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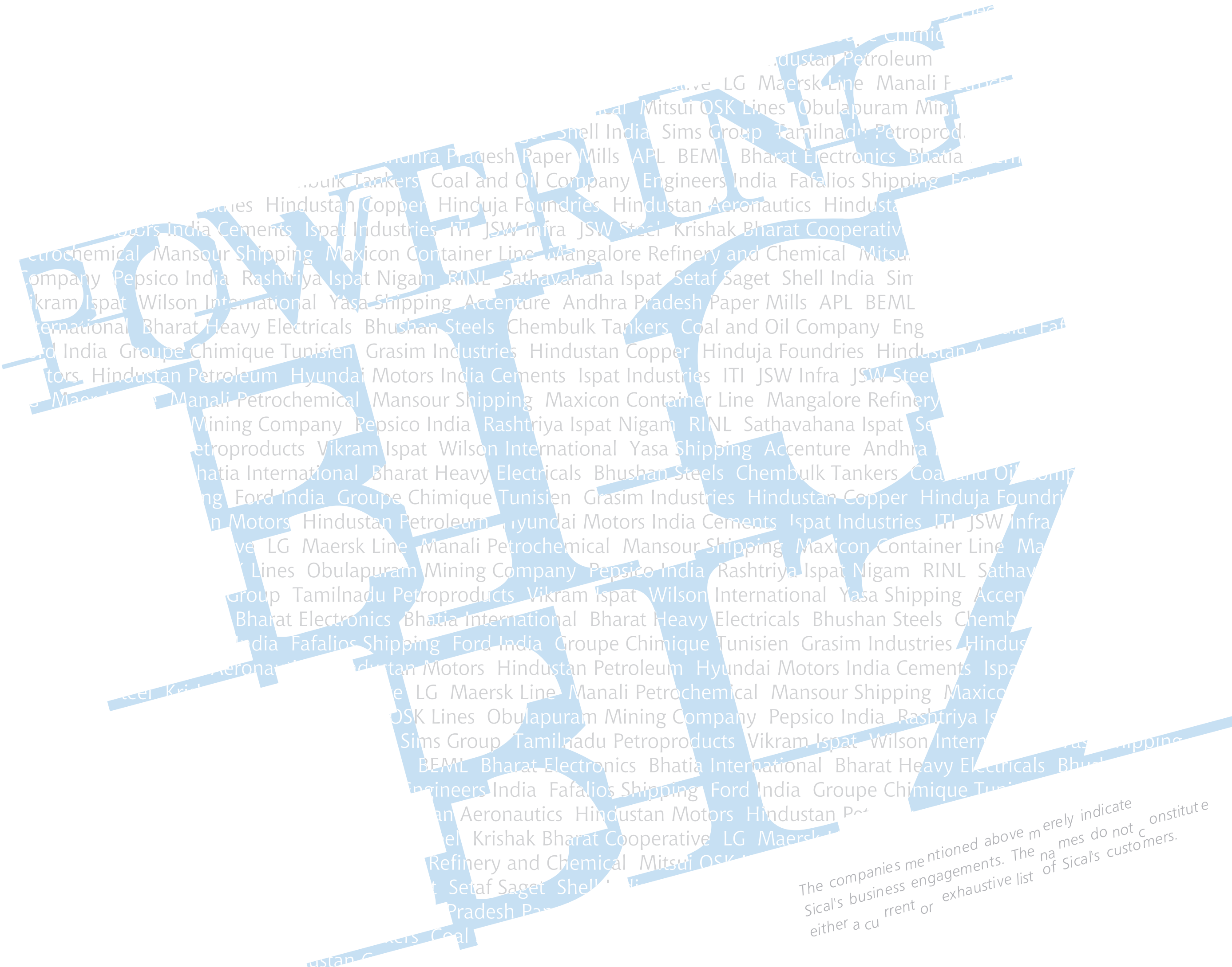
With the virtual rail renaissance the world over, it is time the Indian Railways rediscovered themselves as a vibrant lifeline of the national economy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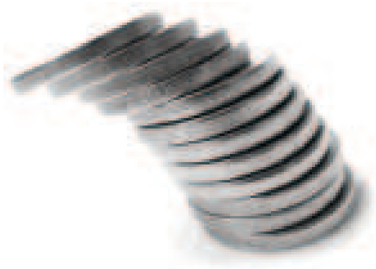

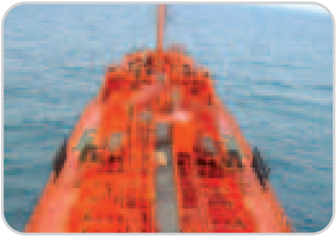

Pankaj Kumar
Vice-Chairman and CEO of Gujarat Maritime Board

B B Pattanaik
Managing Director of Central Warehousing Corporation CFS Dronagiri Node

Vijay Kalantri
Chairman & Managing Director, Balaji Infra Projects Ltd.

Shashi Kiran Shetty
CMD,
Allcargo Global Logistics Ltd.

PUBLISHER'S DESK

Projecting Progress

As the New Year renews hopes and aspirations, the shipping ministry looks forward to playing a level playing field for ports in the country. The government is apparently formulating policy guidelines for bringing in clarity and preventing private sector monopoly in the port sector. To quell disparities in awarding projects and thereby litigations by bidders under the NMDP, the ministry has recently issued certain guidelines.

As per the new rules, if there is only one private terminal operator in the port for specific cargo, that operator will not be allowed to bid for the next terminal/berth for the same cargo in the same port. Further, an existing private operator of the port is allowed to bid for the project, only if, with the award of the project, the operator does not have more than two BOT projects such as container terminals or berths or Single Point Mooring or SEZs at the port or at any port within a radius of 100 km of port limits.

While these measures are aimed at streamlining pending projects, the government is learnt to be working out ways to improve the performance of major ports. If things go well, major ports could soon fix their own tariffs. The pricing freedom could bode well for the government-aided ports as they can stave off competition from private ports. The move could in turn attract investments and better cargo traffic besides paving way for a new major ports authority in place of the existing TAMP.

Already, the Planning Commission has revised private investment in major ports under NMDP by increasing the allocation from Rs 36,868 crore to Rs 21,965 crore. These measures are hoped to draw more capital into various infrastructure and upgradation projects waiting to take off in major ports.

While there is, no doubt, immense potential to drive volumes in the long term, major ports are at the moment recording an upsurge in cargo handling. As per the data provided by the IPA, they have registered cargo growth of 10.7 per cent for the third quarter ended December 2009 – up for the fifth consecutive month.

Meanwhile, the Cabinet Committee on Infrastructure has finally approved the fourth container terminal at Jawaharlal Nehru Port Trust on a DBFOT basis at an estimated cost of Rs 6,696 crore. This will enable the facility to handle more than 4.8 million TEU per year. Since JNPT is the busiest port, the new terminal will help in de-congestion through faster throughput. It is gladdening to take stock of the options and optimism of the government for the year ahead.

Warm Regards,

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Recovery Trails but Resilience Pays

The vision of maritime heads who just passed the testing and trying times.

Vijay Kalantri

Chairman & Managing Director, Balaji Infra Projects Ltd.

We are all entrepreneurs and we all want to work hard and develop the port and reach world-class standards, and also achieve the required vision by 2020. At Dighi Port, we will be 10 berths in the next five years, will start with 3 berths from 14.5 m to 16.5 m and go to 18.5 m draft. We will also have a SEZ along with the free trade warehousing zone.

Pankaj Kumar

Vice-Chairman and CEO of Gujarat Maritime Board

As the new head of GMB, I have a challenging assignment and my endeavour will be to give further momentum to the positive and proactive effort of the state government in the ports sector.

As 50 MOUs have been signed for new projects during the last Vibrant Gujarat summit, we are actively pursuing each and every MOU and we will ensure that they fructify. We are also venturing into shipbuilding sector. Our approach is to develop marine shipbuilding park and we have planned one at Dahej and another in Bhavnagar. With this, we plan to take our capacity to 3 million DWT in the next 3-4 years.

B B Pattanaik

Managing Director of Central Warehousing Corporation

We have a big project coming up in Kochi Port to support the Vallarpadam Port. We have signed an MOU with the FACT (Fertilizers and Chemicals Travancore Ltd.) to develop a CFS there. FACT will provide us the land (25 acres) and we will provide capital and expertise.

The second project, though small, is a CFS at Kannur Port. We have already acquired land and started construction. We are adding additional capacity in Kolkata, after acquiring land from Kolkata Port Trust.

Shashi Kiran Shetty

CMD, Allcargo Global Logistics Ltd.

We are pursuing the 3PL business little cautiously because there are quite a few players. So our approach is to look into the niche markets and at customers who are also doing business with us. Since we have a large land bank in Hyderabad, Indore, Goa and Bangalore, we will find local customers who can use it, build a facility and then expand over a period of time. Also in these locations we are also eventually going to build ICDs.

Capt K S Nair

Director, bulk carriers & tanker div, Shipping Corporation of India

The tanker market is not very good and the trend will continue till the end of 2010. Meanwhile, we will like to invest in ships and have gone in for new resales. We have 31 ships on order, as against 62 since last year because of softening of prices. We will wait for a price discovery. In the meanwhile, we will explore the market for second- hand vessels.

Major ports

Port wage pact signed

Class III and Class IV employees of the port and dock workers of the 12 Major Port Trusts will get revised wages, allowances and other remuneration from January 2007.

The Indian Ports Association (IPA), an organisation of the major ports of the country, and five federations representing more than half the dockyard workforce reached a wage settlement recently with retrospective effect from 2007.

The Bipartite Wage Negotiation Committee (BWNC), constituted by the Ministry of Shipping under the leadership of S S Hussain, Chairman of the Indian Ports Association (IPA) and Jawaharlal Nehru Port Trust, has signed a 'landmark' wage settlement with members of the five federations of workers of major ports.

The agreement was inked in the presence of the Chief Labour Commissioner. The BWNC has as its members the chairpersons of seven Major Port Trusts and the Managing Director of IPA. The settlement is for a period of five years ending December 31, 2011. The additional aggregate financial implication for the ports may be around Rs 450 crore per annum.

However, the All India Port and Dock Workers Federation, which claims membership of nearly 40 per cent of the 60,000 dockyard workers at India's 12 major ports, refused to be a signatory over a promotional benefit dispute. P M Mohammad Haneef, general secretary of the All India Port and Dock Workers Federation, said the pact was fraudulently pushed through in contravention of rules.

The chairpersons who were present during the agreement were A Janardhana Rao, Managing Director of IPA, Rahul Asthana, Mumbai Port Trust and Vice-Chairman of IPA, Praveen Agarwal, Mormugao Port Trust and G J Rao, Tuticorin Port Trust.

The workers were represented by Dr Shanti Patel, general secretary of the All India Port and Dock Workers' Federation, S K Shetye, working president of Port, Dock & Waterfront Workers, G Kalan, general secretary of Indian National Port & Dock Workers and V K Balakrishnan.

The Promises

- Employees will get the fitment benefit of 23 per cent on the basic pay and variable dearness allowance.
- Arrears on account of the revision of wages will be paid from January 2007 and disbursed within two months of signing of the settlement.
- Employees will also get the benefit of allowance, transport reimbursement, children's education allowance, reimbursement of tuition fees, reimbursement of washing allowance and night weightage.
- Career progression on completion of 10 years, as against 12 years earlier and pension revised from January 1, 2007.
- The minimum pay scale in the revised scale is Rs 7,800, with an annual increment of 3 per cent on the basic pay.

Tuticorin Port

Iron-ore handling resumed

Tuticorin Port Trust has resumed handling of iron-ore exports after a big gap of over five years. Recently, around 22,000 tonnes of iron-ore fines were loaded in 40 hours on to the vessel – M V Orient Pearl – for shipment to China. The exporters were Prem Durai Exports in association with Chennai-based Sea Trade Impex. Following this, the port trust is expecting to handle iron ore for exports on a regular basis.

The Vadinar offshore oil terminal was set up to import crude oil in 1978 and is a satellite oil port which handles 30 million tonnes of oil per annum, which is one-third of the country's oil requirement.

Rail network

Karaikal Port gets connected

The Karaikal Port built by Karaikal Port Private Ltd. crossed a milestone recently when the first train from the port siding was flagged off by Puducherry Chief Minister V Vaithilingam and Minister for Home and Port E Valsaraj.

Present on the occasion was the Puducherry Governor Iqbal Singh and Union Minister of State for Planning and Parliamentary Affairs V Narayanasamy and officials of Southern Railways.

Karaikal Port that went on stream last year is a bulk cargo terminal that has handled over half a million tonnes already.

The first cargo transported by rail was pet coke for Madras Cements' factory at Ariyalur in Tamil Nadu.

Railway connectivity will result in significant increase in the capacity of the port, which will allow more efficient utilisation of the storage area, thereby enhancing the cargo-handling capacity, said G R K Reddy, chairman and managing director of Marg Ltd.

New port

Move to reduce single hull tanker tonnage

Government of India has decided not to extend the special exemption to single hull tankers that are registered under Indian flag after December 31, 2009. The decision was taken in view to prevent old and unsafe single-hull tankers from sailing in Indian waters. This will also prevent import of single-hull tankers available in the international markets at scrap rates. However, the special exemption will continue for the existing single-hull tankers till 2015. The phasing out of such tankers will begin from the year 2010.

Luxury liner

India receives first international vessel

Luxury cruise liner, M V Aquamarine, owned by the Mediterranean-based Louis Cruises, has started operations from Kochi Port. It offers top-notch facilities like a spa, gym, swimming pool, bars, casinos, duty free shopping and a cricket pitch. The cruise liner is wooing tourists to exotic locales such as the Maldives and Colombo.

Louise Cruises hopes to reap the rewards of India's holiday season. It is targeting the burgeoning Indian middle class with rising incomes. Prices range from US$100 to US$ 2,000 per person per day, for a three-night tour of the Maldives.

Oneil Khosa, CEO of Louise Cruises, India said: "We believe that one night concept will attract a lot of first time cruisers, who would actually be tempted to come on board and see what it is all about and that we believe will lead to a more sustainable long-term cruising for India."

Around 36 luxury vessels dropped anchor at Kochi Port in 2008. This number is likely to go up after it opens its US$ 86-million international cruise terminal.

Petroleum exports

Essar starts jetty at Vadinar

Essar Oil has commissioned its second product jetty at Vadinar in Jamnagar district of Gujarat. The jetty which has a capacity of 7 million tonnes will be used for exporting refined petroleum products from its refinery. Essar Oil will now be able to export 14 mt of finished petroleum products to international and domestic ports annually. Besides the two jetties for exporting finished products, Essar Oil has also set up a single point mooring to unload crude from VLCCs and ULCCs at the Vadinar oil terminal.

The Vadinar offshore oil terminal was set up to import crude oil in 1978 and is a satellite oil port which handles 30 million tonnes of oil per annum, which is one-third of the country's oil requirement.

Ministry's concern

Thumbs down to eco policy

The Ministry of Shipping (MoS) has objected to the Ministry of Environment and Forests' (MoEF) proposal to draft a new policy on the development of ports, fearing that it could hamper the National Maritime Development Programme (NMDP). MoS has asked MoEF to approve the ongoing projects under NMDP and to expedite environment clearance for expansion projects of 187 minor ports.

It may be recalled that MoEF decided late last year to form a new policy on initiation of port development projects. Till the time such a policy was prepared, it issued interim guidelines that required conducting hydro-dynamic study and comprehensive environmental impact assessment studies to judge the effects of such projects on the shoreline and neighbouring ecology. The expert committee, which recommended a study on the cumulative impact of port projects based on previous three season data, has asked for public hearing on port development projects before giving them environment clearances.

In preparation of the new policy, MoEF has also initiated a micro-level study of changes in the 7,517 km long coastline of the country due to existing projects and identifying suitable sites to locate the new projects. The policy is likely to come into effect after October 2010.

Promises and sops

Port workers pacified

The 12 major ports agreed to give a 23 per cent fitment benefit and arrears on account of deferred pay hike to their workers from January 1, 2007, avoiding a nationwide strike from January 4. The settlement, reached at the behest of shipping minister GK Vasan, will benefit about 60,000 workmen at the ports. The decision was taken at a meeting, chaired by shipping secretary K Mohandas in New Delhi recently.

Representatives of Indian Ports Association and five recognised workers federations, including All India Port and Dock Workers' Federation, Indian National Port and Dock Workers Federation, Water Transport Workers Federation of India, Dock and Waterfront Workers Federation of India, were present in the meeting.

"Wage settlement for a period of five years has been reached between the management and the major federations of port and dock employees. The employees will get a fitment benefit of 23 per cent and the arrear of hike in their pay and allowances will be paid with effect from January 1, 2007," a press release from the shipping ministry stated. The major ports have to bear a financial burden of nearly Rs 450 crore a year on account of hiked salaries.

"Federations of port and dock workers while welcoming the goodwill gesture of the management and minister of shipping for conclusion of the wage settlement to the satisfaction of port workers promised for better efficiency and productivity to offset the extra burden on the exchequer of ports," the ministry added.

Port infrastructure

Govt clears Rs 7,737-cr projects in major ports

The government recently approved three port projects worth Rs 7,737 crore for developing infrastructure at the Jawaharlal Nehru and Visakhapatnam ports.

These projects comprise development of a container terminal at an estimated cost of Rs 6,696 crore and standalone container terminal at a cost of Rs 600 crore at the JNPT in Mumbai, and a Rs 441-crore project to upgrade coal-handling facility and cargo berth at the Visakhapatnam Port. These projects were approved by the Cabinet Committee on Infrastructure (CCI).

"The CCI approved the development of the fourth container terminal at the JNPT on a design, build, finance, operate and transfer (DBFOT) basis at an estimated cost of Rs 6,696.00 crore," Urban Development Minister Jaipal Reddy told reporters after the meeting.

"The facility, developed through the PPP mode will have the capacity to handle over 4.8 million twenty feet equivalent units (TEU) per annum," he said, adding the project will be implemented in two phases.

"...Increase in physical capacity and improvement in efficiency of JNPT would be for the benefit of the nation in terms of development, progress and boost Exim trade," he said.

About the development of a standalone container-handling facility through PPP mode at the same port, Reddy said it will be built on DBFOT basis. -PTI


linea

NEWS

Budgetary allocations

Ministry seeks 3-fold hike

The shipping ministry has sought a three-fold increase in budgetary allocations at Rs 1,055 crore for ports in the country in the next fiscal.

The shipping ministry has sent the proposal for the budgetary allocation to the Planning Commission.

According to a senior official, the port sector received Rs 385 crore for 2009-10 and is seeking a significant enhancement of the general budgetary support (GBS) to meet its plan expenditures, mainly dredging at various ports.

As much as Rs 188 crore is needed for Tuticorin Port in Tamil Nadu, which is implementing the Rs 538-crore capital dredging project, that involves deepening of the sea channel for the port to handle greater volumes.

About Rs 200 crore has been sought for developing rail connectivity and dredging works at the International Container Transshipment Terminal (ICTT) at Vallarpadam at the Cochin Port.

The government funds are also required towards Andaman and Lakshadweep Harbour Works (ALHW), he added.

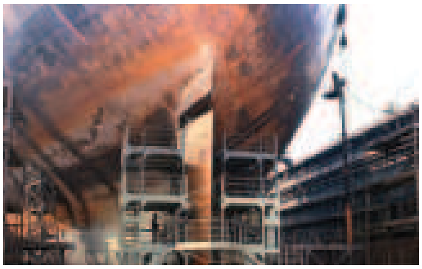
ALHW is implementing programmes for providing ports and harbour structures, including allied facilities in the Andaman and Nicobar Islands and Lakshadweep. -PTI

Slowdown outcome

Weak demand to hit shipyards

Indian shipbuilders are heading for another bleak year in 2010 amidst weak demand and prospects of order cancellations. As the global economy struggles to emerge from a slowdown, it is lean time for shipbuilding firms, according to analysts.

Bharati Shipyard remains a lone promising bet for investors on expectation its recent acquisition of Great Offshore Ltd. will boost its orderbook and cash flows.



The sector faced a tumultuous 2009 as demand for shipping commodities plummeted amid the global slowdown, prompting several shipping services firms to cut acquisition plans or buy vessels in the second-hand market, spelling doom for the shipyards.

"For 2010, we don't see incremental orders. Order book has been stagnant and will continue to remain so," said Kunal Lakhan, a sector analyst at KR Choksey, which has a 'buy' rating on Bharati Shipyard and an 'avoid' on Pipavav Shipyard.

Moreover, analysts also expect additional vessel supply of about 25 per cent, from orders placed during the boom, which will worsen the situation.

While Lakhan expects some shipping firms to delay delivery to next year, others are concerned that the over-supply may lead to order cancellations for shipyards.

"...with so much of supply coming up there might be a possibility of order cancellations. I don't think the outlook will be very positive on the shipbuilding side," said Kapil Yadav, analyst with Dolat Capital.

Shares of these companies, however, aren't reflecting these concerns yet. While ABG rose nearly 59 per cent in 2009, Bharati more than tripled, although the reasons for the gain weren't related to the sector outlook. -Reuters

Large vessels

Shipyard in the offing

The government plans to set up a shipyard to produce large-sized vessels under public-private partnership with an investment of Rs 3,000-4,000 crore, in lieu of the Hindustan Shipyard going to the defence ministry. "The government will set up another shipyard, most likely on the east coast (of the country) under the PPP mode to make VLCC and other large vessels ... the total investment will be at Rs 3,000-4,000 crore," a senior government official said.

This will be the only facility in the country after Pipavav shipyard to produce huge vessels such as very large crude carriers (VLCCs).

"The government will hold anywhere between 26-49 per cent in the project ... land will be acquired (for the project) by the private developer to expedite the project," he said.

The government will appoint a consultant to work out the detailed project report and then invite bids. "The project is likely to be awarded by February-March next year ... It will take three-five years for the shipyard to come up," he added.

Fund boost

Private investment encouraged

The Shipping Minister said the ministry is taking all possible measures to encourage private sector investment in the shipping sector as major ports alone require over Rs 36,000 crore private investments by March 2012.

"Our ports could handle an estimated one billion tonne traffic by 2011-12 ... Rs 36,868 crore private investment is required for the major ports' capacity addition and the government has introduced greater transparency in bidding system," Shipping Minister GK Vasan said.

The ports capacity including at the 12 state-owned major ports and over 200 minor ports could be over a billion tonne by the end of the 11th Plan, he said, adding the last fiscal saw the domestic ports handling about 733 million tonnes cargo out of which 530 million tonnes were handled by the 12 major ports. The minister also said the government is yet to take a view on shipping subsidy provided to shipbuilders and discussions are on.

Multipurpose vessel

Greatship takes delivery

Greatship Global Offshore Services Pte Ltd. (GGOS), a Singapore arm of Greatship (India) Limited (GIL), a wholly owned subsidiary of The Great Eastern Shipping Co. Ltd., has taken delivery of Greatship Maya, a multipurpose platform supply and support vessel, from Keppel Singmarine Pte. Ltd., Singapore.

The company signed a contract to buy a 1996 built Medium Range (MR) Product Tanker (of about 47,000 dwt) and add to its fleet during Q4 FY'10.

Greatship Maya is a DP2, full service vessel built to exacting specifications, capable of supporting offshore exploration and production in various regions across the world and is one of the first vessels worldwide to be built complying with the new SPS Code 2008. With the delivery of Greatship Maya, GIL and its subsidiaries currently own and / or operate six PSVs, eight AHTSVs, two jack up rigs and one MPSSV.

Sale of PSV: Greatship has contracted to sell its Platform Supply Vessel – Greatship Diya. This 2003-built, 3,350-dwt PSV is expected to be delivered to the buyers in Q1 FY11. It has also contracted to sell its Platform/ROV Support Vessel identified as Hull No. NC 0215 ("Greatship Rekha") which is currently under construction. This 3,000-dwt ROVSV is expected to be delivered to the buyers in Q4 FY10.

The current owned and / or operated fleet of GIL and its subsidiaries have six PSVs, eight AHTSVs, two jack-up rigs and one MPSSV. The current order book of GIL and its subsidiaries comprises eleven vessels – three MPSSVs in Singapore, two MSVs in India, four ROVSVs in Sri Lanka and two 150-TBP AHTSVs in Batam.

Somalian piracy

Car carrier hijacked

Another successful hijacking thought to be by the Somalian pirates involved a car carrier vessel transporting 2,300 Hyundai and Kia vehicles between Singapore and Saudi Arabia. The interesting fact is that the hijacking took place deep in the ocean around 600 miles east of the Somali coast.

The pirates used a previously hijacked Pakistan-flagged fishing vessel – the Shazaib – to mount a raid on the Hyundai-owned VC Asian Glory.

The vessel was being operated by Eukor on a timecharter basis and was manned by a crew of 25 at the time of hijacking. While the crew members of the car carrier are now captive, the pirates released the crew of the Shazaib largely unharmed, though one crew member had a broken leg.

Offshore service vessels

GL enforces new rules

The technical evolution of offshore support vessels (OSV) has initiated Germanischer Lloyd (GL) to publish new rules for ships intended for offshore support and supply, offshore towing, well stimulation, and other specialised offshore services.

New rules for Hull Structures of Offshore Service Vessels have come into force on January 1, 2010. These rules apply to ships intended for offshore support and supply, offshore towing, well stimulation, and other specialised offshore services. For these ships the class notation OSVs will be assigned, complemented by optional further notations, such as HNLS for ships carrying hazardous and noxious liquid substances, AH for anchor handling tug/supply ships, WSV for well stimulation vessels, and WTIS for wind turbine installation/construction support ships.

Year of the Seafarer

IMO pays tribute to crew

The International Maritime Organization (IMO) has decided to dedicate next year to you by choosing, as the theme for World Maritime Day, '2010: Year of the Seafarer'. The intention is to pay tribute to the world's 1.5 million seafarers – men and women from all over the globe – for the unique, and all too often over-looked, contribution made to the well-being of humanity.

On this occasion, E E Mitropoulos, Secretary-General, IMO announced to add impetus to its Go to Sea! Campaign that it launched in November 2008 to attract new entrants to the shipping industry. The campaign was launched in association with the International Labour Organization, the 'Round Table' of shipping industry organisations.

Tough 2010

Hyundai sees weak demand

South Korea's Hyundai Heavy Industries Co Ltd., the world's largest shipbuilder, expects a lingering shipbuilding downturn in 2010 but said it aimed to boost new orders by two-thirds next year. New orders Hyundai received in 2009 dropped 62 per cent from 2008 amid an order draught in its mainstay shipbuilding industry since last year's financial crisis. Shippers suffering weak global demand not only place few new orders but ask for existing ones to be delayed or cancelled.

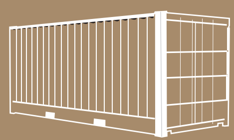
"The global economic recovery is set to continue in 2010 but the shipbuilding industry will see the downturn lasting for a considerable time due to overcapacity and weakness in shipbuilding financing," Hyundai's vice chairman and chief executive officer, Min Keh-sik, said in a statement to mark the closing of 2009. -Reuters

Great Offshore

ABG gets 15.2 per cent stake

ABG Shipyard, that had sold almost its entire stake in Great Offshore, has again acquired 15.2 per cent stake in the company through its open offer. It has made an open offer for 33 per cent stake in Great Offshore at Rs 520 a share and shelled out Rs 280 crore for the 15.2 per cent stake.

Though analysts state that it may either sell this stake to Bharati or offload it in the open market at a higher price, ABG will now get a representation on the board of Great Offshore as any investor over 10 per cent is normally entitled to.



Rs 163-cr contract

Sical to service Hindustan Copper

Sical Multimodal and Rail Transport Ltd., a wholly own subsidiary of Sical Logisitics bags order from Hindustan Copper Ltd. for multimodal port, train and road logistics, the order is worth Rs 163 crore.

Sical Logistics has bagged a Rs 163-crore contract from state-run Hindustan Copper Ltd for supplying port, train and road logistics products of copper concentrates, cathodes, and continuous cast copper wire rods. The contract has a term of two years, beginning 1 January 2010, and is extendable by one year.

The contract deliverables include:

- Stevedoring and customs clearance for copper concentrate imports at Kandla Port in Gujarat state;
- Container train-cum-road logistics linking Kandla Port; the copper mines at Malanjkhand in Madhya Pradesh state; HCL's smelters at Ghatsila in Jharkhand state and Khetri in Rajasthan state; and HCL's
- Continuous cast copper rods plant at Taloja, Navi Mumbai, in Maharashtra state.
- All-India distribution of finished products to major commercial centers by container trucks.

"Customers are increasingly seeing the value of Sical's unique proposition of seamless, multi-modal supply chain linkages across rail, road, port and sea," Sical Logistics chairman Ashwin Muthiah said.

The contract was awarded to Sical Multimodal and Rail Transport Ltd, a wholly-owned subsidiary of Sical Infra Assets Ltd. Sical owns 74 per cent equity in Sical Infra, while Old Lane Mauritius owns the remaining 26 per cent.

Going big

Allcargo plans ICDs

Allcargo Global Logistics Ltd is planning big to set up inland container depots (ICD) across India. The company is planning invest around Rs 50 crore for the ICD expansion. The investment is expected to be made in joint venture with CONCOR for setting up ICDs in Dadri, Hyderabad, Bangalore and Nagpur, in addition to the expansion of existing Pithampur ICD operations.

It is understood that Allcargo does not intend to raise funds from the open market as one of its two private equity partners, Blackstone Group, had invested US$ 23 million in last September.

EDI system

CES 1.5 at CWC Ambad unit

Indian Customs EDI System (ices 1.5) was formally launched at the Central Warehousing Corporation's (CWC) container freight station (CFS) at Ambad, Nashik, by I P Lal, Commissioner of Central Excise & Customs, recently. The service centre for EDI was also launched.

The EDI system will help online processing of shipping bills. Trade could file their documents online through www.icegate.gov.in.

Outbound services

DL rolls out plan

European Express Logistics group Deutsche Logistics (DL) will start its international outbound operations from 5th January 2010. DLXpress, DL's flagship service for Express Courier and logistics will start accepting consignments with standard service platforms that will ensure delivery of packages and documents to more than 200 countries across the world in less than three business days.

Presently DL services will be available in selected cities but later by the middle of the year services will be available to more than 20 major cities and other additional cities as well. Customers can book pickups through one nationwide toll free number to book their shipments with DL. DL presently will serve retail, and contractual clients in small, medium and large business.

Eredene venture

Vadodara ICD by 2011

UK-based investment company Eredene Capital PLC expects its Inland Container Depot (ICD) at Vadodara to be operational by 2011. The company is on the verge of completion of land acquisition for the ICD, which has seen a US$ 8 million investment, out of its US$ 100 million fund for Indian infrastructure.

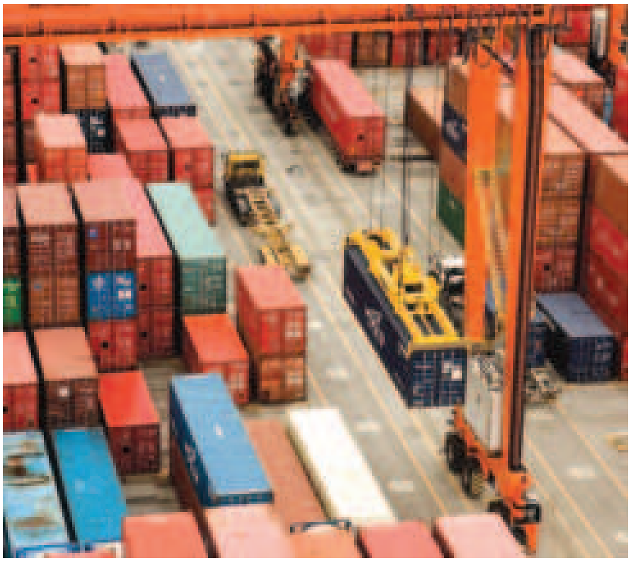
"The planned 140-acre site is on an 800-metre wide land corridor next to the two primary transport arteries from Delhi to Mumbai - National Highway 8 and the main north-south rail line, which carries the highest freight traffic in India. We have almost completed the land acquisition and expect the ICD to be operational by 2011," said Nikhil Naik, chairman, Eredene Capital, during his visit to Ahmedabad recently.

The London-based Alternative Investment Market listed fund, which is currently raising its second fund of US$ 400 million for Indian infrastructure, plans to invest in roads, railways, airports and general infrastructure projects.

"We have a 22 per cent consortium to bid for Ennore container terminal in Tamil Nadu, besides other consortiums in Mangalore and Mumbai ports," Naik said.

The company is expecting to generate revenue worth Rs 7 crore from the Container Freight Station (CFS) at Pipavav Port this fiscal.

The Eredene Group has invested Rs 233.3 million (£ 2.9 million) for a current 49 per cent stake in Contrans Logistic Pvt Ltd. (formerly Box-Trans Logistics Pvt Ltd), a company which has developed the first dedicated CFS at Pipavav.



"We crossed 10,000 twenty-foot equivalent units (TEU) till Novemeber this year. Our volumes have been up 20 per cent, so we expect revenue of Rs 7 crore at the end of this fiscal from the Pipavav Port," Naik added. The Port of Pipavav is owned and operated by the international shipping company Maersk which has undertaken a massive development programme with a new liquid cargo berth and expansion of the container terminal. A second container berth opened in March 2008.

The company had committed to an investment of US$ 100 million for nine projects in India, including CFS for Chennai, Ennore Ports, warehousing and distribution for north India, logistics park at Haldia, West Bengal and Kalinganagar Industrial Complex, Orissa, affordable housing project for Mumbai's blue-collar workers and IT offices in Bangalore and Chennai.

Logistics park

Pune in Safexpress list

Safexpress, one of the largest supply chain and logistics companies in India, today launched its ultra-modern logistics park in Pune. This is company's ninth warehouse in India.

The company has already already set up eight logistic parks in Gurgaon, Nagpur, Ahmedabad, Kolkata, NCR, Chennai, Salem and Puducherry. "We have invested Rs 35 crore in developing Pune facility. Located strategically on Mumbai-Pune Highway, this facility will cater to the warehousing needs of companies located in Pune as well as Mumbai," said Vineet Kanaujia, general manager, marketing, Safexpress.

In fact, the company is investing Rs 600 crore to develop world-class warehousing at certain strategic locations across the country. "Due to our seamless and non-stop operations, we will be providing the fastest transit time of 1.8 days for deliveries all across India from Pune," he added.

The Pune unit is spread across an area of 3,10,000 square feet. The company has installed high-tech equipment to ensure that the goods are handled very carefully. Safexpress plans to develop 5 million square feet of additional warehousing space across the country in the next couple of years, adding to its already existing warehousing space of 5 million square feet.

The logistic and supply chain major intends to launch 32 logistics parks in the next two years.

Liner activities

NYK office in Hyderabad

Japanese carrier NYK Line opened its own agency office at Hyderabad, Andhra Pradesh. The company's wholly-owned local subsidiary, NYK Line (India) Ltd., took over operations from its erstwhile third-party agent, Coronet Shipping Agencies.

The new office will primarily handle liner and logistics activities of the company, said NYK officials. The Indian unit earlier established its own offices at Mumbai, New Delhi, Kolkata, Bangalore, Cochin, Tuticorin and Pipavav.

NYK Line is a vessel provider on the Indamex Service, connecting the Indian subcontinent and the US East Coast, along with Hapag-Lloyd, CMA CGM, and Orient Overseas Container Line.

The Tokyo-based company also has a joint venture arrangement with state-owned Container Corp. of India to handle automobile movements by rail.

Gas deal

Aegis gets Shell

Aegis Logistics said it has acquired Shell Gas (LPG) India and expects the whole acquisition process to be completed in the next 90 days, marking its entry in the cylinder market.

"We have taken over Shell Gas's LPG business," Aegis Logistics Vice Chairman and Managing Director Raj Chandaria said. This acquisition, he said "will strengthen our presence in the industrial and commercial segments and give us an entry into cylinder market. With Shell now out of the business, it only makes our position stronger."

However, citing confidentiality clause, he declined to reveal the sum at which the acquisition is being effected. "The acquisition is being funded through our internal resources – we have ample liquid resources," Chandaria said. Post acquisition, Shell Gas (LPG) India will become a 100 per cent subsidiary of Aegis Logistics.

Shell Gas has been primarily active in Gujarat and Maharashtra and in a smaller way in other regions. "Its two key assets, a terminal at Pipavav Port and a filling plant at Kheda, are of great importance to us," he said. The terminal has a capacity of 2,700 metric tonnes of gas, he said, adding "this acquisition will considerably beef-up our marketing and importing of LPG." -PTI

Bonded warehouse

Maersk CFS begins work

Maersk CFS commenced operations of the bonded warehouse at CFS Annex in Mumbai to suit the changing customer demands. The facility will have a dedicated warehouse space for the customers' import bonded cargo spread over 1,560 sq m with a height of 6.5 m.

Inaugurating the new facility, A K Das, commissioner of Customs - Imports, said, "Nhava Sheva is an important gateway for the entire western region and also an international hub-strategically located to manage cargo from this region."

Subhasis Ghosh, Cluster Director, South Asia Area emphasised the need for a bonded warehouse to cater to the import distribution concept. R R Pandit, general manager – CFS Division, was also present.

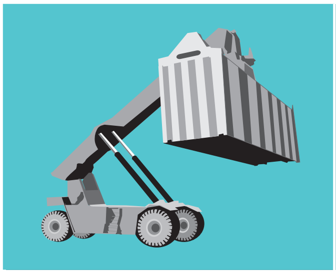
A K Das and R R Pandit at the inauguration of Import Bonded Warehouse at Maersk CFS Annex.

Warehouse automation

Dutch firm hires 4S

Mondial Logistics, Netherlands-based logistics services provider has selected Hyderabad-based Four Soft's 4S eLog to automate the management of its warehouses throughout its locations in the Netherlands. The contract was executed through Four Soft Netherlands BV, a subsidiary of Four Soft Ltd., India.

It is one of the leading players in providing various kinds of services such as warehouse management, freight management, logistics consultancy and Customs clearance facilities to its customers.



Exim NEWS

Ornamental fish

Great potential for India

India's potential in the international ornamental fish market is enormous, given the vast and varied natural resources.

India has enormous potential for growth in the international market for ornamental fish, said K V Thomas, Minister of State for Agriculture, Consumer Affairs, Food and Public Distribution. He was speaking at the inauguration of a three-day international conference and expo on ornamental fish.

Thomas pointed out that aquariums are the second most popular hobby in the world, next only to photography. Lining out the soothing effects of an aquarium at home or at work, Thomas said "India has enormous potential for growth in the international ornamental fish market, given our vast and varied natural resources.

If rural entrepreneurs are trained in ornamental fish production, it could lead to both increased incomes and to the creation of more jobs," he said.

The ornamental fish business in India is currently worth around Rs 300 crore, making up 0.08 per cent of the global market. India already exports over 300 varieties of fresh water ornamental fish. "If we want to expand this sector domestically, we need to move from a catch-based market to a culture-based market," said Leena Nair, chairman of MPEDA. She urged the government to relax import norms.

GI certification

Apeda initiates process for Basmati

The Agricultural and Processed Food Products Export Development Authority (Apeda) has initiated the process of registration of Basmati under the geographical indications (GI) certification.

Apeda wants Basmati cultivation to be restricted within the geographical boundaries of Punjab, Haryana, Uttarakhand, Delhi and 26 districts of western Uttar Pradesh and two districts of Jammu.

As per the GI Act, a person caught infringing a registered GI is liable for imprisonment of six months to three years apart from fine, which may vary from a minimum of Rs 50,000 to a maximum of Rs 2 lakh.

GI is given to products with a reputation attributable to its place of origin or the area where it is manufactured, like Darjeeling tea, Kancheepuram silk, Mysore agarbatti and Champagne etc. More than 110 products have got GI registration in the country.

Hot rolled coils

Import curb lifted

India has lifted a curb on imports of hot rolled coils – a vital steel input for sectors like auto and consumer goods, a government statement said on Friday.

Import policy will now be free on hot rolled coils, said the Directorate General of Foreign Trade in an order.

"With this policy, traders can import steel flat products in small quantity," said an industry official who did not wish to be identified.

Before now, only actual users were allowed to import hot rolled coils, while the new policy will allow even traders to import hot rolled coils, the official said. -Reuters

Growing demand

Iron ore prices surge

Asian iron ore prices have risen by 20 per cent in December, bolstered by a rise in Indian export duties and steady buying by Chinese steelmakers.

The 5 percentage point rise in iron ore export taxes announced over the Christmas holiday sparked a surge in prices – the strongest in a two-week period since early August – and the rally continued as consumers stock up ahead of week-long Lunar New Year holidays. "Demand is very strong. It looks like year-end buying before the Chinese new year," said Shivanand Salgaocar of V M Salgaocar & Brothers Pvt. Ltd., a large miner and exporter in the country's western state of Goa.

India hiked export duty on iron ore fines to 5 per cent from nil and raised duty on lumps to 10 per cent from 5 per cent. "Since the time the government imposed the duty, the market has gone crazy," said Raja Dhupar, Vice President at Yazdani International Pvt Ltd., an exporter based in the eastern state of Orissa.

Traders said some Indian exporters were absorbing the duty while others were asking buyers to pay half the increase. India exported 10.6 million tonnes of iron ore in November, up from 8.5 million tonnes. -Reuters

Global survey

Indian auto exports to leap

Indian auto manufacturers are well poised to become 'winners' in terms of global market share in the next five years to join the ranks of established players like Hyundai, Toyota, Honda and Volkswagen, a survey says.

According to a survey by leading consultancy firm KPMG, global automotive market share winners over the next five years would include various new Chinese and Indian vehicle manufacturers, along with leaders like Kia/Hyundai, Toyota, Honda and Volkswagen.

When 200 senior executives were asked to predict firms that will have a major chunk of the export market over the next five years, they identified "various new Chinese and Indian vehicle manufacturers, as well as the existing global players Kia/Hyundai, Toyota, Honda and Volkswagen as leaders again this year," KPMG said.

Among firms that remained on the low rung of market share expectations were General Motors and Chrysler. -PTI

Tyre machinery

India imposes anti-dumping duty

The Government has imposed a 10 per cent anti-dumping duty on Chinese tyre manufacturing machinery – Tyre vulcanisers or rubber processing machineries for tyres – to safeguard the interest of domestic players, a Finance Ministry notification said.

After concluding that imports from China are taking place at dumped prices and have caused material injury to the domestic industry, the Directorate General of Anti-Dumping and Allied Duties (DGAD) – the nodal agency under the Commerce Ministry – has recommended anti-dumping duty on these imports.

Carbon black imports: Meanwhile, the revenue department in the finance ministry has imposed definitive anti-dumping duty on imports of certain carbon black from Australia, China, Thailand and Russia from July 30, 2009, for five years. The duty will be applicable only to carbon black used in rubber applications. Thermal black and carbon black grades meant for semi-conductive compound applications have not been covered.

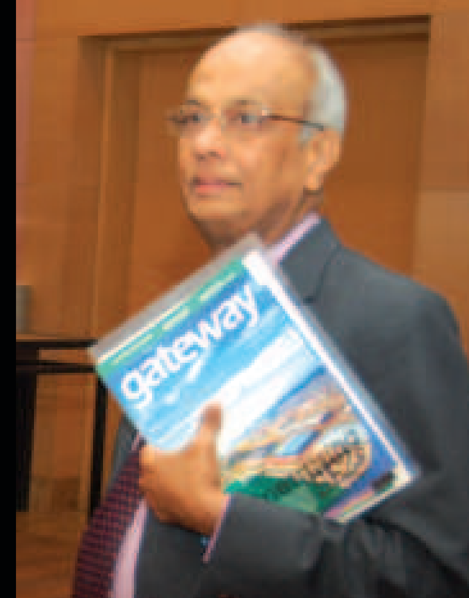
Sugar export

Obligation extended

The government gave 15 more months to sugar mills to meet their export obligations in the wake of spiraling prices in the retail market.

The mills have an obligation to export around one million tonnes of sugar against raw sugar imported between September 2004 and April 2008 under the Advance Licence Scheme of the commerce ministry. The obligation was to be met by the end of December last. As a second option, the millers can also discharge their obligation by paying customs duty for the sugar imported between September 2004 and April 2008, Directorate General of Foreign Trade (DGFT) said in a public notice.

The retail price of sugar has more than doubled in last one year at Rs 45 a kg and the government wants to ensure no amount of the commodity is exported under any circumstances. -PTI



Celebrating SUCCESS

The Maritime Gate'Way'

Since its launch in September 2008, *Maritime Gateway* has been striving to provide quality information to the patrons in ports, shipping and logistics industries in India. It is our vision to become the most reliable and up-to-date information resource for the industry.

Looking back, we feel proud that we extended the reach of the magazine to the international readership by launching it in Singapore in April 2009, by when the magazine was only in its maiden year. Now, we aspire to take the magazine to Hong Kong, Mainland China and the UAE.

Maritime Gateway also took up a comprehensive survey on Indian ports to measure the levels of service quality. A first-of-its-kind survey, it took into account the opinion and viewpoints provided by port users, including exporters, importers, freight forwarders, custom house agents, shipping agents and shipping lines.

Celebrating the success achieved during its first year, *Maritime Gateway* hosted a gala evening by bringing together the industry leaders once again. The event also marked the launch of the Indian Ports Survey and presentation of Annual Indian Maritime Gateway Awards 2009. Shipping Secretary K Mohandas felicitated the top performers in the maritime sector. He also released the special anniversary issue on the occasion.

This was followed by a round-table CEO Forum on the theme: 'India's Maritime Strategy: Challenges for the Next Decade'. The discussion revolved around policy, financial and technological framework, industry expectations and the ascent up the value chain.

Maritime India: Changes ’n Challenges

India’s liberalised trade norms since the early 1990s have been encouraging investments. As the country is entering a steady economic growth phase, the maritime sector is expected to grow substantially. The government has also formulated the National Maritime Development Programme as part of its resolve to drive capital mobility in port projects to improve the service quality and competitiveness.

Hailed as the modern economy aspiring for an average annual growth rate of at least 7 per cent in the present scenario, the nation is keen to modernise its infrastructure – rural, transport and communication – for balanced and inclusive socio-economic development. In this context, the maritime sector too needs to brace up for higher quality in the transportation and overall logistics services.

But the sharp decline in world trade has been posing a challenge not just to developing countries like India, but even advanced maritime nations around the globe. The massive aftershock of the recession and credit squeeze, though will continue to influence the course of the maritime industry in the years ahead, it is time for India to introspect its present maritime strategies and plans in preparation for a future full of surprises and at times, setbacks.

The maritime sector can be competitive but it has to strategise for the future. So, what are the challenges for the next decade in ports, shipping and logistics; and how do we chart our course in these verticals that are interlinked to and interdependent on each other?

Maritime Gateway’s CEO Forum 2009 brought together outstanding names from Indian maritime industries to deliberate on the theme ‘India’s Maritime Strategy: Challenges for the Next Decade’. The panelists included S S Hussain, Chairman of JNPT; S Hajara, Chairman and MD of Shipping Corporation of India; Capt Anil Sing, Senior VP and & MD of DP World Subcontinent; Vijay Kalantri, CMD of Balaji Infra Projects Ltd. and Krishna Kotak, MD of J M Baxi & Co. The discussion was moderated by A B Ravi, Editor Special Projects of *CNBC TV18*. The fusion of minds made the forum as interesting as the year before.

S S Hussain
Chairman, JNPT

Though we have the money to fund the projects, the policies stop us from going further. Today, the order is to stall all the port projects and hence even if we want to expand further berthing facilities, we cannot do so. Hence, there should be coordinated efforts to take this sector forward. The balance has to be brought in – whether it is development or the environment. AT JNPT, we have lost 500 hectares of land for mangrove growth. We are, in fact, encouraging it. The government should therefore adopt a coordinated approach towards port development.

The issues

The panelists felt an urgent need to look at two important issues bogging the maritime sector. First, the governments at both the central and state levels should recognise the maritime sector on par with other sectors. The governments at both the levels have long neglected the crucial sector in terms of investments and development. The shipping industry wants to be recognised as critical infrastructure, especially by policy makers, since the sector has not been getting due attention. The reasons could be – that the government is unaware of the importance of shipping in economic development or that the government looks at shipping as a lucrative industry and aims at maximising the government share of revenues by imposing more taxes, rather too many and beyond comprehension. Whatever is the reason, whether ignorance or revenue, the fact remains that Indian shipping industry is not globally competitive and that the share of national tonnage in moving the country's exim cargo is steadily falling.

The second issue that sprang up was the pressing need to invest in maritime infrastructure. We talk about achieving 9 per cent GDP growth and taking it to double digit figures. Unless the maritime infrastructure is beefed up and streamlined, achieving the double digit growth looks unrealistic. While domestic consumption can lead the country to a decent 7 per cent growth, anything above that will require growth in exim trade. Maritime infrastructure refers to infrastructure in ports, shipping and inland logistics. In ports, it implies terminal facilities, handling facilities

S Hajara

Chairman and MD, Shipping Corporation of India

Every crisis also brings opportunities. Today, there are opportunities for the maritime sector. In every way, the Indian shipping and the entire maritime industry needs to be augmented. We meet 70 per cent of energy requirements through imports. It has been conclusively proved that if the country's maritime tonnage is developed, then the proportion of trade going to foreign vessels goes down and this will give a tremendous boost to export and import trade. Now is the best time to do it because it would possibly be 30 per cent cheaper compared to the boom time period. Similarly, in terms of ship valuations, the valuation has come down considerably across the segments by 20 to 30 per cent. So this is the best time to grow and India must take the advantage of the current situation and augment its infrastructure manifold like what China did years back.

and dredging, in shipping it is pure increase in tonnage under the Indian flag and in inland transport – better connectivity between ports and cargo originating/consumption points, focus on multimodal transport, logistics parks, and warehousing.

Hajara felt that shipping is not getting the same kind of importance that is being given to the other forms of transport. He revealed that the amount of funding allocated to infrastructural projects either in roads or railways far exceeds that of the maritime sector – it is at least threefold more. "This implies that we have never really thought big for the maritime sector," he added.

In the ports sector, private port operators seem to be resenting the government's attitude. Kalantri felt that the government is not acting as a facilitator of ports. "Instead of putting port development on the fast track, the government brings in a lot of regulations which ultimately delay the entire process. At present, you have to run from pillar to post to get all the clearances and permissions to go ahead," he said. The situation is not far from this even in the government-controlled major ports. A lot of port projects are getting delayed due to the cumbersome process and the amount of bureaucratic hurdles involved.

Hussain agreed that lack of proper coordination from various departments of the government is one of the major causes of the delay. As per the government bidding process, if the bids are more than 10 per cent of the estimated cost of the project, the whole process has to be started all over again. "We have told the government several times not to delay the process and go ahead with granting the project even if the bid is higher than estimated because we are losing precious time as well as cargo," Hussain said.

The panelists also raised concern over inland logistics cost. Kotak said inland

Vijay Kalantri

Chairman and Managing Director, Balaji Infra Projects Ltd.

Today, the government is not acting as a facilitator of ports. There is no experience at both the state and central government levels in terms of what a new port should be. Instead of putting the port development on the fast track, the government brings in a lot of regulations which ultimately delay the process. Timely clearances are what we need. The government knows what the public and private sectors need. So, instead of the private players going to the government, why can't the government come to the private sector? The government can look into the aspects of assistance to be provided to the private players and proactively fulfill them as a preemptive measure. The catch here is that the government is also going to benefit from the project. The faster the project is executed, the faster the country can benefit from it. Gujarat, for instance, is one state where active government role is seen. The Centre and other states have to take cue.

connectivity cost always exceeds 45 to 50 per cent of the total logistics cost in India. Therefore, this segment becomes the biggest determinant of India's global competitiveness as far as logistics is concerned.

Capt. Singh added, "It is evident that the terminals in India are global, based on terms of performance. But being a global port in itself is not going to help the end customers – importers and exporters – who are the actual facilitators of trade. If the necessary things in the other parts of the chain are not functioning properly, the trade is going to suffer and the end customer is going to suffer."

The way forward

If these issues remain unattended to, then the question "how should they be addressed or how should the maritime sector go forward in the future" remains unanswered. The esteemed panelists in fact have spoken out their minds on the necessary strategies which if implemented can solve these issues. At the broadest level, planning is the key for everything. "It is necessary to plan for the next 30 years rather than being consumed by the present events as we stand. The long-term vision is lacking," opined Capt. Singh. A proper long-term vision helps in avoiding deviations from the determined path for development.

There was also a strong opinion from the panelists to have a separate ministry for logistics in which various parts of transportation become legal components. This effectively means that shipping, ports and inland logistics will come under the umbrella of one single ministry – logistics ministry. "If such a logistics ministry is formed, then India will become as competent as any other developed country in the world," Kotak felt.

Hussain too felt that to speed up things in the maritime sector, the current shipping ministry should become a full-fledged logistics ministry. Hussain further added that if such a move is not possible, then, at least, the shipping ministry should be given the necessary power to take decisions on issues under its jusirdiction. He further suggested that a single-window kind of clearance procedure has to be adopted to complete the projects. This can bring down both the cost and time effectively, as overruns are very expensive these days and no one can afford to lose resources.

Hajara said the shipping industry today is devoid of European ship financiers who were aplenty before recession set in. In these circumstances, it is for the government to provide support at this crucial hour and aid to this critical industry to build the new tonnage. Most of the maritime nations in the world consider shipping as their critical infrastructure and Hajara suggested that the Government of India too should recognise shipping as the critical infrastructure of the nation.

Kalantri came out with the idea of having an empowered secretary committee with secretaries from all the departments. The decisions taken at the empowered committee should be final and should become a government resolution rather than standing just as a recommendation. He strongly felt that instead of the private players going to the government, it is the government that should come to the private players. He opined that as the government is also going to benefit from the projects, it should assume a proactive role and look in to the aspects of assistance to be provided to the private players in the development of the projects and proactively fulfill them as a preemptive measure. To make his point, he quoted the example of Gujarat government for its active participation in such issues.

Capt Anil Singh

Senior VP and & MD, DP World Subcontinent

It is necessary to plan for the next 30 to 50 years rather than be consumed by the present events as we stand. The long-term vision is lacking. Obviously, what is happening today in the maritime sector was planned sometime back in the past. Therefore, how we should be after 20 to 30 years, should be planned today. In terms of performance, it is evident that the terminals here in India are global-based. But being a global port in itself is not going to help the end customers who are the actual facilitators of trade. If the necessary things in the other parts of the chain are not functioning properly, both the trade and the customer are going to suffer.

Krishna Kotak

Managing Director, J M Baxi & Co

Let us say Rs 100 is the logistics cost from point A to point B. Of this, the shipping cost probably never exceeds 10 to 12 per cent. The port cost will not exceed another 12 to 15 per cent. But interestingly, the connectivity cost always exceeds 45 to 50 per cent. Therefore, it has to be made sure that if we want to be globally competitive, we should make sure that the connectivity costs are globally competitive. The moot point is 'Can our ministry become a logistics ministry where the various parts of transportation can become the legal components under the ministry?'

Annual Maritime Gateway
Awards 2009

Gateway Media is proud to announce the 2009 edition of the Annual Indian Maritime Gateway Awards held on December 11, 2009, at The Grand Hyatt, Mumbai. The awards were constituted to recognise the best performing individuals and organisations and acknowledge their exemplary leadership qualities, outstanding performance and best practices that have contributed to the larger interest of the maritime industry. This year, the awards were given away in **12 categories**. Shipping Secretary **K Mohandas** felicitated all the winners with a trophy and a plaque. Mercator Lines won the Bulk Operator of the Year award. Other winners of 2009 are:

Chairman of **JNPT**, S S Hussain, receiving the **Major Port of the Year Award**

CEO of Mundra Port & SEZ, **Capt Sandeep Mehta**, receiving the **Private Port of the Year** award

CEO of Gateway Terminals India Pvt Ltd, **Arvind Bhatnagar**, receiving **the Container Terminal of the Year** award

Chairman and MD of Shipping Corporation of India, **S Hajara**, receiving the **Tanker Operator of the Year** award

MD of J M Baxi & Co, **Krishna Kotak**, receiving the **Ship Agent of the Year** award

Chairman and Managing Director of Cochin Shipyard, **Cmde M. Jithendran**, receiving the **Shipbuilding Company of the Year** award

Chief Manager of CONCOR ICD Dadri, **Sanjay Swarup**, receiving the **Inland Container Depot of the Year** award

Managing Director of Central Warehousing Corporation, **B B Pattanaik**, receiving the **Container Freight Station of the Year** award for CFS Dronagiri Node

Executive Director of Arshiya International, **K Shivkumar**, receiving the **Logistics Company of the Year** award

Vice-Chairman and CEO of Gujarat Maritime Board, **Pankaj Kumar**, receiving the Indian Maritime **Newsmaker of the Year** award

Former Shipping Secretary **D T Joseph** receiving the **Lifetime Achievement Award** from Shipping Secretary K Mohandas

The award-winners of the Maritime Gateway Awards 2009 share the stage with Shipping Secretary K Mohandas

The Jury

(LtoR) CEO of Oman Shipping Co & ex-CEO of INSA - Sudhir Rangnekar, CMD of Cochin Shipyard Cmde M Jitendran, Director General of Shipping - Lakshmi Venkatachalam, Chairman of JNPT and Indian Ports Association - S S Hussain, were presented with souvenirs.

Major ports and private ports will continue to experience growth in traffic over the next few years, with the latter likely to witness a higher growth rate. While major ports are trying to maintain their position through improving their service standards and ramping up capacities, private ports are vying for bigger market share by pumping funds into creating sophisticated infrastructure. Hence, it is certain that the competition between these ports is going to increase dramatically in the next few years.

Maritime Gateway releases

'Indian Ports Survey 2009' Report

As these capacities rise, trade will expect more from the ports and will have more options before them to choose their port of choice. And tomorrow, the major factor that is going to play a crucial in this decision making will be the quality of service that each port is going to offer.

Recognising this trend early, Maritime Gateway undertook a comprehensive survey on where the major and private ports stand currently in terms of quality of service and customer satisfaction. Given the scenario, a survey of this kind can rightly identify the kind of infrastructure present at the ports; measure the servicing standards and the quality of service; and helps in creating benchmarks for the industry. The survey report was released during the annual event of Maritime Gateway in Mumbai on December 11, 2009.

According to the survey results, JNPT emerged as the overall leader in terms of quality of service and the port at Dahej as the leading one among the private ports. While JNPT was the top-ranked port in terms of overall satisfaction, Kolkata was ranked last amongst all the ports considered for the survey.

> **I hope the report shall help identify the best practices and bring out issues pertaining to the ports sector and contribute to the overall development of the ports.**
>
> **- G K Vasan,**
> Honourable Minister for Shipping
> Government of India

User expectation levels for quality of service at ports operated by private players are found to be much higher than those expected from the state-owned major ports. The expectations of users were also found to vary from the geographical location of the port itself. The presence of large number of ports located on the western coast meant that the ports were very competitive and as such, their expectation in terms of quality of service was much higher.

Ports operated by private players such as Dahej, Dharamtar, Mundra, Pipavav, Krishnapatnam, or major ports with private terminals such as JNPT, Kochi etc. have occupied the top ten positions in overall ranking. This is due to their greater emphasis on customer satisfaction and they scored higher vis-à-vis their government counterparts in terms of port infrastructure and cargo handling facilities. Also, ports with lower congestion levels have higher satisfaction levels. MG

INTERVIEW

BTL Clever Cats

They are wild cats in their own way. If one is ferocious, the other is suave. If one pounces and prowls the jungles, the other gently tees off his way forward in the seas. Both have sophistication in their manner and movement. And to explore the world around them is their mission. That's the Bengal Tiger and the BTL Feeders, the latter ruled by men and named after the famed direct line in the game of golf.

*In a face-to-face with **Radhika Rani G** of Maritime Gateway, Managing Director Bill Smart dwells on things that can be worked out in India for container shipping lines in general and feeder services in particular.*

The Twosome: *Bengal Tiger Line Chairman Joachim von der Heydt and Managing Director Bill Smart.*

The economy is getting back on track and the trade of merchandised goods is likely to pick up pace and pave the way for growth in feeder ports and transshipment hubs in the Asia Pacific context. The increased demand for point-to-point service requires the use of hubs to obviously coordinate feeder services for imports and exports. Having already made a mark for itself in feeder services between exim destination India and transshipment hubs Singapore and Colombo, the Bengal Tiger Lines is all set to prowl further afield.

The sail ahead: *Tiger Pearl on its voyage.*

BTL's beginning

Chairman Joachim von der Heydt saw the travails of early container shipping services rotating around several Indian ports. Since local delays were inevitable and extended the overall voyage time – owing to port inefficiencies, he came up with a simple 'shuttle concept' – one port in India and one hub port – thereby ensuring a regular and reliable service structure. Thus was born BTL in 1986.

If the "hands-on" Joachim von der Heydt has ensured a hassle-free connectivity by conceiving the 'Tiger Line' and taking it from China and Southeast Asia to the Gulf via the Bay of Bengal, managing director Bill Smart has been his able and smart lieutenant. His job requires crisscrossing borders too often, 40 per cent of his work time to be precise, to ensure tonnage is moving and trade is going and growing by the day.

With 22 vessels in their fold and a 22-member staff overseeing trade and transactions of close to 800,000 TEU per year at their Singapore head office, does BTL ever face a Catch-22 in its operations with India? "Obviously," says Bill Smart, "we have strong views on the continuing poor port infrastructure in Kolkata, the commercial centre of the East." He hints at the perennial problems in Haldia, the only big facility in West Bengal handling container vessels and serving a widespread hinterland in the neighbouring states, the North-East and the land-locked Nepal and Bhutan.

"From ongoing draft limitations to inadequate handling equipment and the delay in appointing a competent full-time chairman to lead KPT (Kolkata Port Trust) out of its current quagmire," D is quite an issue. It stands for those persistent delays and demands for a realistic draft.

It is for reasons like these that feedering services in India are sort of going through a state of change,

> **We are launching new services – Taiwan to the Philippines. We are also investigating other areas both in the Far East, and also the West – to the Red Sea and to the Mediterranean.**

according to Bill Smart. Since there is quite a lot of port development taking place, opening up opportunities for direct calls, "the feeder business will partly migrate to some of the smaller ports or those which have physical limitations," he observes. But predominantly India is still a 60-per cent feedered market with the predominance of mainline calls in the west coast, but any change will take time.

Hub speak

And when the Vallarpadam transshipment container terminal swings into action, will it attract enough shipping lines? Vallarpadam hub in Cochin, Bill Smart opines, is obviously a vision – something which is perhaps 15 years too late. "The success of Colombo was because in India we did not provide transshipment hub facilities. Therefore, we somewhat missed the train but the concept of trying to bring cargo back to India, say to Cochin or Chennai, is something which depends on changing the existing player's routing patterns."

Since the main lines have so far been hubbing at Colombo, Singapore or the Gulf, one cannot get the critical mass unless there is a change in the main line's operations. As per his observation, there is a lot of work that still needs to be done and a lot of persuasion of the lines to obviously change their patterns which in these days is dictated by cost. “This,” he says, “will be largely difficult as main lines are traditionally quite conservative because a lot of them are working alliances and consortiums.”

Additionally, convincing the main lines to change their hub choice is an onerous task since there are terminal windows and operational aspects to be taken into consideration as well as market concerns. “One line may have a preference to a particular market sector whereas the other line may not; [and] to get everyone into an agreement to make a change to the hub facility is something which people are naturally risk averse. They would rather stay with what they have.”

So there is a lot of background work to be developed to have all the key components come together. Not perhaps a revelation for the powers that be!

Cost concerns

In general too, container shipping worldwide, according to Bill Smart, will face a tough situation for the next one to two years as oversupply will continue to depress rates. “But economics must prevail and operators should not be pushed into untenable service provision. This means keeping costs under control and doing the best possible job till the trade recovers.”

However port tariff levels have been relatively higher in developing countries and India is no exception. “Indian port marine charges,” he admits, “are exorbitant (eight times more than international ports and charged by gross registered tonnage) and in many cases unreflective of the service provision levels – the current lack of pilots/boats in Chennai being an example.”

> “Infrastructure, global trade, industrialisation go hand in hand. You cannot have one without the other. So it is important that the pace of infrastructure development in India is accelerated.”

The more you pay in some ports in India, the less service you get; so there is a dire need for the government to look into the archaic charge structure, more so now as trade is growing. A feeder facilitator like BTL, which has been associated with India for over two decades, also wishes the cabotage regulations were relaxed to enable more foreign players to ply along the Indian coast. Cabotage flexibility on the container front, according to Bill Smart, can enable connectivity from the small and minor ports to the major ones. “It should not be seen as a competitive trend but as a trade building exercise,” he advises.

In general, there is a lot of potential in India that could be easily realised in terms of infrastructure development, he notes. “Industrial investment relies on good infrastructure, including road and rail port access, and too many times trade is being hindered by bottlenecks and delivery delays – a comparison with China shows the success of guaranteeing such smooth facilitation of cargo movements.”

Despite all odds, what keeps BTL going is its neutrality in business, with no foes or favourites in trade or competition with the main lines. “We have also proven ourselves in reliability,” Bill Smart adds. With a big daddy in Heinrich Schoeller, who owns 70+ vessels and manages over 300 ships, the BTL subsidiary has some good tonnage and is sure a name to trust in the feeder business. Having offices in Singapore, India and Sri Lanka together with agents and representatives in China and Dubai, the Tiger Line has come a long way in providing cost-effective services. Its trajectory is only growing by the day. And with it, newer targets. MG

The brand: *The Tiger Breeze Funnel.*

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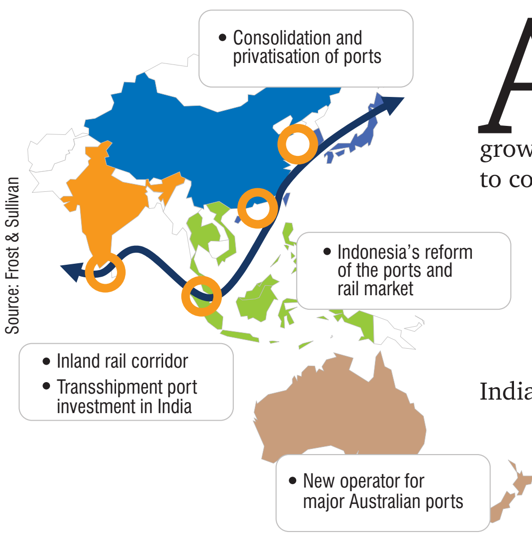
UPDATE

Asia Pacific Outlook
New Feeder Ports

The Asia Pacific region is likely to see growth in new feeder ports in the next few years as the economy recovers.



Transshipment forecast in Asia Pacific

According to Frost & Sullivan's Strategic Insights on Asia Pacific Container Ports Market, there is a growing need for transshipment hubs to coordinate feeder services to and from countries and ports with low-volume throughput. Also, containerisation is expected to drive growth in the container ports market in the short to medium term, especially from India where the level of containerisation remains low, the report adds.

While the Asia Pacific container ports handled over 264 million TEU in 2008, the number might go up to 378 million TEU in 2015. However, the total container throughput in Asia Pacific is likely to decline approximately 8 to 12 per cent in 2009 due to the economic crisis.

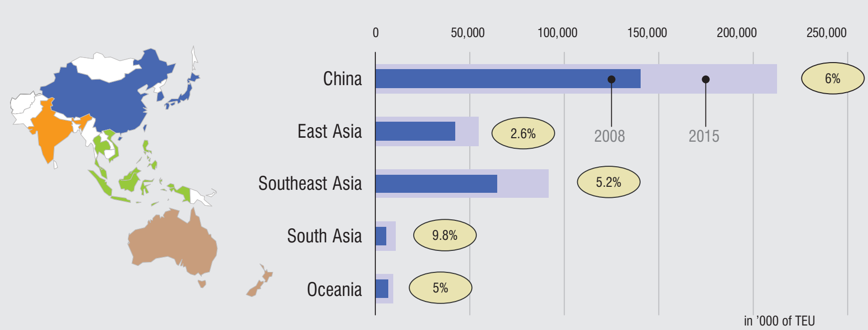
"Intervention by governments in Asia Pacific and increased consumers' confidence are likely to cushion the impact," says Mike Lee, consultant of F&S' Transportation & Logistics, Asia Pacific.

"With Asia Pacific expected to take a lead in global shipping trade, both in intra-Asia trade, as well as with the countries in Europe and America, container traffic from this region is expected to maintain its rapid growth in the near future," he said, adding that Asia's share of containerised exports to world's total exports is expected to reach 64 per cent by 2015. MG

Logistics industry: Scenario planning need to take in account

- Fuel price increase
- Ongoing infrastructure financing
- Hinterland connection improvements
- Future trade movement

Long-term Outlook for Asia Pacific Container Ports



Source: Frost & Sullivan

Rail Renaissance
An Urgent Need

Indian Railways which commanded 89 per cent of the country's freight and nearly 80 per cent of passenger traffic in 1950, is steadily forfeiting its pre-eminence in the country's transport business. With the virtual rail renaissance the world over, it is time the railways rediscovered themselves as a vibrant lifeline of the national economy.

by ***Raghu Dayal***

Among 101 countries with a major railway system the major ones, as per a World Bank count, are the United States, the Russian Federation, China, India, Canada, the European Union, and Brazil. These seven rail networks account for almost 90 per cent of the world railway freight traffic (in terms of tonne-km) and more than 75 per cent of passenger traffic (passenger-km). IR ranks the world's fourth largest rail system in terms of length (route-km) and traffic throughput (tonne-km and passenger-km), after the US, Russian Federation and China.

A paramount and inviolable mantra for IR is continuity, consistency and commitment in major policies and projects. IR needs to be freed from the whims and fancies of policy-makers as it is not a fiefdom for sectarian objectives. The Planning Commission and the Prime Minister's Committee on Infrastructure must not abdicate their obligation towards ensuring sanity for optimal development and growth of as crucial a sector as the railways.

Indian Railways: Some Salient Features

	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2005-06	2007-08
Route length: km	53,596	56,247	59,790	61,240	62,367	63,028	63,332	63,273
Electrified	388	748	3,706	5,345	9,968	14,856	17,907	18,274
Stations: (No.)	5,976	6,523	7,066	7,035	7,100	6,843	6,974	7,025
Rolling stock: (No.)								
Locomotives	8,209	10,624	11,158	10,908	8,417	7,566	8,025	8,330
Coaches	19,628	28,439	35,145	38,333	38,511	42,657	49,702	53,555
Wagons	205,596	307,907	383,990	400,946	346,102	222,193	207,983	204,034
Personnel: (No.'000)	914	1,157	1,374	1,572	1,652	1,545	1,412	1,395
Wage bill: (Rs bn)	1.14	2.05	4.60	13.17	51.66	188.41	239.20	258.92
Passengers: (No., million)	1,284	1,594	2,431	3,613	3,858	4,833	5,725	6,524
Passenger km:(billion)	66.5	77.7	118.1	208.6	295.6	457.0	615.6	770.0
Passenger earnings: (Rs. bn)	0.98	1.32	2.96	8.28	31.45	104.83	150.81	197.83
Freight traffic: (m.t.)	93.0	156.2	196.5	220.0	341.4	504.2	682.4	804.1
Net tonne km: (billion)	44.12	87.68	127.36	158.47	242.70	315.52	441.76	523.20
Freight earnings: (Rs. bn)	1.39	2.81	6.01	15.51	82.47	230.45	355.35	464.25
Stores purchases: (Rs. bn)	0.82	1.78	3.64	13.37	51.89	108.35	153.26	219.82
Operating ratio: (%)	81.00	78.75	84.13	96.07	91.97	98.34	83.72	75.94
Excess (+)/ shortfall (Rs. mn)	(+)151	(+)320	(-)198	(-)1,979	(+)1,757	(+)7,636	(+)43,380	(+)134,311

Today, IR carries less than 40 per cent of the country's freight and less than 20 per cent of passenger traffic. Despite a growing freight demand, the railways have been steadily losing their share of the business as they failed to build matching capacity.

A major challenge is not only to attract additional traffic, but also to meet the accelerating demand for integrated intermodal solutions and high speed inter-city passenger services. An important task ahead is the need to diversify freight business beyond its narrow base of bulk commodities, reinforce its competitive strength in existing segments, identify other traffic streams, especially consumer goods, and develop intermodal logistics solutions in partnership with different stakeholders. The changing passenger business profile demands different segments to be catered to and IR needs to recognise that selected high-speed passenger corridors are no longer an option. A beginning in this direction is needed to see projects at least in the next 8-10 years.

In the overall density of 32.6 train km per broad gauge running track km per day (2007-08), passenger trains account for 20.2, and freight trains only 12.4 per cent. Capacity building is thus a critical task ahead of IR. The golden quadrilateral (GQ) along with its diagonals, the arterial corridors that interlink the four largest metropolises of Delhi, Mumbai, Chennai and Kolkata, are seriously saturated. Of the 822 sections in which IR's broad gauge (BG) network is classified, as many as 173 sections are already utilised far in excess of 100 per cent, and the GQ routes are the worst hit. Considerable relief can certainly be obtained by drastically rationalising and reducing sectional slow stopping trains, which can easily be replaced by road services. Additional capacity for other desirable services, so much in need on busy routes, can be found by such a rational modal adjustment. This will, no doubt, call for a dexterous handling of political economy by the Minister at the national as well as state levels.

The table below indicates a substantial increase in their throughput envisaged in the Eleventh Plan. In essence, these enhanced targets themselves are rather conservative and timid in relation to what IR must do to look beyond the incremental growth paradigm.

Passenger Traffic

No. of passengers: million

	Suburban	Non-suburban	Total
1950-51	412	872	1,284
1960-61	680	914	1,594
1970-71	1,219	1,212	2,431
1980-81	2,000	1,613	3,613
1990-91	2,259	1,599	3,858
2000-01	2,861	1,972	4,833
2005-06	3,329	2,396	5,725
2006-07	3,514	2,705	6,219
2007-08	3,689	2,835	6,524

Passenger kilometre: million

Passenger kilometre: million

1950-51	6,551	59,966	66,517
1960-61	11,770	65,895	77,665
1970-71	22,984	95,136	118,120
1980-81	41,086	167,472	208,558
1990-91	59,578	236,066	295,644
2000-01	88,872	368,150	457,022
2005-06	106,419	509,195	615,614
2006-07	111,897	582,867	694,764
2007-08	119,842	650,114	769,956

Source: Ministry of Railways, India

Projection of freight traffic in the Eleventh Five Year Plan vis-a-vis achievements in the Ninth and Tenth Plans	2001-02	2006-07	2011-12
Originating freight (million tonees)	492.5	728.4	1100
Freight tonne km	332.2	475	702
Originating passengers (million)	5169.3	6352.1	8400
Passenger km (billion)	494.2	691.8	942

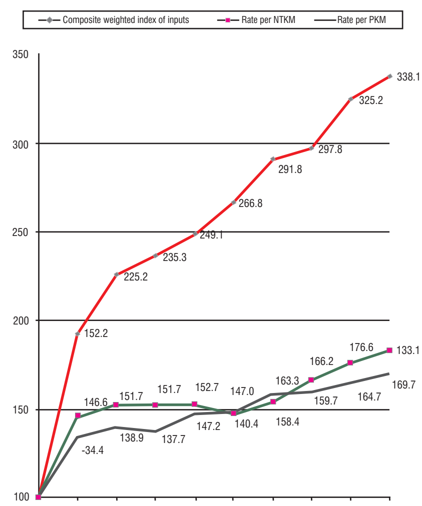
Both for efficient and economical carriage of freight, and fast and comfortable transit of passengers, capacity enhancement is IR's most pressing challenge. A quantum increase is essential, implying in simple terms an urgent need for IR to run many more trains, each train to carry more and run faster. A multi-dimensional task, capacity generation involves construction of new tracks and terminals, double or multiple-tracking of existing strained routes, improved signalling, high capacity wagons and locomotives, alongside innovative operating and management systems in coordination with users/customers. Transport is fast becoming a high technology industry, making research and innovation imperative for its further development. The immense scope that exists to streamline and reshape the system has to be first explored to achieve huge savings and, more significantly, to render the gargantuan organisation nimble and alert, efficient and responsive.

Axle load of 25-30 tonne and higher payload to tare weight ratio of about four for freight cars to augment system's capacity and reduce unit cost of transportation has been well realised for long, but there exists no concerted time-bound plan for effective and expeditious follow up. The dedicated freight corridors – west and east – have been delayed inordinately. Likewise, the project for unfettered double-stack container train operation on selected routes has been languishing, although a sub-optimal beginning has been made. Efforts need to be directed to bring lighter and corrosion-resistant material to improve the payload-to-tare ratio of wagons. IR needs to expeditiously introduce special types of wagons for movement of automobiles, bulk cement, fly ash, and hazardous chemicals. These technological changes along with others through the system call for a concerted strategy to harness and promote R&D resources, also in partnership with overseas systems and vendors of state-of-the-art wherewithal on technology transfer basis.

Of course, these schemes would demand enormous resources to be marshalled, earnings to be maximised and costs to be pruned. IR has to adopt ingenious strategies and methods for garnering resources to fund the enormous capacity development schemes and optimise the use of resources. As reforming IR will require large-scale financial restructuring, it will also involve the shedding or even ring-fencing, of its non-core assets, activities, and businesses.

World over transport costs have been tumbling. There is considerable scope for IR too to effect economies. Provision for 2009-10 has been made for Rs 14,713 crore for fuel, Rs 14,742 crore for repair and maintenance of locomotives, coaches, wagons and machinery, Rs 6,909 crore for repair and maintenance of tracks, Rs 11,182 crore for traffic operating expenses, Rs 2,154 crore on security and Rs 1,088 crore for repair and maintenance of residential buildings. A 5-10 per cent saving in these areas, allowing no dilution in quality and efficiency, may not be an uphill task. An astute plan to rationalise, retrain and redeploy the workforce is a clear need.

For the nation's lifeline to remain healthy and efficient, IR management can ill afford to ignore, or wish away, the imperative of rationalising its fare and freight charges. In the last 15 years (1993-94 to 2007-08), the composite weighted input cost index rose from 100 to 338; rate per net tone-km for freight moved from 100 to 183, and the rate per passenger km from 100 to 170. Railways calculated their loss on passenger services in 2007-08 at Rs 7,522 crore. IR must realise its obligation to rationalise the tariff structure with a view to reducing the existing cross-subsidisation within the passenger segment as well as from the freight to the passenger segment. Its highly skewed fare-freight ratio, i.e. the ratio of passenger fare/km and freight rate per tonne/km, needs an upgradation from a value of about 0.3 to at least 0.5, which will, in fact, restore the value level to what existed on IR in 1950-51.



The investment requirement for IR during Eleventh Plan period amounted to Rs 230,000 crore, three times the amount allocated in the preceding Plan. The Planning Commission realised the enormity of resources required for renewals, rehabilitation, and replacements for reduced asset failures and, even more importantly, improved safety. An investment requirement of over Rs 60,000 crore (at constant 2006–07 price) is estimated during the Eleventh Plan to maintain existing assets by timely rehabilitation and replacements. The ongoing projects pending completion need an additional amount of Rs 65,000 crore.

The Eleventh Plan document appreciated the spurt in IR traffic that was supported by a concomitant increase in the productivity of the

assets, including wagon and track utilisation, increase in axle load on mineral routes, improved maintenance practices, and reduced detention. IR recorded a sustained improvement in wagon utilisation from 2,468 NTKM per wagon per day in the first year of the Tenth Plan (2002-07) to 2,963 NTKM in its final year. Track utilisation improved from 7.74 million to 9.05 million NTKM per route km. Such operational changes brought about on IR during the years 2005-08, demonstrated that the system has the genius and ability, potential and resilience, which a determined change-agent can harness to transform into a vibrant and dynamic entity.

This provided a clear direction for IR to optimise the management and utilisation of assets. With the ministerial authority in place, the senior technocrats, who had dithered and delayed for years permitting at least a selective increase in axle-load of wagons, for example, came on board. The permission for "extra" loading of some bulk cargoes in wagons proved to be the most significant stratagem that allowed freight cars on high density traffic circuits to carry additional cargo of, say, metallic ores. It again proved that rail operation is no jigsaw puzzle; it only requires simple rules of good, alert, and innovative managerial mind. This simple

> **In the last 15 years, the composite weighted input cost index rose from 100 to 338; rate per net tone-km for freight moved from 100 to 183, and the rate per passenger km from 100 to 170.**

expedience enabled IR carry larger volumes: IR clocked a 9 per cent CAGR in freight throughput between 2004 and 2008. In turn, this helped improve concomitant productivity at twice the rate of that in the 1990s. An important spin-off was reduction in unit costs. This was one important gain that, in turn, gave confidence to IR to tinker with differential pricing of freight services and other revenue-raising initiatives.

Chinese example

It's difficult not to cite the enviable example of Chinese Railways (CR) which is the most apt comparative system for IR to judge itself against. From a poorly maintained 22,000 km network in 1949, CR today sprawls over more than 80,000 route km, carrying (in 2008) 3,306 million tonne of freight, recording 2,512 billion tone-km of throughput – that is more than four times IR's (790 mt = 512 btkm in 2007-08). As China develops rail-based services, it constantly looks at how to push the railway operation model to become more market-oriented.

IR's management structure and organisation has endured over 150 years. Today, the structure is outdated. The organisation also needs far fewer tiers of management than the traditional command-and-control model. In March 2005, China among other reforms streamlined the traditional 4-tiered "Railway Department, Railway Office, Railway Branch, Railway Station" into a 3-tiered "Railway Department, Railway Office, Railway Station" system. IR needs to likewise streamline its structure and professionalise its cadres, eschew traditions of castes and hierarchies which its departments signify, making the gargantuan monolith nimble and flexible, to cope with fast changing environment, cutting costs, and reducing tariffs.

A Railway Vision 2025, assured in the rail budget speech on 26 February 2008 to be formulated within six months, is nowhere to be seen. A path was pointed towards IR's modernisation with appropriate delineation of new genre rolling stock, track structure, signalling, development of high density routes, IT-enabled facilities, strategic business units with involvement of major sector users, innovative promotion group, and special focus on IT Vision 2012 as well as PPPs. It is sad that IR as an institution and the apex level body of home-grown experts as the Railway Board have let the initiative slip, much like elsewhere in the country's governance. MG

Raghu Dayal *was the first managing director of the Container Corporation of India (CONCOR). Post superannuation, he has been a member of the Government of India's Task Force for the evaluation of public sector undertakings and sits on boards of various companies. The views expressed in the article are those of the author and do not necessarily represent the views of Maritime Gateway.*

Railways to Rake up Assets

The Indian Railways' plan to utilise assets more comprehensively to haul freight cargo will help handle incremental traffic load and reduce supply-side constraints. The initiative augurs well for the user industry in the years to come. A **Maritime Gateway** report.

The recent initiative by the Indian Railways to make newer provisions for the extensive use of assets for bulk cargo haulage through a slew of measures could not have come at a better time than now when the traditional freight profile, essentially consisting of coal, iron and steel, cement and food grains, is on the rise. The move has been prompted by the economic growth of the country, including the Railway's haulage of 336.83 million tonnes of coal during 2007-08 as compared to 271.40 million tonnes during 2004-05.

Coal, iron and steel are the traditional bulk users of the railways and have been playing their due role for the growth of the economy. Hence, it is important to ensure asset utilisation for the cargo sector in the short and long term, according to Rinkesh Roy, director, Traffic & Transport, Ministry of Railways. "This can be done by creating new line capacities and increasing axle loads wherever possible. But most importantly, it can be done by using our existing terminal facilities," he adds.

However, Roy points out that it would be important for the users to provide continuous cargo throughput to enable prompt allocation of wagons. Also, a proper cargo evacuation plan can help capacity planning. "Sustained cargo support will go on to arrest untimely cargo evacuation for the users as they will be allotted wagons on priority. This will subsequently cut down on lead times for transporters," he avers.

Cargo support has to be supported by minimising breakdown in cargo handling equipment at ports, mines or other points of origin and consumption points. "Because railways are primarily an asset-based concern, they can bring return on investments if their assets are put to timely use," he says.

New initiatives

The various initiatives taken up by the railways to attract more freight have been beneficial to various industries. They include:

Development of rail-side warehouses

To provide seamless door-to-door transportation, the Indian Railways and the Central Warehousing Corporation (CWC) initiated a pilot project in the Satellite Goods Terminal at White Field, Bangalore in 2002. As part of it, the CWC built state-of-the-art warehouses along the track in goods yards and provided ancillary facilities in integrated goods sheds complex.

Buoyed by customers' response, the railways entered into an MOU with CWC in 2003 to develop rail-side warehouses at 22 different locations, of which 11 have already started work.

As per the 2007-08 budget, it proposed development of 48 freight terminals, of which 16 can handle more than 15 rakes a month.

Full steam: *The electrification of old sidings is on the cards.*

The 16 freight terminals are at:	
Ahmednagar	New Mulund
Ballabhgarh	Gonda
Barbil	Noamundi
Lakshmibai Nagar	Saharsa
Danapur	Sukinda Road
Yamuna Bridge	Sanvardam
Sankaval	Gosalpur
Mandideep	Mandi Gobindgarh

The total cost of improvement in the 16 freight terminals is around Rs 57.58 crore.

Liberalisation of siding rules

To clear the bottlenecks in the functioning of sidings and to remove irritants to siding owners, siding rules have been further liberalised by revising assisted siding. Under this concept, railways share the cost of the new siding if the user comes with a traffic commitment for 10 years or more commensurate with the investment of the railways. The capital cost of additional traffic facility works will be borne by the railways.

As per the liberalised rules, overhead charges have been reduced. Further, in all private sidings, except the cost of one commercial staff per shift, cost of all other staff will be borne by the railways. However, in case of siding working on electric overhead lines, the cost of all staff will be borne by the railways. Additionally, as per liberalised rules, the railways will do the electrification of old sidings while the siding owner will do that of new sidings. However, the maintenance of overhead equipment will be at railway's cost.

Liberalised wagon investment scheme

In view of the increased demand for wagons, the railways have introduced liberalised wagon investment scheme (LWIS) based on the public-private partnership (PPP) model. LWIS allows investment by private investors in special purpose wagons (SPW) and high capacity wagons (HCW). SPWs are wagons designed to transport specific commodities on specific routes or closed approved circuits. HCWs are wagons with payload at least 2 tonnes higher than the existing similar wagons. End users are permitted to procure wagons but under LWIS, transport of coal and coke, ores and minerals including iron ore is not allowed. Each rake procured by investor will have an associated loading and unloading point on specific routes or closed circuits as approved by the railways. SPW and HCW wagons procured under this scheme will not be merged under the wagon pool as it is compulsory for an SPW investor to have a private siding or terminal at the either end of the approved closed circuit.

In case of HCW with payload of 2 tonnes or more than the existing wagons, a freight concession of 12 per cent on each loading will be granted for 20 years. An additional

> Buoyed by customers' response, the railways entered into an MOU with CWC in 2003 to develop rail-side warehouses at 22 different locations, of which 11 have already started work.

freight concession of 0.5 per cent will be granted for payload. In case of SPW operating on closed circuits, a freight concession of 15 per cent will be given for 20 years. Maintenance of wagons will be undertaken on payments as per agreements executed by the investor.

Wagon Leasing Scheme (WLS)

The scheme aims at induction of rakes through PPP. High capacity wagons, special purpose wagons and those for container movement can be leased under the scheme. Rakes are imported from manufactures in compliance with IRS specifications and mandatory inspections by the railways.

The leasing company may lease HCW and SPW to end-users and container flats to operators under concession. Bilateral contract with the wagon leasing company and lessee will be permitted and WLC will have rights of substitution of lessee. Freight concessions and other benefits under the LWIS will be made available to lessees for movement of traffic in HCW and SPW trains.

Terminal Development Scheme

To address capacity constraints in the wake of unprecedented growth of freight traffic, an entirely new scheme for terminal development has been launched. The scheme envisages the development of new railway terminals through investment from the private sector which includes end-users, PSUs or their authorised agencies. Two kinds of terminals are covered under the scheme: i) Terminals for bulk commodities – cement, fly ash and fertiliser transport in loose conditions in privately owned special purpose wagons. ii) Terminals for finished products – iron and steel bagged cement and bagged fertiliser in railway wagons.

State-of-the-art private terminals are to be developed under the extant siding policy primarily on private land where no bidding or traffic guarantee is required. Railways may lease surplus land for 30 years extendable by 10 years, on the basis of competitive bidding and commitment for minimum guaranteed volume of traffic. As for the terminal for bulk commodities, developers shall be granted freight concessions of 15 per cent for 20 years on each loading of new rake of SPW procured under LWIS. Also, busy season surcharge is waived for 20 years.

Leasing of parcel space

This scheme introduced in break vans, assistant guard cabins and parcel vans of passengers trains is aimed to provide value-added services to customers and increase earning to the railways. As part of it, parcel space is leased out to private operators by inviting bids through open tenders. To encourage leasing to the maximum possible extent, reserve price for leasing of parcel space is kept realistic.

Challenges

All these initiatives sound impressive and could yield positive returns for the user industry on volume traffic. However, as per sizeable section of the freight service user of the railways, comprising freight forwarders and secondary steel and cement plants, there needs to be further pricing and concession flexibility across the year. Though the railways have introduced the scheme of tariff concessions, users feel that there is room to make it further holistic. Besides, there is a need for more number of loading and unloading points and more traffic circuits. Also, the railways could encourage piecemeal traffic in general purpose wagons.

Apart from these initiatives, the railways will also have to address connectivity issues, considering traffic both at loading points and operation circuits. However, effective functioning of the corridor depends to a large extent on de-bottlenecking arterial routes on the Golden Quadrilateral link, essentially by checking terminal detentions and developing signalling telecommunications. All this would increase the users' base of the railways and in turn allow customers reap the benefit of cost-effective logistics transportation. MG

Haryana Ups Exports

Vying for a larger slice of the foreign exchange pie of India, Haryana is surging ahead of other states in developing export-related industries. The state is moving further in this direction to consolidate its position by removing hindrances.

by ***Susenjit Guha***

Indian states are ramping up their infrastructure and tapping all their available wealth and resources to have a go at the global markets. The blowback of the recent global economic recession has not dented the spirits of Indian exporters as they are quick to shift gears and check out hitherto untapped markets the world over. After all, the recession was mainly concentrated in western economies while others were affected in small measures by the ripple over effect.

Haryana overcame the global recessionary pressure to cross Rs 35,000 crore in export earnings in 2008-09. According to Principal Secretary and Financial Commissioner Y S Mailk, the earnings from software exports alone constituted Rs 21,000 crore. Gurgaon, a sleepy rural town a couple of decades ago, has emerged as the major hub for information technology and automobile industries in recent years and the city accounts for a major share of the state's exports. According to Malik, the growth rate of Haryana was a commendable at 9.3 per cent during the last fiscal year, placing it at the forefront of India's export drive.

After coming into being in 1966, Haryana now enjoys the third largest per capita income in India as the economy is growing in leaps and bounds. Starting 2000, the state continues to be a favoured destination for investors as it has been continuously attracting a large share of investments. While the IT sector has attracted big names like Tata Consultancy Services, Polaris, IBM Daksh, Convergys, Sapient Technologies, Genpact, Vertex and Agilent, the state also has attracted two wheeler and auto majors like Hero Honda and Maruti. Industrial hubs like Panipat, Faridabad and Panchkula are well known names and the second largest refinery in South Asia is located in Panipat. Although nearly 70 per cent people of the state are involved in agriculture, the state is also known for its steel and textile industries.

And over the years, incentives had been given to attract investors to the state. Road networking and infrastructure were stepped up. This led to a large concentration of sunshine industries that are not only some of the fastest growing but export-driven as well. IT sector alone is expected to register substantial export earnings. If growth was 30 per cent in normal circumstances, recession dented it a little bit to 17 per cent.

Although there are some issues about the IT and ITES sector, the government is trying to address them through a revised industrial policy, which is in the offing. "We have discussed the issues with all the companies present in Haryana and we would shortly bring revised industrial policy to make Haryana more conducive for investment. We expect that this revised industrial policy will be in force within this financial year," said M K Sardana, general manager, Department of Information Technology, Haryana, recently.

A joint seminar held by Haryana State Industrial and Infrastructure Development Cooperation (HSIIDC) and Haryana Electronics Development Corporation (Hartron) was underway recently to discuss the roadblocks and remove some

impediments standing in the way of more investment. Among some of the major problems are power supply and traffic bottlenecks that can snowball into a major problem for large corporations involved in export related industries.

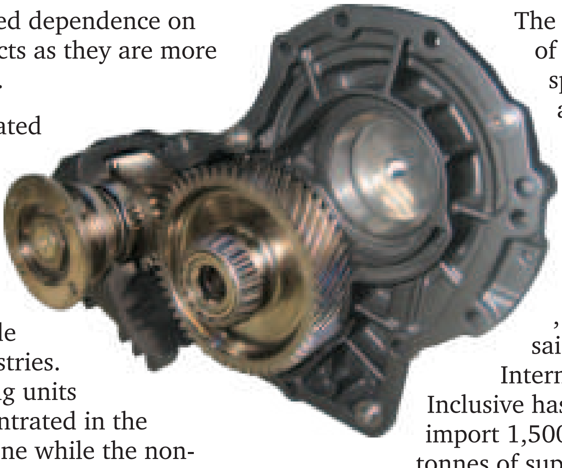
With IT majors in Haryana, there is huge traffic from overseas as customers and clients frequently visit the state. Such a big flow of people is causing worries to the BPO industry about the negative impact of poor roads and irregular power supply. A BPO industry veteran, Deepak Kapoor felt the presence of so many global companies in Gurgaon makes it imperative for the government to better road conditions and infrastructure as a large number of people from all over India also reside in the state. According to him, "The city is not presentable in terms of road, cleanliness, and power and traffic management to foreigners."

But surplus power generation is on the anvil according to Sardana. "There are three power projects under way and these projects will be commissioned by 2011, after which we will have surplus power of 12,500 megawatts. As far as traffic management is concerned, it will be solved once the metro rail service starts," he said.

Last July, the Department of Commerce approved an SEZ for Haryana to be developed by Ansal Properties and Infrastructure Ltd. (APIL) for Rs 9 billion (US$ 214.3 million). Primarily to develop engineering industries, nearly 250 acres of land on the Amritsar-New Delhi Grand Trunk Road has been allocated for residential houses and manufacturing units. The location has strategic significance since it is close to Delhi on the north-west and connected to National Highway-1 and the proposed Kundli-Manesar-Palwal Expressway. Export-oriented industries from Punjab would also find the location very lucrative as it would meet their demand and also for being the hub of manufacturing in north India.

Sonepat is known for its major share in India's engineering goods exports. With the global recession, attention has shifted to emerging markets and both existing as well as new units want to take a plunge into hitherto untested waters. There is an increasing demand for Indian engineering goods not only in the developing economies, but in the developed economies as well. There is a need-based dependence on Indian products as they are more cost-effective.

With demarcated processing and non-processing zones, the SEZ is supposed to cater to a wide array of industries. Manufacturing units will be concentrated in the processing zone while the non-processing areas would have residential complexes. APIL chairman Sushil Ansal was of the opinion that the SEZ notification came at an opportune moment as it "will



Hollister Washington's plan a Rs 250-crore 100 per cent EOU in Bawal industrial area of Haryana and 10 acres of land has been allocated.

generate employment opportunity and create export option for the national economy."

Being predominantly an agricultural state, Haryana is loaded with possibilities and newer markets and FTAs have opened the way for a paradigm shift in India's exports. The president of the US-based Touch International, Balinder Singh and Sudhir Rajpal, MD, Haryana Cooperative Supply and Marketing Federation (HAFED) signed an agreement for export of basmati rice from Haryana last year. HAFED is not new to exporting basmati rice as export orders are flowing in from Australia, Saudi Arabia, the United Kingdom and the UAE.

The government of Haryana sponsors the apex co-operative service and marketing institution, HAFED. Its administrator, S S Dhillon said, "Touch International Inclusive has agreed to import 1,500 metric-tonnes of superior basmati rice valued approximately at Rs 13 crore in the first year." Even for promotion, HAFED would be on the forefront providing advertising and backup support in the US market. The US-based company would distribute the rice sourced from Haryana and the deal will eventually help basmati growers in the state and consumers coast to coast in the US.

HAFED has also been accorded export house status by the Union Commerce Ministry for export of all types of agricultural produces making it also eligible for concessions available under the new Exim policy. In line with facilities accorded to Markfed of Punjab, the steps were taken during the tenure of chief minister Om Prakash Chautala when HAFED entered the international basmati-rice market through Brisbane, Australia. It also started receiving orders for non-basmati rice from the Gulf and European countries ever since.

The state is also surging ahead to give Pragati Maidan a run for its money with a double the size exhibition-cum-exposition ground at Pachgaon Chowk, near the industrial township of Manesar in Gurgaon. The complex, spread over 200 acres is next to NH-8 and the KMP Expressway interchange which is under construction.

With meticulous planning and sincere efforts to improve the industry and investments, the state of Haryana has come a long way to secure its place as an export hub at global level. MG

SECTOR WATCH

Automotive logistics

Leading the 3PL Way

Automotive industry comprises of automaking (automobile) and auto component industries. Indian automobile industry has come a long way in terms of innovation and production and is poised to become the global hub of small car production in the next few years. Complimenting this, the auto component industry, which provides solid support to the domestic automakers, has also gained prominence in the overseas markets – especially with the US and European car makers.

Outsourcing the logistics operations began first in the US in later part of 1970s. The rising inflation in the US in 1970s and other environmental concerns forced the US automakers to pay closer attention to their inbound and outbound logistics. As logistics was a non-core function for them, they began outsourcing it to specialists in the area. The scope of outsourcing grew as the automakers became more aware of cost savings and thus third party logistics (3PL) service providers emerged. Automotive and auto component

Outsourcing the logistics activities in automobile and auto components industries is picking up pace. By leaving the non-core logistics functions to specialised 3PL providers, these industries are gearing up to make it big in the global markets. **Jagadeesh Napa** takes a look at the Indian automotive logistics market.

industries have been the pioneers and front runners in logistics outsourcing. Thus, *Maritime Gateway* considers it opportune moment to focus on these industries, first in the part of a series under the section – Sector Focus.

Back home, the need to plan for efficient logistics and delivery systems for these industries still remains. It is not until lately that the Indian automakers tapped on the potential of logistics outsourcing. Traditionally, all the logistics activities were managed in-house except for transportation of raw materials and finished products. Of course, the scene was no different in other manufacturing industries too. Initial outsourcing (including 3PL services) happened only in the 1990s and picked up pace after 2000. Logistics outsourcing in the automotive industry was introduced by those multinational companies that had firm markets at the global level.

Indian automakers are increasingly resorting to use outsourced services in order to reduce their logistics costs and focus more on their core activities, i.e. automobile manufacturing. Despite the growing demand for outsourcing, non-3PL players dominate the overall automobile logistic segment in the country. Even today, non-3PL players are preferred mostly, especially for outbound and aftermarket logistics. This explains the low penetration of the 3PL so far.

Third party logistics services for the automotive and auto components industries include transport and warehousing, consolidation, milk runs, sub-assembly, kitting, returnable packaging and invoicing among others. In 2007, the automotive logistics market was valued at US$ 400 million, of which the 3PL segment garnered a mere 15 per cent. This shows the huge growth potential that this segment has for the future. A recent study carried out by RNCOS, a market research and information analysis company with global presence, estimated that the auto and auto component industry accounted for more than 50 per cent of the total 3PL industry revenue India during 2008 and is expected to reach 60 per cent by 2012.

Automaking

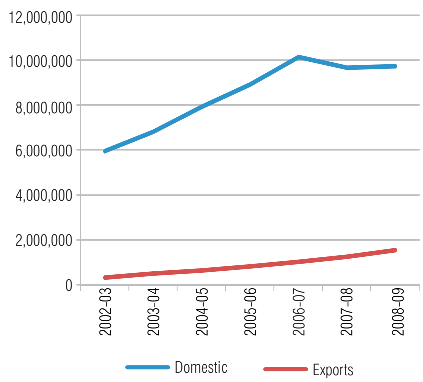
Frost & Sullivan predicts that more and more automakers (especially carmakers) outsource their logistics activities to the 3PL players and the market is projected to grow at a rapid rate of more than 20 per cent to reach US$ 100 million in 2009 and to surpass US$ 250 million in 2013. The forecast also emphasises that the majority of this 3PL activity will happen in the inbound logistics which will account for 69 per cent followed by aftermarket logistics with 17 per cent and the rest by end-to-end supply chain management solutions.

Currently, Tata Motors, Ford and GM are the major users of 3PL services for their inbound logistics, while Toyota Kirloskar uses it for its finished vehicle logistics. 3PL services in spare parts logistics is also picking up pace with Volvo, GM and Ford being the major ones in this segment. BMW, which has started domestic production recently in Chennai, is another emerging giant to use the 3PL services for its 3 series 5 series models. BMW produces these luxury cars in small volumes using the ‘completely knocked down’ (CKD) process. A majority of the parts are bought from Germany and the rest

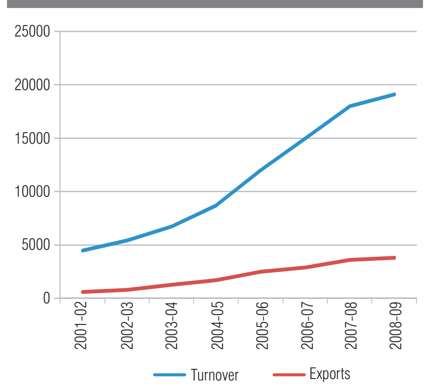
“3PL services in spare parts logistics is also picking up pace with Volvo, GM and Ford being the major ones in this segment. BMW, which has started domestic production in Chennai, is another emerging giant to use the 3PL.”

from other international markets. These parts come to the Chennai plant as CKD kits which are then assembled at the assembly line. With such long supply chains, it is more than mandatory for BMW to reduce logistics costs and hence makes sense for this carmaker to outsource the logistics activities.

Domestic and export sales figures of automobiles in India (no. of vehicles sold)



Turnover and exports of auto components industry (US$ million)



Automakers expect the 3PL service providers to take their services to the next level by following up the suppliers on their behalf, apart from providing the regular logistics services. Some analysts believe that the rise of the 3PL and milk-run system will lead to more sustainable logistics, both from cost and environmental points of view. They also see it as a way to increased collaboration among OEMs. A strong 3PL can also help in setting up industry best practices and pave way for benchmarking.

Auto components

Akin to the automakers, the Indian auto components industry too has come a long way from being a small domestic industry to a significant player in the global automotive supply chains. India has now earned the reputation of supplying high-value and critical automobile components to global auto makers such as General Motors, Toyota, Ford and Volkswagen amongst others. Between 2001-02 and 2008-09, the auto components industry grew at a compounded annual growth rate of 20 per cent. Investments in the auto components industry were estimated at US$ 7.7 billion in 2008-09 and are likely to touch US$ 20.9 billion by 2015-16.

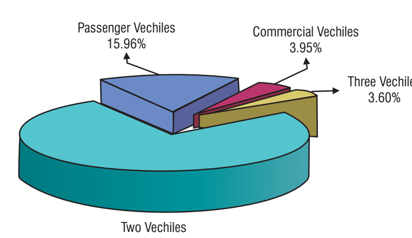
While the majority of this growth can be attributed to tremendous growth in internal consumption, exports too contributed their part. The exports grew at a CAGR of 26.54 per cent from US$ 578 million in 2001-02 to US$ 3.8 billion in 2008-09. Low labour and manufacturing (especially for forging and casting) costs have been the major factors in making India a hub for auto components for the global markets. Automotive purchasing giants from the US have shown keen interest and commitment in the recent years to source materials from low-cost countries like India. Unlike other sectors, automotive sector is little late in going the offshore sourcing way. Prior commitments with Tier 1 suppliers, US safety regulations, inventory concerns and supply chains costs were some of the impediments that had held the US automakers from going big in sourcing from low cost countries. But better late than never, this inclination towards sourcing from low cost countries has proved to be a boon to the 3PL industry in India. Exports of auto components grew at the rate of 35 per cent between 2002 and 2007 and touched US$ 3.6 billion and US$ 3.8 billion in 2007-08 and 2008-09 respectively.

While most OEMs handled their logistics activities in-house since many years, things are beginning to change as outsourcing is fast

catching up. Increasing cost of in-house logistics is driving component manufacturers to outsource these activities. DHL and Mitsui were some of the first international players to enter the Indian market to provide specialised 3PL services to the auto components industry.

According to a Datamonitor report, insufficient infrastructure and lengthy bureaucratic procedures associated

Category-wise Market Share in 2008-09



with transporting auto components could stand as constraints to this growing market. The report further reveals that most of transportation happens by road and the other modes of transport like rail and waterways are not used to tap their advantage. Adopting multimodal transport and/or shifting from high-cost road transport to low-cost rail or water ways can result in becoming more competitive at the global level. Therefore, logistics service providers should consider changing their existing operational structures and use alternative modes of transport to bring down the transportation costs as to consistently maintain the competitiveness at the global level. MG

INTERVIEW

Det Norske Veritas, a leading international certifier and classification society, classes close to 17 per cent of the world fleet or more than 5,360 ships. For DNV, managing risk is a mission and the Norwegian firm has been helping clients safeguard life, property and environment. "Quality is the main goal for us and we ensure our clients safety and reliability through our standards," says **Kamal Kumar**, Area Manager, DNV India, in a talk with **Ramprasad.**

DNV: Designed to Deliver

Kamal Kumar

What is DNV's approach to the Indian market?

We have been in India for the last 37 years having set up shop in 1972. Our classification business gradually grew into other areas such as machinery and components. In fact, the growth during the last few years has helped us enter the shipbuilding industry too. Today, we have about 30-per cent market share of the total Indian tonnage. We are also involved with most of the international players.

As a certification body in India, we are the leaders. Sea Skill is our new line of service that certifies a company's competence management system based on key standards.

On the shipbuilding side, we are involved with all the active shipyards and 50 per cent of the order book of Indian shipyards is DNV classified. Our approach is – be with the client and do things. Rightly so, we have a project office in each shipyard which helps us have a good control over the total production cycle of the ship. DNV Energy is our other vertical that deals with offshore platforms and pipeline certifications.

During the last few years, we have grown in resources. We have 425 people spread in different business areas today. But quality is always our foremost priority, followed by profitability and size. Fortunately, we have been doing well on all the three counts.

How was the current year and what is the future business outlook?

We have 100 ship orders to DNV Class on the new building market. Fortunately, there have been re-negotiations, postponement of deliveries but not many cancellations. And so, we have enough work on hand. But the recession has had its impact on classification societies, given the nature of our business. We might see a decline in orders by 2011 and the postponement of new builds has created a bit of excess capacity in our system. But we have the strategy to go into advisory services. As mentioned, we are also growing on the offshore classification because India provides a good platform for these activities. DNV, at the corporate level, has merged classification and also offshore to get the synergy.

Apart from India which are the other important markets?

Sri Lanka, though is a relatively small market, its shipbuilding activity is quite good. It is an important market to deliver quality. The Colombo dockyard has been able to take some new orders. We have worked on one project with them and signed one more.

Vietnam has a lot of potential. The country has a strong culture and trade strategy since the people always fought for survival and emerged victorious. Their mission is to become the fourth largest shipbuilding nation.

How do you compare India with the world market?

The quality of finished products in Indian shipyards is comparable to global players, such as Japanese or Korean shipyards. In fact, a few shipyards in India are doing well in terms of quality. But there is still scope to bring out better quality and it calls for commitment of the top-level management.

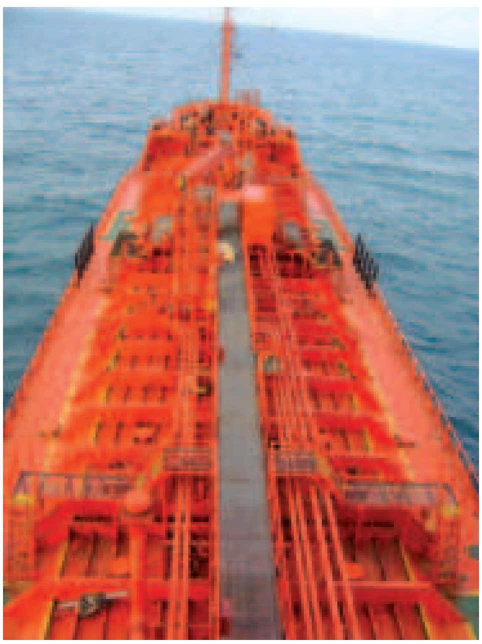
What trends do you see in shipbuilding?

In the case of conventional vessels, the supply and order books have been high compared to the requirement. Offshore too has been steady. Following the current trend, better technology vessels are required as one moves from shallow to deep waters. MG

Exit Time for Single Hulls

The Directorate General of Shipping decided not to extend the special exemption to single-hull tankers that are registered under Indian flag after December 31, 2009. The decision was taken to prevent old and unsafe single-hull tankers from sailing in Indian waters. This will also prevent import of single-hull tankers available in the international markets at scrap rates. However, the special exemption will continue for the existing single-hull tankers till 2015. The phasing out of such tankers will begin from the year 2010.

Today, many nations across the globe have already started to phase out single-hull tankers in their respective countries, Europeans being the pioneers among them. Therefore, a lot of single-hull tanker tonnage has become idle and the earlier charterers are not engaging them in work due to the phase-out stipulations. The owners of these ships have found out that India is one of those countries where single-hull tankers can still sail on the coastal routes till 2015, subject to registration under Indian flag. Therefore many shipowners are beginning to set sail to India to find business for their single hulls, many of which are old and overworked.



One should note that Indian flag was not considered a better option by the shipping industry world over due to the huge tax structure. The Indian government slapped more than 12 different taxes on the shipowners under Indian flag making it difficult for them to survive in the competition from the low tax registries like Panama, Singapore and Marshall Islands. The result of this is quite apparent – not a single foreign ship was registered since the Indian registry opened up.

But in the current scenario, the situation is different. With no work coming their way from their erstwhile trusted markets, India has suddenly become their new found love. These shipowners are making a beeline to the Indian waters to find work for their now idle tonnage. Single-hull tankers of 40 million GRT are currently available in the international market at throwaway prices.

Thanks to the lobbying from Indian National Shipowners Association (INSA), DG Shipping has come out with the timely announcement of their decision to avoid the spoil play and potential environmental repercussions. The circular from DG Shipping dated December 31, 2009 says that single hull tankers registered under the Indian flag after this date will not be eligible for the special exemption applicable for the existing ones. Along with the exemption, other privileges to attract cargo will also be not applicable. Therefore, foreign shipping firms looking at registering their single hulls under Indian flag have to reconsider their decisions.

"The exemptions would apply only to those tankers "registered (in India) before the date of publication of this circular," Suresh Kumar, deputy chief ship surveyor and senior deputy director general (technical) at the Directorate General of Shipping (DGS), the country's maritime regulator, elaborated in the circular. MG

TAXATION

International traffic
Its Meaning and Relevance

In the previous edition, we touched upon certain specific provisions of Direct Taxes Code, 2009 which could impact foreign shipping companies operating in India. Here, **Nikhil Rohera** will deliberate upon the meaning of the expression 'international traffic' and its relevance in relation to Article 8 of most Tax Treaties which confer the right to tax profits of FSCs arising from the operations of ships in international traffic only to resident country or to a country where place of effective management ('PEM') of FSC is situated.

Definition of 'international traffic'

Article 3(1)(e) of the Organisation for Economic Co-operation and Development Model Convention defines the term 'international traffic' as under:

"international traffic means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a contracting state, except when the ship or aircraft is operated solely between places in the other contracting state"

In other words, an activity is an 'international traffic', if:

- there is a transport
- transport is by a ship or aircraft
- such ship or aircraft is operated by an enterprise
- such enterprise has its place of effective management in a contracting state (viz. resident country or any other country), and
- the ship or aircraft is not solely operated between places in the other contracting state (viz. State S)

Sole operation within State S

In order for a particular voyage to qualify as 'international traffic', it is imperative that the ship is not 'solely' operated between places in State S. In other words, a ship would be said to be operated 'solely' between places in State S in relation to a particular voyage, if the place of departure and the place of arrival of the ship are both in State S.

However, if a foreign ship in course of its larger voyage in international traffic also operates between two ports in State S, such operation will qualify as 'international traffic' and not 'coastal traffic'.

To illustrate, carriage of goods by FSC exclusively between Chennai and Mumbai in India is not an 'international traffic'. If, however, the goods are carried by FSC from Singapore to Chennai, and, thereafter, some of the goods which originated in Singapore are transported to Mumbai from Chennai, then the entire voyage will be 'international traffic'.

Essar Oil Ltd.'s case

In this context, it would be worthwhile to refer to the decision of Mumbai Tribunal in case of Essar Oil Ltd. In this case, a foreign ship was sailing from Singapore to the Arabian Gulf but, en route, the ship made a small deviation and transported petroleum products from the Chennai Port to Hajira Port in India.

The issue before the Mumbai Tribunal was whether a solitary voyage from Chennai to Hazira was 'international traffic' or 'coastal traffic'.

The Mumbai Tribunal, relying on the commentaries of Model Conventions and learned authors, observed that if a ship in the course of its voyage in international traffic operated between two ports in another country, such operation does not cease the voyage to be in 'international traffic'. For the purpose of qualifying a voyage as coastal traffic, the voyage must begin and must end within the coastal waters of a particular State.

In other words, it was held by the Mumbai Tribunal that a solitary and incidental voyage between Chennai and Hazira would be considered as 'international traffic' and, therefore, income from such voyage would be taxable only in Singapore and not in India under Article 8 of India-Singapore Tax Treaty.

> "It is imperative for FSC to analyse whether a particular voyage qualifies as 'international traffic' as so defined, in order to avail the beneficial tax treatment from shipping operations under a particular Tax Treaty."

FSC to have PEM in 'a contracting state'

Further, in order for a particular voyage to qualify as operating in 'international traffic' as so defined, one of the conditions that need to be satisfied is that FSC should have PEM in 'a contracting state' as between the two countries. For instance, if we are analysing tax treatment from shipping operations under India-Mauritius Tax Treaty, 'a contracting state' will be India or Mauritius, as the context requires.

However, there could be a situation, where, for instance, a Mauritius shipping entity may have its PEM in UAE and carries shipping operations in international waters. In such a case, shipping operations may not qualify as 'international traffic' within the meaning of Article 8 of India-Mauritius Tax Treaty since, the PEM of Mauritius resident entity is not in 'a contracting state' (i.e. neither Mauritius nor India). Accordingly, this could result into denial of the benefit of Article 8 of India-Mauritius Tax Treaty.

In such a situation, the Mauritius shipping entity may, alternatively, avail the beneficial provisions of Article 7 of India-Mauritius Tax Treaty and claim that its business income from shipping operations is still not taxable in India, if it does not have Permanent Establishment in India under Article 5.

In summary, it is imperative for FSC to analyse whether a particular voyage qualifies as 'international traffic' as so defined, in order to avail the beneficial tax treatment from shipping operations under a particular Tax Treaty. Of course, with the present cabotage laws in India, this issue may not be relevant in the context of the domestic laws, but nevertheless it assumes significant importance in interpreting the Tax Treaties where the term is also linked to the PEM. MG

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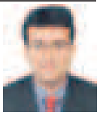


Status of Projects

DEDICATED FREIGHT CORRIDOR

Dedicated Freight Corridor Project comprising the Eastern Corridor (Ludhiana-Dankuni) and the Western corridor (Jawahrlal Nehru Port Terminal to Tughlakabad/ Dadri) is of high priority to the Government of India and is being monitored intensively.

Final Location Survey for the Western Dedicated Freight Corridor and for Ludhiana-Sonnagar Section of Eastern Dedicated Freight Corridor has been completed. Notification for Land Acquisition under Section 20A of Railway (Amendment) Act, 2008 have been issued for about 2,400 km for both the corridors. First construction contract for 105 km in Eastern Corridor and for 54 major and important bridges on Western Corridor has also been awarded. Negotiation for funding with World Bank, Asian Development Bank and Japan International Cooperation Agency (JICA) are in progress. The project is targeted to be completed by 2016-17 subject to availability of funds and timely availability of land.

The Ministry of Railways is negotiating for the main loan agreements with the World Bank, Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA). The land acquisition process is also being expedited for early implementation of the project.

GANDHIDHAM MUNDRA PORT ROAD PROJECT

Six laning project involving the 71.40-km long Gandhidham-Mundra port section of National Highway (NH)-8A in Gujarat, under the National Highways Development Programme (NHDP) Phase III was approved by the cabinet committee on infrastructure on a design, build, finance, operate and transfer (DBFOT) basis. The total project cost is estimated at Rs 9.54 billion. The concession period of the project will be for 25 years, including a construction period of 30 months. The project road runs between Godhra and the state border of Gujarat and Madhya Pradesh. The project is expected to expedite improvement of road infrastructure in Gujarat.

PARADIP MISSES TARGET FOR IRON-ORE BERTH

The Noble Group, which has been awarded the contract for construction of a deep draft iron-ore berth in Paradeep Port, is likely to miss the deadline of commencing work from January 1, 2010, as stipulated in the contract. MoEF is yet to give the coastal regulation zone clearance. Similar clearance for the deep draft coal berth to be built by the Essar Group is also awaited. Meanwhile, the Noble Group had objected to the port's bid to mechanise the port's CQ3 berth, saying such mechanisation will harm its interests. The issue is yet to be resolved.

SECOND JETTY AT VADINAR COMMISSIONED

Essar Oil has commissioned its second product jetty at Vadinar in Jamnagar district of Gujarat. The jetty which has a capacity of 7 million tonnes will be used for exporting refined petroleum products from its refinery. Essar Oil will now be able to export 14 mt of finished petroleum products to international and domestic ports annually. Besides the two jetties for exporting finished products, Essar Oil has also set up a single point mooring to unload crude from VLCCs and ULCCs at the Vadinar oil terminal. The Vadinar offshore oil terminal was set up to import crude oil in 1978 and is a satellite oil port which handles 30 million tonnes of oil per annum, which is one-third of the country's oil requirement.

NMDP Status of NMDP projects as on October 31, 2009:

Status	Number of Projects	Value in Rs. Billion
Completed	48	55.45
Ongoing	70	164.38
Approved (work yet to awarded)	15	25.95
Under approval process	33	122.68
Planning stage	88	226.84
Dropped	22	33.01

LNG TERMINAL TO COMMENCE OPERATIONS BY 2012

Work on the Petronet LNG terminal project at Puthuvypeen, Kochi, costing Rs 40 billion, is expected to be completed by December 2010 and will commence operations by March 2012. The terminal will have an initial capacity to handle one million tonne (mt) of LNG. It was decided during a review meeting that the terminal will be supplemented by GAIL (India) by laying pipelines which is also expected to cost about Rs. 40 billion. It was also decided at the review meeting to finalise technical specification of the pipelines to enable the expansion of the existing capacity of 350 MW at the NTPC plant by an additional 1,050 MW with further provision of an increase by an additional 25 per cent. GAIL will also facilitate supply of gas to FACT plants at Udyogamandal and Ambalamedu as well as to the Kerala State Electricity Board (KSEB) power plant at Brahamapuram. It is also learnt that the Cochin Port was asked to initiate steps to allot additional land for setting up a 1,250-MW capacity power plant at Puthuvypeen.

SETHUSAMUDRAM PROJECT COST TO DOUBLE

There are indications that the Ministry of Shipping (MoS) is going to almost double the initial cost estimates of the Sethusamudram Ship Channel Project. The project aims to dredge a navigable channel through the Palk Strait between India and Sri Lanka. Initially, the project was to be developed at an estimated cost of Rs 24 billion. The MoS is currently revising the cost estimates, part of which would be requested for immediately to clear dues pending to the Dredging Corporation of India (DCI). The new estimates will soon be sent for approval to the Public Investment Board. The project was planned to be funded on a debt-equity ratio of 1:1.5. However, because of uncertainties associated with the project, the Sethusamudram Corporation Limited has not been able to raise loans. Meanwhile, the Rs 9.71 billion – raised as equity from the Union Government and internal resources of major ports to benefit from the project – have been utilised for coastal community development programmes in Tamil Nadu, dredging activities and for funding the purchase of tugboats. Of this, about Rs 5 billion is pending from the corporation to DCI for dredging work on the channel. Currently, work on the channel has come to a standstill due to unavailability of resources. The project is facing opposition on environmental grounds. There is fear that the channel may result in tsunami waves hitting south Kerala more fiercely. Concerns have also been raised that the present channel would destroy marine life and adversely affect the trade in shells, which has a turnover of over Rs 1.5 billion per annum. The National Institute of Oceanography (NIO) has been entrusted to conduct an environmental impact assessment of the alternative alignment, proposed between Dhanushkodi and Lands End, Rameshwaram Island. The study will be completed in 18 months. However, the Supreme Court (SC), in a hearing in December 2009, directed the NIO to table its findings over a three-month period by the end of February 2010.

VIEWPOINT

If a consignee does not like the CFS opted by any particular line, it may opt for any other line. It cannot be infringing on the shipping line's right, say a few industry experts.

Import of Containers

'Let Lines Choose CFS'

Container shipping is part of liner trade, which is an international trade and there are set international practices which one needs to adopt. As per normal contract of carriage between a shipping line and a shipper, the shipping line is obliged to deliver the cargo/container to the consignee at the port of destination. The shipping line issues a Bill of Lading while taking the cargo and the consignee has to submit the bill of lading at the destination to take delivery of the cargo. Till such time the cargo is delivered i.e. delivery order is issued, it is the line's responsibility to take care of the cargo/container.

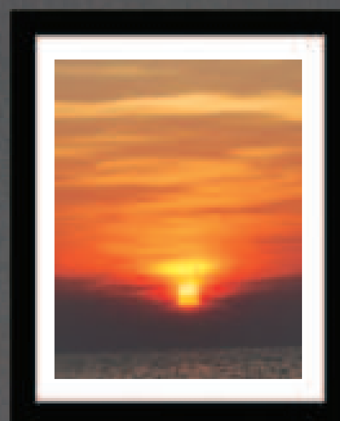
At the destination, the container can be delivered either at the berth, container yard or at the CFS. Berth and container yard having limited space cannot store containers for days, as consignees generally need some time to take delivery of containers after its arrival at port. So to clear up space at the port, containers are sent to CFS near the port and delivery order is issued at the CFS. The container is still the responsibility of the shipping line which has to take utmost care till the time the consignee takes its delivery. Hence it comes quite naturally that the shipping line would take the container to the CFS which it feels would handle the container most efficiently.

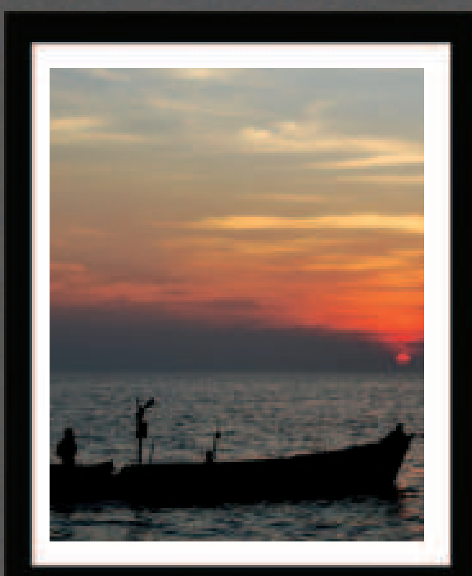
However, there has been a demand that the importer should exercise his choice for the CFS at the port of delivery. Their contention is that shipping lines choose a CFS which puts the importer at a cost disadvantage for getting delivery of his goods.

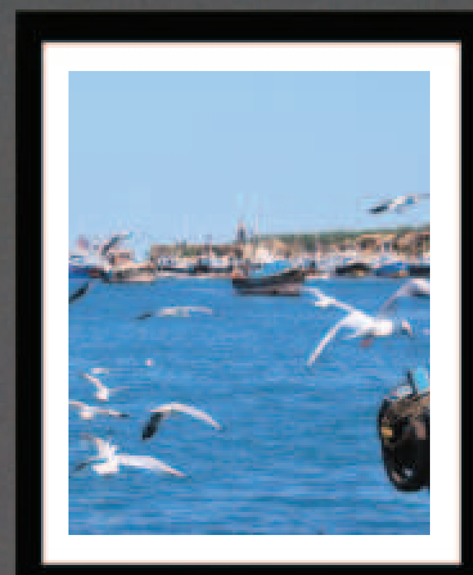
It is infringing the basic right of the shipping line as per international contract of carriage. Next, the consignee may want to dictate his choice of ship for transporting the cargo after the bill of lading has been signed. The subject throws up some basic issues:

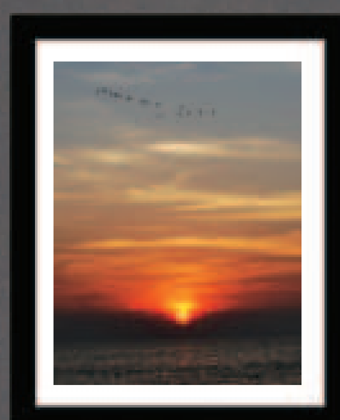
- If the consignee wants a CFS of its choice, why not take delivery of the container at the yard and then transport it to the CFS of their choice.
- In case the CFS opted by the consignee is of sub-standard quality, who would be liable for damages to the container? Is the consignee willing to take this responsibility?
- Who would be liable for damages during transportation from port to CFS? Shipping line may say it did not want to take this route but was forced by the consignee.
- Normally, the shipping line opts for a CFS in the vicinity of the port so that various consignees can take delivery from near port area. If one consignee asks for a CFS which is hundreds of kilometers away from port, would the shipping line have to comply? The CFS may be next to consignee's facility and hence he may make such a choice.
- A shipping line imports hundreds of containers per call and these are taken to one or two CFS. However if the consignees start dictating their choices, the shipping line has to take the containers to 20, 30 or even 50 CFS. There are complications and transport cost involved because the line has to get the container back to its CFS after destuffing. Who would bear this additional cost? Ultimately, all costs would be passed on to final customers and transport costs would continue to remain high.
- There has been a contention that some CFS charge exorbitantly. This cannot be true as all CFS have standard rates. Any facility charging higher would be eliminated out of business due to competition.

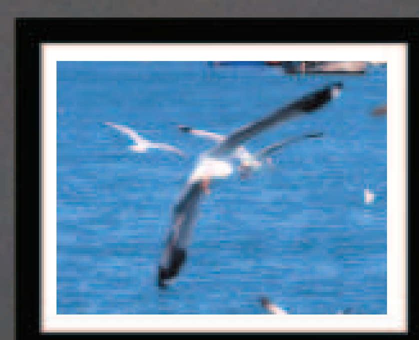
Steps which are against set international practices, and which go against basic rights of any stakeholders should not be taken. Till a delivery order is issued the shipping line is liable for cargo and a consignee cannot be dictating terms to the line. MG











Flying Waves

Porbander Fishing Harbour is an ideal place for photography what with its ships, sea shore and seagulls. The harbour has been of late buzzing with the ground-nesting carnivores hovering around the shore giving many a lensman quite a few opportunities to go close and freeze the shots. I have had a good time shooting these pictures and an glad to share the moments with the readers. Only wish that predators leave these beautiful birds to nature. Flying on the top of ships and at times quite close to the deck with the vast sea in the backdrop, these birds have inspired people bringing out poetry in them, especially when the sea meets the sky - when the horizon grows crimson and then dips itself into grey. Worth the wait for a poet like me, who weaves verses on film.

PHOTOGRAPHY & TEXT BY: **S RAJAGOPALAN,** SR PRO, CONCOR

Marine Salvage
Solve the Voyage

What is salvage?

It is the process of rescuing a ship, its cargo, or other property from peril. Salvage encompasses rescue towing, refloating a sunken or grounded vessel, or patching or repairing a ship. As maritime norms become stringent, protecting the environment from cargoes such as oil or other contaminants gains high priority.

Salvage is basically aimed to repair the vessel at a harbour or dry dock, or to clear a channel for navigation. It may also be to prevent pollution or damage to the marine environment. Alternatively, the vessel or valuable parts of the vessel or its cargo may be recovered for its resale value, or for scrap.

What are the reasons for salvage?

Who is involved in it?

Obviously, salvors. They are seamen and engineers who carry out salvage to vessels that are not owned by themselves, and who are not members of the vessel's original crew. When salvaging large ships, they may use cranes, floating dry docks and divers to lift and repair ships for short journeys to safety towed by a tugboat.

Salvage is classified into

Offshore Salvage: Refloating of ships stranded or sunk in exposed waters

Harbour Salvage: Saving vessels stranded or sunk in sheltered waters

Cargo and Equipment Salvage: Saving the cargo aboard a vessel, containing hazardous materials

Wreck Removal: Removing hazardous or unsightly wrecks that have little or no salvage value

Afloat Salvage: Saving a vessel that is damaged but still afloat

Clearance Salvage: Coordinated removal of numerous vessels in a harbour or waterway.

What influences the operation?

Projects may vary with respect to urgency and cost considerations. When the vessel to be returned to service is commercial, the salvage operation is typically driven by its commercial value and impact on navigational waterways. Military vessels on the other hand are often salvaged at any cost – even to exceed their operational value because of national prestige and anti 'abandonment' policies. Another consideration may be loss of revenue and service or the cost of the space it occupies.

Is there a law governing salvage?

Yes, salvage law has as a basis that a salvor should be rewarded for risking his life and property to rescue the property of another from peril. Prior to a salvage attempt, the salvor receives permission from the owner or the master to assist the vessel. If the vessel is abandoned no permission is needed. The amount of the award depends on, in part, the value of the salved vessel, the degree of risk involved and the degree of peril the vessel was in. Legal disputes do arise from the claiming of salvage rights.

For instance, In May 2007, Odyssey Marine Exploration undertook the Black Swan Project and recovered an estimated US$ 500 million in silver and gold coins from a ship wreck in the Atlantic Ocean. But the wreck & its contents are claimed by the Spanish government, and this is an ongoing legal dispute within United States Federal Courts.

EVENTS

Gujarat Maritime Horizon

State support hailed

The recent GMH 2010 drew huge numbers and participants said the response reflected the vibrant maritime growth in Gujarat that was going strong with able leadership and support.

Shipping Secretary K Mohandas, Secretary, Ministry of Shipping, the chief guest of the day-long conference, praised Gujarat for its efforts in the ports sector and called for modern ports with high capacity, efficiency and hinterland connectivity in other parts of the country. "This," he said, "can be done with the joint efforts of the Union government, state governments and private investors, with states like Gujarat showing the way."

The facilitative role of the government, admitted Pankaj Kumar, vice-chairman and chief executive officer of GMB, was critical for the development of logistics and infrastructure. The state support, he reiterated, was the reason for Gujarat's success in maritime development. "Accordingly, GMB is heavily involved in improving associated infrastructure and connectivity," he informed.

Praising the development model in Gujarat, D T Joseph, former shipping secretary and the chairman of GMH 2010, and B K Sinha, Additiional Chief Secretary in the state's Ports and Transport Department and Chairman of GMB, said Gujarat stands as a example to other littoral states.

In his keynote address, guest of honour, S Hajara, chairman and managing director of the Shipping Corporation of India (SCI), highlighted issues that needed redressal such as lack of adequate connectivity to ports, poor infrastructure, limited autonomy to major ports, lack of development in coastal shipping and inland water transport and the need for a level playing field for Indian shipping to compete globally.

The maritime fraternity at the start of the convention.

Pankaj Kumar, vice-chairman and chief executive officer of GMB, greets Shipping Secretary K Mohandas during the Gujarat Maritime Horizon in Ahmedabad recently.

Rajeeva Sinha, director of MPSEZ, said the vision and policy in port development encourage more and more private participation. Any policy change midstream, he stressed, had to be done with the consultation of investors.

The ideal features for a port were deepwater approach, large protected area of water, easy access to hinterland, favourable currents and no critical environmental issues, pointed out Dr Rajat Roy Chaudhury, consultant/advisor, Universal Success Enterprises, and technical director, BMT India.

Krishna Kotak, managing director of J M Baxi Group, described connectivity as the lungs of the cargo and logistics system. The efficiency of a port and its costs depend on how fast cargo is taken out and brought in, he said. He also wanted dredging to be high on the agenda, pointing out that in most countries it was the government that did it.

GMB's ingredients for success were planning and policies, institutional framework and PPP-friendly approach, highlighted Saibal De, senior vice-president, IL& FS Maritime Infrastructure Development Ltd. On regulation, he sought a move towards a comprehensive maritime regulator, stressed on the need for tariff regulation, wanted rationalisation of the complex tariff structure at Major Ports as per international standards and preferred non-major ports to be not covered by TAMP.

In his closing remarks, Pankaj Kumar stressed that Gujarat's ports have proven to be the gateway to India's prosperity, and that their capacity would be increased from the current 235 million tonnes to 450 MT in the next half decade.

Aryan Cargo

Express Cargo to fly soon

Aryan Cargo Express (P) Limited (ACE) will launch its international cargo operations by the end of January. According to Mukut Pathak, CMD of the group, one Airbus A310 aircraft will be pressed into service to support its cargo airline, followed by two more aircraft each in February and March. The services will between Delhi, Mumbai &Chennai and international destinations in China, Korea, Japan, Hong Kong Bangkok Sharjah, Kenya and Germany. "We will also induct two MD 11 Freighters, one in July and the other in August," Pathak said.

"In the second phase, our connectivity will extend to Far East, North Africa and Australia-New Zealand. During this phase, ACE will provide inter-regional and intra-regional connectivity within these markets," Pathak added.

DP World Chennai

Trade Meet in Guntur

Gadde Mangaiah, vice-president of Indian Tobacco Association, receiving a memento from Ennarasu Karunesan, director & CEO of DP World Chennai.

ICAI Awards 2009

Om Logistics wins accolades

The Institute of Chartered Accountants of India has awarded Mukul Gupta, CFO of Om Logistics Limited, as the best CFO in the service sector at a function in Mumbai recently. Om is involved in multimodal logistics, transportation and warehousing.

OM Logistics CFO Mukul Gupta receiving the ICAI Award.

The ICAI recognises the contribution of the chartered accountants in the industry in different sectors including manufacturing, pharmaceutical, services, telecom and infrastructure on a yearly basis. Shriprakash Jaiswal, Union Minister of State for Coal, Statistics and Programme Implementation was the chief guest on the occasion.

Kumar Manglam Birla and KV Kamath were the other dignitaries present.

Marinetec China

Crisis 'n opportunities discussed

Marintec China 2009, organised by UBM Asia, a subsidiary of United Business Media, and the Shanghai Society of Naval Architects and Marine Engineers, was held recently at Shanghai, for its 15th edition, 30th anniversary. The 4-day exhibition and conference were unveiled together by the honourable officiating senior officials from the industry.

Occupying five halls of the Shanghai New International Expo Centre, over 1,200 exhibiting companies met 42,689 visitors from around the world, a remarkable 20 per cent increase compared to the last edition in 2007. The theme 'Crisis, Challenges and Opportunities' was discussed by all the speakers at the Forum. Marintec China 2011 will be held at the Shanghai New International Expo Centre from 29 November to 2 December 2011.

A Volatile Year

The year 2009 had been a hectic year for the shipping and logistics companies world over as the global trade was severely affected by the economic recession. The year started in red for a majority of businesses and continued the same way throughout. While the container trade nose-dived into historic lows, bulk and crude segments too had their share of troubles.

The global dry bulk freight rate indicator Baltic Dry Index (BDI) fell down to below 1000 by the end of 2008 and started the year 2009 at 774 as against more than 11000 in May 2008.

China has been one of the major influencing factors of the movement of BDI. Chinese imports of iron ore and coal have fueled the BDI to rise from the ashes and cross the 4000 mark by June 2009. In tune with the BDI, the Indian shipping companies have witnessed a moderate rise in their bulk segments between January and December 2009. The stock prices of these companies also followed a similar fashion. After a lull in its imports in second half of 2008, China revived its import of bulk raw material leading to a spurt in the bulk shipping segment. For instance, Indian iron ore exports to China resumed the growth from January 2009 after a steep decline in later part of 2008.

All the indices including NASDAQ, Dow Jones and BSE Sensex have bottomed out during February and March. Indian shipping stocks like Shipping Corporation of Indian, GE Shipping etc. too followed suit and recorded their historic lows during this time. However, BDI began to rise from April till the first week of June, thanks to renewed Chinese iron ore imports. The shipping companies too gained during this period and rose steeply till the first week of June.

The stock movement of these companies in the second half of 2009 looked more similar to the movement of BSE Sensex rather than BDI. Announcement of Budget, India Foreign Policy 2009-2014 etc. have had an impact on the Sensex as well as on these stocks. Profit selling and liquidity tightening among others played major role as the Sensex came down sharply during the latter half of October.

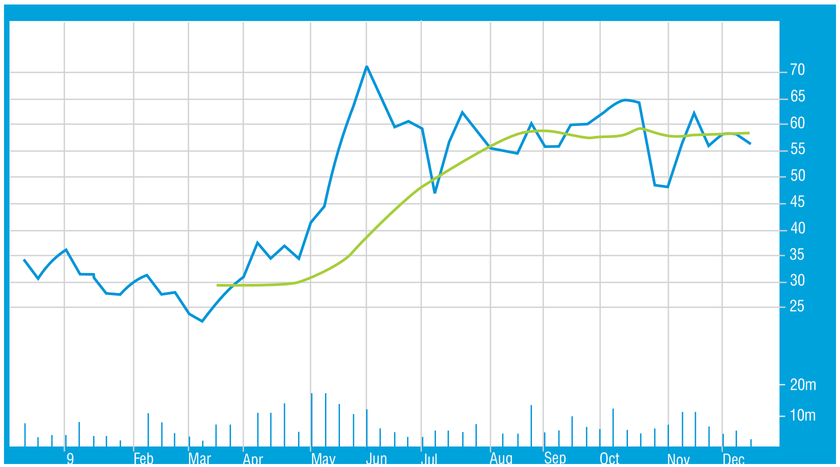
Overall, scrips of almost all of the Indian shipping companies gained over the year and came out from the deathly lows that they went into at the beginning of the year.

In contrast, the movement of leading shipbuilding companies ABG Shipyard and Bharati has more to do with their tug of war on purchasing the controlling stake in orphaned offshore company, Great Offshore Limited. Bharati's purchase of the initial stake in May saw its stock race up the ladder. Offers and counter offers resulted in rallying their stock prices on the bourses and ultimately reached their peaks in mid-September when their offers touched Rs 560 for each share of GOL from Rs 230 per share in May.

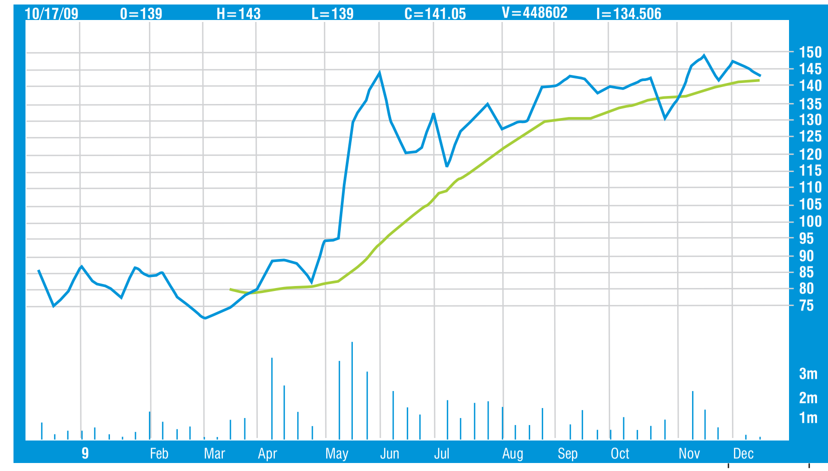
Baltic Dry Index

BSE Sensex

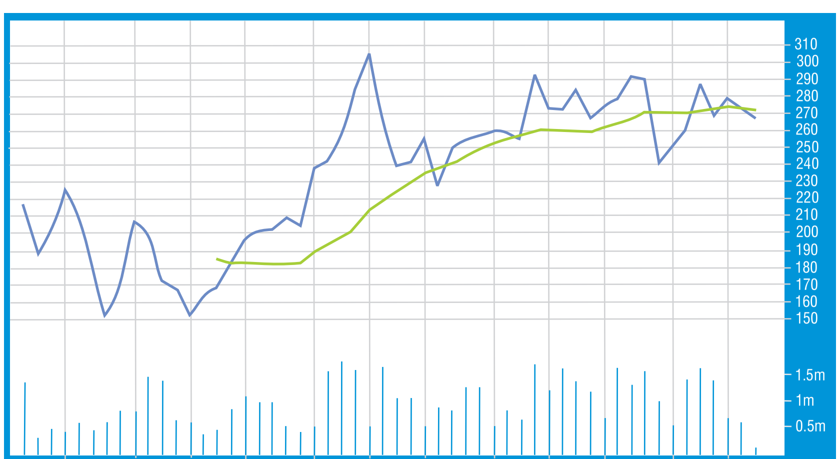
Mercator Lines



Shipping Corporation of Iindia



GE Shipping



Varun Shipping

EXECUTIVE DIARY

It's time for trade shows, exhibitions and conferences in the maritime sector. Here are a few events lined up for the coming months.

FEBRUARY 2010

18-21

Mumbai International Boat Show

At MMRDA Exhibition Center, Mumbai

The boat show and exhibition will bring together exporters, importers, manufacturers of canoeing, sailing, boating equipments & other related professionals & general public to watch and trade equipment.

www.mumbaiboatshow.com

19-20

Global SME Partnership Summit

At TBA, Mumbai

The summit will provide a forum to promote free trade zone services and attract investors to the country's free zones, ensuring they remain pace-setting, fast lanes of economic development.

www.biztradeshows.com

MARCH 2010

3-6

Shipping, Marine & Port World Expo 2010

Mumbai

The International Exhibition & Conference being organised by Chemtech will provide insights for Indian Marine, Shipping, Ports and logistics service providers and manufacturers, to become globally competitive.

www.chemtech-online.com

22-24

7th China International Offshore Oil & Gas Exhibition

Beijing, China

Professionals related to the field of exploration & development, seismic data acquisition, reactors, heaters & turbines, electrical equipment & other related products can benefit from the trade show.

www.ciooe.com.cn

24-26

Asia Pacific Maritime 2010

At Singapore Expo, Singapore

The event showcases the latest in marine engineering and port technology besides combining exhibition, conferences and seminars on the theme 'Shipping in Asia Today – Preparing for the Future'. About 800 leading international maritime exhibitors from over 50 countries and 10,000 visitors are expected.

Email: apm@reedexpo.com.sg
Website: www.apmaritime.com

25-26

4th Indian Ocean Ports & Logistics 2010

At Hilton Mauritius Resort and Spa, Mauritius

The largest biennial container ports, shipping and transport logistics exhibition and conference will feature 30 world-class speakers in global transport and logistics and 250 senior executive delegates from the world's leading maritime services.

www.transportevents.com

27-29

Oil & Gas Asia 2010

At Karachi Expo Centre, Pakistan

The exhibition and conference serves as a showcase of the latest in technology, equipment and machinery as well as allied services, while providing overseas investors with a definite outlook of the regional oil & gas sector.

www.ogpoasia.com

21-23

Sea Japan 2010

Tokyo BIG SIGHT Exhibition Center, Japan

The tradeshow and conference brings together buyers and sellers of marine equipment, shipbuilding technology and products and services for the shipping industry from Japan and around the world.

www.seajapan.ne.jp

APRIL 2010

14-17

Infrastructure Asia

Jakarta International Expo Centre, Indonesia

Organised in conjunction with the UNESCAP's Asia Pacific Ministerial Conference on Infrastructure, the event will bring together infrastructure companies and experts to showcase their products and services to decision makers and procurement agencies from over 53 countries in the Asia-Pacific and the rest of the world.

www.infrastructureasia.com

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