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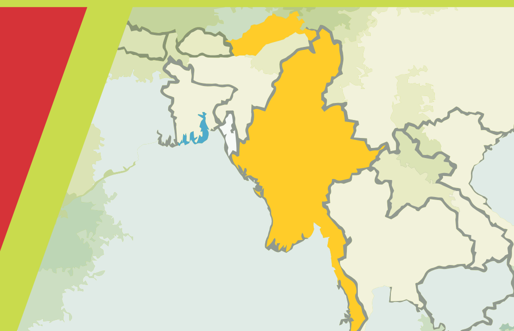

Myanmar: Crucial Trade link

With India looking at increasing its trade with East Asian nations, Myanmar can provide the crucial connecting link.

BETTER OR WORSE?

As 2012 draws to a close, a bunch of experts from the industry look at issues that will impact the business, growth areas, strategies to adopt and biggest concerns ahead

2013: Another vibrant, complex, challenging year

It will take at least 2-3 years for maritime industry to restore robust growth. Next year (2013) will continue to be challenging though towards the end the industry can expect some signs of revival. This is what the feeling we got when we asked the industry veterans to share their expectations for the next year.

The outlook for 2013 may not be pretty but it is certainly realistic. It is also evident from the responses that the maritime industry in general and various segments in particular, have already geared up to face the challenges the year 2013 is expected to unfold.

Industry knows that it has to navigate between a slowing world economy, Eurozone crisis and an impending fiscal cliff in the US. It will also have to grapple with falling box rate for some more time as the supply of tonnage is growing at a faster rate than the demand for that tonnage.

And, all is not lost as many experts feel Chinese economy may pick up momentum leading to an increase in demand for commodities like iron ore. Again, India offers many opportunities and it can become the centre of growth if the government is able to muster up the courage to usher in more reforms.

Most industry verticals expect more opportunities in Asia-Pacific segment, a trend that is set to continue in the years to come with developed economies unable to reach at a consensus on fixing their macro economic problems. It is only natural that if old markets continue to be under pressure, new markets will open up giving new opportunities.

Coming back to India, there is an overpowering hope in the logistics segment on the opportunities thrown up by the government's decision to allow FDI in retail. With multinational companies expected to source more from the Indian market, it will have a positive impact on the EXIM trade.

However, the industry's expectations from the government are also huge. They want a major overhaul in the regulatory process especially TAMP, besides a proper policy direction on public private partnership and land acquisition.

With the government set to face an election in 2014, it is anybody's guess if it will take up any major revamp exercise. At the same time, with the emphasis given on infrastructure segment, one cannot rule out the possibility of some changes in the existing rules and regulations.

Overall, 2013 is going to be a complex year of hopes and challenges. The success will depend on how well the industry is able to handle the challenges.

Wishing you all a Happy New Year!

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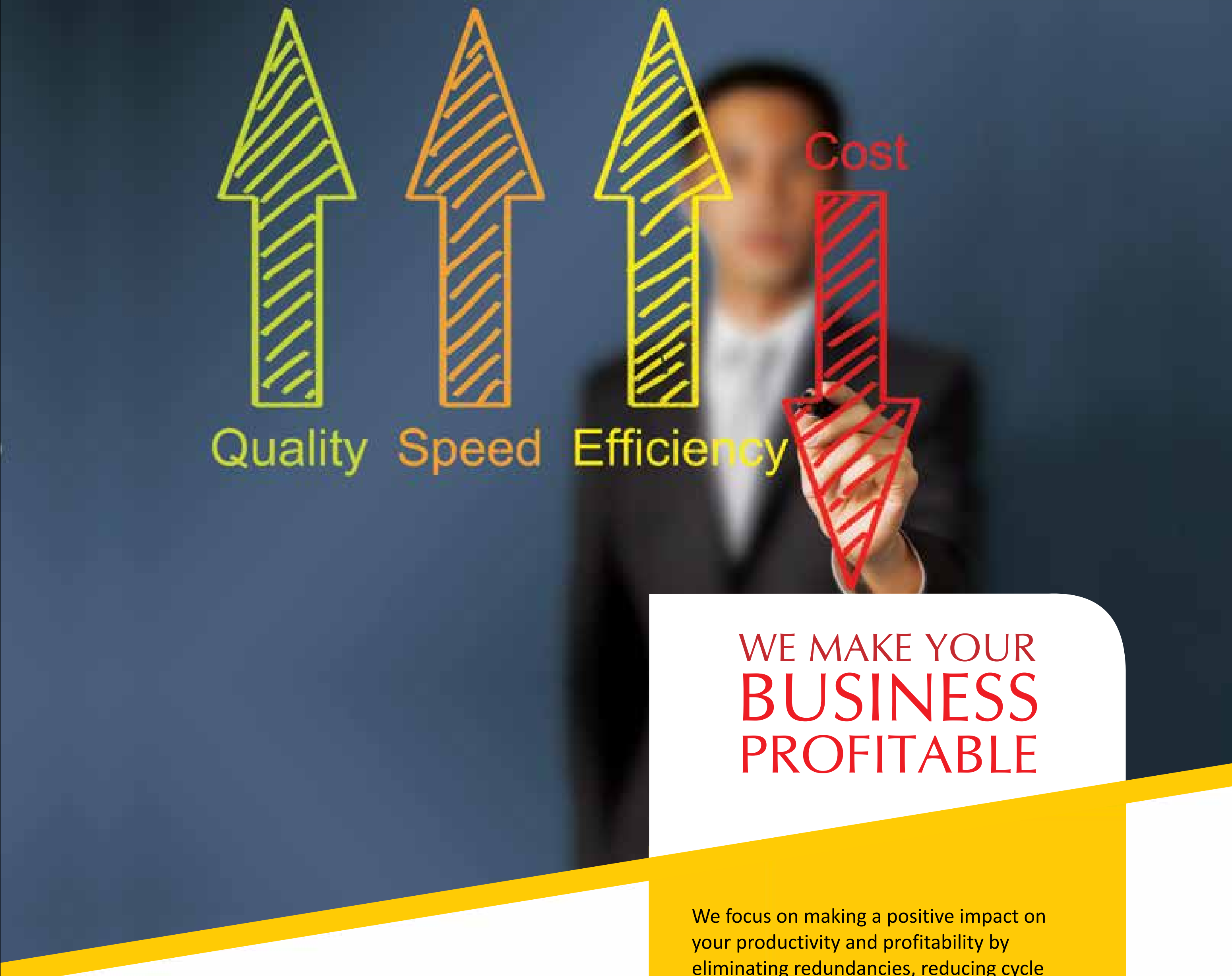

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JANUARY 2013
VOLUME 5 ISSUE 4

COVER STORY
p.20

BETTER OR WORSE?

Maritime industry gears up to welcome another challenging year.
The year2013 is also expected to usher in business confidence amidst challenges.

A car a minute speeds into Jebel Ali Port

A car or lorry was shipped through Jebel Ali every minute of every day so far this year, a record for the Dubai port. More than half a million vehicles were imported, exported or re-exported at Jebel Ali Port in the first 49 weeks of the year. The figures underscore the growing demand for cargo capacity in the UAE and, officially inaugurated last week, Khalifa Port in Abu Dhabi provides a further boost to the country's emerging status as a trade corridor.

ABG Shipyard bags ₹485 crore order

ABG Shipyard Limited has bagged a repeat order from the Ministry of Defence for building an additional cadet training vessel for the Indian Navy. This prestigious contract is worth about ₹485 crore. The vessel will be approximately 110 metres in length with the capacity to carry a light helicopter. Designed to achieve a maximum speed of 20 knots, the vessel will be used to provide basic training to the naval cadets and trainees in activities such as disaster relief, search and rescue operations.

Mundra Port posts 16.7 per cent growth in box traffic

Adani Group's Mundra Port has registered a 16.7 per cent growth in containerised traffic handling for April-November on a year-on-year basis, bucking the gloomy trend seen in all other key container handling ports. Mundra Port handled 1.94 million twenty feet equivalent units (teu).

Despite weak sentiment, top shippers to open lines

Evergreen Marine and Yang Ming are planning to launch new lines in the hope that gloomy sector sentiment will recover next year as they refocus on Asia.

Evergreen Marine Corp posted NT$1.58 billion ($54.2 million) in revenue last month, up 18.8 per cent from a year earlier and 18.8 per cent from a month earlier. The company announced it would open a new service linking major ports on the west coast of Central America with UK-based X-Press Container Line routes. Yang Ming Marine Transport Corp plans to launch a new direct service, which will link Japan, Taiwan and Southeast Asia.

Standard Chartered invests ₹200 crore in Ocean Sparkle

Standard Chartered Private Equity Ltd (SCPE), the PE arm of Standard Charted Bank, has bought a minority stake in Hyderabad-based port operations and management company Ocean Sparkle Ltd (OSL) for ₹200 crore.

OSL being the market leader in the sector and, with its large tug fleet, was "well positioned" to capitalize on the outsourcing trend as well as tug replacement demand at ports. The company is seeking to tap opportunities in the energy and offshore terminal space.

The company is also pre-qualified to operate in more than five countries and offers a suite of services including harbour towage, pilotage, mooring, ship-to-ship operations, salvage assistance, control tower operation and dredging.

MoS not for major port at Tadadi

The ministry of shipping (MoS) has said it is not feasible to develop a major port at Tadadi in Uttara Kannada district as the required hinterland is still not available. The ministry has told Karnataka government that it would develop the port in phases and to begin with build a small barge-mounted port.

However, the state has not accepted the MoS proposal and instead it wants to develop a major port there on its own. The greenfield port project is expected to cost ₹3,800 crore and is being proposed under the public-private partnership (PPP) mode. If the ministry does not want to develop a major port at Tadadi, the state government through the newly-formed special purpose vehicle will develop it.

Court allows HBT to remove machinery from Haldia dock

The Calcutta High Court allowed the plea of cargo handling company Haldia Bulk Terminals (HBT) to remove its machinery and equipment from the Haldia Dock complex. Permitting the removal of the machinery, Justice Sanjib Banerjee directed the appointment of two special officers to oversee the removal of the machineries and allowed six weeks for removal of the cranes and two weeks for other machineries. The KoPT has suffered a net loss of ₹18 crore from berth number 2 and 8 since September, after the ABG-led HBT pull out from Haldia, according to KoPT officials.

'Action Week' at Kochi Port focuses on seafarers' welfare

The Flag of Convenience (FOC) Action Week at Kochi Port has sent a strong message to shipowners, warning them against continued growth of FOC and its evils. The five-day action week was organised by International Transport Workers Federation, Seafarers and Dockers Unions with several programmes.

The activities were jointly organised by Cochin Port Staff Association (CPSA), National Union of Seafarers of India (NUSI), Forward Seamen Union of India (FSUI), Maritime Union of India (MUI) and Merchant Navy Officers Welfare Association (MNOWA). The activities of the week focused on safe shipping with international safety standards, avoidance of substandard shipping, decent wages and living conditions to seafarers on board vessels and also to ensure trade union rights to workers at Global Network Terminals.

Vizag Port set to finalise ₹2,000 cr PPP projects

To increase its cargo handling capacity, Visakhapatnam Port is in the process of finalising three projects under the public-private partnership mode with an outlay of ₹2,000 crore, said Ajeya Kallam, chairman, Vizag port. Various companies have submitted their bids and by March, the port would finalise the companies, he said. The projects would be ready by 2015-16.

At present, Vizag Port has a handling capacity of 66 million tonnes, which it is aiming to enhance to 140 million tonnes by upgrading and modernising its facilities. Apart from the PPP projects, the port is investing ₹300 crore in dredging works and also investing in improving the road and rail network for fast evacuation of cargo.

Essar Shipping to convert debt

Essar Shipping has said that it is planning to convert around ₹800 crore of total ₹5,500 crore debt into dollar loans to bring down the interest burden. "We are planning to convert around ₹800 crore of our rupee loans into dollar debt to pare our financing cost. We are talking to some domestic and foreign banks directly for this. We had ₹5,500 crore debt as of the September quarter," Essar Shipping Managing Director A R Ramakrishnan told PTI.

When asked how soon the conversion will happen, he said it may take a couple of months and explained that the objective is to convert some big-ticket loans in the range of ₹700-800 crore into cheaper dollar loans.

India's wheat exports likely to touch 6 mn tonnes

India's wheat exports are expected to touch 6 million tonnes in the 2012-13 marketing year (MY) on the back of firm global prices, United States Department of Agriculture (USDA) said in a report. "With the current tight open market supplies of wheat, private wheat exports are likely to come down significantly in the coming months. Consequently, we continue to estimate MY 2012-13 exports at 6 million tonnes, which includes 3 million tonnes each of government and open-market wheat," USDA said.

ClassNK adds 10 million GT in 6 months

Leading classification society ClassNK continues its remarkable growth in 2012, announcing that its register topped 210 million gross tonnes for the first time at the end of November 2012. Society's Classification Committee certified that at the end of November 2012, the ClassNK register listed 8,163 vessels totaling 210,218,450 gross tonnes.

PORT KHALIFA: A STEP IN THE RIGHT DIRECTION

The opening of the massive new Port Khalifa is a major step in Abu Dhabi's economic future, and the whole of the UAE. It is a significant move to successfully diversify the economy away from dependence on oil. In the Abu Dhabi 2030 vision, non-oil economic activity is planned to contribute up to 60 per cent of the emirate's GDP.

The Abu Dhabi Ports Company (ADPC), a master developer and regulator of ports and industrial zones, has officially opened the $7.2-billion Khalifa Port. UAE President Sheikh Khalifa bin Zayed Al Nahyan, inaugurated the facility. Port Khalifa's first phase will have the capacity to handle 2.5 million teu and 15 million tonnes of general cargo.

The emirate and the UAE as a whole cannot rely on living on oil revenues forever, so the massive investment in infrastructure designed to encourage non-oil activities is key to the long-term prosperity of the country.

VOICES

Some foreign vessels transit very close to Indian West Coast to avoid piracy attack by Somalian pirates, leading to their transgression into the fishing zone utilised by Indian fishermen. So we have asked the IWO to shift the High Risk Area west of 65 degree East Longitude.”

- **Jitendra Singh**
Minister of State for Defence

“As it stands, the Chinese appetite for iron ore ensures that capesize earnings should stay above an average of US$9,000 per day in 2013.”

- **Peter Sand**,
BIMCO's chief shipping analyst

The government first provided subsidy for ship-building firms, and then took it back. Many shipyards in the country are under-utilised due to lack of subsidy. Ship-building firms from countries like South Korea need to be persuaded to invest in India.”

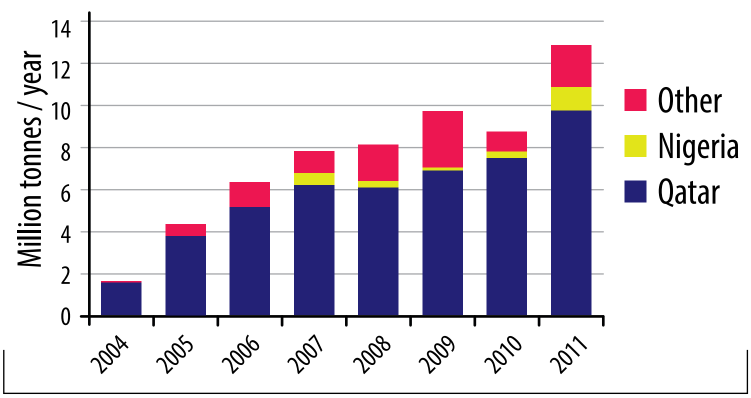
- **Prof G Raghuram**
Vice-chancellor, Indian Maritime University

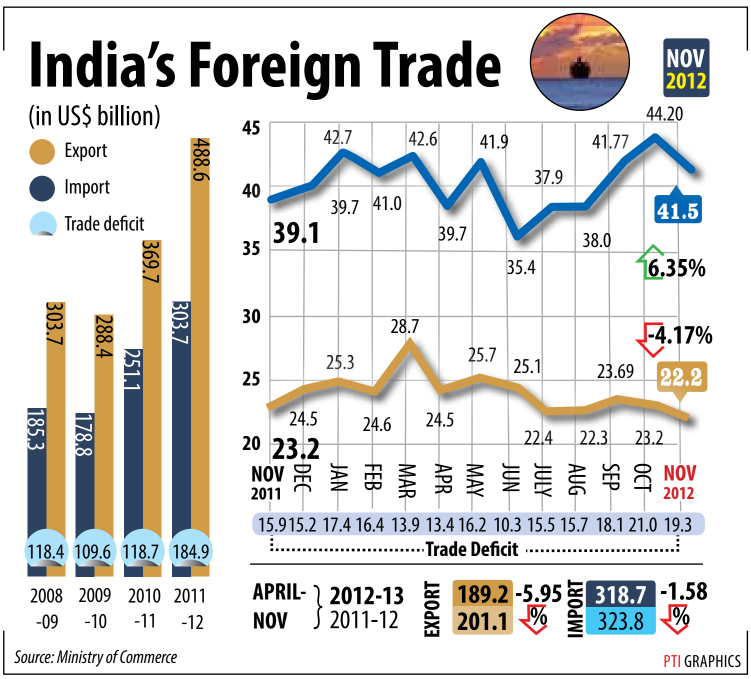
The organised retail has been there in the country for last 12 years. Our companies like Tata, Birla and Reliance have set up stores in different states. Its benefits have been more than the losses.”

- **Anand Sharma**
Union Minister for Industry & Commerce

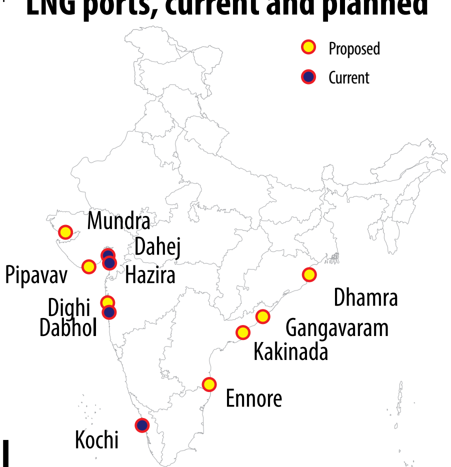
NUMBERS

Source of Indian LNG Imports





LNG ports, current and planned



Dhamra	5mmtpa - Indian Oil Corporation
Gangavaram	5mmtpa - Petronet LNG
Kakinada	5mmtpa - Gas Authority of India Limited (GAIL)
Ennore	5mmtpa - Indian Oil Corporation
Kochi	5mmtpa - Petronet LNG
Dabhol	5mmtpa - Gas Authority of India Limited (GAIL)
Dighi	8mmtpa proposed
Pipavav	5mmtpa
Dahej	10mmtpa - Petronet LNG
Hazira	3.6mmtpa - Shell & Total
Mundra	5mmtpa - GSPC and Adani Enterprises

Krishnapatnam Port emerging as a major coal hub

Krishnapatnam Port in Andhra Pradesh is emerging as a major hub for coal handling in India. In fact, if the same handling trend continues, the port could be a major threat to Ennore Port, which benefited from the diversion of coal from Chennai Port due to a court ruling.

Things have dramatically changed at Krishnapatnam Port in the last couple of years. The port was commissioned in July 2008 mainly to handle iron ore and coal. However, with the Supreme Court banning export of iron ore in 2010, the port concentrated more on coal and other cargo such as edible oils, fertilisers and containers.

Public Sector Power Plant Projections

Name of Power plant	Actual capacity (in MW)	PSA* signed capacity (in MW)	Likely investment (in ₹ cr)	Status of PSA	Coal quantity required (in million tonnes)
AP Genco	2,400	1,600	8,800	Signed	5
Thermal Power Tech	1,980	1,320	7,260	Signed	6
NCC Power	1,320	1,320	7,260	Draft sent	6
Simhapuri Energy	1,920	600	3,300	Signed	2.35
Meenakshi Energy	2,320	1,000	5,500	Signed	4.2
Krishnapatnam power	1,980	1,320	7,260	Draft sent	6
Kineta power	3,200	1,600	8,800	Draft sent	6

Source: Krishnapatnam Port Company Ltd **Power Sale Agreement*

Mormugao Port approves Gammon coal-berth bid

Mormugao Port in Goa approved the bid of Gammon Infrastructure Projects Ltd to mechanise a berth to handle imported coal. Mumbai-listed Gammon had emerged as the highest bidder by placing a revenue share price bid of 33.66 per cent. Gammon Infrastructure has to invest about ₹300 crore to install equipment at berth 11 of the port to handle 2.3 mt of coal a year. The project will bring some relief to the struggling Mormugao Port after a ban on iron ore mining in Goa crimped export of the steel-making commodity through the port since September. Iron ore is the main commodity shipped through Mormugao and accounted for about 80 per cent of the port's volume.

The Mormugao project win will help Gammon Infrastructure expand its port business. It already runs a multi-commodity facility at Visakhapatnam Port in Andhra Pradesh, and is developing a container terminal at Mumbai Port that will become operational in 2014. Gammon is also a stakeholder in a consortium that was awarded a 30-year contract in 2009 to build an iron-ore loading facility at Paradip Port in Odisha.

Shipping Corporation to go slow on vessel buys

Stressed cash flow has forced Shipping Corporation of India (SCI) to go slow on its vessel acquisition plan. "The asset prices have come down sharply. It should have been an ideal time for acquisition. But we are not being able to take advantage of the situation as economic slowdown has stressed our cash flow severely." SCI CMD said.

SCI has now 21 vessels on order, which would be delivered by 2014. This year margins have come down even lower than the previous fiscal (2011-12) in which SCI reported a loss of ₹428.21 crore, its first in 28 years, against a profit of ₹567.35 crore in 2010-11.

Two RLNG terminals off Andhra coast to be ready in 2014

While the first terminal at Kakinada will be commissioned by December next year, the second terminal at Gangavaram Port will commence operations in 2014. The ₹1,000-crore RLNG terminal at Kakinada is being set up by the AP Gas Distribution Corporation Ltd, a joint venture between Andhra Pradesh Gas Infrastructure Corporation and Gail Gas Limited, a 100 per cent subsidiary of Gas Authority of India Limited (GAIL). GDF Suez LNG UK Ltd, which has vast experience in building floating RLNG terminals, is the strategic partner for the project.
The 3.5-million-tonne unit, which will be housed on a floating ship instead of land, can deliver equivalent to 14 MMSCM (million metric standard cubic metres per day). Petronet is establishing another RLNG terminal at Gangavaram Port in Visakhapatnam district, which will commence operations by the end of 2014.

Global auto majors to export 300,000 cars from Ennore Port

Multinational auto majors, including Ford, Toyota, Renault and Nissan, together are expected to export around 300,000 cars from Ennore Port near Chennai in the next two years. These OEMs (original equipment manufacturers) have their manufacturing facilities on the outskirts of the city.

Japanese auto major Nissan's exports, which were expected to be 120,000 units this year, would increase to 180,000 units in the next two years. It may be noted that Nissan had set up a manufacturing facility at Oragadam near Chennai. While Toyota is looking at 30,000 units this year, which is expected to increase to 80,000 units, US auto major Ford is expected to export 30,000 units.

Three Taiwanese container ship operators among world's top 20

Taiwan's Evergreen Marine Corp. was the sixth-largest container ship operator globally last year, while two other Taiwanese operators also made it into the top 20, according to a report released by the United Nations' Conference on Trade and Development (UNCTAD). Evergreen ranked sixth with 159 vessels and 570,843 teu.

Yang Ming Marine Transport Corp. moved up one notch to 15th place with 84 vessels, 343,476 teu and an average vessel size of 4,089 deadweight tonnes.

Wan Hai Lines Ltd, which has strategic alliances with Evergreen and Japan's MOL Logistics, edged out United Arab Shipping Company of Kuwait to become the 20th largest operator with 89 vessels, 185,146 teu and an average vessel size of 2,089 deadweight tonnes.

However, according to the latest data by container market analyst Alphaliner, as of December 4, the number of Evergreen vessels has increased from 159 to 184 and has surpassed APL and Cosco to become the world's fourth-largest.

Castrol aligned with MAN on cylinder oils concerns

Castrol Marine has welcomed new recommendations to ship-owners from MAN Diesel & Turbo, the world's largest supplier of two stroke marine engines, supporting Castrol's longstanding advice that misapplication of mid-range Base Number (BN) cylinder oils can cause corrosion. The engine manufacturer recently issued service letters that recommend "cylinder lube oil with 70BN or higher" for latest generation super long stroke engines using higher sulphur fuel (above 1.5-2 per cent). MAN says it "cannot recommend" cylinder oils "with a BN level between 50 and 60" for these engines. Ship-owners have been persuaded to try a host of new mid-range lubricants on the basis that they offer a solution across the range of sulphur content in fuel oil, including during slow steaming operations. In contrast, Castrol Marine introduced Cyltech 80AW earlier this year, an 80BN oil addressing lubricant performance issues identified under slow steaming conditions when using HFO towards the top end of the permissible range.

Arshiya International goes live with CRMnext

Acidaes Solutions Private Limited, a specialist Customer Relationship Management product company, announced that their flagship product CRMnext has been deployed by Arshiya International. CRMnext will enhance Arshiya's current sales and customer servicing operations by providing valuable insights in project execution and a quality customer 360° view,. For a leading logistics company like Arshiya, that simplifies the complex supply chain networks of companies across sectors, CRMnext's single, comprehensive view of sales and operations will improve efficiencies and better customer-centricity.

CRMnext will also help Arshiya automate their Voice of Customer (VOC) initiative to provide faster response to their customers, thereby enabling them to deliver better end to end solutions and increasing cross-selling and up-selling opportunities.

Indian shipyards import 80% of components

Indicating the lack of ship component manufacturers in India, Shipping Minister G K Vasan said the shipyards were importing about 80 per cent of components. Giving this information to Parliament. Vasan said in the last three fiscals, five commercial shipyards spent over ₹6,700 crore on import of raw material and components, according to data provided by Shipyards Association of India.

ClassNK recognised by Republic of Palau

ClassNK has been named the newest Recognised Organisation (RO) of the Palauan Flag administration. A new agreement signed between ClassNK and the Palauan International Ship Registry delegates ClassNK authority to certify Palauan flagged vessels in accordance with international conventions. The Republic of Palau is an island nation located in the western Pacific Ocean and shares maritime borders with Indonesia, The Philippines and the Federated States of Micronesia. In order to support maritime development, Palau established an International Ship Registry in 2010, and became the 26th signatory of the Maritime Labour Convention, 2006 (MLC) in May 2012.

ClassNK also said it has certified the type specific ECDIS (Electronic Chart Display and Information System) training course provided by Philippine Standard Shipmanagement Inc. (PSSI), an affiliate of Japanese ship management company NS United Marine Corp. While new amendments to STCW convention require Generic ECDIS Training for masters and deck officers onboard ships with ECDIS systems, in accordance with the ISM code, some oil majors and Port State Control (PSC) authorities now request evidence of Type-Specific ECDIS training during vetting and PSC inspections.

Govt approves 4 new ship underwriters

India has approved four new ship underwriters that are not part of a global body, and whose liability cover against risks including oil spills and collisions, for foreign ships calling at the country's ports. The Union ministry of shipping has authorized QBE Insurance (Europe) Ltd, represented by British Marine, Amlin Corporate Insurance NV, represented by Raetsmarine Insurance BV, Korea Shipping Association and Korea Shipowners' Mutual Protection and Indemnity Association under the provisions of the Merchant Shipping (Regulation of Entry of Ships into Ports, Anchorages and Offshore Facilities) Rules 2012, Deepak Kapoor, a deputy nautical advisor-cum-senior deputy director general of shipping, wrote in an 11 December circular.

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WISTA launches India chapter

WISTA India will help provide a strong platform for women to voice their opinions about the changing face of shipping industry.

Women in maritime industry in India have one more reason to celebrate. Women's International Shipping & Trading Association (WISTA), an international organization for women in management positions involved in the maritime transportation business and related trades worldwide, opened its Indian chapter on December 7.

The 34th chapter of the association – WISTA India – was formed under the leadership of Sanjam Sahi Gupta of Sitara Shipping Ltd. She is the president of the India chapter.

WISTA is a major player in attracting more women to the industry and in supporting women in management positions. WISTA currently counts over 1,600 individual members in 34 National WISTA Associations (NWAs). It's India chapter has over 25 members.

"My goal for WISTA India is to provide a platform and a voice for women and to ensure we are well represented in industry forums. We want to mentor the talented younger lot by providing them with scholarships and training programmes. We have already spoken to a few companies in this regard, and they are interested in working with us," said Sanjam Sahi Gupta, president, WISTA India.

With the advent of technology, shipping as an industry has now become one of the best career options for women interested in the maritime business.

"I am delighted by the energy and enthusiasm demonstrated by Sanjam and her team in developing WISTA India. They have captured the spirit of WISTAs everywhere—to foster women in shipping and make a contribution as maritime professionals," said Karin Orsel, President of WISTA International.

In her presentation, Nafeesa Moloobhoy of A S Moloobhoy, highlighted the fact that in the 21st century where women have managed to surpass men in every arena of career, still there are places where women are restricted.

WISTA India has been launched with an aim to provide a strong platform for women to voice their opinions about the changing face of shipping industry. The association will also act as a training school for young talents all set to put their foot down in the shipping industry.

Women are today playing important roles in all segments of the maritime industry and their presence and scope will only grow in future. That was the general refrain at the launch of the Indian chapter of WISTA.

LNG Shipping rates seen rising

Rates to ship liquefied natural gas rose as increased bookings cut the supply of available vessels, says Morgan Stanley. Spot rates increased 20 per cent from last month to $120,000 a day, he said, citing figures from shipbroker Poten & Partners Inc. Demand for the vessels is returning after a four-month slowdown through the end of November, according to a report. Traders are now struggling to find available vessels to transport cargoes to Asia from the Atlantic as some owners withhold ships rather than seeking charters.

Container ship charter rates to weaken in 2013

The container ship charter market, struggling to recover from record lows, is set to weaken further in 2013 with an overhang of excess capacity depressing vessel earnings, according to industry analyst Alphaliner. Average charter rates this year have risen 20 per cent from their all-time low in 2009, but remain 55 per cent below their long-term 20-year average (unadjusted for inflation), making 2012 the second-worst year for shipowners in the past two decades. The rising volume of unemployed and laid-up ships is stifling efforts to raise charter rates. The fleet of jobless vessels with capacity of more than 500 teu stood at 231 units with a total capacity of 820,000 teu at the beginning of December, including 53 that have been idle for over six months.

Daily charter rates are between $5,000 and $9,000 for all ship sizes below 5,000 teu, with vessels of 1,000-2,000 teu faring comparatively better than 2,000 to 5,000 teu ships, for which rates barely cover operating costs. The high share of large and medium-sized ships in the 1.7 million teu of capacity scheduled to be delivered in 2013 will continue to exert downward pressure on rates for 2,000 to 5,000 teu vessels, whose jobless rate has risen to 8.2 per cent from 6.4 per cent in August.

The 1,000 to 2,000 teu segment should perform better, with an order book-to-fleet ratio of only 6 per cent and an unemployment rate that has fallen steadily since August.

Kenya rules out plans to privatise Mombasa Port

Kenya Ports Authority (KPA), a government entity that controls Mombasa Port, has dismissed reports that there is a plan to privatise the facility that serves most of the East African countries. The poor performance of Mombasa Port recently sparked speculations that some Ugandan and Rwanda traders were set to abandon the port and relocate to Dar in Tanzania.

The poor performance of the ports has direct impact on the consumers, whereby if goods that were meant to land in Kigali within four days instead take two weeks, it means the supplier will have to increase the price of the products so as to meet all the costs and make profits.

Cochin Shipyard delivers high tech PSV to SCI

Cochin Shipyard Limited (CSL) delivered the second and the last of the series of high tech Rolls Royce series of Platform Supply Vessel, *"SCI Yamuna"*, bearing the Hull No BY 86 to The Shipping Corporation of India Ltd, Mumbai (SCI).

The vessel is dual classed under the Rules and Regulations of IRS Det Norske Veritas (DNV) and Indian Register of Shipping (IRS) and registered under the Indian flag with Mumbai as the homeport. This 79 x 16 metre vessel is a high end Diesel Electric Platform Supply Vessel with four 994-kw diesel generator sets and two1,470-kw Azimuth thrusters. The vessel with redundant dynamic positioning (DP2) system features has been assigned the "CLEAN DESIGN" notation by DNV signifying the highest levels of environmental compliance.

Cruise industry forms global trade association

Nine cruise industry associations announced they have agreed to operate under a common organisation with a unified structure to serve as the voice and advocacy leader of the global cruise industry. The associations are Cruise Lines International Association (CLIA), European Cruise Council (ECC), Asia Cruise Association (ACA), Passenger Shipping Association (PSA/ACE), France's AFCC, Brazil's ABREMAR, Northwest and Canada Cruise Association (NWCCA), Alaska Cruise Association (ACA), and International Cruise Council Australasia (ICCA). Association members agreed to utilise the name Cruise Lines International Association (CLIA) with the appropriate geographic designation,

and the existing association offices will remain in place. The new association was created to provide increased benefits and a globally unified voice for cruise lines, travel agents and business partners – all of whom contribute to an industry that creates nearly $100 billion in economic impact and more than 753,000 jobs worldwide.

ICTPL Mumbai container terminal rescued

After several hiccoughs, the Mumbai Port's Offshore Container Terminal project which had faced plenty of flak and controversy is nearing completion. The Mumbai Port Trust (MbPT) had signed an agreement in December 2007 with ICTPL, a joint venture of Gammon India and Dragados of Spain to build, own, operate and transfer (BOOT) the 1.2 million teu annual capacity terminal.

Some of the hurdles it faced in its execution particularly with regards to connectivity have now been ironed out and the terminal is scheduled to open in October.

Containers must traverse the entire length of the island city to access the highways or the national railway network, but MbPT has managed to bypass these impediments according to traffic officials. Rail lines are already saturated with passengers and four-hour window at Raoli near Wadala junction had to be offered to move the cargo in and out of the city.

This has been mitigated by laying new tracks between Wadala and Kurla on land mostly owned by the Mumbai Port Trust. From here intermodal cars will connect with national railway network. After Kurla the tracks will be diverted to join the railway network. The MbPT proposes to finance the project, and the railway is expected to lay the tracks by October. The new line between Wadala and Kurla will bypass congested areas and move freight in and out of the port.

Containers will also move by road along an elevated corridor from Wadibunder Chembur in the distant suburbs. Construction of the elevated road by MMRDA is expected to be completed next October.

New MD for KPI Bridge Oil Singapore

KPI Bridge Oil announced the appointment of Andrew Cheah as Managing Director of its Singapore operations,KPI Bridge Oil Singapore Pte Ltd. In the emailed press release, the global broker and trader said Cheah has more than 17 years experience in the Bunker and Shipping industries. "With Andrew's proven track record of successes in the bunker industry, and an in-depth knowledge of the Asia market and Middle East, he is no doubt going to be a valuable addition to our already successful team in Singapore."

Hapag-Lloyd, Hamburg Sud in merger talks

Hapag-Lloyd and Hamburg Sud are in preliminary negotiations over a merger that would create the world's fourth-largest ocean carrier and likely trigger a fresh round of consolidation in the fragmented container shipping industry. The German carriers said they "are investigating if, and under what conditions, a merger of both companies would be of interest."

A merged carrier would generate revenue of $13 billion a year and operate a fleet of 242 owned and chartered container ships with a further 33 on order. It would rank fourth, behind Maersk Line, Mediterranean Shipping Co. and France's CMA CGM, with total capacity of 1.05 million teu and a 6.3 per cent world market share, according to industry analyst Alphaliner.

Environ-mentalists stop Elbe dredging

Hamburg's effort to attract very large container ships to retain its standing as Germany's premier importer has taken a beating as the dredging work was halted by a court order. Plans to dredge the River Elbe were stopped when the Federal Administrative Court in Leipzig halted work in response to an environmentalist's court challenge.

Just as in the US, this case is expected to take years to resolve while container ships get bigger and bigger and bypass Hamburg because it depends on high tides to provide access – unlike its Dutch rival Rotterdam.

By "riding the tide", the world's biggest boxship, the 16,000 teu *CMA CGM Marco Polo* recently docked in Hamburg on its maiden voyage. But shipping lines, with tight schedules, do not like riding tides. China Shipping Container Lines (CSCL) has already announced it will reroute its mega box ships to Rotterdam.

Thome Group links with Doehle Danautic

Thome Ship Management of Singapore inked a joint venture partnership deal with Doehle Danautic, a leading shipping service provider in India. In what is to be seen as a significant further step into India for Thome Ship Management, the group is joining with Doehle Danautic to expand the pool of Indian officers for its tanker, drybulk and offshore fleets, reaffirming its long-term commitment to India as a future maritime sourcing hub for qualified Indian officers for worldwide trading.

The Thome Group of Companies already has a long track record of successfully deploying Indian officers for its fleet via two main Indian manning companies. Existing manning companies' relations will continue and be further strengthened in parallel to the new joint venture.

Currently around 10 per cent of Thome Group's total officer complements deployed on its 300+ managed vessels are from India and Sri Lanka. As the Thome managed fleet continues to grow, its intention is to maintain the 10 per cent officer supply ratio as a reoccurring strategic objective.

New pub at Portishead Marina built from 28 recycled shipping containers

The 28 boxes arrived fully insulated, decorated and fitted out, ready for stacking. The self-supporting structure needed no other framework and the plug-in-and-go services made for a simple build method and rapid installation.

The £2.4-million Hall & Woodhouse pub was designed by architect Mackenzie Wheeler. It took 10 months to complete and has a total gross floor area of 2,400 square metres.

Rupert Wheeler of Mackenzie Wheeler said: "Portishead Quays operated as commercial docks for many years so we felt that it provided a perfect setting for a development made with shipping containers. These containers not only set the venue apart in terms of style and the wow-factor but they also provide a reference to the site's past."

Hall & Woodhouse retail director David Hoare added: "The building has to be seen to fully understand the way it fits within the surrounding maritime landscape."

LNG prices to rise as UN eco-mandates give edge to LNG bunkering

THE liquefied natural gas (LNG) sector is looking to new markets in ship bunkering as more stringent United Nations air emission requirements create demands for cleaner fuel, according to Drewry Maritime Research. "While environmental concerns call for enhanced gas use by all economies, these developments on the supply front threaten to cause a permanent upward shift in LNG prices," said the report.

"We can expect a gradual increase in the numbers of small and medium-scale LNG plants and terminals in the medium to long term," said the report.

Given the changes, one problem today is pricing. It is high time that alternative pricing mechanisms are devised to reflect the LNG supply-demand balance rather than being indexed to proxies like Brent Crude or JCC.

Qingdao now 7th biggest port

Shandong held a celebration at Qingdao's Phase 3 Container Terminal recently to mark its annual throughput hitting a billion tonnes, as well as having reached the target three years ahead of schedule, Xinhua reports. From January to November, Qingdao Port lifted 373 million tonnes, 8.7 per cent more than in the same period in 2011. Its full year throughput is expected to top 400 million tonnes including a container volume of 14.5 million teu, figures that now rank Qingdao as seventh biggest port in the world, said the report.

Cost of using Dar es Salaam Port highest in Sub-Saharan Africa

The Dar es Salaam Port Operations Manager Patrick Namahuta briefs ambassadors, Heads of EU Missions and business representatives during a tour of the port. The European Union (EU) has said that shipping costs at the Dar es Salaam Port now stand at 150 per cent higher compared to others in the rest of the World.

To bring more business to the principal port, EU has suggested that there is need to amend the said rate since traffic to Dar es Salaam is expected to increase by 240 per cent in the next 15 years.

Rotterdam customs rejects 20pc of Asian toys

Rotterdam customs has been rejecting as dangerous 20 per cent of imported toys from Asia, which account for 90 per cent of all toys sold in Europe, with the vast majority coming from China. Dutch customs have focused on toys for infants, seizing on plastic rings with beads and other small parts, which could be swallowed, and well as potentially flammable items, reports London's Containerisation International. They have issued 350 dangerous toy alerts mostly against Chinese toys, sometimes stopping full container loads.

BURDENED!

At a time when major ports need to look at reducing cost and improve efficiency, frequent wage revisions will result in extra burden.

Workers of major ports in the country have decided to go on strike in February to protest the 'anti-labour and anti-port policies of the government.' Earlier, in the second week of December, port workers' unions had asked for a wage revision, failing to which they threatened to call for a strike.

However, the Ministry of Shipping is not willing to accede to the demands made by port workers. The five recognised unions representing over 60,000-plus workers had demanded a 60 per cent pay revision retrospectively from January 1. This is an unrealistic demand and the government's fears stem from the falling traffic at major ports in the country.

After liberalisation in 1991, major ports in the country have been witnessing a gradual decline in traffic. Major ports in India saw a 2 per cent decrease in cargo handling to 560 MT in FY12 while non-major ports by virtue of a more diversified cargo mix and higher efficiency standards, gained 18 per cent in terms of cargo volumes, according to a report by ICRA.

This resulted in a drop in overall share of major ports in total cargo handling to 60 per cent from 64 per cent in FY11. On the other hand non-major ports' share rose to 40 per cent in FY 12 from 36 per cent a year ago.

Though the major cause for this drop in cargo volume is attributed to iron ore mining ban and related court rulings, many experts reckon that this trend is set to continue in future. Most major ports are reeling under capacity constraints. Their problems are accentuated by the port unions and their constant strikes.

Even though these problems are not new as most port trusts' heads would admit that historically, major ports were controlled by unions rather than management. And, it will not be wise for the government to allow themselves to be dictated by the unions.

In all major industries, pay hikes and allowances are linked to the performance. So, the government sector especially ports, which are in direct competition with private players, cannot function with an entirely different set of norms for employees.

Besides, in 2010, the government had agreed for a wage settlement. The settlement had resulted in employees getting a fitment benefit of 23 per cent and the arrear of hike in their pay and allowances paid with effect from January 1. This resulted in an extra burden of about ₹450 crore per year on the major Ports.

Though the 2010 wage settlement was for five years, numbers, performance and cash flow do not favour the demands made by the unions. The operating income of major ports increased by 25.74 per cent in the last five years from 2007-08 while operating expenditure rose by 51.37 per cent. The operating surplus declined by 8.02 per cent. Another matter of concern is that net surplus over five years has fallen drastically by 31.54 per cent. However, according to the government, the expenditure on salary and wages of class III and IV employees during these years has gone up by 62.83 per cent.

While it is logical to attribute the success made by private ports for their better governance and efficiency, it is appalling to note that the unions on the contrary, have blamed the entrepreneurs for not following labour and tariff norms.

It is time for unions and workers at major ports to realise that the shipping industry is reeling under a global slowdown and it will take at least 3-4 years for the restoration of robust growth. The shipping ministry feels this is the time for major ports to look at reducing cost and improve efficiency.

The average pre-berthing detention increased to 50.19 hours during 2011-12 against 37.66 hours in 2007-08 at major ports, which is not a good sign. Another strike will make matters worse. The unions should look at reaching at a mutually beneficial agreement and work along with the management to help regain the lost glory of the country's major ports. mg

WHAT DO YOU THINK?

What is a practical solution for the inefficiency at major ports?

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PAINTING A BLEAK PICTURE

The Indian export scenario appears to be bleak for the fiscal year 2013-2014 owing to global recession and decrease in demand especially from the US and the EU. According to a study carried out by India's Associated Chambers of Commerce and Industry (Assocham), recently, Indian exports are unlikely to reach its target of increasing to $500 billion by 2013-14.

While the Ministry of Commerce had predicted a rise of about 15 per cent in outbound shipments from $304 billion, the Assocham study points out that the merchandise exports may actually decelerate to below $300 billion.

Manjula Murari

Recession in European Auto industry hits domestic exports

Indian auto component makers have a challenging time ahead as the sector could witness a single digit growth of 5.6 per cent with a turnover of ₹2,200 crore for the year 2012-13, according to the Automotive Component Manufacturers' Association of India (ACMA).

The primary reason for this is the direct fall in the auto sales in Europe. Though the US sales have been on the recovery path, there is little respite as Europe alone accounts for 36 per cent of India's auto component industry turnover.

India also faces trouble from China and Thailand as this has led to margin contraction for our component makers. So, the next two quarters are bound to be tough for the sector.

Apparel exports fall in October

To quote A Saktivel, Chairman, Apec, "Apparel exports for the month of October 2012 were to the tune of $907 million dollars (₹4,912 crores), with a decline of 0.75 per cent against the corresponding month of last financial year." India faces stiff competition from Vietnam and Bangladesh in the US market and Turkey in the European market, respectively. "There is news that China is losing market share, but we need to focus to grab the market share lost from China. Morever, increasing wage rates, hike in oil prices and input costs are other causes of worry as they dent profit of the exporters," he adds.

Tea exports down by 20 per cent in April-Sep

Due to a drop in outbound shipments from north and south India, tea exports fell by 20 per cent to 81.85 million kg in the first six months of the current fiscal year, as per the Tea Board data. Tea exports declined by 13 per cent to 192.87 million kg in the last calendar year, from 222.02 million kg in 2010. India exports tea to Middle Eastern countries, the US and the EU.

Silver lining

Cotton yarn exports see 20 per cent rise due to Chinese demand

Indian exports of cotton yarn are expected to rise a fifth in the fiscal year to next March. Exports of yarn are likely to touch 992 million kg in the same period. D K Nair, secretary of Confederation of Indian Textile Industry feels that cheap labour, fall in the value of rupee and a surplus of cotton has resulted in the increase in yarn export. However, there are fears that government could stall exports if a sharp rise in shipments would result in a shortage.

India's exports of China plunge by 19.65 per cent

The government has said that India's exports to China declined by 19.65 per cent and that the trade deficit between India and China stood at about $21.6 billion in the April-September period of the current fiscal year.

In a written response to the Rajya Sabha, Minister of State for Commerce and Industry, D Purandareswari, said that the decline was due to the decrease in the shipments of iron ore, other ores and minerals, plastics, electronic goods, drugs, transport equipment and overall recession. Ban of exports of iron ore from Karnataka and Goa also contributed to the decline, she pointed out.

On the other hand, countries including Kuwait, Oman, UAE, Nepal and Saudi Arabia imposed a ban on poultry products from India, due to bird flu. This resulted in the stopping of exports of poultry products to these countries, she said.

Textile machinery exports to rise by 17 per cent to ₹1,400 crore

The exports saw an increase of 166.67 per cent from ₹450 crore to ₹1,200 crore between FY10 and FY12. As the demand for spinning machinery and components of textile machinery increases, exports are likely to swell by 16.67 per cent to ₹1,400 crore this financial year, according to the India International Textile Machinery Exhibition (ITME).

Bangladesh has emerged as a major importer of Indian machinery, apart from Vietnam, Iran, Pakistan, China and Egypt. Spinning machinery as well as spare parts for spinning, yarn processing units, textile accessories and weaving machines are exported in bulk by India.

20 percent growth in plastic products exports

Plastic exporters are ready to tap the Middle East and African markets and are expecting a growth of 20 per cent in the shipment of plastic products and 22 per cent in machinery next year. The Plastics Export Promotion Council (PEPC) executive director Ranjan Kalyanpur is hopeful that their presence in Africa would extend beyond the seven countries they now exported to.

India exported $7.1 billion plastic products and $150 million machinery that accounted to 2.3 per cent of the total exports to countries such as China, European Union, the Middle East and Africa. Besides Africa, plastic exporters are now eyeing opportunities in the Commonwealth of Independent States (CIS) countries, Romania and Poland, says Kalyanpur.

No respite for exporters till April 2013

Earlier, the Finance Ministry had assured the Commerce Ministry of finding options to bail out the export sectors. But a senior official told PTI that government would do whatever needs to be done only after the annual review of the Foreign Trade Policy (FTP) some time in April.

Shift of focus

While India has shifted focus to export of value-added goods and is trying to find new markets within Africa, Asia and Latin America, the impact of the recession in western markets is likely to be severe.

India needs to focus on value added exports and come up with a clear strategy to formulate a growth path for the exports to rise. mg

BETTER OR WORSE?

Maritime industry gears up to welcome another challenging year. The year2013 is also expected to usher in business confidence amidst challenges.

Sreekala G

As the year 2012 comes to a close and the year 2013 begins, maritime industry is looking forward to a New Year that can bring in some positive changes. The mood is cautiously optimistic as the industry expects another challenging year. Experts are of the opinion that a total turnaround in the market is possible by 2014-15 and the beginning of this turnaround will be visible in 2013.

If the macroeconomic signals are anything to go by, 2013 will be a bumpy year. The industry, however, aims to achieve reasonable growth despite hurdles as it expects demand to pick up by late 2013. In one way, that is the challenge maritime industry faces in 2013 – restoring robust growth.

On the macroeconomic front worldwide, there are major issues to deal with. The world's largest economy – the US – may go over the fiscal cliff in early 2013 if the Democrats and Republicans failed to reach a consensus on tax increase. This is no good news for the world financial markets as this can plunge US economy into a sharp recession.

Eurozone is still in bad shape and concerns about Spain's financial situation looms larger than the possibility of stabilisation. 2013 is set to be the fourth year of the sovereign debt crisis for Europe and political risk will be high in the first quarter as there will be general elections in Italy.

Without a bold solution to the European debt crisis and an amicable settlement to the tax increase issue in the US, it will be difficult for anybody to envisage an improvement in global business scenario. From a macro perspective, deepening economic woes will bring down demand for commodities thereby affecting freight rates.

For the maritime segment, like all other industries, 2012 was not an easy year. It was a year filled with difficulties and uncertainties – most of them a continuation of the previous year (2011). As long as these difficulties linked to the gloomy macroeconomic scenario continue, 2013 will be unable to usher in a total turn around.

In 2012, the shipping industry had to steer through choppy waters and now it seems shipowners will have to face some initial storms in 2013 as well. To make matters worse, addition of new ships in the market is exerting a tighter squeeze on their margins. Besides, fuel cost is likely to remain high in 2013, which accounts for about 40 per cent of the operating revenues of shipping companies.

But all is not lost. China gives hope as its economy shows signs of recovery. This could revive demand for commodities and dry bulk might pick up in the coming year. A high demand for steel from China can provide great opportunities for break bulk carriers, exporters and iron ore producers.

Coming back to India, maritime industry outlook is predominantly dependent on government support and policy initiatives. Across the spectrum, all the players expect the government to announce some radical measures to help the industry and sustain healthy growth levels. In 2012, unlike other countries, India's domestic market did not suffer much. Riding on the back of rising consumption, it provided growth opportunities for shipping and allied industries. The government also took some bold steps and allowed FDI in retail. The same story is likely to continue. Logistics industry in particular is quite optimistic as they see huge opportunities in the retail segment. With MNC's starting to source from India, EXIM trade will grow.

A number of new ports are being developed by private companies. New public private partnerships are emerging at major ports for setting up container terminals. While the new generation private ports are ready to welcome large ships, major ports are also forging ties with private partners for expansion and dredging. This gives immense hope for the industry as this is going to be a continuous exercise.

But the maritime industry's wishlist is also endless. A major hurdle, in the path of growth, as they point out, is the slow process of awarding the projects, especially when it involves private companies. India has a complex and prolonged clearance mechanism for projects pertaining to the environment. There is no single-window clearance and a project moves through multiple departments and processes at the state and Central levels, which considerably delays the process. There are also problems related to poor connectivity.

Most of all, major ports and their private partners want the government to revamp the Tariff Authority for Major Ports (TAMP) as its guidelines for setting tariffs have affected the efficiency of major ports. It may be too premature for anybody to predict whether the government will fulfil any of these wishes. However, it is safe to say that, with a little help from the government, India can become the growth engine for the maritime industry.

1 Q As 2012 draws to a close, what are the significant issues that have impacted your business? And what are biggest challenges that are before you for 2013?

2 Q What is your business outlook for 2013? Which are demand side and supply side factors that could impact your segment of business?

3 Q Where do you see the growth happening?

L Radhakrishnan, IAS
Chairman, JN Port

1 There are certain tariff related uncertainties hanging heavy on the port sector entities. In major ports, the tariff fixed for the BOT (build-operate-transfer) operators originates from the TAMP guidelines. This has manifested itself in the recent past by way of reduction in tariff rates being ordered by the regulator for some terminals including Gateway Terminal of India (GTI) and Nhava-Sheva International Container Terminal (NSICT). This has affected our business and incomes by way of revenue share.

The biggest challenges are as follows:

- Adding additional capacity: One project (330 m) is awarded; in another (4th Terminal), the concerned agreement was not signed by the awarded party
- Reduction in tariff by TAMP by 44 per cent and 28 per cent to GTI and NSICT respectively, which has resulted in reduction of revenues by more than a third.
- Commissioning new RMQCs and shifting of old RMQCs to shallow berth, which will take four weeks for commissioning, reducing JNPCT's throughput during the period.
- PPP partners' traffic reducing due to reduction in tariff by TAMP, resulting in diversion of cargo to other Ports.
- Reduction in Rail Traffic.

2 a. The business outlook for the year 2013 is reasonably good – we will continue to perform as we did this year.

We are drawing up new plans for the development of fourth container terminal. The project will become two individual terminals of around one kilometer length each. Both these terminals will be developed simultaneously through two competing partners and other changes will be made. The expected benefits are:

- More competition in bidding;
- Reduction in completion period from 8 years for the previous project to 3 years after signing the concession agreement. Earlier, Phase II of one km was to commence some time after completion of Phase-I, but now, both the terminals will be built simultaneously;
- The mega-terminal at Nhava-Sheva can also be started much earlier as the condition pertaining to non-creation of new container terminal for 5 years after the completion of Phase–II of earlier project is removed (so, 8+5=13 years is reduced to around 5 years only).
- Also, as per the earlier plan, the existing BPCL liquid cargo handling facilities, including pipelines, were to be shifted to another location, but now, we may continue the existing liquid handling facilities as it is and the construction of new berth could be started allowing a safe distance of 350 metres from the liquid berth if this is found advantageous and time-saving.
- The Port has awarded the assignment for the consultancy services for review/restructuring of this project within 60 days to Tata Consultancy Engineering Ltd. (TCE). The RFQ for this project is to be invited in the first quarter of 2013.

b. After commissioning of new twin lift cranes at MCB and modernising the Shallow Berth, the throughput and productivity of JNPCT will improve. Berth productivity of the JNPCT has improved by 26.67 per cent with the partial commissioning of three RMQCs.

c. Effects of global recession are impacting India's exports. So, the shipping lines have to manage the imbalance between imports and exports.

3 As far as growth is concerned, traffic handled by Major Ports during the year 2012-13 (April to November) was 359.98 million tonnes, which is less by 2.88 per cent than the same period the previous year. Overall, Kolkata-15.23 per cent, Visakhapatnam-17.72 per cent, Mormugao-40.46 per cent are mainly showing negative growth.

The maximum growth is shown by Ennore 19.82 per cent, Kandla 14.76 per cent, and Cochin 12.48 per cent.

The major reason for the negative growth in traffic is due to reduction in the traffic of Iron Ore by 53.38 per cent. Iron Ore traffic is reduced in Kolkata by 70.16 per cent, Paradip by 82.38 per cent, Visakhapatnam by 60.06 per cent, Mormugao by 58.57 per cent and New Mangalore by 13.73 per cent.

Container traffic in the Port's own operated terminal JNPCT has grown by 19.34 per cent in terms of tonnes and 27.72 per cent in terms of teu as compared to the same period of previous year.

4 Q Are you looking at any new strategies to increase your business presence or market share?

5 Q What is the biggest concern for Indian maritime industry?

6 Q Do you expect any regulatory changes that could influence the maritime sector?

In JN Port as a whole, we handled 42.86 million tonnes total traffic and 2.84 million teu of container traffic (April to November 2012). We would have done better had NSICT not reduced its throughput by 27 per cent due to tariff cuts by TAMP.

4 In order to increase the market share, the port has taken following action plans with a view to increasing the port capacity:

i. Dredging Phase-I: The port issued work order to Boskalis International BV on August 1, 2012 at a cost of ₹1,370 crore on assured depth. They have dredged over 6 million cubic metres so far. Dredging up to 14 m is expected to be completed by August 2014.

   Already draft at all existing berths has been increased to 16.5 metres and for Shallow Berth to 11 m enabling ships of higher draft to be serviced during the low tide also.

ii. Extension of berth by 330 m (0.8 million teu per annum): On October 31, 2012, the Port issued the letter of award to DP World Pvt Ltd at a gross revenue share of 28.09 per cent. The concession agreement is expected to be signed as soon as FDI clearance for their company is received from the Ministry of Finance, Government of India and the project is expected to be completed by mid-2014.

iii. Fourth Container Terminal at a cost of ₹8,800 crores with 4.8 million teu capacity per annum. This is being split up into two projects for bidding in the 1st quarter of 2013. After completion of the above project, JN Port will be able to handle over 10 million containers per annum – an increase of 150 per cent.

iv. Dredging Phase-II: Dredging upto 17 m is being designed by TCE and is planned to be completed by 2018. TCE, in consortium with Ernst & Young Ltd, are carrying out the feasibility study. The project is estimated to cost ₹9,500 crore and it will be structured as the first PPP Project in dredging in the world on annuity basis. We expect 50 per cent subsidy from the Government of India as indicated in principle by the Planning Commission. Ships as well as terminals may not pay. The port will pay annuity for 7-10 years as per the model being structured.

v. Multipurpose Berth: 3 km long quay at a cost of ₹5,000 crore up to 100 million tonnes capacity per annum; completion by 2018.

vi. Quintupling of liquid handling capacity to 30 million tonnes per annum by 2015 (Presently 5.5 million tonnes).

vii. Completion of development and allotment of Phase-I of the port-based SEZ by 2014.

viii. Completion of Logistic Park along with the commissioning of Dedicated Freight Corridor (DFC) by March 2017.

5 Concerns of Indian maritime industry:

- Relatively limited Indian overseas trade;
- Under-developed coastal shipping and inland waterways;
- Capacity constraints in major ports;
- Inadequate drafts;
- Poor connectivity with other modes;
- Regulatory risks;
- Cumbersome procedures / institutional arrangements;
- Cabotage;
- Training of skilled sea-farers / pilots;
- Slow pace of development projects in major ports;

6 A fresh attempt to liberalise / improve regulation in the sector is expected.

The Acts of Parliament relating to this sector are under scrutiny for changes required with the times. Improvements in port regulation and capacity will have to be expedited through inter-ministerial initiatives. Without concerted efforts by the Central and State governments, the non-major ports' ambitious capacity increases as envisaged by the Maritime Agenda 2020 may not be achieved. mg

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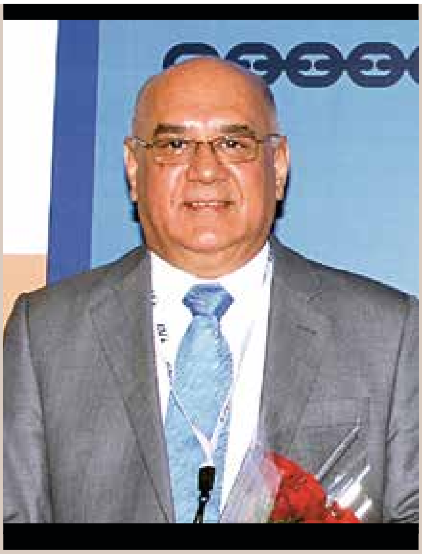

Capt Deepak Tewari
CEO, Mediterranean Shipping Company India Pvt Ltd

1 The Global Economy and the Indian economy have seen a slow down during 2012. The demand from the EU has decreased considerably and from USA has been stagnant. This has put pressure on volumes and freight rates. This economic trend is likely to continue in 2013 unless there is a dramatic change in the economies of USA and Europe which increases trade volumes between India and these countries.

2 2013 looks pretty much the same as 2012 and shipping lines are tightening their belts to weather another year of pressure on freight rates as capacity far exceeds demand. In India, we can expect the government thrust to improve infrastructure to start showing some results. Infrastructure projects will be tendered and built. The port sector is likely to see new projects being finalised and executed both in the private and the public sectors. This is expected to yield the desired impetus and results in 2014-2016.

3 Growth in trade will be in the China, South East Asia, South America, West Asia Gulf and Africa trade lanes.

5 The cabotage regulations outdated maritime laws and over regulation continue to stifle the growth of investment in the Indian maritime industry.

6 We expect the government to implement policy changes, which will facilitate investment to boost the maritime sector. mg

Lars Sorensen
Managing Director, DAMCO

1 The impact of the global economic slowdown can be seen on most of the growing economies of the world and obviously India will also be impacted as it is an important trading and business center. We have seen, specially over the last one decade, how India's economy is connected to other countries mainly because of the vast amount of trade happening between them. Having said that, it should also be noted that, while the global economy struggled in 2012 and the business scenario in India also suffered as a result, India still continues to enjoy its place as a trustworthy supplier of manufactured goods to notable players of the world in industries such as automotive, chemical, aviation, retail, apparel and footware, technology, industrial and others.

Being a supply chain partner to some of the leading players in the industry, Damco's business growth is closely linked to how our customers are performing and how the demand for their products is playing out in the market – domestic and international. So while we always try to grow ourselves with our customers, the current downturn poses its own set of challenges in terms of weakening of demand for logistics services by customers. However, logistics players which provide flexibility, visibility and cost-effective multimodal solutions will deliver in the end. We believe that service providers such as Damco who stay close to their customers and have over a period of time built a strong understanding of their business will be able to provide value to customers even in difficult scenarios.

Speaking on the past few months performance, the export related growth has slowed but then the imports primarily driven by domestic demand continue to offer opportunities for logistics players like Damco. Despite a difficult environment in 2012, Damco in India has continued to grow its volume numbers in key products. As compared to last year we will end up growing our Ocean volumes by more than 20 per cent and Air volumes by more than 80 per cent compared to the previous year. This growth is coming from both our current customers with whom we enjoy long-term relationships

4 Q Are you looking at any new strategies to increase your business presence or market share?

5 Q What is the biggest concern for Indian maritime industry?

6 Q Do you expect any regulatory changes that could influence the maritime sector?

and from new customers. It is always important to show improvements related to costs and lead times to customers in difficult market conditions and leveraging on our global network, we have managed to continue to improve on such key elements. We also believe that our market position has been strengthened over the year and that has led to a significant increase in new customer relationships which we highly appreciate.

As far as challenges are concerned, we believe that the Indian customer is increasingly becoming more discerning in the way their supply chains are managed. They now want a long-term supply chain partner who has the capabilities to provide door-to-door solutions while simultaneously providing them with innovations which can bring their logistics costs down and make their supply chains more leaner and cost-efficient.

2 The underlying principle for doing business in India is how we at Damco can work effectively to benefit our customers from our services. Our fundamental strategy is to continuously strive to deliver value to our customers and keep them at the top on our priority list. Till the time our focus is unrelenting and is not swayed by macro-economic developments, we believe the we will deliver on the growth figures that we have envisaged for ourselves. The market may present tough conditions for us to operate in but as long as we are guided by our principle of keeping customers at the focal point it is our perennial belief that we will emerge much stronger.

"This growth is coming from both our current customers with whom we enjoy long-term relationships and from new customers."

As far as supply side factors are concerned it is worthwhile to acknowledge that infrastructural development is vital to how seamlessly we provide logistics services to our customers and it definitely plays an important role in our day-to-day operations. Our understanding is that the infrastructure sector in India is surely going to prosper riding on the support from the government and private players. With various plans already in different stages of progress, the infrastructure development over the next four years will have a positive impact in helping the logistics industry to provide integrated logistics solutions. Consequently, these developments intend to provide the much needed boost to bringing in supply chain efficiencies and drive down the costs by significant percentage points.

3 Damco has always been guided by its commitment to keep customers as the focal point. To continue being a trusted logistics service provider of choice, we consistently aim to strengthen our capabilities which in turn will help us to grow with our customers. We have always strived to keep pace with the demands of the market and as a result have built capabilities to provide end to end logistics services to our esteemed customers. To strengthen our value proposition we have made significant progress in enhancing our value based product offerings by expanding our door to door concept, warehousing and distribution capabilities, trucking and project logistics management and are already providing such services to some of the large Indian companies in the industry. With an aim to be one of the leading logistics service provider in India we are continuously building supply chain management capabilities, getting more close to the customers and design customised solutions around their needs and requirements. mg

John Hankima

Managing Director, Cargotec India Pvt Ltd

1 Major issues that impacted business are: Slowdown / uncertainty in Europe & USA and high exchange rates. Market demand and profit protection would be the biggest challenge for 2013.

2 We have a pessimistic outlook for 2013 due to uncertain economic conditions in Europe & USA. We expect lower trade volumes for exports & imports. However, FDI reforms in India and automobile sector growth will be the positive factors in 2013.

3 We see growth opportunities in retail and auto segments.

4 We are focusing on equipments designed with lower cost of ownership like SMARTPOWER & Zero emission RTG for increasing business presence. Emphasis will also be given for automation projects for high efficiency.

5 Major concerns in India are: Delays in investments in port projects, budgetary constraints, political uncertainty, infrastructure connectivity and hinterland development to support the Logistics industry.

6 We do not foresee any major policy changes in 2013 due to impending elections in 2014. mg

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3 Q Where do you see the growth happening?

Anil Singh
Senior Vice President & MD, Subcontinent DP World

1 Although the global economy will continue to expand in 2013, the unsure environment in Europe and North America will impact international trade in and out of India to some extent. Some of the ports overseas are seeing low growth rates. In Q3, 2012 the demand for goods in the Eurozone remained soft, but the US continues to show steady signs of improvement. However, it is the emerging markets that continue to play a more significant role in global trade, and of course this is where our focus has been over recent years. In India specifically, government policy with regards to setting up and operating ports will impact our industry. Favourable policies will stand to attract additional investments, bring about efficiencies in port infrastructure and drive growth.

2 Infrastructure projects like the port industry are capital intensive, have long lead times for set up and have long payback periods. Although competition has increased, specifically for major ports, the tariffs regulation regime limits fair returns. This in the medium to long term will restrict investments and upset the natural demand and supply equation. As a company, we are optimistic about the prospects in 2013. We believe that the fundamental growth story remains intact. However, we need to be mindful of specific conditions and events that could impact business prospects, including shifts in consumption patterns and regulation.

3 Traditionally, the engines of economic growth were developed economies where the demand was credit-driven consumption. However, consumption patterns are seeing a shift with a younger more productive workforce coming on stream in emerging economies like China, India, parts of South East Asia & South America and Eastern Europe. Here financial independence and consumption is set to drive growth.

For DP World, India is one of our most important markets and we are committed to supporting its growth over the long term. We have a large footprint in India with terminals across the coast. India being a highly populated country, there is a huge domestic consumption base which will need to be serviced.

4 In recent times, we have added two projects in India. The DPW Cochin came on stream in 2011, and is the country's first transshipment hub. Shipping lines now have options to divert their volumes from the saturated ports to other gateways of India while servicing their customers efficiently. In November 2012, DP World accepted the Letter of Award for the 330 metre project at JN Port. Once constructed, we will be adding more than 800,000 teu of new capacity to India's largest gateway port.

5 Without taking away from the Government the successes achieved till date, there remain a few serious impediments which need to be resolved on priority – chief among them being the tariffs regulation regime for major ports, a review and rationalisation of the model concession agreement for ports including the upfront tariff setting guidelines, the mechanism of revenue sharing, the dredging and channel deepening programmes, and road and rail connectivity projects. The Maritime Agenda 2010-2020 recognises these issues and unless resolved on priority both growth in capacity and volumes could be hindered.

6 The scenario in the port industry is much different than 12-15 years ago. There is competition across the entire coastline and with this level playing field tariff regulation is not required. The trade has the benefit of both increased choice and a market-driven tariff. mg

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Sabyasachi Hajara
CMD, Shipping Corporation of India

1 The asset prices which are historically low and coupled with abysmally low charter hire have negatively affected the business across almost all the segments. All the banks are asking for additional collateral either for repayment of loan or putting up cash reserves. It will be very challenging in the 2013 to tide over the situation by offering the encumbered older vessels as collateral since the cash generation is severely affected due to low freight rates across the segments namely, tanker, bulk carrier and containers and sign of revival is looking towards end of year 2013.

2 Different segments of cargo have seen different growth but the growth is there. Unfortunately, the growth in tonnage supply has been higher than the growth in cargo demand which has resulted in the charter rates coming down. As far as cargo volumes are concerned, they have been growing and only in 2009 the actual volumes dipped. After several decades, the oil consumption and trade dipped. Even in dry bulk there was a fall in 2009 which was an exceptional year. Cargo volumes

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are growing now but on the other side, the supply of tonnage is growing at a faster rate than the demand for that tonnage and that is why the rates are still under pressure. I hope the growth in supply of tonnage will substantially slow down in the near future. At one time for dry bulk and container, the total capacity on order was more than 50 per cent of the fleet capacity and today it has come down to 20 per cent. In the case of tanker, it was between 30-35 per cent and today it is 12 per cent. The delivery of ships will definitely come down very substantially from 2013 onwards, since from 2009 onwards the order-booking had come down. The peak period of ships ordering was in 2007 that translated into a historic high for ship deliveries in 2010. In those years, in every established shipyard, there was choc a block, so there was a lag of about four years between placing an order and taking delivery. Thereafter from 2011, ship deliveries slightly came down and from 2013 it will come down further, so that demand and supply mismatch will be offset to a great extent.

3 LNG is the sunrise segment and we have part ownership of three LNG vessels in our Joint Venture and are operating two of them fully and third will also be operated by SCI in near future. We, along with our existing

"The delivery of ships will definitely come down very substantially from 2013 onwards, since from 2009 onwards the order-booking had come down."

consortium with Japanese partners are also pre-qualified bidder for Petronet Kochi project and are hopeful of bagging the project. We are also in talks for all other future projects in this sector in the country. Apart from this, offshore segment is also promising and it was least effected by the downturn.

4 We should have a cushion because shipping is highly cyclic industry and to have the cushion we plan to diversify into being a logistics solution provider, having presence in the entire chain rather than just be a shipping company. At the moment, we are just concentrating on our core business. But otherwise, terminal management was one of the area where we wanted to grow and further to have involvement even in ship building, in warehousing, ICD/CFS operations as well. As and when the shipping industry improves and we would be in the position to once again diversify, then we would attempt to be a holistic logistics solution provider rather than just a shipping company.

5 The biggest challenge before us is to survive the toughest and longest downturn in the history of shipping industry. Unfortunately, the growth in Indian tonnage has been very dismal. Compared to our Exim trade which was growing at 25 per cent or more, the Indian shipping tonnage was growing only at 3-4 per cent. The best year has been 2004 -2005, when the tonnage tax was introduced and in one year the Indian tonnage grew by 10-12 per cent. But otherwise, if you work out India's CAGR, the Indian shipping is growing at a 1.5-2 per cent or thereabout.

6 In India the outgo for taxation is high, even in the best years of shipping. Today the Indian shipping companies are incurring losses and we have the so called "tonnage tax" which is a notional tax. We are required to pay tax depending on how much fleet we own and it has nothing to do with the book profit or loss. Obviously even if SCI has incurred loss it has to pay tonnage tax. But even in good years, the Indian shipping pays tax to the extent of 8-9 per cent, whereas at least 95 per cent of the world tonnage is operated from the regime where the taxation level is 0-0.5 per cent. There is a lack of level playing field.

We have conveyed to the Government that we are asking to reserve 33 per cent of Indian Exim trade for Indian flag. Whether in the containerized scenario or in tanker, or in dry bulk, if the foreign lines find that there is an distinct advantage of being an Indian flag, it would definitely attract a lot of investment in the country and even the foreign shipping companies will set up their shops in India. As regards allegations that reservation of cargo will increase freight rates, I would say that, water always flows and reaches its own level. If in the international market there are certain levels of freight rates prevailing and by reservation of Indian cargo the rates go very much higher, then everyone from the International market will be attracted to Indian cargo and it will automatically reduce the rates to reach the same levels as the international level. mg

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Shashi Kiran Shetty
CMD, Allcargo Logistics

1 In India, the greatest challenges are severe lack of infrastructure and the lack of investor confidence in the Indian regime (which is now being addressed to some extent), which was due to improper policy framework. Delays in ports, road and rail infrastructure have affected the sector significantly. These have resulted in business forecasts going awry, planning being affected and tough financial liquidity in many organisations, leading to poor recovery from customers as their planning has suffered too.

As a logistics service providers, we have been demanding an industry status as we are responsible for 15 per cent of the Indian GDP. You can imagine the adversities due to extreme fragmentation, lack of standardisation, lack of trained manpower, inconsistent government policies etc, which is leading to unnecessary costs and drain of valuable human energy.

Additionally we are subject to archaic rules/regulations in shipping, transport, taxation etc. Our biggest challenge is to stay competitive despite such pressures as we are at the end part of the global supply chain, logistic solution.

2 Allcargo is an integrated logistics service provider. We offer services across NVOCC, CFS, 3PL, Project and engineering, air freight and Coastal shipping. And we cater to a very wide range of customers from shipping lines, importers/exporters, freight forwarders, infrastructure companies & EPC companies, oil & gas, power & energy companies, various industries, consumer durables etc.

Focus would be more on integrated service solutions for our customers and developing the areas with a focus on improvement irrespective of the constraints I talked about to match international standards in order to make our customers competitive in the global space. Some of our services like 3PL and Warehousing, Coastal shipping, where we are more recent entrants, our emphasis would be to offer the best value and services by bringing in global benchmarks. So for us 2013 would be primarily focused on consolidating our position and bringing in more efficiency in our existing services.

In terms of overall business outlook for 2013, I believe it will continue to be a challenging year on some fronts, given the global slowdown. As our business touches multiple countries we are most affected on our businesses in India. However, we are hoping with the new initiatives pursued by our government at the centre the economy would do better in 2013.

3 In terms of opportunities India is growing at 5-6 per cent. More than 90 per cent of the logistics market in India is still unorganised, so it gives a highly organised player like us head room for growth. There is also opportunity to invest for long-term growth here unlike in the highly developed economies. We are looking at such opportunities, while a lot of our focus has shifted to international markets which are more stable. We are trying our best to leverage the presence of the group in over 70 countries.

Moreover, India will hopefully grow as manufacturing hub (though we missed the bus few times) and it attracts opportunities for logistics industry to cater to the needs of manufacturing goods. Due to lack of infrastructure we have no option but to invest and invest fast in the infrastructure industry. Our country needs to cater to the ever increasing aspirations of the 1.2 billion Indians. Sectors like automobile, thermal power plants, cement, retail, oil & gas will grow in the years to secure our position in the emerging markets. Adding to it, we have to build more roads and use our 7,000-km coast line better.

4 Currently we are looking at growing in the verticals where we are present and as we have now added a few new offerings in our portfolio like 3PL and Coastal Shipping, would like to ensure that we make them bigger and sustainable as well. Focus is on organic

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growth but we have an opportunistic view on acquisitions to diversify into sectors such as ports where we see large prospects.

5 The biggest challenge for us in the maritime sector is to have deep draft ports to handle ever growing size of ships. We are happy to see recent announcements of JNPT to build more terminals and also their awarding the dredging contract. We as a country have all the capabilities to develop as a leading ship building nation. But, we have preferred to stay as ship breaking country. We have rich talent and capability in this country and are able to build our own rockets, be leaders in the global IT services space, and can surely become a ship building nation. While making the ship breaking industry into a more environmentally safe work, we can focus on developing our ship building capacity that would create tremendous amount of employment, attract a lot of capital and help develop the coastline for industrialisation; they could co-exist with the port sector.

It would be a win-win for everyone if this industry is pursued to develop as a high quality ship building country. Countries like Japan, Korea and China have grown on the strength of their ship building and automobile industries.

We also believe that TAMP could develop into a regulator like there are in Telecom or Insurance rather than being restricted to playing the role of tariff control, which the industry feels should be left to the market forces.

6 We in the logistics sector hope that our contribution to the Indian economy is well recognised by the government and gives us the suitable industry status at the earliest. Logistic industry could grow at a very fast pace and on the lines of telecom, insurance, automobile, IT etc, if there is a proper policy framework and a coordinated effort between the various ministry which brings desired result in the end.

Rajiv Agarwal
Managing Director, ESSAR Ports

1 Infrastructure sector in India has seen some slow down in general. The main challenges for most companies in the sector are: pending approvals, delayed projects and high levels of debt at high cost.

Fortunately for us, Essar Ports, has been one of the very few companies in the sector which are on track with their plans and are seeing good growth. Our revenues have grown at a compounded rate of 39 per cent, and profits have seen compounded growth of 311 per cent over the past three years, showing consistent growth.

The challenges would be to bring down the cost of debt, which is still high, and to attract new cargoes as we ramp up utilisation at Hazira, and commission the Paradip general cargo dry bulk berth.

> "We hope to do almost 30 mmpta of merchant cargo, taking our total utilisation to 120-125 mmpta, which would make us the top port company in India."

2 Our outlook is extremely positive for the coming year and we hope to continue on our growth trajectory. Demand is robust as far as our projects are concerned. There are no supply side bottlenecks that we foresee. In fact, we have recently announced the commissioning of our Paradip dry bulk berth, which takes our total capacity further up to 104 mmpta. Our expansion projects are also on track and we would be reaching 158 mmpta of capacity by 2014.

3 We would be expanding capacity to 158 mmpta over the next couple of years, and we have visible cargo of more than 90 mmpta from our anchor customers across locations like Vadinar, Hazira, Paradip and Salaya. In addition, we hope to do almost 30 mmpta of merchant cargo, taking our total utilisation to 120-125 mmpta, which would make us the top port company in India.

4 At the moment, the focus is to deliver the planned capacity addition. We had a total capital expenditure plan of ₹9,300 crore, of which we have already invested ₹7,500 crore. We would be focusing on completing the projects and ramping up throughput at our projects.

5 The maritime industry has seen a slowdown in general. In India, coal imports have slowed due to the power sector not taking off as expected, and iron ore exports have reduced significantly, impacting the maritime sector overall. The Indian consumption story still remains strong and we hope the economic growth will pick up momentum. The pace of capacity addition has been slow, but there is a lot of potential for the maritime sector, with the upcoming ports PPP projects for capacity addition at major ports, things should start looking good.

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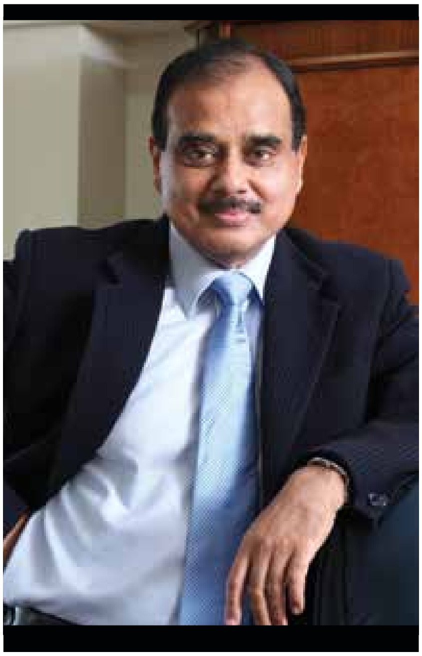

HK Mittal
Executive Chairman, Mercator Limited

1 With economy gradually picking up, we expect to add more valuable projects in our lines of business. Last 12 months have been very promising for our offshore oil and gas business. We have excelled in operational efficiency and safety standards for our on-going 'FPU' (Floating Production Unit), project in offshore Nigeria. From February onwards till last month, we achieved 99.9 per cent availability of the asset and thus offered better satisfaction for our London-based client.

Having been an active partner to leading energy oil and gas upstream companies since 2004, Mercator has gained significant presence in this niche segment of FPU solutions.

Late last year, we won the 'Sagar Samrat Conversion' project from ONGC, which involves conversion from Mobile Offshore Drilling Unit (MODU) to Mobile Offshore Production Unit (MOPU).

"We look forward to recovery in charter hires as the global economy starts picking up."

For 2013, we may see some good policy decisions in favour of the industry getting executed. For me the challenge will be to keep pace with the changes in market dynamics in times to come.

2 On basis of our experience as an "EPC contractor and Operator" in the niche MOPU market, we have been approached by leading global energy majors in providing a similar solution to their requirements. I foresee significant additions in our revenues from this segment in next two years.

We are further exploring other international business opportunities also in coal logistics and dredging. With good emphasis being given on ports development projects in India, demand for the dredging services is bound to grow multifold. In shipping business, I look forward to recovery in charter hires as the global economy starts picking up.

3 Growth is bound to be there in energy sector. With rising demand for power more demand for coal is expected and thus more import shipments. Dredging is also expected to be a major area of growth.

4 We always look for good business opportunities. If economics allow and our expertise can be used, we are always open for building up our portfolio.

5 I feel taxation benefits for foreign flag vessel owners are quiet a concern for any Indian shipowner. But, I am sure with time this shall get addressed by the respective authorities. mg

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Chander Agarwal
Executive Director, TCI Limited

1 2012 was a challenging year for the Indian logistics sector as there was a moderation in demand and decline in utilisation levels. Logistics costs in India were more as compared to other developed countries because of efficiency issues. Availability of credit at a very high cost and no major provision for the infrastructure sector in the budget, have been some of the major issues of the sector in 2012.

The heavy dependence of freight on the road network and inefficiency in the government controlled railways has impacted our business quite to an extent. TCI's recent study report on "Operational Efficiency of Freight Transportation by Road in India" highlights that trucks had to stop 30 times between Delhi and Mumbai for various tax collections and checks, reducing the speed of the vehicle to 23km an hour.

Non-conducive policy environment like indirect tax regime, widespread industry fragmentation, high credit cost and lack of adequate and robust infrastructure will continue to remain key challenges for the industry in 2013.

Lack of warehousing and cold chain infrastructure will also make the sector less competitive by making it dependent to a large extent on the improvement in transport infrastructure.

Apart from the structural issues, FDI in multi-brand retail has opened up exciting opportunities for this sector. TCI is strengthening its infrastructure and is continuously expanding its portfolio of services to meet the projected demands with the opening of the same. Global players are likely to get their existing logistics partners to India, TCI aims to upgrade their existing infrastructure and also invest in skill development of its employees.

2 In the coming year, we look forward to working more closely with clients across sectors to meet their logistics needs in a cost-effective manner. We will continue to introduce innovative logistics solutions to meet client's varying needs. The company will be investing ₹150 crore, half of which will go into creating new warehousing capabilities.

"The growth of the sector in India over the decade that includes a change in tax system, rapid growth in emerging industries such as automobile, pharmaceuticals, FMCG and retail and an increasing focus on outsourcing to a single vendor."

Our drive is to innovate continuously by investing in technology and training of workforce will also continue in 2013. Fuel prices and labour costs are key to our operations. Labour availability is crucial for road transport and warehouse storage. Thus labour cost is a key factor on supply side. Losses and pilferage is also a major problem in India when compared to global benchmarks. Moreover, implementation of GST and building of freight corridors could also alter the macroeconomic picture significantly.

Demand centre in India is generally fragmented, especially for warehousing. Therefore, geographically covering all the demand centers is relatively difficult.

3 Logistics sector has now become a high-activity segment with considerable buzz around it especially as product life cycles have shortened and supply chains have got longer. Several factors have helped the growth of the sector in India over the decade that includes a changing tax system, rapid growth in emerging industries such as automobile, pharmaceuticals, FMCG and retail and an increasing focus on outsourcing to a single vendor.

For TCI, value added and niche segments like multimodal solutions have offered the best avenues for growth. The company has specialized verticals that handle all aspects of logistics requirements. We can seamlessly integrate across verticals and offer multimodal solutions across air, surface and rail through our companies like TCI XPS and TCI SCS.

India's warehousing sector is growing at an annual rate of 35-40 per cent, and is expected to become a $50-billion industry in the near future. However, the market slowdown had touched most of the businesses across the globe which in turn will have a slight impact on logistics industry as well. In spite of the slowdown, India is expected to grow by more than double the rate of the expected growth of many of developed

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economies, which gives enough opportunities to logistics companies.

The mega trend for the upcoming year will be the implementation of the Goods and Service Tax. GST will enable the creation of the common market thus permitting free and unimpeded movement of goods and services across the country.

4 TCI is ramping up its infrastructure and expanding its portfolio of services to meet the projected increase in demand after the opening up of multi-brand retail for FDIs.

The company is spending another ₹40 crore for expansion of our truck fleet, besides its current ownership of 1,500 trucks. Further, we are planning to acquire a fourth ship at an estimated cost of ₹25 crore. which would be deployed to ship bulk cargoes between Chennai and Port Blair.

5 Lack of quality infrastructure has been an issue that was impeding the seamless growth of the economy and the pace of improvement by the government is a cause of worry. Nevertheless, we are appreciative of the government's efforts to improve the national highways and develop freight corridors. Our biggest challenge is the lack of skilled manpower and retaining talent. The only solution to this problem is introducing courses to give a professional edge to our employees.

6 We expect decision on some policy issues to drive the growth of the economy and the sector in the coming year ahead -

1) Opening up of key sectors, such as retail, aviation to MNC's
2) RBI decision to grant infrastructure status to projects involving infrastructure
3) Implementation of changes in the Indian tax system from the current state-level value added tax (VAT) to a national and uniform Goods and Services tax (GST). mg

Ajay S Mittal, *CMD, Arshiya International Ltd*

1 With global economic turmoil in 2012, India also witnessed its share of challenges in the economy. Naturally many international companies operating in India as well as domestic players were very keen and open to innovating their business models, so as to be more competitive, efficient and profitable. This immediately meant that Arshiya's Unified Supply Chain infrastructure such as Arshiya's Free Trade & Warehousing Zones (FTWZs) for their EXIM requirements, Rail freight services as an alternative to the congested road network and first and last mile connectivity, provided in terms of what they were looking for, thus the year was very good for Arshiya.

2 On one hand there is optimism in the reform agenda of the government including the aspect of FDI, on the other hand there are businesses facing challenges and excruciating inefficiencies in India's logistics & supply chain space. In the coming year, we foresee an increase in international companies expanding their operations in the country, as well as newer companies setting up bases here. The positive market conditions will also provide a boost to domestic companies to compete better globally.

Thus the needs to adapt international standard practices for managing their supply chain backbone and hence the increase in demand for FTWZs, rail terminals, customised rail services, domestic distribution hubs and hinterland connectivity.

3 With the key economic policy decisions announced in 2012, we see growth happening across various sectors ranging from retail, to consumer electronics, automobile, manufacturing, precision engineering, boost to re-export through India, thus making India the preferred hub and one of the largest developing markets.

4 Arshiya is not only a pioneer in unified supply chain & infrastructure in India, but also the only entity engaged in this. Thus the concept of market share is not relevant in our case. With India's evolving market needs, segments, customer requirements, our strategy would be focused on customising solutions to their needs and leveraging our FTWZs, Industrial & Distribution hub, rail & rail infrastructure and first & last mile transport & handling. Thus, providing the much needed end-to-end supply chain solution to international as well as domestic companies operating in India. mg

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Sami Korpela
Country Manager, Konecranes India Pvt. Ltd

1 The year 2012 has been good for us and we have received good enquiries for our port cranes. Our port crane technology has been at the forefront always in term of reliability, safety, efficiency and usability which pays back to the customers in the long run. We are continuously investing in developing new features and making the cranes more advanced. Indian market is very price sensitive and many a times our cranes appear a little expensive to the customers at the first glance. We also observe that many big ports procure the capital goods through tendering process where most of the time the common and traditional specifications are included and the final decision is taken based on the price only. Apart from this, many of the ports buy the equipments considering the existing container traffic at the ports, many ports express the choice of buying equipment of multipurpose use, those are able to perform multiple activities but at average efficiency. Our cranes are designed and build considering the increasing container traffic at ports in India in the long run. One should always buy the capital equipment considering the future outlook of business and not the current situation as capital expenses are made for the future concern of the business and not for present.

3 The traffic for ports in India was 740.3 million tonnes (MT) in 2009 and it is expected to rise to 1,373.1 MT in 2015. Traffic at major ports is expected to grow at a compound annual growth rate (CAGR) of 7.6 percent from 2010 to 2015. The Indian ports sector is poised for significant growth fueled by new manufacturing and power projects and higher cargo traffic at ports. Increase in containerised trade coupled with the Government's active initiatives to develop the Indian ports sector, is expected to further boost the growth. The commissioning of power projects based on imported coal and the setting up of steel projects and offshore exploration and production projects are likely to drive the Indian ports sector.

4 We have geared up for the continuous growing demand for port equipments in India. Our aim is to strengthen our infrastructure, sales and service support to customers. At present we have good customer references in India and we are focusing on providing complete lifting solution to customers than just providing equipment. We now also provide the maintenance service for the port cranes and can also execute the maintenance contracts for longer durations. For Reach stackers, we provide complete maintenance service right from, inspection, operation, training to refurbishment of reach stackers. We want to become the complete lifting solutions provider company in port equipment business.

> "At present we have good customer references in India and we are focusing on providing complete lifting solution to customers than just providing equipment."

5 Shipping industry has been struggling since 2011 and situation has not changed to very positive in 2012. The waning freight market, shrinking demand for ocean transportation of commodities, over-supply of new vessels, volatile forex market and a squeeze on earnings were some of the major concerns faced by the shipping industry. For port sector, infrastructure issues i.e. connectivity of major ports by rail and road to the market is also a serious issue, transporting the shipment from ports to nearest markets is taking much time and transporters have to wait for longer time to actually load containers from the ports. As the ports grow and increase the capacity, it needs to make sure that the logistic movement of in and out in the port is smooth. The fluctuating global economy and financial uncertainty is surely a major concern for the global trade and maritime industry.

6 The Government's decision making process for giving environmental and other clearances for development of ports need to be fast. Normally the port operators make feasibility and Capex study at the very initial stage and it takes very long time to actually get all necessary approvals from the government to kick-start the projects. Cost of Capex thus increases during this period which results in less efficiency and feasibility of the projects. This is not favourable for the port operators. Along with the ports development, government should also consider the development of infrastructure facilities like rail and road which connects the port to the market place. mg

1 Q As 2012 draws to a close, what are the significant issues that have impacted your business? And what are biggest challenges that are before you for 2013?

2 Q What is your business outlook for 2013? Which are demand side and supply side factors that could impact your segment of business?

3 Q Where do you see the growth happening?

Prakash Tulsiani
Managing Director, APMT Pipavav

1 The general economic slowdown has impacted businesses across the world including India. The turnaround is expected to be slow; this will continue to be a challenge for the maritime sector.

2 We expect the economy to improve in 2013 although it will continue to be a slow change. With growth in the economy, containerisation of cargo will pick up and there will be an increase in container cargo. Bulk cargo will take some more time to register substantial growth. Imports will continue to be healthy while exports will depend upon the rate of growth in world markets.

3 Growth in emerging markets will be more than in Europe or North America. This has been the trend over the last few years.

4 At the moment, we are increasing our capacity, both at the water front and on land. The infrastructure development at Port Pipavav is part of a long term strategy for growth and expansion. The current expansion will be completed in a phased manner over the next few years.

5 One of the biggest concerns in India is road and rail infrastructure to support cargo movement to and from ports. The dedicated freight corridor planned has not yet taken shape and is impacting ports adversely.

6 A progressive outlook towards revising TAMP guidelines would benefit the industry enormously. A relaxation in cabotage rules would also be beneficial. All Indian ports should be allowed to secure business, instead of having cargo transship at foreign ports. mg

Gur Prasad
MD, Wallenius Wilhelmsen Logistics

1 In 2012, the biggest challenge we faced was arranging road logistics for the cars produced by Renault and Nissan. This was caused by production disruptions (Maruti strike), trailer and driver shortages and increasing sales. Rising inventory levels of finished goods at all original equipment manufacturers (OEMs) for auto, commercial vehicles, agricultural and construction equipments were seen in the second half of 2012 which caused concerns in terms of yard management.

Getting access to reasonably priced land transportation and attracting / retaining talent in the logistics industry will be a challenge in 2013.

2 We see growth in the business of third-party logistics providers as OEMs outsource outbound logistics and yard management. We see increase in auto exports as the domestic market in India may not see very high growth and Indian labour costs are lower due to a depreciated rupee. The increase in power generation, improvement of roads and ports will impact greatly the growth of finished vehicle production and logistics

4 Q Are you looking at any new strategies to increase your business presence or market share?

5 Q What is the biggest concern for Indian maritime industry?

6 Q Do you expect any regulatory changes that could influence the maritime sector?

in India. The ocean carriers are willing to call at any port that we get reasonable cargo from, however accessibility and storage restricts our options.

3 In our segment, we see growth in exports of finished vehicles from India – auto, buses, trucks, commercial vehicles and agricultural / construction equipment. We see growth in imports of equipment needed for the growth of the power industry – either turbines / structures or raw material.

4 Our strategy has been to establish a reliable service and brand presence in India, which we continue in 2013. Additionally, we will focus on –

a. building a multi user Autoobile hub in Central India that can link all the OEMs and reduce lead time to customer / increase predictability of delivery

b. Coastal Ro-Ro service to connect Chennai to Mumbai / Mundra.

5 I am very concerned about the diluted standards of training for maritime professionals in India. DG shipping has given approval to a large number of institutes in various corners of India to attract more seafarers and this is a commendable initiative. However, it is also a responsibility to ensure that training and certification standards comply to STCW and the youngsters are given opportunities to train at Sea.

6 Waiver of import duties on bunkers and Counter-Vailing Duty (CVD) for coastal shipping will reduce costs by 20 per cent and make it competitive with road transportation. A vast country like ours needs coastal shipping as an alternative to transporting goods by road as shipping is a much more environmentally friendly mode of transport. mg

1 In 2012, around the world, economies were searching for solid ground. Globally, airfreight showed a weak performance. The Indian market still grew albeit not at the pace it was growing in 2011. However, CEVA took advantage of this growth in the Indian economy and pursued this opportunity to increase our performance and showcase our capabilities. As an organisation we renewed our growth focus on domestic markets, improved productivity and continued with a strict vigilance on cost management.

Samar Nath
EVP Indian Sub Continent & MD, CEVA Logistics India

2013 is a year of challenges for all of us. Fluctuations in demand, fierce competition, complex global supply chains and more, but whatever the challenge, at CEVA our aim is to get the right products in front of customers at the right time. We will continue to be innovative in our approach and solutions that will add value to their supply chain.

2 Although the world economic environment remains very difficult, there is still positive growth in Asia Pacific and India. Our strategy for growth in India remains unchanged and our aim is to grow faster than the market.

Consumption and CAPEX clearly dominates the international and domestic supply chain creating a significant impact on our segment of business.

4 At CEVA we are always exploring solutions that will benefit our customers and one such solution is CEVA Matrix. It is specifically designed to support CEVA's operations through the whole supply chain to manage different supply chain operations in various industries such as automotive, tires, hi-tech, media, pharmaceuticals and publishing.

We plan to increase Matrix use in India which will significantly increase our business presence.

At CEVA we will go that extra mile to ensure our customers can benefit in these challenging times. We are exploring innovative solutions to add value to their supply chain. mg

1 Q As 2012 draws to a close, what are the significant issues that have impacted your business? And what are biggest challenges that are before you for 2013?

2 Q What is your business outlook for 2013? Which are demand side and supply side factors that could impact your segment of business?

3 Q Where do you see the growth happening?

Subhasis Ghosh
MD, APMT Inland Services, South Asia

1 2012 has been a year of interruption in the pace of growth. After a good first quarter we did have a soft second quarter. Having taken the mitigation steps, we have seen better third and a significantly better fourth quarter on 2012.

Interruption in demand leading to higher customer expectation and drop in the rupee dollar exchange rate have significantly impacted our business in 2012. We see a reduction in the above mentioned challenges in 2013.

2 In 2013 we see possibility of an improvement in the demand situation and a return to healthy growth. Demand for export and import logistics services are derived from the rate of growth in exports and imports. On the supply side we do see more CFS capacity coming into the market. These are projects many of which were initiated during a more benign demand situation 12-18 months ago. On the container transportation segment, we see some improvement in the availability of drivers. Overall, we are cautiously optimistic in our outlook.

3 With the growth in exports and imports, supported by the trade and government policies, all segments of the inland container logistics are poised for growth.

4 We continue to explore expansion of our network of inland container logistics facilities, to provide presence to our customers and increase market share.

5 The maritime industry is dependent significantly on the exports and imports, which in turn depend on the development of global trade based on the health of economies of the countries that we trade with. Hence slowdown in major consuming economies impact global trade. The maritime industry is beginning to adapt to the new normal by reconfiguring the network, services and rationalizing costs.

6 Expansion of retail, catalysed by FDI in the sector is expected to influence the demand side of maritime sector. mg

1 The major factor for a port is the cargo handled and the vessels which call at the port. In this sense Antwerp Port has sustained the numbers in 2012. 2013 will bring challenges which have been with us for a while, like the slow economic growth, some uncertainty about the Euro zone and consumer confidence in the coming year.

An issue and a challenge is the overcapacity mainly in the container segment. Competition between carriers with very volatile freight rates puts pressure on port authorities and port operators. We will have to focus on efficiency and supply chain performance even more than before, to maintain our competitive position. Antwerp, with its inland position, has a remarkable advantage compared to other ports when it comes to this supply chain approach. With increasing size of the vessels, nautical accessibility is another challenge. Again Antwerp has proved to be able to receive the biggest vessels of today. The 15,000-teu vessels call Antwerp on weekly basis, and a recent study in our nautical lab confirmed our capability for the next generation of container vessels of 18,000 teu.

Antwerp Port is expanding and improving it's infrastructure. Construction has started on the largest lock in the world which will be on the left bank in Antwerp so in a sense this points to an optimistic future.

2 2013 is still an uncertainty but overall cargo predictions appear to be good. Overall demand is likely to stay as in 2012. Cargo throughput is also predicted to show a modest increase. The composition of cargo may vary between containers, break bulk and liquid bulk.

3 Break bulk viz steel, ODC appear to be increasing. Imports of plants and machinery to India via Antwerp will also stay on course as India grows. Container cargo is expected to show a modest increase

4 Antwerp Port has always had a very strong commitment to the Indian market and the customers here. Antwerp is the only port to have a presence in India. The Chairman and CEO of the Port visit India at least twice each year and engage with customers. Antwerp Port has made a very strategic tie up with AMTOI to set up an electronic platform to facilitate exchange between AMTOI members and other forwarders here with their counterparts in Antwerp Port. Later in 2013 Antwerp Port will bring in a very large exhibition of Flemish Masters to Mumbai. This is with the idea of making a deeper cultural connect with India. mg

Raj Khalid
India Representative, Antwerp Port

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KEYNOTE SESSION BY **JOHN S. PHILLIPS**, SVP-SUPPLY CHAIN & LOGISTICS, PEPSICO GLOBAL OPERATIONS

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PRESIDENT-GROUP LOGISTICS, RELIANCE INDUSTRIES LTD.

AMITAVA BAKSHI
CHIEF – PROCUREMENT, TATA STEEL

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1 Q As 2012 draws to a close, what are the significant issues that have impacted your business? And what are biggest challenges that are before you for 2013?

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3 Q Where do you see the growth happening?

Paul Haegeman
Managing Director, GAC Shipping India

1 2 3 The shipping industry worldwide has been impacted by the slowing global economy, and India has also not been spared. We expect the offshore industries to continue to develop in the next 12-18 months, with more fields going into production mode and many more blocks being allocated for exploration. Our oil and gas department has enjoyed three seasons of strong performance, and we expect this trend to continue into 2013.

The rise in coal imports will continue to contribute significantly to the Indian shipping industry and increased infrastructural development will also add a boost to the industry.

The ship supply market across India will evolve to meet changing market needs and will likely see greater demand from growth sectors, particularly offshore oil and gas. Traditionally strong container market has come under severe pressure as demand from the US and Northern Europe has dropped significantly, but this is expected to rebound. The regularity of services will bring greater stability to suppliers and agents working the tramps trades in particular.

Offshore markets

India's offshore oil and gas sector is growing rapidly, providing a notable boost to the shipping and specialist logistics sectors involved in both upstream and downstream activities. Despite its growing offshore oil and gas sector, India remains a net importer of oil, with the demand for energy providing stability, as well as opportunity for India's shipping sector. As a result, there has been a notable increase in the demand for agency services to handle cargo shipments and onward transportation of petroleum products, as well as spares and project logistics in support of onshore and offshore infrastructure development. To cater to this growth, GAC India opened a new office in Pipavav earlier this year to meet the needs of a growing number of offshore vessels calling at the port and using it as a base for servicing the oil and gas sectors.

Offshore Ship Supply

The growing offshore oil and gas sector has given rise to an increase in the demand for ship supply service. GAC's ship supply service, which covers food and fresh water provisions, immigration clearance, accommodation and crew transfers, is in great demand. As part of GAC's services to the industry, we also provide bunkering services through GAC Bunker Fuels Limited that offers the full range of bunker fuels and lubricants to vessels at outer port limits and across the country's key ports.

Iron ore / coal markets

India has traditionally been a leading exporter of iron ore, and this time last year, GAC India provided ship agency and specialist dry bulk services for an average of 25 ships exporting iron ore per month. However, legislative changes and mine closures have slowed down the export of iron ore at many key sites across India, particularly in Goa and Karnataka. India's iron ore exports have reportedly declined by over 50 per cent and the effects on the shipping industry are certainly being felt, with reduced demand for ship agency services.

"A growing consumer market, despite lacklustre market indicators, has ensured a moderate but steady growth for the need of logistics services. We expect an increased demand for professional storage and distribution services within the country as soon as issues relating to Octroi and service tax are resolved."

4 Q Are you looking at any new strategies to increase your business presence or market share?

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6 Q Do you expect any regulatory changes that could influence the maritime sector?

Despite this, there have been some positive signs in the bulk trade, as we are beginning to see Indian energy companies importing coal from Brazil, Australia and other key exporting nations in order to redress this imbalance and to fuel domestic demand. In time, we expect this to lead to a marked increase in the number of dry bulk carriers calling at the country's ports as we shift to importing coal rather than exporting iron ore.

India is one of the world's leading importers of coal, which is used to power the country's rapid infrastructural growth and to meet its domestic demand for energy. GAC India, operating from 29 of the country's ports, has seen an increase in coal imports, particularly across the East and West coast terminals. GAC also has the capability to respond swiftly to the specific needs of large dry bulk vessels.

Logistics Services

Demand for our logistics services has also increased. We have clients ranging from simple containerised cargoes to door-to-door industrial projects including the dismantling and re-assembling of entire manufacturing plants, as well as airfreight shipments. We also launched a new service – International Moving – offering bespoke moving and relocation services both within and in and out of India.

4 We will continue to provide value-added services to our clients by customising our solutions package to include related services such as bunker fuels, marine parts handling, collapsible drums, cargo handling systems etc.

Serving and meeting our customers' needs has always been fundamental to our operations, and this means that we will provide our services wherever there is a demand. We currently operate from 29 of the country's ports and we may open new offices in other parts of India, as business and maritime activities pick up in the future.

5 6 The government has recognised the need for ports with better infrastructure for mechanical handling and deeper drafts to accommodate new generation ships, and it is encouraging private entrepreneurs to invest in and help develop these ports.

We are seeing a growing number of new ports being developed by private companies – both container terminals handling new generation container ships and new LPG/LNG terminals. Much of this development is being driven by the private sector, with support from the Indian Government. However, the process of awarding the projects is sometimes slow, especially when it involves private companies partnered with established international container terminal operators, and as a result, there are some delays in the development of new terminals.

A growing consumer market, despite lacklustre market indicators, has ensured a moderate but steady growth for the need of logistics services. We expect an increased demand for professional storage and distribution services within the country as soon as issues relating to Octroi and service tax are resolved.

The country's rising demand for energy will result in the continuous development of the Oil and Gas sector as well as power plants, and steady growth in coal imports for many years to come.

The location of Chennai's main port, in the middle of the city, has created bottlenecks for the incoming and outgoing movement of cargoes. Due to poor accessibility, congestion at the container terminals has become a common problem in recent years, and when that happens, a Congestion Surcharge is levied by container carriers. This has an overall negative impact on the port and its users. Measures such as the construction of feeder roads, better access to ports and terminals, are underway to remove these bottlenecks, albeit at a relatively slow pace. mg

Shankar Chatterjee
Managing Director, Bertling Logistics India

1 Logistics Industry is a ancillary industry to all industries. Thus a growth in the industrial sector translates directly into a growth for the Logistics industry. In that sense, all the issues that have held back the economy in 2012 affect the Logistics industry - some of it directly, most of it indirectly.

However, specific to the industry there are quite a few issues that plague the free movement of goods. The diesel hike has hit the sector pretty badly by pushing transportation prices by as much as 20 per cent. This increase in costs has dented the margins to a large extent since customers are unwilling to take the increased charge.

Secondly, with the global slowdown and decrease in trade, the expected increase in availability of freight and hence lower freight rates has not turned out to be true. Instead shipping lines have cut down on capacity. Hence we are faced with a unique situation where on one hand there is economic slowdown and pressure on customer's cost and on the other hand we have increase in freight rates worldwide.

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Thirdly, the current policy paralysis of the government has meant a stop to all major infrastructure projects and the related policy. In fact one statistic says that in the 9 months of this financial year the government has built only 12 per cent of its targeted road projects. That is like 88.5 per cent underperformance.

All together this has led to 2012 being a very tough year.

2 I'm an optimistic person at heart and I believe that we will atleast see a thaw, if not a spring of recovery. The full summer bloom of recovery will not be evident until late 2014- 2015. Many projects that have been stalled or put on hold, will take off as some brave leaders will jump the fence and want to be the first persons to hitch the recovery bandwagon. Even the government is showing some signs of steel and this resolve will only mean that it can take more bold decisions to put Indian economy on the track to recovery. Many projects stalled on account of government permissions are likely to go ahead since the government will want to be seen as a pro-reform and hence will push through some projects. Overall the consumption story is intact and I feel that industries connected to the personal consumption, including retail and services will do well in the coming few years.

The shipping tonnage will continue to be added as the shipping yards catch up on backlog of orders and thus 2013 will likely witness the highest deadweight tonnage available in the market in recent times. This is likely to have a downward influence on shipping line's margins. As a shipowner and as shipping agent / freight forwarder, this presents unique challenges. While the freight forwarder in you is happy because you get more choices for your customer, the shipowner will be unhappy because of lower margins.

3 The consumption story in India is intact. Thus industries catering to this sector will do well. Retail in FDI will be another growth booster as the MNCs source globally as a part of global supply chain. This will lead to greater imports and possibly exports as these MNC retailers discover good suppliers in India as well.

Engineering exports are another area of opportunity. Of late, we are beginning to increase engineering exports to Europe from India. Alternative power projects - Wind and Solar, are the next growth opportunities as these do not face the problems that traditional power plants in India are facing.

4 Bertling India is trying to shift from its traditional customer base of project customers to non-project based customers. Project shipments are lumpy - in the sense that when they happen, they happen in a hurry and in volume, and there are periods of total dead silence. This makes it difficult to predict revenue and profit projections.

Bertling is looking at sectors where there is high and consistent volume. This will ensure predictability and continuous business.

5 There are plenty of factors: A very tiresome tax regime, multiple regulations, high cost of calling at Indian Ports, and lack of skilled manpower. But in my opinion the biggest problem that India faces is a lack of recognition of the sector's maritime infrastructure. It is criminal that the country with one of the longest coastlines in the world and a strategic location as a bridge between the east and the west, has such a low share in the world's shipping tonnage. And, we have not even talked about the intra-country shipping (coastal as well as river transport) yet. We need to develop our coasts as well as our inland waterways as means to supplement roads and as a means to lower our freight costs.

6 A reform to the Cabotage laws is a must. Coastal shipping must be freed from these archaic and cumbersome laws, which simply create more problems than they solve. Another is the rationalisation of the tax regime on all shipping - mainly wharfage. Sometimes the wharfage is high enough to wipe out profits for a customer. mg

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Pradeep Agarwal
CEO, APM Terminal, Mumbai

1 APM Terminals Mumbai, also known as Gateway Terminals India (GTI), is one of the major successes of the public private partnership way adopted by the Indian Government. GTI is the largest single container terminal in India in terms of volume and it enjoys around 20 per cent market share of total containerized cargo in India. Issues and challenges faced by us in 2012 include the tariffs currently being regulated at major ports by the Tariff Authority of Major Ports. Port Handling costs are less than 3 per cent of total logistics costs. So out of 100 per cent costs, only 3 per cent are regulated and 97 per cent are left to market forces.

As per 2005 Tariff guidelines, which follows a cost plus model, revenue share is not considered as cost. It has also set 16 per cent return on depreciated capital. This has led to tariff cut of 44.28 per cent of APMT Mumbai February 23, 2012. Most of the efficient private terminals have faced tariff cuts and all are in courts. There is no consistency in tariffs and efficiency is getting penalised at major ports.

2 The future entirely depends upon clearing the clouds of uncertainty for major port regulations. The evolving regulatory environment thus presents quite a few challenges and risks for the industry participants and would be a key event risk from industry growth perspective.

3 The growth in major ports will greatly depend on the regulatory framework. However, there is immense scope in non-major ports.

4 For expansion, the investments and finances have become non bankable. Unless and until port policies are modified and made investor friendly, the situation will remain like it is. Uncertainty over regulations will make a status quo for investors for sure.

Factors which are affecting this include: land, port regulations, project viability, commercial benefit, return on investment in the long run, environmental clearances.

5 The first and foremost issue is tariff reforms. Current norms governing tariffs impede the growth of private investments. Cost-plus-based fixing of tariffs does not incentivise increases in the productivity of berths, especially if the returns are not largely re-invested. The Tariff Authority for Major Ports (TAMP) regulates the returns for players (up to 16 per cent RoE) by fixing tariffs based on the cost-plus approach. Private developers of minor ports are not under the purview of tariffs regulated by AMP. Many investors expect that tariffs for major ports will be discontinued or replaced with an incentive-based system that has a price cap.

> “The railways, highways, coastal shipping and inland waterways need to be upgraded to facilitate evacuation of cargo and improve the productivity of Indian ports.”

Another significant issue is delay in implementation of projects. At present, India has a complex and prolonged clearance mechanism for projects pertaining to the environment. There is no single-window clearance and a project moves through multiple departments and processes at the state and Central levels, which considerably delays the process. Another odd problem that adds to these woes is that there is no certainty of a clearance being valid in the future. In a few instances, previous clearance and contractual documents have had to be revisited, causing further delays.

Amidst these issues is poor connectivity to the hinterland from ports. The railways, highways, coastal shipping and inland waterways need to be upgraded to facilitate evacuation of cargo and improve the productivity of Indian ports. The Maritime Agenda envisage only 6 per cent of investments in port connectivity. Therefore, the onus is on the relevant ministries to undertake investments and project developments.

6
- Formulation of new guidelines or do away with any regulation.
- Allow market forces to operate efficiently within the port and terminal services sector.
- Regulatory intervention not required on a continuous basis.
- B K Chaturvedi Committee has recommended no tariff regulations for Major Ports & its terminals.
- Recently, Deepak Parekh panel on infrastructure financing also suggested no tariff regulations for Major Ports & its terminals.
- Give consistency in Tariff. mg

4 Q Are you looking at any new strategies to increase your business presence or market share?

5 Q What is the biggest concern for Indian maritime industry?

6 Q Do you expect any regulatory changes that could influence the maritime sector?

Rohit Hegde
Director, KSH Distripark

1 While business in 2012 has been challenging in general, specific issues have impacted growth.

High interest rates and liquidity squeeze has slowed down fresh investments, which has had a major impact on our infrastructure business. There will certainly be a relaxation in lending rates in 2013, which will have a positive impact on spending. Our commitment to the infrastructure segment will continue in 2013, as we step up investments with caution.

With the appreciating dollar, International trade has been greatly affected – this has impacted our EXIM volumes, and had a direct impact on our Inland Container Depot business.

Domestic logistics segment has been fairly stable. Changes in FDI norms in retail will have a positive long-term impact on our business. Our customers have continued to grow, albeit at a lower rate than expected. We continue to focus on increasing quantum of business with key clients, and developing our relationship further by increasing the basket of services offered.

2 There is definitely growth in the market, but the enthusiasm seems amiss. I feel this sentiment will continue in 2013, with investment decisions being slow. Our business segments are quite diversified, with our clients ranging from light and heavy engineering segments to automobiles to auto components, consumer durable, FMCG and paper etc. So our focus will be to diversify into various client segments to mitigate any industry-specific risk. Demand and supply situations that would particularly impact our business are limited to our infrastructure business, as an oversupply of industrial and warehouse space in the market could particularly impact our business – although at present that does not seem to be a worrying factor. With us investing heavily in the infrastructure business with the development of over half a million square feet of industrial and warehousing space, this segment will be a particular area of focus in 2013.

3 In 2013, we can expect growth in the domestic market to continue. However, international markets will continue to struggle.

4 We are focusing largely on providing a door-to-door service. Integration of key logistics requirements of our customers into a single point of bundled up services will be our focus to increase market share.

5 **6** The state of the global economy is a major concern point for the Indian maritime industry. A lack of a clear policy for port development, coastal shipping, development of FTWZs etc., are the challenges faced by the industry at large. Private investors are cautious on PPP projects with the government due to lack of transparency and clarity in policy. Delays in large infrastructure projects on account of statutory hurdles will pose a major problem for the maritime industry at large. And, we do not expect any major policy changes by the government in 2013. mg

1 Q As 2012 draws to a close, what are the significant issues that have impacted your business? And what are biggest challenges that are before you for 2013?

2 Q What is your business outlook for 2013? Which are demand side and supply side factors that could impact your segment of business?

3 Q Where do you see the growth happening?

Sandeep Pingle
Senior Director, Marketing & Sales, DHL Global Forwarding

1 There has been an overall economic downturn due to stagnated US economy and the shrinking Euro zone resulting in a reduction in volumes, top line growth and productivity. There has been a slowdown in automotive manufacturing and the fashion sectors. The market seems to be softening in terms of pricing and capacity availability.

Challenges in the year ahead are: a shift in customer behavior towards more cost control, reduction of orders and air freight moving towards ocean freight. We envisage a further dip in volumes, with pressure on pricing and capacity increasing.

2 We will witness low to moderate growth in comparison to the earlier years. Volumes will continue to be under pressure due to shrinkage of import and export trade.

3 In terms of geography, growth will come from Intra-Asia, Africa and Latin America. Industry sectors life Sciences & healthcare, chemicals and retail infrastructure are expected to witness growth (due to FDI).

> “Challenges in the year ahead are: A shift in customer behavior towards more cost control, reduction of orders and air freight moving towards ocean freight.”

4 We will examine opportunities for investment in new resources and facilities, designing new solutions for Life Sciences and Chemicals, focus on FTZ warehousing and Value Added Services.

5 A soft market, shrinking volumes resulting in excess capacity and further drop in prices. We will see capacity consolidation, change of routings etc. Volatility will be the norm. mg

1 The most worrying issue, which has adversely impacted our business is the inability of our customers to make timely payments for the goods supplied and services rendered by us. For a small company like ours, cash flows are fragile. The delay in payments from customers vis-à-vis advance payments to suppliers and government authorities – juggling this, is the greatest challenge.

Nafeesa Moloobhoy
Managing Partner, A. S. Moloobhoy & Sons

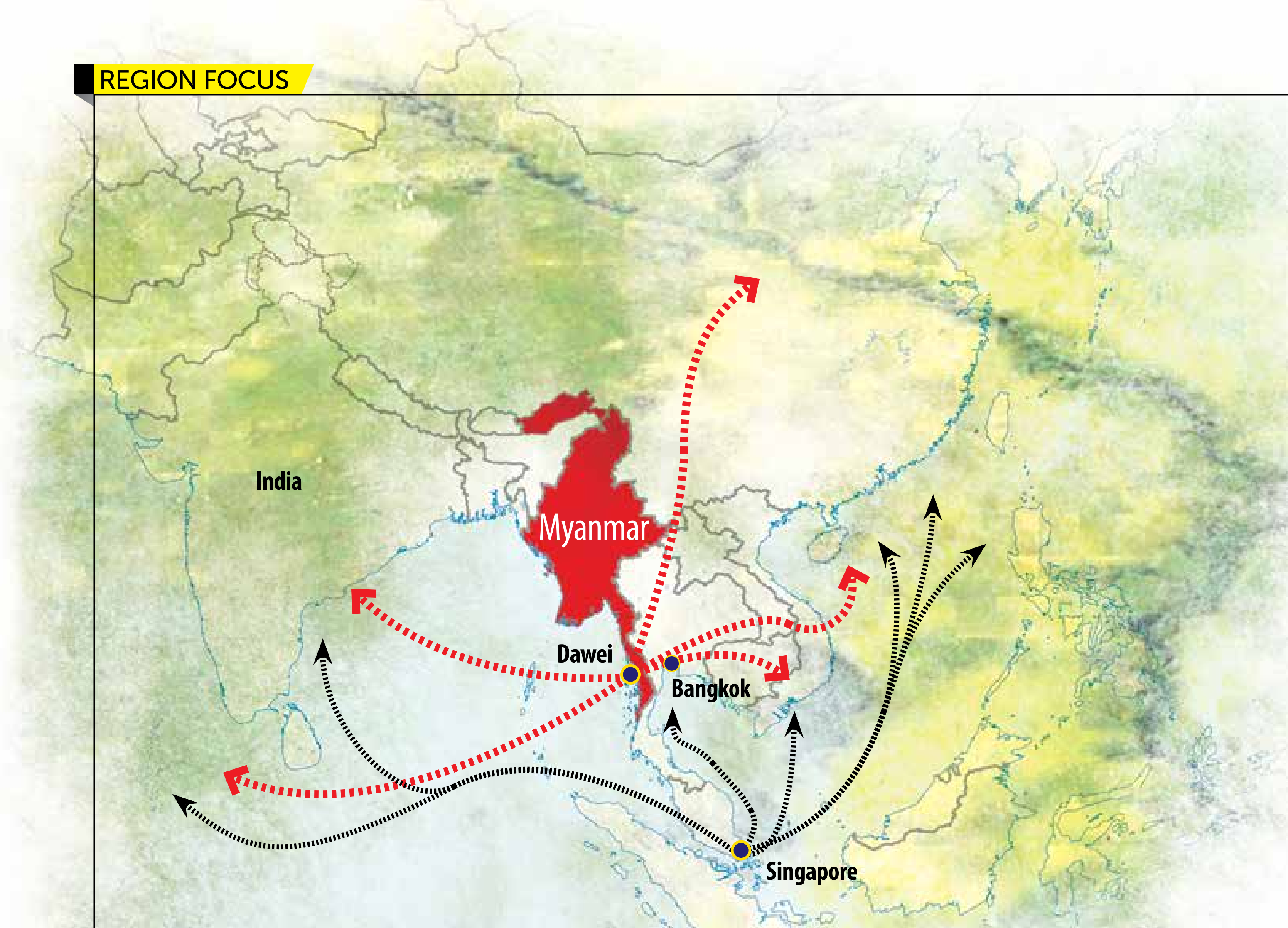
2 2013 will be a tough year for the Indian marine industry. However, being in the business of both supply and service, we hope that the ‘service’ and ‘repair’ verticals will have positive impact on our business and keep us out of the red.

3 We see the growth happening in the service sectors and in education. Education is a new vertical that Moloobhoys is focusing on and we hope to make impressive strides in this area.

4 We are setting up branches in Tier II and Tier III ports like Kakinada, Goa, Haldia, Paradip etc. to increase market share.

5 We would like to see an increase in shipbuilding activity, thereby creating more business for ancillary industries like us, which support the shipbuilding industry.

6 We would like to have more transparent regulations and quicker processing of approvals. mg



Myanmar

CRUCIAL TRADE LINK

With India looking at increasing its trade with East Asian nations, Myanmar can provide the crucial connecting link.

Sreekala G

Myanmar is slowly opening up – to trade as well as democracy. Mynamar's pro-democracy leader Aung San Suu Kyi's release in 2010 and subsequently her party's participation in the by-election of April 2012, signal a new political process that is underway.

It also appears that the present government is willing to transform the country into a modern market-oriented nation. The present government in Myanmar's decision to set up a huge port and industrial development projects in Dawei, signals towards this change.

This shift in policy is expected to benefit many countries, particularly the Association of Southeast Asian Nations (ASEAN), China and India. Besides, the US president Barack Obama's recent visit to Myanmar shows the West's increased interest in building trade ties with the country.

"Myanmar's vast oil and natural gas reserves and other resources make it a natural partner for many countries in the world. India, being its next door neighbour, cannot be indifferent to this reality. Besides, geo-political considerations, historical and civilizational links, and the ethnic overlap across their borders, have all come together to make India's northeast the land bridge between the South and South-East Asia through Myanmar. The 1,640 km long border between Myanmar and the Indian states of Arunachal Pradesh, Nagaland, Manipur and Mizoram signifies the importance of this eastern neighbour for India. India expects to reap various economic benefits by bolstering bilateral trade and investment, which critically depends upon better connectivity in the region,'' according to a report by the Institute for Defence Studies and Analyses (IDSA).

Indian Prime Minister Manmohan Singh's visit to Myanmar in May this year, indicates the possibility of an entirely new diplomatic relations based on economic trade and cooperation. The agreement signed during Singh's visit touches upon $500 million line of credit, air service connectivity, border area development, cultural exchange programmes, establishment of border and many establishment and cooperation between educational universities and research centres.

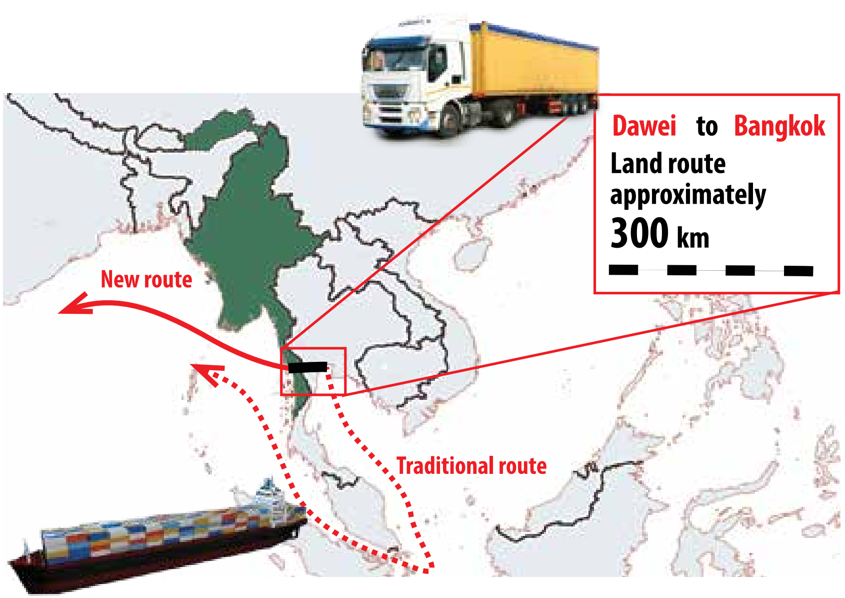
This bilateral cooperation agreement gives further impetus to India's Look-East Policy. According to a report by the Confederation of Indian Industry (CII), the bilateral trade between India and Myanmar is expected to double by 2015, from the current level of $1.3 billion, on the back of free trade agreement between New Delhi and ASEAN region. In the backdrop of the country's 'look east policy,' which is aimed at enhancing India's regional profile and strengthening its relationship with its Asean neighbours, China and Japan – building connectivity through Myanmar is crucial. India also has a free trade agreement with ASEAN.

As part of this effort, India and Myanmar are also looking at the feasibility of building rail links, and have agreed to set up a joint committee to explore the possibility of freight transport from India through Myanmar to the South East Asian region.

But at present, it is the port projects in Myanmar that have the capability to offer immediate trade dividends to India. Myanmar has two leading ports – Yangon and Thilawa. But from a geographical perspective, Dawei holds tremendous potential. The Dawei project is expected to spur economic development of Burma's sleepy rural southeast.

The agreement for developing port in Dawei was signed by Thailand and Myanmar in 2008. The project involving oil transshipment docks and petrochemical plants, made real progress in late 2010 and its main licensed developer is Bangkok-based construction firm Italian-Thai Development (ITD).

Currently, cargo ships carrying goods from Thailand, a major manufacturing hub, have to set off from Laem Chabang Port outside of Bangkok, head south, then pass northwest through the Strait of Malacca, to reach destinations in India and the Middle East. If an overland route between Bangkok and Dawei were to be built, those cargo ships – many of which carry goods made by Japanese companies –could avoid the Strait of Malacca, which is rife with piracy as serious as the African coast of Somalia. Through this alternative route ships can head straight west from the port of Dawei.



Besides, ships can also shorten the journey by three full days. At present it takes about 10 days for a ship leaving Laem Chabang Port to reach ports on the eastern coast of India. This will bring down cost of operations considerably for ships.

Such a route would also signal a major change in the current distribution logistics between Asia, the Middle East, and by extension, Europe.

While Thailand seems to benefit most from Dawei, Myanmar is also developing two more ports on the Bay of Bengal – Sittwe close to Bangladesh and Kyaukpyu on Ramree Island. According to experts, Sittwe is better suited to India's need to provide a sea link for its landlocked northeast states. Indian companies are currently investing around $120 million in rejuvenating the old rice exporting port.

"Considering the cross-border transport infrastructure in East Asia, the location of Myanmar is crucial in connecting China, India and Asean. As a matter of fact neighbouring countries have started infrastructure investment in Myanmar. India has started to develop port of Sittway in order to open a gateway from the northeastern part of India and a link to a sea line through the Kaladan river and Sittway,'' notes Aung Min and Toshihiro Kudo in a research report.

India is facing difficulty to access its north eastern part including Manipur and Mizoram. The waterway from Kolkata to Aizawl in Mizoram is 1,967 kilometres. If India opens its trade route through Sittway, it will save 673 km.

The construction of Sittway was awarded to Essar Group in 2010 and the project is expected to be completed in 2013. Once the port is ready, landlocked Indian commodities will pass via Kaladan River to Sittway and then it will be exported to other South East Asian nations. mg

"SCM professionals can gain the best and the latest"

Neil Basu
CSCMP India

In a freewheeling chat with **Maritime Gateway**, **Neil Basu**, Regional Executive Director, CSCMP, India talks about the organisation and its efforts to take supply chain to a different level.

Q You have played an instrumental role in bringing CSCMP to India. What is the progress made after the India Roundtable is set up?

A The organisation decided to have city-based Roundtables in 2008, so there is no longer any India Roundtable. We had set up the Mumbai Roundtable in 2008 making it one of the most progressive roundtables in the world. Today we have six city-based roundtables in India, and three student roundtables which are linked to the top business schools in India. Apart from roundtables which is a platform for members to interact with each other and discuss trends and share best practices, we would now be starting our corporate workshops in 2013 which will be on specific topics of Supply Chain from as basic as 'what is supply chain?' to topics ranging on 'Risk Management in SCM'. We will also be focusing now on SCPro, our certification program and drive this across all the major business schools in India.

CSCMP is here to stay. Professionals in this region are going to be part of the revolution and take supply chain to a different level, making it more interesting and having a voice at the top level, bringing in the glamor and generate interest towards this profession and making it a sought after profession by the aspiring enthusiasts, thereby filling up the void in the supply chain education system. We need the leaders in the supply chain community to support us in our endeavors in this region and be part of this exciting journey.

Q How many roundtables have been formed and what are their current activities? As a professional association how are you helping the SCM professionals in their work?

A CSCMP is the only truly global professional organization for supply chain professionals, (also the oldest one) which has the foundation based on education and knowledge dissemination. We are constantly evolving with times by focusing and publishing the latest in the supply chain trends and research papers. The organisation name, to its present form, has also since changed from what it was 50 years back! SCM professionals can gain the best and the latest from the vast rich resources of CSCMP. This is also the best networking platform for professionals and students alike while they discuss the latest trends through conferences, roundtables, social media or simply getting connected for a one-to-one chat with fellow members!

Q In a rapidly changing environment, what are the challenges supply chain management is facing and how the SCM professionals need to adapt to face them?

A Talent gap and shortage in skilled manpower, vocational trainings, and advanced knowledge on different aspects of Supply Chain and Logistics, including safety norms and sustainability issues are some of the major supply chain challenges today to handle the rapid pace of industrial growth in India and the region.

No job is trivial, and hence all aspects of SCM should be given importance, which goes as basic as to the housekeeping of a modern warehouse to the modernisation of equipment and premises and graduating to sustainability issues. We still yearn to see a picture perfect warehouse of global standards and quality in India, particularly in non-metro areas. Exceptions may rule, but India deserves much more and much faster than what we are planning. So that's the overall challenge area.

Q What is the objective of CSCMP conference and what is expected outcome?

A This is the second year we shall be organizing the CSCMP India Conference which is slated to be one of the best in the Asia Pacific region in terms of its scale and quality! It will be one of the best platforms for professionals and academicians to meet and discuss future trends and educational initiatives in Supply Chain and Logistics in the region. CSCMP created this global event for supply chain leaders in the Asia Pacific region particularly India to provide them with current industry knowledge, innovative ideas and perspectives, and opportunities to connect with hundreds of peers. Our conference in February will be like a food-for-thought for 2013 on supply chain issues for any professional or supply chain enthusiast, and which is designed to help professionals, students and academia to position their organisations and institutions for strategic and profitable growth and take themselves to the next level. We have some of the best global minds on Supply Chain coming and talking of the latest trends. A not to be missed event for anyone who wants to meet and hear the best in the supply chain world!

BIMCO Shipping Market Overview & Outlook
Dry Bulk Shipping

Wheat disappoints and coal is creating opportunities,while erosion of ship values is causing problems.

Demand

Last year, US coal exports seized all the headlines as they were up by 31 per cent, showing the flexibility of the producers to seek overseas opportunities as higher gas production, followed by lower gas prices, turned the tables in the domestic US market. The production of gas, including shale gas, has stayed high and prices low in 2012, opening up for strong US coal exports in 2012. 98 million tonnes of coal was exported during the first nine months of 2012, making annual exports head for an all-time high, surpassing the highs of 1981.

Will this venture stay strong? It's unlikely, if you ask the US Energy Information Agency, who predict US coal exports will decline in 2013 but remain above 100 million tonnes for the third straight year. The case is this: As long as US coal exports go to Europe as a substitute for Australian exports, the lower tonne mile represents a bad bargain for shipping. But if US exports are heading for the Asian markets, it may become a positive story for the dry bulk market. Arguing in the other direction may be that gas-prices stay low in the US and relatively high in Europe, leaving demand for thermal coal low in US domestic markets but higher in Europe, as coal is the preferred fossil fuel for electricity generation in Europe. Finally, a supply disruption in a major export country may increase US exports.

The steel sector, and thus also the cape size sector, has enjoyed some tail-wind in recent months from China's proactive approach to seeking higher growth. The September stimulus package immediately affected iron ore prices and Chinese imports positively. As Indian exports to China experienced new lows in August/September/October, the imports had to come from Brazil (longer distance as compared to Indian exports) or Australia (shorter distance). Strong Brazilian exports meant that the dry bulk market saw a solid upside from this surge in demand.

US wheat exports in 2012 have been weak all year. Export volumes during the "peak season" months of August and September were particularly disappointing. The shortfall of an accumulated 23 per cent of the total wheat exports as compared to same period last year highlights the fact that many owners experienced a fierce fight for too few cargoes.

Russia's Agriculture Ministry now expects the drought to cause a drop in harvesting this year as high as 25 per cent compared to the 2011 harvest. Russia, a huge exporter of mainly wheat, said total grain exports were down by 17 per cent compared to last season. The shortfall in sea borne grain exports from both the US and Russia has gone further and negatively impacted the shipping markets.

Supply

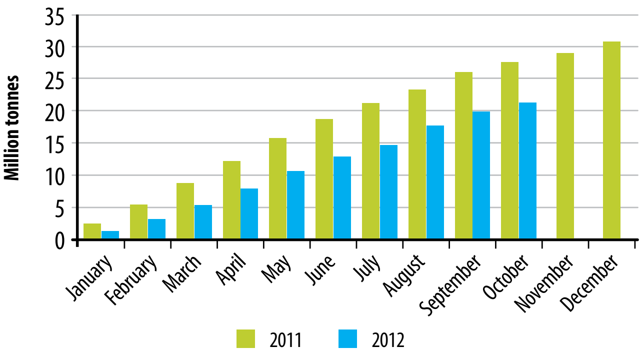
Following an immensely hectic delivery pace during the first two quarters of the year at 30 and 33.5 million dwt respectively, things were back at "normal" in the 3rd quarter at 20.34 million dwt. Now, as we know the year-to-date numbers at the end of November coming in at 92.3 million dwt, the slowdown is considerable and happening across the board and not exclusively in China. Out of 1,118 dry bulk carriers launched so far in 2012, 579 have been delivered from Chinese shipyards (51 per cent).

Despite the recent slowdown, deliveries are forecast to go higher towards the end of the year, bringing the deliveries tally beyond the 100 million dwt mark for the second year in a row. Going forward, 2013 deliveries are "front end loaded", with 52 per cent in the first six months and 32 per cent in the final six months, leaving 16 per cent without a fixed delivery month.

The demolition of commercially obsolete tonnage has reached 517 vessels of 31 million dwt. This has positively reduced the active fleet, which nonetheless has grown by 9.8 per cent since the turn of the year.

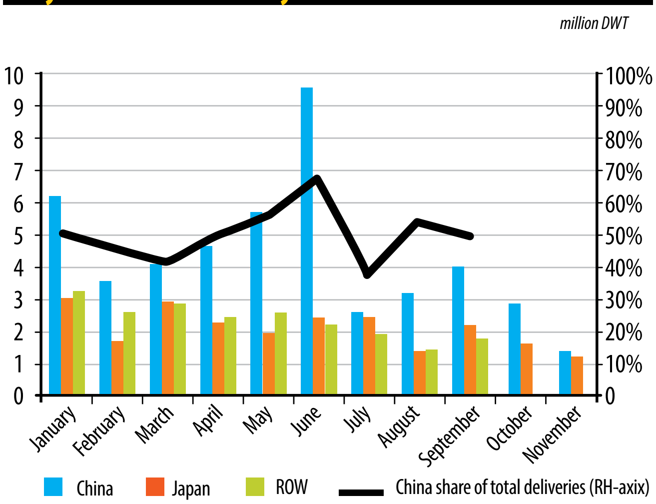
In respect of demolition, 2012 has been just as good as the freight market has been bad. Despite disruptions at major demolition sites, the total demolition yard capacity has proved sufficiently large. India, followed by Bangladesh, took the lion's share in that market.

US Accumulated Wheat Exports (2011-12)



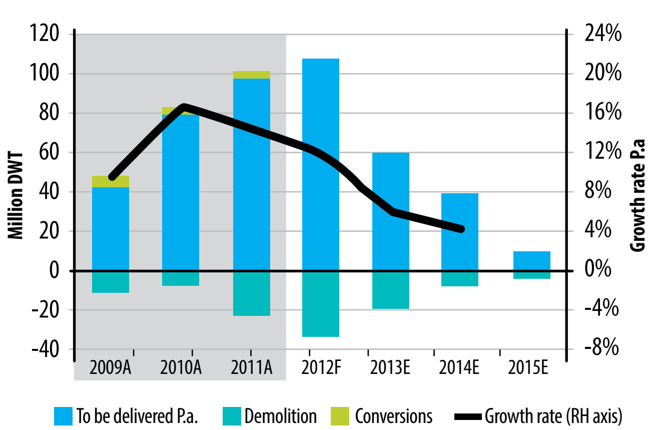
Sources: BIMCO, US Department of Agriculture

Dry Bulk Deliveries by Builder Nation in 2012



Sources: BIMCO, CRSL

Dry Bulk Supply Growth



A is actual. F is forecast. E is estimate which will change if new orders are placed. The supply growth for 2012-2015 contains existing orders only and is estimated under the assumptions that the scheduled deliveries fall short by 10 per cent due to various reasons and 30 per cent of the remaining vessels on order are delayed/postponed. Scrapping of all vessels aged 30 or above before the end of 2014 is assumed.

Outlook

The effect on asset prices stemming from the large inflow of new tonnage is felt across the board by all owners. Lately, the pressure on second-hand values has been so severe that the correlation with new building prices is off. What once was a rather strong early indicator (correlation above 90 per cent) of where new building prices were heading, is now derailed, as Clarkson's Bulk carrier Secondhand Prices Index is exposing a price change of 29 per cent as compared to the end of November last year. During the same period, the bulk carrier new building price index is down by no more than 8 per cent.

Clearly, the erosion of vessel values is causing problems for shipowners and for the providers of finance. Balance sheet assets and liabilities are stretched at length, which puts even more strength in a positive and fairly predictable strong cash-flow to back the business. Q4 has brought about some optimism, with the BDI now at 1,022 driven primarily by strong Capesize demand. Leaving a disastrous 2012 behind, a stronger 2013 is most likely in the making,but don't expect a lightning strike.

To sum up, our forecast for the coming 6 weeks: BIMCO holds the view that Capesize TC average rates are expected to stay elevated around $9,000-16,000 per day. Panamax is expected to be found in the $6,000-10,000 per day interval. For the Supramax segment, BIMCO forecasts freight rates to remain in the $7,000-9,500 per day interval, whereas Handysize rates are forecast to stay at the interval of $6,000-9,000 per day. mg

Source: Peter Sand / BIMCO

STOP PRESS

Cabotage relaxation notified for Vallarpadam terminal

The much-awaited formal orders for relaxing the Cabotage policy at the International Container Transhipment Terminal Vallarpadam has been issued by the Shipping Ministry with a stipulation to adhere to the security procedures. Though the Union Government had announced relaxation in the Cabotage rule for Vallarpadam in September, a final notification was awaited. The shipping lines were also eagerly awaiting a formal order from the Government in this regard to chalk out a further course of action. According to the Government circular, this relaxation is subject to 100 per cent radiological scanning of containers. The order further stipulates security procedures in compliance with applicable regulations of the International Ship and Port Facility Security Code and Government instructions.

DNV and GL to merge

An agreement has been signed to merge DNV and GL. The new entity will be called DNV GL Group. It will be one of the world's leading ship classification societies and risk experts in the oil and gas, renewable energy and power sectors, and among the global top three in management system certification. "The merger rests on a strong strategic rationale, and responds to the challenges of increased globalisation, rapid technological change and the need for sustainable development. Our customers will benefit from an increased service offering and global competence base as well as one of the densest networks," says DNV's Group CEO, Henrik O Madsen, who will be the CEO of the combined new company. "The merger with DNV supports our long-term goal of being recognised as one of the most respected technical assurance and advisory companies in the world", adds GL Group's CEO, Erik van der Noordaa. By combining the two international organisations, the new company will be one of the world's leading independent technical service providers with state-of-the-art technological expertise and strong capabilities for innovation. With more than 17,000 employees and an extensive global network of offices, DNV GL Group is positioned to meet increased international competition and even better serve the needs of the customers.

Wharfage: **Let go of**

Capt Dinesh Gautama

Shipping is replete with antiquated terminology. Despite modernisation entering the world of shipping afloat, on the land side everything remains archaic – and especially the charges like light dues, wharfage, average, waterfront royalty etc.

Wharfage has been a fee that has been charged since time immemorial by most of the ports. However, since the development of modern ports, most of the charges have been clubbed by such ports. But many ports continue to charge "wharfage" as an added source of revenue.

Wharfage was charged for all cargoes that were brought in upon the wharf for loading upon ships or discharged from ships. The charges usually included a storage period for a limited time, usually seven days. It was also charged for transshipment cargoes and for which a time period was set for clearance. This scenario continues till today except that today it is billed as a separate charge quite distinct from "storage" which has its own schedule of charges.

Let us look at the charges that are affect a ship when it enters India. The charges can be divided into two parts: Vessel Related Charges (VRC) and Cargo Related Charges (CRC). It is wrong to accept that VRC is paid only by Owner/Charter of ships while CRC is paid by cargo interests. It should not be forgotten that any cargo-related charges on imports, if not paid by the cargo interests falls as a liability upon the shipowner or his agent. Today a large amount of abandoned cargoes continue to lie in docks uncleared because the cargo interests have vanished and port trusts continue to bill the vessel owner or its agent.

> "Wharfage is an unnecessary burden on the importer and exporter. The number of charges in ports need to be reduced and rationalised."

These are some of the typical issues that make Indian ports unattractive for entry. Mumbai Port is one such port that lost heavily because of this with its most antique wharfage charges. Sand is charged at ₹34.5 per tonne, coal/firewood at ₹48, petroleum products are between ₹31 and ₹55 per tonne, wines and alcohol at ₹20 per 5 litres, vehicles will be at 0.3 per cent of their value, and even birds and animals are not spared. Animals and birds (dead or alive) are billed at ₹29 each! If a ship that has paid wharfage on its cargo loaded at Mumbai returns to Mumbai Port due to stress of weather and discharges its original cargo, it has to again pay wharfage – but mercifully only once.

Kolkata Port charges ₹200 per tonne on waste paper, ₹135 on jute, and ₹135 on wheat and rice.

New Mangalore Port Trust goes mainly by value and charges as a percentage of the value. Chennai Port is a little considerate where animals are concerned. Only if the animal is alive it is charged at ₹28 per animal. They even charge for seamen's and passenger's baggage (unaccompanied). For every 100 bricks, ₹6 is charged. Buses are charged at ₹5,711 per bus and a railway wagon at ₹14,278! Kandla Port Trust charges ₹5 for a small animal and ₹20 for a big animal! If you bring your Pomeranian or an Alsatian – it is for them to decide which is big or small!

Wharfage charges are an antique set of charges. They are archaic in today's environment and need to be done away with along with other similar charges (waterfront royalty etc). They are an unnecessary burden on the importer and exporter. The number of charges in ports need to be reduced and rationalised. It will tend to simplify processes and give a fillip to the shipping industry which is today ailing during this recessionary period.

Demand for mobile harbour cranes remains high

Gottwald introduces new set of cranes with better technology and design to handle coal in an efficient manner.

With the demand for coal on rise, it is slowly becoming the fuel of the future. The sharp increase in demand for coal is also evident from the large number of projects being set up for handling it worldwide.

Coal as a commodity requires specifically designed instruments for handling it. Mobile harbour cranes for bulk handling, stacking and reclaiming equipment form a major part of the coal handling facilities.

Over the years, coal handling equipments especially cranes have undergone transformation in terms of design and technologies. During the recent years, it is the large crane market that has become the focus area for improvement although smaller cranes have also undergone technical upgrades. These improvements have helped customers save money and make cranes more environmentally friendly.

Europe continues to play a major role in the mobile harbour crane market for both container and bulk handling, with the most important markets being Spain, followed by Turkey, the UK, Italy and France. However, Latin America,

particularly Brazil, is showing very strong development and is now the world's second biggest mobile harbour crane market. The Middle East and Indian subcontinent come third, with more than 10 per cent of worldwide deliveries.

Coal handling facilities mainly use bulk cranes to handle the commodity. In bulk cranes there are two forms of grab operations: Two-rope solutions using a motor grab, and four-rope solutions using a mechanical grab. However, the four-rope version is the top seller, which can achieve rates of 2,500 tonnes/hour, depending on crane size, bulk material and working range.

Gottwald, a leading provider of mobile harbor cranes, reports high demand for harbour cranes for dedicated bulk handling. "High handling rates up to 1,800 tonnes/hour, depending on site conditions, long service lifetimes due to high crane classification, short delivery lead times and low specific investments are reasons customers have chosen our four-rope bulk handling cranes," the company says.

In its effort to improve efficiency of its cranes, Gottwald has developed new technologies. Its active dust protection system for instance is a mechanism in which fresh air is sucked in at the tower and fed into the superstructure so that the slight overpressure prevents the ingress of dust.

For achieving high handling rates and easier operations, Gottwald's visumatic visualisation and control system arranges all the functions for operation, maintenance and production statistics management, with bulk handling options within the tower cab. The load-sensing mode registers and records the number of lifts required to remove a quantity of bulk goods from the hold, so that the best procedure and sequence for unloading the ship's holds can be determined.

Gottwald crane families

Gottwald's Generation 5 consists of three crane families. The company introduced its Large Crane Family consisting of the high-performance Models 6, 7 and 8, in early 2006. It added Models 4 and 3 in 2007 and 2010 respectively to expand the range of cranes through the Medium-Sized Crane Family, which is designed for

standard requirements. With Model 2, the successor to the HMK 170, more than 150 of which were sold, the last of the Generation 4 models has now been replaced while, at the same time, presenting the first member of the Small Crane Family.

Specifications and performance data

With a maximum lifting capacity of 80 t, radius of up to 40 m and hoisting speeds of up to 120 m/min, Model 2 offers considerably higher lifting capacity, an extension of the working radius by two metres and faster working speeds compared with its predecessor – the 63-t HMK 170 Mobile Harbour Crane – allowing it to achieve much improved handling rates. Potential customers of Model 2 can take advantage of a broad range of options to enhance ergonomics, productivity and environmental compatibility.

Crane variants

Gottwald's new crane model is available in three variants, two of which are 2-rope cranes and one a 4-rope grab crane.

The two 2-rope variants, equipped with a single hoist, can offer maximum lifting capacities of 63 t at up to 21 m and 80 t at up to 17 m radius. They are particularly well suited to handling containers and general cargo alongside barges, coasters and feeder vessels with up to eight container rows. The 4-rope grab variant is equipped with a second hoist and, to ensure a long lifetime, has a 25 t grab curve for A8 classification (and 32 t grab curve for A7).

This crane is designed for professional, tough handling of a broad range of bulk materials including coal, ore, agribulk and biomass alongside barges, coasters and Handysize vessels. It has a maximum lifting capacity of 63 t and a radius of up to 38 m.

G HMK 6407 B Mobile Harbour Crane

Recently at an Indian port, Gottwald harbor crane performed with impressive peak handling. With an average capacity of more than 1,000 tonnes per hour, the 4-rope grab crane unloaded an entire Panamax vessel carrying 62,324 tonnes of coal in only 61 hrs 2 min. "All in all, our expectations regarding the reliability and handling performance of the G HMK 6407 B crane have been completely met. We attribute these impressive results both to proven technology, including high hoist speeds and easy operation, and intensive training provided by Gottwald,'' says Klaus Peter Hoffmann, Leader of Terex Port Solutions. mg

Not slipping out of hands

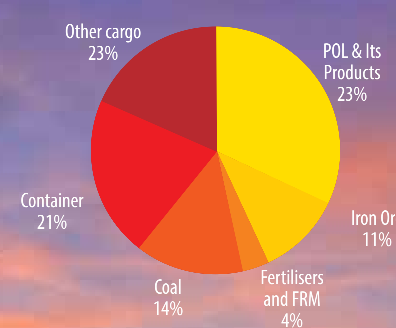
Petroleum and its products will continue giving huge business to ports, thanks to new refineries coming up in the country.

Ritu Gupta

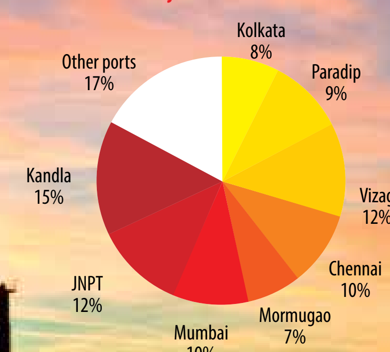
A recently released data of the New Delhi-based Indian Ports Association shows that petroleum, oil and lubricant (POL) cargo still has the highest share in port traffic, followed by coal, container and iron ore. The data – about cargo traffic handled at the 13 major ports for October 2012 – shows that a considerable improvement in POL traffic pulled up traffic at many of the ports. Kandla Port in Gujarat has the highest share of POL traffic among the 13 major ports. The port accounted for more than 32 per cent of the total POL traffic. POL traffic at the port grew by nearly 170 per cent. New Mangalore Port also registered a considerable increase in cargo traffic in October 2012. It grew by 68.9 per cent on a yearly basis. The growth at the port was also primarily caused by increased POL cargo. Since POL is one of the major import commodities in India, it is always on the top of the list of port traffic. With more refineries opening, the share of POL traffic is increasing with each passing year. During the 2012 financial year, POL and its products accounted for about 32 per cent of the port traffic at the major ports (see chart: major ports commodity wise...). At non-major ports POL and its products, iron ore and coal accounted for 62.32 per cent of the total cargo handled. As is the case at major ports, the share of POL at non-major ports has also been increasing over the years. The share of (see table: Traffic handled at non-major ports...).

Traffic handled at Major ports during FY12

Commodity wise traffic handled



Share of Major Ports in traffic handled



Source: Ministry of Shipping and D&B Research

Traffic handled at non-major ports by commodity, FY10-FY12

Year	Traffic handles (million tonnes)						
	POL & Its Products	Iron ore	Building Material	Coal	Fertilizers and Fertilizers raw Material	Others	Total
2009-10	137.7	48.8	13.1	41.3	9.5	38.5	288.9
2010-11	153.5	42.5	14.1	58.5	11.0	35.0	314.6
2011-12*	77.8	13.8	9.9	35.9	8.5	20.5	166.4

* April - September 2011
Source: Update on Indian port sector, Ministry of Shipping

Key Cargoes Categories - Projected Growth

Cargo Volumes All Ports (mmt)	2009-10 Actuals	2011-12 Projected	2016-17 Projected	2019-20 Projected	7-year CAGR (FY10-17)	10-year CAGR (FY10-20)
Coal	113	187	476	570	23%	18%
POL	320	333	528	660	7%	7%
Iron-ore	149	156	228	259	6%	6%
Containers	116	148	384	486	19%	15%
Others	151	208	403	520	15%	13%
Total Cargo	**850**	**1,032**	**2,019**	**2,495**	**13%**	**11%**

Source: Maritime Agenda 2010-20

Top 2 cargoes handled at each of the 13 Major ports in India

	POL	Iron ore	Fertilizers	Coal	Containers	Other Cargoes	Total
Kolkata	6	2	-	-	60	32	100
Haldia	28	6	2	22	8	35	100
Paradip	27	20	7	38	0	9	100
Vizag	32	23	3	15	4	22	100
Ennore	5	-	-	87	-	8	100
Chennai	20	0	0	3	52	24	100
Tuticorin	3	-	6	23	29	38	100
Cochin	67	-	1	-	26	6	100
New Mangalore	71	9	1	12	2	5	100
Mormugao	2	82	-	13	0	3	100
Mumbai	62	-	1	9	1	27	100
JNPT	8	-	-	-	88	4	100
Kandla	61	1	4	4	3	27	100
All Ports	32	5	2	14	20	17	100

Source: IPA, CEIC, Karvy Institutional Research

According to official data, POL would continue to dominate the port traffic in the near future also due to the large upcoming refinery capacity of the country. It is projected that during the financial year 2016-17, POL would account for 528 MMT of major port traffic – the highest among all commodities, and this trend will also continue in 2019-20, when it would account for about 660 MMT of the port traffic (see table: Key cargoes categories...).

Amongst all the 13 major ports, Kandla and New Mangalore handle the maximum POL traffic, followed by Mumbai, Vishakhapatnam, Chennai, Cochin, Paradip and Kolkata. Other ports also handle POL traffic but the amount is much less as compared to what is handled at the above mentioned ports (see table: Top 2 cargoes handled at...). According to industry experts, petroleum has been the traditionally the top cargo-generating commodity in India, and it will continue to significantly contribute to the overall cargo in view of the expansion being undertaken at existing refineries and new ones coming up. mg

UPDATE

Continued fall in box rate **frustrates liners**

Pressure is continuing on box rates, suggesting that the push by liners to raise rates for December could flop. The Shanghai Containerised Freight Index showed the Asia/Europe box rate lost $29 to $999 per teu. The Asia/Mediterranean rate declined $24 to $722/teu. The Asia/US West Coast rate lost $27 to $2,019/feu and the Asia/USEC rate lost $28 to $3,071/feu.

Drewry's World Container Index showed the Shanghai/Rotterdam rate lost $144 to $1,990/feu. The Shanghai/Los Angeles rate fell $49 to $1,975/feu and the Shanghai/New York rate lost $77 to $3,014/feu. Shanghai/Genoa fell $105 to $1,324/feu.

ACM/GFI analyst Cherry Wang said market signals suggest that carriers might have to postpone their general rate increases until January: "A number of shippers have already reported being offered rates extended through to the end of December, and a pre-Chinese New Year rush to export cargo coupled with the announced blanked sailings for January make for much better GRI conditions than the usual slack demand as activity winds down towards the end of the year."

The tonnage overhang gives shippers the upper hand, Clarkson's also pointed out: "The underlying market is likely to remain oversupplied until further capacity tightening takes effect.

"The forward market has not responded positively to the index, rather sellers are keen to take advantage of any strong bids on the SCFI Europe curve, in the belief that the oversupply will be just too difficult to manage come Chinese New Year," said Clarkson's. Trans-Pacific carriers are also in a bind as cargo volumes drop ahead of winter and a planned GRI on December 15, which was pushed back from December 1.

"With load factors around 85 per cent, the lowest level since Chinese New Year this year, carriers are caught in a Catch-22 situation," Wang explained. "Whilst the industry recognises the need for a rate increase to be passed in order for carriers to restore rate levels to profitable levels [despite any logical fundamentals to support it], at the same time there is a high probability that the rate increases will be short-lived as no additional volumes will be generated over the coming weeks unless a miracle happens." mg

Rollback iron ore export duty: **IOEA**

Iron ore exporters and miners have sought a rollback of the government's decision to raise export duty on the commodity. They point out that the high export duty coupled with a slump in international prices has led to imperfections in the domestic iron ore market, affecting production and availability.

Expressing similar fears, the mines ministry had also sent a letter to the finance ministry earlier in the years, seeking a cut in the export duty of iron ore.

Export duty on iron ore is currently pegged at 30 per cent. Last December, the government had hiked the export duty on iron ore fines and lumps to 30 per cent from the earlier 20 per cent.

According to the mines ministry, the global prices came down to $111 per tonne from $172 per tonne in August last year, railway freight rate also jumped from an average of ₹1,176 per tonne in 2009-10 to ₹2,657 per tonne in 2011-12. The export duty hike at such a time has acted as a double whammy for the miners.

Of the sales realisation on the export of fines, the industry spends 45 per cent on logistics; 10 per cent on royalty; 30 per cent on export duty and 10 per cent on port-related charges. Very little is left for the industry to invest on scientific exploration and mine development. With export declining and no corresponding increase in domestic demand, production has declined and State governments will earn less royalty.

Iron Ore Exporters Association (IOEA) secretary PK Chaki said, the trade

Exporters seek cut in iron ore export duty to ensure the availability of the commodity in domestic market at affordable rate and make it competitive globally.

Sreekala G

is adversely affected by the ill-conceived and unjustified policies which have dramatically reduced the export of iron ore fines to only around 57 million mt in the year 2011-12 from 117 million mt in 2009-10, resulting in an annualised loss of 60 million mt from the peak in 2009. "If no immediate remedial steps are taken, we expect only around 30 to 40 million mt of exports in 2012-13," he said.

According to him, this loss of annualised 60 millions mt of iron ore fines export has affected millions of people who have lost livelihood primarily in port town areas and hilly tribal areas. The merchant exporters are cutting their staff strength and exploring possibilities to avoid bankruptcy. The port Stevedore's workers are unable to find alternate jobs. The entire chain has been affected.

"This loss has affected most ports in Eastern India (Haldia, Paradip and Vizag) and are lying largely idle with no export cargoes to be handled. These ports had a berthing delay of up to 20 days for vessel operation last year and today there are no vessels. The railway has huge unutilised capacity as practically no iron ore exports cargoes are booked. The tax payers money invested in building these Infrastructure facilities are going to be wasted and the government remains accountable to the public in general," he said.

Echoing similar sentiments, Federation of Indian Mineral Industries (FIMI), said, there would be no revenue addition to the ministry of finance as exports are expected to be half of last year (2010-11). "It is clear that Export duty is counterproductive and created a loss-loss situation for all concerned," it said.

Estimates suggest that the global seaborne supply is expected to grow up to 1,000 mt in 2010, 1,100 mt in 2011, 1,200 mt in 2012 and 1,400 mt in 2015. Once there is oversupply in China, iron ore prices will correct itself and may come down to about $100. As a result, Indian iron ore will lose its competitive edge completely. Already other countries like Australia and Brazil are gaining at the cost of India.

Chaki pointed out that the issue of exports of iron ore was considered by Hoda Committee in 2007 and it recommended that there is no need to impose any quantitative restriction on exports as there are abundant proven natural resources and same will increase with further exploration over the years and the position should be revisited after 10 years.

However, by way of abundant precaution, the committee recommended that an export duty may be levied on exports of iron ore in lump form only with Fe content above 65 per cent.

He said there is a definite strong case for rollback of high export duty on iron ore. He appealed to all concerned to evaluate the situation logically and in an unbiased manner so as to reduce the export duty of low grade iron ore fines to 2010 levels of 5 per cent ad velorem and to reduce the Railway freight on par with domestic freight for similar cargo. mg

agenda

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 07-08

The NISAA Business Forum 2013

Container Trade Dynamics At Hinterland

Venue: Crowne Plaza, Okhla, New Delhi

Topics Covered: NISAA Business Forum returns in 2013 with bigger and better reach. Started as small discussion forum in 2011, this forum has now evolved into a major platform for all the stakeholders in container trade with a specific focus on northern region. The forum today has become an annual affair, providing an arena and opportunity to voice and address related business and policy concerns.

More information: http://www.nisaa.co.in
Mr Chander Kaul, Mobile +91 9999017249
Mail: chander_kaul@in.nykline.com

FEBRUARY 07-09

World Shipping Forum 2013

Venue: Chennai

Attend for: The Institute of Marine Engineers (India), (IMEI) Chennai Branch is organizing a three-day conference World Shipping Forum 2013. with its theme "Future of Shipping - Challenges and Sustainability" will serve as a platform for discussions on topics ranging from Technical, Commercial, Finance and Investments, Insurance, Safety and Environment, Ports and Infrastructure Development, Human Resources, Statutory Regulations & future challenges.

More information: www.wsf2013.com

FEBRUARY 15-17

LOGISTICS 2013 Exhibition

Venue: Pragati Maidan, New Delhi

Attend for: A large number of multinational and Indian corporates from the Logistics sector are scheduled to have B2B Meetings during this exhibition to understand the latest developments, technological innovations and alternate solutions in logistics to enhance competitiveness and reduce cost leading to better market positioning.

More information: www.ciilogistics.in

FEBRUARY 22-23

CSCMP India 2013

Venue: Renaissance Hotel, Mumbai

Attend for: TCSCMP's India 2013 conference will provide you with the education, solutions, networking, and inspiration you need to manage your supply chain successfully in the coming years. Global supply chain thought leaders will discuss the critical processes you must master to compete in today's marketplace. If you work in supply chain management, or need to learn more about it, this is one event you can't afford to miss.

More information: http://cscmpasiapacific.org

APRIL 04-06

SMM India 2013

Venue: Bombay exhibition grounds, Mumbai

Attend for: India's growing strength in Shipbuilding sector, coupled with the renewed drive in the industry, has set stage for the third SMM India to play host to the full spectrum of the Shipbuilding world. This leading international platform for new maritime innovation, SMM India 2013, will take place in conjunction with the 50th National Maritime Week offering undoubted result in unique collaborations that create a powerful new impetus for the sector. The event will attract more than 3,000 visitors and delegates from over 30 countries to the exhibition.

More information: www.smm-india.com

APRIL 07-12

Singapore Maritime Week 2013

Venue: Singapore

Attend for: SSingapore Maritime Week (SMW) is the leading maritime event in Singapore. Driven by the Maritime and Port Authority of Singapore (MPA), SMW gathers the international maritime community in Singapore for a week of conferences, dialogues, exhibitions and social events in celebration of all things maritime. The range of activities and events organised by MPA, the industry and research and educational institutions, as well as the cosmopolitan profile of participants, reflect the vibrancy and diversity of Singapore as a major international maritime centre.

SMW has grown in size and significance since the inaugural event in 2006, and is attracting more participants and event organisers from around the world. Participants can experience something new every year.

More information: http://www.smw.sg

APRIL 09-11

Sea Asia 2013

Venue: Suntec Convention Centre, Singapore

Topics Covered: Sea Asia will be conducted in Singapore for the 4th time from 9 - 11 April 2013 and will provide all the features that were so well received and even more:

- a conference programme that allows the Asian Voice and Perspectives to be projected,
- a sequence of lively, relevant and informative seminar sessions on diverse subjects,
- a bright and bustling exhibition floor containing some of the biggest brand names in the business
- a social programme that is both productive and enjoyable

Asia's remarkable forward progress in all aspects of maritime affairs, and the talented people who are driving it, needs a platform that reflects its status in the global industry; a platform which brings the international community to Asia to see for themselves.

The organisers of Sea Asia, Seatrade and the Singapore Maritime Foundation, are committed to providing such a pivotal event, which matches Asia's achievements and projects them outwards to the world.

More information: http://www.sea-asia.com

Seafarers International Research Centre (SIRC) - Nippon Foundation

PhD Fellowships

The Seafarers International Research Centre at Cardiff University, with support from The Nippon Foundation, would like to invite applications for a number of four-year scholarships offering exciting opportunities to study for PhD qualifications in maritime-related social science. Based in the UK, these unique fellowships are available to graduates of maritime or social science-related disciplines who have a strong desire to undertake academic research on seafarers and the human related aspects of the maritime sector.

Cardiff University School of Social Sciences is one of the leading centres of social science research in the UK and the Seafarers International Research Centre is internationally recognised for its work on seafarers and seafarer-related issues. Successful candidates will study on a one-year (ESRC recognised) Social Science Research Methods programme before proceeding to their dissertation. They will have their course fees paid and will receive a generous living/travel allowance.

Applications are welcomed from residents of any country but are particularly encouraged from those living in developing regions, as well as in Asia and Japan. Applicants are expected to hold the equivalent of a good honours degree (usually a 1st or 2.1) in a social science or maritime-related discipline. In addition, all applicants for whom English is a second language will be required to possess a certificate from IELTS with a minimum score of 7 or a TOEFL® certificate with a minimum score of 600.

For full application details visit www.sirc.cf.ac.uk -> Postgraduate Fellowships

Or contact: Seafarers International Research Centre (SIRC)

Cardiff University, 52 Park Place, Cardiff CF10 3AT, UK

Email: sirc@cf.ac.uk

Closing date for applications: 31 January 2013

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