IN CONVERSATION
Vidyanand Singh
Executive Director, Phonex Group

COASTAL SHIPPING
IMO 2020 Compliance a Tough Voyage

TERMINAL HANDLING CHARGES
Bringing Transparency

HAMBANTOTA PORT
Energy Hub in IOR

south asia's premier maritime business magazine

maritime gateway

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RNI NO: TELENG/2009/30633
DATE OF PUBLICATION: 25/02/2020
POSTAL REGISTRATION NO: HD/1137/2019-2021
DATE OF POSTING: 28/02/2020

LOGISTICS COST - PANDORA'S BOX
T S AHLUWALIA
CONVENOR OF PORTS & LOGISTICS COMMITTEE AND PRESIDENT, NISA

WOOD IMPORTS: VARIETY IS THE SPICE

Demand from housing, furniture, hospitality and handicraft remains strong, making India a potential market for imported wood products. Limited domestic supplies is driving demand for newer species of imported wood, but exporters should be prepared to start small and be patient


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REFORMS OR REDEFINING BUSINESS MODEL

Bringing transparency into each and every element of the logistics cost can eliminate manipulation by the intermediaries

The big fat Indian logistics cost has been put on a pruning plan. The objective is to crop-off unnecessary costs and discourage rent-seeking behaviour in the trade. It is a well-known fact that logistics service providers often fleece shippers under various components or subheads of the logistics cost and any logistics industry insider can vouch for the fact. The trade community recently raised a red flag to the "Off-dock" charges being levied by CFS and shipping lines. When the container is moved to a steamer company nominated CFS, they collect "Off-dock" charges under "Handling and Transportation charges." When the container is moved to an importer nominated CFS, the shipping company collects these charges during the process of delivery order. Even when the container is cleared from the port under DPD, the shipping company collects these charges during the process of delivery order. Justifying such charges container shipping lines clarified that they levy "Off-dock" charges because their liability is extended up to the CFS, but this justification has neither been taken well by the CFSs nor by the Logistics Department under Ministry of Commerce. Further CFSs have also bluntly denied collection of "Off-dock" charges camouflaged in "Handling and Transportation charges." But in the presence of ample evidence submitted by the trade community, the Logistics Department seems to have come heavily on such illegitimate charges, declaring them not payable in Indian jurisdiction. Levying "Off-dock" charges as a precondition for release of DPD containers derails the very purpose of the national DPD programme at ports. The way forward for the CFSs could be to do away with the "Off-dock" charges in their bills and clearly indicate in their bills the component of "Handling and Terminal charges."

A similar aberration has been noticed in the terminal handling charges collected by the shipping lines. The trade community has observed that shipping lines bill shippers heavily for Terminal Handling Charges, but there is discrepancy in the charges collected from shippers and the amount paid to the port terminals. Addressing this lack of transparency, The Central Board of Indirect Taxes and Customs (CBIC) has allowed DPE, DPD and AEO clients to pay Terminal Handling Charges directly to terminals bypassing the shipping lines.

Bringing transparency into each and every element of the logistics cost paid by the exporter/importer is the only way to trace and eliminate the gaps in the logistics system that offer room for manipulation by the intermediaries. Disrupting the business model that has been practiced as a standard for ages may not be an easy task and many may consider the noble intentions of these reforms as an intervention into routine business practices, but these reforms will be the stepping stones if the goal of reducing the logistics cost to less than 10 per cent of GDP has to be achieved by 2022.

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Maritime Gateway is printed by R Ramprasad published by R Ramprasad on behalf of Gateway Media Pvt Ltd, D.No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India.

Printed at M/s PVB Printers, 11-5-418/A, Ground Floor, Skill Adobe Apartment, Redhills, Lakdikapool, Hyderabad - 500004. Published at Gateway Media Pvt Ltd, D.No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India.

REGD. OFFICE: D.No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, Telangana, India.

CIN: U74900TG2007PTC054344

EDITOR: R Ramprasad

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

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VOLUME 12 | ISSUE 06 | MARCH 2020

SPEEDWAYS LOGISTICS PVT LTD

WHO WE ARE

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

WHAT WE DO

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

CUTTING EDGE

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

MISSION

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

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

VISION

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

WHY SPEEDWAYS

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

WHO WE ARE

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

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

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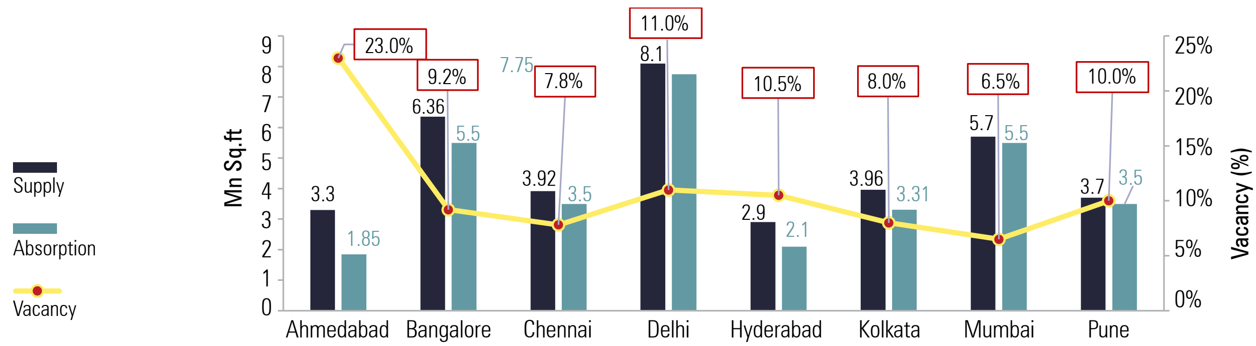
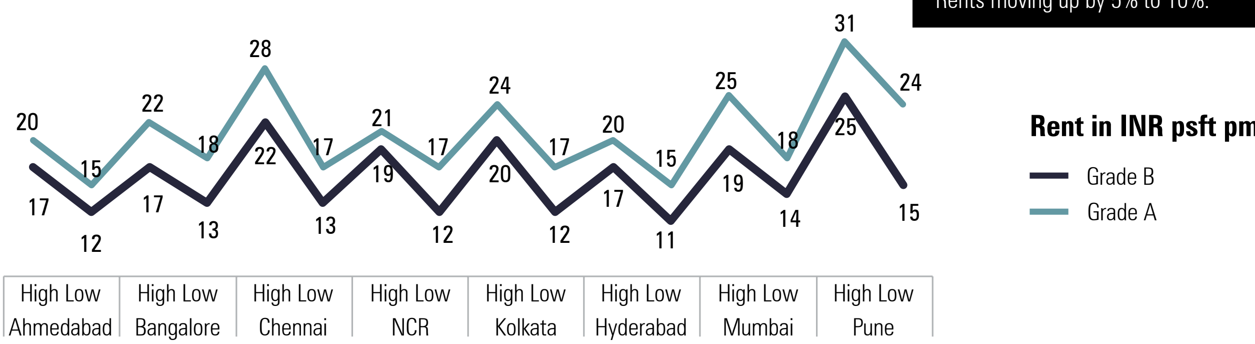
WAREHOUSING STOCK

Absorption stood at ~ 34 Mn sq. ft. and vacancy less than 10% all India



RENTAL STOCK

2019 saw major push on specifications and compliance from occupiers with Rents moving up by 5% to 10%.

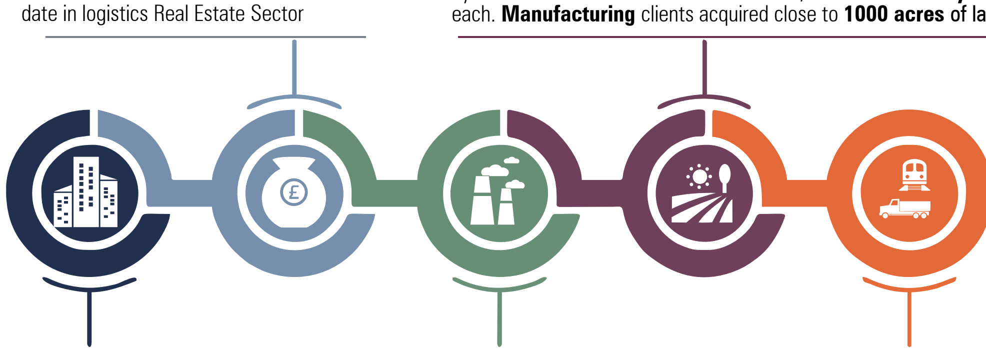


SECTORIAL SNAPSHOT

Land

2019 saw in excess of **3500 acres** being transacted with majority being outright purchase followed by JV's & JD'S apart from few marque asset monetization transactions from Manufacturing clients. **Developers closed 1500 Acres** of land in **Delhi NCR & Pune**; Excess of 500 acres of land was traded @ **Bengaluru**, followed by **Mumbai & Chennai** at 300 acres each, **Ahmedabad & Hyderabad** at 200 acres each. **Manufacturing** clients acquired close to **1000 acres of land across** country

Equity, Debt & Investment- multiple partnerships at enterprise level, asset sale, debt structure, acquisitions etc., with more than US$9B committed till date in logistics Real Estate Sector



Tier 2

4.5 mn sq. ft .was leased in **Tier 2 cities** @ key locations -Lucknow, Ludhiana, Patna, Guwahati, Coimbatore, Vapi,Nagpur, Ghaziabad & Indore

Manufacturing Sector absorbed close to **6 mn sq. ft**. all India. **SME's & Electronics** Components Manufacturers leased most between **Pune, Chennai & Delhi NCR** followed by **Auto** Sector leasing in Chennai, **Ahmedabad** & Pune

Ecommerce & 3PL leased in excess of 60% -close to **20 mn sq. ft**. of all India Stock With majority@ **NCR** and **Bengaluru**

COURTESY: **SAVILLS INDIA**

MYANMAR

Blooming border trade

Myanmar's total border trade using Individual Trading Cards (ITC) exceeded 18 billion kyats (US$12 million) in first four months of current fiscal year (FY) 2019-2020 which started in October. From October to January this FY, the ministry issued 32 ITCs and export using those cards through border gates earned over 1.78 billion kyats ($1.18 million) while its imports exceeded 17 billion kyats ($11.3 million).

During the period, Myawady border gate recorded the highest ITC's trade with 11.3 billion kyats ($7.5 million). The ministry has issued a total of 1,719 ITCs, registering its trade value of over 188 billion kyats ($125.3 million) so far since FY 2012-2013, according to the ministry's figures. Myanmar mainly exports agricultural products, animal products, marine products, minerals, forest products, manufacturing goods and others to foreign trade partner countries, while capital goods, intermediate goods and consumer goods are imported into the country.

The country conducts border trade with neighboring China through Muse, Lweje, Kanpikete, Chinashwehaw and kengtung, with Thailand via Tachilek, Myawady, Kawthoung, Myeik, Hteekhee, Mawtuang and Maese gates, with Bangladesh via Sittwe and Maungtaw, and with India through Tamu and Reed border gates respectively.

SRI LANKA

$4.92 billion required for transport and energy reforms

According to the Asian Development Bank, Sri Lanka will require funding of US$ 4.92 billion, for transport and energy sector reforms under the ADB's South Asia Subregional Cooperation plan for 2016 to 2025. The proposed plan in Sri Lanka, for which financing sources are yet to be identified, maybe leveraged to promote it as an LPG transhipment and logistics hub for the region. It added Sri Lanka's own power needs could be met by a power plant in Trincomalee using natural gas which would yield cheap and clean energy as well as the possibility of trading carbon credits.

Two of the identified flagship initiatives under the ADB's Operational Vision involve trade in oil and gas, namely a pipeline corridor between Bangladesh and India for crude oil supply, and Sri Lanka as LPG transhipment and storage hub.

BANGLADESH

Apparel made with US cotton should face no duty

Garment products made with cotton procured from the US should be provided duty-free access to the American market, said Foreign Minister AK Abdul Momen. The US already provides the facility through agreements with sub-Saharan African and Caribbean countries under an African Growth and Opportunity Act (AGOA) and Caribbean Initiative, he said. On an average, the US charges 15.6 per cent import duty on Bangladeshi products, which tend to be largely garment. "This is unfortunate for a least-developed country like Bangladesh as products imported from France, a developed nation, face only 0.5 per cent duty," Momen said, adding that the goods should also not be required to face further testing at the Bangladesh port. The US is the single biggest export destination for Bangladeshi products. The country recorded earnings of $6.9 billion from exports to America in fiscal 2018-19.

SINGAPORE

Digital trade agreement with Chile, New Zealand

Singapore, Chile and New Zealand jointly announced the substantial conclusion of the negotiations for the Digital Economy Partnership Agreement (Depa) in Singapore. Depa will facilitate cooperation in emerging digital areas. It promotes interoperability between different regimes by aligning standards. It also addresses new issues brought about by digitalisation, including paperless trading, personal information protection, online consumer protection, digital identities, financial technology, artificial intelligence, data flows and data innovation, and digital inclusivity. Minister for Trade and Industry Chan Chun Sing said at the signing ceremony: "As digitalisation changes the face of commerce and trade, we look to build new forms of cross-border linkages and create opportunities for our businesses to thrive in the digital economy."

JAPAN

Geek+ and Nike bring same-day delivery to Japan

Geek+, a smart logistics solutions provider, has powered same-day delivery for Nike in Japan, providing advanced robotics solutions to Nike's new distribution center in Chiba, deploying more than 200 robots from its goods-to-person P series line. The smart robots carry Nike products and packages directly to the warehouse worker, reducing costs, increasing picking efficiency and making daily work easier on the warehouse operators. With Geek+, Nike has been able to introduce same-day delivery to its Japanese customers. Geek+ will continue to propose best-in-class smart logistics solutions tailored to customer operations and contribute to solving operational problems in various industries, from retail and apparel to manufacturing sites.

DUBAI

Dubai launches World Logistics Passport

Dubai is bringing together Government leaders and heads of major corporations from Asia, Latin America and Africa for the Davos launch of the World Logistics Passport, a major initiative to boost South-South trade. The World Logistics Passport links Customs World, DP World, and Emirates Group to enhance connectivity through Dubai and, through expertise sharing and process development, directly between partner countries. A pilot project operational since July 2019 has already increased trade by participants by 10 per cent.

The World Logistics Passport has been designed to overcome the non-tariff trade barriers, such as logistics inefficiency, that currently limit the growth of trade between developing markets. South-South trade is already worth an estimated US$ 4.28 trillion annually, more than half of total developing countries exports in 2018, according to the WTO. But many countries in Asia, Latin America and Africa have much smaller market shares in key export products in each other's markets compared to their shares in developed countries, indicating the potential for substantial further growth, boosting prosperity.

Designed as a points loyalty scheme, the initiative has been set up to incentivise companies and traders to use Dubai's world-leading logistics facilities in return for cost and time savings and enhanced customs clearances. Not only will this increase the ease of moving goods in Dubai but will foster more optimal direct trade routes between Latin America, Africa and Asia.

MALAYSIA

Decathlon and Maersk sign Warehousing Services Agreement

For many of Maersk's global customers, Tanjung Pelepas in Malaysia is considered a key strategic location for fast connections to Asian markets and a globally competitive hub point for exporting goods to the rest of the world. Decathlon is no exception as they recently decided to move their 9-year old operation from Singapore to Tanjung Pelepas to better support their retail expansion within the Asian region.

The move to Malaysia has paved the way for Decathlon and Maersk to enter a new partnership, effectively giving Maersk full responsibility of managing all Decathlon's specific warehousing activities, documentation management, customs brokerage and control tower operations at its Regional Distribution Centre (RDC) in Tanjung Pelepas, Malaysia. The new long-term agreement accommodates Decathlon's growth ambition in the region, allowing for their products to be easily available to all consumers, at all times and in all South East Asia and Oceania locations.

INDONESIA

Increasing imports from India

Indonesia has agreed to immediately increase imports of Indian buffalo meat, sugar and auto parts after India boosted purchases of Indonesian palm oil amid a spat with rival supplier Malaysia. Indonesia and Malaysia account for 85% of the world's palm oil output while India is the biggest buyer of edible oil. The trade ministers of India and Indonesia agreed to more than double their bilateral trade to $50 billion by 2025 during a meet in Davos, further agreeing to fast-forward bilateral trade. Indian-Indonesian trade was worth $21.2 billion in the last fiscal year that ended in March, $15.84 billion of which comprised Indian purchases. Indonesia may double the annual quota for Indian bovine meat exports to 200,000 tonnes.

VIETNAM

EVFTA Ratified by EU Lawmakers

The European Parliament (EP) on February 12 ratified the European Union Vietnam Free Trade Agreement (EVFTA) and the EU-Vietnam Investment Protection Agreement (EVIPA). The next step before the agreements can come into force is the ratification of the agreement by the National Assembly of Vietnam which is expected in May 2020. The

EVFTA is an ambitious pact providing almost 99 percent of elimination of custom duties between the EU and Vietnam. As per the Ministry of Planning and Investment, the FTA is expected to help increase Vietnam's GDP by 4.6 percent and its exports to the EU by 42.7 percent by 2025. While the European Commission has forecast the EU's GDP to increase by US$29.5 billion by 2035.

THAILAND

Eyeing trade deal with UK

Brexit could pave the way for a free trade agreement between Thailand and the United Kingdom, says Auramon Supthaweethum, director-general of the Trade Negotiation Department, Thailand. The UK officially pulled out of the European Union although the transition will continue in areas including trade and security over the next 11 months. Ms Auramon signalled in a release to media that Brexit will not have a significant effect on Thailand except for an expected slight volatility of the pound. Bilateral trade between the UK and Thailand will continue as usual under the same regulations at least until the end of the year. She also said the department will be looking closely at the developments to see if they might bring about new trade opportunities for Thailand and agencies connected to international trade will prepare themselves accordingly.

REUSING DISCARDED SHIPPING CONTAINERS

Maulana Abul Kalam University of Technology in West Bengal has taken up a research project for re-use of discarded shipping containers left to rust in container yards. The research explores building shops, counters, schools, offices and even residential houses with these containers. These facilities can be built in an eco-friendly manner and can be easily transportable. Saikat Moitra, Vice Chancellor of the university launched the research project by inaugurating a provisions store made out of a discarded shipping container and located at the university's main campus in Haringhata. Another cafeteria is being developed using discarded containers. Moitra said this is the first of its kind project by any university to use discarded shipping containers abandoned at various container yards.

JNPT MOVES NAPHTHA THROUGH COASTAL ROUTE TO DAHEJ

JNPT announced the commencement of coastal movement of Naphtha produced by ONGC. JNPT regularly handles various petroleum products including LPG, High speed Diesel, Motor Spirit, Naphtha, Crude oil through BPCL Liquid cargo jetty. ONGC is one of the major customers of JNPT and have made significant contribution to liquid cargo handling at JNPT .They are using JNPT for movement of their Crude Oil produced in Bombay High (MR Crude) to coastal refineries and export of their Naphtha produced at ONGC Uran plant to their overseas buyers. Now ONGC have made agreement with ONGC Petro additions Ltd. (OPAL), a joint venture company promoted by ONGC and co-promoted by GAIL and GSPC , located in Dahej SEZ, Gujarat, to supply the Naphtha produced at ONGC Uran plant to OPAL through marine route.

BIMAL KUMAR JHA IS DEPUTY CHAIRMAN, VO CHIDAMBARANAR PORT TRUST

Bimal Kumar Jha has assumed the charge as Deputy Chairman of VO Chidambaranar Port Trust, succeeding N Vaiyapuri, who retired on superannuation. Prior to the new assignment, he served as the Secretary of Paradip Port Trust and Deendayal (Kandla) Port Trust during 2012-19, and also held additional charge as Deputy Chairman of Deendayal Port Trust (Erstwhile Kandla Port Trust) from 24.7.2018 to 16.4.2019. Bimal Kumar Jha, holds a Degree in Maths (Hons.) and a Master Degree in Business Management with specialisation in Personnel Management. He is also UGC (NET) qualified in the field of Human Resource management, Industrial Relations and Labour Welfare.

HAPAG-LLOYD OFFERS REAL-TIME MONITORING OF REEFERS

HAPAG-LLOYD is adding near real-time monitoring of its reefer containers to its product portfolio. "Hapag-Lloyd LIVE" increases the transparency of the cold chain by offering customers a number of data sets about the condition and location of their reefer containers. The product will initially be launched to a selected group of customers and will gradually be made available as the reefer fleet of some 100,000 containers is being outfitted with the monitoring devices. The new solution is a step to further digitalise the supply chain of refrigerated cargo. Customers who use "Hapag-Lloyd LIVE" will benefit from customisable graphic temperature limits, a convenient map mode, and easily downloadable data sets.

DIRECTIVES TO MAJOR PORTS ON CORONA VIRUS

Major ports to place a screening, detection and quarantine system immediately for disembarking of seafarers or cruise passengers; obtain self-declaration from arriving crews/passengers; install thermal scanners and procure N-95 masks; create awareness about Corona virus among those coming to the ports and port officials/PHO.

The following action has been taken by the Major Ports: SoP for disease surveillance/ vessel and crew/passenger management; advisory for all stakeholders; thermal scanners during exit from port prohibited area; isolation ward at port hospital premises/throat swab collection by District Authority.

MAJOR PORTS RECORD 1.14 PC GROWTH IN CARGO VOLUME

The 12 major ports have recorded a marginal 1.14 per cent growth in cargo volumes, at 585.72 million tonnes (MT), during the April-January period of the current fiscal. Deendayal Port handled the highest traffic volume at 101.96 MT during April-January 2019-20, followed by Paradip Port at 93.38 MT, Visakhapatnam Port at 60.73 MT, JNPT at 56.64 MT, Kolkata Port (including Haldia) at 53 MT and Mumbai Port at 51.34 MT. Chennai Port handled 39.80 MT of cargo, while New Mangalore handled 30.91 MT. While the handling of iron ore saw a 39.02 per cent jump to 45.05 MT during the period, thermal coal shipments declined 14.98 per cent to 74.60 MT. Handling of coking and other coal rose 1.10 per cent to 47.08 MT during the ten months as compared to 46.57 MT in the year-ago period.

CRUDE OIL TERMINAL IN PARADIP

200 acres of land has been allotted by Paradip Port Trust to Numaligarh Refinery Ltd to set up crude oil terminal. This facility will enable NRL to import crude at Paradip Port post the refinery expansion from 3 to 9 MMTPA. An agreement was signed to this effect and an amount of ₹20 crore was handed over by NRL to PPT as initial deposit for the land. NRL has embarked on a major refinery expansion project to triple its capacity from 3 MMTPA to 9 MMTPA at a cost of ₹22,000 crore, the highest ever investment in the North-East of India.

ARUN KUMAR JAIN APPOINTED OPERATING PARTNER OF ESSAR'S PROJECTS BUSINESS

Essar Global Fund Ltd (EGFL) has announced the appointment of Arun Kumar Jain as Operating Partner of its Projects business, a key portfolio business of EGFL. He will be a member of the Board.

Until date, EGFL, through its investment manager, Essar Capital, has invested $1 billion in Essar Projects. As the shareholders' representative, Arun Kumar Jain will drive the strategic roadmap of the Projects business. He will monitor and review performance, as well as strive to mitigate the operational and financial risks associated with the business.

US & CHINA TAKE ANOTHER STEP TO RESOLVE TRADE DISPUTE

In order to promote the healthy and stable development of China-US economic and trade relations, China has halved punitive tariffs on $75 billion of US imports from February 14, 2020, a month after Beijing and Washington signed a truce in their long-running trade war. The reduction will apply to levies of five per cent and 10 per cent that were imposed on more than 1,700 items in September, said the State Council Tariff Commission. The Commission hopes that both parties will be able to abide by their agreement, strive to implement its relevant content and boost market confidence.

CMA CGM AND ENERGY OBSERVER WORK FOR ZERO EMISSION

The CMA CGM Group is joining forces with Energy Observer, the first hydrogen-powered vessel to embark on a round-the-world voyage. The partnership deals with the development of more sustainable energies to eliminate greenhouse gases and air pollutants. It aims to experiment, test and develop energy solutions based on hydrogen, solar, tidal and wind power. Hydrogen is a limitless energy source. The green hydrogen used by Energy Observer is made from seawater using on-board renewable sources of electricity (solar, wind and hydropower). Producing and burning hydrogen does not result in any greenhouse gas or fine particle emissions. CMA CGM will contribute its industrial expertise to this floating lab, in order to promote the use of hydrogen as a zero-emission fuel source for the shipping industry.

"Bangladesh's congested and unsophisticated logistics systems impose high costs to the economy. By making logistics efficient, Bangladesh can optimize its connectivity to become a dynamic upper-middle-income country."

- Mercy Tembon
World Bank Country Director for Bangladesh and Bhutan

"Even if the cargoes are available, the inland waterways are not financially viable. There is enough produce available in the hinterland to fill thousands of ships. What we lack in India is a good agglomeration service for small producers."

- Amitabh Kumar, IRS
Director-General of Shipping

"Considering rate of return, passenger is as important as cargo. When a road is created, one doesn't look at what type of traffic is moving on it, but in waterways the focus is more on cargo. Mumbai Port is an example of moving from cargo to passenger."

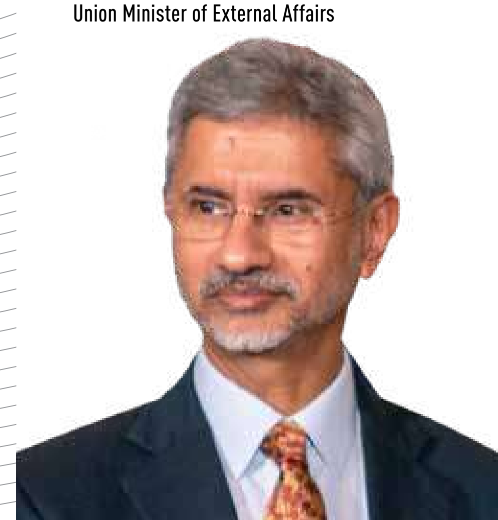
- Dr Amita Prasad, IAS
Chairperson, IWAI

"IMO 2020 has not impacted the rates so far. The carriers are yet to find the right formula for recouping the fuel cost. The difficulty is on commoditised routes, where pricing is critical to achieve market share, and the slight rise is mainly due to supply and demand, nothing more."

- Patrik Berglund
CEO, Xeneta

"India & Central Asia lack efficient overland connectivity. India proposes to overcome this through the Chabahar route and the Union Budget has allocated ₹100 crore for it."

- Dr S Jaishankar
Union Minister of External Affairs



PORTS

V.O. Chidambaranar Port highlights coal discharge efficiency

V O Chidambaranar Port Trust yet again highlighted its bulk cargo handling efficiency by discharging 55,020 metric tonnes of coal in 24 hours at berth No.9 through harbour mobile crane from the gearless vessel MV. Agio Sostis in February, surpassing the previous record of 54,512 metric tonnes of coal handled in 24 hours at berth No.9 from the vessel M.V. Pacific Victory in December 2018.

During this financial year 2019-20 up to 04 February, 2020, V O Chidambaranar Port Trust has handled 30.22 million tonnes of cargo and 6.74 lakh teus of containers, registering an increase of 4.45 per cent and 8.28 per cent respectively when compared to the corresponding period of last year.

DP World exceeds 71 million teus in 2019

DP World handled 71.2 million teus across its global portfolio of container terminals in 2019, with gross container volumes flat year-on-year on a reported basis and up 1 per cent on a like-for-like basis. Like-for-like gross volumes in Q4 2019 increased 2.1 per cent with growth driven by Asia Pacific and African regions. Jebel Ali handled 14.1 million teu in 2019 down 5.6 per cent year-on-year due to a decline in low margin cargo.

The company explained that like-for-like volumes do not include freight from Paita (Peru) Doraleh (Djibouti), Puerto Central, Puerto Lirquen (Chile) Porsoja (start of operations from August 2019), concession expiry in Surabaya (Indonesia) and discontinuation of concession of Tianjin. At a consolidated level, that is all terminals where the group has control, DP World's terminals handled 39.9 million teus in 2019, an 8.6 per cent improvement in performance on a reported basis and down 0.5 per cent year-on-year on a like-for-like basis.

RITES team begins soil test for Masula port

A technical team from RITES, a public engineering agency, started the Standard Penetration Test (SPT) on land and at sea, assessing the soil properties and penetration resistance in 2,800 acres of land where it is proposed to develop the Machilipatnam deep sea port at Tapasipudi village in Krishna district. The test is being carried out under the aegis of the Machilipatnam Urban Development Authority (MUDA). The soil test is being done in six locations in the proposed port area on the land front and three locations in the deep waters as a part of preparations for the port construction. The State government has set up a Special Purpose Vehicle to develop the port by 2022 and has agreed to allow Concor to be part of developing the deep sea port as one of the prime stakeholders.

Floating LNG import unit at Karaikal Port

The LNG logistics company Atlantic Gulf & Pacific (AG&P) is chartering a floating LNG terminal from Abu Dhabi's ADNOC Logistics and Services to set up a floating LNG import unit at Karaikal Port in Puducherry. The two firms have signed an agreement for the conversion, supply, operations and maintenance of a floating storage unit (FSU) at AG&P's new LNG import facility located within Karaikal Port in Puducherry. The 137,756 cubic metre FSU owned by ADNOC L&S is being chartered for 15 years through an innovative commercial model enabling supply to be scaled to match demand. Construction on the terminal will begin in Q1 2020 with commercial operations expected to commence before the end of 2021. The LNG import facility at Karaikal Port will have an initial capacity of 1 million tonnes per annum (MTPA), which will be expanded to 3 MTPA in the medium term as demand increases. The terminal will serve domestic, industrial and commercial customers within a radius of 500 km.

BPCL starts export of very low sulphur oil from Kochi Port

With the export of its first parcel of IMO 2020 grade Very Low Sulphur Fuel Oil (VLSFO) from Kochi to Singapore, Bharat Petroleum becomes the first oil marketing company to export this cleaner shipping fuel from the country. VLSFO is an IMO 2020 compliant marine fuel and in view of the emerging market for VLSFO, Kochi Refinery started production from December 2019. "We also started supplying VLSFO to the tankers calling at Kochi from then on. VLSFO is produced mainly using the vacuum residue of low sulphur crude oils with suitable blending streams," M Beena, Chairman, Cochin Port Trust said.

A K Mehera is new deputy chairman, Cochin Port Trust

WA K Mehera assumed charge as deputy chairman, Cochin Port Trust. A native of Kolkata, Mehera is a civil engineer by profession. He has more than 27 years of service in the port sector.

After graduating from Bengal Engineering College in 1986, he completed his Masters degree in civil engineering in 1989. He joined the port sector in 1992 as manager in Kolkata Port Trust.

DP World expands in Bangladesh

The PPP Authority of Bangladesh has asked DP World to submit specific project proposals relating to its investment plans within a month. Recently, DP World had submitted a concept paper to the PPP Authority where it expressed interest in investing $1 billion in Bangladesh's logistics corridor. In the proposal, the company said it wants to invest $700 million to equip, operate, and maintain Patenga Container Terminal; to modernise, operate, and maintain Chittagong port's New Mooring Container Terminal and Chittagong Container Terminal; and to construct the Bay Terminal.

Additionally, it plans to invest $100 million in Kamalapur ICD and construction of a new ICD near Dhirasram railway station, on the outskirts of the capital Dhaka. The company also plans to invest $100 million to form a railway joint venture company and for rolling stocks, and another $100 million in port/ICD-linked economic zones.

Furthermore, DP World wants to transfer and co-create a digital technology platform, which will bring efficiencies by integrating all logistics stakeholders into one platform and increase export-import trade. DP World said its investment in Bangladesh's hard logistics infrastructure will increase exports, attract six-fold growth in foreign direct investments in a five-year period, add 10 per cent more manufacturing sector's share to GDP, and allow for rapid job creation and diversification of their export basket.

PPP Authority director general Abul Bashar said DP World's investment proposal is under scrutiny by the government. He said the ministry of shipping, Chittagong Port Authority, railway, roads, and highways division, and the ICT division have been asked to forward any specific projects where DP World can invest to the PPP office. "At the same time, we've asked DP World to submit specific project proposal to us," Bashar said.

Major ports show muted growth in cargo

A sharp slide of 15 per cent in thermal coal volumes weighed on the performance of major ports during the period of April-January of FY20. The major ports reported a muted growth of 1.14 per cent as shipments of other key cargo like coking coal, liquid cargo and containers recorded only measly growth.

Liquid cargo comprising crude oil, petroleum products, LPG and LNG grew by only by 2.5 per cent. Other liquid cargo too inched up only 1.43 per cent in the period under review. On the contrary, raw fertilizers and other miscellaneous cargo showed de-growth of 2.8 per cent and 4.08 per cent, pulling down cargo volumes at major ports. Growth in container shipments too was measly. In tonnage terms, container volumes were up 2.16 per cent whereas in TEUs (twenty tonne equivalent units) barely rose 2.65 per cent.

Among major ports, Visakhapatnam port upstaged others in cargo throughput growth, recording 10.98 per cent increase. The double digit growth was largely propelled by iron ore traffic. Iron ore volume shipped through major ports spiked 39.02 per cent. Finished fertilizers registered a firm growth of 21.55 per cent.

Greenfield port at Vadhavan

The Union Cabinet, chaired by the Prime Minister Narendra Modi, provided the Approval in Principle needed for setting up a port at Vadhavan near Dahanu in Maharashtra at a cost of $9.2 billion. With a natural draft of about 20m close to the shore, the port will enable call of container vessels of 16,000-25,000 teus capacity.

Vadhavan port will be developed with a 'landlord model'. A Special Purpose Vehicle (SPV) will be formed with Jawaharlal Nehru Port Trust (JNPT) as the lead partner with equity participation equal to or more than 50% to implement the project. The SPV will develop the port infrastructure including reclamation, construction of breakwater, besides establishing connectivity to the hinterland. All the business activities would be undertaken under PPP mode by private developers.

All major ports operate on renewable energy

The dozen state-owned major ports in the country have switched to renewable energy to meet their entire power requirements, making India the first nation to have all government-owned ports running on solar and wind energy. Under a 'green port' initiative, the Shipping Ministry had directed all the major ports to install grid-connected and roof-top solar and wind power projects to facilitate day-to-day operations including supplying shore-power to visiting ships in an eco-friendly manner.

The government has enabled the major ports to develop the necessary infrastructure to supply shore electric power to all types of ships during the period of their port stay. India's maritime administration has framed standard operating procedures (SOP) for shore electric power supply to ships in Indian ports that presently cover only a low power supply – up to 150 kW at low voltage.

JNPT's loading yard for DFC will be ready by June 2021

JNPT Chairman Sanjay Sethi informed that the under-construction loading yard at JNPT for Dedicated Freight Corridor (DFC) will be open for business by June 2021. Upgrading of transportation technology, increase in productivity and reduction in unit transportation cost are also the focus areas of the DFC project. To fast-track the ongoing railway projects at the Navi Mumbai seaport, a committee of officials from Central Railway, DFCCIL, CONCOR & JNPT will be formed.

The JNPT chairman highlighted the increase in rail traffic and the decrease in the dwell time of import containers moved by rail. For the period (Apr 18 to Mar 19) the dwell time has improved from 116.09 hours to 66.16 hours. The major initiatives undertaken like simplification of processes, digitization & new ITRHO Agreement have helped to increase the overall rail share at JNPT.

VOC Port invites bids for conversion of bulk berth into container terminal

VO Chidambaranar Port Trust (VOCPT) will soon call for bids to convert one of its bulk cargo berths into a container terminal through the PPP route, its chairman TK Ramachandran has said. "We are in the process of tendering out Berth No 9 – a bulk cargo berth – into a container terminal, which will raise the port's container handling capacity to more than 1.6 million TEUs," Ramachandran said. "We are waiting for government clearances; once they approve, we will float the tender," he said. Between April 2019 and January 2020, VOCPT handled 670,000 TEUs against 614,000 TEUs a year ago, clocking growth of 8.4 per cent. "Our container traffic is growing at a good pace and that augurs well for the port because container traffic is the future. So, we are concentrating a lot on containers," he said. To help the port ramp up container cargo, Concor launched a direct weekly service from linking ICD Whitefield with VOCPT.

JNPT achieves Record-Per day discharge of Bulk Cement

JNPT achieved a new milestone in cargo handling of cement by registering record high of 9185MT in a day on vessel MV Apinya Naree, surpassing earlier record of 9008 MT achieved last year on MV BOONYA NAREE. The vessel APINYA NAREE was berthed at 23:18Hrs on 06/02/2020 at Shallow Water Berth No. 03 with total quantity of 20743 MT of cement. The vessel completed its operations at 13:30 hrs on 09/02/2020 and sailed at 17:30 hrs on 09/02/2020 with a Turnaround Time of 2.59 days. The consignment was part of M/S Ultratech Cement Ltd. and is being regularly handled at Shallow Water Berth, JNPT through Its specialized Cement carriers, having capacity to discharge 400 MT per hour. JNPT has systemically invested in enhancing its operational efficiency and handling capacity over the decades to enable seamless trade.

LOGISTICS

ESR develops logistics park

ESR, the Warburg Pincus-backed logistics specialist is planning to develop a 300,000 square metre (3.2 million square foot) logistics park in Haryana state, which will make the facility one of the largest in northern India. ESR acquired the land parcel, which is adjacent to the 223,000 square metre Keystone Knowledge Park science and technology hub, from Indian conglomerate Mayar Group. Located in the city of Sohna, 55 kilometres south of Indira Gandhi International Airport, the proposed high-spec park will support last-mile delivery for the business hubs of New Delhi, Gurugram and Faridabad.

Just four months ago, the company invested INR 3 billion ($42 million) in the development of a pair of logistics parks in Jhajjar and Nagpur through a joint venture with a subsidiary of Mumbai-headquartered retail conglomerate Future Group, ratcheting up its capacity to serve growing e-commerce demand in India's northern and central regions.

Indian Railways to develop refrigerated services

Rail freight forms a key part of the government's plan to raise incomes in the food sector by developing a national supply chain for the refrigerated delivery of perishables including milk, meat and fish.

Kisan Rail is to be established, a public-private partnership to provide chilled logistics services using refrigerated vans attached to freight and express passenger trains. A 17 tonne capacity Refrigerated Parcel Van has already been developed by Rail Coach Factory Kapurthala, with nine vehicles now available for booking on a round-trip basis at 1·5 times the cost of standard freight.

Container Corp of India Ltd has developed an agriculture logistic centre at Rai in Sonepat, and has procured 98 ventilated insulated containers with a capacity 12 tonnes for the movement of fruit and vegetables. Cold storage facilities have been developed at Ghazipur Ghat, New Azadpur, Raja ka Talab and Dadri, another is under construction at Lasalgaon and Central Railside Warehousing Corp has obtained approval for sites in Fatuha and Mancheswar.

Warehousing industry grew 25% in 2019

India's warehousing market, including both Grade A and Grade B spaces rose 25 per cent last year to touch 211 million sft. The market is expected to touch 375 million sft in the next two years with an increased share of Grade A stock. Delhi NCR, followed by Mumbai and Bengaluru remained the top 3 cities in terms of warehouse space absorption in 2019. These 3 cities together accounted for more than 20 million sft of absorption. Other cities like Kolkata, Chennai and Pune also posted strong growth. The top eight cities saw a 15% year-over-year growth in total net absorption in Grade A and B warehousing space. Sectors like 3PL and e-commerce are driving demand for warehousing, supported by liquidity infusion by global investors.

DHL to expand warehousing and supply chain business

DHL will soon make a "big investment" to expand its Indian warehousing and supply chain capacity as the German logistics giant seeks to tap into the booming e-commerce business driven by Amazon and Walmart-owned Flipkart. "We are going to do a big investment/ more investment in the supply chain and warehousing in India because we see a lot of opportunity there. Generally, we tend to lease space because we don't want to tie up capital; they are long-term leases typically for five to10 years," said Ken Allen, CEO, DHL ecommerce. "We have to do capacity planning to make sure that we utilise those fulfilment spaces as efficiently as possible because for their (e-commerce) back-up operations we need to be 100 per cent accurate and also need to be relatively low-cost," he said

South Eastern Railway (SER) set to surpass the loading target

South Eastern Railway (SER) is set to surpass the freight loading target set for it by the railway board for the year 2019-20. During the first 10 months of 2019-20, SER loaded 141.78 million tonnes as against 127.26 million tonnes loaded in the corresponding period of 2018-19. This was a growth of 11.41 per cent. Given its performance between April and January, SER is set to cross the target of 164 million tonnes set by the railway board for 2019-20. SER has already surpassed the board's proportionate target for the period April – January by 5.26 per cent by loading 7.08 million tonnes more than the target.

Global air cargo posts weak growth in 2019

The International Air Transport Association (IATA) released full-year 2019 data for global air freight markets showing that demand, measured in freight tonne kilometres (FTKs), fell by 3.3 per cent compared to 2018 while capacity (AFTK) rose by 2.1 per cent. This was the first year of declining freight volumes since 2012, and the weakest performance since the global financial crisis in 2009 (when air freight markets contracted by 9.7 per cent). In December 2019, cargo volumes contracted 2.7 per cent year-on-year while capacity rose 2.8 per cent.

Air cargo's performance in 2019 was dampened by weak growth in global trade of just 0.9 per cent. The sector's under performance was also due in particular to slowing GDP growth in manufacturing-intensive economies. Softer business and consumer confidence, along with falling export orders, also contributed to air freight struggles. There are signs that confidence and orders could pick up in 2020. It is too early to say what long-term effects will be seen from the impact of restrictions associated with combating the Corona virus outbreak.

Government to clarify on use of railway land by Concor

The government will clarify on use of concessional railway land by Concor before the country's largest container train operator is privatised. Concor has built terminals to house containers on land leased from the Indian Railways on a per container licence fee basis. On the other hand, terminals run by existing private container train operators are built on land purchased from the market.

Also, Concor currently gets land from the Indian Railways at a concessional rate as compared to other inter-modal operators, an arrangement which may have to be altered once the firm is privatised. Firms such as Adani Ports may be interested in picking up stake in Concor but would like clarity on the land use as well as the concessional arrangement the firm has with railways for transportation of containers.

SHIPPING

Concor to start shipping service linking Chennai and Dhaka

Concor will start coastal shipping services in the next few days on the country's eastern coast, linking Chennai Port with Dhaka. The eastern coast service will be flagged off a year after Concor entered coastal shipping in January 2019 linking Deendayal Port Trust with VO Chidambaranar Port Trust, with stops at New Mangalore Port Trust and Cochin Port Trust, in a weekly call. Concor has decided to go with Vishwa Samudra Coastal Lines Ltd to launch services on the Eastern coast.

First Ro-Ro ship at Mumbai Port Trust

The first Ro-Ro ship at Mumbai Port provides service between Mumbai and Alibaug. The travelling time will be just 60 minutes which does not include the docking and undocking time. With this, the ship will save three hours time that it often takes. It can carry up to 180 cars and 500 passengers at a time. Coming to its ticket price, it is learnt that a ticket will be priced between ₹1,000 and ₹1500 for four wheelers depending upon their size while passengers will be charged ₹235. This initiative will not only reduce road traffic and fuel consumption, but will also bring down pollution in the city. Reportedly, over 20 lakh passengers travel between the Gateway and Mandwa annually.

Coking coal imports remain flat

Indian coking coal imports moving through 12 key state-controlled ports posted only a slight gain from a year earlier from April 2019 to January this year as steel producers kept production rates low amid sluggish demand. India imported around 47mn t in the first 10 months of the 2019-20 fiscal year, up by just 1pc from the same April-January period the previous year. The port of Kolkata recorded the highest coking coal arrivals with around 14.6mn t, down by 12pc against a year earlier. This included 12.7mn t received at Haldia and 1.8mn t arriving at the Kolkata Dock System.

Coking coal imports at Paradip were 10mn t, down by 5.6pc from April-January a year earlier. Imports at Mormugao in Goa state increased by 29pc to 6.7mn t, while volumes at the port of Visakhapatnam rose by 16pc to 6.2mn t. Imports at Chidambaranar, Tamil Nadu were 5mn t, while volumes at Mumbai and New Mangalore were 2.4mn t and 557,000t respectively. The port of Ennore received 829,000t of coking coal, while Deendayal imported 872,000t. The ports of Chennai, Cochin and Jawaharlal Nehru did not take any coking coal imports during the 10-month period.

178 rivers to be dredged for navigability in Bangladesh

The Bangladesh government has taken a dredging master plan to make 10,000 kilometres of internal waterways navigable by digging 178 rivers. The Bangladesh Inland Water Transport Authority would do the excavation under the plan. The navigability of old Brahmaputra, Darla, Tulai and Punarva rivers would be restored and the navigability along the river route from Mongla port to Pakshi via Chandpur, Mawa and Goalando would be increased. The water transport authority had taken excavation project along 12 important river routes, and capital dredging project along 53 river routes. The feasibility study of more 47 rivers would also be done.

The length of the inland river route is about 6,000 kilometres during the dry season and the length becomes about 24,000 kilometres during the rainy season. With the finance jointly provided by the governments of Bangladesh and India, the excavation of 470 kilometres of river routes under the Bangladesh–India river protocol had already begun.

Maersk to launch trade finance service in Bangladesh

Maersk is set to introduce trade finance services in Bangladesh to make capital available for its customers in Bangladesh. The digital trade finance solution of Maersk Group is available as working capital for the traders in a number of countries worldwide. The funding facility is already being provided in many countries in the form of pre-shipment export finance, in-transit export finance, export finance (non-recourse), import finance (advance payment), in-transit import finance, and importer credit-payables finance (supplier early payment). “We intend to introduce our trade finance services to our customers in Bangladesh, thus integrating financial services as well within our logistics services,” said Steve Felder, A P Moller-Maersk’s managing director for South Asia.

A.P. Moller-Maersk appoints Patrick Jany as new CFO

Patrick Jany is appointed Chief Financial Officer (CFO) and Member of the Executive Board at A.P. Moller - Maersk. Jany, who is a German citizen, comes from a successful career within finance and business process optimisation as CFO and member of the Executive Committee of Clariant AG, Switzerland. He will assume responsibility as CFO of A.P. Moller - Maersk from May 1, 2020.

“I am excited to join A. P. Moller - Maersk,” said Jany. “Not only is A. P. Moller - Maersk a global leader in shipping, ports and logistics, it is also a company which builds on a strong foundation while leading the transformation of an entire industry through digital innovation and continuous optimisation. The values, customer focus and high ambition level of the company are absolutely thrilling, and I am looking forward to joining the team.”

Fast-tracking bilateral FTAs

In order to forge “balanced” bilateral free trade agreements (FTAs) with some of its major and potentially growing trading partners, India is planning to launch or fast-track bilateral talks with countries, including South Africa, Australia and Mexico, to firm up FTAs. Talks with the EU will be revived too. Besides, with Brexit now done, formal talks with the UK for a trade agreement could be launched soon.

CJ Darcl Logistics delivers project cargo from Andhra Pradesh to Odisha

CJ Darcl Logistics Ltd has added to its increasing list of efficiently executed projects. Recently, the company successfully and safely delivered a heavy cargo from Ramakrishna Engineering in Visakhapatnam, Andhra Pradesh to Utkal Alumina Factory, Rayagada, Odisha. The ODC cargo is an FBD tank with dimensions of length 6.4 m, width 5.85 m and height 5.85 m. It weighed 37 tonnes.

Given the dimensions and weight of the cargo, it required CJ Darcl to put to use its expertise in construction, among others. A civil bypass 300 m long and 5 m wide was constructed to allow the cargo to pass smoothly. This was the largest volume cargo to be received by Utkal Alumina, that too within the given time commitment.

Snapdeal establishes 15 new logistics hubs

Snapdeal, India's leading value-focused ecommerce marketplace, has expanded its logistics network by opening 15 new centres at manufacturing hubs located across 10 cities in India. The new centres are located in Ahmedabad, Surat, Jaipur, Indore, Hyderabad, Panipat, Gurugram, Mumbai, Bengaluru and New Delhi. In the metros, the new centres are located inside manufacturing hubs in areas like Kirti Nagar, Patparganj, Okhla (New Delhi), Reay road (Mumbai) and Chandra Layout (Bengaluru). The new centres cater to the growing shipment volumes from manufacturers who are opting to sell directly on Snapdeal, bypassing the traditional structure of selling through wholesalers and retailers.

Tripura SEZ to be upgraded to multi-sector SEZ

The ministry of industry and commerce has decided to upgrade the Special Economic Zone (SEZ) into a multi-sector Special Economic Zone which would be set up at Paschim Jalefa in Sabroom sub-division of South Tripura district. A proposal was submitted by Tripura Industrial Development Corporation Ltd to which the centre has granted letter of approval for development, operation and maintenance of the sector-specific SEZ. The Central government has accordingly notified 16.35 hectares area to set up a Sector Specific SEZ for Agro Based Food Processing. The SEZ will attract private sector investment across various sectors considering the proximity of the Chittagong Port and construction of the bridge across Feni River in South Tripura.

Developing national waterways in Goa

Mormugao Port Trust (MoPT) along with IWAI and Government of Goa signed a Memorandum of Understanding on 03/05/2018, valid for five years. Under this MoU, IWAI , Govt. of Goa represented by Captain of Ports and MoPT are required to collaborate within the frame work of MoU signed for development of recently declared National waterways in Goa. Under the MoU, MoPT has to execute the works as Project Management Consultancy (PMC) on behalf of IWAI. Currently the Captain of Ports are in requirement of four floating jetties , three in river Mandovi and one in river Chapora and also need to upgrade their navigation aid system including induction of new navigation aids. Mormugao Port has planned and completed a first floating jetty near Captain of Ports jetty, Panjim with floating pontoons of concrete of size 72m long and 3m wide.

Statement about ownership and other particulars about *Maritime Gateway* required to be published under Rule 8 of the Registration of Newspapers (Central) Rule 1956.

Form IV (See Rule 8)

Place of publication : Hyderabad

Periodicity of publication : Monthly

Printer's Name : R. Ramprasad

Whether Citizen of India? : Yes

Address : Door No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairtabad, Hyderabad- 500 004. Telangana

Publisher's Name : R. Ramprasad

Whether Citizen of India? : Yes

Address : Door No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairtabad, Hyderabad- 500 004. Telangana.

Editor's Name : R. Ramprasad

Whether Citizen of India? : Yes

Address : Door No. 6-2-984, #407, 5th Floor, Pavani Plaza, Khairtabad, Hyderabad- 500 004. Telangana.

Names and addresses of individuals who own the magazine and partners or shareholders holding more than one per cent of the total capital:

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

Date: 3 March 2020

(Sd/-)
R. Ramprasad
Publisher

BANGLADESH'S BOOMING BULK IMPORTS

Bangladesh has registered high growth in dry bulk imports fuelled majorly by infrastructure advancements and construction activities.

BY RAKESH ORUGANTI

The Bangladesh economy is outperforming amongst other South Asian countries in terms of year over year growth in FY 2019. Initially, the country stumbled with negative growth of 14% in 1971 with many challenges ahead, but eventually moved up the ladder with constant uptick in growth to stand at the present stage of GDP growth hovering around 8%.

During slowdown in imports of each south Asian nation, Bangladesh registered high growth specifically for dry bulk imports. There is a substantial rise in bulk vessel (Supramax-class) calls bringing thermal coal, slay, clinker and aggregate stones among others. Bangladesh major port Chittagong has doubled its growth in 2019 against 2018. In 2019, Chittagong port handled 183 bulkers with a growth of 126% from 81 vessels in 2018. The growth is fuelled majorly by infrastructure advancements and construction activities.

Origin Nation	Bulk Commodity	Number of Supramax Vessel calls by Year		
		2017	2018	2019
South Africa	Coal	13	12	18
Indonesia	Coal	0	0	51
Thailand	Clinker	0	0	25
UAE	Clinker	7	10	19
Brazil	Grain	6	6	5
Ukraine	Grain	9	11	9
Total	Above Commodities	35	39	127
Total Vessels	All Commodities	63	81	183

The country is transforming in terms of infrastructure, manufacturing and industrial expansions. The major construction material that is being imported are a mix of slag, clinker, aggregates, limestone and grains etc. Vietnam and Bangladesh have become two big markets for Supramaxes and Ultramaxes, while keeping largest nations India and China aside.

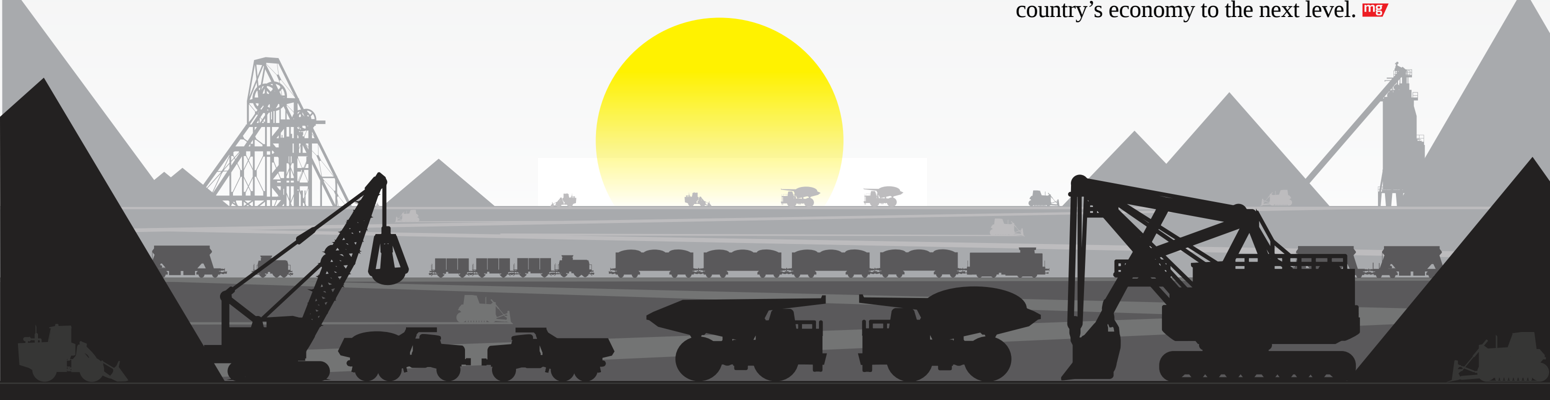
Hitherto, Bangladesh has been importing coal majorly from South Africa, Mozambique and the Russian Federation, Indonesia has weaned out this market and started exporting coal to Bangladesh from last year. The country imported around 50 Supramaxes of coal through Chittagong port. The rise in import is because of high electricity demand in the country. There are several new power plants that commenced operations and few other are under construction.

The Bangladesh Chinese Power Company Limited built two 660 Mega Watts (MW) power plants in Payra. The first unit went operational in January 2020, and the second unit is expected to commence within four months. The 660 MW Rampal plant is aimed to start by end of 2020. The thermal coal shipped from South Africa is mainly used in cement plants.

Beside coal, the next major commodities for rise in bulk traffic are clinker and limestone, which are used for cement making. The country is importing 15 - 20 million tonnes (MT) of clinker and limestone annually. Chittagong port handled 25 Supramaxes vessels from Thailand last year, raised from zero in 2018. Shipments from UAE also bolstered steadily by handling 19 Supramaxes that is more than two fold of the volume recorded in 2018.

The import of grains from Brazil and Ukraine have remained steady over the past 3 years, averaging at around 15 vessels per year. The country ranked fifth in world's largest wheat importers aided by demand of change in food habits. Black Sea region has become country's major source for its wheat demand. Country witnessed around 20% growth in wheat imports, clocking 6 MT in 2019 against 5 MT in 2018.

In contrary to the existing jump in imports growth, the country should also focus on improving export revenue growth by diversifying export commodities in order to narrow the trade deficit for boosting country's economy to the next level. mg



T S Ahluwalia, Convenor of Ports & Logistics Committee and President, NISA, drills down into the logistics cost structure of shippers to point out several anomalies that need to be set right

BY T S AHLUWALIA

Even though the government has granted Infrastructure status to logistics, still the industry is chasing to find the actual logistics cost which is high for both imports and exports making them uncompetitive in the global markets. The government is aiming to reduce logistics cost to less than 10 per cent by 2022 but until digitalization gets implemented in every vertical of the logistic value chain along with elimination of unnecessary intermediaries, it will be a herculean task to achieve. India's logistics cost has been standing high, making products costlier. The reason behind different views and approaches in calculating logistic cost value is the many intermediaries involved in moving cargo. It could be difficult to bring together for calculating all the variable cost components involved in it. The industry has given enormous impetus to the intermediary service providers who impose high charges that ultimately need to be borne by the shippers.

Terminal handling charges (THC): THC for export shipments pertain to the handling of the container at the terminal, i.e., the movement of the container from container yard till it is loaded on the vessel. This handling is done by the terminal and charges are levied to the shipping line which are collected by the lines from the exporter.

It may be mentioned that for all major ports, all kinds of charges are governed by TAMP. It has been reported that in some cases, shipping lines in their invoice to exporters have charged THC which are as much as 80 per cent to 90 per cent higher than what is being charged by the terminal. For e.g. the charges published by JNP on their Website for moving normal/ reefer container from ship to container yard or vice versa is ₹3,094/- for loaded and ₹2,499/- for empty per teu. Against this, the amount charged by shipping lines are higher. For e.g the THC at JNP terminals is ₹7,000/-. Similarly, Terminal handling charges at Cochin Port vary from one shipping line to another for export and import. The difference in this segment is as high as ₹1200/- for a container.

The THC is fixed by TAMP and handling of containers is done by respective terminals, so shipping lines or any intermediaries have no right to add any extra charges. There has to be complete transparency and each port should display THC promptly on their website.

In the absence of uniform THC, it becomes difficult for an exporter to keep track of the charges and hence can become vulnerable to higher charges while dealing through an intermediary. Similarly, at non-major ports too, exporters have faced similar issue. For e.g in one of the cases, an exporter was required to pay a THC of ₹13,900/-per container.

Sea freight charged by shipping lines: Shipping lines are charging freight with higher Dollar to Rupee conversion rate. For examples if one Dollar equals ₹71, shipping line's may be charging one Dollar @ ₹73 or 73.50.

General Rate Increase (GRI): It is noticed that whenever Indian exports witness slight increase; shipping line's bring in GRI. Sea freight is normally offered on monthly basis which prevents Indian exporters to accept orders with longer delivery schedule.

Container repositioning charges: It is the duty of shipping lines to provide containers and other services where exporters need them.

Bill of lading charges

For any cargo, the carrier issues a receipt upon receiving the said goods and hence the following needs clarification:

- The reason for charging an amount for issuing a bill of lading which is actually a receipt of accepting the container for onward movement for which freight is already collected.
- Rationale of charging ₹3000/- ₹5000/- for issuing a bill of lading to exporters. Moreover, every shipping line has their own charge which again creates a lot of confusion for an exporter.
- It has been reported that whenever exporters seeks clarification on any charges being levied by shipping lines, they hardly get any clarification and moreover are imposed with late BL charges which appears to be unjustified. The trade feels this practice of late BL charges should be immediately stopped. Lack of uniform practices in bill of lading issuance, as few shipping lines issue the same based on SWIFT remittance when payment is being made in USD, while few wait for the actual credit of the account.

Seal charge: Shipping agents and shipping lines are charging ₹300 to ₹700 for a Seal, whereas the actual cost of a seal is less than ₹50/-.

Lift on - Lift off charges: Providing containers to the shipper for stuffing of cargo is the basic responsibility of the shipping line. Therefore, lift on-lift off charge is unjustified. The shipping lines may take necessary action about it. At East Coast Ports, the shipping line issues a D.O. (Delivery Order) which mentions the name of the nominated container yard from where the empty boxes need to be picked up for export. Now, in-order to lift the empty containers from the container yard, the shipper has to pay lift on-lift off charges (popularly known as plot charges) in Kolkata. At present, lift on-lift off charges are ₹3,000 per 40-foot container. This charge of ₹3,000 per container is sometimes more than the ocean freight being paid to the shipping line. Similarly, higher charges were levied at Mundra Port initially and since now the port has become well established, the amount should be revised. Presently, the charges are around ₹2000/- at this port and since it is doing remarkably well, it can offer better services and rates to North Indian exporters.

Detention charges: Exporters are being penalized with demurrage/detention in spite of no fault on their part. Hence, clarification is required keeping in view the international practices in this regard. Often, Shipping lines do not accept the 'Via facility' to facilitate loading on vessel in spite of arrival of containers before the stipulated time for Via facilities. Moreover, lines also charge detention from the date of picking containers to sailing date for next vessel without even offloading the normal time allowed without penalty for pickup and handover. The charge logically should have been only between date of arrival of containers from gate shut off to gate reopening at port.

Other charges: Similarly there are other charges wherein CHAs also over charge exporters due to no transparency. Since freight is from container yard to container yard (CY-CY), hence the THC is responsibility of shipping lines so there should be one freight (all inclusive). Sri Lanka and Bangladesh follow a similar policy.

On the import side

Inland haulage charges: Shipping lines are charging higher inland haulage charges for import containers towards movement from gateway ports to hinterland ICDs. There is a need for shipping lines to charge the inland haulage charges rationally and uniformly. Further, other charges to be collected on account of BL discharge, delivery order release, container cleaning charges should be laid down before hand on BL and should be available for information of the importer to avoid complaints of possible over charging at delivery stage. Multiple containers under one B/L are brought in parts to the ICD's from gateway port resulting in demurrage and detention. Multiple containers under one B/L should be brought together to the ICD's to avoid delay in clearance and payment of unnecessary charges.

Exorbitant charges on the destination: At the time of clearance, shipping lines charge importers exorbitantly on the destination charges. To resolve shipping related issues and reduce the logistic cost, the Indian government under the Ministry of Commerce has created Logistic Division. Presently Special Secretary, Sivasailam is heading this division and working very hard to cut the logistic cost which is important to make Indian exports competitive. The MMTG ACT is also modified and awaiting approval from the Parliament.

Has Cabotage relaxation brought relief to shippers?

For decades there has been a debate about the relaxation of Cabotage Law in India. It has often been referred to as the law to protect India's domestic coastal shipping businesses from foreign competition by heavily taxing imports. As per estimates, the operating costs for Indian shippers are about 20 per cent higher than for foreign

lines because of the higher cost of funding, fuel, training costs, wages tax, GST, etc. Foreign flagged ships that operate in Indian waters benefit from lower costs in the country of registration, allowing them to offer tariffs much lower than their Indian counterparts.

In May 2018, the government of India finally relaxed the Cabotage laws enabling the foreign-flagged vessels to carry coastal cargo in India. In spite of the positive progress, there has been a continuous debate over the effects of relaxation of Cabotage Policy, arguing that private ports have gained more benefits than their publicly-run counterparts. Minor ports have the benefit of unregulated tariffs and superior infrastructure, whereas major ports have been handicapped by tariff regulations and reasonably lower efficiency and competence. Thus, for enhancing the potential of existing domestic players like domestic port trusts and Indian ship-owners, it is necessary for removing taxes on marine fuels.

Another major concern has been the availability of cargo. The current Indian Coastal Cargo mainly consists of petrol, oil lubricants (POL), iron ore, pallets etc besides coal and fertilizers which are primarily for the use of Public Sector Undertakings. There is scope for more cargo consisting of industrial and finished products like steel, tiles, car, cement and also marble, fertilizers and food grains from the west coast. On the east coast bulk cargo can include silica, bauxite, manganese, limestone, cars and engineering good from the south. The scope for coastal shipping of containerized cargo including the international feeder operations is assessed to be around $500 million in value with a volume of 1.3 million teu every year and with an annual growth of over 20 per cent.

The logistics cost also needs to be cut down substantially in India to make the trade competitive and for the purpose, there is a need for greater investment in coastal shipping and strengthening infrastructure for inland transport of cargo.

The Government of India is in the process of formulating a National Logistics Policy aimed at ensuring seamless movement of goods across India and reducing high transaction cost to traders. Ministry of Commerce & Industry has also commenced an exercise to develop a sector-specific index to estimate the logistics costs and bring them down to 10 per cent of the gross domestic product (GDP) from 14 per cent at present as they are higher than those in developed countries.

The government also aims to enter the list of top 30 countries in the World Bank's Logistics Performance Index which ranked India at 44th position in 2018 from 54th in 2014.

Thus, the logistics sector's growth is critical to boost exports and economic growth. FIEO has also been working with Logistics Division, Department of Commerce towards facilitating ease of doing business and reducing logistics cost in India. Various initiatives taken by FIEO include organising stakeholder consultations at various major seaports and airports, conducted dwell time analysis at various port of India and recently a trade notice has been released emphasising on Standard Operating Procedure (SOP) for payment of freight and freight related charges for exports.

The very recent development: Indian railway has invited FIEO to look into possibilities to revise (reduce) the rail freight for rice exports. mg

“A large number of the country's industrial clusters (dominated mainly by MSMEs) are based out of its tier 2 cities, and not in its large metros, the last mile connect has been throttling the growth of Indian MSMEs.”

Q. As an agri-commodity exporter what challenges do you face right from procurement, warehousing, and logistics till your exports reach the port and are loaded onto the ship?
Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, food grains etc. However, in the global trade, the share of India is only close to 2 per cent. To achieve the true potential and export a greater share of what is being produced in India, there is an immediate need to address the export challenges.

Procurement

The backward linkages need to be strengthened not only to boost the Indian exports, but also to reduce wastages at the farm level. Currently the wastages account for: F&V- 4.6 -15.9 per cent; inland fish - 5.2 per cent; marine fish -10.5 per cent, meat - 2.7 per cent; poultry- 6.7 per cent. The state governments need to come forward and proactively assist the exports from their respective states.

As per Agricultural ministry, ₹50,000 worth of agriculture produce is wasted every year. New challenges have developed in exports by increasing MSP to support income to the farmers. This lead to fall in export of many Indian agricultural commodities like rice, wheat, barley etc.

Training and skill development at farm level

- Unregulated input (chemicals) usage at the farm level, Inadequate harvest and post-harvest management affects quality and shelf life of the produce
- Region and commodity specific packaging practices need to be developed and disseminated to the last mile.
- Farmer awareness is critical to regulate the chemical usage on the farm.
- Major thrust should be on value added products

Infrastructure

More than 30 per cent of the produce from farm gate is lost due to inadequate cold chain infrastructure (covering only 1 per cent of total F&Vs production) and inadequate logistics. About 80 per cent of the 217 lakh tonnes cold storage capacity is engaged by potatoes while other F&Vs account for only 0.2 per cent.

The food processing industry has a high concentration of unorganised segments, representing almost 75 per cent across all product categories. Thus, the inefficiencies in the existing production system can be attributed to the incapacity of small regional players to invest in technology upgradation and diversify into alternate product categories.

Training and skill development at exporters' level

- Documentation and procedures to be followed for exports
- Lack of awareness on existing schemes and policies related to exports.
- Fast tracking on frequently changing MRL issues

Logistics

Instead of using specialised transportation for perishables like reefer vans, the logistics predominantly rely on traditional modes, commonly used for grains. The connectivity of the landlocked production areas to the ports or terminals is a stiff challenge. E.g. Bihar, Jharkhand, North-eastern states and hilly regions like Himachal Pradesh, Uttarakhand and J&K. Also, the link roads from farms to the main road is underdeveloped in most of the states. Congestion at the ports due to high waiting periods of the shipment is a problem. Most exporters reported about the congestion at JNPT.

Q. How have been the Indian agri-commodity exports during the recent past? What are the measures being taken to increase Indian agri-exports? What can we expect in future?
There has been 3 per cent growth in India's exports of agri and allied commodities in 2018-19, as compared to last fiscal year. The growth is driven by double digit growth in mollases, sugar, dairy products etc.

Measures taken to increase agri exports

The government has formulated a

THE TOP COMMODITIES REGISTERING DOUBLE DIGIT GROWTH (MORE THAN 10%) IN 2018-19

	Apr-Mar 2018	Apr-Mar 2019	% Growth
	Values in USD Mn		
Mollases	15.06	83.79	456.22
Other meat	1.09	1.96	80.14
Sugar	810.9	1,360.29	67.75
Dairy products	303.05	481.55	58.9
Other cereals	248.59	348.97	40.38
Oil meals	1,093.16	1,508.65	38.01
Animal casings	50.68	68.27	34.71
Processed meat	1.54	2	30.3
Niger seeds	10.84	13.64	25.88
Vegetable oils	87.83	106.79	21.59
Tobacco manufactured	340.37	411.04	20.76
Fruits / vegetable seeds	104.04	124.92	20.08
Misc processed items	550.55	659.18	19.73
Sesame seeds	463.9	538.96	16.18
Poultry products	85.7	98.15	14.53
Pulses	227.75	259.35	13.87
Rice-basmati	4,169.56	4,712.44	13.02
Milled products	136.01	151.86	11.66
Agri & allied products	27,778.34	28,615.65	3.01

TOP 7 NORTH INDIAN PORTS CONTRIBUTE TO 7% IN INDIA'S EXPORTS

North India Ports	Exports in 2018-19 (US$ Bn)	% Share in India's exports 2018-19
Delhi AIR	12.36	3.75%
Delhi (ICD)	5.57	1.69%
CFS Albatross/ICD Dadri	1.52	0.46%
ICD Garhiharsaru	1.37	0.42%
ICD Noida-Dadri	1.10	0.33%
ICD Sahnewal, GRFL	1.08	0.33%
ICD Faridabad	1.08	0.33%
Sub total	24.10	7.30%
India's total exports	330.08	

TOP 5 EXPORT COMMODITIES: DELHI AIR

Commodity	Exports in 2018-19 (US$ Mn)	Share
Electric machinery and equipment*	2918.54	23.60%
Petroleum products**	1012.63	8.19%
Gold	902.37	7.30%
RMG manmade fibres	867.58	7.02%
RMG cotton incl accessories	761.90	6.16%

*Mobil phones ** Turbine fuel

TOP 5 EXPORT COMMODITIES: DELHI ICD

Commodity	Exports in 2018-19 (US$ Mn)	Share
RMG manmade fibres	889.74	15.96%
RMG cotton incl accessories	571.26	10.25%
RMG of other textile material	436.52	7.83%
Auto components/parts	371.18	6.66%
Products of iron and steel	251.42	4.51%

TOP 5 EXPORT COMMODITIES: CFS ALBATROSS/ ICD DADRI

Commodity	Exports in 2018-19 (US$ Mn)	Share
Buffalo meat	808.65	53.14%
Indl. machnry for dairy etc	92.41	6.07%
Products of iron and steel	61.21	4.02%
Cotton fabrics, madeups etc.	52.18	3.43%
Carpet(excl. silk) handmade	51.05	3.35%

TOP 5 EXPORT COMMODITIES: ICD GARHIHARSARU

Commodity	Exports in 2018-19 (US$ Mn)	Share
Two and three wheelers	189.74	13.81%
Other misc. engineering items	174.62	12.71%
Iron and steel	165.33	12.03%
Auto components/parts	153.13	11.14%
Electric machinery and equipment	78.64	5.72%

TOP 5 EXPORT COMMODITIES: ICD NOIDA

Commodity	Exports in 2018-19 (US$ Mn)	Share
Buffalo meat	113.64	10.04%
Rice –basmati	59.23	5.23%
Products of iron and steel	54.44	4.81%
RMG manmade fibres	54.43	4.81%
Agro chemicals	50.21	4.43%

TOP 5 EXPORT COMMODITIES: ICD SAHNEWAL

Commodity	Exports in 2018-19 (US$ Mn)	Share
Products of iron and steel	159.22	14.69%
Auto components/parts	127.70	11.78%
Cotton yarn	117.44	10.84%
Indl. machinery for dairy etc	74.25	6.85%
Rice –basmati	54.34	5.01%

comprehensive Agriculture Export Policy to consolidate the efforts for export of agricultural products. Assistance to the exporters of agricultural products is also available under the Export Promotion Schemes of Agricultural & Processed Food Products Export Development Authority (APEDA), Marine Products Export Development Authority (MPEDA), Tobacco Board, Tea Board, Coffee Board, Rubber Board and Spices Board. These organisations also seek to promote exports through participation in international fairs & exhibitions, taking initiatives to gain market access for different products in different markets, disseminating market intelligence and taking steps to ensure quality of exported products.

Government of India announces Minimum Support Prices (MSPs) for 22 mandated crops and Fair and Remunerative Price (FRP) for sugarcane to ensure that the farmers get remunerative price for their produce.

What can be expected in future?

The target of reaching agri exports to $60 billion by 2022 looks achievable as India's export basket largely comprises meat, marine products, and basmati rice whose demand in the world market is on a constant increase. The share of high-value and value added products is less than 15 per cent, compared to 25 per cent in the US and 49 per cent in China. The focus should be now on exporting processed food products, which can fetch high value in global markets.

Currently, Indian organic agricultural products market is about ₹8500 crores. Exports account for nearly 60 per cent at 5,150 crore while domestic market is estimated at ₹2500 crore. Compared to international trade of about $97 billion Indian market seems to be very small but it is growing very fast. In order to promote exports of organic products, state governments should align their organic production programme with products that have export potential. Most of the countries try their level best to protect their own farming sector and thus try to restrict imports by using all kind of protections available in WTO Agreement.

Q. Can you briefly explain the north India exim trade landscape? Which are the cargo clusters and which are the commodities being exported and imported and through which ports?

Indian logistics landscape, typically comprises of isolated entities, with a skewed modal mix that depends heavily (about 60 per cent) on the already congested Indian roads. Industries in North Indian states have a natural disadvantage against coastal states of Tamil Nadu, Andhra Pradesh, Maharashtra and Gujarat as those can import raw materials at better international prices and export too. Smaller firms in northern India are most affected because compared to their larger counterparts, they cannot relocate to states which have a more efficient infrastructure network.

A large number of the country's industrial clusters (dominated mainly by MSMEs) are based out of its tier 2 cities, and not in its large metros, the last mile connect has been throttling the growth of Indian MSMEs. For instance, be it Kishangarh (in Rajasthan, touted to be Asia's largest marble market), or Agra and Kanpur- country's leather hubs, or for that matter, Moradabad (known for brass exports), Firozabad (known for glassmaking industry) or textile hubs of Tirupur, Erode, Karur, Salem - are all based out of India's tier-2 regions. Such regions have been plagued with issues of access and reach.

Q. What are the logistics issues particular to north India? How is the last mile connectivity?

There is a need to make internal road transport more efficient. Though Octroi no more exists, but toll collection and barriers should be made efficient and smart. Toll expense form a sizeable expense of the transport community after fuel and with over 450 toll plazas sprung up across India, it can be on an average around ₹4 to 5 lakh per year for an exporter having 4-5 truck load in a month. The toll expenses incurred on the movement of export cargo are not refunded, hence it is included in the cost, thus, affecting our competitiveness. It is suggested that export cargo may be exempted from toll tax for such e-way bills which are meant for exports. To begin with, Factory stuffed, e- sealed containers may be facilitated with such exemption.

Movement of cargo from Delhi to Mundra, which is around 1200 kms consumes around 300 litres of diesel, the total cost shall be around ₹20,000 out of which duty sufferance would be approx. 40 per cent (₹8,000). This makes the logistics of export goods costlier and affects the export competitiveness severely. Keeping the petroleum out the GST has defeated the purpose as substantial movement of export cargo inland is by road which costs heavily to the Indian exporter. It is therefore suggested that there is an urgent need to bring petroleum under GST. Introduction of GST has been a welcome step which will boost Indian exports as it provide refund of most of the taxes and levies at one place.

Q. You also represent the MSME sector. What is the contribution of this sector to the Indian economy?

At present, MSMEs contribution to India's GDP is around 29 per cent and government of India's vision is to increase this share to over 50 per cent. This would further result in an increase in the share of MSMEs in India's total exports to 75 per cent from 50 per cent at present. Also, it is estimated to increase the employment generation from current 11.10 crore to 15 crore people. Thus, the sector has a crucial role to play for making India a $5 trillion economy by 2024-25. The definition of MSME has been suitably amended but is yet to be recognised by the GOI.

Q. What challenges do MSME face in procurement of raw material, production and in moving their production to the market?

Due to lack of technological adoption and upgradation, MSMEs in India face challenges with respect to meeting internationally accepted quality compliances, procuring or managing right resources, purchase of raw materials, supply chain management, integrating business processes, customer relations and satisfaction, investment in R&D, etc., thus making products and services of Indian MSMEs less globally competitive.

The major challenge in exports is the import of raw material on advance licence. Export period is small and imports take time. The solution – procure from Indian market on high price and export; doesn't permit import after exports to balance the cost.

Q. How can the MSME sector be made more competitive in the global market?

By creating awareness about international standards and global market demand; ensuring ease of export finance and facilitating better marketing abroad; encouraging investment and innovation via adopting latest technology. Further liberalising EXIM trade. Trade agreements with foreign nations need to be revised as trade under bilateral agreements do not remain in favour of India.

Maximum burnt to MSME is given by imports from China. This $50-60 billion (trade deficit) import should be replaced with Indian products/Make in India. In Indian Rupee it is a market worth ₹4,00,000 lakh crore. A simple replacement plan can create huge employment and save a lot of foreign exchange. This alone can revive Indian economy. mg

WOOD IMPORTS: VARIETY IS THE SPICE

Demand from housing, furniture, hospitality and handicraft remains strong, making India a potential market for imported wood products. Limited domestic supplies is driving demand for newer species of imported wood, but exporters should be prepared to start small and be patient

BY RAKESH ORUGANTI

India is not only a major producer of tropical logs in the world, but also one of the largest consumers of wood products. Growing middle class is more interested in luxury goods such as imported furniture. Consumers shopping online are well aware of furniture styles available globally such as kitchen cabinets, flooring, doors, bedroom and living room, kitchen furniture, and window frames. The penetration of e-commerce in rural areas is further fuelling demand for imported furniture. Over the next decade, India is expected to become the world's next substantial wood fiber import market (second only to China). India is likely to remain, primarily, a log import market. Demand for softwood log imports is forecast to triple by 2021 and demand for teak log imports will more than double.

Meagre growth of forest and tree cover over a period of time and heavy demand are key factors driving the country's appetite to import large quantities of wood products.

Recorded Forest Area/ Green Wash (RFA/GW) in the tribal districts decreased by 741 sq km of forest cover. Total forest cover in the North Eastern region is 1,70,541 sq km, which is 65.1 per cent of its geographical area. The current assessment shows a decrease of forest cover to the extent of 765 sq km (0.5 per cent) in the region. Except Assam and Tripura, all the states in the region show decrease in forest cover.

The country has recorded a rise in Mangrove cover by 54 sq km (1.1 per cent) as compared to the previous assessment. The total growing stock of wood in the country is estimated 5,915.76 million cum. The average growing stock per hectare in forest has been estimated as 55.69 cum.

Total bamboo bearing area of the country is estimated as 1,60,037 sq km. There is an increase of 3,229 sq km in bamboo bearing area as compared to the estimate of ISFR 2017. Dependence on forests for fuel wood is highest in the state of Maharashtra, whereas, for fodder, small timber and bamboo, dependence is highest in Madhya Pradesh. It has been assessed that the annual removal of the small timber by the people living in forest fringe villages is nearly 7 per cent of the average annual yield of forests in the country.

India's wood-based industries face a serious scarcity of raw materials and, increasingly, they depend on non-forest and external sources. The country is a major producer of wood-based products including pulp, paper, plywood, furniture, wooden handicrafts, and veneers. Its major export markets are the EU, US and the Middle East. India is currently the world's 2nd largest importer of tropical logs.

In value terms, India's import of wood and wood products have witnessed downward trend starting from $ 2.7 billion in 2012 to $ 2.2 billion in year 2018. In value terms, overall Indian imports garnered a negative growth of 13.2 per cent in Nov 2019 versus same month last year. In the current financial year up to Nov 2019, total imports witnessed de-growth of 8.1 per cent against same period last year. In the month of November 2019, value of wood and wood related products registered a dip of 12.2 per cent when compared to same month last year which affected the overall imports during April to November 2019 with 1.5 per cent drop versus same period last year. The market share of US forest product imports has reached record levels in 2018, from a small base. Limited domestic supplies, coupled with booming retail furniture, handicraft and hospitality sectors is driving demand for newer species of wood.

The official wholesale price index for 'all commodities' (Base: 2011-12=100) for September 2019 declined to 121.3 from 121.4 for the previous month. The index for the group 'Manufactures of Wood and of Products of Wood and Cork ' declined to 134.0 from 134.1 for the previous month due to lower price of composite panels and sawnwood.

Timber import trade is facing a struggle due to reduction in demand that forced several sawmills to cut production, while high rate of goods and services tax (IGST) and rupee depreciation have eroded their margins. Payment of integrated GST in advance has further added to the woes of the industry. Slowdown in real estate, high GST and depreciation in value of the rupee added to their current woes.

The demand for wood and wooden articles has plummeted by 20-30 per cent, prompting sawmills and plywood makers to cut production in tandem with the decline in demand. Apart from demand reduction, high GST is something that is worrying the industry at present. 18 per cent IGST is levied on timber imported to the country. Trade is requesting government to reduce it to the rate to 5per cent.

Processing of wood products is still dominated by small-scale or "unorganized" sectors, where the majority of wooden furniture, joinery, and other household products are made to order by small workshops or individual artisans. Larger design firms are increasing in number, to serve both the export and growing domestic market for wood furniture and wood interior items. Familiarity with woods other than those found in India and certain tropical hardwoods is low, however, the demand from various sectors such as housing, furniture, hospitality and handicraft remains strong. Nevertheless, the Indian wood industry, artisans, and other wood users are accustomed to teak and other hardwoods that are perceived to be more resistant to termites and decay. Consumers also have a strong preference for dark tropical woods. Teak is typically seen as a benchmark with respect to grade and price, as compared to other wood species. Until recently, the Indian plywood industry was dependent on Myanmar, Indonesia and Laos for its face veneer requirements but today the industry is turning to African shippers.

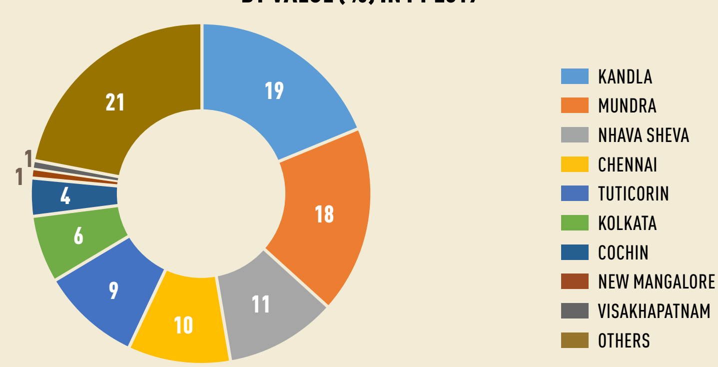
Major imported wood species are meranti, teak, and pine. Domestic farmed and plantation timber includes teak, eucalyptus, poplar, spruce, pine, and fir. India imports small quantities of temperate hardwoods such as ash, maple, cherry, oak, walnut, and beech for commercial and home interiors and furniture, some of which is made for export. Wood imports are expected to continue rising, but the move away from logs and tropical woods will likely be slow. Even as Indians become aware of foreign woods, the perceived benefits of importing logs and the cost of foreign woods are often cited as reasons for maintaining the status quo. Nevertheless, India is a potential market for imported wood products, including American

INDIA'S WOOD PRODUCTS IMPORT GROWTH Y-O-Y (%)

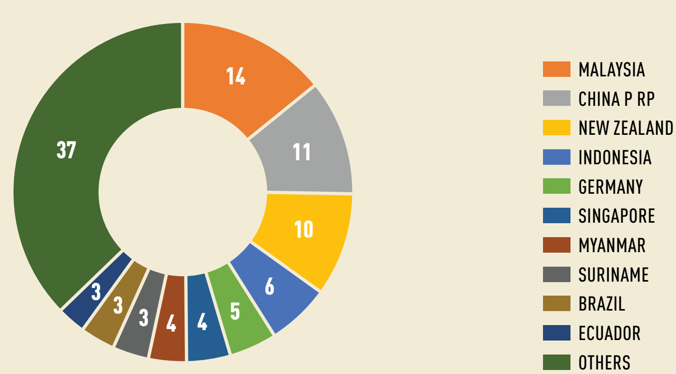
INDIA'S WOOD STATISTICS BY VOLUME – 2018

	Production Quantity (x 1000 m3)	Imports Quantity (x 1000 m3)	Domestic Consumption (x 1000 m3)	Exports Quantity (x 1000 m3)
Logs(Ind. Round Wood)	49517	4480	53989	8
Sawnwood	6889	863	7742	10
Veneer	295	402	692	4
Plywood	2537	151	2657	32

TOP TEN PORTS SHARE OF WOOD PRODUCTS IMPORT BY VALUE (%) IN FY 2019



TOP TEN WOOD PRODUCTS IMPORT MAKET SHARE OF INDIA BY VALUE (%) IN FY 2019



TOP TEN TIMBER TYPES IMPORTED BY VOLUME AT KANDLA IN FY 2018-19

Sl No	Timber-Name	Pcs	CBM
1	MERANTI	318101	354892
2	MORA LOGS	62994	205979
3	KAPUR	82248	78930
4	KERUING	71671	55037
5	NYATCH LOGS	19016	37998
6	BEECH	11870	20067
7	ARAU	5145	15973
8	NYTO	6565	13021
9	GAUTEMALA	117376	5865
10	KEMPAS	13642	5526

INDIA'S TOP IMPORTS OF WOOD PRODUCTS BY CATEGORY (VALUE IN USD MILLION)

Commodity	2014-15	(% share)	2015-16	(% share)	2016-17	(% share)	2017-18	(% share)	2018-19	(% share)
Logs	1,880.45	72	1,487.15	57	1,162.72	44	1,289.51	49	1,093.38	42
Lumber	225.98	9	295.43	11	269.22	10	405.76	15	441.43	17
Veneer	116.13	4	173.95	7	199.5	8	234.35	9	249.72	10
Plywood	90.18	3	81.61	3	76.95	3	111.38	4	118.11	4
High/Medium Density Fiber board	85.17	3	90.77	3	83.65	3	120.79	5	113.71	4
Wood Panels	46.34	2	48.26	2	45.32	2	51.11	2	55.32	2
Particle Board	31.45	1	36.15	1	33.17	1	32.28	1	40.01	2
Other	149.26	6	155.34	16	127.44	29	133.09	14	118.7	20
Total	2,624.96		2,368.66		1,997.97		2,378.27		2,230.38	

species, but exporters should be prepared to start small and be patient.

Timber Special Economic Zone in Kandla

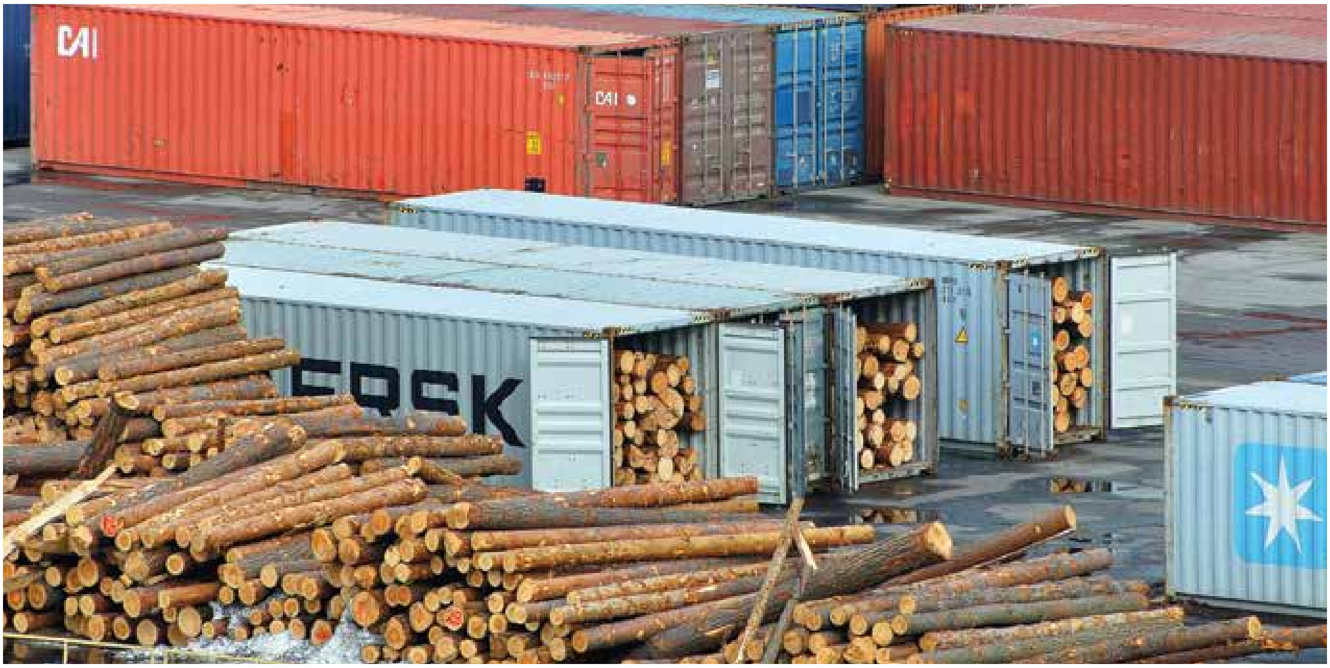
India imports its timber majorly from Kandla, Mundra , Nhava Sheva, Chennai, Kolkata, Tuticorin and Mangalore Ports in both bulk and container vessels coming from Malaysia, China, New Zealand, Indonesia, Germany, South America, Far East, Papa New Guinea, Solomon Islands and Africa. The traders import Pine, Teak, tropical hardwoods, Walnut, Cherry, Hickory and Beech from these countries.

Most of the logs are handled at Kandla because it is considered as gateway to Western India and can dispatch cargo up to Uttar Pradesh, Punjab, Haryana, Bihar, Madhya Pradesh and Andhra Pradesh because of better hinterland connectivity with rail and road. Cargo handled at Tuticorin and Mangalore Ports can serve only Tamil Nadu and Karnataka. Timber is the third largest commodity imported at Kandla after coal and fertilisers. The Kandla Timber Association was established to promote the development and growth of the timber industry in the port town of Kandla and its adjacent areas. Given this large quantity of cargo handled, the Gujarat government accorded permission for four taluks in the Kutch district to be declared as a special timber imports and conversion zone. Kandla imported 3.8 million CBM which is equivalent to 19 million pieces of timber in FY 2018-19.

Kandla has been such a successful zone for receiving and processing timber because most consignee yards are located in the 10-15 km radius from the port minimising transport costs for the importers. More than 60 per cent of all timber imports go to Kandla as the region supports a strong ancillary industry supported by processing plants, saw dust and firewood industry where by-products are used in several fibre board, block board and packaging industries minimizing wastage and maximizing usage.

India remains a key potential market for imported hardwood & softwood logs, lumber and veneer, including American species, but progress in market development is slow. There is a flourishing tourism and hospitality industry across India with the number of hotel chains scaling up the number of properties to smaller cities as air connectivity is growing, providing opportunities for more leisure and business travel.

Another emerging sector with potential is the Indian wooden handicrafts and furniture manufacturing. Increasing certification requirements, restricted and deteriorating quality supply of domestic species is driving Indian trade to look at viable alternative hardwood species not only for domestic furniture and interiors market, but also for re-exports of value added products (handicrafts and tools). Indian exporters of wooden handicrafts and other wood products increasingly face strict traceability norms in the European Union and United States, which is affecting their trade. The norms require disclosure of the source of timber to discourage illegal logging globally. The US hardwood industry is well placed to provide lumber, as most of the hardwoods are sustainable



and legally harvested.

Finally, the increase in the overall construction activities including large residential complexes, buildings under affordable housing schemes, business parks and recreational zones are also driving demand for new species of wood.

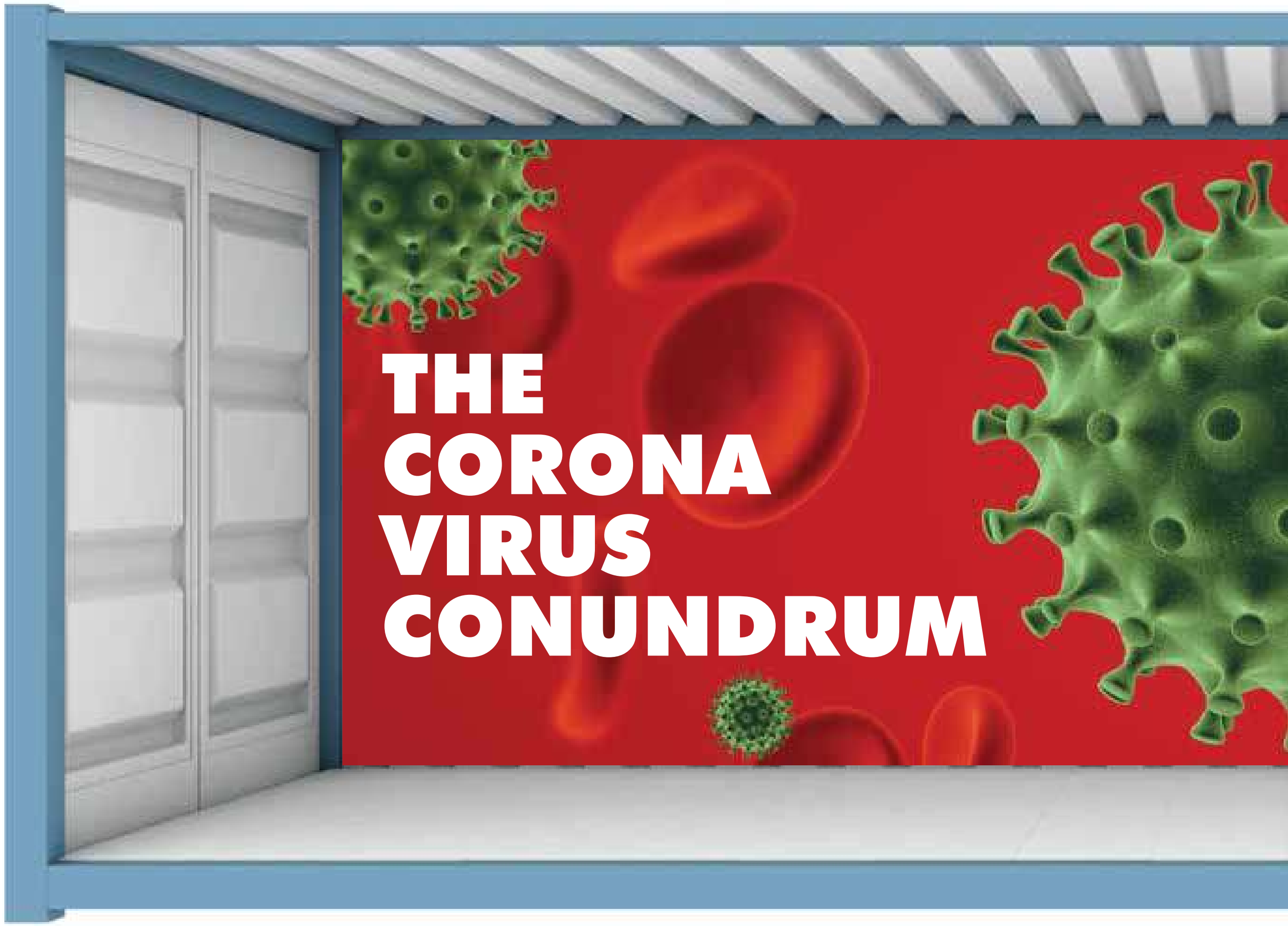
Log import captures highest share of 42 per cent in overall wood imports, registered negative growth of 15 per cent compared to last year. This year, the import of logs decreased by $196 million. The logs import has been decreasing year on year since last 5 years starting from $1880.45 million. Logs dominate Indian imports, but the share of log imports has come down from 83 per cent in 2007 to 48 per cent in 2018. A favourable tariff structure has supported log imports, but the poor/inadequate level of processing by domestic sawmills has prompted the Indian trade to import higher volumes of lumber versus logs in recent years. The share of US lumber in total exports to India has risen from 3 per cent in 2007 to 42 per cent in 2018. Export of logs presents its own set of challenges like frequently changing Indian phytosanitary requirements, and inconsistent moisture levels due to varying temperatures during transit. This leads to defaults, non-compliance and detention at the ports.

While traditionally a tropical hardwood market, log export restrictions in Myanmar, Malaysia, and other tropical countries have forced Indian manufacturers to look for alternate wood supply sources. A large number of Southeast Asian countries/ suppliers of tropical woods are increasingly imposing temporary or permanent logging bans in natural forests following periods of heavy deforestation and over-logging. These bans coupled with the export restrictions of logs and lumber encourage more processing activities in their own countries are forcing Indian buyers to explore alternate options. As such, a shift is taking place both in imported hardwoods to softwoods, and from logs to lumber. Imports from Malaysia and New Zealand constituted almost 30 per cent of total imports of forest products in 2017. Imports of round logs were the highest in 2017 valued at $637 million mostly from New Zealand (Radiata pine) and Malaysia (Meranti), followed by $367 million worth of teak logs from Ecuador, Costa Rica and African countries.

Second major wood product by value share, Sawn timber imports registered 9 per cent growth in FY 2019 after a big jump of 44 per cent growth in last year. Import of sawn timber has increased by $36 million (9 per cent growth) reaching to $441 million in 2018-19 from $406 million last year. It is noted that rising trend in sawn timber import is continuous phenomenon for India market since 2014-15, and the import value has almost doubled. The data shows the growing potential of imported sawn timber demand in Indian construction and furniture sector. Southern India receives good quantity of imported sawn timber, and traders advocate the growth of imported sawn timber due to its good sawing and kiln quality. Hardwood sawn timber is imported from Malaysia, Vietnam, Myanmar, America and African countries, whereas softwood sawn is shipped from Canada, Europe, American countries.

Particle board imports recorded highest growth of 24 per cent in FY 2018-19 among all other major wood products. Another wood product which is being affected badly is high/medium density fiber board by 6 per cent downfall in FY 2018-19.

The decrease in GST, import duties for wood imports coupled with favourable tariff structure, improvement in domestic sawmills and establishment of southern timber clusters/zones can ease out the contemporary challenges of the industry. mg



THE CORONA VIRUS CONUNDRUM

Recently, China has been in the news for all the wrong reasons. The dragon nation was about to breathe a sigh of relief as the tariff war with the US was just called off, but Xi Jinping just had an even more grievous problem gazing right into his eyes – the unexpected breakout of the Corona Virus. The impact on global trade and supply chain is evident as industrial activity in China came to a grinding halt, while countries restricted their ships and airplanes from entering the world's second largest economy. India being a major trade partner and the neighbour next door is sure to feel the heat. China is a big global supplier of television panels, LED chips, compressors for refrigerators and air-conditioners, motors etc. Since China runs a trade surplus against major economies—like US and India—it is bound to have a larger impact on both trade and domestic industry. India's exports to China stood at $16.8 billion for FY19, while imports stood at $70.3 billion indicating the impact that coronavirus will have on Indian industry. Indian industries like pharmaceuticals, electronics and automobile rely heavily on raw material imports from China, so the supply chain disruption is inevitable.

The credit rating agency Moody, however predicts that Indian ports will have least impact of the virus due to low China-related throughput they handle. The share of China-linked container cargo is less than 5 per cent by volume for the Indian ports. Further Moody expects manufacturers will likely seek alternative sources of supply for components to the extent that supply chain disruptions in China persists.

The outbreak is credit negative for Asia-Pacific's port operators as it is disrupting domestic and global supply chains and lowering discretionary consumer spending, which will reduce the throughput growth of Asia-Pacific's ports in 2020, the agency added. Extended factory shutdowns in China and containment measures in Asia-Pacific countries have hit manufacturing and logistics sectors in China because of shortage of workers, creating knock-on effects for global supply chains, it explained.

China accounts for 23 per cent of global seaborne crude imports, 35 per cent of seaborne dry bulk imports, around 30 per cent of seaborne container exports, 18 per cent of seaborne gas imports and Chinese terminals handle 13 per cent of all port calls in GT terms. "China's industrial activity is severely impacted and operating at reduced rates to say the least. Construction activity, steel production, logistical chains and imports are suffering, and this is evident in freight rates that are hovering at record lows across asset classes and geographies," informed Breakwave Advisors. Even though the Ministry of Transport has directed the ports to keep ships moving, lack of stevedores and truck drivers has slowed down vessel turnaround times and storage yards have clogged up.

Chinese shipyards are turning away vessels from scheduled dry docks citing labour shortages, and the normally busy deliveries of new buildings in any given January had slowed down. Meanwhile, scrubber retrofits – already taking far longer than planned – slipped further

behind schedule. It is reported that around 40 box ships in China are now falling behind their redelivery schedules from having scrubbers installed.

Global car shipments are also likely to be massively effected with a number of international auto manufacturers shuttering production in China and Hyundai Motor halting work at one of its production lines in Ulsan, Korea as it was unable to source necessary parts from China. Other automotive plants in Asia are understood to be preparing to scale back production as parts run thin.

On the flip side, the catastrophe has also opened an opportunity for India as buyers of textiles and home furnishing items from China may turn to India. Recently Indian manufacturers in the said sectors have received increasing number of inquiries mostly from US and European Union.

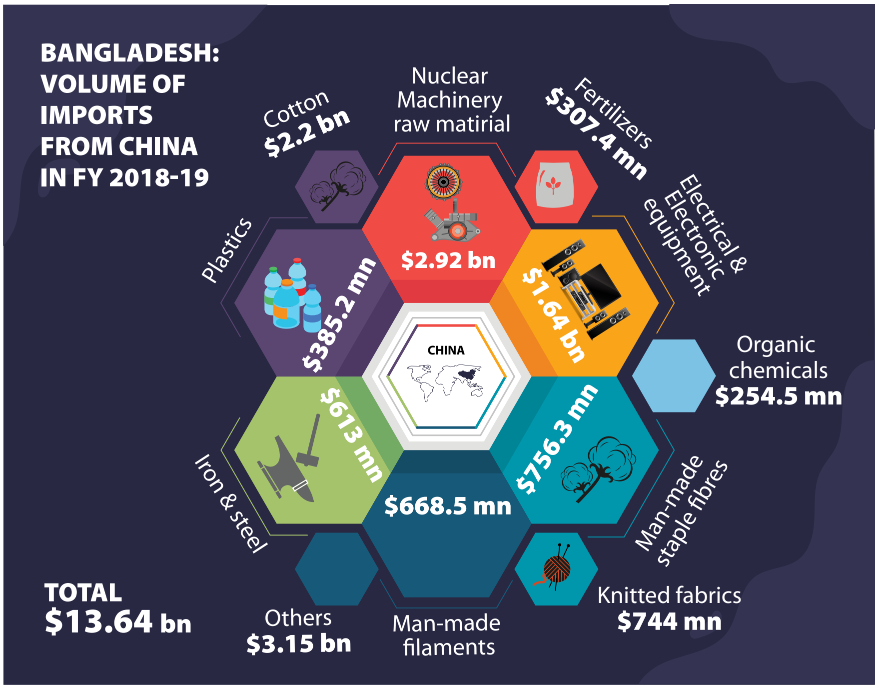
Crew movement

Crew movement onboard ships has been caught into the stir as thousands of exasperated seafarers are unable to return home on time and crew travel desks are struggling to get crews onto ships across locations. Ships are having to deviate course to change crew and get supplies. Most of the ship managers have suspended all crew changes at Chinese ports. Ports in Singapore, Hong Kong, Taiwan and Philippines have added their own limitations on crew change on ships that have called China as their last port of call.

Bjorn Hojgaard, CEO, Anglo-Eastern, Hong Kong's largest ship manager says, in order to avoid delay to signing off crew for ships bound for China his company is trying to arrange relief in an earlier port or even diverting the ship to another suitable port to relieve the crew. "For ships which are outbound from China, we will wait at least 14 days after departure of the vessel, to arrange the crew change. If suitable ports are not available after 14 days, then we are planning to divert the ships on case by case basis, to arrange the crew changes," Hojgaard said. Australia, India, Indonesia, Iraq, Israel, Japan, Malaysia, Myanmar, New Zealand, Russia, Singapore, South Korea, Sri Lanka, Taiwan and Thailand have imposed visa restrictions and mandatory quarantines for Chinese seafarers. In a recent incident involving a seafarer arriving back in his home country

Roadshows for stake sale of SCI cancelled

The Department of Investment and Public Asset Management, responsible for asset sales, is trying to set up meetings with investors in Hong Kong and Singapore through video conferencing as people are sceptical of traveling for conducting roadshows. The government intends to sell the entire 63.8 per cent stake in Shipping Corporation of India and wrap up the deal in the new financial year.



was being given an automatic 30-day quarantine, because the local authority deemed it necessary.

Cyber threat

Cybercriminals have been fast to lay traps for those who are jittery and might fall prey often in desperation and panic. Cybersecurity firm Proofpoint has reported emails are being sent by hijackers with the subject line 'Coronavirus – Brief note for the shipping industry.'

Lost revenues to shipping lines

While the virus continues to play havoc, Sea-Intelligence reports that coronavirus has been costing liners up to $350 million in lost revenues every week. The box shortfall from the virus is up to 350,000 teu per week, getting to the $350 million figure based on average rate levels of around $1,000 per teu. Liners have upped the amount of blank sailings in recent weeks, with Sea-Intelligence noting there are a total of 21 sailings being blanked due to the coronavirus on the transpacific, taking 198,500 teu out of action. This is on top of the 61 sailings already blanked due to Chinese New Year, bringing the total number of blank sailings to 82. For Asia-Europe 10 sailings have been blanked thanks to the virus, removing 151,500 teu from the market, bringing the total number of blank sailings to 54, across North Europe and the Mediterranean.

Another cascading effect to supply chains worldwide concerns back-haul shippers who will need to plan for a very likely contingency, where they will experience capacity shortages and sharply escalating freight rates in March and April. Alphaliner has warned container cargo volumes at Chinese ports – including Hong Kong – will reduce by over 6 million teu in the first quarter of 2020. This volume contraction is expected to reduce global container throughput growth by at least 0.7 per cent for the full year. Data collected on weekly container vessel calls at key Chinese ports already shows a reduction of over 20 per cent since 20 January, reveals Alphaliner.

Construction projects stalled in Sri Lanka

Major construction projects have stalled in Sri Lanka as Chinese workers who went home for the Chinese New Year celebrations are unable to return. Sri Lankan workers are also refusing to show up for work for fear of contacting the virus, informed Nissanka N. Wijeratne, Secretary General, Sri Lankan Chamber of Construction. According to official figures there had been around 15,000 Chinese construction workers in Sri Lanka before the outbreak, but unofficial estimates are much higher at close to 100,000.

Raw material imports delayed in Bangladesh

Bangladeshi entrepreneurs will suffer for the next few months as the supply system is hampered. At present, China sends 26.1% of the total $56 billion worth of goods Bangladesh imports from around the world. The clothing industry imports about half of its raw material from China and import of raw materials and commercial items from China has been delayed into Bangladesh, impacting the exports scheduled in April and May. For instance, MV Knit Fashion in Narayanganj was supposed to export RMG products for women to the UK at the end of this month. Accessories for manufacturing were supposed to be shipped from Shanghai port on 2-3 February, but the shipments are still stuck in China.

In the fiscal 2018-19, RMG products worth over $34 billion were exported while raw materials worth $12.17 billion had arrived from China. The country imported textiles and other raw materials from China worth $5.02 billion during fiscal year 2018-19, according to BGMEA. About 40 per cent of the capital machinery and spare parts for the textile and garment industry comes from China.

Centre for Policy Dialogue (CPD) distinguished fellow Mustafizur Rahman said, "We have to look for alternative sources for raw materials. But we must consider the price and shipment time." Of the impacts, one that is already visible is the prices of daily commodities, including onion, garlic and ginger, going up in the markets of Dhaka and Chittagong.

A significant number of Chinese nationals are working on several mega projects including Padma Bridge and Payra Power Plant in Bangladesh, while the commercial commissioning of Payra Power Plant in Patuakhali has already been impeded. mg

BRINGING TRANSPARENCY

CBIC directs Custom houses to allow DPE, DPD and AEO clients/importers/exporters to pay Terminal Handling Charges directly to terminals bypassing shipping lines

The Central Board of Indirect Taxes and Customs (CBIC) has notified Terminal Handling Charges (THC) payment facility to Direct Port Entry (DPE) or Authorised Economic Operators (AEO) export customers as well, preceded by Direct Port Delivery (DPD) or AEO import customers. Recently, by issuing two separate Public Notices to all Custom Commissionerates that included a number of major ports CBIC directed Custom houses to allow DPE, DPD and AEO clients/importers/exporters to pay Terminal Handling Charges (THC) directly to terminals bypassing shipping lines. Objective of this decision is to reduce the cost for exporters so that they can be more competitive in the international market, informed **Dr John Joseph**, Member Customs (Tax Policy), CBIC.

As usual practice THCs are levied by port terminals to shipping lines and shipping lines in turn collect these charges from the exporters/importers. The Member Customs said that many exporters/importers have represented to the Department that shipping lines are collecting THCs which are at variance with what the shipping lines have paid as THC to Port Terminals. “This practice results in lack of transparency,” he maintained.

According to Dr Joseph, at this moment the terminals can deal with DPE/DPD/AEO customers with ease, which later will be extended to all customers. Currently, there are more than 2000 DPE/DPD/AEO clients in the country who are operating 80 per cent of cargo across India. He made it clear that the direct payment of THC to terminal operators is optional.

“Whoever wants to save money and reduce logistics cost may opt for this option. We are just facilitating the process of cargo operation with ease and reduced cost. The international market is reeling under slowdown and Indian products are facing challenges to be competitive in terms of huge logistics cost and price. It is up to exporters and importers whether they would like to save money and maintain their cash flow in this challenging time.”

- Dr John Joseph
Member Customs (Tax Policy), CBIC

According to Dr John, per annum about ₹5000 crore can be saved by paying THC directly to terminal operators. It is found that Shipping lines or NVOCCs charge extra amount from exporters and importers which is more (at least ₹5000 to 10,000 more per container) than what they actually pay to terminal operators. Presently, the country’s ports handle more than 10 million teus per annum. According to the CBIC estimate, saving the extra money paid to shipping lines will reduce the cost significantly for the importer/exporter.

Under the new mechanism DPE/DPD/AEO who already opened PD (Personal Deposit) Accounts with terminal operators may directly pay THCs directly to the respective terminals. The eligible exporters/importers who do not have PD Accounts may open the same and pay directly. The CBIC notice also requested port/terminal operators to raise Invoices for THC directly to eligible and willing exporters/importers.

Industry experts say the CBIC public notices are really significant as far as reduction in overall transaction costs are concerned and it would be a game changing decision to make Indian exports competitive and growing. It is pertinent to mention that Dr Joseph has been instrumental in implementing similar land marking initiative in terms of curtailing transaction cost by introducing DPD/DPE for AEO at Indian ports.

IMO 2020 COMPLIANCE A TOUGH VOYAGE

Use of low sulphur fuel is increasing the operational cost of coastal ship operators, while the cost of moving cargo by road and rail remains unchanged, making difficult the survival of coastal shipping

Coastal container shipping growth in India has witnessed downward trend in CY 2019 by approximately 10 per cent compared with last year growth of approximately 25 per cent. Low growth in CY 19 against CY 18 is due to addition of capacity and paltry conversions of cargo from rail and road to coastal. Total coastal shipping market size is 280-300,000 teus/anum laden coastal and 230-250,000 teus empties per annum.

Indian coastal ships carry 70-80 per cent filled capacity of cargo in each trip from west to east with mostly empties in return, resulting in unviable trade for the players to sustain in the long run. Most of the operators have shut down their operations in the last couple of years. Major cargoes handled still remains same namely cotton, rice, wheat, sanitary ware, tiles, marbles, fertilizers, minerals, etc. Even though there has been tremendous impetus given to specific commodities by the government, usage of coastal shipping is unattractive to domestic players and traders due to high transit time, cost and multimodal cargo handling process.

Currently, coastal shipping captures 6-7 per cent of cargo traffic at ports. The Sagarmala programme plans to double this by 2025 supported by initiatives namely Coastal Berth Scheme; relaxation of Cabotage; abatement of service tax on coastal shipping; green channel clearance for coastal cargo; exemption on lighthouse dues for coastal ships and reduction in GST on bunker fuel to 5 per cent from 18 per cent.

With the huge railway network and the potentiality of coastal shipping, Container Corporation of India entered coastal shipping with initial focus on the West Coast. This has been extended to the east coast subsequently.

Inland waterways currently contribute around 6 per cent to India's transportation modal mix, which is significantly less than that in developed economies and some of the developing economies. In some countries, the share is over 50 per cent.

Apart from the perennial challenges, coastal operators mentioned that usage of low sulphur oil is increasing the cost by twofold and also the non-availability of this oil at some ports especially on east coast can halt ship operations. Currently, cost of moving the cargo through rail and road transportation is intact, on the flip side, coastal shipping cost has spiked due to the new IMO Mandate of using low sulphur oil. The new rule means that the global limit for sulphur in fuel oil used on board ships has been reduced to 0.5 per cent m/m (mass by mass) from the earlier 3.5 per cent. Ship fuel or bunkers account 20-30 per cent of the operating cost of a vessel.

Bunker suppliers say that east coast require about 30,000 tons of low sulphur fuel oil a month to meet the requirement of coastal ships plying on local routes. The situation on the West coast is relatively better due to the availability of the fuel in Kandla and Cochin for most coastal ships. Ships plying in international waters are not affected by the fuel scarcity because they can lift bunkers in Singapore, Colombo or from the Gulf region during stop overs. The refiners are only catering to their own use vessels. So, there is not much of product they can allot to coastal ships on the East coast. During the recent meeting of the Government with ship operators, government advised ship operators to use diesel oil till the situation improved. But, ship owners claims that this was not a workable and sustainable option.

The given advice is not an appropriate solution because diesel oil is costing around ₹80-90,000 a ton. Each coastal vessel typically consumes as much as 25 tons of bunker a day. Already from normal fuel oil, which is costing ₹30-35,000 a ton, moving to use low sulphur fuel oil priced at ₹55,000 a ton and usage of diesel oil of ₹87,000 a ton in case of non-availability are not feasible.

This situation can halt feeder services on Indian coast whilst affecting India's efforts to promote container transhipment business from Indian ports as well. Exporters and importers easily switch to Colombo and Singapore for transhipment of their cargo. Thus, the whole efforts induced by the government and players to bring transhipment cargo back to India, will go in vain.

KALMAR ECO REACHSTACKER LEAN AND GREEN

Increasing fuel costs and tougher emissions standards means you need a solution that is leaner and greener, while still maintaining the highest levels of operational productivity. The Kalmar Eco Reachstacker provides you with an eco-efficient solution that is guaranteed to use significantly less fuel than other reachstackers, cutting your costs and reducing your emissions while enhancing your environmental reputation.

Guaranteed to cut cost

In comparison to older machines, this eco-efficient solution can reduce your fuel consumption by up to 40 per cent, and by up to 25 per cent compared to more recent machines, cutting your fuel costs and emissions while matching the productivity levels of machines with much larger engines.

Fuel saving guarantee

Knowing exactly what your fuel costs are going to be each month gives you a greater level of financial predictability, which is why Kalmar is offering a Fuel Saving Guarantee with each of its Eco Reachstackers. Up to 40 per cent reduction in fuel costs and consumption. Up to 40 per cent reduction in CO_2, NoX, SoX and particulate emissions.

With an agreed and fixed level of fuel consumption, based on a set of agreed metrics on your cargo handling drive cycle, you'll have complete control over your fuel costs. Fuel saving guarantee also includes driver training, and your machine will be connected to Kalmar Insight, a versatile fleet performance management tool for cargo handling operations.

Enhanced driver experience

Improving the working environment and safety of your drivers is extremely important, as it will improve their productivity and reduce accidents. An ergonomically designed cabin for operational ease makes the user feel more in control with smoother acceleration and safer with less cabin noise and emissions. More responsive braking and steering systems, combined with improved joystick control, will together speed up spreader operations.

Quicker and safer to service

Keeping in mind maintaining high levels of availability is important to users, we have focused on speeding up regular service tasks. You can now take quicker oil samples, get easier access to transmission electrics and your transmission is faster to service as it can be calibrated at higher temperatures.

Safety and efficiency

The Kalmar Eco Reachstacker uses a continuous variable transmission which provides smoother transition in shifts, drive stops and direction changes. This allows the operator to drive more precisely, resulting in increased safety levels.

SPECIFICATIONS
DRIVELINE EMISSION STANDARDS
EU stage 3A / EPA Tier 3
EU stage 4 / EPA Tier 4 Final
EU stage 5
Available 2019/2020

KALMAR ECO REACHSTACKER IS AVAILABLE IN THE FOLLOWING MODELS
Container Handling:
Up to 45 tonnes
Upt to 6 containers high
Up to 4 rows deep

INTERMODAL HANDLING
Up to 45 tonnes
Up to 5 containers high
Up to 3 rows deep

INDUSTRIAL HANDLING
Up to 57 tonnes for lifting hook
Up to 54 tonnes for tool carrier

Easier to operate

The Reachstackers are easier to drive than other machines, as their smart programming does a lot of the work. drivers will no longer need to rev their engines to get the lifting and handling speeds they want, nor will they need to hold the brake pedal continually while lifting, lowering and while stationary. This will reduce the stress on their bodies.

Increased comfort

Kalmar Eco Reachstackers come fitted with our ergonomically designed EGO cabin. With slim line b-pillars, adjustable seating, steering wheel and control panel, your drivers will benefit from a superior operating environment and visibility. The Kalmar Eco Reachstacker, with its unique driveline, is quieter inside and outside the cabin, and vibrates less than traditional reachstackers, further enhancing driver comfort.

All the support you need

Kalmar lifetime services ensures that your operations work at an optimal level with a high degree of financial predictability. Our dedicated service teams, in over 100 countries, will help support and maintain your business. mg

EXPLORING NEW MARKETS

Having captured the cargo movement into North Eastern states, the Phonex Group is now focusing on other major cargo clusters. "We are seriously looking for expansion outside Kolkata region – particularly in Delhi, Vizag and Mumbai," reveals **Vidyanand Singh**, Executive Director, Phonex Group, as he details on the services provided and future expansion plans

Q. How has been the business at Phonex Group last year? What are your expectations this year?
We have performed in a way which I would like to term as "mediocre" considering Indian economy that is already in a downward trajectory and our trade is just a part of it. Apart from that in the eastern region, overcapacity is a matter of concern compared to the movement of containerised cargo especially through Kolkata Port (riverine port). This has undoubtedly increased competitiveness in the industry.

This year may not prove to be better than last year due to other stresses e.g. import restrictions, corona virus issue in China & its effect going forward and a falling curve in Indian economic cycle.

Q. Tell us about your CFS operations? Which hinterland does it cover and which commodities are largely moved through the CFS? What are the EXIM cargo volumes moved by the CFS last year?
The CFS operations chiefly encompasses import cargo starting from transportation from Kolkata and Haldia Dock to CFS Gate-in with all necessary custom formalities and thereafter stacking at open yard or in warehouse after destuffing. The whole operation is backed by Phonex ERP. Every segment of operation is recorded in ERP till the time of gate-out of import containers or cargo. We have a team of qualified and well trained officers to supervise piece-wise operation of Import and Export cargo touching through our CFS. For the ease of doing work, we have also created separate office for CHA, Shipping Line, MLO and other stakeholders including Customs Officials. To ensure queries to get answered on time, we have a 24X7 helpline for the stakeholders and an online access to record of containers through website and android app.

The commodities are largely moved through our CFS to the rest of West Bengal, Orissa & North East states.

For export- Leather, Ferro, Agri-Commodities and miscellaneous goods are main cargo touching our CFS. For Import, spares, project cargo, cashew, dates, apples are main cargo.

We have recorded a volume of 80,083 teus between April'2018 and March'2019.

Q. Do you have plans to expand CFS operations in other locations?
Yes, we have plans to expand in other locations, in particular, Delhi, Vizag & Mumbai in India.

Q. Tell us about your warehousing operations? What commodities are largely moved by the warehouse? How is your infrastructure for storing temperature sensitive cargo?
Presently, we have four warehouses operational in CFS and one situated outside CFS. We have our own handling equipment e.g. forklift, hydra, other cranes for mechanical handling of cargo. We have our own staff to handle cargo manually. Cargo which is getting in and out of warehouse is properly recorded in register by well trained staff. Supervision of cargo is done round the clock by a group of security personnel and also through CCTV surveillance.

Different pulses and electronic items are mainly moved by the warehouses.

As for temperature sensitive cargo, we have 60 reefer points for plug-in of reefer containers. We have also deployed a team of staff for supervision work of temperature control 24/7. We have sufficient capacity power backup facility at our premises for temperature sensitive cargo. Our technical

team also maintain a register to note down their observations and actions taken.

Q. How has been your experience in moving cargo to Bangladesh and Nepal? What are the commodities and volumes being moved by you to these markets? Do you face any infrastructural and regulatory issues?
As on date, handicrafts, garments, steel wire and calcium carbonate are the main items being moved to Nepal through our CFS. All such cargos are transported by outside transporters. We don't offer transport services for Nepal bound cargo as on date. However, we have future plan to include it in our service.

Q. While the Customs Department has digitalised a lot of processes. As a Customs clearance service provider what issues or challenges do you face?
Undoubtedly, Custom Department acts as final authority for clearance of export and import cargo. Hence, movement of cargo depends a lot on the speed at which clearances are made by Custom Department. Recently, it is observed that import cargo/items which are seized or confiscated by Custom Officials are pending for final clearance by Custom Department for a long time may be due to case pending before Customs or its tribunal. There are cases of many un-cleared or unclaimed cargo lying for a long time in CFS in absence of Custom's approvals or necessary clearances. We as a custodian have no role to play in expediting such clearances of cargo. Because, you see that we are a private player and we know how important storage spaces are in a CFS in terms of their utilisation and revenue generation. The more cargo rotate in such storage spaces, the more our company will be benefited. All the above mentioned issues need to be addressed by Custom Authority in a prompt manner.

Q. The LCL cargo market seems to be growing with the ecommerce boom. Tell us about your LCL cargo operations? What are the commodities being moved and to which markets?
Leather products are regular items which are going through our CFS to US, Germany, UK, Italy and France. Backed by ecommerce boom, we have found Flipkart items touching our CFS on regular basis – although the volume is not something important to mention about.

Q. Multimodal logistics is yet to become cost effective in India. What issues do you face in providing multimodal logistics services?
It's quite desirable for any importer or exporter to prioritise a company being operational in multimodal logistics. Like one stop shop, a multimodal logistics company interconnects different links or modes of transport (air, sea and land) into one single process thereby ensuring the cargo to be delivered at door. In a single chain, the cargo is moving under a single hand which results in 'no botheration' of documents required to allow the cargo move seamlessly through the chain to reach the door of importer or exporter.

Yes, I agree that this entire process has not yet become cost-effective in India and requires innovative strategies to make it cost-effective for any Indian importer or exporter. In the present scenario, the cost has remained at the higher side because of dependency on many distinct stakeholders' role and their involvement in various segments of such door to door process. I hope that the volume in this particular segment will grow in the days to come causing the prices to become more competitive and the process will thus become more cost-effective and be acceptable by both the Indian importers and exporters.

Q. Tell us about your growth and expansion plans?
If we look at the trade, it is part of the global economy as well. No one can deny the roles of India in global economy. Let's not forget our PM's plan to make Indian Economy '5 trillion' – though quite ambitious plan given the gigantic size. If it is something to work out with, we shall be able to overcome a few hiccups in economic cycle going forward. So future is always there for our economy and this trade as well. Since capacity addition has happened in eastern region, we need more time to accommodate ourselves with it and to redefine ourselves in the trade.

We are seriously looking for expansion outside Kolkata Region – particularly in Delhi, Vizag and Mumbai. mg

ENERGY HUB IN IOR

Energy requirements of countries in the Asia Pacific region are on the rise. Hambantota Port has all that is required to be the maritime and energy hub of the Indian Ocean Region within the next couple of decades

It's past two years since China Merchant's Port Holding Company (CMPHC) leased the Port of Hambantota for 99 years, wherein the Chinese entity holds 85 per cent of the company and SLPA retains the remaining share of 15 per cent. The port has made significant strides during the past couple of years in terms of port utilisation for imports, vehicle transhipments to other destinations, ship repair activities etc, though local exports are yet to take off. Within the first year of operations, the port doubled its Ro-Ro business with 136 per cent increase in the volume of Ro-Ro vessels handled. The port has since diversified its services to include other port-related activities such as container handling, general cargo, passenger, bunkering, bulk terminal, gas and project cargo. CMPHC has been planning different phases of the port development quite rightly. With a few ships calling Hambantota now steadily, the Port intends to commence bunkering services early this year.

The port has a lot to its advantage owing to its strategic geographic location: Hambantota is better suited for safe anchorages throughout the year as the port is somewhat sheltered from both South West and North West monsoons. Being closer to Maritime Silk Route than Colombo, is certainly an advantage for the ships as they can save time, money and fuel. It is 16 nautical miles from the main sea lane connecting east and west, ideally positioned to become the gateway to the sub-continent. Another advantage is the extent of land available for development contracted by CMPHC—some 15,000 acres. Competitive labour costs, door to door delivery, attractive concessions and freeport facilities, ample space for storage, coupled with dry weather throughout the year, are among the benefits that give Hambantota competitive edge as a maritime and logistics hub. The Port has all that is required to be the maritime and energy hub of the Indian Ocean Region within the next couple of decades.

About 2/3rd of the world's oil shipments pass through the Indian Ocean Region. Over 100,000 ships transit through this region annually and 25 per cent of them carry energy. Everyday 36 million barrels of oil trade passes through the entryways in and out of the region. 70 per cent of the world's petroleum product traffic moves through this region. Over 62 per cent of world LPG consumption is taking place in Asia Pacific region. Nearly 40 per cent of the world's offshore petroleum products is produced in countries in the Indian Ocean region.

Supply gap in the Asia Pacific region

There are a number of challenges currently in the LPG supply chain within the Asia Pacific region. Most emerging markets such as Bangladesh and Myanmar do not possess adequate port facilities to cost-effectively support their energy requirements. For example, the river

Proximity to fast growing energy markets and key ports

To the West	
1 day	Tuticorin
1.5 days	Kochi
2 days	New Mangalore, Maldives
3 days	Mumbai
3.5 days	Ratnagiri
4 days	Pipavav
5 days	Port Qasim, Karachi
7 days	Reunion, Mombasa
9 days	Mauritius, Madagascar, Dar Es Salaam
11 days	Richards Bay
15 days	Durban

To the East	
1 day	Krishnapatnam, Madras
2 days	Visakhapatnam
3 days	Haldia, Paradip, Thilawa, Yangon
4 days	Chittagong, Dhaka, Mongla, Penang, Port Kelang
5 days	Singapore

ports in countries like Myanmar cannot accommodate very large gas carriers (VLGCs) and depend on smaller vessels to bring in their LPG requirements. This inevitably results in higher import costs due to the greater number of shipments required to cater to the country's annual LPG demand. Not only is this exercise costly but it also carries significant risks. Delayed shipments could lead to domestic supply issues, which could further exacerbate into a negative economic impact.

Additionally, ship-to-ship transfers, as commonly used by these countries where LPG is transferred from VLGCs to smaller vessels to enable them to carry LPG cargo into their smaller ports, pose significant risks as they are carried out in the middle of the ocean. A viable solution for these challenges, therefore, is a land-based LPG storage facility that could also act as a transhipment terminal to supply the region's LPG requirement. While such land-based terminals currently exist in countries like India, they primarily cater to these countries' growing domestic demand. Therefore, a notable gap exists in the current regional LPG supply chain for a land-based terminal with the excess capacity to cater to the regional LPG demand.

The Hambantota International Port Group (HIPG) has embarked on an ambitious journey to become the energy and fuel hub in the Indian Ocean region by entering into an agreement with one of the world's largest bunker providers, Sinopec Fuel Oils Company, to supply bunkering facilities to ships calling at the port, as well as vessels moving on the main sea lanes adjacent to the port. The port is being positioned as a source of IMO-compliant fuel for the region. Located between Singapore and Fujairah – the world's number one and two bunker suppliers to the world respectively – Sri Lanka is well placed to take full advantage of the potential bunkering business has to offer.

Detailing on the growth plans, Ray Ren, CEO of HIPG says, HIPG will expand the port's tank capacity to ensure it is ready for the imminent changes in marine fuel markets with unrestricted supply round the year. A major plan is to establish refineries for local marine fuel production to offer high grade fuel at considerably lower rates. Another focus area for HIPG is LNG bunkering facilities; the company is in the process of negotiating with possible partners to provide this service.

HIPG is also preparing to develop facilities for LPG handling, for which it intends partnering with local companies. Whilst domestic LPG users will vastly benefit out of it, it would enable the port to become a distributor of LPG to the region. HIPG's agreement to provide port facilities to Laugfs, a major player in Sri Lanka's energy industry, is a step in this direction. The port has dedicated two jetties for oil, gas and petroleum business to facilitate energy companies like Laugfs which plans on bringing LPG in larger vessels from international markets.

Infrastructure development includes bonded warehousing, ship repairs/ urgent ship services inside the port by providing sheltered piers etc. In addition to transshipment facilities, HIP will also provide services such as ship to ship transfer and layups. About 3.5 square kilometres have been allotted to the port for developing port related industries and HIPG is looking at core industries such as the manufacture of building materials, consumables, automobiles, home appliances and fertilizer.

The port's Bulk Terminal Operating System is another first for Sri Lanka and should vastly improve levels of service delivery and efficiency. Hambantota Port's capacity to handle considerable throughput volumes is a plus for industries setting up operations within the port premises, especially since it is slated to become the centre for the distribution of oil and gas to South Asian/Middle Eastern, South East Asian and European markets. The port has commissioned Atkins Limited UK to fast track the port's master plan.

Growing LPG demand in Asia Pacific region

The World LPG Association (WLPGA) has forecast an additional 40 million metric tonnes of LPG to be consumed in the Asia-Pacific region by 2030, while some countries in the African region are expected to double their consumption by this time compared to 2017. Growing GDP, greater investments in infrastructure and regulatory developments are expected to drive the LPG demand growth in these regions. the Asia-Pacific region is leading global LPG consumption, accounting for over 40% of the overall market in 2017, with LPG demand growth in the region being driven by high consumption in China and India as well as high demand growth in emerging LPG markets like Bangladesh. The Asia-Pacific region was also the second-largest producer of LPG in 2017.

Strategic proximity to fast Growing LPG markets

Country	LPG Market Size (Mn MT) 2018	2030	Growth	Distance dates
India	24.5	40.0	63%	1 - 4 days
Bangladesh	0.868	4.0	360%	6 days
Pakistan	1.285	2.253	75%	5 days
Myanmar	0.3	1.2	300%	4.5 days
Maldives	0.014	0.020	42%	2 day
Singapore	0.722	0.820	13.5%	7 days
Mauritius	0. 80	1.12	40%	6 days
Kenya	0.220	0.50	127%	7 days

BANKING ON BRI PROJECTS

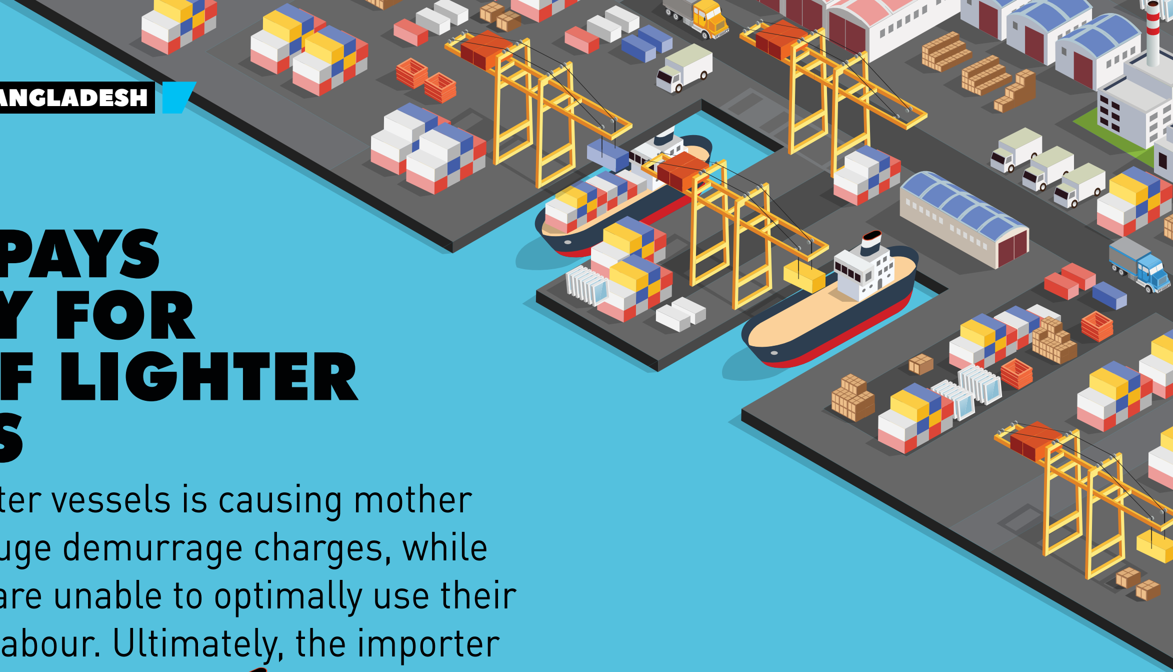
> The majority of Sri Lanka's private sector wants the government to play a supportive role in facilitating and promoting joint ventures between Chinese and local firms to fully harness China's benefits of the Belt and Road Initiative

The Sri Lankan private sector is bent upon utilising the full potential of the Chinese Belt and Road Initiative and they expect the Sri Lankan government to play a supportive role in facilitating and promoting joint ventures between Chinese and local firms. These facts were revealed by a survey conducted by the Ceylon Chamber of Commerce. Among the respondents, 28 per cent of the participants viewed the facilitation of joint ventures between Chinese and local firms as the top priority of the government for local businesses, to derive the benefits from the BRI projects. 22 per cent of the respondents also sought the government's support to initiate businesses on the reclaimed land of Colombo Port City, a key BRI project in Sri Lanka.

Although 91 per cent of respondents were aware of the BRI projects, only 60 per cent were aware of how Sri Lanka is linked with the BRI projects and mere 10 per cent viewed the developments with regards to the BRI would impact their businesses. Sri Lanka has three key BRI projects under implementation - Hambantota Port, Hambantota Industrial Zone and Colombo Port City. Half of the business community viewed that Colombo Port City would be most beneficial for their businesses, followed by the Hambantota Industrial Zone.

Elaborating on the legal background to be prepared, Shiran Fernando, Chief Economist, Ceylon Chamber of Commerce said, for the BRI projects to succeed, introduction of laws to facilitate joint ventures/PPPs, facilitation of business arbitration, availability of land for investors, higher level of technical skills for service delivery (logistics) and Chinese language skills would be crucial in Sri Lanka. He further emphasised that the BRI projects present many opportunities for local firms, including links to value chains via partnership with Chinese firms, transhipment and value addition, potential reductions in logistics and transport costs, enhanced market access and potential to further expand into service industries in areas of logistics-related services, legal services and consultancy. Shiran pointed out that concerns among local businesses on trade liberalisation and trends of anti-globalisation sentiment were challenges to fully reap the benefits of the BRI.

It's to be noted here that Sri Lanka was the third highest recipient of China's financial diplomacy between 2000 and 2017, in South and Central Asia. Sri Lanka has received a record US$12.7 billion from China during this period, as both concessional and non-concessional loans, through government agencies, policy banks, state-owned commercial banks or investment funds, as well as grants and technical assistance. China Communications Construction Company Ltd (CCCC) has been actively involved in the development of Sri Lanka since 1998, executing massive construction projects such as the Southern Highway, Outer Circular Highway, Hambantota Port, Mattala International Airport, Colombo South Container Terminal and many more infrastructural projects. The current marvel under construction is the Colombo Port City being built on 665 acres (2.6 sq km) of land being reclaimed from the Indian Ocean, the city is designed to be a smaller Singapore, with its own business-friendly tax regime and regulations – and possibly a different legal system to the rest of Sri Lanka. mg



TRADE PAYS HEAVILY FOR LACK OF LIGHTER VESSELS

Shortage of lighter vessels is causing mother vessels to pay huge demurrage charges, while cargo handlers are unable to optimally use their equipment and labour. Ultimately, the importer has to pay the price

Persistent shortage of lighter vessels has come to slow down the operational capacity at the premier port of Chattogram, something calling for priority attention. The problem has left a knock-on effect on the entire supply chain from smooth port operation to businesses dependent on it to, finally, delivery of the imported goods to their end users. Failure to clear imported goods from Ocean-going vessels at the outer anchorage is forcing them to stay longer than scheduled, while the importers are paying big sums in demurrages charged by the shipping companies for each day of overstay of the mother ships at sea. The cargo handlers, on the other hand, are not able to make optimum use of their equipment, while labourers remain idle. But the handlers have to pay their daily wage all the same. It adds to the overall cost of cargo handling. All these costs leave their cumulative effect on the value of imported goods.

The critical dependence on lighter vessels is contingent upon certain inherent factors: The limited number of jetties and, more important, their shallow draft to name the obvious two. These impel the lighter vessels to be a vital link with the mother ship at the outer anchorage, on the one hand, and between the jetties and the inland ports, on the other. The ongoing crisis of cargo handling owing to scarcity of such vessels is not something coming out of the blue. It has a history. One contributing factor is a 'temporary' ban slapped by the shipping department on further construction of the vessels between 2015 and 2017. The problem was compounded by warehouse shortage leading to many lighter vessels remaining afloat for a longer time than affordable.

Although there should have been 500 of these vessels in operation, the number has dwindled to 50-60. Yet the basic minimum requirement is put at 150 ships to load and unload goods from mother vessels at sea. Understandably, businesses have been hard hit by the crisis which is why they would like to see an early end to it even if that necessitates duty-free import of lighter vessels. Building new vessels in an adequate number if the authorities give green light would take two to three years. That is why the talk of duty-free or duty-waived import of such key vessels.

The continuing cargo handling crisis of the port cannot be resolved by adopting any stop-gap measures. Recent years have seen a huge increase in the volume of import. To match this development, the capacities of the existing low-draft jetties should be increased so that they can allow larger ships to anchor in. Not too long ago, the principal port had earned the reputation of being the 64th busiest container port in the world with its record increase in container handling capacity. While a durable answer to the lingering problem is sought and provided for, short- and medium-term measures like procuring adequate number of lighter vessels and building some of them based on indigenous capacity need to be put in place. mg

Courtesy: The Financial Express

ICP BIRATNAGAR GETS OPERATIONAL

ICP Biratnagar will significantly cut down the time and cost for importing from India and third world countries

This new year has brought in a very important reason for the Nepal trade to cheer as the second most important integrated check post (ICP) at Biratnagar has become fully operational in February. Following official handover of the ICP to Nepal by the Indian government, Prime Minister KP Sharma Oli and his Indian counterpart Shri Narendra Modi inaugurated the ICP by pressing a switch from their respective offices in Kathmandu and New Delhi. The check post has been constructed at an estimated cost of ₹2.1 billion. The construction work was initiated in 2016 after the Nepal government handed over the required land to the Indian authority.

Spread over 129 bighas of land, the ICP is equipped with cargo building, cold storage, terminal building, CCTV, restaurant, Customs, immigration, quarantine, banks, currency exchange, warehouse, litigation shed and parking that are required for the clearance of goods and movement of people from a single location, thereby reducing trading cost for traders.

Adequate facilities for quarantine, amenities for drivers, passengers, and security personnel have also been created, along with a wastewater treatment plant and large scale landscaping and tree plantation to conserve and enhance the environment.

The export and import of goods to India and third countries has started from the ICP after security forces and a designated bank started functioning at the check post. Prior to the operation of the ICP, the local importers in Biratnagar had been facing hours long hassles to import goods from India and abroad. The ICP was initially functioning partially but started full-fledged operations from February 1, 2020, informed Shiva Bhandari, chief of Biratnagar Customs.

However, the ICP has certain glitches such as parking issues for vehicles which will be sorted out in due course. Vice President of Biratnagar Customs Agents Association Nawal Prasad Upadhyay said that they have started processing documents for importing goods from third countries at the ICP. Containers from third countries and petroleum tankers from India have already started coming through the ICP. The cargo vehicles will take just half an hour to enter Nepal after getting clearance from India once a bridge at Mirgunj, which is seven kilometers away from the border, gets upgraded. Currently, it takes two to three hours for the vehicles to arrive to Nepal. The Biratnagar ICP will be operated by Himalayan Terminal Ltd for the first six months. Thereafter, the government plans to announce a global tender for the ICP's operation.

The Indian government has extended grant assistance for construction of four ICPs, including in Birgunj and Biratnagar. The additional ICPs have been proposed at other major checkpoints on the Nepal-India border crossings, namely Bhairahawa and Nepalgunj. It has been reported that Biratnagar is the third largest revenue collecting check post in Nepal.

Passenger vehicle exports up

As the demand continues to shrink in the domestic market, passenger vehicle makers are trying to leverage the opportunities overseas. Export of passenger vehicles have grown by 20.37 per cent in November 2019. Overall, the carmakers exported a total of 58,562 units in November 2019 when compared to 48,652 units in the same month last year. The rise in passenger vehicle exports can be attributed to the carmakers expansion in the overseas markets and product portfolio.

Rice exports drop

Export price of Indian rice fell to the lowest in nearly five years this season with low demand from Iran and EU. Iran is the largest importers of Indian basmati rice, and the likelihood of lower sales has led to a price drop. Iran used to buy a quarter of India's annual basmati exports of 4-4.5 million tonnes, while Europe accounted for 8 per cent. "In the past six months no new contracts with Iran have been signed and with India not importing oil we don't see demand for rice grow. This is weighing on prices," said an exporter.

China clamps down illegal meat imports

China's crackdown on illegal meat imports has left India, the biggest exporters of buffalo meat, scrambling for a new buyer. China has adopted stricter border controls due to African swine fever, meaning Indian buffalo meat exports into China that usually flow through Vietnam has stopped. Indian exporters are hoping Indonesia can more than triple its meat imports to make up for the heavy losses.

Iran set to topple Russia as India's largest tea importer

Iran is set to overtake Russia this year as the largest inporter of Indian tea. Exports to Iran hit a record high of 43.76 million kg this year till September. Owing to the sanctions, other exporting countries like Sri Lanka find it hard to sustain their shipments. After the sanctions were imposed, there was uncertainty over payments, given that Iran did not have adequate foreign exchange. However, Iran agreed to pay India in rupees for its imports against oil exports to India, which is paid in Riyal.

Indonesia plans to divert palm oil exports to India

Indonesia, the world's largest producer of palm oil, is focusing on exports to India and China to overcome the setback from the EU, which may cut imports of oil. Indonesia plans to launch B-30 biodiesel programme from January 2020, raising the proportion of palm oil in the biofuel from the existing 20 per cent to 30 per cent. The B-30 programme is expected to reduce fossil diesel fuel consumption by 165,000 barrels per day, increasing domestic demand by blending more palm oil with biodiesel.

Engineering exports decline

Global slowdown is biting Indian engineering exports to all destinations, including the US, EU, Middle East, South Asia with September shipments conceding fourth straight monthly decline and fifth in fiscal 2019-20. Engineering exports from India witnessed 6.11 per cent decline during September 2019. The engineering consignments, the main contributor to the country's overall exports dropped in all months of fiscal 2019-20 barring May.

Salt exports hit by US-China trade war

The trade war between the United States and China has hit the salt industry in Gujarat, the primary salt producing state of India. China is the largest importer of salt from India; China's chemical factories, which consume the most salt, have cut down on purchases as demand for their finished products decelerated because of increased US tariffs. Salt export to China has halved from normal levels. Around 4 million tonnes of salt is exported to China every year for de-icing and industrial purposes.

Leather exports find new markets

Indian leather exporters have penetrated new markets: US, Canada, Russia, Japan, Australia, and South Korea to tap demand in these countries. The Council for Leather Exports has been undertaking several export promotion events in Europe and other markets. "During 2019-20, we are organising 16 such marketing events and have planned 25 marketing events during 2020-21," said Council for Leather Exports (CLE) Chairman P R Aqeel Ahmed.

UK's first wine import from India

A joint venture between Kingsland Drinks and Indian wine producer Soul Tree will result in the very first shipment of bulk wine from India to the UK. Soul Tree and Kingsland Drinks launched wines which will be available for the cheaper house wine market on Indian restaurant wine lists in Britain. Adam Marshall, buying controller at Kingsland Drinks said, "India is now officially on the map as a bulk wine producer, and we're excited to lead by bringing Soul Tree wines in bulk directly to the UK on-trade."

India sugar exports looking up

India's sugar production till mid-November reached only one-third of the sugar production during the same period of previous year. The delay is due to late onset of crushing operations in Maharashtra and Karnataka. About 2 lakh tonnes of sugar has already been exported and contracts for another 12 lakh tonnes have been signed by different parties for exports.

Indian table grapes make record exports

The Indian table grape industry could see record exports this season, despite expected lower production from recent weather challenges. Exports are expected to rise to a record 205,000 MT on strong demand from the EU and Russia. "Indian grapes are reaching more than sixty countries. Market demand and consumer preferences are deciding supply of particular grape types in the market," said All India Grape Exporters Association. Exports would rise to Asian countries like Thailand and Singapore thanks to FTAs.

Phone makers use FTAs, skip import duty

Phone manufacturers are taking advantage of a free trade agreement, between India and ASEAN countries, to import components. Signed in 2009, the FTA exempts tariff on electronics. The government's attempts to reduce imports and make India a manufacturing hub by slapping hefty duties has led many companies to set up assembly lines in the country. But it has also given rise to imports from Vietnam. Components are being imported from Vietnam to bypass the 15 per cent import duty that manufacturers have to pay on components imported from China.

More pulverised coal from Russia and Canada

Indian imports of the pulverised coal injection (PCI) grade from Australia fell to this year's lowest level in October as more imports from Australia were replaced with PCI from Russia and Canada. Australia was still the top supplier in October at 403,842 tonnes but this was down by 19 per cent from September. Russian shipments to India fell slower by 13 per cent to 228,007 tonnes, as Russian PCI producers offered discounts to gain market share.

Walnut imports from US and Chile

Walnuts traders in India have started importing walnuts from the US and Chile as the domestic supply for walnuts have been disrupted. Kashmir, which produces around 90 per cent of walnuts, has been facing communication blockade since the abrogation of Article 370 on August 5 this year. This, in turn, has resulted in non-communication between the buyers and sellers of walnuts. As a corollary of that, exporters in the US and Chile have started supplying walnuts to India in order to cater to the high demand of the nut from the Indian consumers.