex to the IWAI terminal at Pandu in Guwahati. The inland vessel *MV Maheshwari*, carrying 53 teus of petrochemicals, edible oil, beverages set off on the 12-15 days voyage which will be an integrated IWT movement via National Waterway-1 (Ganga), NW-97 (Sunderbans), Indo-Bangladesh Protocol (IBP) route and NW-2 (Brahmaputra). This is the first ever containerised cargo movement on this route.

Assam govt to transform Inland Water Transport

Government of Assam has launched a project for transformation of the Inland Water Transport system. The project will develop an efficient river transport system which would be safe and comfortable for the large volume of passenger and cargo. The Government of Assam has taken up a Project titled 'Assam Inland Water Transport Project (AIWTP)' to improve the quality of inland water transport services and integrate high quality passenger and vehicle ferry services in the Brahmaputra and Barak rivers. The Assam Inland Water Transport Development Society will implement the project.

Ship design center at IIT Kharagpur

The first-of-its-kind ship design and model testing centre that would come up in IIT-Kharagpur, would give a boost to the shipbuilding industry in the country. A MoU has been signed between the Union Ministry of Shipping and IIT-Kharagpur. Mandaviya, the Union Minister of State for Shipping, said the proposed ship design and model testing centre in IIT-Kharagpur would be very useful for other BIMSTEC countries — Bangladesh, Nepal, Bhutan, Myanmar, Thailand and Sri Lanka.

PORTS

LPG terminal to come up at Krishnapatnam Port

The National Gas Company (NGC) will partner with Petredec to set up an LPG import and storage terminal at Krishnapatnam Port at an investment of ₹400 crore. The project will be established under a JV company in India, NGC Energy India Pvt. Ltd, in which NGC will have 60 per cent stake, and Petredec, an LPG trader, the remaining 40 per cent. The company broke ground for the proposed facility recently and construction is expected to commence soon. The project, with storage capacity of 30,000 tonnes and throughput capacity of 1.4 million tonnes per annum, is expected to take 15-18 months to complete and is likely to become operational during the first half of 2021.

JNPT aims to stem north India diversions with new rail offering

Jawaharlal Nehru Port Trust (JNPT) is making more efforts to attract business from northern hinterland shippers using other west coast gateways by offering them a dedicated rail solution for export cargo. JNPT saw a 5 per cent drop in October throughput following a 7 per cent fall in September, year over year. The port has set up a scheduled intermodal rail service with Container Corporation of India (CONCOR) to connect export cargo from Ludhiana, a key inland container depot (ICD) in the state of Punjab. The service will operate weekly, offering departures from Ludhiana every Saturday.

India to start construction of Wadhavan port by 2020

Gopal Krishna, secretary, Ministry of Shipping, announced that the Government of India intends to develop an all-weather port at Wadhavan, 140 kilometer north to Mumbai. The construction of the port will begin in December 2020 and will have nine berths for large container ships. The government wants India to be one of the top ten global container port hubs. Krishna also said that the country is raising its ship recycling capacity by 40 per cent by 2024 and wants to become a global leader in the segment. Krishna also shared his thoughts on the government's plan to develop inland waterways particularly for the northeastern region.

World Bank's master plan for Kolkata

The World Bank has submitted a conceptual master plan for development of logistics infrastructure within the city metropolitan area at a cost of $300 million. The World Bank is also believed to have expressed interest in a review of industrial parks, logistics hubs and SEZs in West Bengal. The West Bengal government has increased infrastructure spending by almost five times to ₹9,553 crore in 2019, compared with ₹1,758 crore in 2011. There has been a 191 per cent surge in warehousing in the State. The Inland Water Transport World Bank project, the roll-on roll-off (RoRo) project, Amritsar-Kolkata Industrial Corridor, Asian Highway Project, Kaladan Multimodal Project and several such initiatives have put West Bengal and Kolkata prominently on the logistics map of the nation.

Major ports' turnaround time fall to 59.51hrs from 82.32hrs

The Minister of State for Shipping (I/C) and Chemicals & Fertilizers, Mansukh Mandaviya has informed in the parliament that Government is continuously monitoring and striving to reduce the turnaround time of vessels at ports. A Study has been conducted for benchmarking efficiency and productivity of Major Ports to bring them at par with the international standards. The study identified 116 port-wise action points out of which 93 initiatives have already been completed which resulted in reduction of turnaround time at Major Ports from 82.32 hours in the year 2016-17 to 59.51 hours in the year 2018-19.

Hambantota International Port in TSA with NYK

Sri Lanka's Hambantota International Port Group (HIPG) entered into a Terminal Service Agreement (TSA) with Japanese shipping conglomerate NYK, the first RoRo-specific TSA entered into by the shipping line with a Sri Lankan port. Under the TSA, NYK will bring RoRo, machinery and equipment cargo to Hambantota International Port (HIP), for transshipment to various parts of the world. The TSA will be instrumental in increasing volumes of transshipment cargo to Hambantota Port from Japan and Thailand, with the possibility of India joining the equation in future.

Two new services introduced at DP World terminals

DP World has announced that two new weekly services have been introduced at its terminals to connect these with African and European markets. The new services are jointly operated by global shipping lines - Hapag Llyod, Ocean Network Express (ONE), Orient Overseas Container Line (OOCL), YANG MING Line (YML) and COSCO. Global trade enabler DP World welcomes two new services at its terminals in Nhava Sheva, Chennai and Cochin. The Middle East-India-Africa Express (MIAX) service will connect DP World operated Nhava Sheva International Container Terminal (NSICT) with West and South Africa; while the South India Europe Express (IEX) service will connect Chennai Container Terminal (CCT) and India Gateway Terminal (IGT) with European markets.

Aditya Mishra is the new Chairman of LPAI

Senior IPS officer Aditya Mishra, a 1989 batch IPS officer of the Uttar Pradesh cadre, has been appointed as the Chairman of the Land Ports Authority of India (LPAI). The Appointments Committee of the Cabinet has approved the appointment of Mishra as the Chairman of the LPAI on the recommendations of a search-cum-selection panel. Mishra has been appointed for a period of five years from the date of assumption of charge. LPAI develops, sanitises and manage the facilities for cross-border movement of passengers and goods at designated points along the international borders of India.

CNG port terminal at Bhavnagar gets nod

The Gujarat government gave approval to a Compressed Natural Gas (CNG) terminal at Bhavnagar port with a proposed investment of ₹1,900 crore. The facility, approval for which was given by the Gujarat Infrastructure Development Board. The terminal, which would be the world's first CNG port terminal, will be jointly built by UK-based Foresight Group and Mumbai-based Padmanabh Mafatlal Group. Bhavnagar Port is being administered by Gujarat Maritime Board (GMB), which signed a memorandum of understanding (MoU) with the Foresight Group during the Vibrant Gujarat Summit held in January this year. The consortium of company will also develop facilities like Ro-Ro terminal, liquid cargo terminal and container terminal at Bhavnagar port. The consortium will invest ₹1,300 crore in the first phase and ₹600 crore in se cond phase.

Cargo handled by 12 major ports stagnant at 405 MT

The cargo handled by country's top 12 major ports in April-October period of the current financial year was almost stagnant at 405.39 million tonnes (MT), according to ports' apex body IPA. The ports — Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V O Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia) — saw only 0.44 per cent growth in the cargo handled during the period. These ports had handled 403.60 MT of cargo during the corresponding period of the last fiscal.

LOGISTICS

Adani Logistics in talks to buy Snowman Logistics

Adani Ports and SEZ's logistics subsidiary is in advanced talks to buy Snowman Logistics. Gateway Distriparks, the parent company of Snowman

Logistics, is looking to sell the loss-making firm to raise funds and reduce debt. Gateway Distriparks had listed Snowman Logistics in September 2014 and it currently owns 40.25 per cent stake in the company. Gateway has around ₹600 crore of debt on its books and is looking at avenues to monetise the poor performing assets. Snowman Logistics is engaged in cold chain logistics with a pan-India presence at 31 locations in 15 cities.

Railways records lowest freight loading since 2010

The Railways recorded an eight per cent drop in cargo loading in October 2019. Despite removing a 15 per cent busy season surcharge, to attract more freight, the Indian Railways has seen an eight per cent drop in cargo loading against the same period last fiscal. This eight per cent year-on-year (YoY) decline in October 2019 has been the sharpest in the last nine years. The Indian Railways had moved 93.82 million tonne of coal, iron ore, cement, reflecting an over eight per cent dip, the drop in net tonne kilometre has been sharper at over 11 per cent. This means that not only is the loading down, but commodities are traveling lesser distance as well.

Boxco Logistics handles heaviest single consignment at NMPT

Boxco Logistics has successfully handled the heaviest single consignment over-dimension cargo thus far at the New Mangalore Port Trust (NMPT). The logistics for the carriage of the cargo to the port premises from the manufacturing plant was provided by Boxco Logistics, Mangaluru. The cargo was loaded on board the MV Dong Bang Giant 2, headed for Apapa Port in Lagos, Nigeria. The 1,290-tonne column, manufactured by Phils Heavy Engineering Fabricators in Baikampady Industrial Area. It was brought on a 56-axle, 448-wheel self-propelling truck to the port premises. The cargo was rolled on to the barge at Berth No. 14 after the barge was lowered to the level of the berth using ballast water.

Vanguard Logistics starts operations in Sri Lanka

Vanguard Logistics has announced the expansion of its global footprint with the establishment of operations in Colombo, Sri Lanka. This will be the 33rd country to be added to the Vanguard Network as its own operations. Vanguard will officially commence operations in Sri Lanka on December 1, 2019 and from day one will offer 12 direct services into and out of the country on a weekly basis. It will be one of the most advanced LCL networks in the Sri Lanka market, all supported by more than 20 LCL experts, dangerous goods capabilities, and own staff and warehouse operations.

Warehouse leasing by auto cos dip as vehicle sales slump

Leasing of warehousing spaces by automobile companies have declined by more than half during the first nine months of this calendar year due to slowdown in the auto sector. As automobile manufacturers prefer to go for government land, part suppliers and dealers which lease warehouses have become cautious in renting logistics space. The total warehousing leasing stood at 24.1 million square feet during January-September out of which share of auto and ancillary was only 3 per cent. In the corresponding 2018, the total warehouse leasing was 16.7 million square feet with auto and ancillary accounting for 10 per cent.

Gateway Distriparks to sell Chandra CFS to Team Global

The company has entered into a share purchase agreement to sell its subsidiary – Chandra CFS & Terminal Operators Private Limited – in Chennai to Team Global Logistics Private Limited, for ₹47 crore. Gateway Rail Freight Limited recorded total Income of ₹228.5 crore as against ₹208.5 crore for the same period in the previous year. EBITDA increased to ₹48.2 crores from ₹40.5 crores. PBT increased to ₹23.2 crores from ₹22.4 crores and PAT increased to ₹27.1 crores from Profit of ₹19.7 crores in the corresponding quarter of the previous year.

China's BYD wants to sell electric cargo vehicles in India

BYD Auto plans to enter the electric cargo vehicles sector in India and has signed an agreement with a domestic company ETO Motors to assemble its vehicles here. The Chinese automaker already sells electric buses in India in partnership with Hyderabad-based Olectra Greentech. It was reported that the company was looking for local partners in the country for its electric cargo vans to branch out beyond buses. The partnership with ETO Motors will be focussed on developing electric cargo three- and four-wheelers for the Indian market. The vehicles will be assembled from kits imported from China at ETO's plant near Hyderabad.

Delhivery plans to use electric vehicles and drones to increase delivery process

Leading logistics startup Delhivery Pvt Ltd plans to use electric vehicles and drones to scale up the delivery process. The Gurugram-based firm plans to deploy electric vehicles to scale up their operations in the near future. The Ministry of Civil Aviation has been working for several years to establish a world leading drone ecosystem in India. In January 2019, a white paper on drone policy 2.0 was presented by the minister for civil aviation Jayant Sinha, paving the way for wider application of drones such as delivery of goods beyond visual line of sight (BVLOS). Earlier this year, the Directorate General of Civil Aviation (DGCA) had sought applications from players interested in conducting BVLOS drone operations on an experimental basis.

CMA CGM supports the development of Wing

The CMA CGM Group has decided to support the development of Wing, a young French company offering an innovative urban logistics service for the benefit of e-commerce by forging with it an ambitious financial, industrial and commercial partnership. Wing offers an urban logistics service dedicated to e-retailers. The company is thus strengthening the omni-channel development of its more than 300 customers by optimizing their e-commerce logistics. With just a few clicks from an online platform, Wing customers see a courier show up to pick up orders sold on the Internet. These are then deposited in a logistics warehouse where they are packaged and shipped. In less than 48 hours, orders are delivered to the end customer.

India's marine products exports to China may touch $1 bn this year

India's exports of marine products to China has tripled and touched almost $ 800 million in the first nine months of 2019, as per the data released by China's Customs authority recently. Marine exports are expected to cross the $1 billion mark by the end of this year. A Chinese trade delegation had visited India in October and signed a contract for import of marine products worth $ 500 million in the next two years.

Coal imports up in April-September 2019

India's coal imports increased by 9.3 per cent to 126.91 million tonnes (mt) in the first six months of the ongoing fiscal, industry data showed, according to a provisional compilation by mjunction services, based on monitoring of vessels' positions and data received from shipping companies. On a progressive basis (April-September 2019) (provisional), total coal and coke imports were recorded at 126.91 mt, which is 9.36 per cent higher than 116.04 mt imported for the same period (April-September 2018) last year.

DGTR recommends anti-subsidy duty on imports of copper wire rods

Directorate-General of Trade Remedies (DGTR) had in September last year started a probe into alleged subsidisation of exports of 'continuous cast copper wire rods' by four countries. It concluded that the products have been exported to India at subsidised prices and recommended duty in the range between 2.47 per cent and 10.27 per cent on the landed value in India. It has recommended imposition of definitive countervailing duty (or anti-subsidy duty) for a period of five years. Based on DGTR recommendations India may impose anti-subsidy duty on copper wire rods from Indonesia, Malaysia, Thailand and Vietnam after concluding a probe that these imports have impacted domestic players.

Plastic exports fall 6 per cent

India's plastics exports during April-September 2019 were $4.32 billion, compared to $4.59 billion in the same period of the last financial year, down 5.9 per cent. The decline has been attributed to a 19 per cent dip in the export of plastics raw materials—from a value of $ 2.23 billion to $ 1.8 billion—particularly to China, India's biggest market. Also, plastics exports to Pakistan were $ 165 million in the first six months of the last fiscal, but the figure has slumped to a mere $ one million in April-September of the current financial year due to strained relations between the two countries.

Gujarat millers hoping to export large quantity of groundnut oil to China

As China is encouraging imports of groundnut oil instead of soyabean oil in the wake of the ongoing trade war with the US, Gujarat-based oil millers are seeing a ray of hope in anticipation of bumper groundnut crop and bright export prospects of groundnut oil and seeds. The relevant lobby of the Saurashtra region is hoping to export a large quantity of groundnut oil as the government of India has recently given permission for its bulk export. Earlier, the oil used to be exported in 5 and 10 kg packets.

Malaysia offers to increase imports from India

Malaysia is considering raising imports of raw sugar and buffalo meat from India to soothe the ruffled feathers and ease trade tensions between the two countries. The country's Ministry of Primary Industries, which handles palm oil matters, said in a statement that it made the decision in the light of India's importance as Malaysia's third-largest export destination in 2018 for palm oil and palm oil based products worth 6.84 billion ringgit ($1.63 billion). Some of the Indian traders and refiners had already stopped buying Malaysian palm oil for shipment in November and December, fearing higher import taxes or other measures.

India records increase in income from tea exports till August 2019

India recorded a 13.76 per cent increase in income from tea exports till August this calendar compared with the same months in 2018. This happened because of a 13.74 per cent increase in the price realised even as volumes shipped grew only marginally. There was a general upswing in global prices, resulting in the cumulative average of Indian teas fetching ₹227.65 a kg till August against ₹200.14 between January-August 2018. This meant that every kg fetched ₹27.51 more than it did last year, making a gain of 13.74 per cent, as per the analysis of the latest data available with the Tea Board of India.

India turns refined copper importer after a gap

The closure of Vedanta's copper smelter plant at Tuticorin in Tamil Nadu has led to a rise in imports of the metal, making the country a net importer of refined copper after 18 years, CARE Ratings has said. India used to be a net exporter of copper cathodes till FY18. Now with the closure of the Tuticorin smelter, the drop in domestic production has led to the domino effect of increasing the country's imports and decreasing its exports. India has become a net importer of refined copper after 18 years. During 2018-19, exports fell by 87.4 per cent, whereas imports increased by 131.2 per cent.

Plea to stop duty-free import of edible oil via Nepal, Bangladesh

The Solvent Extractors Association of India (SEA) has urged the government to take immediate and strong action to stop the import of duty-free edible oils into the country through Nepal and Bangladesh. They have said that it is harming the interests of oilseed farmers as it results in distorting the markets and the very purpose of keeping high import duties on edible oils is getting negated. They have also pointed out that palmolein being imported from Nepal is of Indonesian and Malaysian origin and soybean oil is of South American origin, routed through Nepal or Bangladesh by flouting the rules of origin for getting duty exemption.

India agrees to lower import duties on Indonesian palm oil

India has agreed to reduce import duties on Indonesian processed palm oil to 45 per cent, bringing about parity with imports from Malaysia. Indonesia has offered market access for India to export raw sugar by lowering the standard requirement for imported refined crystal sugar to a level that the country could find possible to meet. It has offered to lower the standard of International Commission for Uniform Methods of Sugar Analysis for imported refined crystal sugar from 1,200 to 200.

Import policy revised for 215 iron, steel products

The government has made it mandatory for traders to register themselves with Steel Import Monitoring System (SIMS) to import 215 iron and steel products, including certain flat-rolled products; some stranded wire, ropes, cables; certain items of springs and leaves for springs of iron and steel; tubes, pipes and hollow profiles; diesel-electric locomotives; and some parts of railways. The SIMS will require importers to submit advance information in an online system for import of these items and obtain an automatic registration number by paying a specified fee. The importer can apply for registration not earlier than the 60th day and not later than 15th day before the expected date of arrival of import consignment.

MMTC to import 1 lakh tonnes of onions urgently

After the price of onions soared in many parts of the country due to crop damage, the Central government has directed the state-owned MMTC to take steps to import 1 lakh tonnes of the bulb. In a letter written to MMTC CMD, Ved Prakash, recently, Awadesh Kumar Choudhary, Economic Advisor in the Department of Consumer Affairs, asked the PSU to make the imported onions available for distribution between November 15 and December 15, 2019. Earlier, a high-level meeting convened by the Cabinet Secretary had decided to send officials to countries such as Egypt and Turkey to explore the possibility of expeditiously importing the vegetable to India. Another team of officials was asked to visit Dubai for procuring onions immediately.

Exports from EOUs/SEZs cross $100 bn

Exports from EOUs/SEZs crossed the $100-billion mark in 2018, registering a whopping growth rate of 1,900 per cent from the figure of $5 billion in 2006, industry body PHD Chamber of Commerce and Industry said in a recent press statement. The exports have been complemented by a high rate of growth in investments and generation of new employment opportunities.

Indian iron ore pellet exports rise on Chinese demand

India's April-September iron ore pellet exports increased by 66 per cent from a year earlier amid a sharp increase in shipments to primary importer China. Exports were 66.01 mn tonnes in the first six months of the 2019-20 fiscal year that started 1 April compared with 39.7 mn tonnes the previous year. Tighter supplies of pellet from Brazilian mining firm Vale after a fatal tailings dam collapse on 25 January this year, along with frequent sintering restrictions across China to control emissions, have boosted demand for Indian pellet that are almost entirely sold in the spot seaborne and port-side markets in China. Shipment of pellet to China during April-September increased by 86 per cent to 4.95mn tonnes.

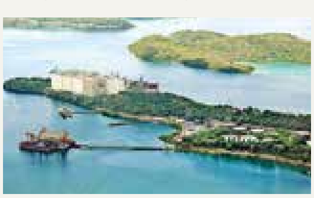
MYANMAR

Myanmar climbs in World Bank's ease of doing business index

Myanmar improved its ranking on the World Bank's Doing Business 2020 report by six positions, coming in 165th place out of 190 countries on the index compared to 171st in the previous. The country made strides forward in several areas and is among the top 20 reformers for the year, according to the World Bank. In starting a business, Myanmar leapt to 70th place from 152nd the year before. Just five years ago, it was the least favourable place in the world in which to do start a business. Brunei and Myanmar ranked first and second respectively in scaling up the starting a business index over the past five years.

SRI LANKA

Trincomalee Port set to double capacity with night navigation



Sri Lanka Ports Authority (SLPA) says it has successfully completed the project to install night navigation at the Trincomalee Port and night operations at the port are likely to commence before the end of 2019. Night navigation was installed at the Trincomalee Harbour with the assistance of Japan, a long-standing strategic partner of Sri Lanka. Japan helped the project with JPY 1 billion grant. During the implementation of the project, two 500 KW generators have been installed at the jetty and the yard of the Trincomalee Port in order to facilitate night navigation. While Japan provided the light equipment, SLPA invested close to SL RS80 million to construct radar towers.

MALAYSIA

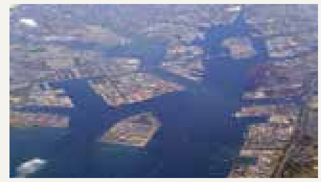
Malaysia, Singapore square off for LNG bunkering hub supremacy

Singapore and Malaysia are jockeying to be Southeast Asia's regional LNG bunkering hub. Both countries are anticipating a major uptake in LNG as a marine fuel as more ship operators shift towards alternative fuels to comply with the stricter emissions regulations by IMO after January 1, 2020. Malaysia's state-run energy giant Petronas is backing the government's push to become an LNG bunkering hub. In collaboration with MISC Bhd, Petronas inked a time-charter agreement with Avenir LNG for a 7,500-m^3 LNG bunker vessel (LNGBV) newbuild. As one of the world's busiest shipping hubs, Singapore has the upper hand in the LNG bunkering hub race. It sold 49.8 m tonnes of traditional bunker fuel in 2018.

JAPAN

First LNG Bunkering completed at Japanese port of Nagoya

Japanese shipping company Mitsui O.S.K. Lines (MOL) and compatriot gas company



Toho Gas have completed the first-ever LNG bunkering in the Port of Nagoya. The duo conducted a demonstration test to supply LNG to the LNG-fuelled tugboat Ishin in the above mentioned port. The test confirmed that LNG can be safely supplied to vessels at the Port of Nagoya. LNG was transported via truck from the Toho Gas Chita-Midorihama LNG Terminal and supplied with a truck-to-ship system to Ishin, berthed at the Port of Nagoya's Garden Pier. Also cooperating in the demonstration test were Niyac Corporation, MOL Marine and Nihon-Tug-Boat. Back in January 2018, MOL ordered the LNG-fuelled tugboat from Kanagawa Dockyard. Ishin was delivered in late February this year and started operating as the first LNG-powered tug serving Osaka Bay.

UAE

Maqta Gateway and Etisalat partner up on port digitalization

Abu Dhabi Ports' Maqta Gateway has signed a memorandum of understanding (MoU) with telecommunications services provider Etisalat in an effort to enable connectivity and bring digital innovation across the port facilities. The partnership will help transform the port with technologies like cloud computing, IoT and big data, paving the way for a new era of digital transformation in the maritime sector. The agreement aims to focus on building shared electronic projects and networks, exchanging knowledge, simplifying procedures, securing fixed and wireless telecommunications coverage, and managing operational risk. Maqta Gateway developed the first-of-its-kind port community system (PCS) in UAE and operating it for Abu Dhabi Ports.

BAHRAIN

Maritime coalition launched to protect Gulf shipping

A US-led naval coalition officially launched operations in Bahrain to protect shipping in the Arabian Gulf, after a string of attacks that Washington and its allies blamed on Iran. The coalition, aimed at warding off the perceived threat to the world's oil supply, has been in the making since June. Bahrain, which hosts the US Navy's Fifth Fleet, joined the International Maritime Security Construct (IMSC) in August. Saudi Arabia and the UAE followed suit in September. Australia and Britain are the main Western countries to have agreed to send warships to escort Gulf shipping. The newest member, Albania also joined the coalition. Vessels will be escorted through the Strait of Hormuz, the strategic chokepoint at the head of the Gulf and the main artery for the transport of Middle East oil.

SOUTH KOREA

SK Energy starts supplying 0.5 per cent sulphur marine gasoil

South Korean refiner SK Energy has started supplying marine gasoil with maximum 0.5 per cent sulphur at South Korean ports from November, less than eight weeks before the new IMO 2020 low sulphur mandate for marine fuels kick starts in January 2020. The company halted the supply of MGO with maximum 1 per cent sulphur. Demand for 0.5 per cent LSMGO is expected to rise as the International Maritime Organization's global low sulphur marine fuel mandate nears. The new 0.5 per cent sulphur marine gasoil is offered at Busan, Ulsan, Yeosu, Onsan, Kwangyang and Pohang, and is priced against either S&P Global Platts South Korean delivered LSMGO prices or the Mean of Platts Singapore 10 ppm gasoil prices.

SINGAPORE

Singapore launches MFM bunkering standards to meet IMO 2020 requirements

Singapore has launched a new standard for mass flow metered (MFM) bunkering to cover low sulphur fuels as the IMO 2020 regulation comes into force at the start of 2020. As the world's largest bunkering port Singapore was the first to mandate the use of MFM for bunkering in 2017 and the new SS 648 Code of Practice for Bunkering Mass Flow Metering expands on the 2015 Technical Reference TR 48 to cover marine fuel oil and distillates. The new SS 648 standard includes requirements for multi-meter installation, which the Singapore Standards Council said would enable bunker suppliers to better meet the needs of bunker buyers by enabling the delivery of different grades of bunker fuels.

CHINA

China, Greece agree to go ahead with COSCO's Piraeus Port investment

China and Greece agreed to push ahead with a €600 million investment by COSCO Shipping into Greece's largest port, Piraeus, as part of efforts to boost its role as a hub in rapidly growing trade between Asia and Europe. The agreement, part of 16 trade deals signed between Greece and China, came during an official visit by Chinese President Xi Jinping to Athens in November 2019. COSCO plans to turn Piraeus port into the biggest commercial harbour in Europe, spending about €600 million ($660 million) to boost operations, including mandatory investments of €300 million by 2022 which once concluded will allow it to acquire an additional 16 per cent stake in the port.

SAUDI ARABIA

First bonded express facility at Jeddah Islamic Port

LogiPoint and NAQEL Express have signed an agreement to set up a Bonded Express Facility dedicated to e-commerce, a first of its kind in a Saudi port. The Bonded Express Facility will be located within the LogiPoint Bonded and Re-Export Zone at Jeddah Islamic Port. Once completed the facility will handle inbound and outbound express shipments by sea, air and land transportation. The agreement was signed in the presence of Captain Abdullah Al Zamee, the director general of Jeddah Islamic Port, and Mohammed Abdullah, the director general Jeddah Islamic Seaport Customs.

INDONESIA

Pelindo III to install cold ironing across all Indonesian ports by 2020

Indonesian port operator Pelindo III has unveiled an ambitious plan to install shore side power at all the ports across the country under its management by 2020 as part of an effort to reduce logistics and fuel import costs. The state-owned company has signed a memorandum of understanding with utility firm Perusahaan Listrik Negara (PLN) to use its electricity surplus for power shore connections installed at Pelindo III's ports. Pelindo III has spent approximately $4.9m this year to install 35 cold ironing systems at 13 ports and terminals. It plans to install more systems at its remaining 30 ports by the end of 2020.

IRAQ

ICTSI builds up Iraq's Umm Qasr port deepwater capacity

International Container Terminal Services Inc. (ICTSI) formally inaugurated two new berths in the port of Umm Qasr, Iraq's main dry cargo port. The inauguration marked both the opening for business of the two new berths 25 and 26 with a depth of 14 metres, and the completion of ICTSI's overall $250m investment programme at its Basra Gateway Terminal (BGT) making the port capable of receiving box ships of up to 14,000 teu. BGT has also undertaken a range of works that provided value-added services in addition to the core box handling and storage processes. Currently, a 10-ha-yard expansion is underway to cater for future growth.

THE RISING STAR IN SOUTHEAST ASIA

by Omer Ahmed Siddiqui
and
Rakesh Oruganti

Vietnam's shift to a market economy has transformed the country from one of the poorest in the world into a lower middle-income country. With stable economic growth in place, huge investments are planned in infrastructure. Vietnam now is one of the most dynamic markets in Southeast Asia region

Today Vietnam is buzzling with activity, its economy growing at 6-7 per cent rivals China and this ASEAN nation can manufacture anything from Nike sportswear to Samsung smartphones. The country has robust exports matching its GDP in value terms. But, Vietnam was not always as it is today. When the 20-year Vietnam War ended in 1975, it left the country in a very anaemic state. Then came the inflection point in 1986 when economic and political reforms under Đôi Mói were launched fuelling rapid economic growth that transformed what was once one of the world's poorest nations into a lower middle-income country. Between 2002 and 2018, more than 45 million people could rise over poverty and GDP per capita increased by 2.5 times, standing over $2,500 in 2018.

In the medium-term, Vietnam has a very positive economic outlook. After reaching a peak at 7.1% in 2018, real GDP growth may slightly decelerate in 2019 due to weaker external demand and continued tightening of credit and fiscal policies, but it is projected to stem around 6.5% in 2020 and 2021. The country has remarkably maintained its inflation stable at single digits for seven consecutive years, trending towards 4%.

A manufacturing hub

What makes Vietnam a manufacturing hub? Wages are low and demographics are favourable, a large and growing workforce, the country is politically stable and geographically close to major global supply chains. Japanese, Korean, European and American businesses are setting up shop in the country. By 2017, Vietnam was the largest exporter of clothing in the region and the seconder largest exporter of electronics (after Singapore). During the first 10 months of 2019, the industrial production index increased by 9.5 per cent compared to the same period in 2018, with manufacturing and processing industry up 10.8 per cent. While global trade is witnessing a slowdown, Vietnam's trade soared to 190 per cent of GDP in 2017 from 70 per cent in 2007.

Key economic regions

The Northern region includes provinces of Hanoi, Hai Phong, Quang Ninh, Hung Yen, Hai Duong, Bac Ninh and Vinh Phuc. This region is best positioned for China+1 manufacturing (a strategy wherein manufacturing in China is supplemented with few production units in Vietnam). Labour cost is lower than China, resulting in investments by heavy manufacturing and petrochemicals.

The central region includes the cities Da Nang, Thua Thien-Hue, Quang Nam, Quang and Binh Dinh. The region offers investors with less competition compared to northern and southern regions. Da Nang has emerged as hub for sea food, food processing and manufacturing.

The Southern region comprises provinces of Binh Duong, Binh Phuc, Long An, Ho Chi Minh City, Tay Ninh and Dong Nai. This region has recorded the most (793) FDI projects till 2017. This region is economically diversified and MSMEs find easy small and large scale investments. Ho Chi Minh City has become the hub for start-ups and tech entrepreneurs.

How Vietnam could turnaround its economy? The answer lies in three pronged approach – the country embraced trade liberalisation, it has complemented external liberalization with domestic reforms through deregulation and lowering the cost of doing business and finally, Viet Nam has invested heavily in human and physical capital, mainly through public investments.

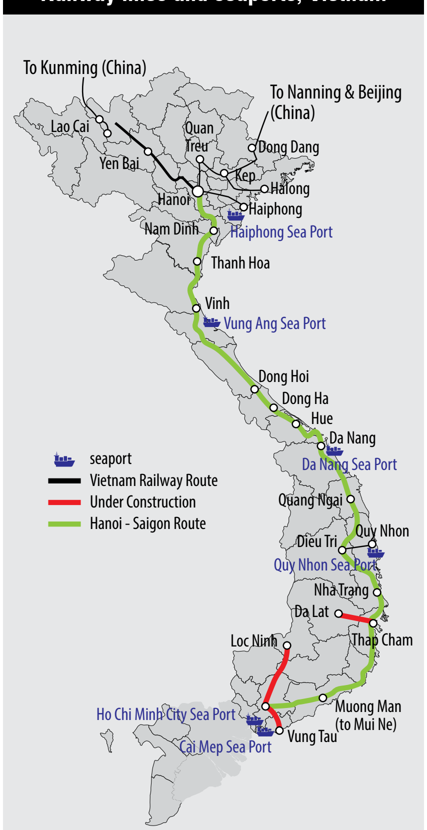
Trade liberalisation

Various free trade agreements have been signed in the past 20 years making Vietnam a signatory to 16 bilateral and multilateral FTAs. Thus it shares the top spot with Singapore among East Asian countries for being a member for bilateral and multilateral FTAs. It joined the ASEAN free trade area in 1995, FTA with the US in year 2000, joined the WTO in 2007. Further ASEAN agreements followed with China, India, Japan and Korea, and in 2018, the amended Trans-Pacific Partnership came into effect. The vision behind these agreements was primarily to lower the tariffs imposed on both imports and exports to and from Vietnam.

Domestic reforms

The year 1986 opened the gates for foreign companies to enter Vietnam through enactment of the first law on foreign investment. The law has been amended several times, making it pro-investor while limiting administrative bureaucracy to better facilitate foreign investment into Vietnam. These efforts did not go unnoticed. In the World Economic Forum's Global Competitiveness Report, Vietnam rose from 77th position in 2006 to 55th in 2017. In Ease of Doing Business rankings of the World Bank, Vietnam rose from 104th place in 2007 to 68th place in 2017. The country has progressed on everything from enforcing contracts, increasing access to credit and electricity, paying taxes and trading across borders.

Railway lines and seaports, Vietnam



Government's resolution for developing Vietnam's marine economy by 2030:

- Sea-based industries will contribute about 10 per cent and the economy of the 28 coastal provinces and cities will make up 65-70 per cent of the country's GDP.
- By 2030, Vietnam will successfully develop six marine economic sectors, placed in order of priority: tourism and marine services; maritime economy; exploitation of oil and gas and other marine mineral resources; aquaculture and fishing; coastal industry; and renewable energy and new marine economic sectors.
- Vietnam will build and operate integrated seaports, international transshipment ports and special-use ports; complete logistics infrastructure and transportation routes linking seaports with localities across the country and other countries. It will develop a shipping fleet to strengthen supply chains.
- Shipbuilding and repair, petrochemical refining, energy, mechanical engineering, processing and supporting industries will be developed.
- The northern sea and coastal area (from Quang Ninh to Ninh Binh province) will be further developed, with Hai Phong and Quang Ninh to become a centre of marine economy, and Quang Ninh a national tourism centre connected with major international tourism centres in the world.
- In the northern and coastal central region (from Thanh Hoa to Binh Thuan province), Vietnam will develop deep-sea international transshipment

seaports equipped with industrial, oil and gas, electricity, renewable energy and clean industry complexes.

- In the sea and coastal area of the southeast region (Ba Ria-Vung Tau province and Ho Chi Minh City), international container seaports, seaport logistics services, maritime safety assurance services and oil and gas exploitation and processing, allied industries and petroleum services will be developed.
- In the southwest region (Tien Giang, Ca Mau and Kien Giang provinces), Phu Quoc island will be built into an international marine tourism center. Gas processing, gas-fired electricity generation, renewable energy, aquaculture and fishing, logistics services, and fishery infrastructure connected with major economic centers in the world will be developed.

Transport Strategy 2020

The plan forecasts total cargo volumes to reach 2.09 billion tonnes by 2020, of which 65-70 per cent will be moved by road, 1-3 per cent by railway, 17-20 per cent by inland waterway, 9-14 per cent by sea and 0.1-0.2 per cent by air.

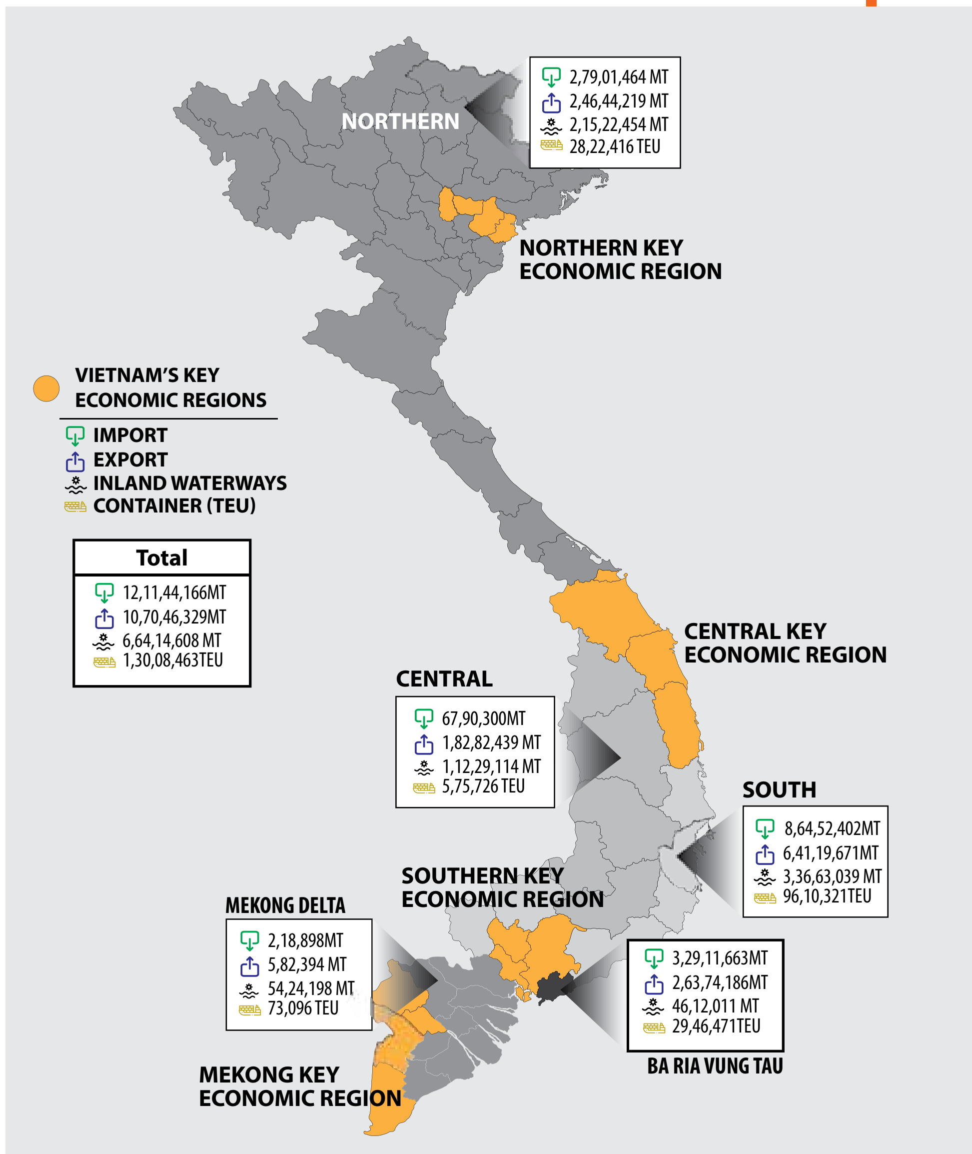
Maritime infrastructure

Vietnam has 45 seaports with a total capacity of 470-500 million tonnes per year. Major ports in Vietnam include Hai Phong, Da Nang, Qui Nhon, and Ho Chi Minh City, in addition to a number of smaller ports, which takes the total count to 320. 80 per cent of exim container movement is transhipped through smaller ports and so shippers loose approximately $2.4 billion each year for not using deep-water ports. The government has a vision for seaports to handle 200 million tonnes of cargo by 2020 and double that volume by 2030. The World Economic Forum has ranked Vietnam 80 among 139 countries on the quality of port infrastructure. The country ranks lower than China, India, Thailand, and Sri Lanka.

The distribution of cargo among ports is uneven as 90 per cent of total freight is handled by two port groups in Hai Phong and Ho Chi Minh city. Ports in Ho Chi Minh City handle about 55-60 per cent of the total throughput in Vietnam, northern ports handle 25-30 per cent and Central ports handle just over 10 per cent of containerised trade. Thus, northern and central ports operate below capacity while the southern ports are over-burdened with shipments and congested.

According to Bui Thien Thu, Deputy Director of Vietnam Maritime Administration, Vietnam's seaport system is currently divided into six groups with 45 ports, including 272 wharfs, two seaports of type IA (international gateway port); 12 seaports of type I (regional ports); 18 ports of type II (local general ports) and 13 ports of type III (offshore oil ports). Vietnam's seaports own about 92.2 km of wharfs, with a total capacity of over 500 million tons per year.

Currently, most of the regional major ports: Hai Phong, Da Nang, Ba Ria - Vung Tau and Ho Chi Minh City, have been upgraded to accommodate ships of 30,000 DWT. Many ports such as Cai Mep - Thi Vai (CM-TV) accommodate ships of 194,000 dwt. Cai Mep - Thi Vai port handles goods for Dong Nai and Binh Duong provinces, which are major manufacturing hubs in the South, and is popular on routes to the US and EU



thanks to its deep-water capabilities.

Major ports in Vietnam can be classified under north, central and southern regions.

North Vietnam

Hai Phong (aka Lach Huyen Deep Sea Port) and Vung Ang are major ports handling international container traffic in north Vietnam. In May 2018, the Haiphong International Container Terminal (HICT) – a deep-water port has been developed to accommodate large container ships, reducing the need for transshipment in northern Vietnam. The port allows for direct shipping between northern Vietnam and the US and EU markets. The second phase of the port is expected to be completed by 2020. Previously, containers heading for Hai Phong or Vung Ang required transhipment via Singapore or Hong Kong. Avoiding this transhipment saves one week time along with international freight transport cost. The port is connected to the Hanoi-Haiphong expressway, the Tan Vu Lach Huyen Bridge, Cat Bi International Airport and its close proximity to China helps companies that use northern Vietnam as a China+1 destination.

The Lach Huyen port accommodates container ships of up to 8,000 teus. The port has 2 berths with six million tonnes of cargo handling capacity a year. The second phase of construction is scheduled for completion by 2020 and will increase the port's capacity to 30 million tons a year. Upon completion, the port will enable direct exports from northern Vietnam to the US and European markets, as well as eliminate transit through Singapore or Hong Kong. Northern Vietnam has become a hub for the electronics, automobiles and machinery sectors. The Deep C industrial zone near the port has already attracted 80 companies.

Central Vietnam

The major ports in Central Vietnam are the Quy Nhon and Da Nang ports, the latter being a deep-water port. In addition, the region has nine minor ports as well.

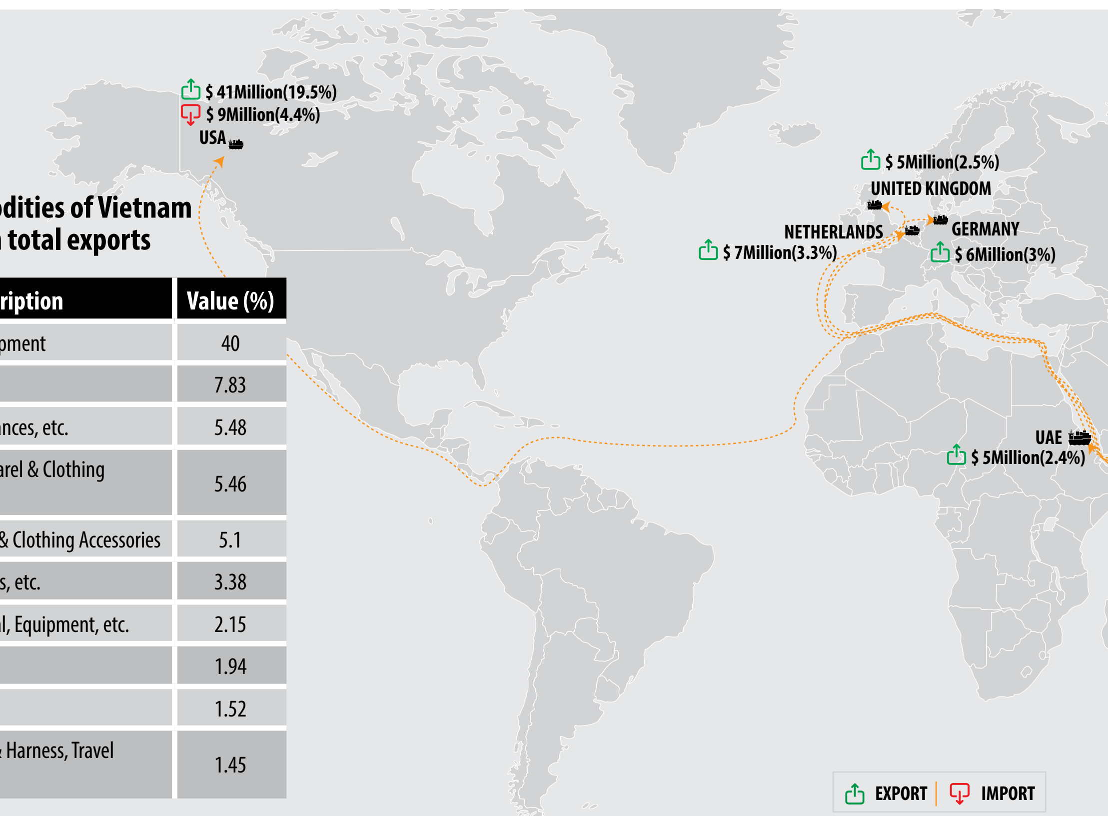
The Da Nang port handles the majority of the traffic in the central region, which links Vietnam to Myanmar, Thailand, and Laos. The port's proximity to the central city of Da Nang is an added advantage; the city's infrastructure is developing rapidly as it has become a hub for high-tech industries.

The Quy Nhon port is mostly used for transporting goods from Mekong Delta and western Vietnam, along with transhipping goods heading for Cambodia. The port infrastructure in the central region does not currently match the northern and southern regions, but it is poised for further development.

Southern Vietnam

The Ho Chi Minh City area consists of a network of ports with the Saigon port currently the 26th biggest container port in the world and the fifth biggest in ASEAN. This follows the Port of Singapore, Malaysia's Port Klang and Tanjung Pelepas, and Thailand's Laem Chabang in ASEAN rankings.

Ports in Ho Chi Minh City are the



Top 10 export commodities of Vietnam and their share in total exports

HS Code	Product Description	Value (%)
117	Electrical Machinery and Equipment	40
22	Footwear, Gaiters, etc.	7.83
15	Machinery, Mechanical Appliances, etc.	5.48
15	Not Knitted or Crocheted Apparel & Clothing Accessories	5.46
14	Knitted or Crocheted Apparel & Clothing Accessories	5.1
10	Furniture, Bedding, Mattresses, etc.	3.38
9	Optical, Photographic, Medical, Equipment, etc.	2.15
6	Fish and Crustaceans	1.94
5	Coffee, Tea, Mate and Spices	1.52
4	Articles of Leather, Saddlery & Harness, Travel Goods, etc.	1.45

main gateway for the region, accounting for 67 per cent of the total throughput of all Vietnamese ports. The Cai Mep-Thi Via Port (Cai Mep) is a deep-water port located around 80 km south of Ho Chi Minh City. Cai Mep mostly handles goods for Dong Nai and Binh Duong, which are major production centers in the region, and is popular on routes to the US and EU because of its deep-water capabilities. Despite being a deep-water port with seven terminals, Cai Mep functions at only 30 per cent capacity, due to a large number of smaller ports in the region.

Smaller ports handle major chunk of trade

Smaller ports take away 80 per cent of the exim traffic, resulting in idle capacity at major ports. Some of the smaller ports are overburdened with traffic resulting in congestion and delays.

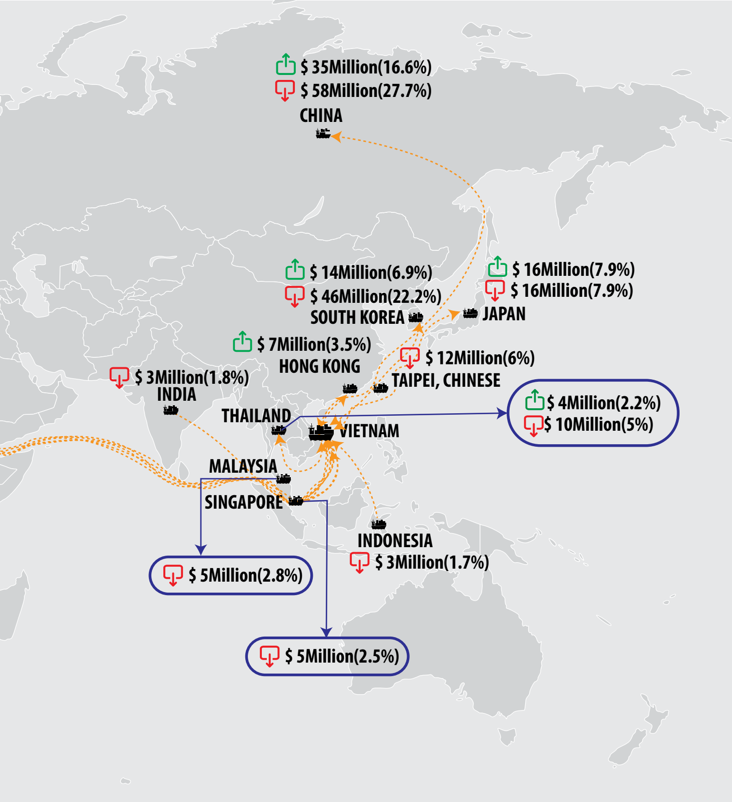
Maritime trade

Vietnam has a trade surplus with Western countries, but a growing deficit with its Asian neighbours. Vietnam is the second largest trading partner of EU after Singapore in ASEAN, with trade in goods worth about $56 billion and $4.5 billion in services, annually. Vietnam's containerised trade with EU is set to grow further through 2020 as the FTA comes into effect eliminating 99 per cent of Customs duties between the trade partners. About 71 per cent of duties on Vietnam's exports to EU have been removed with the remaining being phased out over a period of 7 years. 5 per cent duties on EU exports to Vietnam have been removed and the remaining will be phased out over a period of 10 years. As per IHS Markit's forecast Vietnam-EU trade will grow 3.3 per cent in 2019 over the previous year, 3.1 per cent in 2020 and about 4 per cent in 2021. Vietnam's exports to EU averaged 63,360 teus per month in 2018 and have averaged 66,696 teus in the first four months of 2019.

Having obtained duty-free access to EU, now Vietnam is competing against Bangladesh for apparel exports. "We are going to face tough competition as Vietnam has become a parity of us in the same market," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue. Bangladesh will face even tougher competition once it fully graduates from the LDC bracket in 2027 as the duty benefits would be withdrawn then. Exports to the EU will then face 12 per cent duty but Vietnam will continue to ship to the trading bloc at zero duty.

Road projects

Currently, Vietnam has nearly 1,000 km of expressways, and expects to build another 900 km by the end of 2021. Between 2021 and 2025, the government aims to build an additional 2,000 km of expressway. The North-South Expressway is a key project for the Ministry of Transport that has 11 sections that will stretch 654 kilometers from Nam Dinh Province near Hanoi to Vinh Long Province to the southwest of Ho Chi Minh City. Another crucial project is the construction of the Ho Chi Minh (HCM) Road project that connects Cao Bang with Ca Mau, with



Top 10 import commodities of Vietnam

HS Code	Product Description	Value (%)
68	Electrical Machinery and Equipment	26.39
24	Machinery, Mechanical Appliances, etc.	9.5
13	Plastics	5.38
11	Mineral Fuels and Oils	4.64
11	Iron and Steel	4.42
9	Optical, Photographic, Medical, Equipment, etc.	3.68
6	Knitted or Crocheted Fabrics	2.53
6	Vehicles	2.5
5	Cotton	1.97
4	Fish and Crustaceans	1.75

some $903 million required to finish the work by 2020.

Major projects set for development between 2016 and 2020 include new expressways to China – including connections between Hanoi and Lang Son, Van Don and Mong Cai, and Hanoi and Cao Bang – as well as connections to Cambodia on the Long Bing-Chrey Thom bridge route. Additional routes are planned for connections between Vietnam and Laos, Cambodia and Myanmar. A range of new routes have already opened along economic corridors between 2011 and 2015, including strategic connections between Hai Phone, Hanoi and Kunming, Hanoi and Nanning, and Hanoi and Shenzhen.

Improving rail infrastructure

Vietnam's proposed North-South High-Speed Railway is expected to improve transport quality for nearly half of the country's population. This 1,545 km rail line connecting Hanoi to Ho Chi Minh City with 20 stops may cost more than $58 billion. About 85 per cent of rail transportation in Vietnam will be on this railway line to be operational in 2020. It will reduce travel time from Hanoi to Ho Chi Minh City from 34 hours to 6 hours.

Master plan for dry ports

By 2020, dry ports will be able to clear at least 15-20% of containerised cargo, with an annual capacity of 4.035-6.845 million teu, including 720,000-1.81 million teu in the northern region, 65,000-175,000 teu in the central region and 3.25-4.86 million teu in the southern region. By 2030, the figures will be raised to 25-30% of the transportation demand and an annual clearance capacity of 12-17.6 million teu, including 2.75-4.82 million teu in the northern region, 350,000-630,000 teu in the central region and 8.9-12.15 million teu in the southern region.

The northern region plans to develop six dry ports in the coastal economic region, the Ha Noi-Lao Cai economic corridor, the Ha Noi-Lang Son economic corridor, Ha Noi's northwestern economic region, Ha Noi's southeastern economic region, and the Ha Noi-Thai Nguyen-Cao Bang economic corridor.

The central and central highland regions plan to develop six dry ports in the road 9 economic corridor, the Da Nang-Thua Thien Hue economic region, the Road 19 economic corridor, the central highlands region, the Nghi Son economic zone, and the Road 8 and Road 12A economic corridor.

The southern region will have three dry ports in Ho Chi Minh City's northeastern economic region, HCM City's southwestern economic region, and the Mekong Delta region. Total investment for development of dry ports will be VND9-15 trillion ($396-660 million) by 2020 and approximately VND20-22 trillion ($880-968 million) for the 2020-2030 period.

Till 2020, dry ports will be developed along the transport corridors connected with big gateway seaports in the northern region (Hai Phong port) and the southern part (HCM City Port, Cai Mep-Thi Vai Port), and some dry ports connected with trans-boundary freight corridors. Priority will be given to the dry ports linked to two modes of transportation, located near industrial parks, export processing zones, the planned first-class logistics centers, and large international border gates.

Industrial clusters

1,500 industrial clusters covering 49,000 hectares will be developed by 2020 and beyond. Consumer electronics-focused cluster will be set up in southern Binh Duong Province, visual electronics industries in Thai Nguyen, Bac Ninh, Bac Giang, Ha Noi and Hai Duong in the north, and information technology and other related services in Ha Noi, Ho Chi Minh City and Da Nang.

Textile and garment industries will come in the northern provinces of Thai Binh, Nam Dinh, Ninh Binh and Bac Giang and garment manufacturers will be in Ho Chi Minh City and the central region. The aquatic processing clusters will come in the Southwest, and clusters for processing seafood and agricultural products in coastal, central highlands and the northern midlands.

Tourism clusters will include Hai Phong-Quang Ninh marine ecological tourism cluster, Da Nang- Thua Thien Hue-Quang Nam leisure and entertaining tourism cluster, Khanh Hoa-Binh Thuan marine tourism cluster, Binh Dinh-Phu Yen-Ninh Thuan marine and nature tourism cluster, Ho Chi Minh City-Ba Ria-Vung Tau marine and urban entertainment tourism sector and Phu Quoc Island tourism cluster.

The capital city HÀ NỘI will have 159 industrial clusters spread over a total area of more than 3,200ha by 2030. About 138 industrial clusters with an area of more than 2,620ha will be developed by 2020, this includes 52 newly established zones spanning 590ha. Five existing industrial clusters having a total area of 45.4ha will be expanded and 21 new ones, covering 536ha, will be established during the 2021 to 2030 period.

The five northern districts of the city —Sóc Son, Mê Linh, Đông Anh, Long Biên and Gia Lâm will attract projects related to electronics and information technology, engineering, automotives and production of new materials, besides pharmaceuticals and cosmetics.

The southern districts of Thuong Tín and Phú Xuyên will attract projects in high-tech farming and supporting industries, especially those serving the textiles and garments, footwear, mechanical engineering and electronics sectors. Districts in the western areas of the city, such as Hòa Lac, Xuân Mai and Mieu Môn, will focus on bio-industries for agriculture, hi-tech industries, construction materials and hi-end furniture production.

Vietnam currently has 807 industrial clusters covering more than 26,500 hectares of land, 680 of which have become operational, drawing 11,800 projects.

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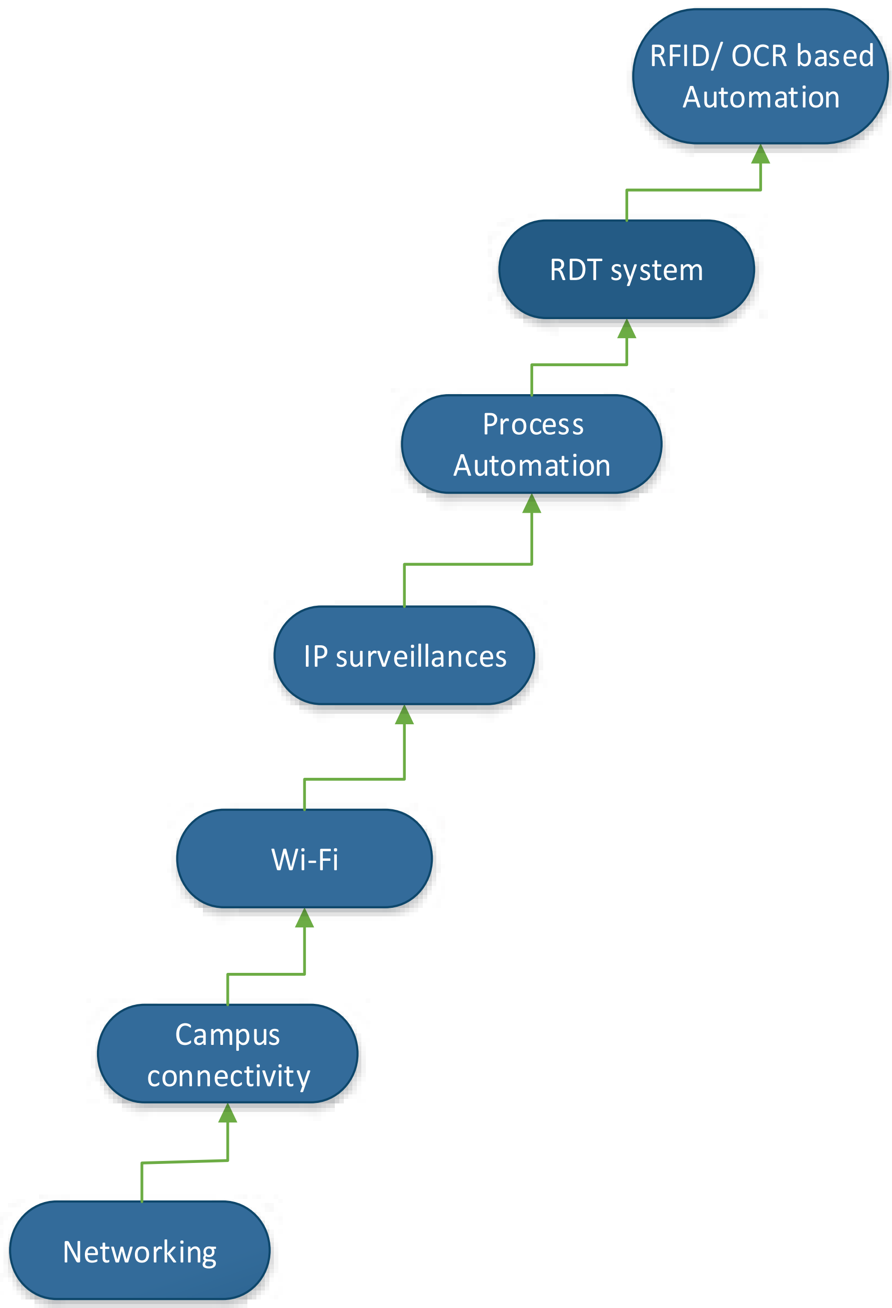

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CONCOR DISINVESTMENT: KILLING THE GOLDEN GOOSE?

Disinvesting CONCOR, a prominent pillar of Indian trade logistics, at a time when India is at the cusp of a logistics revolution, may not be a prudent move by the government. Defying all the pros, if the government still wants to move forward, the time will only show the results – good, bad or worse

by Raji Reddy Kesireddy

In a bid to fill its empty coffers and to offset the foregone revenue due to the reduction in corporate tax, the government of India is looking to divest its shareholding in five public sector undertakings (PSU) including Bharat Petroleum Corporation Limited (BPCL), Container Corporation of India (CONCOR), Shipping Corporation of India (SCI), North Eastern Electric Power Corporation (NEEPCO) and THDC. The strategic sale in these companies is likely to add about ₹70,000 crore or $10 billion to the exchequer, more than 70% of the government's annual disinvestment target of ₹1.05 lakh crore ($15 billion). The proceeds through disinvestment are critical for the government to keep its fiscal deficit target at 3.3% to GDP for the current financial year – 2019-20. Finance Minister Nirmala Sitharaman has already announced the deadline to complete the sale of ailing Air India and also BPCL by March, 2020 which indicates the government's eagerness to conclude the disinvestment process as swift as possible.

A group of secretaries has prepared a cabinet note on strategic sale and the union cabinet has approved the proposal to sell the government's stake in these five PSUs. The Department of Investment and Public Asset Management (DIPAM) under the ministry of Finance has been appointed as the nodal agency to oversee the disinvestment process. With this, the government is going to sell its entire 53.29 per cent stake in BPCL and its 63.75 per cent stake in Shipping Corporation, 30% stake in CONCOR, 100% in NEEPCO and 75% in THDC.

The whole strategic stake sale process is expected to be completed in 4-5 months and it will be done in two phases, say expression of interest (EOI) and financial bids. The nodal agency will be inviting bidders by conducting road shows and sharing the information pertaining to the PSUs followed by submission of financial bids by the interested parties.

As per the reports, this time the disinvestment does not completely involve the privatization, where in a private player is acquiring the entire stake in the target company. There might be chances of other PSUs buying the government's stake in the identified companies for stake sale. It is believed that Indian Oil Corporation Limited (IOCL) is likely to buy out the entire stake in BPCL. However, this is unclear whether the government has similar thoughts for CONCOR and Shipping Corporation, which are the strategic

Container Corporation of India (CONCOR), the country's single largest integrated container operator – which controls over 70% of market share in this segment by running over 350 rakes and 25,682 containers in the country. This profit making state monopoly facilitates major Export and Import cargo movement to and from all the major and non-major ports of India.

The government's decision to sell 30% out of its total shareholding of 55% in CONCOR raises many eyebrows. It is believed that this sale will be a block sale, which means a single bidder must buy the complete share to take over management control of the company. This is the primary cause of concern for the whole industry which believes it leads to become a private monopoly if CONCOR is being acquired by one single entity.

The listed entity whose current market capitalization is estimated at around ₹36,000 crore ($5.14 billion), may likely provide the government ₹10,800 crore ($1.54 billion) through this strategic sale. However, the employees of company and industry stakeholders feel that the valuation of CONCOR is not fully leveraged and selling its stake for mere sums neither helps the government nor benefits CONCOR itself. They have got some apprehensions over the deal and fear of being given to a private player who may in turn kill the competition to emerge as the super monopolistic company.

Questioning the logic behind the privatization of CONCOR, **Binay Kumar Choudhary**, President of CONCOR Employees Union, told Maritime Gateway, "If the government wants the money, CONCOR is able to pay it because it is the most profitable company which is paying high dividend every year. CONCOR has paid an advance amount of ₹3,000 crore ($428 million) to Indian Railways for freight charges and it is purchasing most of the coaches being built to encourage make in India initiative. When CONCOR is capable of paying the amount which the government may want, what is the necessity to privatise our company by putting a million people at risk".

Chaudhary also requested the government to consult with all the stakeholders including the 1,400 plus regular employees before taking any major step.

A few analysts who track the Indian logistics sector also feel that the government's decision to dilute its stake is aimed at attracting an efficient private player who can run CONCOR even more effectively. Unless the management control is not given to the private player, why would anybody invest huge sums into the public sector company, they ask. However, they suspect the timing. At a time when the union government wants to bring in a national logistics policy aimed at reducing the cost of logistics to below 10% from the existing 14-15% to GDP, it is unknowingly trying to tremble the country's sole comprehensive logistics solutions provider – CONCOR – definitely proves to be a sceptical move, analysts feel.

national assets and jewels of our own industry.

Welcoming the government's decision of disinvestment, **Dr A Janardhana Rao**, Managing Director of Indian Ports Association (IPA), an association of all major ports in India said, "The government has drawn up a roadmap for strategic disinvestment plan for CONCOR & SCI with a view to streamline the performance, broad base the equity, improve management and enhance the availability of resource for these enterprises. The Government's decision to disinvest its stake to a certain level is done with a view to provide further market discipline, improve efficiency and proficient management performance of these public enterprises."

Great Contributors

The contribution of CONCOR and SCI to the Indian shipping industry has been commendable and therefore, the industry is carefully watching the situation and concerned about the impact due to the privatization of these two public sector entities. Hence, let's have a look at the current disinvestment process of CONCOR and SCI and analyse the pros and cons of the government's decision.

The Government of India has an ambitious target of achieving the US$ 5 trillion GDP economy milestone in the year 2024. Leading Economists feel that the objective of disinvestment in the Container Corporation of India (CONCOR) and the Shipping Corporation of India (SCI) should be aligned to these goals.

- Shantanu Bhadkamkar
President, AMTOI

However, Shantanu Bhadkamkar, President, Association of Multimodal Transport operators of India, supported the government's decision and said, "India is an emerging superpower and already a rising global power. The Government of India has an ambitious target of achieving the US$ 5 trillion GDP economy milestone in the year 2024. Leading Economists feel that for India to achieve the goal US$ 5 trillion, India needs to increase its exports to US$ 1 trillion. Hence the objective of disinvestment in the Container Corporation of India (CONCOR) and the Shipping Corporation of India (SCI) should be aligned to these goals.

The privatisation or disinvestment in these two Organizations, therefore, should be designed in such a manner that it facilitates the improvement in Logistics performance index of India. The Hinterland connectivity by rail and container shipping for exports and imports is vital for the Indian EXIM trade. The initiative of disinvestment should be implemented in a manner to encourage and enable reliable service and competitive pricing for transportation by these carriers. Further the divestment should target to catalyse customer-friendly business practice and process for both rail and ocean transportation of India's Exim cargo.

The Indian flag vessels carry a negligible percentage of Containerised EXIM Cargo. Indian exporters of various commodities will be a force to reckon if we have a robust Indian flag container shipping capacity. The proposed disinvestment should endeavour to achieve this objective by disinvestment plan".

A V Vijaykumar, Chairman, Federation of Freight Forwarders Association in India, said, "This Government is very clear with its policy of exiting commercial business and allow the Private sector to take over and operate this business in a market driven environment. Thus the privatisation call in the maritime sector is a continuation of this stated policy. CONCOR has developed into a mature logistics link of India and the entry of the private investment will hasten its development and address the serious competition they face from our improved road sector. SCI as the national shipping line of India is in dire need of a huge private equity to ensure that at least 10-15% of our foreign maritime trade travels on national flag vessels."

"The two organisations represent two vastly different area of operations. CONCOR will connect the nook and corner of India with its vast railway network, hasten multimodal domestic transportation, catalyse the new revolution in distribution and value added supply chains and a private equity partner can infuse the best in class world standards and expertise. It is imperative that strong National Shipping is a sine qua non to emerge as a leading economic force in world trade. Shipping is extremely capital intensive and needs a long gestation period to recover the costs. Thus an international consortium with deep pockets is required to revive our lost tonnages to foreign carriers and ensure our economic independence."

Monopoly

Spread across 83 locations across the country, the Navaratna Company – CONCOR – is having a total land bank of 1,400 hectares at strategic industrial locations in the country. It operates several Multi Modal Logistics Parks (MMLP), Inland Container Depot (ICD) in key metro cities of India. It is in the process of procuring another 14,000 containers and 250 rakes to serve the growing trade needs of the country. It aims to register 15-19% annual growth in revenue for the next 5 years, which means, the outlook is very positive for the company.

CONCOR is a dominant player which is often called 'monopoly' by the industry and there are complaints about non-availability of rakes due to congestion on railway routes and freight charges etc.

Despite being independent in operations, CONCOR is highly dependent on Indian Railways not only for route sharing but also for utilizing the land bank of the latter to render its services to clients of diverse. Long term agreements entered by both these state owned entities provide CONCOR an edge over the competitors as it gets the land at relatively cheaper price points compared to private players. If CONCOR is privatized, the new management will certainly enjoy the benefits of low cost availability of huge land bank which is closer to railway stations across the country. This will definitely kill the competition, defeating the very purpose of providing level playing field to everyone.

The Indian shipping industry and logistics sector are also worried about a potential threat from the private management, after CONCOR is being acquired, in terms of cost escalation of services (including freight charges) and a possible discrimination towards certain ports, terminals and freight forwarding agencies etc.

India opened its doors in 2007 to private Container Transport Operators (CTO) to curb monopoly and bring in competition, thereby ensuring

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- AV Vijaykumar
Chairman, FFFAI

better services at an affordable cost to customers. After a decade of relaxation, however, the progress is dim and the country could see only a handful of CTOs who are successfully operating in India. Although there are about 16 private CTOs in the country, only a few are able to run properly and remaining are dormant due to the supremacy of CONCOR which has directly or indirectly pressed these players hard. CONCOR has been perceived as monopoly who spoiled the competition is now being targeted by them to enjoy the market leadership position.

Kamlesh Gupta, President, Association of Container Train Operators, said, ACTO on behalf its members (Container Train Operators) would urge the Government to ensure that a level playing and a non-discriminatory environment as promised amongst all CTO's as per the Concession Agreement is provided after CONCOR disinvestment. This has been denied to them as CONCOR enjoyed the benefit and unfair advantage over other CTO's, of subsidised land given to it by IR at very low rates (Lease charge depends on its extent of usage). The above discrimination has been severely criticised by Niti Aayog as also by Bibek Debroy Committee. As per reports received, Railway Board is not planning to stand upto the Department of DIPAM and to Niti Aayog; to get this anomaly corrected in the process of disinvestment. The reason is the Govts desire to enhance incentives of subsidised land to be continued as was applicable to CONCOR, with the party bidding higher rate in the strategic disinvestment, so as to get a greater financial advantage. The biggest PPP initiative of the government of allowing Pvt Container Train Operator's to be given license to run on IR's network will continue to be a failure. This is despite a huge investment of over ₹5000 crores ($714 million) by such CTO's in the last 14 years, who invested in infrastructure viz. Terminals on Pvt Land; and Purchased Rakes etc."

Best Performer

Not only in operations but also in financials CONCOR – the Navaratna company – has been able to sustain its growth trajectory over the last decade. CONCOR has seen its bottom lines have continuously been growing up year after year from 2008 to 2019 which proves the efficiency level the organization is maintaining to achieve best results.

During the last fiscal of 2018-19, CONCOR has handled 38,29,419 teus of throughput with a growth rate of 8.42% over the previous financial year, which is equivalent to a third of all India container handling volumes at present. And it has carried about 43.50 million tonnes of cargo by registering 8.83% growth compared to previous fiscal. During the financial year – 2018-19, CONCOR's total revenue grew to ₹7,216 crore ($1.03 billion) from ₹6,460 crore ($922 million) during the previous fiscal. And, the company's net profit zoomed to ₹1,215 crore ($173 million) from ₹1,044 crore ($15 million) in 2017-18.

The state run integrated logistics provider has also been successfully running its operations besides enjoying the leadership position in neighbouring country – Nepal –during the last 15 years. It is also expanding its operations to Bangladesh and Egypt. CONCOR enjoys the true leadership in operations and financial performance with just 1,400 plus employees – the leanest entity among all PSUs in India. It pays a high dividend to the government every year over the general formula. It had paid ₹628 crore ($90 million) as dividend in 2018-19 in which more than half goes to the government as it owns 55% stake. As per the DIPAM – Department of Investment and Public Asset Management – guidelines to pay dividend at least 5% of net worth or 30% of net profit of any public enterprise to be paid to the government. Here, CONCOR has paid 51.67% of its net profit or more than 6% of its net worth for the year under review.

Potential to unlock the value

Though CONCOR is traded on the Indian stock exchanges where its market capitalization is computed based on its share price, analysts feel its true value is yet to be un-locked properly. According to them, hiving off its core business in to separate entities can fetch the public sector company a much better value up to double its current market capitalization for sure.

It is believed that the state run company has also started an exercise in this direction, however, the details are not known. Based on the giant operations of CONCOR, the industry analysts said that the company can be split into two or three independent entities by hiving off its logistics operations, rolling stock, equipment, land bank and infrastructure. This could be bringing more value on to the table if the government really wants to gain more out of CONCOR stake sale. According to a preliminary estimate, there is a potential to get about ₹11,000 crore ($1.57 billion) by selling its land bank itself. Hence, raising about ₹10,800 crore ($1.54 billion) by divesting 30% stake in CONCOR might not be a great value proposition for the government.

Doubts on Financials

Except the deep pocket entities like Life Insurance Corporation (LIC), a government saviour in all the tough times, and a few behemoth information

technology companies, hardly any Indian private enterprise especially in the shipping space will be able to fund this buyout on its own resources.

The companies which may be interested in acquiring the logistics giant might go for debt from the public sector banks or any other financial institution. However, the Indian banking system including the public sector banks and even the large sized private sector banks are shying away to lend in bulk sums to any single entity due to the bad experiences in the recent past. The fallout of Non-Banking Financial Institutions (NBFC) is also a cause of concern where the liquidity is a major problem for any domestic buyer. This might not apply for the international firm which may be showing interest to buyout CONCOR, however, the credentials of that global entity has to be seen thoroughly. Otherwise, it may lead to a collapse of the corporate in the medium to long term due to their inability to pay off debt installments. Because, any private player who may be leveraging high debt to acquire this public sector undertaking might not be able to pare debt through the profit it generates over a period of time. Hence, this proposition doesn't work for any entity which doesn't have enough cash reserves in their bank accounts.

Three Global Players are in the Race

There are at least three major global players are believed in the race to acquire CONCOR's stake and take control of the management. All of them are either directly or indirectly present in the shipping and logistics industry and therefore they know the strength of CONCOR and its valuation. Funding is not a concern for them as they are sitting on a huge cash pile. However, it is unclear whether the government wants a foreign player to run the strategic national asset or it may consider a domestic player to take control of it.

FPO may suit well

If the government's sole objective is to get about ₹10,800 crore ($1.54 billion) from CONCOR's stake sale, it has several other options including the follow on public offer (FPO) through which it can still raise the capital it required without losing the management control. The retail investors in India have always invested in public sector undertakings which have offered them good returns in the long run. The state backed LIC may also come forward to contribute its share in mobilizing funds through this route. LIC has got a significant shareholding in almost all the public sector companies and it proved that it supported the government in every single disinvestment attempt in the past.

To unlock more value, the government may allow CONCOR to hive off its core business into 2 or 3 separate entities and list them separately on the bourses to raise money. Defying all the pros, if the government still wants to move forward, the time will only show the results – good, bad or ugly.

Shipping Corporation of India (SCI)

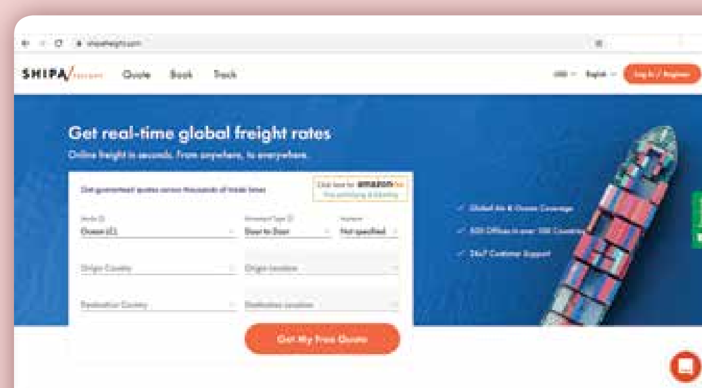
Founded in 1950, the state owned shipping line company – Shipping Corporation of India (SCI) – is a pioneer in serving the needs of India in oil transportation with its own fleet of vessels. It has been covering end – to – end shipping solutions by offering wide range of services including Tankers, Bulk Carriers, Coastal and Passenger Services, Bulk Carriers, Chartering, Container, Lighterage, offshore, Dry-Docking, Break Bulk, Ship Building and Technical Consultancy etc. The entity also provides Maritime Training services.

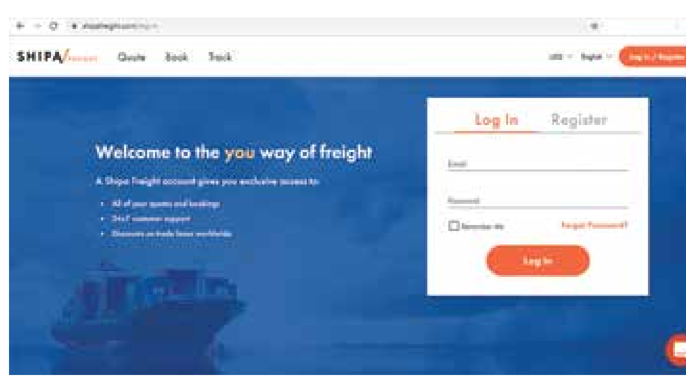
Considering the strategic importance of SCI, the ministry of Shipping is learnt to have opposed the government's decision to privatize the listed PSU. However, the efforts of the ministry could not stop the government from going forward with its own decision.

With its huge fleet of vessels, SCI has been able to provide oil and other cargo transportation services to Indian Navy besides to the country's need at the time of crisis including wars. The ministry pointed out that the Indian Navy doesn't have a vessel to ferry oil, but, SCI had it to serve the nation in emergency. In the times of wars and national emergencies, the contribution of SCI had been commendable. SCI had a total income of ₹4,144 crore ($59.2 million) for the year 2018-19 and posted a loss of about ₹63 crore ($9 million) for the year. Its total income during the previous financial year stood at ₹3,617 crore ($51.67 million) and a net profit of ₹306 crore ($43.71 million). It has a total head count of about 6,000 on its roles.

SCI is the largest tanker owner in the country by having a diversified fleet of vessels including VLCC. It is also the major bulk carrier operator in India with 15 vessels of Handymax, Supramax, Panamax and Kamsarmax sizes. SCI provides off shore marine logistics services to the Indian oil industry and supports the indigenous oil exploration activities. The company has got an expertise in providing shipment of over dimensional cargoes (ODC), project cargoes, heavy lift cargoes, IMO Class I cargoes services. The state run PSU is also operating 27 domestic passenger cruise services apart from International services.

Not only CONCOR but, the Shipping Corporation of India (SCI), which is a jewel of our industry is also a strategic asset of the country which needs to be carefully run than handing over the steering to somebody else who may not worry about the emergency needs of the nation but, only chasing for profits will not serve any meaningful purpose for sure.





ShipA Freight - Freight Forwarding Simplified

Get a quote in less than 15 seconds; book a shipment in less than 10 minutes and leave the rest to ShipA Freight

by Raji Reddy Kesireddy

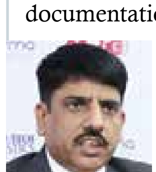
Agility Logistics Private Limited, an arm of Kuwait based multi-billion global integrated logistics company – Agility Public Warehousing Company, which provides freight forwarding, contract logistics, specialized technology services to its clients across the world, is transforming the small and medium size businesses in the maritime sector by its latest technology innovation.

Giant in operations by having massive storage space and huge cargo handling capabilities, Agility on an average handles about 4,15,000 tons of air freight, 7,40,000 teus of ocean freight per annum. It holds over 2.2 million square meters of warehousing and storage space to fulfil the needs of its global clients.

Agility Logistics in April 2018 launched a revolutionary technology platform that can help thousands of small businesses across the world. Branded as 'ShipA Freight,' the online platform which makes the freight forwarder's entire job very simple by providing real time quotation to customs clearance to payment on a click of a button. Using this platform, the freight forwarder can simply send any consignment to any destination across the globe.

The technology platform provides services such as instant quotes online, book the shipment online, arrange the payment online, track your booking online with 24/7 customer support features. One needs to spend less than 15 seconds to get a quote and less than 10 minutes to book a shipment and rest leave it to ShipA Freight, it takes care of everything right from the doorstep.

It offers to book both ocean freight and air freight on the same platform. Services related to compliance of shipment including customs clearance and insurance are also being offered online at the time of booking the shipment thereby reducing a lot of cumbersome work including documentation to freight forwarder.



Explaining the benefits of ShipA Freight, **Satish Lakkaraju**, Chief Commercial Officer, Agility Logistics said that the freight forwarders can also avail an interest free credit facility on the platform for a period of 30 days to compete with their global peers to improve their overall business. "SMEs today constitute about 80% of the global trade and most of them cannot afford huge costs for technology. They can't have large supply chain departments. Hence, we are offering this cost effective solution to the SMEs across the world. It has already been a super hit in Indonesia, Dubai, Switzerland and we are expecting similar response in India", he told Maritime Gateway.

Terming ShipA Freight as another 'Uber' in the maritime sector, Lakkaraju informed that the parent company of Agility has recently invested about $100 million additionally into the overall business operations, including ShipA Freight to improve the features and facilities of the platform.

The company claims that the freight forwarders can save up to 10% cost by booking their shipments online using ShipA Freight thereby a huge cost savings for them. The eligible SMEs can get ₹3,00,000 to ₹5,00,000 interest free credit facility on this platform. This amount can be repaid within 30 days from the booking date of the shipment.

Upgraded in several fronts including the payment options, ShipA Freight services are available in major metro cities in India and in the long run the services will be expanded to all the smart cities in the country. Having a huge base of warehousing space, the company is fully geared up to handle the additional cargo volumes generated through the latest online platform. mg

A BOOSTER DOSE TO EXPORTS

A slew of measures announced by the Finance Minister, if implemented in the right spirit, will catapult Indian exports to a higher orbit

by Vijay Kurup

The year 2020 will be the year for the Indian logistics sector. Large sections of the Eastern and Western DFC is expected to be commissioned bringing about a sea change in the way the goods would be moved. In a continuing process of improvement and fine tuning, the Finance Minister Nirmala Sitharaman, announced a slew of economic measures to catapult exports to a higher level. Many of these changes would come into effect by early 2020.

Some of the measures pertaining to finance were:

Extend the scheme of Reimbursement of Taxes & Duties for Export promotion

The Remission of Duties or Taxes on Export Product (RoDTEP) scheme to boost the exports will replace all Merchandise Exports from India Scheme (MEIS) from January 1, 2020. The revenue foregone by the government was projected at ₹50,000 crore, however She felt that it would "adequately incentivize exporters than all existing schemes put together."

Fully automated electronic refund route for Input Tax Credits (ITC) in GST

Fully electronic refund module for quick and automated refund of ITC was nearing completion and would be implemented by end of 2019. This was expected to speed up ITC refunds. A welcome move for the taxpayers.

Expand scope of Export Credit Insurance Scheme (ECIS) by Export

Credit Guarantee Corporation of India (ECGC).

A Higher insurance cover would be offered to banks, lending working capital for Exports. Premium incidence for MSMEs would be moderated suitably. This would enable reduction in overall cost of export credit including interest rates, especially to MSMEs.

Revised Priority Sector Lending (PSL) norms for Export Credit

PSL norms are under consideration of RBI, for an additional release of ₹36,000 crores to ₹68,000 crores. To keep track of export financing, there would be monitoring by the Department of Commerce. Interventions would be done, if required.

Several measures are in the offing to facilitate exports. They are:

Leverage technology to reduce the time taken to export and reduce turn-around time of vessels at the port.

Technology would be leveraged for timely completion of various ongoing initiatives that would further reduce the process of export. This would be accomplished through digitization of all existing export clearance procedures. This would be applicable across ports and airports. It would also be applicable to all Customs procedures. As far as possible manual procedures would be reduced to a minimum. The turnaround time of vessels at the Indian ports was still not comparable to world standards. Nirmala had stated that there would be an action plan to reduce turnaround time in airports and ports that would be favorably comparable to international standards.

The actual turnaround times of the vessels at the various ports would be published in real time for all the major ports and airports. Efforts would be to push them to improve performance. An Inter-Ministerial Group would be made accountable to improve the figures.

Annual mega shopping festivals

Annual mega shopping festivals in India will be organized in 4 places across India. Many of the world's shopping destination like Dubai, Singapore, Hong Kong capitalise on their tourism destination to promote their products for exports. In India, the products to be promoted would be Handicrafts, Textiles and Leather.

Special FTA Utilisation Mission

A surprise element of the minister's announcement was Special FTA Utilisation Mission. The minister announced that many of the exporters and importers were not aware of the provisions of FTA crafted by the respective ministries in the Government with various countries. In order to enhance awareness of preferential duty benefits among MSMEs, it was felt necessary to disseminate and facilitate compliance requirements under FTAs for importers and exporters. Goals to be set for FTA utilization and have an effective FTA monitoring system.

Online Origin Management System

An Online Origin Management System for exporters is expected to significantly improve ease of doing business for exporters. This system for exporters would enable them to obtain Certificates of Origin with ease. It would be launched by DGFT in collaboration with Exports Inspection Council.

Time bound adoption of mandatory Technical Standards

The industry has been asked to have a time bound adoption of essential mandatory technical standards to improve the quality of products in order to enhance competitiveness on the global stage. On the flip side the Government also wanted the importers to address the issue of sub-standard imports into the country.

A Working Group on standards will be set up in the Department of Commerce to work with industry to lay down a road map for adoption of these standards, time lines. Nirmala reiterated that there had to be effective enforcement and monitoring of these fiats. Quality products would ensure global respect and demand for Indian goods. It would also enable Indian products overcome Non-tariff barriers in exports.

The turnaround time of vessels at the Indian ports was still not comparable to world standards. There would be an action plan to reduce turnaround time in airports and seaports that would be favorably comparable to international standards. Efforts would be to push them to improve performance.

Affordable testing and certification infrastructure

To achieve the above objectives affordable testing and certification infrastructure would be adequately expanded and developed in PPP mode to enable exporters to get all internationally accepted tests and certification done within India. This would reduce costs of adoption of standards and certification for Indian exporters to meet the standards of FTA partners.

Enable handicrafts industry to effectively harness e-commerce for exports

A move that would be widely welcomed by artisans and handcraft cooperatives a special dispensation would be introduced for facilitating and on-boarding handicrafts artisans and handicraft cooperatives directly onto e-commerce portals that would enable them to export their products seamlessly.

These measures are welcome. It is doubtless a step in the right direction to give the required traction to exports. However the monitoring bodies should have an aggressive mindset to achieve their targets and not brook the shortfalls, if any, with a cynical attitude, as a target too far. The path is set. If other countries in the far east, could achieve phenomenal growth in exports through concerted steps initiated by the government, why not India.

“Our vision is to formalise the container transportation industry by increasing efficiency, asset optimisation, and lowering overall logistics cost using technology,” says **Pratyaksh Sureka**, Founder and CEO, GOCON

TECHNOLOGY DRIVES EFFICIENCY IN LOGISTICS

Q. What is GOCON?
GOCON at its core is a technologically driven logistics start-up with an aggregator model. It serves as a platform to bridge the demand-supply gap by matching the right shipper to the transporter by its route specialisation model. This helps in reducing inefficiency and over all logistics cost for our customer.

Q. While there are many logistics Startups, what is unique about GOCON?
GOCON is currently highly focussed on a niche market in logistics field. We work closely with our vendors uplifting and supplying them with various incentives. Our Technology driven approach through route model specialisation enables asset optimisation and increased revenue for the fleet owner. Our transparent rates, seamless vehicle tracking, and assured availability of trailers at low cost gives Gocon a competitive advantage.

Q. How is the response to GOCON from both shippers and transporters?
We have received overwhelming response due to our innovative approach and cost effectiveness. We initially faced challenges from transporters using this technology, but our team is working on the same to effectively overcome by giving them the necessary training and development.

Q. What are your plans to reach out to other Ports and parts of the country?
Currently we are focussing in JNPT region where approximately 5 million teu's is generated, and Mundra, in container transportation. This itself is a $20 billion industry which we are targeting.

Q. How do you think the logistics start-up space will affect the ecosystem?
Due to the high fragmentation in the Industry there is obvious, lack of integration among stakeholders which results in inefficiency and increased overall logistics cost when compared to other international countries making India less competitive. This problem can be solved with further Penetration of logistics startup in the ecosystem.

Q. What are the challenges you face at GOCON?
The nature of logistics business is extremely conventional and there is an obvious resistance towards technology from the transporters, but due to our credit facilities, instant payment and other support factors, we are a preferred choice for various transporters.

Q. How has the company secured external funding?
We have been currently well funded from our existing businesses of multimodal logistics and intend to go for a series Round - A in the next financial year, as we have received great interest from various Singapore and UAE based investors.

Q. How do you envision the way forward for GOCON?
Our vision is to formalise the container transportation industry through our technological route specialised model, we would assure increased efficiency, asset optimisation, and lower overall logistics cost. GOCON would play a pivotal role in decreasing the logistics cost of India by 2 to 3 per cent making it globally competitive.

IN THE OFFING

The new Akhaura rail line will reduce journey time between Agartala and Kolkata to 10 hours from 31 hours as the distance between the two places will be reduced to 550 km from 1600 km at present

The railway project connecting Agartala in Tripura with Akhaura in Bangladesh was conceptualised in the year 2010. Later, both India and Bangladesh signed a Memorandum of Understanding for the construction of railway project in February 2013.

The rail link project would provide connectivity between Akhaura in Bangladesh with the capital city of Tripura, Agartala through Nischintapur in the Indo-Bangla border. Akhaura is linked to Dhaka-Chittagong rail route. The railway line will connect Indian Railways with Bangladesh Railways for improved connectivity and boost trade between the two countries and will connect West Bengal and Tripura through Bangladesh.

The ground-breaking ceremony for the construction on Agartala-Akhura rail link began in September 2018. The rail link is expected to be completed by 2021.

India and Bangladesh currently have four operational rail links between West Bengal and western Bangladesh - Petrapole-Benapole, Gede-Darshana, Radhikapur-Biral and Singhabad-Rohanpur. Radhikapur-Biral and Singhabad-Rohanpur.

Agartala-Akhaura rail link project details

The railway project is being constructed with an estimated cost of ₹972.52 crore including ₹580 crore allotted for the construction of 5.6km of track within India, and ₹392 crore allotted for 6.57km rail track in Bangladesh. The funding for the rail link project on Indian side is provided by the Ministry of Development of North Eastern Region (DoNER), while the Ministry of External Affairs (MEA) is financing it on the Bangladesh side.

Other than the railway project, a bridge is also being built over River Feni which would connect Sabroom in southern Tripura with Feni district of Bangladesh. Once it becomes functional, Tripura would be only 66 km away from Bangladesh's Chittagong port. With these two big projects, the government of Tripura hopes that the state will turn into 'gateway for Northeast'.

Adventz Group's Texmaco Rail & Engineering Limited was given ₹200 crore worth of the Agartala-Akhaura rail construction contract in May 2018 by the Indian Railway Construction Company Limited (IRCON). The company's specialised engineering, procurement and construction unit Kalindee Railway Nirman (Engineers) Ltd is executing the project. The scope works include construction of railway stations and associated work in cross-border areas of India and Bangladesh. The track-laying would be as per the high standards of railway construction specifications and with the ability to carry 25-tonne axle load to enable transportation of heavy goods and commodities between the countries.

Benefits of Agartala-Akhaura rail link

The new Akhaura rail line will reduce journey time between Agartala and Kolkata to 10 hours from 31 hours as the distance between the two places will be reduced to 550 km from 1600 km at present. Kolkata is a major destination for people in Agartala, but there is no direct connectivity to the city. The new railway line will help not only people from Agartala but also those from Mizoram which is 150 km away. It will cut through Dhaka instead of Guwahati and will help in freight movement as well as goods from the northeastern state, while goods from Chittagong port will reach Agartala quicker.

The rail link will boost bilateral trade and cooperation between India and Bangladesh and will also affect 'transformation through transportation'. The Agartala-Akhaura rail link will offer full connectivity from east to west of Bangladesh. For Tripura, the railway line will mean enhancing regional access in ways other than by air or the states national highway, NH44.

Once it becomes functional, Tripura would be only 66 km away from Bangladesh's Chittagong port and Tripura will turn into 'gateway for Northeast'. mg

GROWING INTRAREGIONAL TRADE AND CONNECTIVITY

BIMSTEC members coincided on the need to maximise intraregional trade, connectivity and cooperation to improve productivity and ultimately benefit the customer

Promoting intraregional trade and connectivity, port-led industrial and tourism development, containing the environmental impact of ports and economic activities and promoting use of green technologies were some of the important takeaways from the first ever BIMSTEC Conclave of Ports organised at Visakhapatnam. The conclave had a vision to develop a BIMSTEC community of interest among the ports of the region, considering the specific characteristics of the region and also to harness various comparative advantages at the BIMSTEC ports, as productivity at the ports will lead to prosperity of the entire region. The conclave also aims at promoting regional industries and associated infrastructure.

The event was inaugurated by **Shri Mansukh L Mandaviya, Hon'ble Union Minister of State for Shipping, Government of India.** The minister in his inaugural address highlighted the Indian capacities in the maritime sector and offered a platform for utilisation of these services by member nations. He also stressed on the motto "peace, prosperity and security of all the member BIMSTEC nations." He called for forging deeper relations, trade and connectivity amongst various BIMSTEC nations by improving maritime connectivity. He mentioned the recent visit of H E Sheikh Hasina, MP, Prime Minister of Bangladesh to India, when a SOP was signed for direct connectivity from all Indian ports to Mongla and Chattogram Ports. This connectivity helps in moving cargo to north eastern states of India. Till recently, India had road, rail and air connectivity with north east, but lagged behind in connectivity through waterways. Another development highlighted by Mandaviya was that India has dredged Brahmaputra river in Bangladesh which is declared as the protocol route connecting Varanasi – Haldia – sundarban - Ashuganj - Tripura. Food grains will be moved along this route. CONCOR has been moving 50,000 metric tonnes of food grains on monthly basis to north east states. The distances on this route are as follows:

Varanasi to Haldia – 1400km
Haldia to Sundarban – 100km
Sundarban to Ashuganj – 300km

India has developed Sitwe port in Myanmar that connects Mizoram through the Kaladan waterways project.

The Minister of Tourism, Culture and Youth Advancement, Govt of Andhra Pradesh, M S Rao, the Minister of Industry, Commerce and Information Technology, Govt of Andhra Pradesh, MG Reddy along with Member of Parliament from Visakhapatnam M V V Satyanarayana also attended the Conclave.

Three Memorandum of Understanding were signed during the event between Ranong Port (Port Authority of Thailand) and the Port Trusts of Chennai, Visakhapatnam and Kolkata. These MoUs will contribute to BIMSTEC objectives of strengthening connectivity and is part of India's Act East Policy. They will enhance connectivity between ports on Thailand's West Coast and Ports on India's East Coast i.e. Chennai, Vishakhapatnam and Kolkata. Ultimately the sea travel time between India and Thailand will be cut down from 10- 15 days to 7 days.

Various member nations presented perspectives of their port operations which helped in understanding the systems and practices prevalent in the nations meant for productivity, safety and environmental sustainability.

Five panel discussions were organised during the conclave: the first discussion focused on port-led industrial and tourism development. It highlighted the need to promote industrial and manufacturing parks, SEZs in close proximity with the ports, so that logistics cost can be brought down. The session also observed the necessity to foster PPP for developing tourist potential at ports. The cultural and historical linkages among the BIMSTEC nations is also the need of the hour. The second session discussed emerging role of ports in global supply chain. The hyper connected globalised world supply chains are extending beyond the national boundaries. Promotion of regional inter-connectivity and intra-regional trade among the BIMSTEC nations is found to be the need of the hour. The session also felt the need to promote smart ports with the adoption of electronic data interchange connectivity and also establishment of an IT-based common single window system for the exporters and importers in the BIMSTEC nations. The third session discussed safe and secure ports. The deliberations pointed at the need for establishing rule based managing order in the Bay of Bengal and a vibrant transoceanic security community for robust multilateral cooperation. Adoption of common security standards among the BIMSTEC nations and sharing of information on coastal and maritime security will help in establishing more secure port infrastructure in the region.

Discussions on "Port services delivering value" called for providing a good user experience through streamlined and standardised procedures and services and a clear line of communication on important facets of port operations. Production of high productivity port equipment to provide services at competitive cost and simplification of procedures in documentation and clearance of cargo are the needs of the hour at our BIMSTEC ports.

The last session talked about green port operations and the discussion was aptly held at Visakhapatnam Port as this port sources its complete energy requirements from solar power. The development of ports and consequent economic activity has resulted in adverse impact on the environment, so it is the responsibility of all the ports to provide environmental clean systems to the public who are residing around the port ecosystem. The session also focused on common technological solutions which are required to ensure the compliance of requisite green norms. The use of low sulphur fuel and renewable energy have to be promoted to reduce carbon footprints. The BIMSTEC nations must ensure the implementation of the dialogue which has been initiated at this event. A general working group is to be set up to take the dialogue forward and also explore the possibility of establishing a Maritime Coordination Center to coordinate various aspects of maritime services among BIMSTEC nations.

We must share the resources and expertise to tackle the various disasters in an effective way as Bay of Bengal is more prone for disasters. The crux of the issue is minimising the logistics cost, environmental impact and maximising productivity, security and ultimately

Till recently, India had road, rail and air connectivity with north east, but lagged behind in connectivity through waterways. The SOP signed during the recent visit of H.E. Sheikh Hasina, MP, Prime Minister of Bangladesh to India for direct connectivity from all Indian ports to Mongla and Chattogram Ports will help in moving cargo to north eastern states of India through waterways.

- Mansukh L Mandaviya
Hon'ble Union Minister of State for Shipping, Government of India

benefit to the customer. BIMSTEC nations have so far been loosely integrated and have been trading more with the US and the EU as compared to trade with neighbouring countries. Poor connectivity between the neighbouring countries has also resulted in high logistics cost and further tariff and non-tariff barriers have been a major stumbling block to mutual trade growth. The BIMSTEC Ports Conclave has offered a perfect platform to resolve these issues and promote trade and connectivity in the best interest of the region.

LAND OF PROMISE: NORTHEAST

Sensitising on the opportunities and addressing concerns of relevant stakeholders from India and Bangladesh to achieve synergy in cross-border trade between Bangladesh and Northeast India

Sarbananda Sonowal, Chief Minister of Assam, delivering his welcome address

India and Bangladesh are vigorously working at improving trade and connectivity both through policy reforms and through initiatives on the ground. Thus there couldn't be a better time than now to create a common platform wherein stakeholders from both the countries initiate a dialogue on existing possibilities and challenges on the path to boost trade and connectivity. The India-Bangladesh Stakeholders Meet was organised in Guwahati by the Act East Policy Affairs Department and it was co-hosted by the Department of Commerce, Ministry of Commerce, Government of India.

The objective was to generate awareness about the opportunities made available to exporters and transporters by the recent path-breaking agreements between the two countries on connectivity and trade; address the loose ends during the operationalization of these agreements by identifying the issues, delineating the action points, and forwarding the same to the governmental and non-governmental stakeholders; harness comprehensive cooperation of all relevant stakeholders of India and Bangladesh to achieve synergy in cross-border trade between Bangladesh & North East India. The Meet managed to accomplish all these objectives to a significantly large and comprehensive extent.

"Assam and the entire northeast India are in the midst of great transformation today," said **Sarbananda Sonowal**, Chief Minister of Assam, delivering his welcome address. "The act east policy of Hon'ble Prime Minister, Narendra Modi gives a paradigm shift to the development of the region as northeast region has been put at the heart of act east policy. This meet is a great opportunity for both the countries to leverage on the proximities to actualise on the tremendous potential of multimodal connectivity to reach greater heights in trade and commerce. The BBIN Motor Vehicle Agreement, the Port Use Agreement and use of cross border inland waterways and access to Chittagong and Mongla ports for northeast of India has increased growth prospects for the entire region. Prior to Indian independence, Assam and Bangladesh had multimodal connectivity. In fact tea and petrol used to reach the Kolkata Port through the Brahmaputra, Brahma and Meghna rivers and through railway line passing through present day Bangladesh. The event plays pivotal role in sorting out the future course of action plan and so I request Hon'ble Tipu Munshi, Minister of Commerce, Government of Bangladesh, let us produce something concrete out of this event. The event unfolded potential for exim business, resources available in the entire region and a huge consumer market of 100 million people in the northeast region." Adding to Sonowal's comments, **Chandra Mohan Patowary**, Industry Minister of Assam said that a lot of opportunities opened between the two countries during the past couple of years for the growth of North East.

"The entire northeast belt is very fertile and has huge mineral reserves. Tripura has gas reserves and rubber, Assam has oil, gas and coal reserves, Nagaland has oil and coal reserves. In the coming years northeast will be driving the national economy," announced **Biplab Kumar Deb**, Chief Minister of Tripura.

Minister of State for Road, Transport and Highways **Gen V K Singh** (retd.) said that the Union government's new Act East Policy has placed the northeast at the Centre of India's emerging relations with the countries of South and South East Asia. He said, the Assam government's initiative to reopen the railway links with Bangladesh will be instrumental in enhancing business and commerce between India and Bangladesh. He also stressed on the importance of Border Haats in strengthening economic ties to help generate livelihood for people at the border areas of the two countries.

Highlights of the event include

- Discussions to establish physical connectivity between Bangladesh and North East India were held. Better connectivity would enhance consumers' welfare through access to goods at competitive prices and increase opportunities for exporters.
- Bangladesh requested India to withdraw the ban on the export of onions as Bangladesh has requirement for 600,000 tonnes of onion and 80 per cent of this is sourced from India.
- Enhancement in the Centre's Act East Policy for the North East region was discussed.
- Both countries agreed to work for their mutual benefit.
- The proposed multi-modal hub at Jogighopa in Assam is expected to benefit the region.

On the second day of the meet, **Tipu Munshi**, Minister of Commerce, Government of Bangladesh, emphasised on extending cooperation in the sectors of garment, health tourism, IT and education. Munshi said absence of seamless connectivity between the two countries is a crucial barrier towards increase in trade. The full benefits of projects like the South Asia Sub-Regional Economic Cooperation and agreements like BBIN Motor Vehicle Agreement and agreement on ports can't be reaped yet. Better connectivity will enhance consumers' welfare through access to goods at a competitive price, enhance profit of the firms through access to cheaper inputs and enhance opportunities of the exporter of finished goods to a new market. He asked for resolving non-tariff issues like testing products quality, removal of export restriction and improving logistics facility.

Munshi said the positive environment generated in trade and connectivity between Assam and Bangladesh is reportedly the best in 30 years. He said in this backdrop both Assam and Bangladesh will work positively to strengthen their economic ties. He emphasised that in the recent times the political relations between India and Bangladesh have turned into business relations and considering the geographical proximity of Assam with Bangladesh, both should open up their economies. Sonowal pointed at the need for connectivity between ports in Bangladesh and Assam through Brahmaputra-Barak-Padma-Meghna riverine waterways to facilitate economic growth of the region. He also called for restoring rail connectivity between North East and Bangladesh. He stressed on the need for devising modalities to decide the standard operating procedures (SOP) to ensure speedy implementation of agreements for quick access to Chattogram and Mongla Ports for connecting to northeast, and execution of the BBIN motor vehicle agreement.

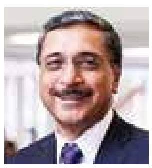
Mohammad Alauddin Fokir, Additional Secretary, Bangladesh Land Port Authority said that both India and Bangladesh have strengths and challenges. To facilitate trade, authorities from both sides must come to a mutual solution for these challenges. He informed that Bangladesh Land Port Authority has declared 23 land ports since its inception in 2012. He also underlined the requirement of quarantine facilities at the Agartala-Akhaura Land Port to facilitate the traders.

> "The entire northeast belt is very fertile and has huge mineral reserves. Tripura has gas reserves and rubber, Assam has oil, gas and coal reserves, Nagaland has oil and coal reserves. In the coming years northeast will be driving the national economy"
>
> **- Biplab Kumar Deb**
> Chief Minister of Tripura

Emphasising the role of Customs Department, **GV Krishna Rao**, Chief

Commissioner, Central GST and Customs, Northeast Region stated that Customs department promotes legal trade, cuts down illegal trade and ensures safety standards of goods and clearance at a minimum possible time.

Arvind Akashi,



Manager (Projects), Land Port Authority of India, said that there are 10 Integrated Check Posts (ICP) on Bangladesh Border and the one at Sutarkandi, Asssam has been operationalized. He also highlighted the facilities at the Integrated Check Post (ICPs) in terms of electronic weigh bridge, CCTV, cargo scanner etc.

Kanon Kumar Roy, Member (Tax Policy), National Board of Revenue, Bangladesh said that in the era of borderless global trade, the regulators must protect the interests of the domestic traders. He mentioned that only mutual co-operation would give good dimension of cross border trade.

Md Abdus Samad,

Secretary, Ministry of Shipping, Bangladesh and **Dr Amita Prasad**, Chairperson, Inland Waterways Authority of India, emphasised on port

connectivity and water resource management for boosting commercial relationship between India and Bangladesh. Both the countries share a total of 54 rivers and historically they have been sharing riverine routes for trade, commerce and movement of people. Recent developments and policy thrust of the countries show emphasis on reharnessing that connectivity and trade. Dr Prasad said, 106 new waterways were declared in 2016, in addition to the 5 that already existed. The recent forming of Jal Shakti Ministry by merging the ministry of water resources, River Development and Ganga Rejuvenation and Ministry of Drinking Water and Sanitation is an attempt to better manage rivers. Overall there has been a palpable shift in policy focus on waterways connectivity, notwithstanding the thrust to reconnect Bangladesh, Bhutan, India and Nepal through waterways, Abdus Samad pointed out.

Rear Admiral Zulfiqur Aziz, (E) psc, BN, Chairman,

Chittagong Port Authority, said the Chittagong Port was expanding fast and Bangladesh needs to know the demand forecast for the next ten years to accommodate India's need. For the SOP on use of Chattogram and Mongla ports to be functional, the administrative fee need to be finalized and it will be taken up at the next shipping secretary level talks.

"Dredging of the Brahmaputra River in the Bangladesh stretch will be completed next year, which will enable cargo movement from the northeast region of India through the bordering nation's waterways," informed **Rear Admiral M Mozammel Haque**,

(G), NUP, ndc, psc, BN, Chairman, Mongla Port Authority. "At present 50 per cent of dredging in the Sirajganj-Daikhowa stretch has been completed. We shall be able to obtain lowest low draft of 2.5mts during off season and it will be 3mts during flooding. Low draft vessels and barges will be able to sail through the stretch once it is achieved by end of 2020. It won't be possible to maintain a lower water level due to the peculiar inclination of the river bed. Movement of bigger ships will not be possible. Maintenance of the water routes for commercial purpose is an expensive proposition and Bangladesh government is providing subsidies for it at the moment. We are not imposing any toll on the pliers. We are encouraging the ships to use

our waterways. Imposing any toll could discourage the pliers. India and Bangladesh share 54 rivers including Brahmaputra, Ganges and Meghna and dredging in all the rivers is going on in Bangladesh."

AKM Mashiur Rahman, Hon'ble

Economic Affairs Advisor to the Prime Minister of Bangladesh said, "in 2011 both the countries signed a holistic framework agreement as it envisioned cooperation in all sectors. If you think one sector at a time then you weigh who is gaining? But if you have a portfolio of cooperation then you will see in one I lose a bit but in another I gained. There were economic considerations as to who benefits from the trade, to which there is a theory which says small economy benefits from the trade as it can bring down the cost of production. However for historical reasons and tradition of the policies being followed, we were not very liberal about imports. But we have been able to breakdown from that and I hope that will continue." He added, "Water is another important issue between the two countries when it comes to shared responsibility. All the rivers that flow through Bangladesh pass through India, but siltation is a major problem on which both the countries need to work jointly to drive the river transport across the region." mg

ECONOMIC SLOWDOWN HITS TRUCKING BUSINESS

The recent economic downturn has been hitting truckers so hard that many are unable to utilise their vehicles due to the absence of cargo

by ASL Narasimha Rao

The Indian truck industry employs over five crore people, with nearly one crore trucks plying. A large chunk of which include small operators with one to five trucks each. But the recent economic downturn has been hitting truckers so hard that many are unable to utilise their vehicles due to the absence of cargo. The trucking business is passing through its most difficult phase for the last three quarters akin the situation in 2008-09 at the time of global financial meltdown.

According to the Indian Foundation of Transport Research & Training (IFTRT), a low freight rate and a drop in cargo over the last seven months have hit truck operators hard. Freight rates on key trunk routes have dropped 11-15 per cent.

With slowdown in economy, fleet operators' revenues got adversely impacted, and they fear that if the situation persists, it will become difficult for them to pay their EMIs and chances of their vehicles getting seized by finance companies is increasing by the day. With excess capacity in the market and poor freight rates, some truckers are carrying goods at a loss to keep their vehicles running. Almost 60 per cent of the trucks in the country are idle due to non-availability of cargo.

Things are not rosy for truck manufacturing companies either. Ashok Leyland and Tata Motors have reported a sharp drop in sales by 70 per cent and 58 per cent, respectively, in August as truckers have put off their purchases in the last two quarters. For the April-August 2019 period, M&HCV sales fell 32 per cent to 91,617 units, the highest decline among the vehicle sectors. Ashok Leyland had declared production holidays for its Ennore, Hosur, Pantnagar, Alwar and Bhandara plants in September 2019.

According to **Harpreet Singh Malhotra**, CMD of Tiger Logistics, "The slowing economy is the main reason for the industry's predicament. Trends from the logistics industry, which map the transportation of goods across the country, only add to this list, pointing to subdued economic activity. A variety of different high-frequency indicators, from sales and production of consumer goods to a recent weakness in output of capital goods, have reinforced a growth slowdown in the Indian economy. Freight volumes by rail, road and shipping remained weak in the April-June period, suggesting that the slowdown did not lift even in the first quarter of the year."

Reasons for lack of cargo for trucks

Factors responsible for the lack of cargo for truck operators include:

- A contraction in the output of natural gas, fertilisers, and crude oil pulled down the growth of India's infrastructure sectors to 2.6 per cent in April. It had grown 4.9 per cent in March 2019 and 4.7 per cent in April 2018.
- The decision of automobile companies to transport vehicles via railways made a bitter impact. As the passenger vehicle makers can send up to 200 cars on a train, while by roadways it would have to deploy 50 trailer trucks.
- The government's decision to increase the axle limit from July 2018 (revised axle load norms). If a truck is carrying 20-25 per cent more than its stipulated norms, other trucks are deprived of the opportunity to carry cargo.
- The slowdown in demand has resulted in over-capacity and, moreover there was a shift to vehicles of high tonnage and e-commerce provided the impetus for LCVs.

Even though central government has been trying to infuse confidence among the truckers by announcing some economic stimulating measures. The truck operators have become jittery, and some truckers have gone on to the extent of launching campaign called 'No Truck4Me' as part of which they have decided not to buy new trucks for three months.

Driven by Demand for Industrial Parks

The Hiranandani Group has forayed into the industrial and logistics sector with Greenbase – a logistics park in Oragadam, Chennai. **N Shridhar**, CEO, GreenBase details on the activities of the group in the sector on pan India basis

by Vijay Kurup

Q. Green Base Industrial and Logistics Park will create a Wind Turbine Park and Warehousing in Chennai. Is this your first venture in the logistics sector? Why in the logistics sector in particular?

The introduction of GST transformed the country into one big single market, this coupled with the grant of infrastructure status to the logistics sector, implementation of Make in India and growth of e-commerce has unleashed the demand for large scale industrial parks. We realised the need and forayed into the industrial and logistics sector through the dedicated entity Greenbase, a natural progression of the Hiranandani Group's domain expertise in the infrastructure real estate space and understanding of customer requirement. Greenbase is set out to develop 115 acres in Oragadam, Chennai to cater to the development of the industrial and warehousing sector. Our first client is Vestas, the Danish manufacturer, seller, installer and servicer of wind turbines for whom we are developing wind turbine assembly and storage facility over an area of half a million sq ft spread across 23 acres.

Q. Would this be a precursor for more involvement in the logistics sector?

The Hiranandani Group through their entity Greenbase have launched industrial and logistics parks across approximately 700 acres of land Pan India. Our current projects across Talegaon in Pune, Oragadam in Chennai, Nashik, Bhiwandi, Durgapur, Kolkata, Bengaluru are targeting close to 10 million sq ft in the next 5 to 7 years. In addition the Group is also in the process of acquiring new land bank either directly or through partnership/ JV's across Pan India.

Q. Would the wind turbine park lead to any reduction in the overall logistics costs from the customer? If so, to what extent?

Vestas is setting up its assembly unit and warehousing space spread over 23 acres at the Greenbase Industrial and Logistics Parks, Chennai which will cater to its clients Pan India bringing in supply chain efficiencies. The Hiranandani Group using its strengths in design, value engineering and execution will deliver cost efficient structure which will provide Vestas with maximum productivity.

Q. The Indian Government has granted long sought infrastructure status to the logistics industry. What in your opinion are the possible benefits that you can reap in your project in particular?

Grant of infrastructure status will help the sector get credit at competitive rates and for longer tenure with enhanced limits while also giving access to cheaper foreign currency funding. Additional benefits through subsidies and exemptions are provided by the states depending on project size and location.

Q. You have stated that, "This portfolio is a good yield asset class, which most probably will be available for retail participation through a REIT/InvIT platform," Could you expand?

The industrial and warehousing spaces are sticky assets providing fixed cash flows at a steady yield. The REIT/ InvIT framework has been successfully implemented with the first Indian REIT launched in 2019. The REIT/ InvIT platform will provide investors an opportunity to invest in Grade A assets having stable rental yields while also giving exposure to capital appreciation in the asset class.

Q. How is the connectivity to Greenbase through rail and road? Which are the nearest seaports and airports and how does it connect to them?

Greenbase is located 8 km from NH45 Trichy-Chennai highway (GST Road) that connects to Southern parts and just 16 km from NH48 Chennai-Bangalore highway connecting to Central and North parts of India. It is just 55km from Chennai CBD; 40KM to Chennai airport; 60km to Chennai Central railway station and 85km to Ennore Port.

Industrial clusters in the vicinity include: Sriperumbudur industrial park (550 hectares); Irungattukottai Industrial Park (550 hectares); Oragadam industrial park (980 hectares); Maraimalai Nagar industrial belt.

Q. What type of companies do you expect to occupy space at Greenbase?

Greenbase will provide best in class facilities which will be tailored as per the clients requirements - large manufacturing companies and small and medium scale industrial catering to the growth of the economy. mg