STATE FOCUS
WEST BENGAL: IN A BIND

TRENDS
LOGISTICS NETWORKS: CONNECTING THE MATRIX

SECTOR WATCH
POWERING THE POWER SECTOR

maritime
gateway
ports • shipping • logistics

March 2010 Rs.100 www.maritimegateway.com

Interviews
CONCOR: Above Competition
Anil Gupta
Managing Director, CONCOR

Bonjour Inde!
Harve Cornede
Commercial & Marketing Director, Port of Le Havre

Warehousing Redefined
Anil Arora
MD, MJ Logistic Services Ltd.

Updates
Steaming Slow: A Viable Strategy?

Partnership
Indo-Africa Partnership: Trade Ties Thrive

Levy for a Living

As ocean carriers around the world introduce interim levies to profit from the just-back-on-track container freight volumes, they set off the issue of a level-playing field for themselves and shippers.

ACE

Awarded Air Operator's Certificate

Planman Marcom/ACE/04/2010

India's first International Cargo Airline, soon to commence services along the routes to Tokyo, Shanghai, Hong Kong, Seoul, Bangkok, Sharjah, Nairobi, Milan, Brussels and London. Look out for "ACE Lightening" and "ACE Flash", the express services by ACE, providing guaranteed delivery of less than 36 hrs within its own network and less than 48 hrs within its extended network.

Come March 2010, ACE brings you a seamless network, assured connectivity and accelerated business growth.

Spanning 150 countries, bringing together 250 years of collective experience, delivering cargo across destinations,

ACE. Accelerating Business Dynamics.

24/7 Fast Efficient Reliable

ACE
Accelerating Business Dynamics
Aryan Cargo Express
A Subsidiary of Aryan Cargo & Express Logistics Pvt. Ltd.

www.acex.in

A-87/88, Road No. 4, Mahipalpur Extn., New Delhi- 110037 India | Tel: +91-11-47184545 | Telefax: +91-11-47184520

CONTENTS

MARCH 2010

PUBLISHER'S DESK

3PL in the age of IPL

If the Indian Premier League has consolidated India's position as the world cricket's financial capital, third-party logistics is all set to strengthen India's spot as a growing logistics hub. Already, there is a lot of talk on involvement and innovation in this people- and product-specific sector that has immense potential.

Post-budget, amid all the expectations, it is good to kickstart the new fiscal with the heartening news that the Indian economy is on the path of fast recovery. The finance minister says the index of industrial production has gone up by a record 56.2 per cent in capital goods output. This obviously indicates that the manufacturing sector is making a good contribution to growth – a matter of anticipation for the shipping and transportation sectors.

As things look up and as the industry hopes the GST to roll out, at least by April 2011, a joint working group comprising officers of the central and state governments gets busy preparing the draft of the constitutional amendments, central GST legislation, model state GST legislation and related rules. All for the good of the Indian economy.

Maritime Gateway too has been focussing on the pressing issues of the industry and as part of its efforts, will be holding a one-day summit on 'Efficiency in Inland Logistics: New Pathways' in New Delhi on April 9. The event, the details of which are in the inside pages, will bring together the heads of logistics firms and supply chain enterprises, who will share their perspectives on innovative practices and improving business. A good start for the fiscal.

Gateway Media hopes to take the initiative further by giving a voice to all industry-related issues through its periodical knowledge forums planned this year. And we hope all our readers and well-wishers will provide us the needed suggestions and feedback to help us do better.

Warm Regards,

Ramprasad, Publications Director
ramprasad@gatewaymedia.in

Mail Box

Dear Editor,

Apropos the cover story by Radhika Rani G in the February issue, on coastal shipping, I agree that coastal shipping in India is grossly underutilised and can be developed along with inland water transport. It cannot grow with only one-sided efforts by a few wishful thinkers or users. The sector has to be given due importance if it has to become more viable and popular.

C S Murty, (former traffic manager at Mumbai Port Trust), General Manager, Taurus Logistics & Transport Pvt.Ltd, Mumbai

maritime gateway
volume 2 issue 6
ports • shipping • logistics

Publications Director Ramprasad
Associate Editor Radhika Rani G
Sr. Assistant Editor Jagadeesh Napa
Copy Editor Srinivas Reddy G
Sr Designers Vijay Masa, Lakshmi Dandamudi
Designers Yogesh Dhabale, Srinivas P, Nagaraju N S
Web Upender Reddy V
Head - Business & Events Wilson Rajan
wilson@gatewaymedia.in - 099499 05432
Manager - MarCom Padmapriya C
padmapriya@gatewaymedia.in - 099890 59259

Marketing & Sales
Mumbai Dr Shibu John Head-Strategy & BD
shibu@gatewaymedia.in - 098676 82002
Delhi K N Sudheer Regional Manager
sudheer@gatewaymedia.in - 099101 66443
Kolkata Nikhil Doshi Region Head
nikhil@gatewaymedia.in - 098369 96293
Chennai W Sudhakar Manager
sudhakar@gatewaymedia.in - 097899 81869

Circulation Unnikrishna Pillai S
unnikrishnan@gatewaymedia.in - 095059 19923

Maritime Gateway is printed by L Vijayanand Reddy published by L Vijayanand Reddy on behalf of Gateway Media Pvt. Ltd., Plot No.761, Road No.39, Jubilee Hills, Hyderabad – 500 033, A.P., India and Printed at M/s. Kala Jyothi Process Pvt. Ltd., 1-1-60/5, RTC cross roads, Musheerabad, Hyderabad - 500 020. and Published at Gateway Media Pvt. Ltd. Plot No.761, Road No.39, Jubilee Hills, Hyderabad – 500 033, A.P., India
Editor: L Vijayanand Reddy

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

SUBSCRIBE
Phone : +91 (40) 2330 0061 / 2330 0626
e-mail : subscribe@gatewaymedia.in
write to : Gateway Media Pvt. Ltd.,
407, Fifth Floor, Pavani Plaza, Khairatabad,
Hyderabad – 500 004, INDIA
Phone: +91(40) 2330 0061, 2330 0626
Fax : + 91(40) 2330 0665
www.maritimegateway.com
Digital Magazine:
http://emag.maritimegateway.com/

Fiscal Plan for
FREIGHT FILLIP

Endorsing Prime Minister Dr Manmohan Singh's call for infrastructure development and comprehensive growth, both the rail and economic budget of 2010-11 have set aside a chunk of the plan allocation for the grassroots. Finance Minister Pranab Mukherjee, who had three objectives – fiscal consolidation, inclusive growth and restoration of growth trajectory while formulating the fiscal plan, has allocated 37 per cent for the social sector. A **Maritime Gateway** review.

The Union Budget allocation of Rs 1,73,552 crore for infrastructure upgradation in both urban and rural areas and Rs 19,894 crore for road transportation gets a thumbs up by logistics players. The finance minister's emphasis on the need for accelerated development of roads, ports, airports and railways for sustained economic growth is an opportunity for the sector to plan ahead. Also, his decision to build 20 km of road every day is sure to smoothen the functioning of the sector.

His colleague, Railway Minister Mamata Banerjee is keen on connectivity in the country and also the South Asian region through new networks to Bangladesh and Nepal, electrification works and cheaper mode of transportation. For funding these and the newly promised new lines of 1,000 km, the Railways hopes to raise Rs 4,500-5,000 crore in the next three to four years. To take these business models forward, a special taskforce is being proposed that would work towards easing policy guidelines and clearing proposals for investments within 100 days.

The industry though concedes that the railway budget is focussed on development, thinks an aggressive action plan on larger projects like multimodal logistics park and dedicated rail freight corridor could have set clear timelines. However, the minister says preliminary engineering-cum-traffic surveys for North-South, East-West, East-South and South-South corridors will be taken up this year.

But it may be noted that the present budget will focus more on dedicated passenger corridors as a "prudent option" for the common man. As part of it, Railways will work on high-speed passenger rail corridors for which a National High Speed Rail Authority is being set up that will look into the planning, standard setting and implementation of projects.

The railway minister had announced a reduction of Rs 100 per wagon in freight charges for food-grains for domestic use and kerosene. Her statement holds hope for the export sector which is assured of sustained freight costs. Though the cut in

D P Agarwal
Vice chairman & managing director, Group Transport Corporation of India:

"The increase in fuel prices will have a direct and negative impact on the logistics sector as fuel constitutes around 50-60 per cent of the total cost. It will be difficult for logistics companies to absorb the hike and therefore truck rentals and freight rate will increase to some extent.

We are also hoping for timely and flawless implementation of the Goods and Services Tax (GST) by April 2011, which will replace the cascading effect [tax on tax] created by existing indirect taxes. Benefit given to the refrigerated and cold storage segment is a welcome move as it will help improve and add infrastructure in this area."

freight rates for food grains and kerosene has not impressed the logistics sector, the Railways hopes to raise Rs 10,000-20,000 crore in one year as revenue generation.

Also, under the proposed Kisan Vision Project, cold chain movement will be stepped up. A refrigerated container factory will be set up on the PPP mode to manufacture refrigerated containers for carrying agricultural products. The move is aimed at helping farmers with a decent support price.

To help private rail operators, a modified wagon investment scheme for high-capacity general purpose and special purpose wagons for carrying iron ore, coal and cement is being implemented. The railways will procure 18,000 wagons for the scheme. The minister has also announced a new policy to allow private operators to run special freight trains on the lines of container trains to move commodities such as automobiles, vegetable oil, molasses, chemicals and petrochemicals. Multi-modal logistics hubs and a premium tatkal service for parcel and freight movement besides special wagons for iron ore, fly ash, automobiles are also on the list.

To bring more transparency in freight business, the minister announced RFID technology for tracking of wagons and accessing the allotment of the rakes online.

As the railway budget targets a freight loading target of 944 million tonnes in the coming fiscal, the minister is confident that collective efforts will pay. Here's what the industry has to say. MG

Jayant Davar

President, Automotive Component Manufacturers Association of India (ACMA):

"The budget, given the circumstances, is a fine balance between promoting economic growth and fiscal prudence. The increase in the income tax weighted deduction for in-house R&D from 150 to 200 per cent, and for outsourced R&D from 125 to 175 per cent is a shot in the arm for R&D activities – a high priority activity for the automotive industry.

The auto component industry has been seeking support from the government in encouraging technology upgradation and the government has continued its support in two specific ways. First, by continuing the interest rate subvention of 2 per cent to SMEs for exports and second, by allowing SMEs to take full credit of central excise duty paid on capital goods in a single installment in the year of receipt. Additionally, SMEs would be permitted to pay excise duty on a quarterly, rather than monthly basis."

Plan N' Action

Total railway investment for 2010-11: Rs 41,426 crore. Out of this allocation, Rs 4,411 crore have been proposed to achieve the target of 1,000 km for new lines and Rs 1,302 crore for passenger amenities. The plan would be financed through gross budgetary support of Rs 15,875 crore, diesel cess of Rs 877 crore, internal resources of Rs 14,523 crore and EBR of Rs 10,151 crore including market borrowing through IRFC of Rs 9,120 crore.

To upgrade railway infrastructure: A Centre for Railway Research will be set up at IIT, Kharagpur for research in key areas of railway technology and a state-of-the art advanced loco pilot training centre at Kharagpur and an advanced railway track training centre at Beleghata.

Electrification plan: An additional 2,000 km of rail network will be electrified in two years. Work on another 12,000 km in the existing Optical Fibre Cable network is in progress. Another 15,000 km is proposed to be taken through PPP mode.

Amit Maheshwari

Founder & CEO, Softlink Logistic Systems:

"The budget announced project status for establishing cold chain for perishable farm products. Import duty exemption to refrigerated vans was also announced. Both these moves will encourage the logistics industry to invest in establishing cold chains. This will not only help the industry to grow but also benefit the common man to get products at much lower rates with year-round availability.

The budget should have granted industry status to the logistics industry which will give them easy access to funds providing the much-needed investment in the sector."

Gear Shift:
Forward or Reverse?

As the government has implemented a phased rollback of stimulus package, the export industries that were worst hit during the recession are pitching for continuing the same. Though a mid-year correction in government's decision is highly unlikely, the industry's performance in 2010-11 fiscal will be crucial for deciding on continuing or further rolling back the stimulus. A **Maritime Gateway** Report.

Indian exports witnessed the first signs of growth in November 2009 after a prolonged decline for 13 consecutive months. The fiscal stimulus announced by the Government of India (which amounts to Rs 1,86,000 crore) supporting the export community has finally borne fruit. December 2009 witnessed a positive growth of 9.3 per cent compared to the same month last year; followed by 11.5 per cent growth in January 2010.

A positive growth in many export segments prompted Finance Minister Pranab Mukherjee to go for a phased rollback of the stimulus package. The final decision on the rollback is based on the recommendations of the Thirteenth Finance Commission and the government stuck to its guns by imposing a partial rollback of stimulus.

Stimulus to the export sector was primarily in the form of 2 per cent interest subvention, high DEPB and Duty Drawback and refund of services tax on 19 services. Mukerjee rolled back the 2 per cent interest subvention for textiles including garments, leather, gems & jewellery and marine sectors. These export industries have performed well in the last few months and registered positive growth. But the interest subvention was extended to other industries like handicrafts, handlooms and exporters in the SME sectors which are still marked by poor performance.

There are many reasons for this stand by the government. The finance minister Pranab Mukherjee has, in fact, been pushing for the rollback for some time now. The strong growth figures that were recently released indicate healthy performance of the industry and that the time has come for the industry to function on its own. First, the steady growth in exports is contrasting the negative growth levels of 33 per cent experienced in May 2009. The positive growth witnessed during the last three months has lifted the spirits of the export community and also raised their revenues and profit margins.

Second, the performance of the Index of Industrial Production (IIP), which measures country's factory output has been strong. It grew by a whopping 16.8 per cent in December 2009 compared to a negative growth of -0.2 per cent for the same period previous year, according to the data released by the Central Statistical Organisation. Manufacturing index was up 18.5 per cent in December

2009 against decline of 0.6 percent in 2008, the highest in the past two decades. Mining and power generation index shot up 9.5 per cent and 5.4 per cent respectively, while consumer durables sector expanded 46 per cent. The IIP stood at 8.6 per cent during the first nine months of this fiscal as opposed to 3.6 per cent during the corresponding period in 2008-09.

> After a review of the working of the various incentives, a decision for any kind of change in the stimulus measures for the sectors coming out from the impact of global financial meltdown will be taken after March 31.
>
> **Jyotiraditya Scindia,** Minister of State for Commerce and Industry

Further, India has strong GDP growth projection for 2009-10 fiscal. The Advance Estimates pegged this growth at 7.2 per cent. The final figure expected to be higher when the third and fourth quarter GDP estimates for 2009-10 become available. This is a very healthy growth compared to the IMF's growth figure of the world economy for the calendar year 2009 at -0.8 per cent.

Given the scenario, government based on the recommendations of the Thirteenth Finance Commission, has considered it rational to roll back the stimulus package which is essentially the tax payers' money. As announced by the finance minister, it is being done in phases.

Other side of the coin

Federation of Indian Export Organisations (FIEO) is one of the few organisations to voice its concerns over the rollback of stimulus – both during pre-budget and post-budget.

Though the federation welcomed the move of extending the intervention subvention scheme, it felt that exclusion of textiles, leather, marine and gems and jewellery from the extended scheme will add to the woes of these sectors as some are still showing decline while other exhibited growth on very low base. For instance, leather and leather products exports recorded a negative growth of -8.01 per cent in rupee terms and -16.61 per cent in dollar terms during the period Apr-Dec 2009. Similarly, apparel exports too registered a negative growth of -7.07 per cent during the same period.

Prior to budget announcement, it strongly emphasised on continuing the stimulus package for at least another one and a half years. Its president A Sakthivel said that while determining whether a sector has done well or not, reference point should be the year when the sector was doing well.

"A comparison of present exports with the exports of 2007-2008 should be a reasonable indicator. Secondly, many of the sectors have shown positive growth due to stimulus provided by the Government and in case of abrupt withdrawal of stimulus these sectors may again enter into negative territory," he said.

"Interest subvention needs to be continued for at least one and a half year looking at the high cost of credit in India as compared to our competitors. Many of our competing countries are getting credit at sub 5 per cent rate which has become all the more relevant in a scenario where buyers are asking for longer period of credit," said the FIEO president.

Countering the government's justification of its decision on the grounds of positive growth, FIEO now contends that textiles, leather, gems & jewellery and marine sectors, though registered positive growth, it was on a very low base and are still expecting negative growth in 2009-10.

"These sectors are highly employment-intensive sectors with very high capital employment ratio and Government should continue to provide them interest subvention both with a view to promote export as well as to encourage additional employment in these sectors," said the FIEO president in a press release.

Premal Udani, chairman of the Apparel Export Promotion Council (AEPC), too felt that the budget has failed to give a thrust to the textile and clothing industry which generates the largest employment after agriculture. "The increase in excise duty coupled with about Rs 2 increase in prices of petrol and diesel will substantially increase raw material and input costs. The industry that is already struggling mainly on account of high costs will be further suffocated with these cost increases," added Udani.

Now that the government is keen on reducing the expansionary fiscal stance that it has taken during the last two years, it is highly unlikely that there would be a reversal in this stance in the form of mid-year corrections. On the contrary, both the government and the export community will have to go through the acid test in the next four quarters as to whose predictions will prove to be right. The need for continuing the fiscal stimulus depends on the industry's performance.

Economic Survey

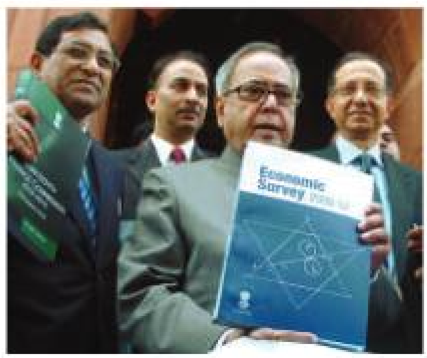
Ports need better turnaround time

The average turnaround time of major Indian ports continues to be way below the desired average and needs to be worked upon if Indian ports are to be competitive.

The Economic Survey 2009-10 tabled in the Parliament recently undermines the competitiveness of Indian ports in the wake of their poor turnaround time caused by infrastructure and hinterland connectivity issues.

"Despite adequate capacity and modern handling facilities, the average turnaround time of major Indian ports was 3.87 days in 2008-09, compared to 10 hours in Hong Kong. This undermines the competitiveness of Indian ports," the Economic Survey 2009-10, tabled in the Parliament recently, noted.

As one of the remedial measures, it has called for better connectivity of ports to avoid congestions and faster movement of goods. "Since ports are not adequately linked to the hinterland, the evacuation of cargo is slow, leading to congestion," the Survey said. All port trusts have set up groups with representatives of the highways authority, railways and state governments to improve rail-road connectivity of ports.



Union Finance Minister Pranab Mukherjee briefing the media persons regarding the 12th Finance Commission Report and copy of the Economic Survey in New Delhi recently.

The survey noted that the pre-berthing waiting time at major ports, however, showed an improvement from 11.40 hours in 2007-08 to 9.55 hours in 2008-09. But it added, "Significant inter-port variations in pre-berthing waiting time persisted."

India has 12 major ports that carry about 75 per cent of the total traffic and 200 non-major ports, of which 66 handle traffic.

The survey said annual aggregate cargo-handling capacity of major ports increased from 532.07 million tonnes in 2007-08 to 574.77 MT in 2008-09, with a marginal decline in turnaround from 3.93 days. However, the growth in cargo handling in 2008-09 was just about 2.1 per cent, compared to 12 per cent in 2007-08.

Minister flags off IMU work

Minister of Shipping G K Vasan performing the bhumi puja for the construction of the academic and administrative complex buildings of Indian Maritime University at Semmenjeri, off the Old Mahabalipuram Road in Chennai recently. The minister announced an allocation of Rs 300 crore for creating infrastructure facilities at the university.

Vice Chancellor Dr P Vijayan expressed hope that the new complex will come up in a year's time.

Of the 300 acres allotted for the campus, the university will utilise 106 acres and the remaining land would be for a national maritime complex.

The complex will be built in public-private-partnership and have facilities like maritime museum, international convention centre with a seating capacity of 15,000, a five-star hotel and a catering college.

Record throughput

Paradip posts 22 per cent growth

Despite reduced export and import of iron ore and cargo in the country, Paradip Port has achieved 50 million tonnes of cargo in terms of traffic handling, a growth rate of 22.06 per cent which is the highest growth amongst all the major ports during the current financial year. The port has achieved the fifth place in terms of total cargo handled during the current fiscal year amongst major and non-major ports. The port hopes to handle 57 million tonnes of cargo in 2009-10 anticipating 27 per cent growth in throughput.

The port has proposed three expansion projects in PPP mode at an estimated cost of Rs 1,457 crore. They include development of a deep draft iron ore berth, a deep draft coal berth and multipurpose cargo berth for handling clean cargo, including containers. These projects are likely to be completed in the next two years. Meanwhile, the concession agreement for the deep draft iron ore berth has been reportedly signed.

Commercial activity

Dhamra to start work in July

The Rs 2,460-crore Dhamra Port in Orissa is likely to start commercial operations in July this year. According to a spokesperson of Dhamra Port Corporation Ltd. (DPCL), the port will be ready to receive liners by April 2010 as scheduled originally. Almost 85 per cent of the construction work is completed.

In the first phase, the company will install two fully mechanised berths of 350 m each with a capacity to handle 27 million tonnes per year along with a backup facility to undertake imports of coking coal, steam coal, limestone and export of iron ore. In all, DPCL plans to set up 13 berths with a capacity to handle more than 100 million tonnes per annum of dry and liquid bulk cargoes including containers in the 18-km-long sea channel. The channel and berths will have a draft of 18 m and will handle Capesize vessels up to 180,000 DWT.

Already, the first ship carrying project cargo from Shanghai berthed at the port jetty recently. The Chinese vessel, Zhenhua – 11, carrying a ship loader and two unloaders, reached the jetty via the sea channel. DPCL, a JV of Larsen & Toubro and Tata Steel, is building a 62-km single rail track from Dhamra to Bhadrak on the main Howrah-Chennai line.

Karaikal crowned

Executive Director of Karaikal Port M L N Acharyulu receiving the Outstanding Achievement Award for port development and port management from Maharashtra Governor K Sankaranarayan at Chemtech's Shipping, Marine & Ports 2010 Leadership & Excellence Awards event in Mumbai recently. CMD of Shipping Corporation of India S K Hajara (left) and former Secretary of Shipping D T Joseph (right) are also seen.

Andaman & Nicobar islands

Cabinet nod for major port

The Union Cabinet approved the proposal of the Shipping Ministry to declare Andaman and Nicobar ports as major port and established the Andaman and Nicobar Port Trust with its headquarters at Port Blair, Union Minister of Shipping G K Vasan said recently.

The cabinet also approved to extend the applicability of the provisions of the Major Port Trusts Act, 1963 as the strategic location of the Islands will help service large volumes of cargo for the neighbouring ASEAN nations.

Warfare base: Meanwhile, the government is planning to convert Andaman and Nicobar tri-services command into a major amphibious warfare hub by setting up training facilities and a sea-and-land fighting unit. -PTI

Industrial zone

Adani plans port in Orissa

Ahmedabad-based Adani Group, as part of its plans for Orissa, is keen to set up a large all-weather port on the coast besides a power plant, at a cost of Rs 98,000 crore. A delegation, led by its managing director Rajesh S Adani, recently met Chief Minister Naveen Patnaik in this regard. The team expressed interest in setting up a 100-million tonne port in Jagatsinghpur district, near Paradip Port and a proposed captive port by Posco.

With an initial investment of Rs 5,000 crore, the company proposed to start the first phase of the Rs 10,000-crore port project in 2013-14 and complete it by 2015-16. Other plans include setting up an industrial zone near Jagatsinghpur at a cost of Rs 88,000, mining coal at Talcher area and transporting it to Gujarat and Maharashtra from the proposed port. -PTI

West-bound trade

Container lines plan rate hike

Shipping lines operating on the westbound backhaul segment of the market from Asia to Europe and beyond are hiking freight rates to end losses on transpacific routes.

The Westbound Transpacific Stabilisation Agreement set a guideline for lines to boost rates by US$ 300 per 40-foot container and by US$ 240 for 20-foot box and for refrigerated cargo by US$ 300 per FEU and by US$ 240 for TEU with effect from April 1.

Meanwhile, the Shipping Corporation of India proposes to hike freight rate on the west-bound trade from India to Europe as part its rate restoration initiative. Effective March 1, the proposed increase is likely to be US$ 250 a TEU and will apply to all cargoes moving from India to North Europe, the UK, the Mediterranean and the Black Sea ports.

SCI is also learnt to increase its 'line security surcharge' imposed earlier on all cargoes moving to and from India, on the ground of increased security-related costs at various ports. Effective March 1, the line security surcharge will be US$ 10/ TEU against US$ 7 at present.

Meanwhile, CMA CGM, France's number one shipping line, has announced that it will raise freight rates from Asian ports including Japan and South East Asia and the Indian subcontinent to ports in North Europe, the Mediterranean and the Black Sea with effect from March 15. The extent of increase will be US$ 200/TEU and will apply to all cargoes and commodities.

United Arab Shipping too has announced freight increase from Asia to East Mediterranean destinations starting March 1 and the increase will be US$ 250/TEU for both dry and reefer cargoes, according to sources.

China Cosco Holdings Co., Hanjin Shipping Co. and eight other shipping companies too plan to raise rates for hauling containers to Asia from the US. The other members of the group comprise Neptune Orient Lines Ltd.'s APL Ltd unit, Evergreen Marine Corp, Hapag-Lloyd AG, Hyundai Merchant Marine Co, Kawasaki Kisen Kaisha Ltd., Nippon Yusen K K, Orient Overseas Container Lines Inc and Yang Ming Marine Transport Corp.

"Despite modest improvements in cargo demand and rates in recent months, all carriers continue to lose money between the US and Asia," the group's executive administrator Brian Conrad said in the statement.

Lay-ups drop

Boxes get back to business

The container shipping industry is rapidly bringing a slew of container ships out of lay up to cope with strong demand, experts say. According to research outfit Transport Truckers, "reports of cargo rolling are numerous." French container watchers Alphaliner reports that the number of containerships laid up has dropped below 10 per cent. Maersk and other big names in the industry are actively seeking charter deals with mid-sized ships being the hardest and comparatively priciest to secure. Transport Trackers applauded the liner industry for slashing its orderbook to just 35 per cent of the extant fleet (4.6 million TEU over 13 million TEU), as opposed to bulk's precipitous 60 per cent orderbook overhang. Nevertheless, container lines are cautioned against bringing too much tonnage back onto the market too soon, a move that 'could come back to cause pain relapses quickly.'

Sale of ships

Plea for exemption on profits

The Ministry of Shipping has reportedly initiated a move to facilitate a more favourable tonnage tax regime to help shipowners expand their fleet. The shipping ministry has taken up this issue with the Ministry of Finance (MoF) to bring the interest income on the mandatory reserves created by shipowners for fleet expansion under tonnage tax. Currently, such interest income is treated at par with corporate business income and taxed at 33.5 per cent. MoS is also pitching for exemption on profits earned from the sale of ships. Such profits are now subjected to the minimum alternate tax (MAT) of 15 per cent.

The tonnage tax regime on shipping lines saves them from heavy tax liabilities in high-investment years. In the last five to six years, the tax system helped domestic shipping companies to expand their capacities and create reserves of nearly Rs 4,000 crore. Presently, Indian shippers have the capacity to carry just 10 per cent of the country's foreign trade cargo. But if their share has to go up, the interest income on the mandatory reserves created by domestic shipowners for fleet expansion could be considered under tonnage tax, say experts.

Recycling convention

Ship breakers oppose ratification

Ship breakers from India, Pakistan and Bangladesh are planning to form one common front to decide the course of action against the new International Maritime Organisation (IMO)-mandated ship recycling Convention, which the governments of the three countries are planning to ratify. Iron Steel Scrap and the Ship-breakers Association of India had recently submitted a memorandum to MoS stressing that India should not ratify the IMO Convention on ship recycling as it is against the interests of the country. As per the Association, India had nothing to gain except international interference. Further, whatever regulations were needed for environmentally sound practices and the health of the workforce in ship recycling in the country, could be implemented through national regulation such as the Amendment to Gujarat Maritime Board Regulations 2003 and the Comprehensive Code on Ship Recycling being finalised by the steel ministry under the directions of the Supreme Court. The guidelines being prepared by the IMO Convention propose to go much deeper, which will make shipbreaking by the beaching method impossible.

Cost advantage

SCI to order 37 vessels

The Shipping Corporation of India is planning to order 37 vessels, including four capsize vessels and four very large crude carriers (VLCCs), in two years at a cost of US$ 2 billion to benefit from the fall in ship prices. SCI currently has 77 vessels with a capacity of 5.8 million DWT, including four VLCCs. Meanwhile, SCI is going ahead with the proposals to acquire four Kamsarmax, two Supramax and one mediumrange (MR) tanker. It has already invited bids for these vessels and is awaiting response.

Defence shipbuilding

L&T to invest US$ 400 mn

Engineering major Larsen and Toubro is lining an investment of more than US$400 million (nearly Rs 1,840 crore) for expanding its ship-building capacity, especially for defence, by mid-2011. "Our Hazira manufacturing facility has certain limitations as it cannot produce large ships. So, we are setting up a new facility near Ennore Port to produce large ships and submarines, mostly for the Indian Navy," L&T executive vice president and board member MV Kotwal said recently.

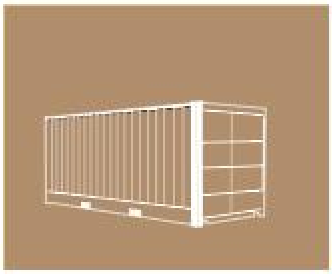
The company has around 1,200 acres near Kadipully village adjacent to Ennore Port near Chennai where it is building a shipbuilding facility which would be used for building defence vessels. Besides defence vessels, the facility would also be utilised for producing other large ships such LPG and LNG carriers, Kotwal said. -PTI

Integration

Essar in talks to buy Trinity Coal

Essar Group is in talks to buy Trinity Coal from US private equity firm Denham Capital for US$ 550-600 million, a source familiar with the matter said, as it looks to fuel its steel and power plants. Essar, controlled by billionaire brothers Shashi and Ravi Ruia, is looking to expand its various businesses, spanning telecoms and energy to steel and shipping.

Trinity Coal operates surface and underground mines in southern West Virginia and eastern Kentucky in the US. It sells both steam and metallurgical coal to electric utilities, steel makers and coal brokers. Denham Capital is a global investor with interests in power and carbon, natural resources and energy infrastructure, with more than US$ 4.3 billion in invested and committed capital. -Reuters



NEWS

India report

Logistics sector to reach US$ 120 bn by 2014

India's logistics industry is forecast to become an over Rs 5.55 lakh crore (US$120.42 billion) market by 2014, driven by growth in the manufacturing sector.

A research report by global consultancy Frost & Sullivan forecasts that the logistics industry in the country is poised to reach US$ 120.42 billion in 2014, witnessing a compounded annual growth rate of 9.9 per cent between 2009 and 2014.

Expansion in manufacturing sector over the past years has opened opportunities for the logistics market and the trend is likely to gain pace as India is emerging as one of the earliest economies to recover from the global slowdown.

Interestingly, the market earned revenues of US$ 75.19 billion in 2009, represent about 6.2 per cent of the country's Gross Domestic Product (GDP).

Transportation segment accounts for close to 62 per cent of the total logistics market, reiterating the fact that it is the most important logistics function for all industries.

Further, agricultural sector accounts for slightly over half of total logistics market in the country, owing to extensive storage and transportation activities associated with agro-products, the study said.

"While foreign companies need to engage logistics service providers since they are not conversant with the government policies and distribution landscape, domestic firms are outsourcing their logistic activities to organised third-party logistics to focus on their core competencies," Frost & Sullivan industry analyst Srinath Manda said.

Industries such as FMCG, pharma and food processing apart from agriculture sector have considerable requirements for integrated logistics parks owing to their higher need for warehousing activity.

These industries are the leading contributors in the 25.7 per cent share accounted by warehousing segment within the total Indian logistics market.

Meanwhile, both manufacturers and logistics companies are hampered by the problem of poor infrastructure connectivity in rural areas.

The hardest hit by the inadequate transport connectivity are likely to be the FMCG, food processing, pharma and consumer durables industries, which have a huge potential consumer base in these areas.

The FMCG and food processing industry are also affected on the sourcing side, since they are highly dependent on the raw materials sourced from rural areas.

"Apart from development of dedicated railway freight corridors, focussed development of inland waterways and the strengthening of road networks through the national highway development programme are expected to improve the market reach of most industries," Manda said.

"Owing to these efforts, professional logistics services can be extended up to rural areas, leading to a higher scale of logistics activities outsourcing," he added. -PTI

Heavy lift

Om forays into ODC

Om Projects (OP), a division of Om Freight Forwarders Pvt. Ltd., has entered the big league by handling a single piece weighing 1,005 tonnes at Mumbai Port anchorage. The cargo, a jack-up platform – the biggest in its category – was built indigenously.

OP specialises in heavy lift and ODC movements for corporates and multinational companies.

The export cargo was loaded and the import cargo unloaded by the float on-float off method on the same vessel. The total volume of cargo handled was nearly 50,000 cbm, a company release said.

3rd FTWZ

Arshiya to set up unit in Nagpur

Arshiya International, the global supply chain and logistics infrastructure solutions company, has received formal approval from the Special Economic Zone's Board of Approval (BoA) to set up its third Free Trade Warehousing Zone (FTWZ) at Nagpur. The mega logistics park will spread across 43.26 hectares at Bori village in Nagpur district.

While the first FTWZ in Panvel-Mumbai is scheduled to go live in April 2010, the second at Khurja in Uttar Pradesh will start in September and the third one at Nagpur in December, informed Ajay S Mittal, chairman & managing director of Arshiya International.

In all, the logistics firm will invest Rs 2,500 crore to set up five FTWZs across India by fiscal year 2011-12. FTWZs are zones created near a port or a hinterland, which allow duty-free storage of imported goods and provides space for assembling products.

Milk logistics

Adani to 'train' Amul

Adani Logistics Limited (ALL) is likely to sign an MoU with Dudhsagar Dairy of Mehsana of Gujarat Cooperative Milk Marketing Federation Ltd. to transport milk to the country's biggest milk market, Delhi, on a daily basis by the end of this year.

The deal, if struck between ALL, an Adani group subsidiary that provides integrated logistics solutions for movement of commodities, and the dairy cooperative union that promotes Amul brand, will be the first mega rail initiative in the country's dairy sector. Recently, north Gujarat-based Banas Dairy had flagged off a train carrying four lakh litres of milk from Palanpur to Kanpur in Uttar Pradesh.

Although dairies in the country have been ferrying milk through wagons running along with parcel or passenger trains, a full-fledged train dedicated for the purpose is unprecedented. Fonterra group in New Zealand is the only known dairy cooperative and also the world's largest, to run milk trains.

According to Mehsana Dairy sources, talks are reportedly on with CONCOR and the Adani Group but the latter is keen to pursue the project. The dairy has the required land for a railway siding at the land owned by erstwhile Mehsana Regional Telibiya Utpadak Sahakari Sangh Limited at Jagudan.

Joint Venture

BDP enters Indian market

With its class-leading technology and global customer base, BDP International (BDP) is set to become a major player in India's logistics sector, following the establishment of its new joint venture company.

BDP Global Logistics, one of the largest privately owned transport and logistics companies in the US has entered the Indian market through a joint venture. It tied up with Unique Global Logistics Pvt. Ltd. to form the new joint venture company BDP Global Logistics (India) Private Limited. BDP will hold the majority stake in this venture and the new company will be headquartered in Mumbai with a presence in all major cities in India.

Pavithran M Kallada, Managing Director of UGL said BDP's globally recognised brand will ensure the JV's success. "UGL understands the needs of local Indian companies, while BDP offers global reach and experience. By joining under BDP's banner, we expect to successfully target the growing number of Indian companies doing business overseas as well as the multinationals coming to India to do business," Pavithran said.

Air cargo

DHL wins award

DHL was awarded the 'Freight Forwarder of the Year' at the STAT TIMES International Awards for Excellence in Air Cargo, held in Mumbai recently.

The award was received by Christoph Remund, CEO, DHL Lemuir Logistics, in recognition of DHL Global Forwarding's capabilities in freight forwarding to meet the increasingly complex air freight requirements of industry. This is the second time DHL Global Forwarding has won this award, having received it previously in 2008.

STAT TIMES, the multimodal transport media, has been encouraging excellence in air cargo industry since 2006.

New India head

DHL Express has appointed R S Subramanian as its country manager. Prior to his current position, Subramanian was vice president for Rest of South Asia (RoSA), that includes Pakistan, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan.

Exim NEWS

Big deals

FTAs to rule exim trade

More than 70 per cent of India's exim trade are likely to come from foreign trade agreements (FTAs) in the next two-three years, as over 12 countries would collaborate with India.

FTAs in India's exim trade that presently stand at 10 per cent are expected to jump to 70 per cent in the next 2-3-years, according to a senior government official.

At present, India's exim trade stands at US$ 500 billion, of which exports stand at US$ 200 billion and imports at US$ 300 billion.

"In the next two-three-years, we will collaborate with a number of countries like Switzerland, Norway, Japan, Namibia, South Africa, Gulf states and the European Union, among others," ministry of commerce, director (trade services division), Ajay Shrivastava, said recently.

After signing an agreement with The Association of South-East Asian Nations (Asean) and Korea early this year, India is now expanding its business relations across the globe.

During the recent slowdown, India had emerged as a hot destination for emerging economies for exports, he said. "All these countries have started negotiations for an FTA to further expand their relationship."

There is a huge potential to increase cross-border investment, as well as services exports, and it is essential that negotiations cover these areas, particularly IT, film and education sectors. "The agreements are like stepping stones towards international integration into a global free market economy," Shrivastava added. -PTI

Positive strokes

Handicrafts to touch US$ 3.4 bn by 2011-12

Handicraft exports are on the path of recovery powered by new destinations and demand revival in European markets, and expect shipments to almost double to US$ 3.4 billion by 2011-12 from projected US$ 1.8 billion in 2009-10.

"Handicrafts exports were down 48 per cent in 2008-09 at US$ 1.7 billion due to economic slowdown. Now, we are on the recovery path and expect exports to touch US$ 3.4 billion by 2011-12," Export Promotion Council for Handicrafts (EPCH) Executive Director Rakesh Kumar said recently.

Handicraft exports were battered by the global recession registering fall in demand for 11 months in a row starting October 2008. They turned positive in September 2009, registering a growth of over 160 per cent growth compared to the same period a year ago.

"The exports have been increasing since September 2008, as stores in the US and EU have exhausted their stock. Now, they are giving fresh orders," Kumar added.

The US and the EU accounted for 70 per cent of India's handicraft exports in 2008-09. Also, exporters are shifting their focus from the US and European markets to regions like Latin America and the Caribbean, Africa and Asean. This has helped boost demand.
"We are exploring business opportunities in these regions so that we can minimise our risk in case of any crisis," EPCH Chairman Raj Kumar Malhotra said. –PTI

Strategic Location

- Located in the Rajpuri Creek on the West Coast of India
- Advantageously positioned along International Shipping Routes
- 42 Nautical miles South of Mumbai
- 160 kms from Mumbai by road
- 42 kms off NH 17 and the Rail Network
- Identified node on DMIC & DFC

Immediate Hinterland
Roha, Khopoli, Mahad, Patalganga, Nagothane, Navi Mumbai, Mumbai, Thane-Belapur, Nasik, Pune

Secondary Hinterland
Goa, Madhya Pradesh, Gujarat and the land locked States of North India

Connectivity

By Road
Northern Shore SH 96, SH 92 and SH 90
Southern Shore SH 97 and SH 98

By Rail
Connectivity - Northern and Southern bank
Proposed Alignment: Agardanda - Indapur - Mangaon

Development Potential & Planned Facility

Phase I - 5 Berths :

- 4 Multipurpose Berths, 1 Ro Ro Terminal
- Capacity to handle 30 million tonnes
- Dedicated Approach Channel with a depth of 14.5 m chart datum
- Extensive land bank for development
- Waterfront encompassing Northern and Southern Banks

SEZ & FTWZ

Port based multi-product SEZ inclusive of FTWZ
Dedicated world-class infrastructure for warehousing & logistics
State of the art cargo handling equipment transportation & support infrastructure facilities

Cargo Potential

- Containers
- Steel
- Automobiles / Automobile Components
- LNG
- POL
- Minerals
- Coal
- Chemicals
- Fertilizers
- Cement
- Iron Ore
- Edible Oil, etc...

BIPL
Balaji Infra Projects Limited
AN INTEGRATED INFRASTRUCTURE INITIATIVE

PORT DIGHI
Dighi Port Limited
Gateway To Maharashtra

Regd. Off.: New Excelsior Building, 6th Floor, A.K.Nayak Marg, Fort, Mumbai - 400 001 (INDIA)
T: +91 22 22074824 / 25 ; F: +91 22 22072124 ; E: info@balaji.co.in ; W: www.balaji.co.in

thoughttrains dp011209

CONCOR

Above Competition

CONCOR, the erstwhile monopoly in container transportation by rail, is one organisation that is always on the lookout for building business in a coherent and ethical way. Two decades into this business, CONCOR has not limited itself to just container transportation, but went on to make its presence felt in other segments of logistics through strategic alliances and joint ventures. After tasting success with GTIL, it has become more aggressive in building alliances. Given the current scenario, the new Managing Director of CONCOR, **Anil Gupta**, who has been with the company from the day it was born, emphasises on taking the legacy forward and transforming the company into an end-to-end logistics solutions provider. In an interview with **Ramprasad**, he states that CONCOR, as a philosophy, has never competed with its customers and will never do so.

Q What were the immediate tasks that you addressed after taking charge of CONCOR?

As you know, we are all at a crucial stage and business volumes are down. Most of businesses are exim related and this segment is not doing well for last four quarters now. So, the immediate task on hand is to see how we can do better in the exim business and leverage it with the domestic business in the best possible way so that company assets are utilised in the most efficient manner.

Second was to identify the constraints which would enable us to provide high levels of service to the customer. Because customers would definitely be lured by various kinds of incentives by our competitors who are in the growth stage and have every right to compare and drop their prices as well as benchmark ours for their pricing strategies. So, we have to fight them and create a niche for ourselves in the minds of the customers. Provide customer satisfaction by way of better services – this was our second challenge towards which we have moved successfully.

Towards this end, we have been investing into state-of-the-art equipment at all our facilities. Today, we have achieved reduction in operational costs and improved the quality of service.

Q What is the big picture behind entering into a lot of JVs and alliances of late?

Anil Gupta
Managing Director, CONCOR

- Economics Graduate from Delhi School of Economics
- Worked as research associate at Delhi School of Economics for two years
- Joined Railways in 1982 as IRTS Officer
- Deputed to CONCOR in 1989 when it was set up
- Learnt the basics of running multimodal transportation business in Belgium and many of CONCOR facilities are developed based on this knowledge
- Was closely involved in developing ICD Tughlakabad and was part of the initial management team at this ICD
- Became managing director of CONCOR in 2009
- Strongly believes in leading through example and participative management. Business ethics and customer satisfaction are pivotal for business
- Likes to reads a lot during leisure and visits the local library regularly during weekends
- Married and has two children. Wife teaches at Delhi Administration School, daughter works as probationary officer in Vijaya Bank, son is in the final year of engineering

Our philosophy at CONCOR is that we do not compete with our customers. We were the first ones to apply for a Multimodal Transport Operator license and also the first ones to withdraw that license. Because, other companies that had entered this space were all our customers like NVOCCs and consolidators. Therefore, we decided to stick to our core business – moving containers by rail – and at the same time have presence in other segments of the value chain through alliances and joint ventures.

We already have 13 JV companies and fortunately all are doing well. Five of these companies have also started paying dividends. More than the dividends, these companies give us the rail business, which is our bread and butter. Gateway Terminals India Ltd. (GTIL) is one such JV and today it is doing extremely well and has become the biggest container terminal in India.

We have an alliance with DP World for Vallarpadam, which will be operational in this year. Another JV for starting the 3PL business is on the cards and it is yet to take off. CONCOR is a logistics company with 70 to 75 per cent transportation, 20 per cent warehousing and the remaining in 3PL / 4PL services. We agree that we are weak in some areas and we are trying better ourselves in those. Road transport has been one of the weak areas which we want strengthen. We provide warehousing in not many places and we wish to improve that in view of the GST implications. We also want to venture actively into 3PL space and we want to be logistics managers for big groups and that is our dream and vision.

Q What are your plans for the International Container Transshipment Terminal (ICTT) at Vallarpadam?

Our alliance with DP World will give us a strategic benefit as we already have the linkage between our ICD in Bangalore and Cochin. The alliance will also be providing linkage to Coimbatore, which again is bustling with exim activity. We also feel that a lot of traffic destined for Chennai will also move Vallarpadam once the mainline vessels call in.

Q And your plans for setting up multimodal logistics parks?

We are also going to set up multimodal logistics parks. Initially, we are converting one of our domestic container terminals at Khodiar into a multimodal logistics park. Planning is already on and works are going to start soon. That park will have an ICD, a domestic container terminal, a rail terminal to handle wagons, a steel hub for handling steel, like resizing and other value additions and door delivering to the companies in the region. The park might also have a cement terminal with cement being handled by modern means. It will also have bonded and un-bonded warehousing and cold storage facilities. In addition we are planning to have multimodal logistics parks at Nagulapalli in Andhra Pradesh and along the Delhi-Mumbai Dedicated Freight Corridor. Therefore, from just being a rail operator moving containers, we are in the process of becoming an integrated end-to-end solutions provider.

Q There is a common complaint that there is shortage of rolling stock and that it is leading to delays in cargo movement. What is your take on this?

I don't think availability of rolling stock is an issue any longer. There are already around 300 rakes operating on the Indian rail network. Of this CONCOR operates 196 new high-speed rakes and 38 old rakes. We will add two more rakes in this financial year and around 20 rakes in the next fiscal. Private operators have around 90 rakes currently and they are also in the process of adding more.

Q What is your outlook for 2010-11?

Well, anything that I say now will be a speculation as the international demand is still not clear, especially in exports. If import-export gap keeps growing further, then the situation will be very bad. But yes, sharing the optimism of the government and some of the segments of the exim trade, we can expect a growth of around 8 per cent in volumes and 10 to 12 per cent in top line. I am not sure of the bottom line due to the kind of pressure present. The contrasting scenario of Increasing imports and scarcity in exports is eating in to the revenues and margins are coming under pressure. But still, a meager growth of 5 to 6 per cent can be expected in bottom line. If the things come back to normal, then 12 to 13 per cent growth in net profit is achievable. MG

Nudging into Nepal

With the gauge conversion over the 108-km stretch between Katihar and Jogbani under the North Frontier Railway completed, CONCOR plans to take its trains right up to Jogbani for imports via Kolkata Port.

CONCOR's service to Nepal is now limited to just one route – Kolkata Port-Raxaul (India) and Birganj ICD. At Jogbani, containers could be offloaded from flat wagons and transported by road across the border to Biratnagar, located less than a km away, since the Nepalese have already constructed a road-linked container freight station (CFS) there.

There is an estimated five to six rakes of containerised cargo possible every month. Unlike the Raxaul-Birganj rail link (5.3 km), there is no need for rail connectivity between Jogbani and Biratnagar, since it is less than a km away. A similar facility between Nantanwa near Gorakhapur and Bhairahawa in Nepal may be considered.

- **CMA CGM** raises freight rates for all types of US export cargoes to Asia by US$ 150 per 20-foot container and by US$ 200 per 40-foot equivalent unit from March 15.
- **Zim** increases westbound rates at US$350 per TEU from Asia to northern Europe and US$ 300 from Asia to Eastern Mediterranean from March 1.
- **Mediterranean Shipping Company** hikes rates at US$ 300 per 20-foot equivalent unit and bunker charges on freight at US$ 510 per TEU from Asia to Europe, effective April 1.
- **OOCL** announces price hike as trading conditions in Asia-US route are "subject to unacceptable rate levels and the situation is unsustainable in the longer term."

Photo: Maersk

LEVY FOR A LIVING

As ocean carriers around the world introduce interim levies to profit from the just-back-on-track container freight volumes, they set off the issue of the unilateral manner of fixing tariffs and the much larger need of a level-playing field for both themselves and shippers.

by **Radhika Rani G**

The list of levies goes on. These tariffs, the respective shipping lines assert, are an interim measure to achieve rate restoration and maintain their current levels of service. Almost inevitably, the cost is passed down the supply chain until it hits the consumers in the form of higher prices for goods and services. So, in the prevailing scenario, carriers across the world are bracing up for business and big bucks.

But shippers, at least the smaller and younger ones, seem to have been taken to task as they are just not prepared for the big change, so soon. At least not until maritime trade limps back to its past momentum and monetary cushion. However, shipping lines are optimistic about hey days ahead – the optimistic ones look within this fiscal – and hope to implement dues till new deals are struck.

While the trend of general rate increase (GRI) proposed by shipping lines is quite normal around this time of the year, especially as an effort to enhance the basic ocean freight, the spate of surcharges could be a fact that many shipping lines are bleeding due to shrinkage of volume, recent downtrend, excessive capacity and under-utilisation of vessel capabilities.

According to the Asian Shippers Council, nearly 25 surcharges such as GRI, bunker adjustment factor and currency adjustment factor have been imposed during the economic downturn. The emergency revenue charge (ERC) is the latest in the string. This pushes the rate of a 40-foot container plying between Singapore and the US from US$ 1,500 in early 2009 to US$ 2,500 in 2010 prior to ERC. With ERC of US$ 400, the rate shoots up to US$ 2,900.

The difficult part of such increases, say shippers and forwarders, is that regular or large ones among them may get away with the hike due to their negotiating power – derived by the volume – but it would be the small timers who could be hit by the increases. A stark truth indeed! Because a small and medium-sized shipper obviously finds survival in the present crunch a costly proposition. And the industry is not out of the woods yet, despite the rate increases.

Tryst with TSA

To go into the details, the Transpacific Stabilization Agreement, a research and discussion group of major container shipping lines, has announced an ERC for the first half of 2010, in an effort to obtain critically needed revenue prior to the usual service contracting season that begins for most carriers and their customers in May 2010.

TSA declares that its members will engage with customers in various ways depending on how their contracts are structured, applying the ERC where contract terms allow, and seeking to negotiate reopening of contracts that do not provide for interim adjustments. The guideline also recommends that early bids or new contracts with early start dates prior to May 1 be quoted with the full, previously announced GRI.

Following the announcement, three members of the TSA in India – APL, Hanjin and CMA CGM have announced uniform rate of ERC. But some shippers feel such an even quantum tantamounts to 'cartelisation'.

"There is a lot of talk these days mostly by shippers and forwarders about 'cartelistic' behaviour. However, no one was complaining last year when rates tumbled in what was the worst rate war in container shipping history," points out John Doble, vice president, sales and marketing at LAC Shipping. "Where was the cartel in 2009?" he asks.

Despite modest improvements in cargo demand and rates in recent months, carriers continue to lose money in both directions between the US and Asia, contends Westbound Transpacific Stabilization Agreement, a voluntary discussion and research forum of 10 major ocean and intermodal container shipping lines. "Every single global carrier lost money last year. The industry as a group lost close to US$ 20 billion, with Maersk at US$ 1.8 billion," Doble reminds.

Interestingly, some shipping lines have survived with government handouts while others are still fighting to restructure debt. "If carriers like Hapag Lloyd and CMA CGM have secured stimulus packages from their respective governments on the plea of heavy operating losses, what about the huge surplus accumulated out of the profits prior to 2008," counter shippers. "Though it is the prerogative of the carriers on how they will play in the market, making good their losses through surcharges is an 'ulterior' motive," they add.

But TSA clarifies on the key issue. "India is not part of the scope of authority of either Transpacific Stabilization Agreement or Westbound Transpacific Stabilization Agreement, so any action taken by container lines who happen to be TSA or WTSA members with respect to the Indian market is being taken by each line individually, without consultation through the agreements," a TSA spokesperson tells *Maritime Gateway*.

Interim revenue recovery

Effective January 15, 2010, TSA lines have adopted a voluntary guideline Emergency Revenue Charge, in the amount of (in US$):

- 320 per 20-foot container (TEU)
- 400 per standard 40-foot container (FEU)
- 450 per high-cube FEU; and
- 505 per 45-foot container

Budding box business

It may be noted that China's exports grew 17.7 per cent in December 2009 and 21 per cent in January 2010 creating a scarcity of containers and rapid rate increases in the spot markets. The shortage in space and an eventual hike in prices is attributed to about 10 per cent of the world's container vessels biding time at riverine estuaries awaiting a comeback call with demand rebound.

With container volumes going up through Shanghai, Shenzhen and Hong Kong after months of decline, spot rates have increased tremendously on the Asia-Pacific and Asia-Europe routes. For instance, a TEU from China to Europe that cost US$ 300 in February 2009 has shot up more than six times to US$ 1,400 this year, plus bunker adjustment surcharge of US$ 510. As a result, the China Containerised Freight Index, which collates data from leading shipping lines trading with China, shot up to 1,200 points in February this year, almost reaching its all-time high of 1,255 in October 2004.

India's national carrier the Shipping Corporation of India too has hiked freight rates by 30-40 per cent in the India-Europe-US sector charging between US$ 250-300 for a TEU and US$ 300-600 for an FEU. The move, it says, is to meet the burgeoning operating costs and make the service viable in the wake of a pick-up in exports and demand for container trade.

Also, as the import cargo volume in container ports in the United States is likely to touch a double-digit increase this month, 13 per cent to be precise, when compared to the same time last year, the shipping community is upbeat about growing box orders. The US ports handled 1.08 million TEU in

Clarification on Agreements

As already stated, India is not part of the scope of authority of either agreement, so any action taken by container lines who happen to be TSA or WTSA members with respect to the India market is being taken by each line individually, without consultation through the agreements.

The ERC recommended by TSA, as applied in other areas of Asia, is intended as an interim charge that would be applied where existing contract terms allow, and run until the existing contract expires or is renewed. New 2010-11 contracts will then simply be subject to the rates negotiated individually by shippers and carriers.

Regarding the rate increases adopted by WTSA as a group, again, WTSA guidelines do not apply to India and the Indian market is not currently discussed within WTSA. So, any actions in the US export market to India are taken by lines strictly on an individual basis.

For other Asian markets, shipper reaction to the recently announced increases has varied by commodity, routing and other factors. Generally speaking, no shipper is eager to pay a higher rate, but most customers understand that US-Asia rates have fallen sharply in the past year, and must make a greater contribution to overall round trip economics in the current market environment.

January 2010, up 2 per cent from the same month last year. These figures, according to industry observers, speak of anticipation among retailers – a trend contrary to cancellation of imports by merchants in the last two years to manage inventory.

However, the spot rate hikes are not applicable to about 75 per cent of container freight rates in the transpacific routes that are under contracts till May this year. "The increase," says Orient Overseas Container Line (OOCL), "is an interim charge and set to expire upon contract renewal." But anyone on contract due for renewal could better budget for higher rates and those who think the recent spike is an interim phenomenon, could budget for rates well above 2009 averages, analysts advise. With premiums flowing their way, carriers are in no hurry to rush capacity back and would like to make hay while the sun shines!

Duel for a deal

As both shippers and lines are keen to protect their own turf, there could be no meeting point or a common platform where both could exchange views. This forms the crux of the issue.

Amid tough business environment, it is natural for anyone incurring extra costs to pass them down to their customers, but at the core of the complaints by shippers is the unilateral, ad-hoc manner in which levies are imposed on them.

Shippers, while readily acknowledging that shipping lines need to make money, argue that they themselves are equally affected by the recession. However, they still need to ship goods and use shipping services. Shippers would therefore prefer shipping lines treat them as business partners rather than mere customers to profit from, by way of consulting them on levies imposed, say analysts.

Veteran shippers recall that periodical discussions between shipowners and users were a practice in the good old days. But with trade dynamics shifting globally, prior consultations between the two are passé in the present order. "We are not being taken into confidence. And so, our lobby is not strong. The government gave a lot of backing earlier but not so now," they rue.

John Davids, advisor to the Southern India Chamber of Commerce & Industry, is vehement in his appeal for a common ground for both. To come to a fair agreement beneficial for both, he says the networking has to improve within the shipping fraternity. "Things can only improve when both shippers and carriers can come onto a common stand and resolve the mutual issues." But is that only wishful thinking? At least for the moment, he admits.

As rate hikes take on a universal trend, what are the charges being leveled across the globe? Carlos Urriola-Tam, president of Caribbean Shipowners Association is matter-of-fact over CSA's decision to implement GRI over the coming months. "We have not heard about them [the charges] in the Caribbean region," he tells *Maritime Gateway*.

There is, no doubt, sustained pressure on the westbound backhaul segment of the market to make its full contribution to roundtrip costs, particularly given cargo imbalance, equipment repositioning and other constraints unique to the trade, admits WTSA. Nevertheless, an anti-trust behavior cannot overrule healthy container shipping industry, shipping lines aver.

Also, there is no denying the necessity, or even inevitability, of shipping lines imposing certain surcharges, but they can be introduced in a way that takes into account the needs and concerns of the users to create a win-win situation for all concerned. MG

Bonjour Inde!

Port of Le Havre beckons India

Considered as the main port of call for the Northern Europe, the Port of Le Havre takes pride in its strategic location and thrives in the region through highly efficient infrastructure and trade-friendly customs services. Located strategically at the entrance of the English Channel, the port promises the shortest delivery time for commercial exchanges with other continents.

Top shipping lines call at the port on regular basis making it one of the busiest ports in the Northern Europe. Ranked among the top five ports in this region, the Port of Le Havre handles more than 6 containers out of every 10 containers passing through the French ports – which correspond to a yearly traffic of more than 2.5 million TEU. Every day, about 10 container vessels are received from all parts of the world.

The port is now looking at tapping the huge potential of Indian exports to Europe. Armed with advantages of strategic location, sophisticated infrastructure and trade-friendly customs procedures, it is trying to make inroads into the Indian market. As a first step, a special delegation consisting of executives from the Port of Le Havre, French Customs, and trade has been touring the country and holding trade meets in important cities in India to create awareness among the Indian export community. Mumbai-based Sea Horse Shipping has been appointed as the port's ambassador in India to attract more traffic to the port.

The ariel view of the Port of Le Havre.

As part of the market building measures, the port is offering a lot of attractive packages to the India trade. The port is blessed with a vast extent of land and has set up more than 1.1 million sq m of dedicated warehousing space and another 600,000 sq m under development.

The port administration promises the Indian market to set up a distribution centre in its premises and distributing goods throughout Europe. The highly efficient motorway and rail networks in France complement the port efficiencies, thereby offering shortest possible times for inland cargo movement.

Representatives of the Port of Le Havre, during a trade meet in India to promote trade between India and France.

Harve Cornede,
Commercial & Marketing Director, Port of Le Havre

Maritime Gateway caught up with the delegation to know about Le Havre's India plans. **Harve Cornede**, Commercial & Marketing Director of Port Le Havre shares the plans and future actions.

Q Why should the Indian exim trade look at Port of Le Havre?

The biggest thing is that we have plenty of space. Unlike most of the European ports which are congested, Le Havre has ample free space for the trade. Our customs services are excellent and cargo is cleared in less than seven minutes by the customs.

Le Havre has direct access to sea and hence, direct calls for most of the destinations in the world. In addition to this, we are in the process of establishing a distribution centre for Indian goods at the port for distributing all over Europe. So, Port of Le Havre is ideally situated to cater to the needs of the trade in the most cost-efficient way. We now want to attract more Indian export cargo towards Europe via Le Havre and are open to give VIP status for the Indian trade at our port.

Q Are you looking at any particular cargo from India which you wish to attract more?

Yes of course, we are looking at the Indian car industry as India has been exporting more and more cars to Europe of late. We are also looking at increasing India's agricultural exports to Europe via Le Havre and are working with the export federations and the logistics providers here. We expect the Indian exports to Europe will rise in the near future as Europe is the biggest market for consumption. So we are talking to the Indian customers to utilise our facilities and infrastructure and benefit from them.

Le Havre fares well

The Port of Le Havre suffered a 10 per cent fall in container volumes to 2.2 million TEU in 2009, but said this was better than rival north European ports which suffered as much as a 20 per cent decline during the downturn. But because of the downturn, Grand Port Maritime du Havre (GPMH) could keep port dues and pilotage fees the same as last year in 2010, said a port statement.

The port results showed a good resistance to the downturn, said Le Havre officials. "Consequently, Le Havre remains, by far, the leading port on the French container market owing to the reasserted support of its partners which, despite everything, progressed in a chaotic environment in 2009," the port statement.

Q What are the infrastructural developments that Le Havre has apart from space?

The French government is keen on investing more in Le Havre in terms of effective motorways. France has one of the most well-connected motorway networks in Europe. We also have excellent rail connectivity to all parts of Europe without any congestion problems. So, in the background of increasing trade between Europe and India, I say that you can bet on Port of Le Havre as the preferred gateway to Europe.

Q How does the port compete in terms of tariffs and charges?

As we have direct access to the sea, the need to enter through the locks is eliminated. The port sector in Europe is highly competitive and therefore offers very competitive prices. On top of this, Le Havre being a sea port, offers highly competitive rates to the shipowners. Further, our charges to ship owners are very competitive.

So, I think Port of Le Havre excels in efficiency, costs and distribution compared to other ports in Europe. With France being one of the biggest markets in Europe Port of Le Havre is well placed to provide the best solutions to the Indian exporters.

Q What are your plans to market Le Havre in India?

Sea Horse is representing Port of Le Havre in India. Together, we are discussing plans with exporters in India to invest in Le Havre. We are ready to offer them a lot of facilities – easy and efficient customs, fiscal facilities and distribution network.

Q So, what is the response from the Indian export community?

We have just started and we are getting good response from the exporters and export federations with whom we having been talking lately. Many of them are evincing interest to use Le Havre as their gateway port to Europe. MG

LOGISTICS

Air Freight Sector:
Positive Start

2010 is the year of hope and healing as the economies world over have come out of a disastrous year in global trade. The first positive signs of recovery are being felt through petite but definite swells in global consumer demand. Air freight industry that is characterised by high value and time-sensitive cargo is preparing to bounce back onto the recovery path. With rising freight volumes on one hand and increasing costs on the other, the year offers hope and challenge on the same platter.

The indicative figures of trade growth in the first month of 2010, though small, has brought back the much needed optimism that has gone missing for over a year. Air freight traffic volumes that went through all time lows in late 2008 and the entire 2009 have begun to trace the upward curve.

Air freight industry is one of those few industries to witness volume growth for two consecutive months – December 2009 and January 2010. International Air Transport Association (IATA) figures indicate that freight demand rose 24.4 percent in December 2009 compared the same period in 2008. But the year 2009 as a whole experienced 10.1 per cent lower volumes than in 2008. In January, the international air freight traffic went up by 33.1 per cent year-on-year for the Asia Pacific airlines, according to Association of Asia Pacific Airlines (AAPA).

Air freight volumes are likely to go up this year.

Airports Council International, a worldwide association representing common interests of airports, revealed that the Asia Pacific region, which includes India, ranked first in the air freight volume growth in December at 33.8 per cent YoY. This is followed by Middle East 24.7 per cent, Europe 19.6 per cent, North America 14.8 per cent, Africa 13.7 per cent and Latin America and Caribbean growing at 8.9 per cent.

Summary of worldwide air freight traffic results, December 2009

(% change)

	Dec 2009 over Dec 2008	Year to date (YTD) Jan - Dec 2009 over YTD 2008	Rolling 12 months, through Dec 2009
International freight	27.9	- 10.3	- 10.3
Domestic freight	15.3	- 2.8	- 2.8
Total freight	23.3	- 8.0	- 8.0

Source: Airports Council International

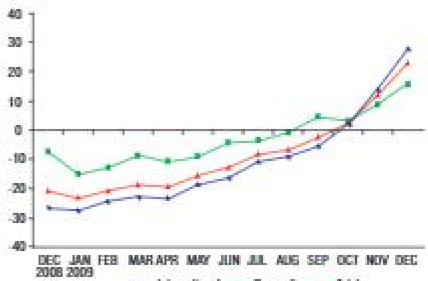
The increase in air freight volumes are in line with the increasing momentum in the international trade. Although the signs are positive, it is worth noting that the volumes are still 7 per cent lower than what they used to be a couple of years ago in January 2008, which is a boom period with peaks in international trade.

The industry reiterates that the worst is over and it is time to look ahead with optimism. "The industry starts 2010 with some enormous challenges. The worst is behind us, but it is not time to celebrate, said IATA Director-General Giovanni Bisignani, noting that 2009 was the worst year in aviation history in terms of demand.

AAPA Director General Andrew Herdman too felt the same way and indicated that the year ahead will be quite a challenging one for everyone as further demand needs to be built up. "After two extremely difficult years, the initial signs for 2010 are quite encouraging. Nevertheless, it is still a very challenging operating environment," he said.

The massive stimulus packages announced during recession have put economies on recovery path. While it is true that emerging economies like India and China have produced good growth numbers, developed countries like US and the EU, which

World Freight Trend in 2009: Month by month comparison with previous year



Source: Airports Council International

are burdened by debt and liquidity crunch may remain so for some more time. As the consumer demand is growing, manufacturing sector is destocking piled up inventory stocks.

The inventory to sales ratio which is an indicator of air freight volumes is reflecting lower inventories than a year ago, giving momentum to air traffic. As destocking started to empty warehouses throughout 2009, increased shipments were needed to maintain renewed production levels, thereby benefiting air freight, observed IATA in its quarterly report for fourth quarter 2009.

At the ground level, airlines are fully aware that they still face a difficult market in 2010 and are working towards optimising their resources and networks. Datamonitor, a research firm, points out in a report that the nature of the high value cargo, that characterises air cargo, may mean that demand returns more slowly to air freight than to other sectors of the industry.

On the other hand, oil prices that are now rising slowly will also have an impact on the air freight traffic as the freight prices are expected to move north in 2010. Therefore, the outlook for air freight operators is that this year will not be as tough as 2009, but challenging enough to drain the resources. In spite of expected rise in freight volumes, airline operators will have a rough path ahead with increasing costs. MG

Tough flight though

International Air Transport Association (IATA) has said that International airlines have started witnessing improvement in demand, but instead of profits they might register losses to the tune of US$ 5.6 billion this year.

"The 3 per cent increase in freight volumes from December to January is encouraging. We can start to see the future with some cautious optimism. But better volumes do not mean better profits. Passenger yields are still 15 per cent below peak levels and we expect 2010 losses to be at US$ 5.6 billion," IATA Director General and CEO Giovanni Bisignani said in a statement.

IATA has also said in January this year demand for international scheduled air traffic has showed improvement. January passenger demand was up 6.4 per cent, while a 1.2 per cent increase in capacity pushed load factor to 75.9 per cent compared to last year, it said. International cargo demand showed a 28.3 per cent improvement with a 3.7 per cent increase in capacity pushing load factor to 49.6 per cent.-PTI

Aryan Cargo gets AOC

Aryan Cargo Express (ACE), India's forthcoming international cargo airline, has been awarded the Air Operator's Certificate (AOC) recently. With this, ACE gets the status of a designated cargo carrier. The company intends to be a non-integrated carrier of goods providing airport-to-airport freight transportation services and has been granted bilateral rights of India with Japan, Korea, China, Hong Kong, Thailand, UAE, Kenya, Italy, Belgium and UK to operate scheduled air cargo services.

Rishiraj Singh Dungarpur, executive director, Aryan Cargo Express, says "The grant of the AOC places us in a strong position to carve a niche for ourselves, both in the domestic and international market place."

ACE plans connectivity with 150 countries worldwide through a network of online, offline GSSAs and special prorate agreements with other carriers. It has created three hubs in Delhi, Sharjah and Bangkok to maximise cargo uplift and extend its global reach. The company initially plans to operate as a scheduled cargo airline within Asia and Europe and eventually expand its operations and services to other parts of the globe by capitalising on an alliance model.

by Radhika Rani G

Fashion Logistics
On the Pret Line

The winds of style that know no borders blow around the globe constantly as fashion is as ephemeral as spring or summer. As the cycle of trends is transient, India's domestic fashion business, standing at around US$ 25 billion today, could well touch US$ 75 billion by 2012. New fabrics, designs and cultures moving in all hemispheres throw up unforeseen opportunities for trade. If shipping imports and exports is one big enterprise, managing the supply chain of a booming apparel industry is another appealing bait.

To ensure that fashion and lifestyle markets go to the right place at the right time in the right season, logistics players have been offering intelligent and specialised solutions. The trend is picking up pace in India too.

Franchise model

Thanks to rising incomes that are fuelling retail boom and consumer dynamics, shopping malls in India, with no recorded existence till 2000, have risen to nearly 100 within five years. Today, the Indian metros claim to have 600 malls housing franchises and merchandise.

"The growth of organised retail will be driven by the franchise model in future," says Franchise India president Gaurav Marya. "In fact, this is the reason why many big companies going into retail mode are adopting franchises," he adds. With more investments being pumped into modern retail, the sector could register a compound annual growth rate (CAGR) of 40 per cent over the next few years, experts predict.

According to the Fashion and Lifestyle Franchise Report 2009-10, India's franchise segment is growing at 38 per cent annually. The market size, valued at US$ 7.2 billion, is expected to reach US$ 20 billion by 2013.

"The US$ 25-billion apparel retail industry is one of the most franchised concepts," the fashion report states. There are 1,200 active franchise concepts and over 110,000 franchisees in India and apparel retail tops the list with 210 concepts, both domestic and International. Of them, 125 franchise concepts are for apparel, 35 jewellery, 30 footwear and 10 each for lingerie and accessory. The number could go up as the fashion industry is growing at an annual rate of 12 per cent.

Interestingly, most of the fashion franchisors and malls are based in northern and western parts of the country owing to the presence of manufacturing clusters there.

Logistics solutions

As more and more international retailers shift their sourcing and logistics hub to India, fashion logistics as a concept is catching on. Traditionally, fashion and lifestyle retailers have been spending 3-6 per cent of their top line on logistics and supply chain to meet their distribution demands.

However, with a wide range of apparels and accessories crisscrossing retail outlets across the globe, the task calls for integrated logistics solutions.

To help producers/retailers save time and money, logistics players have come up with end-to-end solutions – from the source to the sales area. The task in between involves delivery of raw materials, production, quality control and micro distribution for a producer and garment-on-hanger service, price and security tagging, packaging and inventory management for a retailer.

For instance, a shirt design created in

New York is sent to a facility in Bangladesh where it is constructed from fabric made in Pakistan and custom dyed in India. Once the shirt is ready, it is sent to a warehouse facility in another part of Bangladesh before it is again sent in bulk to yet another warehouse facility in New York where the shirts are individually repacked for retail sale. The entire process involves effort, expertise and time.

But TNT Fashion Group promises a 'one-stop-shop' operation for fashion suppliers and believes in specific services dedicated to operations and IT solutions because fashion, it says, is a very specific product. "A box is a box, however a hanging garment operation requires different solutions for shipment monitoring and handling for which we already have IT solutions in place."

Logwin, one of Europe's largest textile logistics players with 75 branches, believes in its innovative 'just-in-shop' concept. "Depending on the module, stores can be individually supplied just-in-time, express deliveries can be included, shop-to-shop consignments organised and returns processed," it says.

This intercontinental shop concept allows Logwin to coordinate individual shop orders, select stock and deliver just in time ready for shelf. As a result, all the ordered items reach the store in a single delivery. "Your entire product line is available immediately, the goods are quickly stored away – and sales staff can focus on their primary duties of customer service and sales," it informs.

At times, reverse logistics services too are offered as the seasonal changes require new clothing lines. Logistics providers manage the return of such off-seasonal stock as per customer's instruction. "Though our services cover the entire retail supply chain – from consolidation at manufacturing source, through warehousing and distribution to in-store shelves, we also offer reverse logistics," says GAC fashion logistics group. "We also offer added value options like promotional packaging, inkjet printing and barcode scanning," it adds.

For the ramp

With the number of fashion institutes, designers and shows going up, the need for time-definite delivery of apparels is more now than ever before. Time is the most critical part of what goes on in the run-up to the ramp, agree logistics players catering to fashion houses.

"Whether you need to securely transport the latest top secret collections to the world's biggest fashion shows or to ensure manufacturers' designs reach the rails as early as possible, we need to offer specialised services for the fashion industry on time, every time," says GAC, that has been refining its skills to cater to the constantly evolving needs of the dynamic fashion environment.

DHL that has partnered with the Lakme Fashion Week last year, besides other global fashion dos, covers the fashion logistics value chain from material purchasing, quick movement of samples and quality control of production to the direct delivery of finished products to boutiques. It has been announced the Official Express and Logistics Partner for Lakmé India Fashion Week 2010 being held in Mumbai. "Competition both in fashion and logistics requires the need to respond rapidly to market demands," DHL says.

The fashion week has eight designers in the GenNext category, seven designers in the Emerging designers segment, four accessory designers and 40 designers showcasing their collections – so all work for logistics.

As the US$ 900 billion worth global fashion industry experiments with designs, styles & brands and explores newer markets, logistics providers are innovating methods to meet the growing demands for that ultimate look-good feel. To be just in shop in time, they have to Just Do It.

Uniworld designs a new path

Uniworld that made a foray into fashion logistics by setting up base in India and the Netherlands, has tied up with DLF Brands, the retail management subsidiary of DLF Ltd. The alliance will be worked out to partner DLF brands – DKNY, Mother Care and Early Learning Centre – in North India, says its MD and CEO M Prem Kumar.

As big fashion and lifestyles brands have entered India, Uniworld hopes to leverage on its past experience in total logistics services. "Our customer interface, local knowledge and value for money will help us to face the complexities of the business and accomplish the task of moving apparel and accessories," Prem Kumar informs.

"Fashion Logistics is a composite operating system created out of years of experience, finer knowledge and tricky business intelligence about what, where and how of moving the stuff in the fashion industry."

M J Logistic Services Ltd. is an integrated logistics service provider offering complete storage, transportation and distribution, and cold chain enabled solutions with special focus on delivering the critical 'last mile'. It has presence in different industry verticals including auto components, convergence industry, light engineering, telecommunications, pharma, retail and FMCG, food & beverages and logistics BPO. The company is currently building large, state-of-the-art warehouses under hub and spoke model having 1 million sq ft. of dry and cold warehousing space at a cost of US$ 50 million. These logistics centres will cover the entire North India with hub at Palwal (Haryana) and spokes at Haridwar (Uttarkhand) and Zirakpur (Punjab). **Anil Arora**, MD, M J Logistic Services Ltd. says that investment in high quality assets and flawless service is their USP. In an interview to **Ramprasad** of Maritime Gateway, he claims warehousing is no more a fixed cost under his pay-per-use model.

Warehousing Redefined

Q What are the challenges that you face as a 3PL logistics service provider?

The foremost is the regulatory challenge. The government does not recognise the 3PL service providers neither as an industry nor as unified providers of certain services. Say for instance, for one of the parameters like service tax, we have to go through three or four registrations for providing one unified service. On the execution side, good quality assets in terms of warehousing have been a challenge. But now we are overcoming it.

We have come a long way in the last eight to ten years and the volumes have increased considerably. But the infrastructure development has not kept pace with the development in volumes. The situation is same in the ports too. If we consider Ennore Port, there is talk for the last five or six years that it will be developed as a container terminal. But nothing has materialised yet. Therefore, I feel that government needs to take a proactive approach and at some point it should stand up and take a call. If the medicine arrives after the patient is dead, then it is of no use. Similarly, cargo is a constant flow and the flow will continue with or without the infrastructure developments. If developments are not done today, we lose the associated opportunities. The associated cost of operations would have been much different had the developments have happened much earlier. At the end of the day, we should deliver to the customer and our business is basically to overcome these challenges.

Anil Arora
MD, M J Logistic Services Ltd.

Q What are the users' demands that you face today as a service provider?

There are demands that exist and there are demands that we create. Apart from the manufacturing and marketing processes, a 3PL operator can run the entire supply chain and the value chain of a customer. Smaller customers tend to be more receptive and they will prefer to outsource a larger chunk of their business because we offer them value benefits and cost-effective service portfolio. But as the size of the customer grows and when they look at the unit costs, etc., they start looking at a fragmented kind of service. It becomes difficult when the 3PL supplier has to go and compete with an off-the-road fragmented vendor with lesser overheads. So it depends on customer to customer and industry to industry to balance and find your sweet spot to put your offering on the table.

Q A 3PL operator also outsources some of the activities to other vendors. What control do you exercise on the quality of service when you are working with them?

That is one major reason why we chose to be an asset-based logistics company. Let us say there are 10 jobs in a logistics chain. Standard way is that you outsource the non-critical or commoditised jobs. But jobs that are critical to the customer and that affect the quality of service like the last mile delivery, a good warehouse are done by us. Therefore, you have to decide on which of the jobs are critical and which are non-critical. You have to focus on the critical parts, invest in them and have direct control over them so as to provide better quality of service.

When we outsource, we get value from the job, add value to it and deliver it to the customer. There are LSPs who charge for the value addition but in reality they do not provide any value.

Q Indian logistics sector is attracting a lot of foreign investments. How do Indian companies compete with the global ones in terms of image and quality of service? What are the unique advantages that the domestic companies have?

One is, clearly, understanding of the domain which is much higher for the domestic companies. Second is flexibility, which again is much higher. International expertise and best practices is what the foreign companies claim to bring to the table. It is very much correct to certain extent. But this international expertise is often not fine-tuned to the Indian environment. It is actually of no use. Ours is a service industry. But companies in customer industries like Coca Cola or the McDonalds having operations in many countries do adapt to the local conditions. Therefore, the adaptability quotient of international players has to be actually high to add real value at the local level, which to my experience is not happening.

Q What is the business focus that M.J.Logistics has for the market?

Our business focus is to provide the complete 3PL services which we have been doing for the last so many years. The only difference is that now we have Eredene Capital, the private equity investor, investing in M J Logistics. We are investing in world standard warehousing infrastructure. Our service standards have been appreciated by our clients and we never lost a client due to bad service. Going forward, we need to better that to stay more competitive. We need to do this using our own assets as we have been doing this on all assets earlier.

Q How does your Palval facility fit in to your hub and spoke strategy?

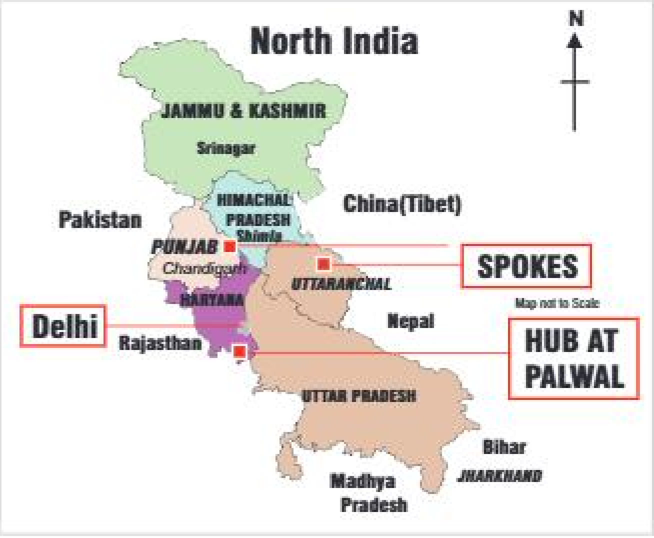
Palval is our hub and we have two spokes – one is near Haridwar and the second in Punjab between Chandigarh and Rajpura. When all these facilities are up and running, we envisage to provide a standardised service under a single contract to any client who either produces or sells or both anywhere in north India. So he need not talk to too many vendors and that his material, which may be lying at two or three places, will move with much more agility and much more quickly.

Q What is your USP apart from building quality assets?

Our basic USP is flawless service – service levels which no other service provider can provide. The other USP which recently got developed is that we are the only service provider who can handle both cold chain and ambient service together. So if you have cargo which requires both, we can handle both. Third and major USP, which very few service providers are offering in India, is to offer a 'pay-per-use' model. Traditionally, transportation is a variable cost and warehousing is a fixed cost. But in this model, warehouse is also a variable cost as the user is charged on pallet-based occupancy. If the client is managing their supply chain better, it costs them less to be with us.

Q Are you looking at any other regions to expand your operations?

Well, our investors have got investments into logistics related businesses like ICDs, CFS and logistics parks at about six or seven locations in other regions. So, in a way, we can say that we are waiting for a good opportunity to expand our services into other regions. The gestation period for us will be much lesser as we already have our co-investor operating in that region. MG



Reefer Warehousing

Cold Chains are Hot!

India is the second largest producer of fruit and vegetables but less than 2 per cent of the produce is processed. This entails a loss of over Rs 55,000 crore worth of harvested produce. Better late than never, the government realises the time is ripe to reap the benefits of cold storage warehousing and logistics. A quick take by **Radhika Rani G**.

Food Processing Industries Minister Subodh Kant Sahai's call for more investments in food processing industry and allied sectors in the North East comes at a time when the horticulture sector in the region is forced to put up with food produce wastage owing to lack of logistics facilities.

"The North-East region has plenty of agri-horticulture produce, most of which gets wasted in the supply chain due to low level of processing and lack of adequate logistics facilities," he told entrepreneurs during a recent visit to the region.

CWC initiative

Perceiving an opportunity in this area, India's premier warehousing agency – Central Warehousing Corporation – is keen to get into cold chain logistics. Managing director B B Pattanaik tells Maritime Gateway, "We are into cold storage, in the limited sense, having a functional cold storage at Agartala in Tripura for local agricultural produce like pineapples, potatoes and oranges there. But we have plans to get into cold chain logistics."

In fact, the Ministry of Agriculture, Pattanaik informs, has identified CWC as a nodal agency to promote cold chain logistics in India. The ministry has drawn a few schemes through the National Horticulture Board and as part of it the National Horticulture Mission is coming up with an ambitious plan in the cold chain side.

"One of the recommendations of the taskforce we submitted in 2008 is to create a special purpose vehicle to develop cold chain logistics in the form of multi-commodity cold stores, temperature-controlled warehouses, packaging facilities, reefer vans, quality control and so on – an end-to-end cold storage facility through PPP," informs Pattanaik. "We have therefore engaged a consultant and are actively considering developing an SPV," he notes.

With the growing use of processed food products, the need for cold logistics too is increasing. The union minister hopes that cold chain logistics and infrastructure will generate direct employment for 2,000 people in addition to around 15,000-20,000 indirect jobs. "Also, at least 30,000 farmers will be benefitted by way of assuring remunerative prices for their produce and reduced post-harvest losses, thereby enhancing their earnings and quality of life," he adds.

Government incentive

Meanwhile, a slew of cold-storage incentives being announced by the central government to streamline food logistics chains are all set to attract more funds. The food processing sector has already attracted over Rs 9,000 crore Foreign Direct Investment (FDI) during April-November of the current fiscal, the highest ever so far.

Finance Minister Pranab Mukherjee is keen to further bring down the difference between farm gate prices, wholesale prices and retail prices. External commercial borrowings, he says, will henceforth be available for cold storage or cold room facility, including for farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat.

The government has also announced concessional import duty and exemption of service taxes for installation and commissioning equipment to promote mechanised handling in the spot market. It has also exempted customs duty on crucial refrigeration units needed to produce refrigerated vehicles.

The government, according to the finance minister, will also extend hiring of private warehouses by the Food Corporation of India for seven years from the existing five to meet the storage deficit.

Following a slew of initiatives, MNCs are evincing interest to either put up their bases or enter into technological collaborations in India. One hopes the food processing minister's recent trip to France will bring in more investment to the sunrise sector.

DPE secretary inspects Navi Mumbai

Bhaskar Chatterjee, Secretary to the Government of India, Department of Public Enterprises (DPE), visited Navi Mumbai Region of the Central Warehousing Corporation (CWC) recently to get a first-hand idea about the functioning of the CWC in the field of containerisation. He was accompanied by CWC managing director B B Pattanaik, director (finance) G N Nair, Director (Finance) and director (personnel) G Mathialagan during his visit.

For the good of farm and food

- The government to set up 5 more mega food parks in addition to the 10 already set up
- External Commercial Borrowings to be available for cold storage facility
- Project import status at a concessional customs duty of 5 per cent with full exemption from service tax to the initial setting up and expansion of:
  1. Cold storage, cold room including farm pre-coolers for preservation or storage of agriculture and related sector
  2. Processing units for such produce
- Full exemption from customs duty to refrigeration units required for the manufacture of refrigerated vans or trucks
- Central excise exemption to specified equipment for preservation, storage and processing of agriculture and related services
- Exemption from service tax to storage and warehousing of produce

> "India has 23 million tonnes of cold storage capacity, of which 75-80 per cent is used for only potatoes. Around 10 per cent is dysfunctional and what is left is too little for fruit, vegetables and other food products."

Container derivatives

Shanghai plans FFAs

Shanghai Shipping Exchange, based in China's busiest port, intends to set up a container-shipping derivates market by year-end as the city tries to challenge London as a global center for shipping finance, reports Bloomberg. The forward freight agreements, or FFAs, which help guard against fluctuations in shipping rates, will be targeted at small and mid-size exporters, who don't have the volumes needed for long-term shipping contracts, Yao Weifu, a director at the shipping exchange, said. The plan is awaiting government approval.

Morgan Stanley recently backed the first FFA tied to a Shanghai container index, as the shipping exchange attempts to persuade the sector to adopt futures. Unlike in the dry-bulk and tanker segments, container-shipping has rarely used FFAs because the wide variety of cargos and customers using each ship makes it more difficult to accurately track rates, said Jay Ryu, an analyst at Mirae Asset Securities Co. in Hong Kong.

Sub-Saharan operations

Damco goes to Djibouti

Damco, the logistics arm of shipping giants Moller-Maersk, will open new office in Djibouti to assist import and export customers in Ethiopia and Djibouti in ocean freight forwarding, customs clearance and inland transportation. This will be Damco's 32nd office across 26 countries in Sub-Saharan Africa.

Damco considers that Djibouti's position on the major East-West trade lane between Europe, the Middle East and Asia has turned the port into a key transportation hub in the area. Also, the country could benefit from its status as a free-trade zone.

Recovery signs

Marseilles Fos sees growth

January throughput at French port Marseilles Fos suggested signs of recovery in the world economy with a 10 per cent year-on-year increase in cargo volumes and a threefold rise in cruise passengers.

Cargo totalled almost 7.2 MT with increases in all four main categories. General cargo was up 21 per cent to 1.23 MT. Oil and gas volumes added 6 per cent to 4.93 MT thanks to refined products.

Gas abatement

ABS endorses Ecospec system

The Singapore-based Ecospec Global Technology Pte Ltd. reports that ABS, one of the world's leading classification societies, has issued a statement recently verifying the results of sulphur dioxide (So_2), carbon dioxide (CO_2), nitrogen oxide (NOx) removal from the emissions of a trading 100,000-tonne Aframax tanker installed with the CSNOx gas abatement system.

In the first load point verifications, part of the ongoing IMO Type Approval certification process, conducted during January 2010 onboard the 100,000-tonne oil tanker, at 50 per cent gas load (equivalent to nearly 5 MW engine output), ABS issued a statement of fact on the performance of CSNOx system.

Feeder service

BTL ties up with Thai line

Bengal Tiger Line has tied up with Thai feeder expert, Regional Container Lines, (RCL) and Japan's main line giant, Mitsui OSK Lines (MOL) to directly link Singapore to Laem Chabang and Chennai. Commencing March 23 from Thailand, a 1100 TEU vessel will go on a 21-day round voyage, providing fixed day weekly calls at ports. The RMB service will provide less than 10 days end-to-end transit.

The exact rotation: Laem Chabang / Singapore / Port Kelang / Chennai / Penang / Port Kelang / Singapore / Laem Chabang

Vessel names: MV Bani Bhum, MV MOL Evolution and MV Cape Fox.

Asia Pacific Maritime

Big talk on recovery

The 11th edition of the Asia Pacific Maritime 2010 to be held in Singapore from March 24 to 26 gears up to offer high-value content that addresses concerns in a recovering and challenging maritime market. A total of 10 conferences and seminars will be featured on the theme 'Shipping in Asia Today, Preparing for the Future'. About 27 industry organisations from 12 countries are supporting the event, including six from Singapore.

Super slow steaming or simply SSS is the buzzword among the shipowners and shipping lines who are worst hit due to the economic recession in the West. Ocean going vessels, especially in the container segment, are in a desperate need to come out of the red and reverse their fortunes. In the present scenario when the vessel supply far exceeds the cargo demand and 10 per cent of total fleet is idle, slow steaming is but the best alternative that shipowners have before them.

Steaming Slow

A Viable Strategy?

by ***Jagadeesh Napa***

SSS essentially means that reducing the speed of a ship to almost half of the usual speed and thereby reducing the fuel consumption. At these speeds, the load on the main engine is reduced almost to 10 per cent of the usual and it helps in reducing the associated overheads. Maersk Line, a pioneer in super slow steaming, began using this strategy as soon as the demand plummeted in 2008.

Apart from the cost savings, the concept offers many benefits to the shipowners. Slow steaming has facilitated shipping lines to return ships to service without adding capacity. In a liner service, for instance, SSS can allow an extra ship (that was kept idle due to lack of cargo) to operate profitably in the loop. John Doble, vice president, Sales and Marketing at LAC Shipping, says that SSS has the positive impact of reducing capacity while keeping ships in service. "This has equated directly into higher freight rates, which, of course, the industry is in desperate need of at the moment. As all major lines have taken huge losses in 2009, they will look to 2010 as a year of recovery," adds Doble.

When the speed of all the ships (say eight) in a loop in a liner service is reduced to half, the time consumed to reach destination increases, allowing another ship to take advantage of the extra time incurred due to the delay. All these ships can run at reduced capacity to keep the supply side low. This will eventually help the shipowners to increase their rates. Therefore, SSS can help in bringing in some of the idle tonnage back into service and at the same time improve rates for the shipping lines. "Given that over 10 per cent of the world's fleet is still idle and the newbuildings to be delivered this year along with relatively low growth rate of the global economy, SSS appears to be here for some time," says Doble.

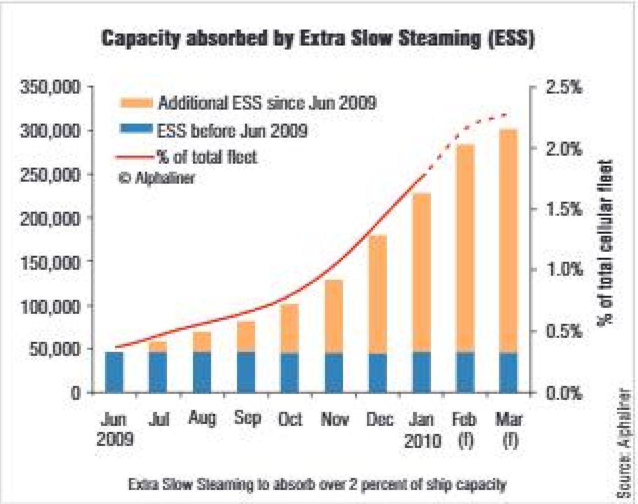
Looking from the green perspective, SSS is believed to be a great way of reducing emissions. At half the speeds, the amount of reduction in CO_2 emission is deemed to be enormous. Green minds from the shipping industry and the society at large are recommending slow steaming for a greener way of shipping cargoes across continents.

The other side

All rosy pictures have thorny sides and this one too has one. Apart from cost savings and utilising capacities, SSS has also attracted criticism from many quarters, the biggest being that it will have a severe impact on the engine performance in the long term. Today's marine engines are usually optimised at 85 per cent of the maximum RPM. If engines are operated above this level, fuel consumption is bound to increase drastically. But if engines are run below this level, combustion efficiency will be seriously affected. SSS involves operating the engines at 50 per cent level which may lead to severe reduction in combustion efficiencies and damage to the engine in the long run.

> "A ship's exhaust system is generally equipped with excess heat capturing mechanism that will be used to fuel auxiliary boilers."

With reduced combustion efficiency, there are risks of higher soot deposits, severely affecting the boiler performance. This can also increase the chances of fire breaking out in the boiler. A ship's exhaust system is generally equipped with excess heat capturing mechanism that will be used to fuel auxiliary boilers. With reduced heat during SSS, the auxiliary boilers will not have enough heat to operate and thus oil-fired boilers have to be used to generate necessary steam. This may reduce the overall fuel savings that are supposed to be achieved through SSS.



Extra Slow Steaming to absorb over 2 percent of ship capacity

Bartlomiej Kolosowski, Marine Surveyor at Germanischer Lloyd says that the most dangerous scenario under SSS is the drop in working temperatures. "Reduced working temperatures could give excessive clearances and wrong lubrication processes. In the worst case, it could burn the crankshaft," he says.

Another angle to the SSS is that it has only lengthened transit times in one way of the loop for a liner service. For instance, in the case of liner services operating between Europe and Asia, reduced speeds can be accommodated in the voyage from Europe to Asia as the goods are mainly raw material and other lesser value cargo. But the return voyage from Asia to Europe (which is known as head haul trade) generally contains high value finished goods which need to reach the destination at pre-determined dates or earliest possible time. Therefore, SSS will be of lesser use in this leg of voyage due to the time-sensitive cargo.

On the costs front, slow steaming is a viable strategy only when the bunker prices are relatively higher. Slow steaming helps in reducing bunker consumption which in turn reduces bunker costs for the shipping line. But it also brings in increased maintenance costs due to fall in efficiency levels. When bunker prices fall, the savings margins will also come down proportionately. And, when the bunker prices fall below a certain point, benefits are considerably reduced due to potential additional maintenance costs, says Doble.

Finally on the greener front, an interesting question has begun to consume the minds of the industry experts. Will a greater number ships adopting slow steaming result in lesser emissions than a reducing number of ships moving at original speeds? Whichever is the case, slow steaming is here to remain, at least for the medium term, as carriers are in the survival mode and are desperately looking for profits in this year. MG

The public sector steel producing behemoth, Steel Authority of India Limited (SAIL) has charted out a mega expansion plan for its units involving Rs 60,000 crore by the year 2012. The plan would boost steel production capacity from the present 14 million tonnes per annum to 26.2 million tonnes. However, the expansion has to be sufficiently supported by increased berth availability at ports to handle imported coking coal. Additionally, it calls for better rail linkages from the landing port to the user plant of the steel producing major.

According to a top SAIL official, "it is imperative to have steady flow of coking coal through the 'ports of import' to make the optimum use of the plant expansion." SAIL mainly uses Haldia, Paradip and Visakhapatnam ports for importing coking coal. But as these ports find it difficult to handle increased volumes in the years ahead with greenfield steel production units and sponge iron units being proposed in the hinterland by private entities, the PSU is exploring other east coast ports at Gangavaram, Kakinada and Dhamra, the officials inform.

Photo: Port Canaveral

Smooth SAIL to Ports

If SAIL'S mega expansion plans have to be backed by sustained imported coking coal availability, they have to be supported by better infrastructure at ports and better railway connectivity. A review by **Maritime Gateway**.

SAIL, which has recently started handling coal imports at Gangavaram, would be using the port in an increasing way in the coming months. It is also learnt to have got a blue print ready for creating a bulk facility at Kakinada Port and the tender is likely to be floated soon. Also, preliminary level talks are understood to have taken place between SAIL and Dhamra port authorities for use of the port facilities.

Mega expansion & port constraints

As part of its expansion programme for its plants in eastern India, SAIL would modernise Durgapur Steel Plant, Indian Iron and Steel Company, Rourkela Steel plant and Alloy Steel Plant in the states of West Bengal and Orissa.

A massive brownfield expansion programme has been made to this effect. SAIL has already given its principal approval in July 2007 for the expansion of DSP at a cost of Rs 5,549 crore. The plant capacity in terms of hot metal will be 3.5 MTPA after expansion and it is likely to be completed by 2011.

IISCO, one of the oldest steel plants in the country, has taken up a greenfield project for producing crude steel at a capacity of 2.5 million tonnes. The project involves Rs 12,750 crore and is likely to be implemented by 2012. SAIL steel plants based in West Bengal are also planning steel parks for producing different steel products for assorted user industry. All these programmes would need more coking coal.

But what raises concern is that these plants import coking coal through Haldia Dock Complex (HDC) under Kolkata Port. Although HDC is strategically suited to cater to the requirements of these plants, it finds it hard to handle large bulk carriers with average parcel load due to draft restrictions of the Hooghly. The situation can be improved if capital dredging is carried out in the river, new berths are created and coal-handling facilities are mechanised at HDC.

At Paradip Port, capacity constraint is a serious issue since SAIL imports coking coal from here, apart from Australia, New Zealand and the US for its Rourkela plant. The port was recently bogged with pre-berthing detention as more than 47 vessels had to wait for berths, some as long as a month.

The situation arose owing to limited availability of railway rakes for evacuating the coal. Though the port has a huge built-up of stocks of more than 2 million tonnes, it had not room for the incoming imported coal.

According to South Eastern and East Coast Railway sources, Paradip Port needs at least 10 rakes a day for evacuating cargoes immediately. However, only five rakes are available, which arrive at the port carrying iron ore for exports and are used for back-loading coal. The drop in iron ore loading at the mines in Nayagarh and Keonjhar areas in Orissa brought down the arrival of iron rakes at the port and so the accumulation.

However, the situation can improve with the construction of a new coal berth. The port trust has recently signed a concession agreement with Essar Paradip Terminals Ltd., an SPV floated by the Essar Group, for the construction of a deep draft coal berth on a BOT basis.

As per the agreement, the coal berth will be developed at an estimated cost Rs 408.80 crore within 36 months from the date of award of the concession. For this, the port trust will provide supporting facilities like dredging, rail connectivity and backup area at a cost of Rs 70.21 crore. Once the berth is constructed, the port's cargo-handling capacity will be up by 10 million tonnes. But if the port has to meet the growing needs of SAIL in the future, it needs to increase its capacity even further.

Capacity creation is also important for Visakhapatnam Port to cater to the future coking coal import of SAIL's flagship Bhilai Steel Plant (BSP).However, owing to the recent pre-berthing detention at Paradip, Vizag Port had to handle coal imports for Rourkela, Bokaro and far off Durgapur. According to BSP sources, due to capacity limitation at Visakhapatnam Port, the three plants had to be served at the cost of BSP.

To improve the situation, BSP has charted out a mega expansion plan and SAIL has given in-principle approval to expand capacity to 7.5 million tonnes of hot metal and 7 MT of crude steel per annum at an indicative cost of Rs 11,262 crore.

SAIL is modernising Durgapur Steel Plant, Indian Iron and Steel Company, Rourkela Steel plant and Alloy Steel Plant in the states of West Bengal and Orissa.

Connectivity issues

Inefficient rail linkage, attributed to rake shortage and route saturation, is another issue that could prove to be critical for the landing ports of SAIL's coking coal. As per Kolkata Port sources, the traffic of steel at HDC is expected to increase to 56.74 million tonnes per annum by 2014 as against the 36.21 MTPA. It is therefore important to strengthen rail connectivity of HDC from the main South Eastern link. The existing single rail track connecting Haldia and Panskura can accommodate 18 pairs of freight trains per day. The present rail-borne traffic for HDC is around 14 MT, a capacity almost saturated. With the present rate of rail borne traffic, it is estimated to go up to 26 MT after five years. Doubling of Haldia-Panskura line covering a distance of 58.1 km is necessary to cope with this projected traffic. While Panskura-Rajghoda stretch of 15.05 km has already been completed, work on the remaining Rajgoda-Haldia stretch of 43.05 km at a cost of Rs 237 crore needs to be commenced and completed fast.

Bottlenecks need to be eased on the Howrah-Mumbai rail link that serves Chattisgarh where BSP is located, as also on the Kolkata-Delhi mainline serving Durgapur Steel plant as both the links have a capacity utilisation of more than 150 per cent. Ultimately, the construction of a dedicated freight corridor is expected to ease connectivity issues.

In Anticipation

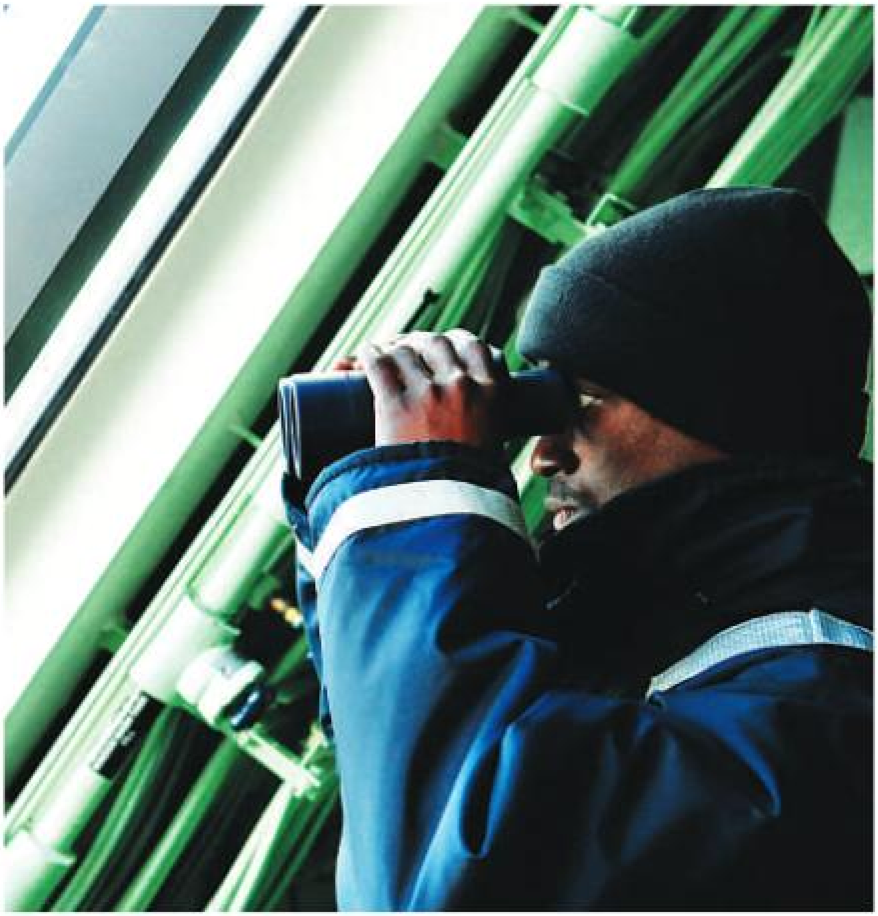
While the World's Maritime Industry is currently coping with the most dramatic downturn covering the past 100 years, it might be interesting to know how (bad) certain maritime regions , countries and important industry players have fared till now from the visible start of the effects of the global financial crisis.

by **Jan R Scheele**

The release of Drewry's latest *Annual Review of Global Container Terminal Operators* report comes at a time of continuing uncertainty in the world economy. The contraction in global container port throughput in 2009 is likely to be in excess of 10 per cent. In 2010, Drewry expects to see little or no growth, and anticipates that it will be 2011 before a modest recovery in demand growth will return... and 2012-2013 before most regions see their throughput regain as of the beginning of 2008 levels.

As recently as a year ago, there were still widespread concerns over a growing shortage of capacity in the container terminal sector relative to demand, causing periodic supply chain bottlenecks. Now, container terminal capacity will come under much less pressure over the next few years as the world's container trades shrink, or at least grow much more slowly than originally forecasted.

Most of the leading global container terminal operators are forecast to add capacity to their networks by 2014. However, this report makes clear that the changed economic situation means they have adopted a more cautious assessment of future prospects. Capacity expansion projects are being shelved, deferred or cancelled, although there is a lack of transparency about global operator plans which makes accurate assessment of capacity development plans very difficult.



The general economic slowdown may well result in some investors having to sell off terminal interests and this may create opportunities for those global terminal operators and financial investors with ready access to the necessary funds. The most likely terminal portfolios which may become available are those owned by shipping lines. With all container lines under severe financial pressure – and some bankruptcies expected – the sale of some terminal assets owned by carriers in the near future seems likely.

"The most likely terminal portfolios which may become available are those owned by shipping lines. With all container lines under severe financial pressure, the sale of some terminal assets owned by carriers seems likely."

Shipping

Ship Operating Costs Review – 2009-2010

Recent years have seen operating costs on a rising trend. Fears of officer shortages have seen rising manning costs at the forefront. Now, suddenly, the shipping market has been transformed for the worse. This will put a brake on many of the upward pressures. There will be scope for some cost reductions. However, these may do little more than buy time as the uptrend will return when trade and shipping recover. Furthermore, as a result of various stimulus packages intended to stave off the worst effects of the global recession, there is a risk that recovery will be accompanied by an upsurge in inflation.

The big unknown is the timing of recovery. The optimists seem to be looking to 2010. Unusually, in looking to project operating cost trends it is the near term that poses the greatest uncertainty. In the longer term, things will get better and operating costs will rise.

Focussing on the three leading cost areas:

Manning

The year 2008 saw a big upward hike in manning costs. 2009 was expected to see more of the same. Now, the focus is on ship scrapping, deferring delivery of newbuildings and lay up.

Even so, it is possible that the fleet in 2010 will still be larger than it was in 2009. Nevertheless, seafarer bargaining positions are much weaker. In general, ratings would not be expecting an increase if they are signed up to the ITF two-year deal. Zero increase appears to be in the officer positions too. There have been a few hints of wage reductions in parts of the dry sector but, as yet, this is not being seen as a definite trend.

Insurance

The hull market has hardened but on a piecemeal basis. The Norwegian market hiked rates first and was happy to lose business. Others fought to take over this business, keeping their sectors 'competitive' for too long. The end result appears to be that rates have increased but declared values may have adjusted downwards, reducing the overall cost burden on owners.

However, with current S&P market values being seen as distress sale levels rather than a true market perspective, the insurance value curve will be flatter than the overall ship value curve.

The P&I market has not panned out in quite the way it was expected to. The spate of huge claims dwindled, despite warnings of an ever upward trend. However, the number of claims within the Clubs' US$ 7-million retention does appear to have increased substantially. Most of the Clubs have seen losses – and the collapse of the financial markets means that investment income is no longer riding to the rescue. Hence, the 2009 renewals have again seen big hikes in general increases and, for some, sizeable supplementary calls on previous years.

Repairs and maintenance

In difficult times, some owners and managers plump for the minimum maintenance regime. It is hard to argue against a little short-term expediency. The critical points are that this is not extensive and it is genuinely short term. It could be all too easy to slip into the ranks of sub-standard operation. The other vital consideration is that while vessels may now be underemployed, this follows on from a sustained period of working ships to the maximum.

For shiprepairers, their recent fortunes have been good. Indeed, much of 2008 was still a time when repairers could pick and choose and to some extent name their own price. The picture in 2009 is different but the trends are not all in owners' favour. Repair capacity has not altered. The fleet is still expanding. However, off-hire is no longer such a crucial factor. MG

Jan R Scheele, *MM, BSc, MBA, is a Dutch International freelance Ports and Shipping Consultant. He can be reached at janscheele@hotmail.com*

TRENDS

Logistics Networks

Connecting the Matrix

As the role of multiple entities becomes inevitable for effective supply chain management, collaborative models such as 4PL logistics and freight networks are being explored to improve efficiency of the chain.

by **Mark Millar**

For global businesses, the supply chain is increasingly becoming the source of competitive advantage and differentiation. Brands need supply chains that help them get their product to market faster and more efficiently than the competition. Businesses are now competing on the basis of their supply chain management capabilities almost as much as their product or their brand.

However, the increased complexity of supply chains resulting from continuing globalisation, together with greater levels of logistics outsourcing, means that modern supply chains now involve multiple organisations in multiple countries presenting new management challenges – both for customers and service providers.

Building a supply chain

Customers recognise that no single logistics service provider can meet all their supply chain needs on a global basis. Hence, they tend to select multiple service providers typically on a best-of-breed basis – seeking out the leading providers based on specific geographies, type of product (e.g. high value electronics, perishables) services required (e.g. inbound to manufacturing, retail distribution, reverse logistics) and transportation mode (e.g. air cargo, ocean freight, road transport).

Having appointed their preferred service providers, these companies are then faced with the challenge of managing several different logistics providers into one efficient supply chain and making sure they work together effectively to get parts and components to production facilities and finished products to customers.

The many challenges involved in managing multiple logistics service providers have resulted in the '4PL' model – fourth-party logistics – whereby the company appoints a 'fourth party' to manage all the other third-party service providers. Not dissimilar to outsourcing your logistics department, the 4PL could either be a non-asset-based management services company like IBM Global Services and Accenture or could in fact be one of the 3PL logistics service providers involved in the supply chain execution.

Either way is fraught with challenges due to resistance amongst the various parties to openly share information with the other supply chain partners – information which is needed by the 4PL in order to effectively manage the supply chain. This is one of the primary reasons that collaborative supply chain management – whilst wonderful in theory – is so difficult to achieve in practice due to the inherent reluctance of organisations to openly share their data and information with other supply chain participants, many of whom are are perceived to be competitors. This is a practical reminder of the fact there are two distinct definitions of 'collaboration' in the dictionary: (a) to work with another or others on a joint project; and (b) to willingly assist the enemy!

China Potential

Mark Millar spoke on 'Global Mega trends in Supply Chain Management' at the Reliance Industries Ltd office in Mumbai recently. He updated the fraternity on the immense size of the China logistics industry – about US$550 billion with growth rate more than 10 percent per year since a decade. A massively fragmented market with 730,000 registered logistics firms of which 16,000 alone in Shanghai – but the top 20 in the market make up less than 7 percent of the total industry. Also, the penetration of outsourcing in the logistics market is only around 20 per cent. China, he said, has three main economic areas – Bohai Bay region near Beijing, Yangtze River delta around Shanghai and Pearl River delta in the south where 90 per cent of the toys sold in the US are made. The country has developed several free trade agreements, the latest being the FTA with ASEAN from January 2010. Gradual implementation will result in 90 per cent of the products traded to be duty-free, Millar added.

Present at the meet were the three main members of the executive committee of CSCMP Mumbai Roundtable - Neil Basu, Niraj Ambani and Shantanu Bhadkamkar.

Freight networks

Whilst the 4PL model of bringing multiple service providers together in a single supply chain network is directed and driven by the customer, the other major collaboration trend in the logistics and transportation sector is that of Freight Networks – where the service providers themselves select their preferred partners with whom they will work together to offer competitive solutions for customers.

This is becoming increasingly prevalent in the freight forwarding sector, where SME freight forwarders participate in membership 'clubs' or 'networks' to forge partnerships with other freight forwarders and offer clients a global door-to door service – for example, the local 'origin' freight forwarder in Qingdao whose customer is shipping goods to the Philippines needs a local forwarder partner in Manila to handle the shipment processing at destination.

Examples include the Combined Logistics Networks (CLN) alliance of independent, multimodal freight forwarders that move general cargo, which has more than 400 screened members from all over the world. Similarly, Internet-based Shippingpoint.com provides comprehensive web-based online services for its members, such as directory listings, schedule enquiry portal, and latest news for freight companies around the globe.

Through membership of one or more networks, the SME freight forwarders are able to connect with lots of fellow members in order to select and appoint their business partners, from within the same 'extended family'.

With specific focus on enabling connections to and from China, the China Logistics Club (CLC) hosts regular conferences in cities around China for its members to meet each other face-to-face in order to establish and develop business relationships and for general networking. In addition to these one-to-one business matching events, CLC is now extending its offerings to include additional value-added services such as payment protection, global insurance and education and training courses for its members.

Example in China

A best-in-class example of a managed transportation network is logistics service provider ST Anda (a member of Toll Asia). Based in Shenzhen, it provides a nationwide distribution network throughout mainland China for major retailers and consumer goods companies. Every day it makes over a thousand deliveries to depots in more than 500 cities by managing over 100 sub-contractors.

During the last 18 months, general manager Peter Grace has reduced the number of transport companies within the network from 217 to 130. One of the challenges to further rationalisation is the localised and fragmented nature of the local transport providers, who are reluctant to expand their services, therefore ST Anda's expertise is essential for the successful execution of the retail supply chain.

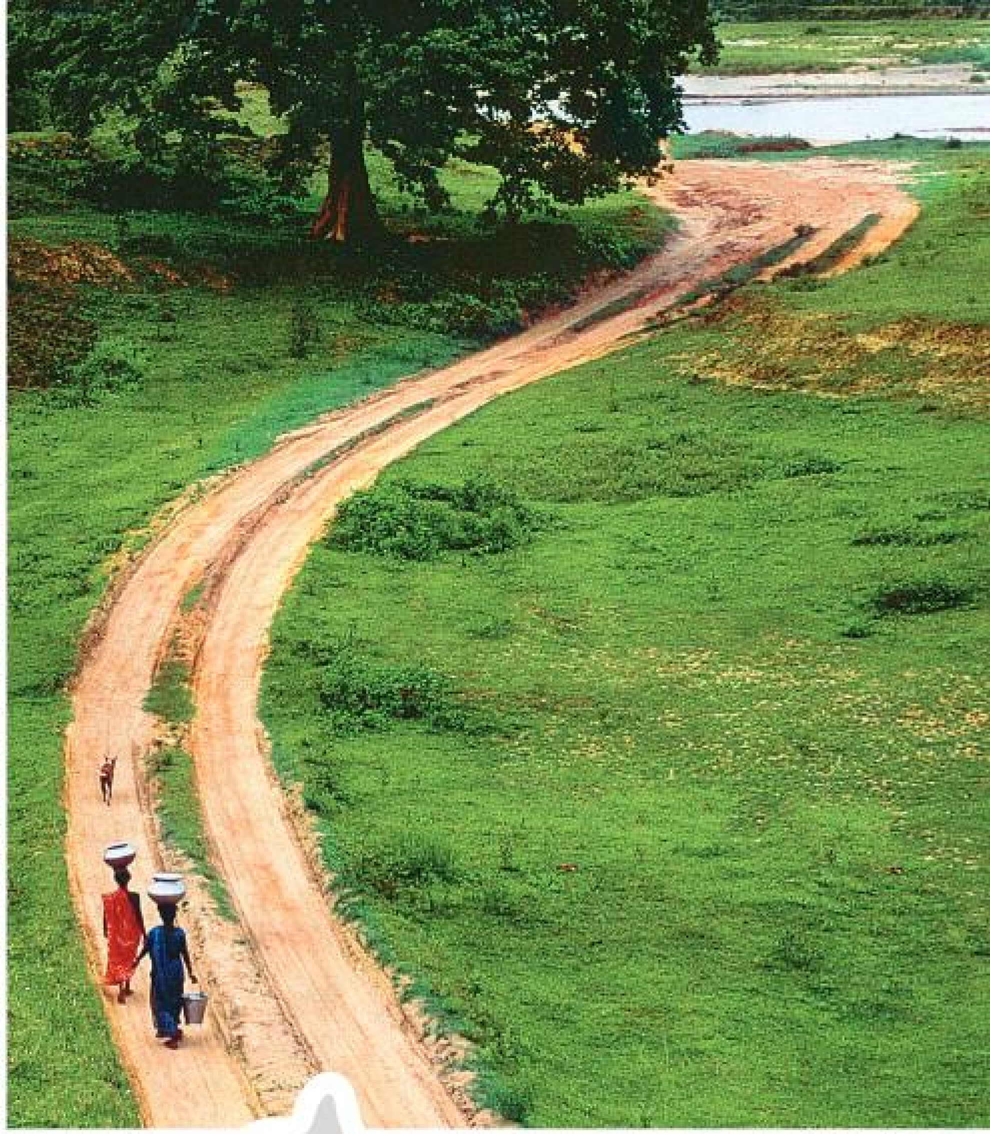
Overcoming resistance

Collaborative supply chain management, whether it involves a network of managing multiple transportation providers connecting with fellow members of freight networks or being one of the providers within a 4PL management model, is all about multiple entities coming together for the purpose of successfully executing supply chains on behalf of customers.

These models are not without their challenges; however, the forward-looking freight forwarders and logistics companies see the greater rewards to be had from participating in these collaborative networks in order to deliver efficient supply chains. Being an integral part of the networks allows them to do more business than they could do from outside the network. Expect further developments in collaborative supply chain management. MG

Logistics industry veteran **Mark Millar** *is Managing Director of M Power Associates – a specialist provider of industry-specific marketing, consulting and education services that deliver knowledge, empower superior performance and enhance competitive advantage. He can be contacted on mark@markmillar.com*

STATE FOCUS



Once a thriving industrial hub and the biggest gateway to India's exim trade, the state of West Bengal is today at the crossroads of deciding between economic development through industrialisation and continuing with the status quo of being an anti-investment pothole that is plagued by militant trade unionism. The state is still renowned for its jute hub status and enjoys the strategic location advantage as it is the trade gateway to neighbouring landlocked countries. In spite of this advantage, the industry and trade are today caught in the political dilemma between the government and the opposition party that has gone several levels up in the recent years.

by ***Susenjit Guha***

West Bengal

In a Bind

The legacy of West Bengal's industries can be summed up in a few words. It has been years of political apathy linked with lost opportunities that have made the state slide down from being an industrial hub till the early 1960s to a virtual graveyard for investments till 2000.

But the state could turn around if there is unanimity between the two major political forces – the Left front that has been in power for the last 33 years and the surging Trinamool Congress party with railway minister Mamata Bannerjee as the leader – considering its unparallel strategic location.

Apart from three international frontiers – Nepal, Bangladesh and Bhutan, West Bengal also shares state borders with Assam, Sikkim, Orissa and Bihar. The state is in fact a gateway to the North-East as well as the only place for maritime trade for landlocked neighbouring states.

After more than two decades of being a graveyard for investors across India and the world over, West Bengal got a sort of 'look-in' by investors only from 2001 after Buddhadeb Bhattacharya took over as its chief minister. It has been the fourth largest state in growth terms and the second largest recipient of investments in India. And it was only from 2001 onwards that the only real urban face of the state, the city of Calcutta, now known as Kolkata, got spruced up with large infrastructural investments.

After shifting of the national capital to New Delhi, agriculture has become the primary occupation in West Bengal. However, being a primarily agrarian state has not in anyway helped strengthen the state's economy, compelling the state to take necessary steps to revitalise the industrial sector. As a result, investments in iron and steel, IT, plastics, chemicals and biotechnology have seen tremendous growth in the recent years. Compared to other states, the power situation is better and cheaper, enabled by the recent grid improvements. Despite the ban on computerisation till a few years back, IT enabled services, security and hardware manufacturing industry has been witnessing significant progress nowadays.

Moreover, the state has loads of potential on the human resources score when it comes to cutting-edge technology and there has been a

> "The idea of setting up another port is being toyed with at Kulpi in West Bengal, but land acquisition is a major issue leading to strong opposition from the Trinamool Congress and ultra left forces."

slowing down of brain drain after the second round of industrialisation picked up after 2001.

Primarily, the sea port of Haldia and Kolkata are the two points for maritime trade with the oil wharves at Budge. Even though trade is considered to be sluggish compared to other parts of India, Kolkata Port managed to climb up to the second position in India in cargo handling terms in 2004-05 after a gap of nearly 37 years. Figures available from a couple of years back show that the Kolkata Dock System (KDS) traffic shot up by 8.66 percent in a year while cargo traffic at the Haldia Dock Complex (HDC) went up by 16.75 percent.

If a comparison has to be done with other major ports in the country, West Bengal has not fared badly in the last decade. In the first five years after the present chief minister came to power, cargo volume at the Kolkata Port increased by 22.72 million tonnes which was a growth of nearly 74.8 per cent. The figure is the highest compared to other Indian ports. And in the four years from 2001, the Compound Annual Growth Rate (CAGR) of total traffic at Kolkata Port was 15 per cent compared to an average CAGR of 10 per cent in all Indian ports. The share of Kolkata Port traffic also went up by 1.98 per cent in the intervening period. The idea of establishing another port is being toyed with at Kulpi in West Bengal, but land acquisition for industries is also becoming a major issue in the past few years leading to strong opposition from the Trinamool Congress and ultra left forces.

In recent years, there has been a spurt of foreign investments and off late, Korean steel major POSCO is also eyeing a scrap yard of SAIL at Burdwan for a massive investment outlay, having been spurned by the tribal unrest in Orissa.

One of the major reasons for West Bengal being a lucrative destination despite the political problems is that the state has a legacy of secular politics that also keeps it free from armed violence in the major city of Kolkata.

The state is still known for the traditional jute industry that flourished from the times of the British Raj. Used for packaging in cement and sugar industries earlier, jute industries have diversified into more value added products like shoes, textiles, artefact, accessories like designer bags and even jewellery.

Photos: Courtesy PIB, Govt of India

According to Atri Bhattacharya, Secretary of the Jute Manufactures Development Corporation, "The industry has bright prospects. Earlier, we used to export only sacks to the tune of Rs 800-900 crore annually but in the last five to 10 years, the export volume has risen to Rs 1,200 crore. The export share of diversified products has risen from 18 to 36 per cent in the last five years."

Much of India's jute exports are routed through Kolkata and the country accounts for nearly two-third of the global trade. The Gulf countries, the US and Europe are some of the major destinations. With the launching of the Jute Technology Mission, there would be more growth and according to Bhattacharya, turnover could reach Rs 5,000 crore. Even though there are several other states that produce jute like Andhra Pradesh, Bihar, Tripura, Orissa and Assam, the ports in West Bengal carry a sizable portion of the exports.

Many mills have closed down from the time when the river Hooghly and the neighbourhoods along the embankments were known to house the thriving jute industry. Militant trade unionism has been the bane of industrial growth in West Bengal since the Marxist government came to power in 1977. It is expected that

> "The industry has bright prospects. In the last five to 10 years, the export volume has risen to Rs 1,200 crore."

with enhanced awareness about the environment the world over about clean and green alternatives, sunny days are ahead for West Bengal. Global environment concerns have also come as manna from heaven for the industry that had its roots in West Bengal.

Though the problem at the moment is not about industries, it is about the land that is required for setting them up. Opposition is coming from the rural population primarily based on agriculture for their livelihood and they are not always willing to buy the argument that industries are required to get the surplus population among them off the agricultural fields. They have support from the opposition Trinamool Congress that does not want to concede any political space to the government even at the cost of investment in the state as they have their eyes trained on the crucial assembly elections of 2011.

Opposition is rife against the N-power plant at Tarapore and a chemical hub at Nayachar in the Sunderbans district despite the approval from the UPA government, of which TMC is the partner. Driving away the Nano small car plant of the Tatas was a classic example of how investment in the state could take second place in the event of a prospect of a larger political mileage.

West Bengal is presently at the crossroads of development and any government that comes to power in the next elections will have to wrestle with the idea of land acquisition and find out a suitable solution that would be amicable to all political parties in the state. MG

New port to be developed

Union Finance Minister Pranab Mukherjee proposed to provide funds in due course of time to develop a port project at Sagar Island in West Bengal, as there is a need for an alternative port facility in the state. It may be noted that the proposal to develop full-fledged port facilities at Sagar Island has been gathering dust for the last decade. But with the Kolkata Dock System and Haldia dock facing draft restriction in the Hooghly river, work is likely to gather momentum at the new port site.

The proposal was first made by Kolkata Port Trust to the Shipping Ministry, suggesting the possibility of creating cargo handling facilities, complete with several berths and jetties at the Sagar Island. The available draft at Sagar which is 10 metres, is likely to be raised to 12 metres through dredging. The Japan International Cooperation Agency is likely to consider funding the preparation of a detailed project report and has asked Japan's Overseas Coastal Development Institute to examine the proposal.

Meanwhile, cargo handling at Haldia and KoPT is likely to drop by 9 million tonne this fiscal as the Indian Oil Corporation is shifting the handling of crude from the heavily-silted Haldia to Paradip. "The Haldia Port and the Kolkata Port Trust together are expected to handle 45 million tonne of cargo in the current fiscal compared to 54 million tonne in 2008-09," Chairman of Kolkata Port Trust Anindo Mazumdar said.

He said cargo handling would drop mainly because of the direct crude pipeline installed by State—owned IOC from Paradip port to Haldia. Earlier, Haldia port used to handle the IOC crude oil cargo.

Subscribe Now

Fill the form & mail it today

We have just started making waves. Yes, with Maritime Gateway, a one-of-its kind trade magazine in the country that aspires to be a vital source of information for all ports, shipping and logistics players in the maritime industry. This Magazine addresses key issues and provides insights through analytical articles, comments and features. News, Port Scan, Interviews, Regional Update on the maritime scenario in the Middle East, Singapore and China, Technology, Policy, Equipment, Education are some of the regular incisive sections. People, Executive Diary, Markets and Global Happenings are other interesting features.

Join us as we cruise through the maritime industry!

TARIFF

THREE YEARS SUBSCRIPTION
36 ISSUES • Rs. 2,520/- • you save Rs. 1,080/-
@ 30% DISCOUNT

TWO YEARS SUBSCRIPTION
24 ISSUES • Rs. 1,920/- • you save Rs. 480/-
@ 20% DISCOUNT

ONE YEAR SUBSCRIPTION
12 ISSUES • Rs. 1,080/- • you save Rs. 120/-
@ 10% DISCOUNT

☐ payment enclosed ☐ send invoice ☐ 1 ☐ 2 ☐ 3 years (please tick your choice of subscription)

Name ....

Address ....

City .... PIN / ZIP .... State ....

Country .... Tel .... Fax ....

e-mail ....

I am enclosing a Cheque/DD No ....
drawn on .... (specify bank) dated ....
favouring Gateway Media Pvt. Ltd. (payable at Hyderabad) for Rs. .... amount in words .... only.
add Rs. 50/- for outstation cheque.

Maritime Gateway publishes 12 issues a year. Maritime Gateway may also publish occassional and special issues. Maritime Gateway cover price is Rs. 100/-. Savings are off the cover price. Please allow 6-8 weeks for commencement of your subscription. Gift offer is only valid upon payment. All enquires to be addressed to Gateway Media Pvt Ltd. directly. All disputes subject to the exclusive jurisdiction of competent courts in Hyderabad only.

for subscription related queries, please call:
tel: +91 40 2330 0061 / 2330 0061
fax: +91 40 2330 0665

#407, Fifth Floor, Pavani Plaza,
Khairatabad, Hyderabad 500 004
e-mail: subscribe@gatewaymedia.in

POWERING the Power Sector

Energy security has become vital for the growing economy and enhancing the power generation capacity in the country will help in maintaining the consistency in the Indian growth story. It is exim trade that will be more benefitted as increased power generation will literally mean increased imports of coal and other critical power equipment.

*by **Jagadeesh Napa***

For a country like India with 100 plus billion population and growing at a healthy rate of over 7 per cent, it is bound to witness ever increasing demand for energy to fuel its growth. The government and private sectors are grappling to meet the wide gap of peak time power deficit averaging at 12 per cent and that has at times gone up to 17.9 per cent. State and central governments have adopted investor-friendly power policies and are sanctioning multiple power projects on fast track basis to meet the requirements. All the state governments put together contribute 52.5 per cent in the overall power generation, while the central government contributes to 34 per cent and the rest by the private sector at 13.5 per cent.

Against the capacity addition target of 14,507 MW for 2009-10, a capacity of 6,257 MW has been commissioned till November 2009. As per Central Electricity Authority (CEA) assessment, against planned capacity addition of 78,700 MW for the Eleventh Plan, a capacity of 18,235 MW has been commissioned till October 2009 and capacity aggregating to 44,139 MW is most likely to be commissioned during the remaining plan period. Thus, a total capacity of 62,374 MW is expected to be commissioned by the end of the plan period. In addition, a capacity of 12,590 MW may materialise on best effort basis during the Eleventh Plan, says CEA.

Coal imports

Of the total power production in India, 64.6 per cent is produced through thermal power plants with coal being the major fuel used (53.3 per cent). Other fuels include natural gas and oil. With the growing needs of the economy, the power generation in India is expected to grow in a big way with lots of capacity additions from both public and private sectors. Incidentally, majority of the upcoming power projects are coal based and hence the demand for coal to be used in power generation will be huge. With the domestic production of coal (492.95 million in 2008-09) being far below the demand (550 million tonnes), coal imports will rise steeply in the coming years.

Indian coal imports (that includes all varieties) had recorded a compounded annual growth rate of 17.1 per cent between 2003 and 2008. The report forecasted that this figure would touch 60 million tonnes in 2012. According to the Ministry of Coal, India imported 37.92 million tonnes of thermal coal and 21.08 million tonnes of coking coal in 2008-09. The ministry estimates that total coal imports will be around 62.75 million tonnes in 2009-10 of which thermal coal will be over 40 million tonnes.

The report estimates that a huge capacity of 31.5 GW will be added to the national capacity in the coming years in the form of upcoming power projects. Of this, 12 to 15 per cent capacity stands completed or operational, while 10 per cent is under construction and the remaining at financing and pre-financing stages.

On the infrastructure front, the port administrations are gearing up to increase their coal-handling capacities. Major ports and private ports alike are enhancing their capacities and installing coal

terminals to receive this precious cargo. Major ports on the east coast like Visakhapatnam, Paradip and Ennore known for coal handling in huge volumes are preparing themselves for the big wave. Private ports like Gangavaram and Krishnapatnam in Andhra Pradesh installed huge capacities for coal handling.

For instance, six coal-fired power plants are coming up at Krishnapatnam Port, one of them being an ultra mega power project of 4000 MW capacity by Anil Ambani's Reliance Power Ltd. Construction work has already started on a couple of these plants. Consumption of thermal coal at Krishnapatnam alone is expected to reach 37 million tonnes once all these power plants commence operations.

Sops and incentives

While the coking coal has zero import duty, thermal coal currently attracts 5.1 per cent import duty and an excise duty of 8 per cent. Coal ministry and the power generating companies alike are expecting the finance ministry to do away with these duties in the budget. In view of the power ministry's ambitious 'Mission 2012: Power for All' programme, it is expected that the government spending in the flagship schemes, namely Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Restructured Accelerated Power Development and Reforms Programme (R-APDRP), would increase considerably, triggering speculations of reducing / eliminating the import tariff.

Further, power project developers are anticipating an extension of income tax exemption under section 80 IA beyond 2010-11. Given the scenario of power deficit in the country and the fillip to private investments in this sector, they are optimistic that the exemption may be extended.

Another point in question is the 14 per cent duty on imported power gear in a move to safeguard the interests of the domestic power gear manufacturers. Power project developers, on the contrary, moot against such a move as the Indian products are at a cost disadvantage of 15 to 20 per cent as compared to the imported ones in addition to paucity in supply.

They feel such a duty will not only be burdensome, but also jeopardise the country's ambitious Power for All Programme launched by the power ministry. Contrary to this, government is encouraging technology transfer and indigenous manufacturing in the field of critical power equipment and has also amended policy modifications to this extent.

The way ahead

Power generation industry is poised to become the biggest contributor to Indian imports due to the supply and demand imbalance of coal. This industry will not only fuel the rising coal imports in the long term, but also the imports of equipment required in thermal power generation and other forms like hydro and wind power generation. MG

Projection of Thermal Coal Imports

Year	Quantity (million tonnes)
2007	27.0
2008	33.7
2009	36.7
2010	39.7
2011	45.7
2012	60.0

Source: Citigroup study

Ultra Mega Power Projects

- Nine Ultra Mega Power Projects (UMPPs) of 4000 MW each have been originally identified for development under international competitive bidding route. These include four pit head and five coastal sites.
- Four UMPPs namely Sasan in MP, Krishnapatnam in Andhra Pradesh, Tilaiya in Jharkhand have been awarded to M/s Reliance Power Ltd. and Mundra in Gujarat have been awarded to M/s Tata Power Ltd.
- Two units each of 800 MW of Mundra UMPP are expected to come up in the Eleventh Plan.
- Sites in respect of UMPPs in Chhattisgarh & Tamil Nadu have been finalised. Efforts are being made to bring them to bidding stage.
- Andhra Pradesh has confirmed second UMPP in Prakasham District.
- Efforts are being made for selection of sites for two additional UMPPs in Orissa and the second UMPP in Gujarat.

R-APDRP

"Re-structured APDRP" for Eleventh Plan was approved in July 2008 as a Central Sector Scheme. The focus of the programme is on actual, demonstrable performance in terms of aggregate technical and commercial loss (AT&C) reduction. The programme size is Rs 51,577 crore. 1,283 projects at the cost of Rs 4730.38 crore have been approved to 22 states (Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Sikkim, Tamil Nadu, Uttarakhand, Uttar Pradesh, West Bengal, Assam, Kerala, Tripura and Jammu & Kashmir) under Part-A of the scheme. Rs 934.24 crore loan has been disbursed to the State utilities. So far, Rs 1,284.24 crore has been released under the R-APDRP, out of which Rs 1,259.24 crore is the loan to PFC to disburse the same tp utilities and Rs 25 crore is grant to Power Finance Corporation as rolling advance against fee to the nodal agency.

Source: Ministry of Power, Press Information Bureau

Indo-Africa Partnership
Trade Ties Thrive

The economic and commercial ties between India and Africa are old and robust. The ongoing mutual trade and partnership agreements could only strengthen the ties and benefit trade.

by ***Dr Ravinder Rena***

India, the world's largest democracy, is the emerging giant in global economy establishing important trading ties with continents, particularly Africa, for its energy supplies and raw materials. Africa, the second largest continent in the world, faces the challenge of competing in the world economy, despite being rich in natural resources. The economic strength however depends on command over natural resources and the quality of the labour force. Unfortunately, Africa has been lagging behind in its human capital and development whereas India is much ahead. India is also offering full cooperation to harness the potential of the African people for the continent's development.

The closeness between India and Africa has grown faster in the 20th century and is further strengthening in the 21st century through mutually beneficial relationship based on equality and fraternity. While addressing the Nigerian Parliament Assembly in 2007, Prime Minister of India Dr Manmohan Singh acknowledged that India and Africa undoubtedly have a shared destiny and common future.

India's Prime Minister Dr. Manmohan Singh interacting with the President of South Africa, Jacob Zuma.

However, in the process of exploiting Africa's rich resources, the developed countries have been ignoring Africa. A recent OECD report indicates that Africa is likely to get less than half or US$ 12 billion of the promised US$ 25 billion in aid this year. Though OECD says that a small slice, of about US$ 4 billion, is due to the economic crisis, the main reason could be a political decision. The donors, that include France, Germany, Austria, Japan and Italy, have not budgeted the promised amount and so could not keep up their word.

In the wake of such poor capital flows, Africa faces a great challenge in the global economy. It needs the ability to cope with complex production techniques and technological changes that are cropping up in the global arena. It also requires a healthy and an educated citizenry and pro-poor policies such as availability of credit to the rural people, investment in rural roads and support for small-scale enterprises.

Given these circumstances, it is heartening to note that the Government of India has extended over US$ 3 billion concessional lines of credit to countries in Africa. During a recent South-South cooperation at the United Nations, Indian envoy to the UN Hardeep Singh Puri announced additional lines of credit of US$ 5.4 billion for the next five years.

As part of the mutual cooperation, India had proposed to undertake projects worth US$ 500 million over the next 5-6 years. Other programmes include the Pan-African E-network project and the TEAM-9 initiative focussed on West Africa to bridge the digital divide between Africa and the rest of the world.

In the last three years, India's merchandise exports leapt to US$ 102.7 million as again a mere US$ 18.1 billion last decade. India's service-sector exports too, just short

India plans to offer credit lines of about US$ 5.4 billion by 2012 to aid economic and infrastructure development in the region.

of US$ 30 billion three years ago, have shot up to more than US$ 60 billion.

With time, the bilateral trade is projected to grow phenomenally paving way for two-way trade. According to an estimate by the Associated Chambers of Commerce and Industry of India (Assocham), Indo-African trade could grow by over nine times from US$ 39 billion now to US$ 150 billion by 2012.

A multi-prolonged approach has been adopted, which combines creative use of Lines of Credit (LOC) with the development of Indian expertise to create assets in Africa and to establish high-tech projects. Malawi, the small landlocked country in Southeast Africa, benefited immensely from such a deal. During his recent visit to Malawi, India's Vice President Mohammad Hamid Ansari signed more deals to assist the country develop its agriculture, mineral resources and small to medium enterprise sectors. India has extended an LOC of US$ 50 million this year.

As per official data, Malawi's bilateral trade with India has nearly doubled to an estimated US$ 79.7 million in 2007-08 from US$ 43.2 million in 2003-04.

The spirit of partnership is further strengthening by the large number of trainees from different African nations being trained in India under the Indian Technical and Educational Cooperation Programme (TECP).

Indian Railways, one of the world's largest rail networks, could be expanded to develop transport infrastructure in Africa and other developing regions under an ambitious World Bank plan. Indeed, Indian Railways revenues of about US$ 18 bn, carries 20 million passengers a day on about 18,000 trains and employs 1.4 million people. The Indian Railways has supplied locomotives to Mozambique, Tanzania, Mali and Senegal, coaches to Angola and rehabilitated rail tracks in Mozambique and Liberia.

South Africa, Namibia and India became the first countries to sign a memorandum of understanding in an Engineering Export Promotion Council (EEPC) plan for greater cooperation with SADEC (Southern African Development Community). According to P K Shah, chairman of the EEPC subcommittee on trade with Africa, "We are in discussion with the other countries in the region (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) and hope to have discussions concluded with them soon."

Nigeria is India's second largest source of imported crude petroleum. South Africa is the largest source for India's gold imports. Morocco, Senegal and South Africa are leading sources of India's global imports of inorganic chemicals. Indian investors see Africa as a success story waiting to happen, quite soon. Diplomats of African countries also make a strong pitch for Indian investment in the continent. High Commissioner of Ghana to India, John Bentum Williams says the process of investment of Indian entrepreneurs to Africa is well-timed, as Africa has a lot of potential.

The possibilities of further cooperation, both in the economic and political spheres, in the context of a multi-polar and globalised world, are enormous. There is a strong belief that if India and the 54 countries of Africa were to work together in international arena like the United Nations (UN) and World Trade Organisation (WTO), their collective achievements could be manifold. Also, both India and Africa have common challenges like global warming, gender inequality, poverty, unemployment, HIV/AIDS and global threats such as terrorism.

India's decision to bring down the high tariff and non-tariff barriers on products of export interest to less developed countries is important for developing countries to secure sufficient gains from globalisation. As Africa strives to attain development, the close partnership between the two giants could ensure economic resurgence paving way to a democratic global order. MG

Dr. Ravinder Rena
(drravinderrena@gmail.com) works at the Department of Economics, Polytechnic of Namibia. He writes on economics of education; globalisation and higher education and development economics with a particular focus on Africa and Asia-Pacific. He is editor-in-chief of the International Journal of Education Economics and Development and is on the editorial board of several journals.

DNV Forum

Role of Seafarer Skills Stressed

The Seafarer Competence Forum organised by DNV SeaSkill stressed on the effects and role of the human element in maritime causalities.

To enable shipowners and ship managers establish a strong foothold in the maritime industry, more so during the depressed market coupled with economic uncertainties – without having to face the consequences of ship detention at ports – the DNV team sought focus on addressing the challenges of maintaining staff competence through its Competence Management Systems.

The 'Seafarer Competence through effective MET Forum' held in Mumbai recently by DNV SeaSkill, the Competence Management Certification arm, was attended by the maritime fraternity, including senior shipowners and managers from high profile companies such as GESCO, Varun Shipping, Greatship India, Mercator Lines and institutes such as Fleet Management Ltd., Tolani Maritime Institute, Anglo Eastern Maritime Training Centre, Marine Training Academy and V-Ships Training Institute.

DNV SeaSkill Manager (India & Sri Lanka), Capt. Vernon Sequeria, who facilitated the forum for the first time in Mumbai, called for building awareness and acceptance of the concept of competence management in the industry. "Maintaining staff competence is important to enable ship owners and ship managers establish a strong foothold in the maritime industry – more so during the depressed market," he said.

Amit Ray, Head of DNV SeaSkill, Asia, who gave the participants a gist of the various interactive sessions lined up at the forum, said "The essence of the forum is to exchange new ideas and experiences and to essentially learn from each other."

The first session was addressed by DNV India's SIO Production Manager, Amit Mital, who deliberated on 'Port State Control (PSC) - challenges and the way forward'; essentially looking at the effects of the 'human element' in PSC related issues. "The focus of this session is to help ship managers and owners to appropriately deal with Port State Control (PSC) inspections and ensure PSC compliance, through improved on board competence," he noted.

Exchange of knowledge and experiences

Half way through the forum, participants were divided into groups, each consisting of a blend of shipowners, ship managers and senior officers from maritime institutes, advised to give their insight and viewpoints on the significant elements of concerns such as training effectiveness, STCW and improvement in PSC performance.

The individual group presentation brought to light various challenges that the shipping companies face today and significant ideas.

The last session titled 'Maritime Labour Convention (MLC) Compliance: A Challenge and way forward', featured a presentation by Manager, DNV Academy (India), N Venkateswaran, who deliberated on the background and goals of MLC 2006 and also cited ILO adoption of the MLC.

Venkateswaran pointed out, "As per the mandatory requirements put down by MLC, all ships above 500 tonnes GRT, engaged in international trade will be required to carry a certificate of compliance valid for five years. Hence, this consequently triggers the need for shipowners to develop and implement measures to ensure ongoing compliance between inspections." MG

COASTAL WATERWAY PROJECT TO BE DELAYED

The Mumbai Metropolitan Region Development Authority's Rs 1 billion coastal waterway project on the eastern coastline of Mumbai may be delayed. The project is currently facing delays in obtaining local clearances from a number of state government bodies, besides environmental clearance from the Union Ministry of Environment and Forests.

KERALA APPROVES PORT PLAN

The masterplan, submitted by the consultant for the development of the Ponnani Port in Kerala, has been approved by the technical committee appointed by the state government. The committee has now sent its report to the state government for final approval, following which a global tender will be floated for identifying the private partner for developing the port. The Rs 20-billion project, which is proposed to be developed in three phases, will be implemented through the PPP mode on a build-operate-transfer (BOT) basis.

The first phase estimated to cost Rs 7.63 billion will be completed within three years after the commencement of the work. The new port will have both rail and road connectivity for the movement of cargo to hinterland destinations. The rail connectivity over a distance of 13 km, which will require acquisition of nearly 100 acre of land, is estimated to cost Rs 1.01 billion.

ADANI TO INVEST RS 10,000 CRORE IN ORISSA PORT

With port development activity gaining steam in Orissa, Adani Group, which operates Mundra Port in Gujarat, evinced interest in setting up a port in Orissa. The Adani Group officials met Orissa Chief Minister Naveen Patnaik Thursday with the proposal.

The port, Adani-Kalinga Port would come up near Paradip in Jagatsinghpur district, 3 km from the proposed Posco India Port and would be developed in two phases. Adani Group will invest Rs 5,000 crore in each of the two phases. The proposed all weather port with a capacity of 100 million tonnes, would have 12 berths and would be completed by 2015-16.

KRISHNAPATNAM PORT TO SET UP AN SEZ

The Krishnapatnam Port in Andhra Pradesh is drawing up plans for setting up a special economic zone (SEZ) on 12,000 acres of land in its vicinity. The company has formed a special purpose vehicle (SPV) – Krishnapatnam Infratech Private Limited (KIPL) – and secured formal approval for the project. The port already has about 2,400 acres of land in its possession and will acquire the remaining in phases. The Rs 60-billion project, upon completion, will employ about 30,000 people directly and 150,000 indirectly. The port has acquired land directly from private parties and through the state arm Andhra Pradesh Industrial Infrastructure Corporation.

PORT CONNECTIVITY PROJECTS PUT ON FAST TRACK

The Union Government has decided to provide necessary funds for acquiring land and rehabilitating dislocated people to expedite the work on the Chennai port-Maduravoyal and Ennore-Manali road projects. Both projects slated to be completed by March 2010, have been stuck due to cost-sharing and escalation issues. Besides, the cost of the Ennore-Manali road project, which is in the pipeline since 1998, has increased from Rs 1.5 billion to Rs 6 billion due to changes in the original development plan like addition of a service road to four lanes of Thiruvottiyur-Ponneri-Pancheti road, an underpass in Ennore Expressway and drainage on Manali Oil Refinery Road. To ensure these projects are completed within a specified time, the government has decided to raise the equity participation of Chennai Port Trust (ChPT) to Rs 1.4 billion from Rs 380 million earlier and double the contribution of the Ennore Port Trust to Rs 340 million for the respective projects.

JNPT RECEIVES BIDS FOR FOURTH CONTAINER TERMINAL

The Jawaharlal Nehru Port Trust (JNPT) has received eight initial bids for developing the Rs 6 billion fourth container terminal at the port. The bids have been received from DP World Private Limited, L&T Transco Private Limited, Group Maritime TCB-Eredene Capital Plc, Mundra Port and Special Economic Zone Limited, Sterlite Industries Limited-Leighton Contractors (India) Private Limited, ABG Infralogistics Limited-IL&FS Maritime Infrastructure Company Limited, Vadinar Oil Terminal Limited-Essar Ports and Terminals Limited, and SEW Infrastructure Limited.

Service awards

TCC felicitates achievers

The Tamil Chamber and Commerce had recently felicitated industry players with Exim Achievement Awards. Top performers were identified in exports, imports, shipping lines , ports, SEZs, bulk handlers, stevedores, CFSs and CHAs. Chief Minister of Tamil Nadu Dr K Karunanidhi and Governor Surjit Singh Barnala congratulated all the awardees.

Exim Achievement Awards 2010: Hyundai, ITC, JSW, BHEL, BMW, Ennore Port, Karaikal Port

Exim Service Awards for

Shipping Lines: Maersk Line, CMA CGM, APL

Bulk Handlers: AS Shipping, PSTS, Puyvast Maritime India Ltd

Stevedoring: Sical, South India Corporation Ltd, The United Stevedores

President of Tamil Chamber and Commerce Chozha Nachchiar Rajasekhar interacting with Chief Minister of Tamil Nadu K Karunanidhi.

New venture

Caravel launches cellular box service

Caravel Logistics, the Chennai-based multi-modal transportation company, has launched its first cellular container vessel at Tuticorin. Chairman Saju Chacko said the ocean liner, with a capacity of 585 TEU, will be deployed on Mundra-Kochi-Tuticorin-Dubai route with a fixed-day schedule to help customers preplan their shipments with certainty.

BTS Investments of Switzerland has funded the acquisition by bringing in Rs 25 crore through private equity. Its director C Jayakrishnan expressed hope that the acquisition initiative will help in increasing the revenue by Rs 40 crore. The company has reported a turnover of Rs 250 crore and plans to end the year ending March 31, 2010 by crossing Rs 320-crore mark.

Caravel is also planning a further investment of Rs 75 crore for expanding its activities, especially starting a container freight station in Chennai and later in other parts of the country and opening offices in China and East Africa to boost its presence and network.

The Caravel team; (inset) the cellular container vessel.

Efficiency in Inland Logistics: New Pathways

Logistics sector in India is a much neglected one compared to its upstream counterpart – manufacturing sector. It gets lesser attention from the government and lesser coverage in media in spite of the value this sector adds to the economy. Reasons are many for this pale attention – highly fragmented nature, lack of consolidation, and weaker industry representation to the government.

Freight transportation, the biggest segment of logistics, is today caught up in poor infrastructure and efficiency issues. Lack of proper policy direction seems to be the major reason. Logistics is not granted the industry status as it comprises too many segments and sub-segments to put everything under one roof. But industry experts feel that adequate policy measures can surely help in building efficiencies across the segments and provide seamless integration for cargo movement.

Majority of the manufacturing community in India still treat logistics as an in-house function, leading to further fragmentation of the sector. Outsourcing non-core logistics functions can go a long way in reducing the overall costs. The concept of third-party logistics is catching up very slowly in India. Consolidated efforts from the logistics players as well as manufacturing industries are required in charting out cost-efficient logistics operations and using 3PL services more effectively. Within the industry, though some amount of consolidation is happening today, much needs to be done in terms of management best practices towards improving efficiencies.

In this scenario, recognising that the sector needs to strengthen its voice in its representations to the government, Gateway Knowledge Forum has taken an initiative to bring together the representatives from government, industry and the trade on one platform to put forth and discuss the bogging issues. Gateway Knowledge Forum provides a gateway to the vast expertise and wealth of knowledge through a series of discussions and facilitates the knowledge exchange and dialogue to help build better business processes.

Efficiency in Inland Logistics: New Pathways is the first event in a series of such knowledge forums. This event comprises six focussed panel discussions on issues related to freight transportation, cargo evacuation, emergence of logistics hubs, importance of 3PL, contract logistics, business innovation and technology adaption. This forum will voice industries' concerns and strives at arriving feasible suggestions and recommendations.

Newbuilding contracts in February

Type	No	Size	Yard	Owner	Del	Mill$
MT	2	300,000 dwt	DSME	Almi Tankers	2013	100
PC	2	51,000 dwt	STX	LGR Italy	2011/ 12	34.5
MV	2	14,000 t	Lamprell	Fred Olsen	2012	320.4
BC	2	35000 dwt	SPP	S Frangoulis	2011	25.5
BC	2	57000 dwt	Xiamen	Xiamen	2012	27
BC	2	82000 dwt	HMD	Ciner	2011	37
BC	2	82000 dwt	SPP	Iason Hellenic	2011/12	36
BC	1	82000 dwt	SPP	Modion	2011	36
BC	1	82000 dwt	SPP	Goldenport	2012	36
BC	2	82000 dwt	SPP	Target	2012	35
PC	2	50000 dwt	GSI	Shanghai North Sea	2011/12	
LPG	3	3500 cbm	Taizhou Wuzhou	Shenzhen Southern China	2011	12,8
MT	5	160000 dwt	DSME	SONANGOL	2011/13	69
BC	2	32000 dwt	Samho	Strand Managment	2011	27.5
Cruise	2	3600 pax	Fincantieri	Carnival Corp.	2013/14	558EUR
BC	2	76000 dwt	Hudong	Dry Ships	2011/12	32.25
BC	1+1	92500 dwt	Sungdong	Nisshin Shipping	2011	42
BC	1+1	180000 dwt	Sungdong	Nisshin Shipping	2012	55

Source: Fearnresearch

One Year Time Charter Rates

(US$ per day) (theoretical)

Tanker	Feb Low	Feb High	2010 Low	2010 High
VLCC (modern)	36,000	40,000	32,500	40,000
Suezmax (modern)	25,000	28,000	23,000	29,000
Aframax (modern)	18,000	18,000	18,000	18,500
LR2 105,000	18,000	18,250	17,750	18,250
LR1 80,000	16,500	16,750	16,500	16,750
MR 47,000	12,250	12,250	12,000	12,250
Dry Bulk				
Capesize 150,000 dwt	27,500	31,000	28,000	33,000
Capesize 170,000 dwt	30,000	36,000	32,000	39,000
Panamax 75,000 dwt	23,500	25,000	23,500	25,500
Handysize 53,000 dwt	17,000	20,000	15,000	20,500

Source: Fearnresearch

Vessels sold for demolition in February

Vessel Name	Size	Ldt	Built	Buyer	Price (US$/Ldt)
MT Lysaker	276 000	35 205	1989	Bangladesh	400
CV Gothenburg Express	3322 Teu	16 847	1987	India	356
CV Stockholm Express	3322 Teu	16 847	1987	India	356
CV Oocl Fortune	3161 Teu	14 746	1987	China	330
RoRo Sea Ahmed	13 833	11 557	1978	India	395
CV Delmas Kissama	1122 Teu	9 906	1982	India	356
CV MSC Leader	1346 Teu	9 364	1977	India	368
RoRo Ducky Splendid	15 922	7 800	1981	India	386
BC Sino South	26 140	7 780	1980	Undisclosed	261
RoRo Sea Hana	11 737	7 203	1978	India	395
GC Novanoor	18 530	5 979	1978	Pakistan	349
GC Salsabilia	11 464	5 960	1979	India	355
MT Valentin Tsvetkov	17 639	5 661	1985	Bangladesh	400
BC Thor Spirit	16 248	4 912	1986	Undisclosed	382
GC Namibia	14 665	4 350	1977	Undisclosed	295
MT Nichiwa	249 107	30 630	1992	Bangladesh	395
MT Iron Monger 10	147 500	21 500	1989	Pakistan	403
RoRo Sea Atef	18 845	16 312	1987	Bangladesh	395
CV Cap Trafalgar	2 023	13 000	1990	Bangladesh	395
BC Castillo De Olvenza	47 314	10 769	1983	India	345
MT Flying Officer	45 473	10 206	1984	Bangladesh	355
Nirmal Jit Sing Sekhon					
GC BSLE Empress	22 499	10 145	1978	India	380
GC BSLE Energy	22 499	10 145	1978	India	380
Chem Bow Pioneer	23 016	8 000	1982	India	390
PCC Mercury Ace	16 603	7 881	1985	India	372
BC Brave Richard	28 911	7 730	1977	Pakistan	345
GC Finskiy Zaliv	8 600	7 126	1970	China	310
BC Lucky Safe	27 497	6 839	1977	China	315
RoRo Ducky Science	5 500	6 572	1986	China	380
MT Anitra	13 500	4 105	1986	India	375
LPG Gohshu	47 473	15 588	1990	China	365
BC Rose I	42 228	9 121	1976	India	345
CV Montserrat B	934 Teu	9 017	1981	India	340
BC Star II	22 646	5 701	1977	India	346
GC Rem	17 500	5 550	1979	India	340
BC Milos	72,100	11,891	1978	Bangladesh	395
BC Hebei Express	65,204	17,357	1984	Bangladesh	388
BC Star II	23,947	5,701	1976	Indian	346
MV Vans Queen	7,893	5,342	1978	Indian	356
MV Mogador	850	7,412	1975	Indian	352

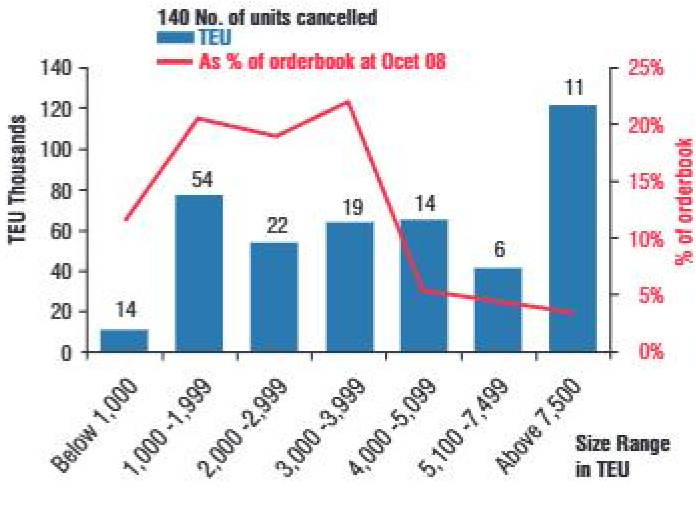
Source: Fearnresearch

Cancellations hit 6.7 per cent of orderbook

Cancellations of containership orders have reached 140 ships for 436,000 TEU since the start of the financial crisis in September 2008, according to Alphaliner records. The level of cancellations is lower than the ones observed in the bulk carrier and tanker segments and it represents 6.7 per cent of the 6.51 Mteu container ship orderbook at 1 October 2008.

The cancelled orders include 27 containership orders that were converted into other vessel types by their owners. The remainder of the cancelled orders were outright cancellations or orders that have been delayed to such an extent that they are believed to have been dropped, especially in cases where shipyards faced difficulties in meeting contractual deadlines allowing owners to get out of their commitments. Further cancellations could emerge as discussions are still ongoing between the shipyards and owners. Also, some cancellations may not have been disclosed yet.

Containership order cancellations since Oct 2008



Source: Alphaliner

Newbuilding prices in million $

		End 08	09/12	10/01
Tankers	VLCC	134	95	95
	Suezmax	52	60	60
	Aframax	66	51	51
	MR Clean	45	34	34
Bulk Carriers	Capesize	76	52	52
	Panamax	44	36	36
	Handvniax	39	29	29

New orders in no/million dwt

	2008		2009		10/01	
VLCC	106	33.3	18	5.8	2	0.6
Suezmax	37	5.8	21	3.3	0	0.0
Aframax	34	3.8	3	0.3	0	0.0
Small	226	7.2	70	1.7	5	0.1
Total	**4.3**	**50.1**	**112**	**11.1**	**7**	**0.8**
Capesize	216	42.8	61	14.3	3	0.5
PostPnmx*	130	11.3	48	4.0	2	0.2
Panamax	70	4.9	47	3.4	2	0.2
Handy	751	31.7	283	11.8	36	1.5
Total	**1167**	**90.7**	**439**	**33.6**	**43**	**2.3**

*80,000-99,999 dwt

Source: RS Platou Oslo

BUILDING BLOCKS

In 2009, Korea, with the biggest building capacity in the world, scheduled deliveries totalling 19 million CGT but could hand over only 75 per cent to the owners.

Chinese shipyards were scheduled to increase their deliveries by 117 per cent but could deliver only 60 per cent.

Japanese yards delivered almost all the newbuildings in time.

In all, more than one quarter of the 50 million CGT scheduled for delivery in 2009 were not delivered by the end of the year.

Facts N Figures

Average price of imported iron ore was US$ **79.8** /tonne, down 42 per cent year on year.

The value of imported iron ore by China was **US$ 50.51** billion in 2009

China imported 627.78 million tons of iron ore last year, **41.6** per cent more than the previous year

Containerisation in India is **45 per cent**. Global average is of **70 per cent**.

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

MARCH 2010

22-24

7th China International Offshore Oil & Gas Exhibition

Beijing, China

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

www.ciooe.com.cn

24-26

Asia Pacific Maritime 2010

At Singapore Expo, Singapore

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

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

25-26

4th Indian Ocean Ports & Logistics 2010

At Hilton Mauritius Resort and Spa, Mauritius

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

www.transportevents.com

27-29

Oil & Gas Asia 2010

At Karachi Expo Centre, Pakistan

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

www.ogpoasia.com

APRIL 2010

gateway
KNOWLEDGE FORUM
Idea Exchange for Business Innovation

April 9 **At the Taj Mahal Hotel New Delhi**

This one-day convention on 'Efficiency in Inland Logistics: New Pathways' will bring together key business and political leaders to share perspectives on improving trade.

www.maritimegateway.com

10-12

India International Maritime & Logistics Expo

Green Technology Trade Centre, Mumbai

The event, being organised by India Trade Promotion Organisation, will have ship-building, ship-repair, dredging, traffic monitoring system, maritime institutes and maritime boards targeting service providers, government officials, shipping & port bodies.

www.tradeindia.com

14-17

Infrastructure Asia

Jakarta International Expo Centre, Indonesia

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

www.infrastructureasia.com

21-22

Oil & Energy Price Risk Management

At Amara Hotel, Singapore

Experts will deliberate on risk management in the oil and energy sector. They will examine the fundamentals and outlook for the Asian energy markets with a view to creating the best risk mitigation strategies.

www.oilandenergypricerisk.com

21-23

Sea Japan 2010

Tokyo BIG SIGHT Exhibition Center, Japan

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

www.seajapan.ne.jp

26-29

Deepwater Asia Congress 2010

At Shanghai, China

Industry leaders across the world will interact on the theme 'Survive, Sustain, Breakthrough for Asia Deepwater Tomorrow Market' and focus on the specific technological needs of the Asia-Pacific deepwater arena.

www.deepwatercongress.com

29-30

International Oil, Gas & Petrochemical Forum & Expo 2009

Malaysia

The region's premier Conference and Expo organised by PERDASAMA will bring together industry players - multinational oil companies, national oil companies, government officials, traders, suppliers, consumers and experts.

www.myevents.com.my

JUNE 2010

06-07

15th Asia Oil & Gas Conference 2010

At Kuala Lumpur Convention Centre, Malaysia

The conference brings together the oil and gas industry fraternity to engage in intellectual discourse on key industry issues while pursuing business building and networking.

www.cconnection.org

RNI NO.: APENG/2009/30633