Q&A: **Mahesh Sivaswamy** Chairman & CEO, Transworld Group Singapore

HINTERLAND HEROES **Indus Mega Food Park: Just Plug and Play**

IN CONVERSATION: **Dr Mashiur Rahman**, Adviser on Economic Affairs to Prime Minister of Bangladesh

INTERVENTION **Freight Payment Getting Streamlined**

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ICHIRO OSHIMA, CEO, DLDS

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FROM THE EDITOR

MAKE WATERWAYS A SMOOTH SAILING

"

Bangladesh will conduct fortnightly surveys on select river routes and share data on depths, channel alignments with India

"Well begun is half done," but this was not the case for the debut sailings that carried containerised cargo under the India-Bangladesh river protocol from Kolkata to Guwahati for reaching the final destination of northeast. While the ships were flagged off by Shipping Secretary Gopal Krishna among lots of fanfare, but the journey was less than an ideal one. It has been reported that two of the three vessels that set to sail, were grounded enroute on the Bangladesh side, which critically brings into question the maintenance dredging of the rivers. Had the water draft in the water channels been checked before the ships had set to sail, such an untoward incident could have been avoided that delayed the ships by more than a week in reaching their destination, dampening the very spirit of promoting waterways – to save on cost and time.

What makes the incident more critical is that this is not the first grounding incident to happen in the Bangladesh rivers. In 2012, *MV Mum* carrying Indonesian coal for Hindustan Paper Corporation's paper manufacturing plant in Panchgram, south Assam, met a similar fate on the sandy shores of Kushiara river. Silting in Bangladesh rivers especially during floods has been happening for centuries burdening the government with an extra cost of dredging for maintaining water level for navigation. In October 2018, the National Economic Council of the Bangladesh approved a BDT 44.89 billion ($535 million) project to procure 35 dredgers to keep up the navigability in 100 major rivers across the country.

A point to be noted here is that the monsoon season in Bangladesh extends from June to November, wherein rivers flood and carry high amounts of silt into the channels that drain into the Bay of Bengal. Since the debut sailing was scheduled for November which is the immediate month post monsoon, it was obvious for the rivers to have high silt level and lower water draft which caused the grounding of vessels. A pre-voyage check into the navigability of the rivers could have prevented it. Waking to the scenario and to ensure ships do not run aground in future both countries have started a ₹187 crore dredging project between Sirajganj and Daikhawa in Bangladesh, a distance of 175 km. The project – 80 per cent of which is funded by India – is expected to be completed by 2021. Bangladesh has agreed to conduct fortnightly surveys on select river routes and share data on depths, channel alignments and such with India so that these issues can be avoided. Hopefully, a smooth sailing can be expected in 2021.

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.

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"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.

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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.

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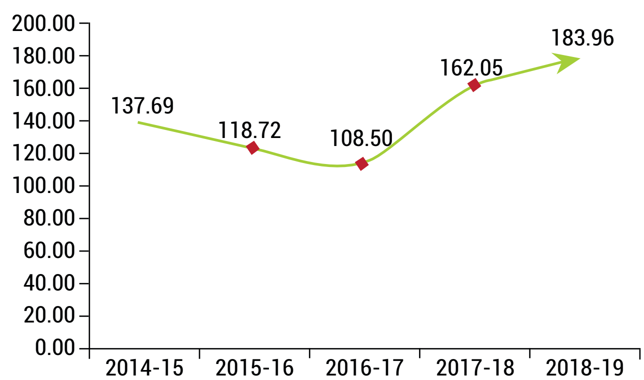
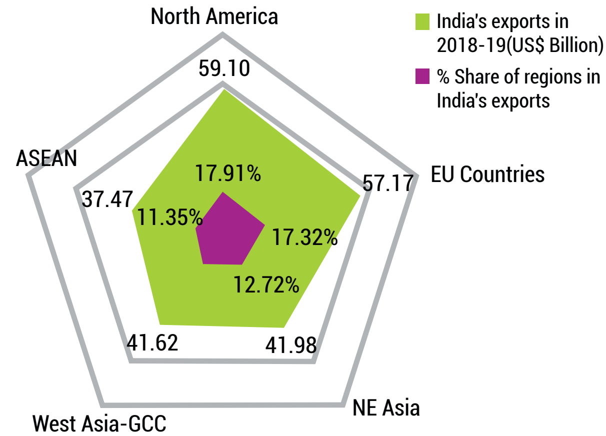
INDIA'S TRADE DEFICIT - A SNAP SHOT

Values in US$ Billion

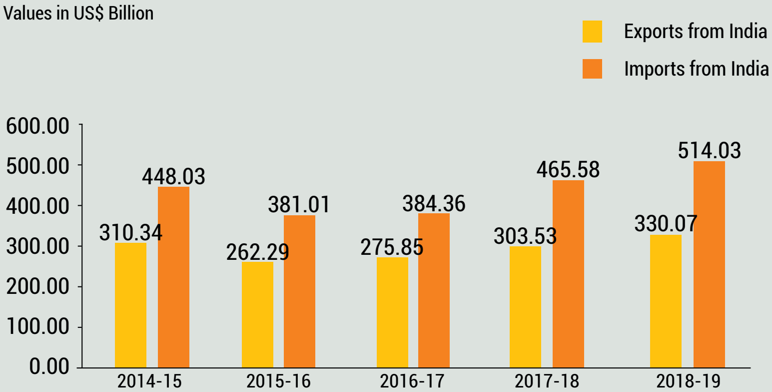


INDIA'S EXPORTS-REGION WISE



INDIA 'S EXPORTS VS IMPORTS

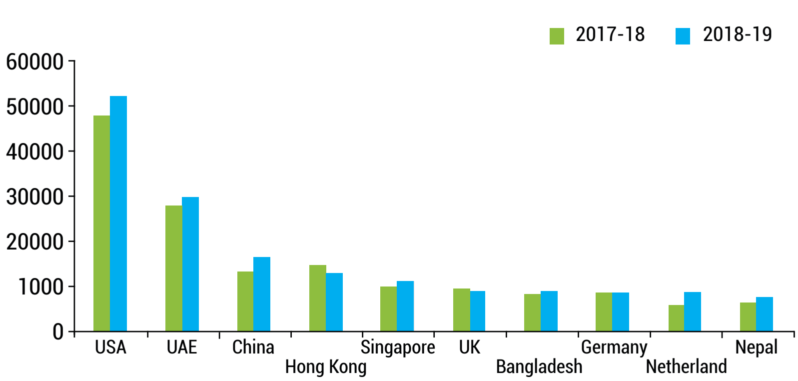
Values in US$ Billion



In 2018-19, India witnessed a rise of 14 per cent in its trade deficit, widening by US$ 46.27 billion in the last 5 years.

MAJOR EXPORT DESTINATIONS FOR INDIA

Values in US$ Billion



ECOMMERCE RANKING

UNCTAD B2C ecommerce index, 2019

	2019 Rank (+/-)	Economy	2019 Score
Top 10	1 (0)	Netherlands	96.4
	2 (1)	Switzerland	95.5
	3 (-1)	Singapore	95.1
	4 (9)	Finland	94.4
	5 (-1)	UK	94.4
	6 (4)	Denmark	94.2
	7 (-2)	Norway	93.4
	8 (-1)	Ireland	93.3
	9 (3)	Germany	92.9
	10 (1)	Australia	91.8
Brics	40 (2)	Russia	77.9
	56 (6)	China	68.8
	73 (7)	India	57
	74 (-14)	Brazil	56.9
	76 (1)	South Africa	54.4

European nations hold eight of the top 10 spots on unctad's Business-to- consumer (B2C) Ecommerce Index 2019. The index assesses 152 nations on their readiness for online shopping.

Even if a trade deal is reached with China, it may take months or years for trade volumes to snap back. The US is in a 360 degree trade negotiation that includes not only China, but ongoing trade talks with the European Union, Canada and Mexico.

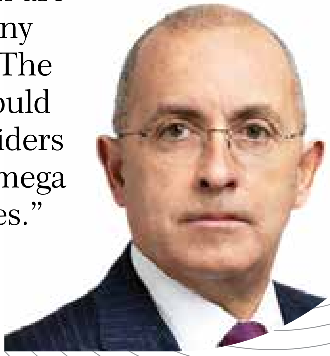
- Gene Seroka
Executive Director, Port of Los Angeles

Sri Lanka's new government is keen to cancel the lease of Hambantota Port to China Merchants. The ideal situation would be - we pay back the loan in the way we had originally agreed.

- Ajith Nivard Cabraal
Economic Adviser to Mahinda Rajapaksa, Prime Minister, Sri Lanka

Public policies around technological transformation are still at their inception in many port cities across the globe. The creation of such policies should be a priority when one considers that 17 of the top 25 world mega cities are also port megacities."

- Pascal Ollivier
President, Maritime Street



The economic slowdown is "temporary" and a result of the trade war between the US and China. The fall in the GDP growth in Q2 of the current fiscal is cyclical in nature and the economy has started moving in the right direction.

- Nirmala Sitharaman
Minister of Finance, Government of India

Mega-mergers, strong alliances and a narrowing competitive gap between global shipbuilding powerhouses mean that when market recovery commences, China is aiming for a greater share."

- Jane Chen
Vice President - Strategy and Head of China, MacGregor

SRI LANKA

Sri Lanka to double crude oil tank capacity by 2020

Sri Lanka aims to double its crude oil tank capacity by 2020, while a tripartite LNG terminal and power plant agreement will be signed with India and Japan by mid next year. The new government headed by President Gotabaya Rajapaksa, was planning for the current two-week fuel storage capacity to be increased to four weeks by next year to ensure there is no shortage of oil following a severe oil crisis which hit the island country in 2017. While the previous UNF government had planned to expand the fuel storage tanks at the Kolonnawa Terminal in the outskirts of the capital, the new government would also evaluate the establishment of new tanks or the possibility of reacquiring and rehabilitating some of the oil tanks in Trincomalee in the east which is currently on lease to India.

BANGLADESH

Trial run of Indian ships using Bangladeshi ports to begin in January

India will soon have access to Bangladeshi ports for movements of its cargo ships. The first trial-run in this regard will take place in January. “In the trial run, a container cargo is likely to operate either through Chittagong Port or Mongla Port to the Indian state of Tripura through the Agartala and Akhaura river routes. We will observe the problems in the first trial, if there are any, and will solve them before the second trial gets underway,”said Abdus Samad, Shipping Secretary, Bangladesh. The move would also help Bangladesh benefit from levies earned from the Indian ship movements and at the same time lead to a greater movement of its own inland water vessels.

NEPAL

Biratnagar ICP to be operational soon

Nepal’s second Integrated Check Post (ICP) in Biratnagar is expected to come into operation from January. Necessary infrastructure of the ICP on Nepal side has been completed and the infrastructure on Indian side is in process. The ICP is being developed with assistance from the Indian government. The Nepal government is yet to determine the inauguration and operation modality of the ICP. However, discussions are in progress to operate the ICP on a similar model as the ICP in Birgunj. The ICP will be equipped with banks, quarantine, Customs, immigration, warehouse, litigation shed and parking.

VIETNAM

Maersk opens new logistics centre in Vietnam

Maersk launches its new logistics centre in Bac Ninh to address the needs of a

high-demand North Vietnam market. The new warehouse offers premium Warehousing and Distribution solutions to support customers and the significant trade growth in the region. Constructed by Mapletree Logistics Park Bac Ninh Phase 3 (Viet Nam), the 11,000 square-meter warehouse is strategically located inside the VSIP Industrial Park in Bac Ninh, within 25km to Hanoi centre and 120km to Hai Phong port. The fully Maersk-operated footprint is equipped with the latest technology to enable automation and provide best-in-class warehousing and distribution solutions. Approximately 40 per cent of the new warehouse is occupied by Turkish home appliances company Vietbeko, while the remaining capacity is filled by customers from various segments including automotive and FMCG. The Bac Ninh logistics centre will enable Maersk to offer end-to-end solutions to North Vietnam customers and thus better meet their specific requirements.

MYANMAR

CMEC in progress

China is planning to build vital trade and logistics links with Myanmar along the Ayeyarwady River as part of the China-Myanmar Economic Corridor (CMEC). China has commenced feasibility studies on a road and river route linking Kunming to Mandalay and Yangon via the Ayeyarwady. On the China side, railroads and bonded warehouses have already been constructed at Kunming Tenjun International Dry Port. On the Myanmar side supporting infrastructure such as inland river ports and other facilities will be needed along the Ayeyarwady. A port is also being planned in Bhamo, the Kachin city located by the Ayeyarwady. Investors from Japan and Singapore have shown interest in port projects along the Ayeyarwady. In fact, river ports are slated for construction at Bhamaw, Mandalay, Pakokku, Magwe along the Ayeyarwady and Monywa and Kalaywa along the Chindwin River under the National Transport Master Plan 2015-35 drafted by JICA and Ministry of Transportation and Communication.

SINGAPORE

PSA acquires stake in Ameya Logistics

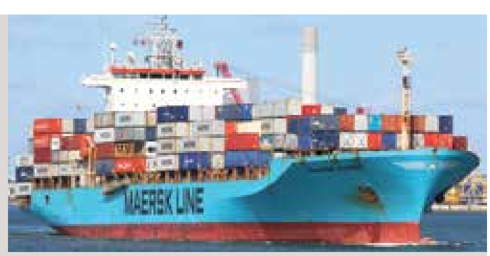
PSA India Intermodal Pte Ltd, a unit of Singapore-based PSA International Pte Ltd, has acquired a 50 per cent stake in Ameya Logistics from CMA CGM SA for $93 million. Ameya Logistics Pvt Ltd runs a CFS near JNPT, it holds a 51 per cent stake in CMA CGM Logistics Park Dadri and a 55 per cent stake in Honeycomb Logistics Pvt Ltd, which runs a CFS at Mundra in Gujarat. The purchase of the 50 per cent stake in Ameya Logistics will help PSA get stakes in the other two facilities as well. This is part of a plan by the container terminal operator to diversify business and garner more revenue from inland logistics.

HOSPITAL IN A SHIPPING CONTAINER

The Salam Cardiac Surgery Centre in Sudan is more than just a life-saving medical facility – it's also powered by the sun and built from discarded shipping containers. Located near the Nile River in Khartoum, Sudan, the facility is equipped with top-notch surgery rooms, diagnostic labs and more. The project was recently shortlisted for the 2013 Aga Khan Architecture Award. TAMassociati Architecture have built the hospital using discarded shipping containers and the facility includes a hospital block, a cafeteria, and staff accommodations. The cafeteria makes use of seven 40-ft containers and the housing uses ninety 20-ft containers. Each room uses 1.5 shipping containers and includes bathroom and small veranda facing the garden. The facility is kept cool with an 'onion system' comprised of 5-cm of insulating panels and an outer skin made up of a ventilated metal roof and bamboo blinds. An on-site solar farm generates hot water for the entire complex.

MSC BECOMES FIRST TO USE 30% BIOFUEL BLENDS

MSC is now starting to use biofuel in its vessels calling in Rotterdam. Following successful trials with biofuel blends, MSC has decided to continue bunkering responsibly sourced biofuel blends on a routine basis. The trials were completed with a minimal 10% blend fuel and following further trials the company is now using much higher 30% blends. "We look forward to using biofuel on our vessels as a routine matter. When using such blended fuel, we expect 15-20% reduction in absolute CO_2 emissions," said Bud Darr, Executive Vice President, Maritime Policy & Government Affairs, MSC Group.



MAERSK LAUNCHES NEW VISIBILITY TOOL 'CAPTAIN PETER'

Maersk recently released its revamped Remote Container Management (RCM) platform featuring the virtual assistant "Captain Peter." Since its launch to customers in September 2017, over 3,600 companies have signed up for RCM and the transparency on information from the over 380,000 refrigerated containers of the combined fleet of Maersk and Hamburg Süd it provides.

Captain Peter keeps an eye on the container's temperature, humidity, and CO_2 levels, and notifies the customer if something needs attention. The data is now cloud-based for increased agility and can be easily shared as well as configured to the customer's specific needs. Maersk plans to continue the dialogue with customers and add even more advanced features to the new reefer platform going forward, delivering value to the customers' businesses through digital innovation.

QWYK WINS GLOBAL CO-OPERATION DEAL WITH DB SCHENKER

Qwyk, the digital freight start-up, has signed an agreement to further enhance DB Schenker's digital portfolio by connecting the company to the largest database for global sailing schedules. Qwyk, in combination with DB Schenker's own data, was selected for its solution because it had the most accurate and complete data set. With over 90 carriers in Qwyk's portfolio and the technology to assure data accuracy both parameters were fulfilled to meet Schenker's needs.

WEEKLY EXPORT TRAIN FROM ICD LUDHIANA TO JN PORT

JNPT along with CONCOR announced the commencement of a weekly export train from ICD Ludhiana to JN Port. This service every Saturday ensures faster evacuation of export containers destined for JNPT, will also enhance the trade requirement of Ludhiana with Mumbai. The Ludhiana ICD caters to a vast interior market that includes the states of Himachal Pradesh, Haryana, and Rajasthan. On average, the port currently sends and receives nearly 20 trains daily. CONCOR will accommodate export containers of other Private train operators on their trains for facilitating timely connection of exports to container vessels.

HAMBANTOTA INTERNATIONAL PORT REACHES 1 MMT BENCHMARK FOR 2019

The Hambantota International Port had a busy year end with six Ro-Ro ships calling at the port, discharging 18,288 vehicles of which 16,830 were for transshipment and 1,458 were for local agencies. The discharging operation for these vessels were carried out simultaneously. The vessels were from the shipping lines Hoegh, NYK and Glovis which have Terminal Service Agreements (TSA) with HIP. The port recently reached the one million MT benchmark for 2019 with volumes from three sectors i.e. RoRo, bulk and liquid cargo.

PARKING PLAZAS AT VICTT REMAIN UNOCCUPIED

Despite offering four parking plazas near Vallarpadam International Container Transshipment Terminal (VICTT), occupancy of the plazas hasn't even touched 50 per cent of the full capacity in the past few months amidst the demands of trade union coordination committee for allocating 10-acres inside the ICTT compound. As the parking of container trucks along the NH966A results in several accidents, the operators of parking terminals allege the non-cooperation of workers has resulted in severe loss in these plazas. "Currently, less than 50 per cent of containers is utilising these facilities. We are charging only nominal rates compared to many other ports across the country," said Mevin D'Silva, manager, Vegam Logitech services which operate the BPCL and LNG yards.

RECYCLING OF SHIPS BILL PASSED

India is looking to raise its global share in ship recycling business to 60 per cent and almost double its contribution to country's GDP to about $2.2 billion post enactment of a law for recycling of ships, Union Minister Mansukh Lal Mandaviya said. The direct jobs from recycling sector were likely to double to about 90,000. The Bill seeks to regulate recycling of ships in accordance with international standards. "There are 53,000 merchant ships globally. Every year 1,000 are recycled and 300 are recycled in India, which is 30 per cent of the global recycling. Now after nod to Recycling Bill, we expect it to touch 60 per cent as the bill provides for acceding to the Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships. We expect ships for recycling from many nations," Mandaviya informed.

ADANI PORTS & SEZ INCORPORATES SUBSIDIARY

Adani Ports & Special Economic Zone incorporated a wholly-owned subsidiary, Adani Pipelines, on 12 December 2019 and it is yet to commence its business operations. Adani Pipelines has authorized share capital and paid-up share capital of ₹5 lakh respectively. It was incorporated as a wholly owned subsidiary of the company for carrying out business of transportation of crude, oil, gas, petroleum products through rail, road pipeline, sea, waterways & other related activities. On a consolidated basis, Adani Ports & SEZ's net profit jumped 74.1% to ₹1,054.15 crore on 8.2% rise in net sales to ₹2,821.16 crore in Q2 September 2019 over Q2 September 2018.

In a separate announcement APSEZ appointed Richard Ventre as Chief Information Officer (CIO). Earlier to this, Ventre worked with Maersk APM Terminals as a Senior Global IT Director. His priorities in the new organization will include executing the technology strategy that enables APSEZ's vision of becoming a leading integrated logistics and port company.

MMTC ORDERS ONIONS FROM TURKEY

MMTC has issued a contract for buying an additional 4,000 tonnes of onions from Turkey, and this would be in addition to over 17,000 tonnes – 11,000 tonnes from Turkey and 6,090 tonnes from Egypt – for which the orders have already been placed. Besides, the Department of Consumer Affairs has directed MMTC to come out with three more tenders to import 5,000 tonnes of the bulbs each. While two of them would be country-specific – from Turkey and the European Union – the third would be a global tender.

SHIPPING

Hamburg Süd launches Remote Container Management for reefer transport

With immediate effect, all Hamburg Süd customers can use the new Remote Container Management (RCM) technology for their reefer container shipments. RCM monitors parameters such as temperature, relative humidity, and the concentrations of O_2 and CO_2 within the reefer container in real-time. The added value of using RCM is that it enables customers to use this data to monitor their supply chain better, to make it much more efficient and reliable, and to thereby leverage great potential for cost savings. As a special feature, the data of the cargo probes for Cold Treatment cargo are available online.

Once registered customers have logged in, they will receive an overview of the reefer containers they have booked as well as information on ports of departure and destination, container numbers and vessel names. The "Journey Log" shows all the important events of the container transport, such as delivery to the terminal or loading onto and discharging from the ship.

Vessel operating costs seen continuing to rise

Underlying vessel operating cost inflation accelerated moderately in 2019 on higher repair and maintenance and insurance spend, while, looking ahead, costs are expected to continue rising at a similar pace in 2020 on a hardening insurance market before receding in subsequent years, according to the latest report by Drewry.

Costs rose for a third consecutive year following marked declines in the capacity ravaged years of 2015-16. Opex costs are heavily linked to developments in the wider shipping market as some, such as insurance, are connected to asset values and others impacted by the ability of shipowners to pay.

Drewry estimates that average daily operating costs across the 46 different ship types and sizes increased 2.2 per cent in 2019, compared to underlying increases of 1.1 per cent and 0.7 per cent, respectively, in the previous two years. This followed a period in which opex spending contracted over two consecutive years by almost 9 per cent in 2015-16. Spend rose across all six of the main opex cost heads for the second consecutive year in 2019, indicating how broadbased inflation continues to be.

IKEA, CMA CGM and GoodShipping test biofuel

IKEA Transport & Logistics Services, the CMA CGM Group, and the GoodShipping Program have successfully completed 2019 biofuel test programme on CMA CGM vessels, following the positive trials of Heavy Fuel Oil-equivalent (HFO) Bio-Fuel Oil (GoodFuels BFO) during CMA CGM ALEXANDER VON HUMBOLDT's North Europe-Asia trip, which occurred in September and October 2019. This latest development follows the world premiere refuelling of a container ship with sustainable biofuel, when the CMA CGM WHITE SHARK took on the bunker during a call at the Port of Rotterdam in March 2019.

Under the unprecedented trial, sustainable Bio-Fuel Oil was used in a blend with conventional fossil-based marine fuels to power a vessel on a major ocean going route. Both applications of the Bio-Fuel Oil showed a positive result, thus proving the technical compatibility of sustainable marine biofuels.

Measures to boost Indian tonnage

In order to increase tonnage capacity of the Indian shipping industry, the government has taken a number of steps. These include: Providing Indian shipping industry cargo support through Right of First Refusal; reducing GST from 18 per cent to 5 per cent on bunker fuel used in Indian flag vessels; allowing carriage of coastal cargo from one Indian port to another Indian port via foreign ports in Sri Lanka and Bangladesh; removing licencing requirement for chartering of foreign registered ships by citizens of India, companies incorporated in India and Registered Societies to encourage coastal movement of agriculture and other commodities, fertiliser, exim transhipment containers and empty containers; bringing parity in the tax regime of Indian seafarers employed on Indian flag ships vis-à-vis those on foreign flag ships.

Cargo Consolidators India expands its footprint in the country

Paresh Bhanushali, CMD of Cargo Consolidators India informs that in a bid to expand its footprint, his company will be opening offices in Kolkata, Chennai and Coimbatore. Currently, Cargo Consolidators has offices in Mumbai, Delhi, Ahmedabad, Bangalore and Pune. With this expansion, the company will be able to reach its offer of integrated logistics solutions to a larger base of customers across India.

The company currently handles a significant volume of 200 plus teus a month on import consols from worldwide origins into Nhava Sheva alone, and the export consol volumes are on a steady increase. The Multi City Consolidation reach is well set up at the gateways for cargo movement in and out of the inland locations.

India's box traffic grows

The combined volume of containerized shipments processed at 12 major ports in April-October 2019 was 5.94 million teus, up 2.8 per cent from a year earlier. JNPT handled 2.975 million teus, down 2.1 per cent, while containers to and from Chennai surged 11.8 per cent to 859,000 teus. Those to and from Kolkata improved 2.8 per cent to 510,000 teus. Container lifting at V.O. Chidambaranar, Cochin and Visakhapatnam were all favorable, totaling 486,000 teus, up 13 per cent; 364,000 teus, up 10.6 per cent and 301,000 teus, up 13.2 per cent, respectively. Deendayal (formerly Kandla) performed very well, at which containers skyrocketed 102.5 per cent to 239,000 teus, while those to and from New Mangalore grew a much milder 9.9 per cent to 89,000 teus. Kamarajar (formerly Ennore) was another port doing extremely well, handling 76,000 teus, which swelled 75-folds. In contrast, shipments to and from Mumbai nearly remained unchanged at 17,000 teus, and those to and from Mormugao plunged 11.1 per cent to 16,000 teus. Throughput at Paradip was favorable, too, soaring 20 per cent to 6,000 teus.

Nepal cargo through Ganges River

The technical committees of Nepal and India finalised operation modality of inland waterways through three Indian routes, thereby bringing closer to reality the country's dream of operating ships bearing Nepal's flag.

The two-day Nepal-India Transit Treaty review meeting finalised Standard of Procedure for Nepal to use three inland waterways routes on Ganges River – Kolkata-Kalughat- Raxaul, Kolkata-Sahebgunj-Biratnagar and Kolkata-Varanasi-Raxaul. The two countries are expected to review the existing Transit Treaty by incorporating inland waterways as a new trade route for bilateral trade based on this modality finalised by the technical committees of the two nations.

The meeting has also finalised two new routes for bulk cargo transportation. As per the existing provision, bulk cargo is allowed to enter only from Raxaul (Birgunj). However, the two sides have agreed to allow bulk cargo movement to Nepal also from Jogbani (Biratnagar) and Nautanwa (Bhairahawa). Though Nepal had been seeking the implementation of Electronic Cargo Tracking System (ECTS) and adoption of transhipment modality in import-export between the two countries in the Transit Treaty, the Indian side has said the issue will be decided upon after holding further consultations with the Indian government.

India Accedes to the Hong Kong Convention

India, one of the world's five major ship recycling countries, has acceded to the IMO Hong Kong Convention, the treaty that will set global standards for safe and environmentally-sound ship recycling. The treaty will enter into force 24 months after three separate criteria have been met. It must be ratified by 15 States - but these States must represent 40 percent of world merchant shipping by gross tonnage, and a combined maximum annual ship recycling volume (during the preceding 10 years) if not less than three percent of their combined gross tonnage.

The Contracting States are: Belgium, Congo, Denmark, Estonia, France, Germany, Ghana, India, Japan, Malta, Netherlands, Norway, Panama, Serbia and Turkey. They between them represent just over 30 percent of world merchant shipping tonnage.

Asia to Europe container traffic slumps

Outbound containers from Asia to Europe decreased 3.4 per cent to 1,351,627 teus in September, registering the first year-on-year shrinkage in seven months. Inbound containers from Europe to Asia, in contrast, increased 8.8 per cent to 664,437 teus, swelling from a year earlier for nine months running. In the first nine months (January-September), Asia exported a total of 12,622,534 teus to Europe, up 3.7 per cent, while imports from Europe to Asia rose 7.5 per cent to 6,051,505 teus in total.

Looking at containers moved from Asia to Europe in September by region of origin, those from Northeast Asia plunged 10 per cent to 153,369 teus. Combined exports from China and Hong Kong were also weak, declining 3.1 per cent to 992,311 teus in total. On the other hand, those from Southeast Asia were not, growing a minute 0.6 per cent to 205,930 teus. By destination, meanwhile, exports to Northern Europe went down 3.8 per cent to 874,327 teus; to the western Mediterranean, down 7.5 per cent to 224,889 teus and to the eastern Mediterranean, down 1.9 per cent to 252,411 teus.

Customs to roll out faceless assessment of cargo

The Customs Department will take the Ease of Doing Business initiatives to the next level by rolling out the concept of faceless assessment of cargo across the Country over the next few months, whereby consignments will be assessed by a virtual group irrespective of where the Bill of Entry is filed. Suppose, a Bill of Entry is filed in Mangaluru, and it pertains to, say, a particular fuel oil. There can be specialised Custom Houses in the Country which specialise in a specific cargo and these alone will assess that Bill no matter where it is filed. The Customs Dept has already started the pilot in Bangalore. So, all machinery will be assessed by a virtual group no matter where the Bill of Entry is filed. In Chennai, it's already being done. It's a matter of a few months before it is rolled out across the Country.

DMICDC Logistics Data Services in Kamarajar Port

DMICDC Logistics Data Services (DLDS) has launched its container tracking service at Kamarajar Port. DLDS' flagship solution, Logistics Data Bank (LDB), is a single window container tracking solution aimed at improving operations in Indian container logistics. It began its operations in the western corridor, at JNPT in year 2016, and later extended it to Hazira and Mundra ports of Adani in year 2017.

LDB operations were extended at India's south-eastern corridor covering the ports of Chennai, Visakhapatnam, and Krishnapatnam. With inclusion of Kamarajar Port, LDB's ICT-based services have become operational across 25 terminals of India.

PORTS

Mumbai Port records single day output of 18,149 tonnes of steel

Continuing the efficiency improvements in its multipurpose break-bulk operations, Mumbai Port has achieved a single day output of 18,149 tonnes of steel from the vessel M.V. Pan Pride under the agency of Parekh Marine Agency. The discharging operations commenced at 1340 hours on November 23, 2019 and were completed at 0920 hours on November 25. From the time of berthing, i.e. 1340 hours on November 23 to 1340 hours on November 24, i.e. within 24 hours, 18,149 tonnes of HR and CR coils were discharged with excellent coordination between the port officials, transporters and employees. Mumbai Port is the preferred port for steel handling operations. In fiscal 2018-19, the steel traffic constituted 3,268,000 tonnes. The major users of MbPT facilities include POSCO, Essar, Tata Steel, JSW, ThyssenKrupp and Bhushan Steel.

Cargo volume of 12 major ports marginally up at 463MT in April-November

Cargo volume handled by the country's top 12 ports was marginally up by 0.34 per cent at 463.07 million tonnes during the April-November period this year. The ports had handled 461.48 MT of cargo during the corresponding period of the last fiscal. The ports are Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V.O. Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia).

While the handling of iron ore saw a 30.24 per cent jump to 33.95 MT during the period, thermal coal shipments declined by 17.82 per cent to 58.17 MT. The 12 ports had handled 26.07 MT of iron ore and 70.79 MT of coal during the April-November period of the previous fiscal. Handling of coking and other coal rose by 1.95 per cent to 37.17 MT during the eight months as compared with 36.45 MT of coking coal handled in the corresponding period last fiscal.

Port of Rotterdam revises vision

The city council of Rotterdam has adopted a revised Port Vision, the core of which is creation of economic and societal value and realising sustainable growth. It replaces Port Vision 2030, which dates from 2011. Said Allard Castelein, Port of Rotterdam Authority CEO: "An intensive process has resulted in a fantastic and widely supported vision that focuses on further increasing the Port of Rotterdam's leading position with respect to the energy transition and logistics."

Rotterdam aims to be a frontrunner in sustainable and efficient supply chains. The revised Port Vision has adopted each of the ambitious objectives exactly as stated in the Rotterdam contribution to the Climate Agreement (Rotterdam-Moerdijk). The sustainable development goals adopted by the United Nations for sustainable economic development are also given a central position. In doing so, the aim is to create societal and economic value.

Cochin Port Trust to resume RoRo service

In view of traders' difficulties following the suspension of the RoRo service for cargo transportation, Cochin Port Trust has initiated steps to resume the suspended service to carry container trailers between Willingdon Island and ICTT at Vallarpadam from February 2020, said Goutam Gupta, the Port's Traffic Manager. Moreover, the port also has plans to have uniform terminal charges.

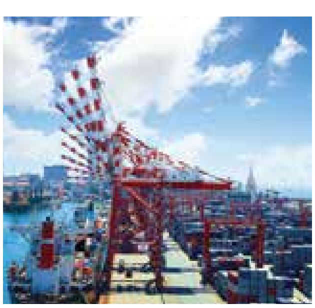
CSL to start operations at Marine Dockyard in Port Blair

Cochin Shipyard Ltd (CSL) has entered into an agreement with the Andaman & Nicobar Administration to commence operations at the Marine Dockyard in Port Blair, a facility that is currently operated directly by the A&N Administration. Under the agreement, CSL would assist the administration to set up a ship repair ecosystem in the Andaman & Nicobar Islands, associate in the augmentation and modernisation of the facility, and also focus efforts towards skill development in the islands. The agreement is for 30 years, during which CSL is expected to spruce up the operational efficiency of the dockyard as well as improve the overall ship repair ecosystem on the island, to ensure faster turnaround and minimise the downtime of vessels.

Combating oil spills

Mansukh Mandaviya, Minister of State for Shipping (Independent Charge), informs that the government has developed a standard operating procedure for all ports in the country to deal with oil spills and other accidents that can damage the marine ecology surrounding the ports. The central government has formulated a scheme for providing assistance to major ports and oil handling non-major ports under state maritime boards/state governments for combating oil pollution and for mitigation measures. Under the scheme, 10 major ports and 8 non-major ports have been provided financial assistance so far for procurement of Oil Spill Response (OSR) equipment as per specifications suggested in NOSDCP-2015.

Increased container volumes at Colombo Port



Container volumes at the Port of Colombo in Sri Lanka saw a 5.1 per cent increase in September compared to the same period last year. The Port of Colombo handled 604,400 containers in September while domestic container volumes were up 2.5 per cent to 108,735. Transshipment volumes were up 5.2 per cent to 483,240 teus in September and total volumes were up 5.5 per cent to 4.366 million teus.

Box throughput at Chinese ports grows

Chinese ports handled a total of 21.11 million teus of containers in October, up 4.1 per cent year on year. Throughput increased at both coastal and inland river ports, growing 4 per cent to 19.58 million teus and 4.7 per cent to 2.53 million teus. In the first 10 months (January-October), 217.29 million teus were moved to and from China, up 4.5 per cent. Containers to and from coastal ports accounted for 192.57 million teus, up 4 per cent, while they were more brisk to and from inland river ports, swelling 8.7 per cent to 24.72 million teus.

Vizag Port Trust all set to become transhipment hub

With all-out efforts being under way to elevate its ranking to third position among major ports after Kandla and Paradip, the Visakhapatnam Port Trust has set in motion an exercise to emerge as a transhipment hub. The port ranked fourth by handling a cargo of 65.30 million tonne during 2018-19 and has already received 3.8 million tonne more than the corresponding period last year witnessing the highest growth rate among major ports. "We are expecting to handle a throughput of 70 million tonnes to take over third position during the current fiscal," said VPT Chairman K Ramamohan Rao.

As a preparation to become transhipment hub to handle mainline vessels with an overall length (LOA) of 397 metres to carry 15,000 to 16,000 containers from the present 320 LOA containing 6,000 to 7,000 containers, the VPT conducted simulation studies at FORCE Technology, Singapore, sometime ago which proved the scope for handling bigger size vessels technically viable.

Increasing Indian Port capacity to 3300+ MTPA by 2025

The Minister of State for Shipping (I/C) and Chemical & Fertilizers, Mansukh Mandaviya informed that an analysis of nation-wide end-to-end logistics flows of all key commodities at ports was carried out based on which the National Perspective Plan (NPP) for the Sagarmala Programme was prepared in April 2016.

As part of the NPP, a roadmap is developed for increasing Indian port capacity to 3300+ MTPA by 2025. Master Planning of 12 major ports has been carried out and 95 capacity expansion and port modernizations projects have been identified. Major ports capacity has been re-rated with respect to global benchmarks as per berthing

policy 2016 and effective capacity has increased by 293 MTPA after re-rating. Global benchmarks have been adopted to improve the efficiency and productivity for major ports and 116 initiatives have been identified to unlock 100 MTPA of capacity at Major Ports.

LOGISTICS

BVC Logistics' Vision 2022

BVC Logistics started its 60th year and unveiled its Vision 2022: To make shipping the competitive advantage of 30,000 businesses by March 2022. To achieve this vision, BVC has set aggressive service targets like achieving delivery within 24 hours anywhere in India and deep use of technology. BVC is also expanding its geographical coverage from 10,000 pin codes to over 20,000 pin codes, making hundreds of bullet-proof vehicles, recruiting over 1000 BVCites, all over the coming 30 months. Over the years, BVC has grown exponentially, expanding their offices, team, solutions and customers, working with over 16,000 businesses in the diamond and jewellery market to offer a secure value chain consisting of miners, manufacturers, wholesalers, retailers and e-tailers.

Tripura gets its first SEZ

The Ministry of Commerce and Industry has notified the setting up of the first-ever Special Economic Zone (SEZ) in Tripura. The SEZ is being set up at Paschim Jalefa, Sabroom, South Tripura District, which is 130 km away from Agartala. It will be a sector-specific economic zone for agro-based food processing. The estimated investment in the project will be around ₹1,550 crore, with the developer being Tripura Industrial Development Corporation (TIDC) Ltd. Rubber-based industries, textile and apparel industries, bamboo and agri-food processing industries will be a part of the SEZ. Coming up of the SEZ in Sabroom will open up new avenues to attract private investment considering the proximity of Bangladesh's Chittagong Port and construction of the bridge across Feni River in South Tripura which is underway.

General Purpose Wagon Investment Scheme liberalised

Ministry of Railways has further liberalised the General Purpose Wagon Investment Scheme for prospective investors. End users (other than logistics service providers) also have been granted permission to load third-party cargo in their rakes in empty direction. This will not only reduce the empty run of GPWIS rakes, but will also entail additional revenue to end user investors in the form of freight rebate. Design Loan charges on General Purpose Wagons have been reduced from 5 per cent to 1 per cent. This will significantly reduce the initial investment required for procurement of wagons.

The Ministry has introduced a scheme for investment in General Purpose Wagons, under which, approvals for 163 rakes have been granted and 20 rakes have already been inducted into operation. As a result of these relaxations, it is expected that the scheme will become more attractive for prospective investors.

India seeking review of FTAs with ASEAN and Japan

India has sought a review of its existing free trade agreements (FTAs) with ASEAN and Japan, said Piyush Goyal, Union Commerce and Industry Minister. Eight rounds of negotiations have been held with South Korea for upgrading the existing comprehensive FTA. On the other hand, India and the European Union have held eight stock-taking level meetings since the resumption of their negotiations in 2016 on a proposed Bilateral Trade and Investment Agreement. India is engaging bilaterally, and multilaterally, to pursue opportunities for furthering its trade ties, including opportunities for suitable trade agreements, keeping in mind the national interest.

India's crude steel production drops

India's crude steel output fell 3.4 per cent to 9.089 million tonnes (mt) during October this year. The country had produced 9.408 mt of crude steel during the same month a year ago. Global steel output stood at 151.494 mt in October 2019, 2.8 per cent down compared to 155.833 mt in October 2018. Similarly, China's crude steel production for October 2019 was 81.521 mt, a decrease of 0.6 per cent compared to 82.014 mt in October 2018. Japan's output fell 4.9 per cent to 8.157 mt in the reported month. The US produced 7.407 mt crude steel in October 2019, a decrease of 2 per cent. In the EU, Germany produced 3.3 mt of crude steel in October 2019, Italy produced 2.2 mt, France produced 1.2 mt and Spain's output was 1.2 mt.

The first Maritime SheEO Conference

The first Maritime SheEO Conference is being organised on March 20, 2020 in Mumbai. The event is endorsed by IMO and supported by The DG Shipping and United Nations Global Compact. Maritime SheEO is a concept that works towards creating the next generation of women maritime leaders. It focuses on the business case for diversity and works with stakeholders to create solutions for the industry.

Ministry of Shipping approves key projects/ proposals

As per a Ministry of Shipping communiqué, three projects related to major ports were appraised by the Standing Committee of Finance recently. These were (i) Development of Mumbai Marina at Prince's Dock on Design, Build, Finance, Operate and Transfer (DBFOT) basis on PPP mode at a cost of ₹359.25 crore, (ii) Selection of a PPP operator for end-to-end execution of JNPT/MbPT Barge/ Ship operation to reduce congestion in Mumbai and create value for trade, at a cost of ₹153 crore, and (iii) Mechanisation of Berth No. 3 on DBFOT basis at Haldia Dock Complex for a concession period of 30 years at a cost of ₹331.94 crore. The project for mechanisation of Berth No. 14 for handling containers and other cargo at New Mangalore Port Trust, at a cost of ₹280.71 crore and involving capacity addition of 6.01 million tonnes per annum (in two phases), was awarded.

H K Joshi is CMD of SCI

H K Joshi has assumed charge as Chairperson & Managing Director of The Shipping Corporation of India. She is the first woman to be at the helm of affairs of India's largest and most diversified shipping company. Prior to her appointment as CMD, she was serving SCI as Director (Finance) since February 2015 and was also holding the additional charge of C&MD since September 12, 2019.

Joshi is a Member of the Institute of Directors (IoD) and a Fellow Member of The Institute of Cost Accountants of India. She is a Rank Holder in her Post Graduation in Commerce, with specialisation in Financial Management, from the prestigious Delhi School of Economics, Delhi University, after her B.Com (Hons) from Delhi University. She also has a MBA with specialisation in Financial Management.

Maersk's OceanPro continues accelerating innovation

OceanPro celebrates successful conclusion of second cohort comprising of 4 start-ups working in exciting technology areas like Artificial Intelligence (AI), Machine Learning (ML) and leveraging the data wealth of Maersk. A third

cohort is now announced that focuses on optimizing the brand experience and customer journey through the e-commerce platform of Maersk Solutions developed in the first cohort used in Inland tracking by 3 countries and is now being prepared for a wider global roll out.

OceanPro successfully launched its first set of 7 start-ups last year, that saw approximately 50% conversion to a production scale solution provider. One of the solutions developed from the initial cohorts is now being used in inland tracking by 3 countries and is even scheduled for a wider global roll out. Another Virtual Reality (VR) solution developed also reached 12000+ employees giving them immersive learning experience of a Triple E vessel (one of the largest classes of container ships in the world).

IPPTA reconstitutes its management committee

Indian Private Ports and Terminals Association (IPPTA) has reconstituted its management committee and also added two new members, viz., Paradip International Cargo Terminal Pvt. Ltd (PICT) and Kandla International Container Terminal Pvt. Ltd (KICT). At the Annual General Body meeting of IPPTA, the management committee re-elected Ragam Kishore of Vizag Seaport Pvt Ltd as the President and Kevin D'Souza of DP World as the Vice-President. K K Krishnadas of VCTPL has been appointed as the Secretary and Kumar Ankit of VGCB as the Treasurer.

The other members on the committee are Girish Aggarwal of Gateway Terminals India Pvt Ltd, Julian Bevis, Pipavav Port, R Venkatesh, Chennai Container Terminal Pvt Ltd, Jibu K Itty, Nhava Sheva (India) Gateway Terminal, Sujeet Singh, Mundra International Container Terminal, Praveen Joseph, India Gateway Terminal Pvt Ltd, D K Nanda, Tata Martrade International Logistics Ltd, Senthil Kumar, Dakshin Bharat Gateway Terminal Pvt Ltd, Devki Nandan, South West Port Ltd, and Capt Umesh, Ennore Tank Terminals Pvt Ltd.

Allcargo Logistics forays into express logistics

The acquisition marks Allcargo's entry into B2C logistics. Allcargo Logistics Ltd has forayed into the express logistics space by acquiring a controlling stake in Gati Ltd – a pioneer in the segment. Through this transaction Allcargo has added another domestic service to its portfolio by entering a segment which has been growing exponentially. Allcargo has become the only Indian company to provide a comprehensive range of services Multimodal Transport Operations (MTO), Container Freight Station Operations/Inland Container Depot Operations (CFS-ICD), Projects & Engineering Solutions, Warehousing, Distribution, Contract logistics and Logistics parks. Allcargo's market leadership in the global LCL consolidation business and Gati's domestic express transportation segment allows the company to offer end-to-end transportation capabilities to customers. With the formal completion of this deal in the next two to three months, Allcargo will emerge as India's largest logistics company by revenue in the private sector with an operational presence across the length and breadth of India.

FMT & IRClass to cooperate in bulk carrier designs

Further Marine Technology Co. Ltd (FMT) and Indian Register of Shipping (IRClass) have signed a MoU on strategic cooperation for combining the two companies' knowledge and networks, targeting development of the latest generation of bulk carrier designs to expand the business in the South-East Asian market. This development will take an outset in the successful 8,000 DWT Mini Bulk Carrier designed by FMT and classed by IRClass in 2018-2019 for an Indian steel and infrastructure giant. By combining the available development capability in FMT and IRClass, the two partners aim to create designs offering higher performance.

TECHNOLOGY WILL BE THE GROWTH DRIVER

The first half of 2020 still looks gloomy as far as the economic scenario and EXIM trade is concerned. However, experts feel that technology will be the growth driver as we will see more use of big data and AI in sales and operational activity

As per ICRA research forecasting, the domestic logistics sector will grow at 8-10 percent over the medium term. Also, as per reports, GST is expected to propel India's logistics industry from $160 billion today to $215 billion by 2020.

The main growth driver in 2020 will be technology, opportunities will emerge in use of technology, we will see more use of big data and AI in sales and operational activity, Community systems and API integrations will be commonplace. 3 and 4 PLs will start extensively using IOT devices, more carriers will start offering trade finance, so the focus will be on cargo control. Read on to know what industry leaders predict for the new year.

The year 2019 was a year of uncertainties. The ongoing trade war between China and the US, the unresolved BREXIT, protectionist tendencies by certain countries and trade sanctions are some of the key elements that decelerated the global trade growth. India has done well despite these uncertainties in moving up the world rankings in Ease of Doing Business and trading across borders has seen significant growth under friendly measures being ushered in. The year has been challenging for the CFS industry as in the last few months the imports and exports were down substantially due to the slowdown in economy. With DPD hovering at about 50 per cent in JNPT, most of the CFS facilities are operating at about 50-55 per cent capacity. One more factor which though beneficial to the trade but impacts CFS is the reduced dwell time of containers as the trade is getting more structured and disciplined under the "ease of doing Business."

On the sea side the significant trend has been the changing roles of ocean carriers from being a port to port transporter by sea to a door-to-door logistics player and all this being supported by technology. Ports and terminal operators are also focusing on diversification and are seeking to expand beyond their core activities and services. Ports are trying to integrate into the wider supply chain for mitigating some of the emerging market risks and to get closer to shippers and cargo owners.

Baltic Dry index during the calendar year under review rose by 246 points or 19.19 per cent so far keeping the charter freight rates in the oil tanker segment upbeat. In the container segment, a 3.7 per cent fleet growth globally but subdued demand growth of only 1 per cent failed to lift charter freight rates.

Despite slowdown, quite a few shipping and logistics players in 2019 have focused on digitalisation.

Globally, the first half of 2020 still looks gloomy as far as the economic scenario and EXIM trade is concerned. The bigger challenge for shipping is to comply with IMO 2020 emission norms. The Ministry of Commerce is set to announce a revamped Foreign Trade Policy in 2020 which is expected to provide some innovative thrust to accelerate Indian merchandise exports. Huge investments in warehousing, increased share of rail due to tweaking of some of the policies and disinvestment of CONCOR and SCI will surely see a paradigm shift in the shipping and logistics industry.

AV VIJAYKUMAR, CHAIRMAN, FFFAI

FREIGHT FORWARDING BUSINESS IN 2019

The ongoing trade dispute between China/USA, the unresolved BREXIT are some of the key elements that posed a speed breaker to the earlier growth forecasts. India has done well despite these uncertainties. India has moved up the world rankings in the Ease of Doing Business. Trading across borders has seen significant growth.

Shipping and logistics industry in 2019

- The hard freight movement has not witnessed significant growth in 2019.
- Freight rates remained soft.
- There has been a rush for the liners to equip themselves to meet the new stringent IMO 2020 emission standards.

- In India the collapse of Jet airways has shrunk the home grown air cargo capacity.
- The growth of e-commerce has continued unabated.

Expectations in 2020

I foresee significant world economic realignments in 2020 and this is both a threat and opportunity for merchandise trade. Even though India has stepped aside from signing the RECP the door is not fully shut and 2020 may see India joining a more equitable RECP. The Ministry of Commerce is set to announce a revamped Foreign Trade Policy in 2020 and I hope some innovative thrust is offered to accelerate Indian merchandise exports. The proposal by CBIC to extend the customs facilities to major post offices. A hub and spoke concept, across the country to boost e-commerce will spur that vertical.

On the regulatory front

Trade has fallen behind the curve in keeping pace with the various technologically driven regulatory process simplifications. I am sure 2020 will see this gap being narrowed or surpassed. The e-platform for Preferential Certificate of Origin with Chile is a welcome development and this will see more FTA being brought under this platform. The next facilitation required under the AEO programme is the Sovereign Mutual Recognition protocols being signed with more trading partners.

UMESH GROVER, SECRETARY GENERAL, CFSAI

CFS BUSINESS IN 2019

For the CFS industry 2019 has yet again been a challenging year especially in the last few months as with the slowdown in Indian economy, both the imports and exports are down substantially. CFSs largely cater to Imports (approx. 75 per cent imports & 25 per cent exports) and sadly the overall volume in November 2019 at JNPT was down to 102,000 teus vis-à-vis 141,000 in the previous year which is almost 28 per cent drop. With DPD hovering at about 50 per cent in JNPT, most of the CFS facilities as it is are operating at about 50-55 per cent capacity. Chennai is no exception. One more factor which though beneficial to the trade but impacts CFS is the reduced dwell time of containers as the trade is getting more structured and disciplined under the "ease of doing Business."

The biggest achievement of CFSs is that apart from their regular clients, majority of the DPD customers still rely upon the quality of services rendered to the trade. Efficiency of CFSs in evacuation is substantiated by the fact that their average evacuation time from Terminals is about 28 hours compared to an average 48 hours by Direct DPD Customer.

Shipping and logistics industry in 2019

The slowdown of economy resulting especially in 2nd half of 2019 and shrinking EXIM trade has had an adverse impact on Shipping and Logistics and the rough weather is likely to continue. The bigger challenge for shipping is to comply with IMO 2020 emission norms. Despite slowdown, quite a few logistics players in 2019 have focused on adopting to newer technology and digitization.

Expectations in 2020

Whilst the 2020 first half still looks gloomy as far as the economic scenario and EXIM trade is concerned but huge investments in warehousing, increased rail share due to tweaking some of the policies and most importantly disinvestment of CONCOR & SCI will surely see a paradigm shift in the shipping and logistics industry. New opportunities for existing CTOs and logistics players are likely to emerge.

The thrust of the government is also on technology driven paperless seamless operations and PCS 1.0x of IPA is a testimony to governments commitment. Almost all the logistics players have no option but to "on-Board" and carry out business in a competitive yet fair and transparent manner by using PCS. The government has further announced that this PCS will soon evolve to "National Single Window."

On the regulatory front

As far as CFS industry is concerned, with excess capacity vis-à-vis utilization, DPD stabilizing at 50% and likely to go higher, reduced dwell time and with the liberalisation of policies, CFSs revenues have taken a big hit and sustainability of some facilities could be at stake. Having created state-of-the-art CFSs with excellent infrastructure, it is a pity that this infra is grossly under-utilized. CFSAI will seek Government's intervention that instead of creating additional infrastructure, existing Infra in CFSs be gainfully utilized. Additional value added services and activities that are done in Multimodal Logistics parks, FTW and SEZ we will seek that these services should be allowed to be replicated in CFSs.

JAYYANNT L LAPSIAA, PRESIDENT, AILBIEA

LIQUID BULK IMPORT/ EXPORT BUSINESS IN 2019

As is well known, India is a large importer-consumer of a variety of liquid bulk cargoes including mineral oil, vegetable oil, chemicals and so on. India's export of liquid bulk commodities is rather limited. Although we are the world's largest exporter of castor oil, the export volume is relatively modest at about 600,000 tons.

Global headwinds have resulted in

a deceleration of India's merchandise export and import trade. Merchandise import growth slowed to 10.41 per cent in 2018-19 from a healthy 21.13 per cent in 2017-18. Merchandise export growth too slowed in 2018-19 to 8.75 per cent from the previous year's 10.03 per cent.

Among liquid bulk commodities, crude oil by far tops the list. India has continued to retain its position as the world's third largest importer of crude oil. The strong positive correlation between economic growth and crude oil consumption is well recognized. In 2019, the country imported an estimated volume of 230 million tonnes valued at about $130 billion. The next large liquid bulk import commodity is vegetable oil. In 2019, we imported roughly 15 million tonnes of various oils (palm oil, soybean oil and so on) valued at about $ 11 billion.

Shipping and logistics industry in 2019

The year 2019 was a challenging year for world commodity trade. The trade war between USA and China as well as geopolitical tensions created uncertainty. Despite this, the shipping and logistics industry performed as per recent trends. One must recognize that major economies across the world (Europe, Japan and China) are recording lower economic growth. There is deceleration in global merchandise trade. Indian economy too is slowing. The maritime industry has to negotiate the global and domestic headwinds.

Expectations in 2020

I expect 2020 to trigger a slightly improved performance both globally and in India. Global growth is expected to witness a small uptick in 2020 (3.4 per cent v/s 3.1 per cent in 2019). Major opportunities for the liquid bulk sector would be the modest but growing optimism that in 2020 the world economy would face less-stressful headwinds. Any sign of easing of USA-China trade conflict would boost trade confidence. I expect technology to make deeper forays in the logistics sector. Work has already been initiated on 'faceless assessment.'

VIVEK KELE, DIRECTOR, TEAMGLOBAL LOGISTICS PVT LTD

BUSINESS IN 2019

The Business has been growing for us in all verticals, in 2018 we forayed in to the business of CFS, we have got a good response from the market, recently we have acquired Chandra CFS in Chennai.

Shipping and logistics industry in 2019

The significant trends have been changing roles of ocean carriers from being a port-to-port transporter by sea to a door-to-door logistics player and all this being supported by technology, this will mean that forwarders will really need to continue to add tremendous value if they have to stay relevant in this context.

Expectations in 2020

The main growth driver in 2020 will be technology. We will see more use of big data and AI in sales and operational activity, Community systems and API integrations will be commonplace, 3 and 4 PLs will start extensively using IOT devices, more carriers will start offering trade finance, so the focus will be on cargo control.

AMIT WASON, PRESIDENT, MARITIME ASSOCIATION OF NATIONWIDE SHIPPING AGENCIES (MANSA)

BUSINESS IN 2019

Despite the challenging global macro-economic environment, Baltic Dry index during the calendar year under review rose by 246 points or 19.19 per cent so far keeping the charter freight rates in the oil tanker segment upbeat. In the container segment, a 3.7 per cent fleet growth globally but subdued demand growth of only 1 per cent failed to lift charter freight rates.

A temporary spike in oil tanker charter rates in October ushered hopes that a few years of optimism and boom is not far away.

Coming back to India, commodity trade in India like coking coal and iron ore remained healthy while container cargo volumes remained subdued. The overall disruption in economy and trade has led to consolidation in the industry with Allcargo buying stake in logistics firm – Gati while Singapore's PSA buying out 50 per cent stake in Ameya Logistics for $93 million from CMA CGM.

Shipping and logistics industry in 2019

While India's exim trade in the first half was subdued compared to last fiscal year so far, the developing economies particularly Africa trade is the trade lane to watch out for which promises a rising latent EXIM demand. We believe the weakness was largely led by slower Exim trade and economic slowdown across industries as reflected in muted GDP growth.

Expectations in 2020

India has embarked on a gas revolution, which will be key driver and holds promise with the massive extension of city gas distribution network. We see latent demand for gas from the industry particularly from the hinterland driven by need for clean air and rising environment consciousness that is driving the demand in India and China. The opportunity for rise in gas trade is an outcome of India's domestic gas production ability to only partially fulfil the expected increase in demand in the coming years, and the country will have to depend upon imports to fill the gap.

On the regulatory front

India has taken steps to commence coastal movement with Bangladesh and similar such initiatives and treaty of transit needs to be initiated with other neighbouring countries to boost maritime trade. After Myanmar and Bangladesh, we must look at coastal cargo movement to Vietnam and Thailand.

SHAILESH GARG, DIRECTOR, GENERAL MANAGER INDIA, DREWRY

SHIPPING AND LOGISTICS INDUSTRY IN 2019

One issue which could shape the future of the shipping industry and got major attention in 2019 was IMO 2020 regulations. There were some doubts at the start of the 2019 on the readiness of the industry, cost implications, supply issues etc. However, it looks like shipping industry and suppliers are ready to adopt this new regulation.

Other key trends included volatility in trade due to trade war, geopolitical scenario and other disruptions. This has resulted in change in strategy for key industry players. Ports and terminal operators are now focusing on diversification and are seeking to expand beyond their core activities and services. Ports are trying to integrate into the wider supply chain for mitigating some of the emerging market risks and to get closer to shippers and cargo owners. Similarly, container lines are trying to diversifying for capturing new sources of revenue and for customer loyalty.

Further, maritime industry is now much more proactively exploring the possibilities offered by digitisation/Smart ports, analytics, IoT etc.

Expectations in 2020

Implementation and compliance of IMO 2020 will be one of the major challenges in 2020. Various players may face some problems and hiccups in the initial phase but, industry should be able to cope with it. On trade front, growth is expected to remain volatile. US-China tariff war combined with economic and political uncertainties could have adverse impact on demand for shipping.

Digitalisation and AI in maritime sector is expected to provide new opportunities for various industry participants and the trend is expected to gain momentum.

VISHAL SHARMA, CEO, INDIA & INDIAN SUB -CONTINENT, SCHENKER INDIA

BUSINESS IN 2019

2019 has been a successful year for us as DB Schenker India witnessed developments in terms of innovations, expansions and policies. Earlier this year, Schenker India announced plans for growth – we will be strengthening our local footprint and are set to double warehousing capacity by 2022. Later in the year, we launched DB Schenker's new digital forward online booking portal, Connect 4.0, in India to provide a hassle-free logistics experience to small, medium and large organizations. India is a priority market for DB Schenker globally and with the growth triggered by the implementation of GST, the company is aggressively focusing on developing local logistics capabilities to capitalize on India's growing market.

Shipping and logistics industry in 2019

The logistics industry has seen huge growth in 2019. Trends such as advanced automation, IoT, last mile delivery services by companies, growth of start-ups, and process digitization have been some of the major developments in the industry. A few of these trends have been initiated and practiced by logistics leaders globally and are planned underway in India.

Expectations in 2020

The domestic logistics sector will grow at 8-10 percent over the medium term. Also, as per reports, GST is expected to propel India's logistics industry from $160 billion today to $215 billion by 2020.

KAMLESH GUPTA, PRESIDENT, ASSOCIATION OF CONTAINER TRAIN OPERATORS (ACTO)

CONTAINER TRAIN OPERATORS BUSINESS IN 2019

- **Freight traffic** (all commodities) by rail during the year 2019-20 (till November, 2019) has shown a disturbing declining trend. If this trend continues till the end of the financial year 2019-20, it will be the first time ever that freight traffic has declined over the previous year. The main reason has been better roads, higher axle load permitted for trucks, octroi free road transport etc; as also rail has gradually out priced itself vis-à-vis road sector.

Container Sector

Rail transport of containers has not increased to the expected levels over the years due to high haulage rates levied for rail transport; the 27 per cent increase in haulage rates levied on container transport by rail in the 3 months (Dec 2014 to Feb 2015) still continues to adversely affect growth in the sector.

Domestic container traffic has been almost flat since the last 10 years. In this financial year too, comparative trend shows a marginal decline till November, 2019 of 4 per cent, over comparative period of last year.

EXIM container traffic has shown an encouraging trend during last 10 years with moderate increase year after year. In this financial year too, comparative trend shows an increase of 5.5 per cent till November, 2019, over corresponding period of last year.

Major Achievements

- **Consolidation of Container Train Operators (CTO's):** In the current year 2 CTO's have been acquired by others; with a flat growth the large no. of CTO's in the sector does not provide an encouraging environment for the sector.
- Disinvestment of CONCOR proposed by Govt is expected to remove the unfair preference given by Ministry of Railways to one of its own PSU's (CONCOR) & will provide a level playing field & a non-discriminatory environment for all CTO's.

Shipping and logistics industry in 2019

Shipping Industry: There has been a considerable slow down due to global recession mainly due to US–China trade war. In other areas too Saudi Arabia, Iran etc there has been uncertainty leading to slow down.

Logistics Industry: This is expected to grow at a fast pace with a no. of mega logistics hubs coming up throughout the country due to the GST regime. Mega logistics hubs will reduce logistics cost; aggregation to a train load from/to OD pairs will be faster.

Expectations in 2020

- Running of container trains by CTO's to/from Nepal to and via India (to third countries) is likely to be formally allowed in the year 2020. Hitherto this was allowed only to CONCOR. This has been a long pending demand from the CTO's. And is now almost near finalization between the governments of India and Nepal.
- Dedicated Freight Corridor (Western Leg): This is expected to start operations partly in the year 2020. This will give a significant fillip to exim container transport as it will bring in major lowering of transit time from Mundra and JNPT; as also will be more economical with double stack container transport on major routes from/to Mundra and JNPT to North India.

Challenges

- Inter terminal Issues in JNPT: Due to 4 separate terminals within JNPT, the container trains terminate and originate from a specific point within JNPT. From here the containers for the respective terminal have to be shifted by the Terminal Operators. This leads to extra time in aggregation of a train load. The problem gets shifted also to the dry port from where the export containers are moved to JNPT.

The port is levying additional charging from traffic moved by rail while no charges are being levied on traffic moved by road. This is against level playing between rail and road traffic.

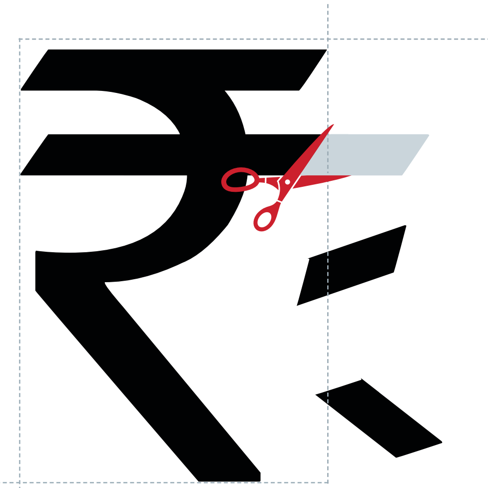
On the regulatory front

- Expecting Change in RSA between India and Nepal to allow private CTOs to operate EXIM trains to/from Nepal.
- Continuation of 25 per cent discount on haulage charges for movement of empty containers and empty flat wagons allowed presently upto 31.12.2019 to be extended till further.
- Parity between CONCOR and private CTOs in subsidised allotment of railway/government land to CONCOR (even after disinvestment) is against the policy of level playing field and may be resolved.
- Private CTOs may be allowed to use CONCOR terminals built on government/railway land.

MOHAMMED ZAKKIRIA,
CO-FOUNDER, FREIGHTBRO

The year 2019 has been a witness to an unprecedented shift in the logistics industry as digitization gained momentum and customer expectations evolved. With technology we can aim to consolidate the industry into a self-sufficient ecosystem. On a positive note, the industry has been receptive towards technology adaptation to improve overall supply chain performance. This year's investment trends show that investments in logistics tech have surpassed that of fintech with whooping 1.7 bn in first 3 quarters (Jan - Sep). From major global players collaborating with logistics tech startups to enhance their value proposition to increased investments by corporates and investors in the logistics innovation startups, the year has been elemental in the digitization of the industry. With the kind of Government policies under consideration or proposal and considerable investment in infrastructure, we are hopeful that the trend is likely to continue in 2020.

Stakeholders in India's export trade propose to set up a mechanism for payment of freight charges. This is aimed to curb "profiteering" in the exchange rate when the payments are made in Indian rupees.



FREIGHT PAYMENT GETTING STREAMLINED

Lack of transparency in the logistics cost has been a very contentious issue due to which the logistics cost has always remained on the upper side. With digitalisation making inroads into the sector, a certain level of transparency has been made possible into the charges of various stakeholders in the logistics chain. But that is not all. It is reported that FIEO and several other organisations representing the interests of exporters and importers of India have raised at various fora the issue of transparency in respect of the terminal handling charges (THC) for the containerised export and import cargo. Petitions have been received regarding the quantum of such terminal handling charges, the mismatch of such charges at the same port and terminal from one service provider to another, about whom these charges are to be paid to, lack of transparency in such charges etc.

The shippers remained distressed due to the high currency exchange rates quoted by shipping lines and their agents in freight invoices. It has been reported that the exchange rate quoted in invoices for freight charges was higher (about ₹2-3 more) than the prevailing market exchange rate. This was the case if the exporter chose to pay in rupees.

Whereas, when the invoice is raised in the FE (foreign exchange), by the trade intermediaries towards freight, the amount of FE (or equivalent rupees) exceeds the amount payable in FE (or equivalent rupees) to the shipping line invoice towards container freight. Certain services provided by trade intermediaries are also being billed as freight charges in foreign currency, which is in contravention of prevailing regulations.

Addressing the issue, a Standard Operating Procedure (SOP), a first-of-its-kind mechanism for payment of freight charges for exports, was chalked out at the behest of N Sivasailam, Special Secretary (Logistics) in the Department of Commerce. It clearly explains how exchange of foreign exchange (FE) rate needs to be determined while making freight payments and it is particularly aimed to curb "profiteering" in the exchange rate when the freight payments are made in Indian rupees by the shipper.

As per the SOP the freight forwarder will have to attach the original invoice raised by the shipping line while billing the exporter. Thus it is ensured that the shippers' liability for payment in FE is limited to freight cost and the outgo should be limited to what's actually payable to shipping lines. All other incidental charges for services rendered are to be invoiced and are payable in Indian rupees.

The shipping line or freight forwarders / intermediaries are mandated to raise an invoice in freely convertible foreign currency for freight payments like basic freight, BAF (Bunker Adjustment Factor) and CAF (Currency Adjustment Factor). For making the payment the exporters can approach their authorised dealer Bank to negotiate and finalise the conversion rate for foreign currency payment through their rupee account. As per the FEMA rules, exporters can also pay freight charges in foreign currency through their Exchange Earners Foreign Currency (EEFC) account to the foreign currency account of shipping lines.

When payments are made through freight forwarders, the invoice raised by them on the exporters in FE or rupees should tally with the invoice they receive from the shipping lines. The exporters have to pay only the freight charges like BAF, CAF, etc. in foreign exchange, while the forwarder has to raise a separate invoice in rupees for the services rendered other than the shipping line charges. Expenses like Demurrage and Detention charges, Terminal Handling Charge, Inland Haulage Charges and other local charges have to be invoiced in rupees.

The above mentioned payment mechanism is for FCL cargo. For LCL cargo including transhipment in foreign locations, the freight forwarder can levy an all-encompassing charge only in rupees since the charge includes the payments in FE including freight and transshipment service charges at foreign ports based on shipping line / port or service provider invoices, wherever applicable. mg

DIGITAL DECADE AHEAD

By implementing the fourth generation tech solutions across the supply chain, businesses are becoming super smart, innovative and agile to catch up with the speed of demand that is generated from the consumer expecting everything instantly and reluctant to wait for days or weeks.

BY RAJI REDDY KESIREDDY

The Indian logistics sector is at the cusp of transformation by eliminating all the inefficiencies and perennial issues to become digital savvy – in line with the global trend. When every other industry around the world is adopting digital technologies, the Indian logistics, supply chain and transportation sectors, however, are at their nascent stage of acquiring the fourth generation revolutionary technologies such as Artificial Intelligence (AI), Robotics, Internet of Things (IOT), Machine Learning (MI), 3D Printing, Blockchain and processes like Big Data Analytics etc. These 4.0 technologies are already reshaping the logistics landscape across the horizons. Companies like Amazon, Flipkart are either forcing or influencing other players to embrace to these innovative technologies to stay afloat. Emergence of e-commerce and exponentially growing consumer expectations towards quick delivery is squeezing the traditional logistics industry to become more elegant in efficiently handling their inventory, logistics and supply chain operations.

The technology once perceived as scientific fiction is now turning into reality in logistics industry. 3D printing, autonomous vehicles, delivery by drones were only imaginative in the past. But, all of them are slowly yet definitely becoming reality now. 3D Printing technology is helping manufacturing industry immensely by replicating all the specifications of a product for mass production. It will certainly cut down the supply chain and reduce cost of production while minimizing risks of safety etc.

Thus, the logistics industry today is looking entirely different than it was a decade ago. The question that now comes in our mind is that what will it glance like in another ten years? Technology can be anything but its success surely depends on how effectively it can integrate with the existing solutions and infrastructure for better outcome. Henceforth, the period of 2020 – 2030, is considered as 'the decade of logistics' as everybody is talking about first mile and last mile connectivity that can be ensured with the help of modern technological solutions.

Technology obviously makes our lives easier but definitely with some riders. Automation in logistics and supply chain management areas is making processes simple by integrating the complete ecosystem. It not only brings in efficiency but, also reduces cost – which is vital for survival of business for long term. The disruptive technologies can provide flexibility and improve productivity, increase speed while ensuring better visibility and accuracy. All these factors can lead to achieving customer satisfaction – which is the primary agenda for any business that exists. However, all these technologies can also attract new and complex matters into the system.

Domestic Challenges

Logistics sector, over a period of time, in India is considered unorganized and fragmented. However, due to the rise of international trade followed by economic reforms after 1990, the governments have realized the importance of logistics and its contribution to the country's GDP. Despite several attempts being made by both central and state governments to streamline this industry, the progress has so far been negligible. But, with the new national logistics policy coming into effect, it is expected to bring in 'sea' changes in terms of regulation, facilitation and integration of this sector.

The government of India is in the final stages of unveiling the National Integrated Logistics Policy aimed at bringing down the cost of logistics from about 15% now to less than 10% to GDP over a period of time. It is likely to follow the holistic approach to support and facilitate the sector to grow in many folds to spur the economic growth. The draft logistics policy has already been formulated and submitted to the cabinet for its approval.

Considering a marketplace like India, promoting latest and innovative technologies is a major challenge. The huge workforce involved with this sector needs to be trained to handle them perfectly which is again a herculean task. Unless they are skilled to design, deploy and implement the new technologies, the results might not be impressive as anticipated. This is one of the reasons for why logistics sector had been logged behind in adopting to latest technologies.

Global market dynamics such as increasing protectionism and trade war are driving many logistics companies to shift focus on strategies for achieving better delivery capabilities while keeping the costs in check. Flexibility across the supply chain is therefore needed as no single solution to increasing complexity in the logistics ecosystem will be suitable for all.

High Customer Expectations

Customer is king and it applies to every industry including logistics. That customer is demanding more from the service provider these days, expecting a seamless, fast and free Omni-channel shopping and quick delivery experience. Meeting to his expectations, the whole supply chain has to be moved quickly or it should be redefined. The days have come where a company needs to deliver products from multiple pickup locations, including distribution centres, stores, warehouses etc. to a single customer. Thus, the last mile connectivity which is the most expensive part of product's journey, is gaining momentum. If a company offers 30 day free return, the whole reverse logistics system has to be re-designed. Moreover, all It should happen in record time, mostly on the same day itself which is a challenging task for the logistics service providers.

When this kind of a scenario is seen everywhere, only technological interfaces can build capabilities that support the entire ecosystem to collaborate and coordinate seamlessly and finish the tasks accurately as per the consumer demand.

Data is the new oil

Since the data is becoming new oil in this modern world, it is driving everything including bottom lines of companies. Therefore, utilizing data in the right manner is essential. By analysing and applying customer data, companies can further increase customer satisfaction that is inevitably key to the success of every single business entity. Demand prediction, inventory management, transportation, track and trace of goods until they reach to destination is now possible thanks to Big data analytics. As accessibility of technology is also made simple by offering cloud solutions where companies of all sorts – small and big – are able to get services according to their needs on pay per usage basis, applying big data analytics to these technologies can create wonders.

The application of sensors powered by internet of things are causing unprecedented transformation in logistics management by creating new models of business operations which are reshaping businesses altogether. As a result, better services in manufacturing, warehousing, operations, freight movement and last mile delivery can be expected. Finally, the customer is benefited the most due to these technological innovations.

How are the global logistics companies changing?

Global logistics giants have already started implementing the innovative and disruptive technologies in their operations and are able to see the difference as well. According to various reports, DHL smart trucks travel even in the extreme weather conditions, be it Himalayas or the Thar desert. They have to withstand the fluctuating climatic conditions which require an additional cost in terms of fuel and delay in transportation. But, at the same time, India is price sensitive market, where one needs to control the costs. For which DHL is applying IOT to reduce the cost of fuel through route optimization and fuel pilferage etc.

Bain and Company, a global consulting firm, recently surveyed about 1,000 companies across the globe to gauge their level of digital readiness. It found two things very interesting: the payoff from digital transformation may be high, but the success rate was pretty low. It compared financial results of five companies in different categories based on their degree of digital readiness. It found that revenues of digital savvy companies have grown more than twice compared to their digital laggards. This is also visible in digital leaders' profit which also grew by 200 percent than non-digital players. However, only 5% of those companies involved in digital transformation reported excellent results compared to the success rate of about 12% for companies involved in conventional transformations –which highlights the limitation of digital transformation in yielding better propositions.

Most of the logistics companies aren't lacking in ideas on how to implement digital technologies at work. But the challenge here is that figuring out how to harness those ideas converting into broad and meaningful impact.

Food technology companies like Swiggy, Zomato have brought in lot of changes in the way the food is being ordered in India. But re-writing the existing successful traditional business systems and changing behaviour of employees and customers may prove to be a risky and potentially disruptive proposition.

Mobile Technology

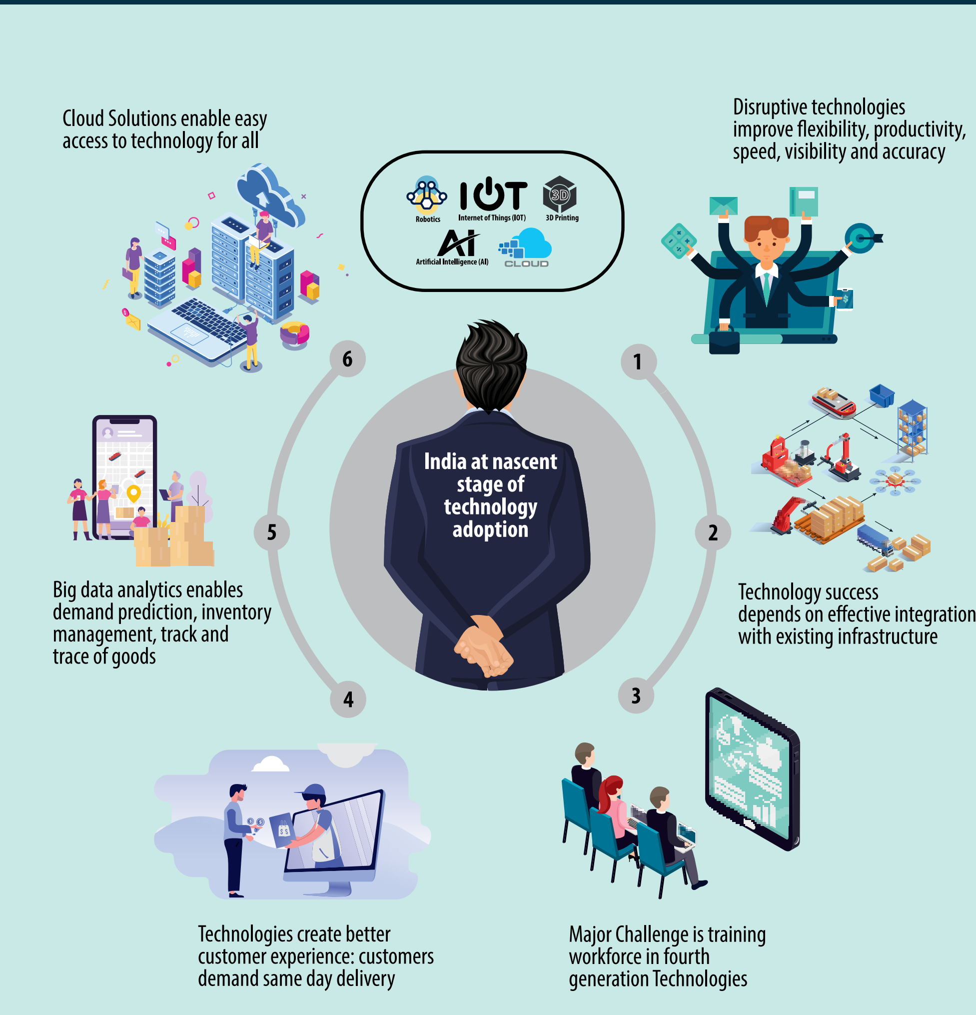
Although we have been talking about disruptive technologies very recently, Fedex, the global leader in courier and parcels, has introduced mobile scanners in 1985 itself. The company provided handheld scanners to enable real-time tracking of last mile couriers. The emergence of mobile technology has made the things even simpler and better. Thanks to enriched data processing improvements in mobile technologies, the real-time monitoring of any logistics operation has become easy now. The current mobile phone has 2-3 times higher processing capacity than the super computers of 1990 era – which means the rapid usage of mobile phone technologies can improve and disrupt the logistics landscape.

According to a survey, the current mobile technology adoption rate in supply chain is at about 25% and is expected to reach 75% in the next 5-10 years. Mobile applications are yet to become the mainstream for supply chain but, they are rapidly gaining traction now. The benefits they can show in terms of speed and building collaborative networks within the supply chain network can be clearly visible.

Disruptive Technologies that are being part of today's Logistics

Internet of Things (IoT)

Despite the word of IoT being widely used recently, over the past decade, there has been tremendous progress with sensors, communication, machine learning techniques. Effective sensors could continuously monitor and transfer data over varied communication channels to the cloud system. By applying machine



learning capabilities, several aspects of business operations can be streamlined. Many issues can be identified and rectified immediately. In the supply chain operations, we can see IoT is applied to track containers, fleet, location of the vehicle and condition of it effectively. IoT is also used inside of the warehouse and on the yard area to remotely locate, manage and control numerous machines and vehicle movement.

Using internet of things (IoT), RFID and Cloud technologies, General Motors, the global auto leader, has been able to successfully monitor different activities including car paintings, humidity etc. to better optimise time and work at all its manufacturing facilities.

While explaining the benefits of using latest technologies, **Manoj Singh, Senior Vice President and Head – Cargo & Express, GVK'S Mumbai International Airport Private Limited** told Maritime Gateway that sharing the data by all the stakeholders was critical for successful implementation of any new technology. "GVK Mumbai International Airport Limited (MIAL) has always been at the forefront in introducing new digital solutions and IT innovations in air cargo supply chain at Chhatrapati Shivaji Maharaj International Airport (CSMIA). GVK MIAL is India's first airport to introduce web based Air Cargo Community Platform (GMAX) and Air Cargo Custodian Mobile Application. With the purpose of hassle-free payments, CSMIA has introduced superior technology for its payment gateway modules within its Air Cargo Community Portal – GMAX.

Considering the adoption of paperless operations to drive efficiency and reduction of dwell time in cargo operations, MIAL has initiated e-Freight project in the year 2014. Successfully completing Proof of Concept, MIAL has been recognized as e-Freight compliant cargo station by IATA in the year 2015. Since then MIAL has achieved many milestones in e-Freight penetration at Mumbai air cargo operations. e-Reception, e-Air Waybill, e-Delivery Order, electronic FWB/FHL messaging, e-Carting order, Advance Shipment Information in exports, Automated Vehicle Token Generation for cargo vehicles are some of notable achievements in Mumbai cargo e-Freight journey so far. Presently testing blockchain in the Pharma-Digitization project between Mumbai and Schiphol airport, we are positive about optimizing the benefits of blockchain in the entire cargo landscape after proof of concept and successful testing. e-Cargo Security Declaration, Airline digital delivery orders and Vehicle slot management are under testing.

With a long-term focus on creating an "Effective Warehouse Management Solution," CSMIA is working on connecting GMAX to all its digital devices operating in the air cargo terminal using the "IoT" application for seamless tracking and accurate inventory management", Manoj said.

Artificial Intelligence

Artificial Intelligence is something which provides ability to make accurate references and predictions from the collected data to act enormously to benefit the business. Artificial intelligence is a term for a range of abilities to process and analyse the data to enable the decision maker to apply better informed decisions than simply relying on gut instinct. AI is applied to augment humans with better decisions and to automate certain aspects of the business processes in real time.

Commenting on the disruptive technologies and their advantages in logistics industry, **Anil Arora, Founding Partner, Aetos Partners** said, "AI, ML and

IoT are extremely relevant technologies in the field of logistics and interestingly their interdependence makes their case quite strong. AI has been seen to be quite effective in certain process based tasks and has led to the advent of robotic process automation(RPA). ML can help transform forecasting based processes and something as simple as even location allocation for SKUs in a high throughput environment. The change that these advancements are likely to bring about are in three aspects which revolve around processes, people and cost. There is going to be standardisation of processes across verticals as that would enable 3PLs to serve customers better. The skillset required for Logistics will change and upskilling will lead to better performance from the shop-floor and white collar staff. Costs will surely move up as the case for ROI through reduction of manpower may not necessarily work but better order management leading to higher sales is where the focus will be or should be".

Drones

Drones perhaps are going to change the future of logistics and supply chain operations especially in urban areas. The cities are becoming chaotic and more populous day by day. The traffic congestion for local commuting on roads will definitely force companies to opt for Drones to finish the tasks. Amazon has already started experimenting drone deliveries in the USA and even in India in Mumbai. However, due to the regulatory hurdles and safety issues, it may take some more time to fly completely.

Not only for local deliveries but, also for surveillance, drones may be an essential part of life of the logistics companies. A few Indian sea ports are also in the early stage of experimenting drones for their captive surveillance and critical deliveries where human beings cannot go easily.

Robotics

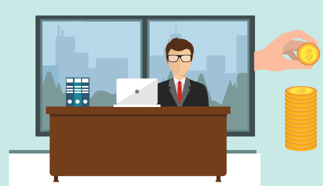
Robots are not new to us and they have been deployed in manufacturing for many decades now. But, with the recent improvements in machine learning capabilities, the Robots are currently able to perform mission critical tasks. Many tasks at warehouses where work is repetitive is being done by Robots leading to automation of processes. Robots are assigned duties to move goods from one area to another area in the same warehouse for actions like pick and drop.

In addition, Robots with advanced imaging technologies are able to tally inventory of goods much more efficiently than humans. In the near future, we can expect self driving vehicles that move items in warehouses.

According to a survey, by 2021, the global logistics and warehouse robots market size is expected to reach $14.43 billion. The demand for robots will be driven by fast growing e-commerce and expanding third party logistics (3PL) while sharply shrinking labour pool.

Almost all the major e-commerce players such as Amazon, Flipkart and several other Indian retail startups have already entered the warehouse automation space with the help of autonomous mobile robotics (AMR). Locus Robotics, a Massachusetts based startup, which has developed a multi-robot fulfilment system through which scanned items autonomously travel through the warehouse infrastructure.

While companies such as UPS busy in adopting 3D Printing technology, Google, Uber and Tesla are testing their engineering and innovative capabilities in autonomous vehicles. And most of the global automobile leaders are either testing their own technologies that support futuristic autonomous vehicles or joining hands with tech-based start-ups to work on these kind of projects that can clearly change the world of logistics in the near future.



According to Bain and Company revenues of digital savvy companies have grown more than twice compared their digital laggards

Current Mobile Technology adoption in supply chain

25%

In next 5-10 years it will increase to

75%

MHI Annual industry report

sas

70% of the respondents said that SaaS is directly impacting operations.

45% of them claim to be using the cloud technology while another 22 percent expect they need to adopt for SaaS within the next couple of years

Overall, adoption rates of cloud computing are believed to achieve in the next 10 years. **86%**

Accenture survey

- Big data analytics can improve response time by almost 4-5 times in operations to schedule delivery times.
- About 44% of respondents believe analytics have the potential to become disruptive or competitive force in their functional area.
- Although the adoption rate of big data analytics in supply chains stands at mere 22%, but, it is expected to grow up to 80% over the next 5-10 years.

Blockchain

Blockchian technology is a new and rapidly emerging one. It is a platform which is blended with various concepts from networking, distributed computing, cryptography, economics and mathematics. It offers us the ability to have a common, shared, confidential, tamper resistant and single version of right information for all the participants in the network.

In logistics and supply chain sector, Blockchain is being used for tracking of the product's journey, paperless bill of lading, customs declaration automation, change of ownership/custody and finally trade finance and settlements.

APIs

APIs (Application Programme Interface) have come in to place as a tool to bring in revolution in supply chain technology. They unlock data, encourage innovation, increase agility and speed. It is an IT toolkit for successful implementation of supply chain management. Estimates say that close to 24% of web apps and 15% of mobile apps are benefited from APIs. And now this has been climbed to about 80% by 2018.

These sort of new technologies can result in significant supply chain optimization by providing better visibility, cost control, integration with all the verticals of businesses. They also help in proper planning, demand estimation, quick delivery and better tracking and regulatory compliance.

Innovative and Affordable Solutions

Software as a Service (SaaS)

Software as a Service (SaaS) model is gaining popularity among logistics and supply chain sectors. The cloud based technologies provide access to innovative software with flexible payment options like pay per usage. It eliminates the risk of huge capital investment for developing the software and its maintenance while support scalability. Due to the flexibility this model offers, small and medium size enterprises are now showing interest to adopting this service and transforming themselves from traditional to digital savvy. This model is not only restricting itself for software but also spreading to everything as a service model including – Robotics as a service (RaaS) etc.

The global integrated logistics services provider – Agility is in the process of aligning itself in the digital forwarder category, is continue to invest in technology driven change and aiming to become one of the digital leaders in logistics industry. Its team is partnering with innovative startups that are reshaping the logistics and supply chain areas ranging from green technologies to e-commerce. This company is moving forward aggressively with its digital agenda to improve operational efficiency through its innovative digital platform, Shipa Freight.

According to the 2016 MHI Annual industry report, more than 70% of the respondents said that SaaS is directly impacting operations. About 45% of them claim to be using the cloud technology while another 22 percent expect they need to adopt for SaaS within the next couple of years. Overall, adoption rates of cloud computing are believed to achieve 86% in the next 10 years.

Demand forecasting is another important area where the data can illuminate to decide on accurate predictions, to help estimate demand patterns that previously was unknown to the industry. Furthermore, information collected from various processes can be used to improve uptime while anticipating about maintenance requirement and even to improve customer service.

"We are recommending SMEs to exploit technology and our objective always is to have tangible benefits flowing in quickly. One of our clients in the manufacturing industry has implemented a racking system with about 5000 positions and is implementing a WMS and TMS in a SAAS model to ensure inventory accuracy and traceability. In fact, we are also proposing a blockchain solution for the recording of the order to delivery cycle to capture the order status at each stage and give visibility to the management on delivery SLA performance", Anil Arora had said.

Big Data Analytics

According to an Accenture survey, Big data analytics can improve response time by almost 4-5 times in operations in order to schedule delivery times. About 44% of respondents believe that analytics have the potential to become disruptive or competitive force in their functional area. Although the adoption rare of big data analytics in supply chains stands at mere 22%, but, it is expected to grow up to 80% over the next 5-10 years.

UPS has applied big data to reduce fuel consumption by about 1.5 million gallons in 2012 itself. It is surely reducing burden on environment and increasing operating margins via efficiency gains.

Omni Channel Shipping

The Amazon effect is forcing traditional retailers to provide more omni-channel presence by creating touch points to increase customer loyalty. Aimed at seamless and an easy way to shopping experience regardless of whether the business is conducted in store or online. In this context, several logistics companies are adopting to these creative methods in growing omini-channel operations within the supply chain. Traditionally the customers would travel to store for purchasing items. Hence, the last mile responsibility was on the customers' side. But, now it is falling on the shoulders of retailers and the logistics providers.

While Amazon is working with UPS for its omni-channel delivery needs, Walmart is following an entirely different system. It introduced an employee drop off model where in the employee will deliver the item while returning to home, for an incentive. Walmart has also acquired a last mile delivery specialist company called Parcel to serve in this area. As e-commerce and omni-channel business models are evolving, the last mile connectivity and delivery has become more prominent.

Fleet Leasing

When the technologies are changing so fast even the businesses are becoming more diversified and difficult to manage. In this kind of a scenario, they should focus on what is their best and outsource everything that isn't mission critical for them. It seems fleet leasing is more likely going to become much attractive, accessible and affordable as well. Lower capital costs, fewer maintenance issues, less HR heads, access to latest technologies, prominent procurement expertise and lower management issues like record keeping, follow compliance etc. are some of the key benefits of fleet leasing.

Elastic Logistics

Due to the surging needs of e-commerce sector, the companies are to be equipped to the demand fluctuations from consumers. To fulfil their demanding service, the companies are adopting to elastic supply chain strategies. Such elastic logistics can allow demand driven capacity planning through real time visibility. Artificial Intelligence, Advanced analytics, IoT, machine learning will enable supply chains to further enhance the limits of elasticity.

Eroding Margins

The transportation ecosystem is currently under pressure to perform according to rising demand across all the sectors. Hence, freight volumes moved by trucks for new vehicles are estimated to grow 27% between 2016 and 2027. The industry is correspondingly responding by taking steps such as expanding capacities further. However, the demand is about to outstrip the production.

Omni channel (online and off-line) delivery is more complicated and expensive than traditional delivery. If the average profit margin for a retailer on an item bought in store is at 32%, it will be only 12% in online method – where shipping is free. This is the best example of how the innovative technologies can empower retailer to serve the customers better but, at the same time, they are eroding profit margins to businesses – which is a risky however un-avoidable proposition. According to Forrester, three fourth of businesses opine that improving customer experience was their top priority. At least half of the companies feel that they need to re-evaluate warehouse/storage locations due to shift in trade patterns in the US Economy. This is not so different in India too.

The surging US economy is creating new problems as it faces an acute shortage of drivers. There are more number of trucks available than the drivers to run them in the country which magnifies the real trend around the world. Due to the new technology in place like ELD – electronic driver log – which indicates drivers cannot drive on the road more than 11 hours during any 14 hour period. Once they reach 11 hours, they must stop driving. But in reality, it doesn't always make sense to stop the truck right at 11 hours. Think what if the driver is on a bridge at that time or stuck in traffic or he is only a few minutes away from the destination? Due to this system, the cost has gone up by almost 100% for the end users which means that the technology may not always reduce cost but also can do the reverse, sometimes.

Most factories lack digital readiness

Not only in India but in most ASEAN countries manufacturers are not yet fully ready for the fourth industrial revolution. A World Economic Forum and AT Kearney study last year found that except Singapore and Malaysia, all the other ASEAN nations are prone to high risk of disruption. This is partly because of differences in levels of economic development and hesitation for pushing entities for adoption of digital technologies. Despite several studies which are indicating that job losses may not be as fearful as anticipated, but, these countries appear somewhat shy. But, ultimately new technologies can create more roles than the general expectations. Most of the regional governments are still in their early stages of developing digital strategies and even less focused on manufacturing. Their efforts primarily focused towards service sectors and ecommerce.

It is not only limited to countries but, also for large scale manufacturers who are aware of technologies and their benefits but, when it comes to adoption it is slow and patchy. Most of them are in the early stages of adopting to digitalization and they are still using outdated third industrial revolution practices which essentially provide some degree of automation with the help of available technologies.

Singapore, with a view to develop manufacturing capabilities is building a model factory where local companies can jointly develop and test technologies. This type of proactive approach is lacking in larger neighbouring countries. Indonesia, Malaysia, Vietnam and Thailand are primarily focusing on improving workforce capabilities along with fostering investment.

Realizing the potential of logistics and technology usage in the sector, the government of Singapore has recently outlined its vision for the country's future. It wanted to harness technology and innovations in order to take Singapore – the city state – to the next level. As part of its approach, it created a dedicated industry transformation map for logistics sector, which contributes about 7.7% of Singapore's GDP and provides 8% of jobs. The logistics industry is also considered as a crucial enabler for other sections the economy, such as trade and manufacturing.

Invest today to reap benefits tomorrow

The Singapore government helps logistics companies to keep innovative and develop the necessary skills required to adopt for newer technologies that reshape the entire ecosystem. A few of its arms such as the Centre of innovations for supply chain management also supports SMEs in identifying and implementing innovations. The Singapore Logistics Association is currently anticipating the rise of new technologies and started experimenting with automated guided vehicles in logistics centres.

Similarly developing economics including India should learn from the leaders who are already in sync with the latest trends to grow to the next level in digital transformation. The growing middle class segment in India in line with several other emerging economies will drive the demand and at the same time they expect a lot more innovative customer service practises. Unless the whole supply chain and logistics ecosystem is aligned and adopted to new and emerging technologies, their very existence will be in danger. mg

A DIGITAL REVOLUTION IS OVERDUE

"I have observed that service providers that lean on infrastructure for predicating their usefulness are realising, probably the hard way, that their relevance will be challenged if they do not pick up pace in adoption of technology," opines **Amit Kumar**, Director, Pristine Logistics & Infraprojects Pvt Ltd

BY VIJAY KURUP

Q. Recently the Finance Minister announced a series of measures to boost exports by digitisation of various procedures and improving turnaround time in ports. Would that fill you cup of joy? What other improvements would you like to see?

Just recently, India slipped 10 positions in "Competitiveness Index" and now stands at 68th position. The World Economic Forum, which comes out with these rankings mentioned that adoption of "Information, Communication and Technology" is the weak link for India. Given these findings, we may be missing the point if we bring up metaphors such as "cup of joy" while discussing technology adoption in India. All of us in the Industry are aware that much has happened but, may be and perhaps, "incrementalism" is the right word here, to describe the developments.

Look, our exporters compete with the world while trying to push exports we need to support them by reducing transaction cost wherein a digital revolution is now overdue.

Q. The decision to reduce corporate tax rate is expected to boost corporate profit growth and stimulate private investment. As a private service provider what is your take? What impact do you foresee in the logistics sector?

A lot! The move to reduce Corporate Tax is a game changer. With liquidity challenges, especially on account of paralysis in Banking Sector, internal surpluses of companies will certainly fuel capex and investment in technology.

Q. Are you ready for the DFC? What are your plans to integrate with this project?

Yes indeed! We do believe that DFC shall play a role in the catchments that we operate in and have a plan ready for execution when the time is right.

Q. With slated improvement in export procedures, commissioning of DFC and reduction in corporate Tax What is the impact on logistics costs? To what extent would these measures bring down logistics costs? Would you like to hazard a guess?

Well, I'm not sure the three elements can be synthetically combined to come up with a number. The measures are positive but, also, elements of disparate discussions. Moreover, all these developments have to unfold in multiple ways. The DFC, for example, has still not come out with its commercial or operational policies. The contours of operating on the fantastic infrastructure that the DFC potentially is, is not really available right now. You would have also noticed that the Sector is under churn and a lot depends on whether an attenuation of monopoly characteristics through proper regulation happens or not. So, let's see; rather premature to hazard an informed guess.

Q. The year 2018 was a year of much change and disruption to the supply chain industry. What changes have you seen in the Indian context? What innovations are you bringing into your systems?

We see several disruptive technologies coming up - IA, RPA, IOT and Blockchain, to name the prime technologies.

Q. In the India context which of these would have the greatest impact?

Difficult to come up with a ranking. Trends certainly point to a greater role of technology in supply chain solutions. I have observed that service providers that lean on infrastructure for predicating their usefulness are realizing, probably the hard way, that their relevance will be challenged if they do not pick up pace in adoption of technology. mg

BRINGING VISIBILITY AND TRANSPARENCY

"DLDS with its revolutionary Logistics Data Bank System is all set to streamline Indian logistics scenario. **Ichiro Oshima**, CEO, DLDS, details on the plans to extend hinterland reach, improve port connectivity, maximize visibility and increase customer value

Q. Tell us a bit about your organization

DMICDC Logistics Data Services (DLDS) is a joint venture between Government of India represented by National Industrial Corridor Development and Implementation Trust (NICDIT) and Japanese IT major NEC Corporation, with 50:50 equity participation. DLDS was formed with the objective of effectively leveraging ICT across the Indian logistics sector, inculcating best practices across the various processes, and work towards bringing in efficiency in the supply chain. Our aim is to bring visibility and transparency in logistics environment, streamline the operations across the supply chain and contribute to government's plan of improving the Ease of Doing Business in India.

DLDS objective is to provide the export import container visibility service across PAN India along with comparative performance metrics for all logistics container operators enabling users to take informed decisions. The flagship product of the company "Logistics Data Bank System (LDB System)" is an over-arching solution that integrates the information available with various agencies, across the supply chain, to provide detailed real-time information within a single window.

Q. How are you making a difference in Indian logistics?

Challenges faced by logistics sector in India include steep freight carrying costs, high turnaround time, poor capacity planning and lack of integration between hard and soft infrastructure. In addition, shippers and consignees have been facing a lot of trouble while tracking the freight movement. Up till now, every stakeholder (ports, Customs, railways, CFS /ICD etc.) had their own IT systems to manage their operations, which worked in silos, facing challenges at handshaking points (Ports- Railways, Ports-CFS etc) which led to poor workforce planning, inefficiency in operations and delays in the container movement.

Post a detailed feasibility study of the Indian logistics scenario, DMICDC Logistics Data Services Ltd (DLDS) was incorporated. DLDS's Logistics Databank (LDB) System is a Cloud-based logistics visualization solution which provides exim container movement tracking from port terminals to ICDs/ CFSs and across the Toll Plaza's along with various analytics for the trade to streamline the processes by addressing the bottlenecks. The visibility is provided through the Logistics Databank Portal www.ldb.co.in and a mobile application named "DMIC-L DB."

Q. What is the role of technology in Logistics Data Bank Project?

LDB's journey embarks upon new age technologies such as IoT, Big data and Block chain. Logistics Data Bank platform is an IoT, Big Data and Cloud-based solution that uses RFID technology to provide near real-time visibility of container movement in the country. RFID readers are setup across all the entry and exit gates of the ICD's, CFS, Toll plazas, for capturing the container information while in transit. LDB analytics reports which are designed using data platform

for Hadoop (DPH) and IoT solutions are published on a monthly basis which provide insights into the stakeholders' performance across the competitive landscape.

The technology platforms we use includes Hadoop Platform, Tableau, PostgreSQL. We have recently introduced FIWARE Technologies usage for LDB portal which will help to improve overall supply chain visibility through:

- **Real time data processing:** RFID/ Container information will be captured and processed in real-time through FIWARE subsystem in LDB, earlier it was done at frequency of 15 min.
- **Better performance & capability:** Current LDB with FIWARE can support ~6 Million transaction per hour (LDB performance requirement was ~10K transaction per hour peak load).
- **Multiple IoT data format /device protocol support:** LDB can now support multiple IoT data protocols like LWM2M, Lora-WAN, UltraLight2.0 (UL) over HTTP /MQTT etc.
- **No Device Vendor Lock-in:** LDB can now support any IoT Device which works on standard IoT protocols to simplify integration of devices from other vendors.
- **Enhanced Security for IoT Devices:** LDB's 1500+ RFID devices deployed across India are now securely connected to the central system using
- **Authentic mechanism, ensuring higher data Security.**

Q. What are the key challenges in the industry that remain unaddressed? What are the regulatory and policy changes require to propel the logistic sector?

India's logistics sector is very complex with more than 20 government agencies, 40 PGAs, 37 export promotion councils, 160 billion market size. India's dependence on roads is three times than that of China and this has adverse effect on environment as well. A moderate shift from road to rail can help India save 0.7% of its commercial energy consumption. We expect our Government to reduce rail freight tariff structures on selected pilot routes, introduce one nation, one permit, one tax system. We are also looking towards automated paperless trade environment.

Q. How is DLDS Logistics Data Bank Project contributing in reducing carbon footprint and improving environmental conditions?

LDB promotes modal shift from truck to rail transport which will contribute in improving environmental condition. LDB can help reduce the transportation lead-time by approximately 5 days which in turn would result in savings of $3.2 billion annually by the end 2019 by virtue of lesser Inventory being carried by the industry.

Q. What are the top 3 achievements of the company?

Achievement 1: Contributing to boost Ease of Doing Business in India and improving LPI Index, which is helping in the success of Make in India Program. In 2017, India jumped up 30 notches to reach the top 100 rankings on the World Bank's 'Ease of doing business' index. The Logistics performance has improved from 54th rank to 35th under World Bank's Logistics Performance Index (LPI). The government also expects Indian logistics sector to grow to $360 billion by 2032 from current $115 billion.

Achievement 2: Helping India reduce the overall transaction cost. Given the current service scope of the logistics sector and the level of transition it has to go through, DLDS realizes the importance of information technology to help in making this transition possible. Analytics reports generated by LDB system not only allows real-time container movement but also helps in imbibing a growth spiral, where the visibility and transparency would induce competition thereby setting benchmarks in the supply chain.

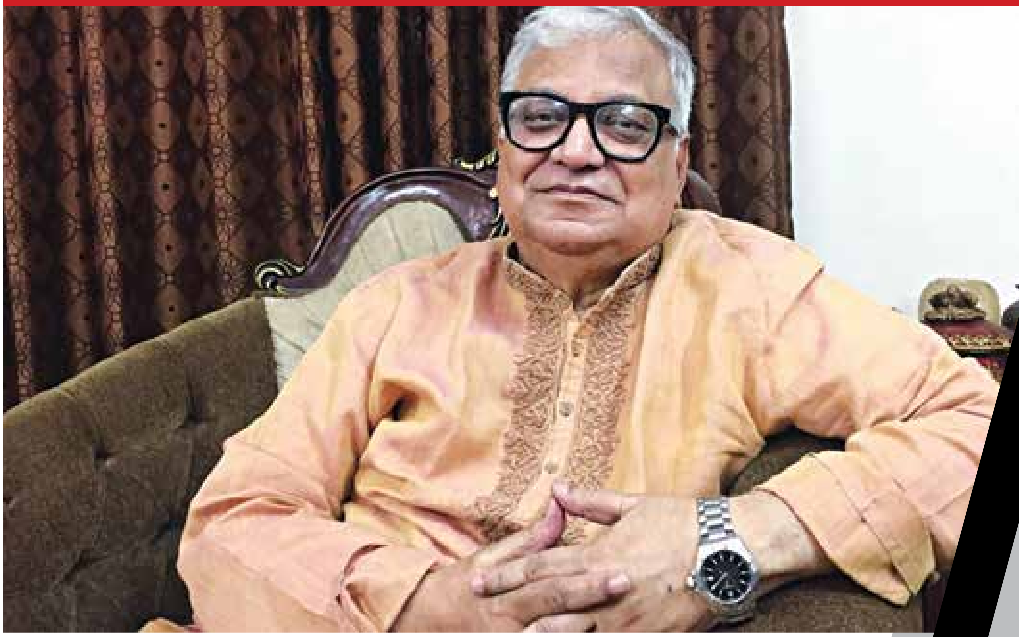
Achievement 3: Logistics Data Bank: Addressing the rigid supply chain and making the supply chain competitive. LDB has helped in bridging the gap between the various stakeholders in the supply chain by providing a common platform to everybody's needs. It has generated visibility for containers during their transition, which in turn has created transparency and opened up competition amongst logistics operators to provide better services to end-customers i.e. export/import related companies. Competitive environment would help reduce lead-time and transaction cost for export/ import process.

Below are the improvements in Key Performance Indicators with LDB project being operational:

- 15% improvement in dwell time of export bound containers.
- 42.86% improvement in dwell time of import bound containers
- Dwell time of ICDs & CFSs in western corridor has improved by 26.7%.
- LDB congestion analysis helped in reducing the transit time between Ports to CFS by around 12%.
- LDB Analytics showcased that truck transit time between toll plazas improved by 25-27% in comparison to pre GST scenario.

Q. What are your growth plans for the next three years?

We have recently received revised TAMP (Tariff Authority at Major Ports) notification for extension of services for 2 more years. Further, we are planning extensive coverage in these 2 years to connect hinterlands with all ports of India to maximize the visibility and increase customer value. Going forward we have planned to cover 150+ toll plazas and maximize the coverage of CFSs and ICDs along with extending visibility to Nepal and Bangladesh bound import and export containers. mg



India is using multimodal logistics in Bangladesh to connect north-eastern states and Bangladesh aims at skipping transhipment through Singapore by using Indian west coast ports for its exports. **Dr Mashiur Rahman**, Adviser on Economic Affairs to Prime Minister of Bangladesh, explains how India and Bangladesh are rising over their geographic constraints by collaborating to improve and use logistics infrastructure smartly

Q. India is going to use Mongla and Chattogram Ports. It has already begun using transit and transshipment facilities through Bangladesh which will help the development of India's north-eastern states. What are the benefits to Bangladesh?

India had requested Bangladesh to allow it to use Chattogram Port even before our prime minister's visit there in 2010. Our response was that India could use not only Chattogram, but also Mongla Port. It gives greater flexibility in operations if both ports are used. Say, if one port is congested for the time being, the other may be used. We took into consideration the need of Nepal and Bhutan, for whom Mongla is more convenient. Later, the two countries finalised the standard operating procedures on use of the two ports. You see, both the ports are used by foreign ships for trade with Bangladesh. In case of India, use of the ports is linked to transit through Bangladesh – agreements in this regard had existed since the partition of the subcontinent. Multimodality is a new dimension to transportation around the world. Indian goods will be carried across Bangladesh using road, rail, and inland water routes, whichever is convenient. They also need to store up the goods for some time. That needs warehouses. Right now we are not planning the whole thing together, but bit by bit, one after another. We are now improving roads

DIVIDED BY BORDERS, UNITED BY LOGISTICS

Q. The committee observed that we are developing our roads, ports with public money. Why shouldn't we charge VAT or make a profit?
I have already explained that charges, fees etc. are realised from Indian vessels, and also pointed out that GATT/ WTO rules allow recovery of cost with a reasonable profit. The basic economics of VAT is trade neutrality i.e. it is applied without discrimination to both domestic and imported goods or services. Those who use the services also have a calculation. If they don't find it cheaper, they won't use transit and trans-shipment facilities. Although India is allowed to use Ashuganj inland port, Indian operators are not using it as expected. It is more expensive than using an internal route of India.

There are two parts of transit operation, or transport operation for that matter. The one is infrastructure, and the other is private operators or service users. The government provides the infrastructure and the private operators pay the government for the services they get. The government of India pays a fixed amount as its share of the cost for maintaining the transit routes. The amount is revised periodically. The operators pay at market price for whatever goods or services they use in Bangladesh. The regulations are specified by the BIWTA.

The river protocol has been there since 1947. It was the same region where ships used to ply. The protocol was re-established with Bangladesh in 1971, and it is renewed periodically. They will buy fuel or other products at the port of calls at local cost.

Q. What will be the ports of call? There are some rivers on the routes which don't have navigability.
The routes are agreed by the shipping ministries of the two countries and notified. Some routes may not be used at the moment because they are not navigable, or trade has shifted to some other routes. However, they may be retained if there is potential for use at a future date and that would not require renegotiation. We now look at the mutual gains of both the countries. As the trade volume increases, more infrastructural facilities will be needed. The demand

for our own needs. India is also investing in improvement of the rail links. The Akhaura-Agartala train link is being established with Indian finance. Our benefit is that India will give us fees or charges for using our ports, inland water routes, roads and railways.

Q. A committee was formed to fix fees for transporting Indian goods through Bangladesh. However, its recommendations were not accepted. Why?
The committee was set up by the commerce ministry. If the ministry had felt that the recommendations should have been made rules, it could have sought approval from the appropriate level, the cabinet perhaps. But that didn't happen. The committee had some fancy notions. For instance, India would compensate for erosion of river banks, pollution, etc. caused by the Indian vessels. It is difficult to measure erosion and pollution caused by our own vessels and the Indian ones. These recommendations were not based on empirical evidence. Besides, almost hundred per cent Indian cargo was carried by vessels of Bangladesh. The fees for pollution, erosion, etc. would be proxy for taxing Indian goods, which is contrary to GATT/ WTO principles.

The WTO says landlocked countries should be granted access to the sea. The rules should be easier. If any country incurs additional costs for providing access to the sea, recovery of the cost with a reasonable profit is allowed. I am in favour of applying WTO rules, which are agreed by all parties engaged in global trade and are based on good economics. Economics supports marginal cost pricing; deviations requires you to invent your own economics. If our waterways and roads are not used, they won't benefit us. Earnings from these fees are receipts from service export which is much like foreign earnings by hotels in a country.

The geographical location of Bangladesh makes it for transit by nature. Bangladesh provides such facilities to other sub-regional countries, including Bhutan and Nepal. Bangladesh gets fees for providing such services. Prime Minister H.E. Sheikh Hasina's principled diplomacy has deepened India's dependence on Bangladesh.

for related services also will grow. The Bangladesh government has already taken up a large programme for dredging of rivers and rehabilitation of the navigation routes, which we need for ourselves. Transportation by river is much cheaper.

Let us think over a question: Would Bangladesh have allowed the rivers to silt up if transit was not given to India? "No" is the only sensible answer. What would be the marginal cost for another vessel to ply on a river which have been dredged in our own interest? The economic rational is clear.

Q. What is the progress of our ports and roads to be used by India?

We have to invest in developing these infrastructures for our own needs. When we will provide services to India, we will invest more. For example, Ashuganj Port is important for us. We are doubling the road lanes and a rail link to Agartala is also being established. To the extent the expanded road and the rail link is used by India, we would recover the investment through appropriate charges. Transportation of Indian goods by our transport companies will create jobs for our people. This means we are exporting our services. We also need to increase exportable products, but establishing new factories and access to new markets takes time.

A railway protocol has been effective since 1947, and re-established with Bangladesh after the country's independence. The railway wagons carry goods to both the countries; the charges for wagons are paid by the customers. When Indian railway wagons enter our territory, we take the responsibility for their maintenance. It's a reciprocal arrangement. Periodically, calculation is made to determine which side has used more wagons than the other. Payment is made for the excess use by the customers. Normally, we use Indian wagons more because our import is higher than that of India.

Q. What about the Coastal Shipping Agreement?

We had suggested this agreement to India on the consideration that our vessels will have access to more ports, and they would not entirely depend on Chattogram and Mongla. We now transport our products in small ships to Singapore where we load the stuff on to mother vessels. Indian West Coast has a number of ports and if we can use those, our dependence on Singapore port would reduce. According to the WTO, a cargo can be exported to third countries. Absence of its explicit statement might have caused some confusion that would be removed by amending the agreement.

Q. Many say Bangladesh is giving India more than what it gets. What's your view on this?

I fail to understand the meaning of such expressions. The geographical location of Bangladesh makes it for transit by nature. Bangladesh provides such facilities to other sub-regional countries, including Bhutan and Nepal. Bangladesh gets fees for providing such services. How does India get more if we get those fees from India? Prime Minister Sheikh Hasina's principled diplomacy has deepened India's dependence on Bangladesh.

Q. The long-awaited Teesta deal is not being signed. There is frustration among the people. Your comments?

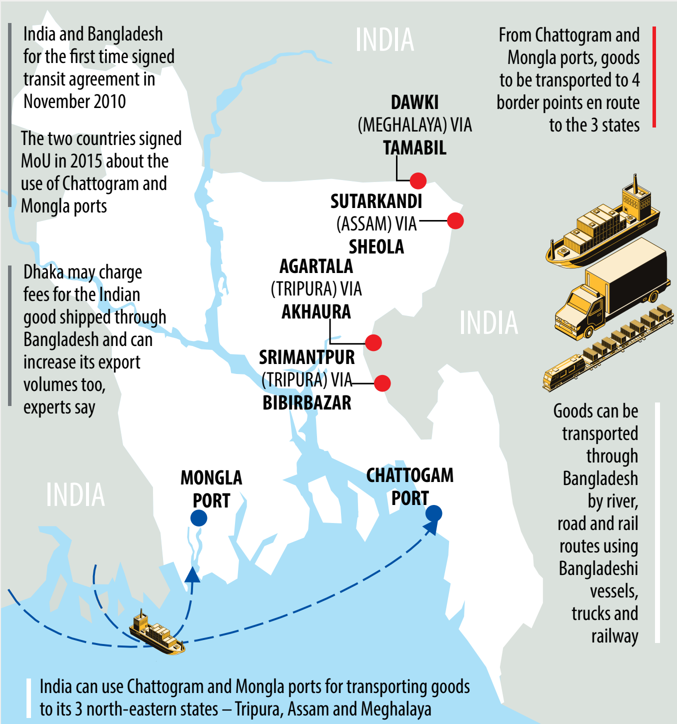
Everybody is concerned over the Teesta deal, but let us not be too pessimistic. Bangladesh and India had a land boundary agreement in 1974, but its implementation began after 2010. This was a new turn in the relationship between the two countries. The draft agreement on Teesta had been reached when the Congress was in office; BJP has owned up to the agreement. Till today, the union government of India has not suggested any change to the agreement. The distance between Gazaldoba and the border is too short to raise any structure for diversion of water, nor is Sikkim hospitable for any major water control structure. An agreement on Teesta is required because of the barrage already constructed; a deal should have preceded construction of the barrage. The current complaint is due to putting the cart before the horse.

Sharing of the Ganges/ Padma water is more crucial. The southern part below Kushtia would experience water shortage and salinity intrusion. Bangladesh got the guaranteed minimum water all through, barring some problems in the initial years. The Ganges Water Sharing Treaty comes to an end in 2026. The two governments have formed a joint technical committee which will recommend measures for better conservation and use of the Ganges water, which has been put on the fast-track.

Q. There are concerns that Bangladesh-China relations may be affected as Bangladesh allowed India to install a radar system by the Bay of Bengal. What's your view?

Our sea border with China is far away; but the sea border with India overlaps. A lot of ships ply the sea and it will take time, may be five to six years, for us to develop a radar system. But monitoring cannot wait. The agreement with India allows commencement of monitoring without unnecessary delay. I don't see that there is reason for the agreement to affect Bangladesh-China relations. mg

Courtesy: The Daily Star



UNLOCKING NORTHEAST

As Bangladesh opens its Chattogram and Mongla Ports to India, the landlocked north-eastern states of Assam, Meghalaya and Tripura will now have access to open sea trade routes

India has been working strategically to connect its north-eastern region with the rest of the country through Bangladesh. During a recent visit to India, Prime Minister of Bangladesh, Sheikh Hasina agreed to allow Indian trade use Chattogram and Mongla ports. This enables India to carry freight using Bangladesh's river, rail lines and roads. As per the SOP, goods that reach Chattogram and Mongla sea ports, will be carried to Agartala (Tripura) via Akhaura; Dawki (Meghalaya) via Tamabil; Sutarkandi (Assam) via Sheola, and Srimantpur (Tripura) via Bibirbazar. Thus, the landlocked Assam, Meghalaya and Tripura states will be able to access open sea trade routes through Chattogram and Mongla ports.

India is developing the infrastructure needed to carry freight through Bangladesh, avoid lengthy detours through road and rail for connecting north-eastern states, saving on time and money. Tripura will be connected to Chattogram Port through the Feni Bridge over the Feni River in Sabroom town of South Tripura and Ramgarh in Khagrachhari. India is constructing the roads and railways to Sabroom as part of its massive development works in the northeast.

Experts say that Bangladesh should try to reap as much benefit of the new regional connectivity as possible. The improved connectivity can also help Bangladesh, which is located between South and Southeast Asia, to become a regional hub and growth centre. Dhaka may charge fees for the Indian goods shipped through Bangladesh and can increase its export volumes too.

India has so far provided three lines of credit (LoCs) worth $7.5 billion, and majority of the money is meant to develop infrastructure needed for the connectivity through Bangladesh. Bangladesh is in the process of constructing a bay container terminal in Chittagong Port, further developing Mongla Port, and building four-lane highways for Ramgarh-Baruerhat, Cumilla-Brahmanbaria-Sarail, and Ashuganj river port-Sarail-Dharkhar-Akhaura land port routes. Using India's line of credit, Bangladesh is also establishing an inland container river port in Ashuganj, doubling the rail lines from Khulna-Darshana Junction and upgrading the metre gauge lines to dual gauge lines from Parbatipur to Kaunia. Indian economic zones in Mongla, Bheramara and Mirsarai and an IT Special Economic Zone in Keraniganj are also being developed.

The river protocol

The first transit agreement between both countries was signed in 2010. In 2015, India gained access to four river ways in Bangladesh which could connect Kolkata and Murshidabad to Assam, Tripura and Meghalaya. In 2016, Kolkata-Ashuganj-Akhaura river route became operational, but till date as many as 13 cargo vessels sailed on it as the connectivity infrastructure such as roads and ports were not ready. In the recent visit of Prime Minister Sheikh Hasina, the two countries decided to utilise a river route from Murshidabad's Dhulian to Tripura's Sonamura via Rajshahi. Under the 2015 river protocol, vessels were allowed to carry a maximum of 2,000 tonnes of cargo. But now larger ships would ply the waterways, increasing the trade volume and reducing logistic costs.

Eastern Pacific Shipping (EPS), a Singapore-based ship management company, also known to be the largest shipping company in the city state has launched the Dedicated Global Maritime Accelerator called the Eastern Pacific Accelerator, in collaboration with early-stage investor and accelerator Techstars. This mentorship-driven startup accelerator partnership will operate from EPS' headquarters in Singapore and will be the first of its kind to target the maritime industry. The vision is to bring digital, technology-led solutions to problems faced by the maritime industry.

With change coming slowly and in incremental stages in the industry, issues such as sustainability, reducing emissions, and seafarer's mental and physical wellbeing can no longer take a wait-and-see approach. The goal is to address these issues through the accelerator and to inspire the industry to take a technology-first approach to solving problems.

From April 2019 onwards the accelerator programme started accepting applications from aspiring startups across the globe and nine of the most promising early stage ventures were selected. The class of startups was selected with careful consideration and input from EPS' Operations, Marine Technical, Commercial, IT, Fleet Personnel, and Management teams, who would work closely with each startup to test their technologies and accelerate their businesses.

From November 2019, the nine startups are going through an intensive three-month programme of research and development, mentorship, and collaboration at EPS' headquarters in Singapore.

Gil Ofer, Head of Open Innovation at Eastern Pacific Shipping said, "We see a need for technology to propel the maritime industry forward, especially with a rapidly digitalising society and an increase in global trade. That means the shipping industry needs to innovate to solve problems such as fuel consumption, operational efficiency, fleet performance, and improving life-at-sea for seafarers – and we are doing just that with the Eastern Pacific Accelerator powered by Techstars."

During the intensive three-month programme, the startups will receive hands-on mentorship from industry experts, access

TECHNOLOGY TO COLLECT, SHARE AND ACCESS DATA

"Our vision is to build a mobile-first voyage operating system that can unlock business critical insights from the daily activities of crew members," reveals **Surendra Lingareddy**, Director, Asia-Pacific, Volteo

Q. How has Volteo Maritime been able to compete with the startups from across the globe to be selected in the programme?

Since 2013, we have had the opportunity to work with 100+ global enterprises to reimagine their employee and customer experiences. When we applied to the Eastern Pacific Shipping (EPS) and Techstars accelerator program, we showcased how digital work flows leveraging Cloud, IoT and Mobile can change the way work is done on a ship. We are delighted to be part of the programme.

Q. Please tell us in detail about the technology solution Volteo will be developing in the programme?

We are building a product called Wayship. Our vision is to build a mobile-first voyage operating system that can unlock business critical insights from the daily activities of crew members. Wayship Core are a set of purpose-built industrial grade handheld devices that automate data collection from the vessel. These include data from Ships' logs, Checklists, Audits, Drills, Inventory and Procurement. The same data can then be made accessible to provide fleet level visibility on the shore in a format that is relevant to operations, chartering, legal, compliance, equipment makers, class societies and surveyors. With this application, crew will gain time to focus on safer navigation, increase compliance and better maintenance while trade will gain fleet level visibility.

Q. What support are Eastern Pacific Shipping and Techstars providing?

INSPIRING INNOVATION

The merchant maritime industry is one of the oldest in the world, yet advancements in the business come slowly, and in incremental stages. The EPS MaritimeTech Accelerator powered by Techstars is on a campaign to change that and is looking for startups that are ready to help leapfrog the industry forward.

to EPS' operational data, and the opportunity to deploy their technology on EPS' diverse fleet of over 150 vessels. The programme will also provide the founders with access to Techstars' network of mentors, investors and partners. In February 2020, the accelerator will culminate in a Demo Day where the founders will pitch to an audience of top investors, multinationals, government partners and other ecosystem players.

Eastern Pacific Accelerator's first class includes the following startups:

- **C-Log** has developed a digital Maritime ID platform, which will make the seafarer certification validation process easier and faster for both employers and employees by leveraging blockchain technology.
- **CyberOwl** provides real-time visibility and raises early warning on suspicious activity on OT systems and assets, particularly at reconnaissance, installation or lateral movements stages of an attack.
- **Enermo Technology** offers a proprietary platform for condition monitoring and predictive maintenance that increases reliability of industrial equipment and optimising maintenance.
- **F-drones** is transforming marine and offshore logistics with proprietary aerial drones, by improving operational readiness and cost reduction of shore-to-ship logistics.
- **Nautilus Labs** is building artificial intelligence to advance the efficiency of ocean commerce. They deliver technology to help shipping companies minimize fuel consumption, maximize operational efficiency, and optimize fleet performance.
- **QuantShip** forecasts freight rate two to three weeks in advance by identifying leading indicators on both demand and supply by using proprietary machine learning algorithms, fixing the freight and chartering the vessel at the right time to maximize revenue by leveraging volatility and market inefficiencies.
- **Saara automates** inventory and consumer related processes for supply chain and retail businesses.
- **SeaMiles** is the world's first loyalty rewards programme designed to incentivise seafarers and shore personnel.
- **Volteo Maritime** is reimagining maritime by digitalising vessel operations management and fostering collaboration between ship and shore.

EPS is among the most respected ship management firms in the world. They deeply understand these challenges and are providing us uninhibited access to every member of their team including dedicated time from their CEO, CIO, Head of Innovation and Head of Operations. To truly empathise with the crew, EPS arranged vessel trips from Singapore to Thailand for all the nine startups. In addition, we have been assigned two senior operational executives as mentors to ensure we have full access to their expertise to develop Wayship. Techstars on the other hand is the world's largest network that helps entrepreneurs succeed. Besides providing seed capital, they have facilitated multiple conversations with global shipping firms and venture capital funds.

Q. What are the issues in ship to shore collaboration?

Crew onboard a vessel are saddled today with paperwork and manual processes. Several activities including Ships' logs, checklists, inventory, procurement and planned maintenance happen either via paper, email, excel or software that does not offer any support to share openly. On the other hand, vessels now are run by very lean crew and often have limited time for these activities but compliance mandates them to do so. With increased network availability, we believe vessel crew expect technology that can help in data collection, sharing and accessibility. We will address those three steps with Wayship.

Q. How has been the year 2019 for Volteo?

We are excited for the work we have done in 2019. The work includes working with Department of Ports, Andhra Pradesh which recognised SmartPort, the cloud application we built as the default application to manage visibility across all minor ports in Andhra Pradesh. We got a contract to work with Green Climate Fund, a UN organisation to drive digital transformation. To close the year, we are thrilled to be part of EPS/Techstars accelerator.

Q. What will be the technology trends to look for in the year 2020?

Ship owners are looking towards operational efficiencies which will dramatically increase the need to build software that reduces cost of operations, focus on crew experience and gains fleet visibility. In 2020, drone based supplies to ships, predictive and performance management for equipment, inventory using vision, IoT will become a reality.

GROWING STRONG THROUGH EXPANSIONS

The year 2019 has been better than the previous year for Transworld Group Singapore. "For regional operators, the strong regional economics are getting even stronger," reveals **Mahesh Sivaswamy**, Chairman & CEO, Transworld Group Singapore, as he keenly notes their business expansion to serve the emerging markets in Asia and the Middle East

Q. Tell us about the expansions that happened in 2019 at Transworld Group Singapore?

We had to be a lot more watchful this year, but I can still say that 2019 has been a better year than 2018 for us. We have been able to expand into more locations within the Asian subcontinent and it has given us the kind of flexibility very much required. For instance, in China we were not very strong because we always felt it is a place for only mainline players, so there is no place for a regional operator like us. Likewise in the Middle East we thought it was more for the far east-middle east operators. But we have expanded into these locations, and our most recent foray was in Dubai where until recently we were operating through an agent. It was functioning fine, but I believe our strength comes with our own offices in these economies. In 10 different strong economies of Asia we have our own offices as Transworld GLS. We know where the connections are between the locations and we don't wish to follow what the other operators are doing from the west coast.

Q. At the macro level people are talking about slowdown, the impact of US-China trade war and some geopolitical issues. How do these effect an operator?

The slowdown overall would come to America and China because they are involved in the trade war. China basically being the biggest supplier to the world may, in my view, loose some business, which means there could be some shift of that loss into other major economies like Vietnam, Malaysia and Indonesia. These are very strong economies in Asia and even India might benefit from the trade war. The mainlines doing China-America services may suffer because of this trade war, but for regional operators, the strong regional economics are getting even stronger.

Q. You mentioned some countries with strong economies and getting benefitted. With reference to your operations I pick two countries - Bangladesh and Vietnam. How important are they for your business and what do you do there?

Bangladesh is a growing economy. Even during the Lehman Brothers crises in 2008 when the whole world suffered, the Bangladesh economy continued growing unhindered. Their growth neither stagnated anywhere nor did it go down. The garment industry which is the largest export item for them, it has been growing at some phenomenal pace – $25 billion would be the kind of export revenues coming from this industry. Most of the western countries are ordering with Bangladesh. We are the largest feeder operator out of Bangladesh. We started by connecting only Singapore initially, and then expanded to Malaysia. We are the largest feeder operator on both these routes. Some 15 years ago, when Bangladesh cargo also started entering and exiting via Colombo, we were the first ones to get in there as well. Orient Express Line

is the single largest feeder operator on the Bangladesh line to any of the transhipment destinations – be it Singapore, Malaysia or Colombo. BLPL, our liner arm is also very strong player doing huge volumes in-and-out of Bangladesh. Its imports into Bangladesh maybe about 2000 teus in a month. We have been serving the Bangladesh market for 20 years now.

We started our business with OEL and then BLPL was established at some point of time. So when both were growing we realised that we had offices only in Singapore and Malaysia and we needed to identify the stronger economies of Asia. So we expanded operations to certain southern parts of China by offering services through agents and subsequently opened our own office there. Subsequently we opened 2 offices in Vietnam – Hiphong and HO Chi Min City, then we expanded to Thailand. In Indonesia and Malaysia we operate through 3 offices each and then to Sri Lanka. Through FDI we established our own offices in India and today we have 25 offices operational in India.

So while we have BLPL doing the liner side and OEL doing the feeder side, we also have another brand Transworld GLS which is doing the agency role in all these countries. If you ship something from India to Vietnam, there is Transworld GLS at both ends. Right now we operate out of 11 countries including UAE as Transworld GLS.

> **“The land side business in India is picking up. We had entered into the CFS business some years ago and that has grown in spite of DPD. we operate PAN India including Nepal and the biggest facility in Dadri is ours.”**

Q. Are you still investing in containers?

In 2007 we had some issues in OEL due to which we lost a big contract and to fill up that space in ships BLPL was established. At that time we started with 300 containers which we ordered from China and today the number has grown to 35000 containers. We are looking at opportunities in locations where we are not strong. Earlier we were present in locations such as the Middle East and South China, but now we are expanding to UAE and Central China, so this may call for increasing the fleet of containers in smaller numbers.

Q. Do you own ships?

We own 11 ships and we are operating 26 ships.

Q. In general, what are the challenges of feeder operators today?

Challenges keep changing from year to year. The current challenge is with the IMO rule coming up for using low sulphur oil from January 2020. The cost of LSFO is $150-200 per metric tonne in excess of the current price. The first challenge is to ensure some tanks in the ship are available for loading LSFO, which of course is being done in all the ships we are operating. The second challenge is once we exhaust the HSFO, the use of LSFO has to begin atleast two weeks before the deadline starts, as it has to go through a testing process as well. The extra cost will surely be passed on to the customers. Among the feeder operators we have not seen any ship fitting scrubbers.

Q. What are your plans for 2020 and how do you see the market moving ahead in the next 3-5 years?

Everywhere there is a lot of protectionism which is not good for trading. Individual countries are trying to increase local production and create jobs which is resulting in this protectionism. But certain countries do not fall into this category, for instance, Singapore is an import dependent nation. Transhipment centers are changing, for instance, transhipment is growing at Krishnapatnam Port. But for the port to continue growing trade needs to happen.

The land side business in India is picking up. We had entered into the CFS business some years ago and that has developed in spite of initiatives like DPD. PAN India we operate in all locations including Nepal and the biggest facility in Dadri is ours. mg

INDUS MEGA FOOD PARK: JUST PLUG AND PLAY

"Our vision is to create the best in class infrastructure facilities for swift setting up and smooth operations of the food processing industries and thereby creating a value chain from farm to the market," shares **U Naveen Varma**, Director, Indus Mega Food Park Pvt Ltd

BY RAJI REDDY KESIREDDY

Indus Mega Food Park Private Limited, which is operating a mega food park located at Khargone in Madhya Pradesh is scouting for more export markets in the European region for its variety of fresh fruits and vegetables exports from the facility. A part of ₹500 Cr Ananda Group and Vasistha Holdings Limited, the Indus Mega Food Park has already started exporting fresh fruits and vegetables to gulf countries and is keen on expanding its international business further. It has created a world class plug and play food processing facility near Indore to provide a platform covering forward and backward linkages of entire food processing value chain such as quality assurance, food safety and several post-harvest managements systems. It is also offering modern food processing technologies to the manufacturers and marketers to support them in the domestic and international markets.

Major Fruits and Vegetables

Located in the agri – rich region of Madhya Pradesh, the food park is currently processing several key fruits and vegetables for domestic consumption and exports. Corn, diced carrot, diced potato, diced onion, cauliflower, green peas, broccoli, okra (lady's finger), mixed vegetables, french beans, chillies etc. are some of the key products that are being processed and packed at the facility for domestic and international markets.

The food park is approved by the ministry of food processing industries, government of India and it is developed on 85 acres plot at Khargone near Indore, the commercial city of Madhya Pradesh.

"Our vision is to create the best in class infrastructure facilities for swift setting up and smooth operations of the food processing industries and thereby creating a value chain from farm to the market", U Naveen Varma, Director, Indus Mega Food Park Private Limited told Maritime Gateway.

The food park has tailor made infrastructure with one central processing centre (CPC) and three primary processing units inside the park. The CPC has 5,000 MT dry storage capacity and Individual units can avail upto 200 MT cold storage space upto a combined capacity of 5,000 MT. It has space for storing upto 5,000 MT of Potato at a time. The food park is well accessed to the national highway no. 3 (Mumbai – Agra) and having 5 MW dedicated power supply provision for un-interrupted power supply to the units. Weigh bridge, parking sheds, common laboratory, training centre, central canteen, conference hall, common security etc. are the common facilities available at the food park.

Market Potential

Indian food processing industry is one of the key sectors which contributes about 9% and 11% to GDP in Manufacturing and Agriculture respectively. The sector's gross value added was recorded at $17.5 billion in 2016-17. The number of registered food processing units were 39,748 during 2016-17 and the number is growing upwards year after year. Major export markets for our food processing products are Middle East and South East Asian countries. During the last financial year (2018-19), India exported 4,500 crore worth of fresh fruits and vegetables while the country's total food processing exports were at ₹1.30 lakh crore and 230 million tonnes in quantity.

Integrated Services

As part of its backward integration services, Indus Mega Food Park provides trial cropping and reports to the units based on their specific requirements. Assistance in commercialization and farm extension services are also being provided. Identifying suitable farmers and farms for contract farming, soil and water testing through the common testing laboratory, farmer training and skill development programmes based on specific crop requirements are the other key services offered by the food park. It also provides the forward linkage services such as providing logistics services through cold chain, assistance in participation of local and global trade shows. It also helps in getting the necessary government approvals like revenue, excise, pollution control board and industries department apart from others during the construction and post commercialization of food processing units. The water is sufficient as the river Narmada is located at 2 km from the park.

The food park is also having special offers for start-up companies. They can avail ready to use 5 tn per hour IQF line for frozen fruits and vegetables and ready to use 2,000 jars per hour line for canning of fresh fruits and vegetables. They can rent or lease out latest and ready to use processing facilities.

"The owners of food processing units can benefit in multiple ways by utilizing Indus Mega Food Park infrastructure and its services. They will be able to reduce processing and transportation losses significantly by utilizing packaging, labelling and storage of frozen products effectively. We assure them the consistent raw material supply and facility for storing finished packaged food products", Varma said.

Contract Farming

The Indus Mega Food Park has also undertaken contract farming in a big way. It has already started a pilot project in the surrounding area by initiating contract farming on over 350 acres. It encourages farmers to opt for crop diversification and adopt to new crops which can ensure them high yield and incomes. It helps the farmers in reducing cultivation costs and improving productivity by rendering technical expertise by qualified, trained and experienced professionals. Assistance in timely procurement of farm inputs to reduce the crop damages and production losses are the added advantages for the farmers who are associating with the park.

Mumbai Port is nearest

The food park is located in central India and close proximity to the largest port on the west coast – Mumbai port. It is well connected to the major metro cities of Mumbai (450 Kms), Delhi (900 Kms) and Ahmedabad (384 kms). The ICD of Container Corporation of India (CONCOR) located at Pithampur is very close at 80 km from the park which allows the food processing units to leverage the connectivity to improve their domestic and international market access.

Tax Exemptions

The food park is approved by the Ministry of Food Processing Industries and the entrepreneurs setting up units here will be eligible for tax exemptions. The processing units will be exempted from Mandi tax and also from the registration stamp duty. Additionally, the units will get a subsidy on electricity consumed. They will be charged ₹1 per unit upto first 25% of the total electricity is consumed. The units are also eligible for getting 35% capital subsidy from the Ministry of Food Processing Industries, government of India. mg

NURTURING INDO-FRENCH TRADE

The HAROPA Alliance has the most excellent shipping services for the Asia region with the most competitive transit times among the ports on the North European range. **Laurent Foloppe**, Director Commercial & Marketing, Haropa Ports and **Baptiste Maurand**, Chairman of the Executive Board, Port of Le Havre, detail on the infrastructure development, digital initiatives and growing trade and connectivity between the French and Indian ports


Baptiste Maurand, Chairman of the Executive Board, Port of Le Havre

Q. How has business been for HAROPA ports this year?

Laurent Foloppe: 2019 promises to be a good year for the ports on the Seine Corridor. At the end of October, seaborne traffic amounted to 77 million tonnes. The container industry is doing well (2.4 M TEU). In February, Mrs. Catherine Rivoallon was appointed by the Minister of Transport "integrator for the future single port facility," which, from January 2021 onwards, will combine the ports of Le Havre, Rouen and Paris. The objective of the integration of the 3 ports is to create a single-establishment enterprise and a powerful shipping hub, allowing them to play their full role in the competitive global marketplace.

Good news include the construction in Le Havre of the Siemens-Gamesa Renewable Energy offshore wind turbine plant, which is entering its build phase. Over and above trade and new set-ups on-site, the HAROPA ports have also ramped up their work as a Smart Corridor.

Q. How is HAROPA positioned among European ports in terms of size, geographical location and freight volume?

Laurent Foloppe: Our geographical situation on the North European range is exceptional. HAROPA is the first port of call for imports and the last for exports. We are currently in fifth place in this range, but we have many assets that will enable us to continue to gain market share. The ports of the Seine Corridor deliver goods to a consumer marketplace that is among the largest in Europe. HAROPA is the leading container port for France's foreign trade, the largest exporter of grain in Western Europe and the leading French agro-industrial hub. Our strategy is designed to help gain market share in every sector, containers, of course, but also bulk, energy, vehicles and heavy-lift cargo.

Q. Indo-French trade is expected to reach €15 billion by 2020. Which products will stimulate trade?

LFP: Trade between France and India is dominated by aeronautics (€2634m), nuclear machinery and reactors (€700m), and electrical machinery (€547m). In the other direction, from India to France, trade is dominated by hydrocarbons and refined products (€1080m), textiles and clothing (€980m) and the nuclear industry (€437m).

Certain categories of these products and others are included in the trade between HAROPA and Indian ports. Cargo exchanged between HAROPA and India represents around 1.850 million tonnes of goods, 35% of which were bulk cargo (solid bulk, crude oil, and liquid bulk), 64% of which were shipped by container.
For container trades, the top commodities shipped from HAROPA to India are synthetic rubber and latex, paper & carton for recycling, unmanufactured paper & carton, vehicles & transport material (complete knock-down kits (CKD), chassis, parts), used clothes, textiles and baggage.

And major goods shipped from India to HAROPA include textiles, clothes and

Laurent Foloppe, Director Commercial & Marketing, Haropa Ports

baggage, vehicles & transport material (CKDs, chassis, parts), chemicals (pharmaceuticals, medicines, etc.), machinery & accessories, tiles, bricks and slates.

Nearly all the French groups listed on the CAC40 have a subsidiary in India (examples: Sanofi, Arkema, Total, L'Oréal, Airbus, Safran, Thales, Dassault, Lactalis, Danone, Pernod Ricard, Alsthom, Schneider Electric, Legrand, Renault, Faurecia, Bolloré Logistics, EDF and Suez, to name but those companies). More than 1,000 subsidiaries of French companies (representing 300,000 employees) have set up in India with a boom in investment (4 times more since 2005).

Q. Can you tell us more about the digital initiatives implemented in HAROPA ports?

Baptiste Maurand: We are continuously multiplying the number of digital initiatives, including the "Le Havre Smart Port City" project, which has become a reality since the government decided to support us last October. The project is backed by HAROPA - Port of Le Havre and 80 partners of national and global scope and scale. We are all taking action to build the "innovative region" consisting of our Smart Port combined with our Smart City. Together, this has resulted in an investment plan of some €241 million, focusing on 21 projects for equipment and demonstrators. As part of the project we signed an agreement with Siemens, Nokia and EDF on fifth-generation cellular network technology (5G): the objective is to test the contributions of 5G in order to control an energy system at the local scale, be it for renewable energies, electric vehicles or the performance of port gantry cranes.

Q. The Indian shipping sector is also catching up in terms of digitization. Could there be a knowledge-sharing initiative between the two countries?

Port information systems have considerably developed in recent years and we have everything to gain from interacting with India as our preferred partner. As such, HAROPA is part of the Protect group: this European interport group specializing in the standardization of electronic exchanges, recently decided to integrate the IPCSA (International Port Community Systems Association), specialized in the standardization of electronic exchanges and which is highly active within the IMO. This integration broadens our horizons, hitherto highly European, and allows us to imagine real knowledge sharing with India.

Q. As more and more stakeholders move to digital platforms to share data, the security of those data is a major concern. Could you describe in detail the measures taken for shipping and port cyber-security at HAROPA?

Baptiste Maurand: On October 25, we signed an agreement with Airbus and SOGET to come together to combine our technological and human resources in order to strengthen cyber-security in the port. As part of an experiment, we are in the process of defining a technical, legal, administrative and financial framework to provide the services of a Security Operations Center (SOC); these services, made available to the port economy in Le Havre, will provide a solution that will help businesses innovate, while making cybersecurity an asset for development and not just a constraint.

This new partnership therefore means our existing solutions can more easily integrate major areas of innovation such as blockchains; it will also improve confidence in the quality of digital data and the traceability of upgrades.

Q. HAROPA is working in partnership with ORANGE & CISCO to develop a platform for intelligent data services. How does it benefit the port users?

Baptiste Maurand: On October 25, we signed an agreement for the implementation of a Smart Data Services platform. It testifies the high level of cooperation between two public partners (the Port of Le Havre and Le Havre Metropolitan Authority) and three private partners: Orange, Cisco and Soget. This partnership enables cross-cutting exploitation of data, brings forth new services to the customers of interfaces at sea and on shore alike, to citizens and to all the economic operators on the Seine Corridor. This approach anchors the digital strategy of HAROPA and supports the competitiveness of tomorrow.

Q. What are the infrastructure development plans for HAROPA ports?

Laurent Foloppe: "HAROPA - Port of Le Havre has launched an investment program worth €600 million. The Port of Rouen has confirmed an investment plan amounting to €290 million. Among the future infrastructures, I might underline the fact that the two last berths of Port 2000 have just been allocated. At the end of June, the Port of Le Havre approved a €125m program for the creation of a swing gate enabling direct access for river shipping to Port 2000. The Port of Rouen has begun upgrading work on its main terminals. On its side, Ports of Paris has taken a new step towards the construction of the Paris Seine Métropole Ouest river platform dedicated to building and civil engineering. We are working to improve shipping services with further development of the Le Havre Multimodal Terminal.

ECOMMERCE BOOM CALLS FOR BETTER LOGISTICS

Vietnam is witnessing an ecommerce boom, but the logistics industry needs to gear up for delivery on-demand

Vietnam can be truly called a land of opportunity for domestic and foreign e-commerce companies. There are currently 35.4 million e-commerce users in Vietnam, with an additional 6.6 million users to be shopping online by 2021. These 42 million e-commerce users will represent 58 per cent of the total population. That's why there is no wonder that throughout the last 5 years Vietnam has been showing a constant rise in percentage of online shopping transactions. The most popular products sold online included clothing, footwear and domestic (59 per cent), electronic devices (47 per cent), and household appliances (47 per cent), among others, while payment and delivery methods have been used flexibly by enterprises.

Moreover, the government has stepped in to try and usher in a new era of commerce. Vietnam's legal framework and policies, especially Decree No.52 on e-commerce, have played a key role in creating favourable conditions for high growth rate of the retail e-commerce market. The decree aims to ensure fairness between e-commerce and traditional commerce, of which enterprises operating in e-commerce must comply with laws and regulations in equal to that of traditional one.

With an explosive 33 per cent compounded annual growth rate over the past two years, Vietnam ranks high among the fastest-growing e-commerce markets in the Southeast Asia region. Frost & Sullivan has forecast the Vietnam E-Commerce market to reach a value of \$3.7 billion by 2030.

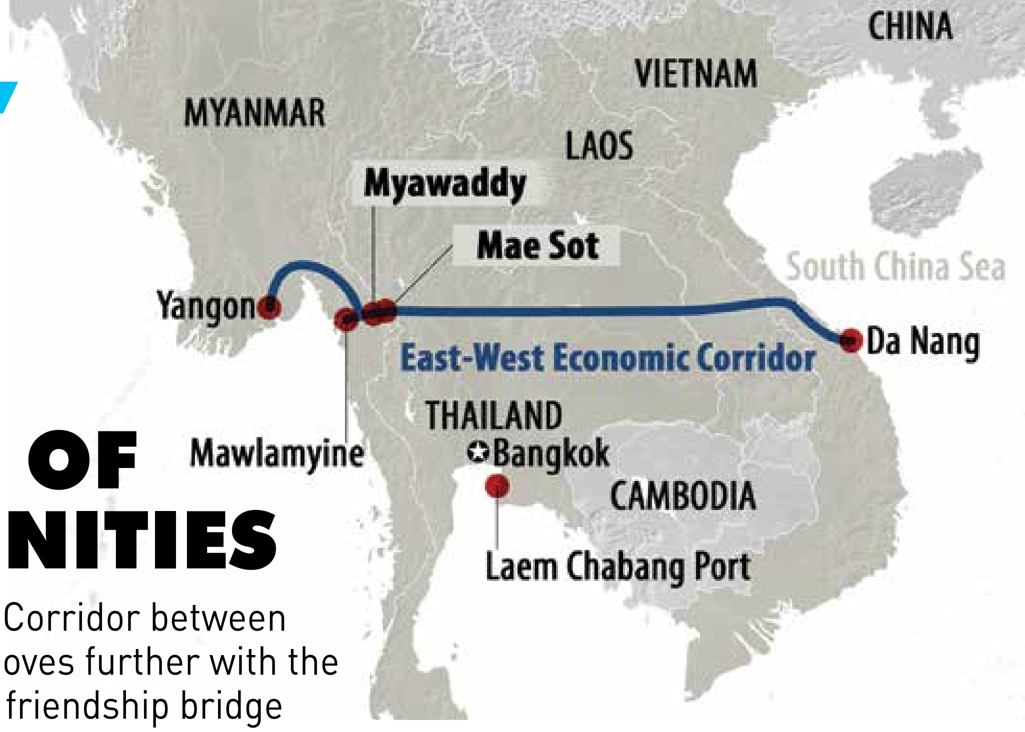
The rise in volume of goods traded through online channels increases demand for swift transport and logistics, especially delivery services. The scale of the e-commerce market in 2017 had reached \$6.2 billion, up 24 per cent, the number of orders through fast-delivery companies is expected to grow by an average of 45 per cent in 2015 - 2020 and could reach 530 million orders by 2020.

Notably, many retail businesses such as Vincommerce, Mobile World, FPT, Lotte, and Aeon are aiming to develop e-commerce, or the fact that the huge e-commerce companies such as Alibaba and Amazon joined Vietnam has made the logistics market more vibrant, accompanied by the need for technological investment and thoroughness in transport and logistics services.

But the logistics industry in Vietnam needs to catch-up drastically. Most of Vietnam's logistics enterprises are small and medium in terms of capital, labour and technology. Notably, the financial potential of Vietnamese logistics enterprises is modest (80 per cent of established enterprises have a legal capital of VND1.5-2 billion). Besides capital problems, they are inexperienced and have limited competitiveness, so they have not had the opportunity to reach the market with great demand; and they lack the comprehensive links between businesses, and between different stages of logistics activities.

Human resources are also a hindrance, because most of the current logistics personnel in Vietnam have been trained informally and unmethodically from different sources. Therefore, the capacity of Vietnamese logistics enterprises is limited because the quality of their staff does not meet the demand. Among domestic businesses, up to 93-95 per cent of workers are not properly trained; they are mainly doing services in small supply chains such as forwarding, warehousing, and bill of lading processing.

Technology is a key competitive advantage in the potential and competitive logistics market. In Vietnam, one of the causes of the unprofessional logistics services provided by many enterprises is the poor application of information technology. There are not many businesses that can meet the technology application in the fourth industrial revolution with large quantities of goods in a short time to ensure the safety and quality of goods.



A BRIDGE OF OPPORTUNITIES

The East-West Economic Corridor between Thailand and Myanmar moves further with the completion of the second friendship bridge

The second Thai-Myanmar Friendship Bridge across the Moei River, which connects Myawaddy, a city in Myanmar's eastern region, and Mae Sot district in western Thailand, has pushed Southeast Asia one step closer to the realization of an East-West Economic Corridor, connecting the South China Sea to the Indian Ocean.

The economic corridor is a 1,700-kilometer land route passing through Vietnam, Laos, Thailand and Myanmar, is aimed at reshaping the supply chains of the Mekong region, which also includes Cambodia, giving it access to the vast Indian market through the Bay of Bengal. Movement of goods in Myanmar will become smoother on this new highway link as it allows trucks to bypass urban areas.

Initially, Mawlamyine in eastern Myanmar was to become the western end of the corridor, but the corridor has been extended to Yangon, the biggest city in Myanmar, and will be linked to the Thilawa Special Economic Zone which is under development. Myanmar and Thailand have begun testing their Cross-Border Transport Agreement, which allows vehicles from both sides across the border. The accord enables the two countries to issue licenses to logistics companies to directly transport goods between the Thilawa SEZ and Laem Chabang Port, Thailand's largest maritime port.

> "The east-west corridor should be linked with the eastern water grid the government of India is planning to build over Ganges, Brahmaputra, Brahmani and their tributaries, to develop a multi-modal connectivity ecosystem in the Bay of Bengal region."

Nisshin Transportation, an Osaka-based company that is part of Japanese international transporter AIT, is planning to launch direct services on the route together with its local partner. Direct transport will cut delivery times to Bangkok from Yangon to as little as three days.

The construction of an arterial road is also ongoing in Vietnam, Laos and Thailand. Even in Myanmar where construction work had been hampered by ethnic conflicts in the border area, there has been progress. The development of a 90 km section began about two years ago, backed by loans from the Asian Development Bank. The Myanmar government expects the road to open to traffic in 2021. Upon the completion, overland transportation between Thailand and Myanmar will take less than 24 hours. The corridor will accelerate industrial development of Myanmar as supply chains will be strongly integrated.

India has built a port at Sittwe in Myanmar, which will be linked to Mizoram state in the north via a multi-modal transport network. Besides, a highway connecting India with Thailand via Myanmar could become operational by 2020 and may be expanded to Vietnam. India and Thailand recently signed pacts for port connectivity, adding meat to the Act East Policy and the Indo-Pacific vision.

Besides, India is expediting a maritime connectivity link between the Andaman and Nicobar Islands and Aceh in Indonesia, where it will build a port in Sabang. India has major plans to expand its presence in the Ganga-Mekong region, which covers the five ASEAN states. According to industry leaders, the east-west corridor should be linked with the eastern water grid the government of India is planning to build over Ganges, Brahmaputra, Brahmani and their tributaries, to develop a multi-modal connectivity ecosystem in the Bay of Bengal region.

INTERNATIONAL RECOGNITION FOR DRY PORTS

Once the Inter-governmental Agreement on Dry Ports is registered with UNESCAP, dry ports in Nepal will get international recognition and Nepal cargo will have access to dry ports of 25 countries

Nepal cannot imagine movement of its trade without the use of dry ports that are at the fulcrum of its cargo movement and the role of these dry ports will soon become even more crucial as they will be listed on the international map and large international companies will be encouraged to establish their office in the country, thereby facilitating third-country trade. The government has moved the Inter-governmental Agreement on Dry Ports (IADP) in the Parliament for its ratification. Kedar Bahadur Adhikari, Secretary of Commerce and Supplies at The Ministry of Industry, Commerce and Supplies (MoICS), said that after the agreement is ratified by the Parliament, it will receive international recognition with its registration in the United Nations Economic and Social Commission for Asia and Pacific (UNESCAP). The IADP aims to promote international recognition of dry ports, facilitates investment in dry port infrastructure, improves operational efficiency and enhances the environmental sustainability of transport.

After Nepal gets the membership to the Inter-governmental Agreement on Dry Ports, the country will be able to directly receive cargo through its inland clearance depots (ICDs). Five dry ports namely Bhairahawa ICD, Biratnagar ICD, Birgunj ICD, Kakarbhitta ICD and Tatopani ICD will be recognised as international dry ports. Following the ratification, Nepal's cargo will have access to dry ports of 25 countries — Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Cambodia, China, Georgia, India, Indonesia, Iran, Kazakhstan, Kyrgyzstan, Laos, Malaysia, Myanmar, Pakistan, Philippines, South Korea, Russia, Sri Lanka, Tajikistan, Thailand, Turkey and Vietnam.

After endorsement of the agreement, the country's dry ports will have transport connection with more than 150 dry ports, border ports/land customs stations, integrated check posts, seaports, inland waterway terminals and airports of the aforementioned countries.

The construction of an international dry port has already begun in the Kathmandu Valley, foundation stone for which was laid by Prime Minister KP Sharma Oli in Chovar, Kirtipur municipality that is closer to the ring road. It will particularly ease the movement of traffic from India and China to Nepal. The dry port will be spread on 11.77 hectares and will contain warehouses, parking lot, litigation shed, administrative buildings for customs, quarantine, bank and other required facilities for customs clearance. The dry port will have the capacity to accommodate over 600 containers and parking facility for at least 350 trucks. A major advantage is that this dry port is connected with the Fast-Track Road Project, an expressway which joins Kathmandu with Terai region, and to-be-soon constructed outer Ring Road.

Another dry port is being planned in the Rasuwagadhi region, for which Nepal Intermodal Transport Development Board (NITDB) has roped in a Tibetan construction company to build the dry port. It will be located in Timure of Gosainkunda Rural Municipality. It will include a parking lot, warehouse, administrative building, check post, bank and laboratories. The admin building will be spread on 5,000 square meters and warehouse on 750 square meters.

Port Authority in the offing

The Port Authority of Nepal is being set up to manage and regulate the dry ports. With growing number of dry ports the government had realised the need of a separate regulatory agency to manage the trade infrastructure.

MoICS has recently given a final shape to the concept of the legal instrument required to establish and run the new institution. A concept paper on the Act for the Port Authority has been prepared and recently sent to the Ministry of Law, Justice and Parliamentary Affairs and Ministry of Finance for their input. The Port Authority would replace the NITDB as the regulator and set new standards for the construction and operation of ports. mg