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July 2013

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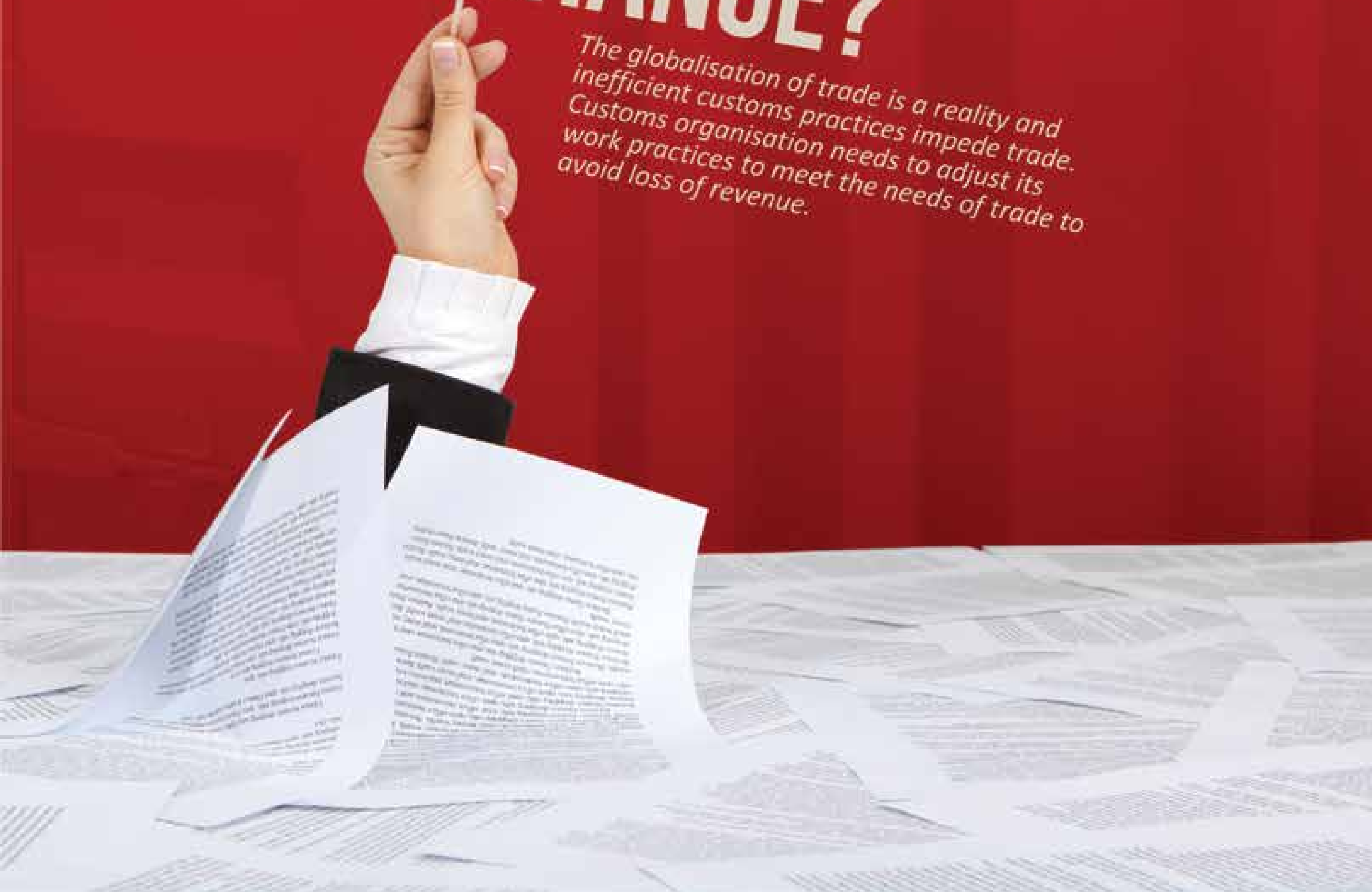
A sparkling success story: Jairaj Kumar

An entrepreneur under whose guidance and leadership Ocean Sparkle has become a name to reckon with in port operations and management

CAN OUR CUSTOMS CHANGE?

The globalisation of trade is a reality and inefficient customs practices impede trade. Customs organisation needs to adjust its work practices to meet the needs of trade to avoid loss of revenue.



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East Coast Maritime Business Summit

SEPTEMBER 19-20, 2013

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INDIA IS ALL SET TO WITNESS A JUMP IN PORT TRAFFIC ON ITS EAST COAST.

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The East Coast Maritime Business Summit will discuss the changing dynamics of the country's foreign trade, the significance of east coast ports, hinterland connectivity and the opportunities and challenges faced by the region.

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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

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Widening CAD, a cause for worry

Exports from India contracted in May this year by 1.1 per cent to $24.5 billion as against the previous year while import rose 7 per cent to $44.65 billion. This widening trade deficit is not good news for a country struggling to control its rising current account deficit (CAD).

Last fiscal year (April 2012 to March 2013), India's exports fell 1.8 per cent year-on-year to $300.6 million, while its imports rose 0.4 per cent to $491.5 billion. The Ministry of Commerce and Industry has also cut its export target for fiscal year 2013-14 from an original estimate of $500 billion to just $325 billion.

The country's trade deficit in the first two months of fiscal year 2013-14 was about $37.9 billion, widening 22.5 per cent from $31 billion during the same period a year ago. The high CAD has been exerting pressure on the rupee, which has weakened by 6.6 per cent since May 22. The rupee fall was accentuated by foreign institutional investors (FIIs) pulling out funds on account of the anticipated move by the US Federal Reserve to tighten its quantitative easing measures.

A weakened rupee prompted the Reserve Bank of India to take a hard stand on interest rate. The central bank did not lower key policy rates in its monetary policy in the second week of June. This will have adverse effect on corporates and the overall industry production. In gist, it shows that a widening CAD helps none.

Though the government has been trying to contain the effect of the trade deficit by reducing the consumption of gold, they did not bring out the desired effect. The government has already hiked import duty to 8 per cent recently to curb gold demand. The Reserve Bank has put restrictions on banks on importing gold.

It is time for us to introduce innovative steps to attract FDI

As the Finance Minister has rightly pointed out one of the ways of financing the widening CAD is to raise the foreign direct investment (FDI) limits so as to attract more capital inflows.

Considering that so far the government efforts to boost FDI inflows were not successful, it is time we introduce some innovative steps in this direction. Understanding the gravity of the situation, the government is looking at FDI caps to see if they are indeed serving the purpose. Otherwise, the caps could be revisited. This is an encouraging trend. If the government can muster up the courage to take some bold steps, it will help arrest the fall of rupee and shrink the CAD.

Meanwhile, the country can also look at increasing the production of oil and coal and restrain consumption of gold. Besides, the government should look at introducing a financial instrument that can equal the returns of the yellow metal to arrest the gold rush.

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JULY 2013

VOLUME 5 ISSUE 10

Corrigendum
In our Maritime Gateway Awards Special Issue (dated May 2013) under the category – Container Freight Station of the Year – there was an inadvertent mistake. It was mentioned that Balmer Lawrie & Co has invested ₹1440 crore for developing additional plot, ₹125 for upgrading application system and 12 crore for upgrading security features whereas it should have been read as ₹14.4 crore for developing additional plot, ₹1.25 crore for system upgradation and ₹12 lakh for upgrading security. We regret the error. We also wanted to clarify that it was an editing mistake as the company had submitted the right figures (in lakhs) to the jury panel for consideration.

Maersk unveils world's biggest container ship in weak freight market

Denmark's Maersk Line unveiled the world's biggest 55,000-tonne container ship *Maersk Mc-Kinney Moller*, named after the son of the group's founder. This new fleet of super-sized vessels is expected to bring hope to an industry that is battered by overcapacity, weak economies and cut-throat competition. With a length equivalent to four football pitches, the $185-million (US) ship is the first of 20 to be delivered.

IBIA board appointments

The International Bunker Industry Association (IBIA) has appointed Jens Maul Jørgensen of Oldendorff Carriers as its Vice-Chairman. He will therefore become Chairman in April 2014. Dilip Mody of Global Fuels & Lubricants has been re-appointed Honorary Treasurer. Welcoming the appointments, IBIA chairman Simon Neo said:

"I am delighted to be supported in my role as IBIA chairman by Jens. As marine fuel buyer for a major shipping company, he brings an important perspective to the association at a time when owners are looking at the impact of ECAs and low sulphur regulations."

Allcargo Logistics net falls 73 per cent

The decline in the cargo volumes at Indian major ports resulted in a 73 per cent decline in net profit of port-based logistics operator Allcargo Logistics Ltd to ₹16.8 crore for the quarter ended March 31, 2013, as against ₹61.6 crore for the year-ago period. Revenue grew by 10 per cent to ₹975.5 crore.

Vietnam considers equitizing sea ports

From now to 2014, the first-class state owned ports – namely Hai Phong, Da Nang, Quang Ninh, Saigon and Quy Nhon – would undergo the equitisation process, during which 25-49 per cent of the state's capital would be sold. In mid March 2013, the Vietnam National Shipping Lines (Vinalines) decided that Quy Nhon would be the first port of Vinalines' system to be equitized.

However, too many things still need to be done during the equitisation process. It's very difficult to valuate enterprises and deal with the redundant workers. Equitizing the first class ports is believed to be a strong measure to diversify the investment resources for the sea port system. This would allow the state to reduce the investments in the sea ports to reserve capital for the more important fields.

Balmer Lawrie to set up logistics park near Kolkata

Diversified PSU Balmer Lawrie & Co has got the board's approval to set up a logistics park at Dankuni near the metropolis involving an investment of ₹150 crore.

"Today, we got the board approval to acquire 55 acres near Dankuni for a logistics park," Viren Sinha, Chairman and Managing Director said. The land would be directly purchased from the owners and the targeted outgo on account of this was ₹40 crore. The land had been identified and talks with land owners were positive.

The park would have a container freight station, rail connectivity and warehousing facilities. Besides this, Balmer Lawrie would also set up a new plant at Navi Mumbai at an investment of ₹100 crore for manufacturing steel barrels and a multi-modal logistics park at Vizag in collaboration with Vizag Port Trust at a cost of ₹220 crore.

Campaign to be launched to attract cargo owners

The Ports Department will launch a campaign to attract cargo ahead of the launch of the coastal shipping operations between Kollam and the International Container Transshipment Terminal at Vallarpadam in Kochi.

Apart from the cashew exporters, coastal shipping operations aim at transporting cargo from public sector undertakings such as the Kerala Minerals and Metals Limited and the Indian Rare Earths. Ports Minister K Babu announced in Kollam that the container operations from Kollam would be launched in June itself. According to the Ports Department sources, the Department had chartered a vessel from the Waterways Shipyard, Goa with a capacity of 154 teu containers and a built-in crane facility. The Kerala State Maritime Development Corporation Ltd (KSMDCL) will be operating the chartered vessel.

Shipping Corporation of India may lose navaratna status

State-run Shipping Corporation of India (SCI) may lose the coveted navaratna status as the PSU reported loss for the second consecutive year. In 2011-12, the company posted a loss of ₹428.2, while in 2012-13, it registered a ₹114.3 crore loss. To retain the navaratna status, any PSU firm has to be a profit-making company. In case the losses continue for two consecutive years, the company faces the threat of losing the tag. Losing navaratna status also impacts any company's financial autonomy as the coveted tag empowers the board of a Central PSU to take investment decisions up to ₹1,000 crore.

Jacksonville's port gets third-highest amount of state spending for ports

As Florida lawmakers plunged into one of their most decisive sessions ever for seaports, a group of Support Our Port volunteers arrived from Jacksonville and hand delivered sacks filled with 15,000 letters backing port expansion. That Support Our Port mission was part of a years-long push by port authorities, influential legislators, Gov. Rick Scott, chambers of commerce and think tanks that resulted in a record-setting amount of spending on Florida ports in the fiscal year starting July 1.

The budget signed last week contains $284 million for ports, which comes on top of $420 million the state poured into them over the past three years, according to the state Department of Transportation. Jacksonville has gotten its share. Out of the total $704 million, the state Department of Transportation has penciled in $111 million for Jacksonville, ranking it third in the state behind Miami's port and Port Everglades in Fort Lauderdale.

GAIL shipping plan

State-owned GAIL (India) Ltd plans to foray into shipping by either buying or leasing long-term seven to eight carriers to bring gas from its Sabine Pass fields in the US and Gazprom's Shtokman project in the Arctic region. In July, the company plans to invite expressions of interest for the vessels.

The diversification to the shipping sector would be a major move by the gas supplier, which is primarily into gas transportation and marketing. As the company prepares itself to source more gas, the obvious step is to venture into the shipping business.

Essar Shipping Q4 net plunges

Essar Shipping's consolidated net profit plunged 99.91 per cent to ₹5 lakh during the fourth quarter ended March 31, hit hard by dismal performances of its shipping and logistics businesses as well as rising costs. The Essar group company had reported a net profit of ₹54.98 crore in the January-March quarter of 2011-12.

Its total income from operations was down 11.78 per cent at ₹729.08 crore during the quarter due to decline in revenues from two major business segments – fleet operations and logistics services.

TVS Logistics acquires US company

TVS Logistics Services has acquired US-based supply chain provider Wainwright Industries in a deal valued at ₹50 crore. This would be the second acquisition for the Chennai-based TVS group company in the US, after it acquired Manufacturers Equipment and Supply Company in 2011.

"With the acquisition of Wainwright, we are now covered most elements of capability and I think, it gives us cross docking and vendor management inventory capability which we have been speaking about," R Dinesh, MD, TVS Logistics Services said here.

Land acquisition for freight corridors 89 per cent complete

The Dedicated Freight Corridor Corporation of India Ltd (DFCCIL) has acquired 89 per cent of the 10,667 hectare land required for the 3,326-km western and eastern corridors, which are being developed at a cost of ₹33,000 crore. There has been a significant leap in the land acquisition compared with 2010 when the corporation could manage to acquire only 555 hectare.

"Entire land for the dedicated freight corridor is likely to be completed by the end of this year," said R K Gupta, managing director, DFCCIL. The land that remains to be acquired is on the Sonnagar-Dankuni section of the Eastern Corridor in West Bengal.

PAUL SOROS, SHIPPING TITAN DIES

Paul Soros, a shipping magnate, philanthropist and older brother of billionaire investor George Soros, died at age 87, his son said. Through his engineering innovations, philanthropy and personal relationships, Soros profoundly impacted many lives.

Soros studied mechanical engineering in Budapest and defected from Hungary in 1948 when the country was under Communist rule. Soros later found his way to the United States.

In 1956, he founded Soros Associates, which would become a well known international engineering firm that brought changes to the bulk shipping industry and built ports and offshore terminals in dozens of countries. Soros wrote dozens of technical articles and held a number of patents in material handling and offshore technology, according to the foundation.

VOICES

"Indian ports are very important for our network because many of our customers in India are also customers around the world. There are some issues in India that limit operators to grow. The tariff system and the way it is interpreted and applied is counterproductive for operators."

- Sultan Ahmed Bin Sulayem
Chairman of DP World

"The consequences of oversupply of tonnage is overshadowed by owners buying energy-efficient designs which will undoubtedly delay the return to a more balanced market. The situation is driven by a huge, politically inspired environmental agenda which will impose significant costs on the industry at a time when it could least afford them."

- John Denholm
President, BIMCO

"There is an urgent need to save the maritime industry in the country that is on the verge of collapse. A majority share of the budgetary allocation for developing infrastructure of ports is not being utilised. The government is suffering from a pathological compulsion of public-private partnership."

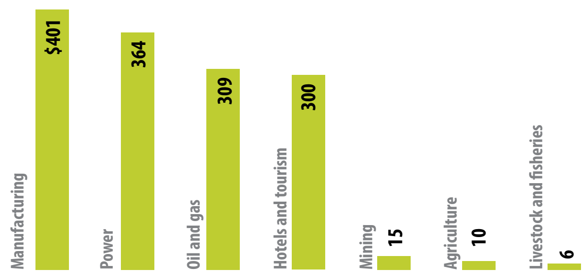
- Sitaram Yechury
CPI(M) MP, and the Chairman of the Parliamentary Standing Committee on Transport, Tourism and Culture

NUMBERS

Maersk moved **8.4** billion Bananas through its containers last year.

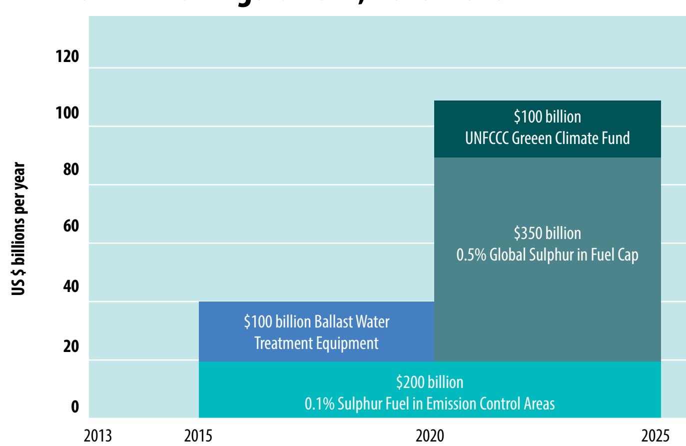
Top Targets

Foreign direct investment into Myanmar for the year ending in March, by sector, in millions



Source: Myanmar Investment Commission

Potential cost to global shipping of new environmental regulations, 2015-2025



String of Chinese pearls

MoU to strengthen maritime sector

Union shipping minister G K Vasan, during his recent visit to Vietnam, signed a maritime shipping agreement with his Vietnamese counterpart. This official visit was to strengthen cooperation in the maritime sector between the two countries. The minister was accompanied by a seven-member delegation including the secretary, shipping P K Sinha, Chairman of Inland Waterways Authority of India Vishvapati Trivedi and director general of shipping Gautam Chatterjee.

The minister held talks with Dinh La Thang, minister of transport of Vietnam, and discussed ways to strengthen cooperation in the maritime sector between both the countries especially in the areas of shipping, shipbuilding and repair, ports management, ports security, safety and human resource development.

Chhattisgarh govt signs MOU with CONCOR to setup logistic hub

After obtaining a nod from the Airport Authority of India for the construction of a dedicated cargo terminal at Raipur airport, the Chhattisgarh government signed a MoU with the Container Corporation of India Ltd (CONCOR) for setting up an ₹200 crore Multi Model Logistic Hub (MMLH) dry port at NayaRaipur. These decisions are expected to give a fillip to exports from the state, which incidentally touched ₹6000 crores in the last fiscal.

According to officials, MMLH dry port would work as a one-stop shop for exporters and importers, providing them warehousing, clearance and forwarding facilities from the same location. The hub, proposed to be constructed on an area of 45 acres, would be completed in the next three years and will have all facilities, including canteens, recreational areas, fire brigade and trauma centres, emergency services, besides the usual warehouses and clearance setups.

Nigeria sends 100 seafarers to India for training

Nigeria has sent 100 youths to India to receive training in various maritime fields to enable the oil-rich nation to take control of its coastal trade. Director General of Nigerian Maritime Administration and Safety Agency (NIMASA) Ziakede Patrick Akpobolokemi said that the seafarers would receive training at Chennai-based AMET University of Maritime Transport.

Akpobolokemi said the training is aimed to place Nigeria in a strategic position to "effectively take control of its coastal trade within the next 10 years." The beneficiaries were enjoined to treat the opportunity given to them by the country and the agency as a rare one by dedicating themselves fully to their studies and be guided by the rules and regulations of the university in addition to the laws of India, Akpobolokemi said.

SCR to focus on mechanisation of Krishnapatnam, Kakinada ports

The South Central Railway (SCR), which is getting good revenue from freight loading at Krishnapatnam Port Company Limited (KPCL) and Kakinada Sea Port Limited (KSPL), is planning to complete mechanisation of the ports by next year.

During 2012-13, the overall earnings of Vijayawada Division of the SCR, was ₹2,933 crore, of which Railways got ₹2,294 crore on freight transportation. The total earnings during 2011-12 were ₹2,291 crore and the Railways netted ₹1,706 crore on freight loading. As SCR is getting major revenue from KPCL, located in Nellore district, and KSPL, railway officials are concentrating on electrification of lines and doubling the tracks in the ports. Railways is importing and exporting fertilisers, coal, gypsum, iron ore and food grains from the two seaports.

Railways loaded 28.332 million tonnes of goods during the just concluded financial year, which was only 24.802 million tonnes during 2011-12, and the variation was 14.23 per cent compared to previous year. SCR earned ₹1,076 crore on freight loading from KPCL, which was ₹678 crore last year. From KSPL, Railways got ₹679 crore while it was ₹542 crore during 2011-12, said Vijayawada Divisional Railway Manager (DRM) Pradeep Kumar.

So far, loading process was being done through semi-mechanisation system (i.e. through conveyer belt) in both the ports. In Krishnapatnam Port, electrification of lines was being done for loading coal and in Kakinada Port mechanisation of two lines would be completed by July this year. By 2014, mechanisation works would be completed in KSPL for transporting fertilisers to various destinations. Work is under progress for doubling the tracks between Gudur and Krishnapatnam Port to increase freight loading, said Pradeep Kumar.

Railways loaded 28.332 million tonnes of goods during the concluded financial year. Electrification of lines was being done for loading coal in Krishnapatnam Port. Work is under progress for doubling the tracks between Gudur and Krishnapatnam Port to increase freight loading.

Shantha Martin wins Leadership and Innovation Award

Shantha Martin, CEO, Indian Sub Continent and Middle East, Allcargo Logistics won the International Women Leadership Forum Award under the 'Leadership and Innovation' category.

International Women Leaders Forum (IWLF) instituted the awards to identify, recognize and reward the women leaders across India from society, business, corporate sector, government as well as non-government sector, and various industries. Ms Martin was honoured with this award for her positive contribution and business value generation through her vision to go beyond conventional boundaries and to deliver quality service to the customers.

As a Regional CEO of the NVOCC vertical for Allcargo, Ms Martin is responsible for 41 offices across 10 countries. Under her leadership, the NVOCC division has won the leading Consolidator of the Year consecutively for the last three years along with the Logistics Company of Year 2010.

DAMCO reports 6% y-o-y revenue growth

Damco, one of the world's leading freight forwarding and logistics service providers, reports a 6 per cent increase in Quarter 1 net revenue with a total of $773 million, compared to $728 million in 2012. Airfreight volumes showed rapid growth of 15 per cent over 2012 which was well ahead of the market, enhanced by the acquisition in last quarter of 2012 of Pacific Network Global Logistics (PacNet). Q1 2013 Ocean freight volumes were up only slightly compared to the same period last year, at a modest growth rate of 1 per cent. Supply Chain Management volume growth accelerated further in Q1 2013 with 10 per cent growth versus the same period last year, mainly driven by the impact of new customers and a strong pre-Chinese New Year uptake in volumes.

SHM Shipcare delivers FRP support vessels to ONGC

Mumbai headquartered SHM Shipcare handed over the first set of three boats out of 14 FRP (Fibre Reinforced Plastic) boats to ONGC at Nhava offshore. These FRP light armed high speed vessels will be utilized for deployment in offshore development areas. They are capable of day and night surveillance, high speed interceptions of intruder vessels, rapid insertions / extractions of marine commandos for anti-terrorist operations, amongst others. The overall ONGC deal value for the 14 FRP vessels is in the vicinity of ₹168 crore.

Allcargo Logistics appoints Ajit Jangle as Group Chief Operating Officer

Allcargo Logistics, a leading multinational integrated logistics company, announced the appointment of **Ajit Jangle** as its Group Chief Operating Officer. In his career of over 20 years, Ajit has gained rich and varied experience with various Indian and multinational companies working in India as well as overseas. He started his career with Mahindra and Mahindra Limited and was associated with them for 10 years in several roles like Quality Assurance, Manufacturing, ERP implementation, Business Process Re-engineering and Supply Chain. He was with APL for about six years, started with National Manager Business Solutions in India, then as a Regional Director for Middle-east & Africa Region for APL Logistics based in Dubai and finally as a Managing Director for both APL Liner and Logistics for Saudi & Bahrain. In his last stint of about five years he worked as a MD with Toll Global Logistics India, part of Toll Group head quartered in Melbourne, Australia.

C Viswanath takes over as CMD, Food Corp of India

C Viswanath of the Andhra Pradesh cadre has taken charge as the chairman and managing director of Food Corporation of India (FCI), the public sector undertaking. Viswanath, a 1981-batch IAS officer, is currently on a seven-year central deputation. His previous posting was as additional secretary with the ministry of information and broadcasting. Viswanath has earlier served as joint secretary with the ministry of consumer affairs, food and public distribution, and worked in the same capacity with the department of food and public distribution warehousing development and regulatory authority, among other key posts.

Ennore Port to float global tenders again for mega container terminal

The Ennore Port Ltd. (EPL) will once again float global tenders soon, inviting parties to take part in the Request for Qualification (RFQ) process for creating a mega container terminal at Ennore. The decision was taken at a recent board meeting, in which it was decided to seek re-bids from interested parties through a global tender after obtaining legal clarification on certain issues.

In October 2012, the lone bidder for the project, Bay of Bengal Terminal Consortium, withdrew from the project citing a delay in finalising funds, causing a temporary setback for EPL just like the Chennai Port Trust that was also facing problem on mega container terminal front.

STS Spreaders hot on the BROMMA order book

Stockholm-based Bromma, the world leader in crane spreaders, has had a good start to the year. Many contracts of significant size have been won including a large share of significant STS spreader orders.

Driven by larger vessels and the competitive situation in the logistic chain, the demands on productivity continue to increase. Bromma spreaders are already proven reliably productive which is further supported through the recent introduction of the Green Zone™ fleet productivity software.

About 90 per cent of the spreaders for RTG, RMG and ASC operation from Bromma today are allelectric GreenlineTM spreaders. Bromma all-electric spreaders are being specified by customers due to their inherent reliability, as well as their environmental and economic benefits. Due to fewer service points, lighter weight, and the absence of any hydraulics, Bromma all-electric spreaders have higher availability, simplified maintenance requirements, require less power, produce fewer emissions, and offer tough durability.

ClassNK announces massive expansion in Europe

The world's largest classification society ClassNK announced that it would be getting even bigger, and will soon open more than five new offices in Europe. The announcement was made recently and was highlighted by a special signing ceremony which saw four renowned Northern European owners officially transfer nearly a dozen vessels to ClassNK.

The new expansion which includes new offices already established in Klaipeda, Lithuania, and Ebeltoft, Denmark will see ClassNK open new offices in Bergen, Norway; Würzburg, Germany; and Helsinki, Finland; with further offices planned in Ukraine and Sweden.

The importance of the new offices was emphasized by ClassNK Executive Vice President Yasushi Nakamura, who said: "As a non-profit organisation, our goal is to reduce costs for the maritime industry. By expanding our presence in Europe, we can not only better serve the needs of the growing number of European owners who class their vessels with ClassNK, but also reduce the costs of surveys and certification costs for owners and manufacturers throughout the region." The addition of offices represents a 25 per cent increase in the size of ClassNK's network in Europe, an expansion made necessary by the growing number of European owners who are classing their vessels with the Society.

> Nearly 1000 vessels and more than 25 million gross tonnes were added to the NK register in 2012; a new record for NK and a historic success that we owe in no small part to the support of shipowners in Europe.
>
> **Noboru Ueda**
> Chairman & President, ClassNK

ClassNK's recent growth has been led by German owners and Norwegian who have together transferred nearly 100 existing and newbuilding vessels totaling more than 2.5 million gross tonnes to ClassNK since the beginning of 2012. The growing trend among European owners to choose ClassNK for their vessel classification was clear during the signing ceremony held as part of the conference, which commemorated the official transfer of three existing bulk carriers from Orion Bulkers GmbH & Co. KG, two bulk carrier newbuildings from Johann M K Blumenthal GmbH & Co. KG, one existing tanker from Medallion Reederei GmbH, and five bulk carriers from Norway's Stove Rederi AS to the ClassNK register.

Capt Arun Sankar, Director, Johann M K Blumenthal GmbH & Co KG, Noboru Ueda, Chairman & President ClassNK, Tom Christensen, Director, Stove Rederi AS, Bogdan Radovanovici, Head of Technical Department, Orion Bulkers GmbH & Co KG during the signing ceremony

IMO to implement Arctic shipping code by 2016

The International Maritime Organisation (IMO) has announced that it expects a code regulating Arctic shipping to be in place by 2016. Arctic sea ice is melting rapidly, and within the next decade the effects of global warming is anticipated to transform the polar region into a seasonally navigable ocean. As a result shipping along the northern sea route is expected to grow 30-fold in just eight years and could account for as much as a quarter of cargo traffic between Europe and Asia. "We are preparing a mandatory code for polar navigation," said IMO secretary general Koji Sekimizu. It will come in to effect in 2015 (and) will probably be implemented in 2016.

SCI seeks to strengthen LNG shipping business

Shipping Corporation of India Ltd (SCI) will strengthen its liquefied natural gas (LNG) shipping business after being assured of equity stakes in GAIL (India) Ltd's LNG shipping ventures to haul cargo from the US. The equity stakes will be given on a nomination basis, without SCI having to participate in a tender, according to a memorandum of understanding (MoU) signed between the two firms recently.

GAIL has signed an LNG sales and purchase agreement with Cheniere Energy Partners LP to buy 3.5 million metric tonnes per annum (MMTPA) of LNG from the latter's Sabine Pass Terminal in Louisiana, US for 20 years. It has also signed a separate terminal service agreement with Dominion through GAIL Global (USA) LNG Llc for booking 2.3 MMTPA liquefaction capacity in the Cove Point LNG liquefaction terminal project located at Lusby in Maryland. GAIL will require at least eight LNG ships to import the commodity from the US. The agreements are on free-on-board basis whereby GAIL is required to make its own arrangements for the transportation of LNG from these terminals.
The LNG shipments are expected to begin by mid-2017.

ABB wins order worth $12 million to power deepwater pipe laying vessel

ABB, the leading power and automation technology group, recently won a $12-million order to supply electrical power and propulsion systems for a deepwater pipe laying vessel. The vessel, tentatively named *Derrick Lay Vessel 2000* ("DLV2000"), will be constructed at Keppel Singmarine in Singapore and delivered in 2015 to Hydro Marine Services, Inc., a subsidiary of McDermott International, Inc.

Developed by Keppel's ship design arm, Marine Technology Development (MTD), DLV2000 is equipped to support advanced deepwater pipe laying operations that will allow pipelines to be installed at depths of up to 10,000 feet. It is also capable of achieving efficient pipe lay rates for long trunk lines, operating in severe weather conditions, and providing significant thrust output and power

distribution. An economical vessel transit speed is expected to be 12 knots with a top speed of 14 knots. On completion, the vessel will be able to accommodate up to 400 personnel.

Russian commercial shipbuilding faces serious crisis

In spite of concerted support and increased funding by the state, the Russian shipbuilding industry is plunging into serious crisis. Commercial shipbuilding in Russia is gradually returning to the Soviet times, reflected by its ever growing reliance on defence orders and little work from the merchant sector. In 2012 defence orders accounted for two-thirds of revenue of domestic shipyards, equivalent to 90 billion rubles. ($3 billion), which is three times more than in 2011. At the same time revenue from commercial shipbuilding fell by 16%, compared to 2011.

Iron ore traffic at Paradip could rise

If the latest trend is any indication, the iron ore export through Paradip port, which dropped significantly in the past couple of years, appears set to rise again, though slowly. Iron ore is an important component of the port's traffic. In April, the iron ore throughput was 4.63 lakh tonnes against 1.27 lakh tonnes in the same period a year ago. In April Paradip port posted total traffic growth of 42.74 per cent at 5.82 million tonnes, the highest among all major ports during the month. No wonder, the port authorities have started allotting plots to iron ore exporters for storage purpose.

The Nautical Institute champions industry best practice

The Nautical Institute held its AGM in Colombo, Sri Lanka, with its theme the challenges facing maritime administrations. In his presidential address, Captain Krishnamurthi commended the initiatives already in place for developing and disseminating best practice and outlined his ambitions for the coming year. He called upon members to get involved in promoting the mentoring campaign for the benefit of the industry. The Institute would continue to identify existing and emerging best industry practices, he pledged, and would establish a "sustained programme" to influence public perception of the maritime profession. Membership of the Institute was, he added, "competency value added".

India, Myanmar set bilateral trade target of $3b by 2015

Setting a bilateral trade target of $3 billion, India and Myanmar recently discussed ways to enhance economic cooperation in sectors like textiles, infrastructure, oil and gas. Commerce and Industry Minister Anand Sharma, who visited Myanmar conveyed the interest of Indian banks in setting up their branches in Myanmar.

In 2012, the total trade between the countries stood at $1.87 billion.

Palm oil imports

Myanmar has to spend more than $300 million annually for the import of palm oil imports which amounts to over 300,000 tonnes every year, according to sources from local edible oil industry.

"It's now more than a decade that Myanmar imports the oil annually. The imports are inevitable due to the country's insufficient power supply and outdated equipment for edible oil production to run adequately. Local producers make edible oil from locally cultivated peanut, sesame and sunflower, but inadequately," said Thein Han, the chairman from Myanmar Association of Edible Oil Traders and Producers.

Automobiles

Myanmar has imported a total of 171,341 vehicles including those under overage vehicle substitution scheme over the past 19 months from October 2011 to May 2013.

Myanmar fruit exports hit $23 million

Myanmar's fruit exports hit $23 million within the first two months of the fiscal year of 2013-14, according to the Ministry of Commerce. Myanmar has exported over 100,000 tonnes of mangoes, melons, dried plums, and other fruits during the period.

Among the exported fruits, watermelons and mangoes are the most popular. Exports of the two fruits account for 60 per cent of the total earnings, as watermelon exports hit $10 million while mango exports reached $4.7 million.

In the past, Myanmar exported most of its fruits to China. However, over the last three years it has started to target new markets in Singapore, Malaysia and Thailand as well as participate in international fruit festivals around the world.

DP World, JNPT sign agreement for new container terminal

DP World and Jawaharlal Nehru Port Trust (JNPT) have signed an agreement for the development of a new container terminal. Dubai-based DP World had received the Letter of Award for the new Nhava Sheva (India) Gateway Terminal project in November last year.

The new 330 metre berth with 27 hectares of yard will add 800,000 TEUs (twenty foot equivalent container units) of container capacity and help ease congestion at Jawaharlal Nehru Port. DP World will invest around $200 million to build the terminal, which is expected to commence operations in 2015. The new terminal is adjacent to the Nhava Sheva International Container Terminal (NSICT), which DP World currently operates.

The new container terminal will be equipped with four modern rail mounted quay cranes and twelve rubber tyred gantry cranes.

The ceremonial concession document was exchanged between Minister for Shipping GK Vasan and HE Sultan Ahmed Bin Sulayem, Chairman, DP World. The concession was signed by NN Kumar, Chairman, JNPT and Anil Singh, Senior Vice President & Managing Director, DP World Subcontinent Region.

“We thank the Government of India and the Jawaharlal Nehru Port Trust for their confidence in our ability to support the growth of India’s vibrant economy through the construction and operation of new state of the art, modern infrastructure in the country’s busiest port. With a 17 year concession period, we are investing for the long term and we look forward to continuing to work with Jawaharlal Nehru Port Trust into the future,” said HE Sultan Ahmed Bin Sulayem in a release.

According to Anil Singh, DP World has worked closely with Jawaharlal Nehru Port Trust over the years. “We were the port’s first private partner in 1997 with NSICT, and together with the port we have played a key role in serving India’s growing trade over more than a decade. I take this opportunity to thank the Jawaharlal Nehru Port Trust for their continued support over the years, and also for giving us the opportunity to partner with the port once again to provide world class facilities for India’s trade,” he said.

Mormugao Port asked to focus on cruise terminal, other businesses

Troubled by dwindling cargo volumes at the Mormugao Port in Goa, the shipping ministry has instructed the government-controlled port to develop the port as a cruise terminal to tide over the crisis. With no solution in sight regarding the iron ore mining and iron ore exports after Supreme Court's intervention, the ministry also wants the port to now look at handling alternate cargos such as pharmaceuticals, fertilisers and petroleum to boost revenues.

SCI bypassing Vallarpadam

The Joint Forum of Trade Unions in Kochi Port wants the Parliamentary Standing Committee on Transport, which is visiting the city, to persuade the Shipping Corporation of India (SCI) to use the Vallarpadam Port instead of Colombo. In a memorandum submitted to the Committee, the leaders of unions pointed out that SCI is still using Colombo Port as its transshipment hub. In 2012-13, nearly 3,40,000 teu of Indian containers were handled by SCI in Colombo.

Global iron ore capacity to rise faster than China demand growth

Global iron ore capacity will rise faster than demand from China’s steel mills, the world’s biggest buyers of the raw material, said Baosteel Group Corp. Steel output growth has dropped to less than 5 per cent a year, from 20 per cent between 2000-2006, Chairman Xu Lejiang told a conference recently in Shanghai. Baosteel is China’s third-biggest mill by output. Iron ore has plunged 27 per cent since February. 20, when it reached a 16-month high of $158.90, meeting the common definition of a bear market. The world’s biggest iron-ore producers, including Rio Tinto Group and BHP Billiton Ltd. (BHP), are planning $250 billion of new mines.

China’s slowing steel output growth comes as “iron ore capacity expansions come on stream,” Xu said. “While some smaller producers have deterred their expansion plans, we continue to see the top three are expanding as they believe they are more cost-competitive.” Steel prices in China have tumbled to the lowest level in more than eight months amid production overcapacity and high inventories. Slower Chinese growth and Europe’s economic crisis have forced global steelmakers including ArcelorMittal (MT) and Tata Steel Ltd (TATA) to report quarterly losses. China won’t carry out a significant stimulus policy under the new government, Xu said. The steel industry’s worst time is yet to come.

New Voyager 4 reduces risk of deficiency detentions

With chart and nautical publication management highlighted as one of the most common reasons for deficiency detentions by Port State Control (PSC), ship operators are calling for new and effective navigation solutions.

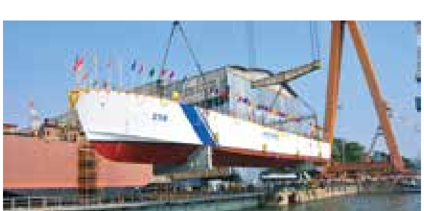
The unique features of Thomas Gunn's new Voyager 4 digital chart management system, launched this month following successful sea trials, provide shipowners and ship managers with the tools they need to ensure that Safety of Navigation standards on board meet PSC and vetting inspection requirements.

New Voyager is the only complete British Admiralty (BA) update service. Uniquely, it includes both the Annual Summary of NMs and Cumulative List of NMs as well as NAVAREA warnings, Loose Leaf publication updates, updates for BA charts and updates for both AVCS and the Admiralty Information Overlay (AIO). It also comes complete with the best file compression on the market to increase efficiency and

minimise data transmission costs and free access to Thomas Gunn's Vessel Management Service – a web portal for ship managers to view individual vessel holdings and monitor a vessel's update and supply status.

CSL launches fast patrol vessel for Indian Coast Guard

Cochin Shipyard Limited launched the third Fast Patrol Vessel (FPV) being built for the Indian Coast Guard. The vessels are being built under the dual classification requirements of ABS and IRS. The 50 metre x 7.6 metre x 4.65 metre vessels have a designed speed of 33 knots. The primary role of the vessel include fisheries protection and monitoring, patrol within exclusive economic zone (EEZ) and coastal patrol, anti smuggling, search and rescue operations and for anti-piracy operations. The vessels have a secondary role of providing communication link & escort convoys during hostilities and war time.



ICS Annual Review

The International Chamber of Shipping (ICS) has published its latest Annual Review of maritime policy and regulatory developments.

The ICS Annual Review focuses on a number of key issues for 2013. These include the need for policy makers to balance the importance of protecting the environment with shipping's economic sustainability, the ongoing debate about the regulation of CO_2 emissions, the entry into force of the ILO Maritime Labour Convention, developments with respect to piracy and hostage taking, and discussions to ensure safe and pollution free ship operations in the Arctic.

Concise but comprehensive, the ICS Annual Review also addresses developments in maritime safety, labour affairs, manning and training, maritime law and insurance, as well as shipping and trade policy concerned with the maintenance of the 'level playing field' and open shipping markets.

Indian ports to set foot in Iran

Threatened by China's quick-paced maritime developments in the Indian subcontinent, two of India's major ports – Jawaharlal Nehru Port Trust and Kandla Port Trust – have signed a pact with the Iran government to develop two container terminals at Chabahar.

India will invest about \$100 million in developing Chabahar Port to improve its trade with the Central Asian region. Chabahar, located in Iran Baluchistan province along the Makaran coast, eases India's access to Iran and landlocked Afghanistan. The two ports will invest through Indian Ports Global – an investment vehicle that was set up in 2010 by the Ministry of Shipping to enable the government to invest abroad.

With the Indian cabinet clearing the proposal earlier this month, a ten-year-old plan to gain access to politically instable Afghanistan has fructified. Incidentally, India, Iran and Afghanistan have a pact that allows goods to move at low tariffs. Also, the preferential agreement between these countries can boost trade volumes significantly. India's bilateral trade with Iran amounts to \$15 billion, of which India's exports amount to a measly \$3 billion. India can now hope to buy more oil from Iran once the direct sea link is established.

Kandla's reputation for handling the largest volume of cargo and JNPT's expertise with container ports has won them the ability to develop and manage the terminals.

The move gains significance because this is the first time a government entity is investing overseas. India's neighbours in the Middle East and South East – Dubai and Singapore – floated their own port entities years ago to tap maritime trade potential in the Asian region.

While DP World Ltd is partly controlled by Dubai, PSA International Pte Ltd is owned by the Singapore government.

While economic rationale is of significance behind this deal, India's political stability and domination in the subcontinent assume centre stage because of this pact. India's decision to invest in Chabahar is to counter China's move to run Pakistan's Gwadar Port and fund Sri Lanka's Hambantota.

International Bunkering Group appoints new CEO

International Bunkering Group appointed Christoffer Berg Lassen as CEO. He has been promoted from the position of International Sales Manager to Group CEO. He has been working with the International Bunkering Group since early 2008 and will replace the former CEO, Carsten Ladekjaer, who has accepted a position outside the International Bunkering Group.

Thome Group continues to expand its global footprint

As part of that expansion, Thome today announces the opening of a new ship management office in Copenhagen, Denmark. The move underlines Thome's drive to further service its already strong shipowner client base in Scandinavia, and expands the company's European presence as a platform to offer its full range of ship management services.

With the establishment of Thome Ship Management Denmark in Copenhagen, Thome reaffirms its long-term commitment to actively support the Danish Maritime Cluster growth strategy as a future European maritime hub.

Thome Group Chairman Mr Olav Eek Thorstensen said, "With the opening of our brand new European office, we position ourselves optimally and in close proximity to many of our existing Scandinavian customers. I am confident that with the skill sets and well-developed networks available within the Danish Maritime cluster, we will be able to further elevate an already well recognised service offering for our existing and potential partners."

Mundra Port makes history by handling the largest container ship

Adani Ports and Special Economic Zone Limited (Adani Ports), one of India's largest private port developer and operator and part of Adani Group, handled the largest container vessel up to now with nominal capacity of 14,036 teu, the first of its kind to call at any Indian port, thereby making history in the Indian maritime sector.

M.V. MSC Valeria, owned by Swiss-based MSC Mediterranean Shipping Company, a leading global shipping line, with overall Length of 365.5 metres (1,199.2 feet) was delivered to MSC in June 2012 and is currently deployed in MSC's Asia-Mediterranean Dragon service.

"I believe that by bringing 14,000-teu ship in India and Mundra specifically, we will certainly open a new chapter in container business of our country, which in turn will create new opportunities in the sector proving to be the game changer. Traditionally an average container ship size is less than 4,000 teu in India. The 14,000-teu vessel will reduce the cost significantly. I believe that this cost reduction to customers can give Mundra Port an opportunity to become a hub port for servicing," said Gautam Adani, Chairman, Adani Group.

India to build its own dredgers

India's Ministry of Shipping has asked three public sector companies in the industry to enter in to a pact in order to help India's largest ship building company tide over an existential crisis. A three-way pact has been signed between the Dredging Corporation of India, the Cochin Shipyard and Paradip Port to help all three stakeholders in the partnership.

The government has ordered the Cochin Shipyard to commence manufacturing of dredgers that could be bought by the Dredging Corporation of India. DCI will in turn utilize the equipment for dredging the Paradip Port and increase its draft.

The move will benefit the Port in minimizing the cost of dredging by choosing a PSU and help the DCI win more contracts for dredging at a time when private dredgers have begun to garner greater demand. Besides DCI, other Indian companies which provide dredging services include Jaisu Shipping and Mercator. The companies including DCI source their machinery from Europe that is famed for its technology in this sector.

The Ministry of Shipping will formalize the agreement once the cost-benefit analysis for the Cochin Shipyard and assess its manufacturing capacity. Cochin Shipyard also figures in the list of companies the government wants to divest from this year. Till date, the shipyard has been performing well on account of defence orders. The ministry is also planning a similar move to rescue the Shipping Corporation from the throes of poor financials. However, in this case, SCI is mulling on deploying its dredgers in the Kandla Port.

Cross holdings of this nature can also help other major ports who bear huge capital expenditure in maintenance dredging. As ports intend to improve their draft by another 5 m additionally to accommodate very large crude vessels (VLCCs), the amount spent on dredging can come down significantly if more companies foray into the activity.

SAIL game plan to get back shine

State-run behemoth Steel Authority of India Ltd (SAIL) is banking on a string of new blast furnaces and high-grade products for space, nuclear and naval facilities to shore up margins.

SAIL chairman C S Verma said, "We feel the rising costs and falling margins are temporary. Once our two new blast furnaces in Rourkella and Burnpur come into play this year, we will be making 24 million tonnes of steel instead of 14 million tonnes. The cost (of production) will be cheaper because these are new state-of-the-art blast furnaces. Our profit per tonne will go up." Steel consumption in India grew just 3.3 per cent to an annual 73.3 million tonnes (mt) in 2012-13, or an average of about 60 kg per capita against the global average of 215 kg.

"With such low consumption, demand can only go up, especially as infrastructure projects slated for the current Five-Year Plan period start picking up momentum," Verma said.

Greece buys 142 ships from China

Greece has announced inking a deal with China to buy 142 new ships to power its shipping sector. The Greek prime minister Antonis Samaras recently concluded a four-day state visit to Beijing, trying to woo Chinese investment to the recession-ridden country. Greek shipping minister Kostis Moussouroulis said in Beijing that the orders accounted for more than 60 per cent of the recent global orders of Greek shipowners.

PIL to save Kolkata and Haldia ports filed

Green crusader Subhas Datta recently filed a Public Interest Litigation (PIL) in Calcutta high court seeking judicial intervention to save the port facilities at Kolkata and Haldia as well as the river Hooghly. According to him, all three are suffering immensely due to government apathy which has resulted in unscientific dredging. While the two port facilities will suffer immensely if the Centre stops dredging subsidy to Kolkata Port Trust (KoPT), Datta also claimed in the PIL that the river's biodiversity is getting adversely affected as silt dredged from the navigation channel is dumped back into it near the estuary.

Datta has added the Ministry of Shipping, Prime Minister's Office, KoPT chairman, Ministry of Environment and Forests and Dredging Corporation of India as parties. He has prayed the matter be taken up for hearing on June 17.

"Several eastern, northern and north eastern states depend heavily on the ports of Kolkata and Haldia. So do the neighbouring landlocked countries of Nepal and Bhutan. Trade with neighbouring countries like China, Bangladesh and Myanmar will also be affected if these ports suffer. Nobody seems to be paying any attention to the crisis, which is of national importance. Political parties and leaders are busy fighting among themselves while the situation gets worse. This is why I have sought judicial intervention in the matter,

Datta said after filing the PIL. According to him, port facilities have had to move southward due to morphological changes in the river. Though development schemes were announced, none of them seemed to work and siltation of the navigation channel continued. Datta has pointed out that the flow of water from the Farakka Barrage has also come down, further accentuating the problem.

"In 1994, then prime minister Deve Gowda had promised Bengal chief minister Jyoti Basu that funds would be provided for dredging the navigation channel every year as this was essential to keep the two ports alive. Though the stretch of river between Haldia and Allahabad has been declared National Waterway 1, no real effort was made to remove silt from the channel. Every year, tonnes of silt are scooped out from the bottom of the river and dumped at locations near the estuary. From there, they get washed back with the tide, affecting the biodiversity and marine life. Now, the Centre is considering stopping the dredging subsidy. This will be the last nail in the coffin," Datta added.

Cochin Shipyard plans IPO, raise ₹500 cr

The public sector Cochin Shipyard Ltd has proposed to float an IPO to raise funds to augment its capacity expansion plans. The company proposed to raise ₹400-500 crore tentatively by offering 2.2 crore shares. It is approaching the Union Government for the necessary approval to issue fresh shares to fund the expansion plans, Commodore K Subramaniam, Chairman and Managing Director, told reporters.

The yard, he said, plans to set up new facilities and expand its operations to sustain the growth momentum in future. The total investment in the new facilities is expected to be in the range of ₹1,500-2,000 crore, which will be funded partly by way of equity and debt. The expansion plans included a new large dry dock at the existing CSL estate capable of docking offshore oil rigs and semi submersibles; developing a ship repair facility at Cochin Port Trust; and taking up offshore fabrication work for ONGC and other operators at a dedicated offshore location. It has already taken over land and workshop facilities on lease from Cochin Port Trust to set up the international ship repair facility at a cost of ₹487 crore. The order book position as on June 21 is 25 ships consisting of 20 fast patrol vessels, 3 offshore support ships for Indian and foreign owners and 1 buoy tender vessel for the Department of Lighthouses and Lightships.

Seajacks International & Samsung Heavy Industries to build world's largest offshore wind installation vessel

Seajacks International has entered into a contract with Samsung Heavy Industries to build the world's largest and most advanced offshore wind farm installation vessel. The vessel has been specifically designed to meet the demands associated with working UK Round 3, Scottish territorial waters and the other North West European markets. Seajacks also has options for the construction of an additional two units. Named *Seajacks Scylla*, the new vessel is based on the Gusto MSC NG14000X design and will be the fifth new self-propelled jack-up to join the Seajacks fleet since 2009. The vessel will be

equipped with a 1,500-t leg-encircling crane, incorporate useable deck space in excess of 5,000 sq m and have over 8,000 tonnes of available variable load. Sailing at speeds of 12 knots or over, Scylla will be outfitted with 105 metre long legs that have the ability to install components in water depths of up to 65 m. Seajacks is a leading offshore installation contractor that services both the offshore wind and oil and gas industries. Based in the UK, the company recently expanded from its core market in the North Sea and North West Europe by establishing 'Seajacks Japan' as a platform from which to service the Asian market.

Leading the pack

When public private partnership (PPP) projects at major ports are facing undue delays and clearance issues, Visakhapatnam Port has managed to implement a handful of projects without stumbling.

Sreekala G

The Visakhapatnam Port Trust is implementing various projects at an investment of ₹13,940 crore to augment its capacity. Of the planned investment ₹7,100 crore was being invested through Public Private Partnership mode. This was made possible due the efforts made by outgoing chairman Ajeya Kallam, under whose leadership, the port managed to scale new heights while its peers got stuck somewhere in the middle.

Through these projects, the port trust plans to raise its cargo handling capacity to 140 million tonnes by 2016-17 from the present 66 million tonnes. While the port trust has planned nine projects under PPP, the port has already taken up six. According to the Maritime Agenda released by the Shipping Ministry, VPT will be able to increase its capacity to 149 million tonnes by 2019-20.

The port for instance has initiated a series of mechanised coal handling programmes. "In the first stage the General Cargo Berth has been mechanised by the Vedanta Group under the Build Own Operate and Transfer (BOOT) concession and it has started working from April this year," said Ajeya Kallam, Chairman, Visakhapatnam Port Trust.

According to him, the ₹845.41-crore project would be completed on a fast-track mode as per schedule. "With the commissioning of the mechanised coal handling facility at VPT, the outer harbour would be totally clean and prevent vehicular movement which spreads coal particle pollution," he said.

The project is envisaged to be implemented in two phases. In Phase-l, upgradation of existing mechanized iron ore handling facility at Outer Harbour will be taken up at an estimated cost of ₹580.89 crore. This will involve capacity addition of 16.2 MTPA.

In Phase II, creation of new mechanized facility at West Quay-1 (WQ-1) berth in inner harbour at an estimated cost of ₹264.52 crore involving capacity addition of 6.8 MTPA will be taken up. Phase-ll facility at Inner Harbour would be taken up after attaining the threshold limit of 12.5 million tonnes of cargo handling at Outer Harbour or two million tonnes of cargo handling at Inner Harbour, whichever is earlier.

However, there is no bar on the operator to commence Phase II on the date of award of concession. Phase I of the project will be completed by June 2015 and Phase II, within two years of its commencement.

Allaying fears expressed by some unions over the decision to hand over the modernization project to private parties, Kallam said, employees' interest would be protected completely. "Modernisation and mechanisation works were being carried out in the port to make it a world-class one in a few years," he said.

A system of water sprays ensures that the coal in the stackyard does not raise dust. From the stackyard coal is lifted and carried to silos from where it is transferred to rail wagons. The facility has the capacity to fill a rail wagon in one minute which translates into one rake of 59 wagons in an hour.

Apart from the PPP projects, the port is investing ₹300 crore in dredging works and also investing in improving the road and rail network for fast evacuation of cargo.

The capacity of port of Visakhapatnam is handling 67.33 million tonnes as on March 31, 2013. The Shipping Ministry had set a target of 70 million tonnes for VPT for all commodities in 2012-13. The port lost about 7.1 million tonnes cargo mainly on two commodities – iron ore and petroleum products. Due to ban on mining in some parts of the country and also drop in iron ore exports, the ore movement from the port has also gone down

The port handled 12.24 million tonnes of iron ore and 15.08 million tonnes petroleum products against 16.07 million tonnes of and 18.40 million tonnes respectively in 2012-13. mg

Ajeya Kallam has recently took charge as principal secretary to the Chief Minister of Andhra Pradesh.

FERRARIS OF THE SEA UNDER PERFORM

The global slowdown continued to have its cascading effect on the Indian shipping companies with few liners reporting a negligible rise in revenues and profits and most others performing many notches below stated estimates.

Deepika Amirapu

Overall, the sea has dealt body blows to shipping companies in India and the world over. Companies had to resist a feeble freight market witnessing the lowest drop in rates in many years. The delicate situation was compounded by poor exim trade, surge in fuel costs and a glut of vessels. Although the industry is optimistic about the climate improving, analysts aver that any favourable indication would be seen only in the last quarter of the fiscal 2013-14.

"We at Drewry believe that the dry bulk supply surplus will peak within 2013. Therefore, we are confident to say we have reached the "bottom". However, we expect a flat market for the next 12 months with volatility and then a slow recovery by the end of 2014," said Rajat Gupta, Research Analyst, Drewry Maritime Equity Research.

Little surprise that almost all companies listed on the stock exchange reported a marginal increase in their earnings while continuing to take a hit on their bottom line. Most shipping companies reported flat earnings or dip in profits for the year due to the depressed market conditions. Shipping Corporation of India's repeated losses back to back sent its investors into a tizzy. Great Eastern's standalone net profit for the year was inconsequential in growth terms at ₹146 crore.

In its forecast on the market conditions for the year, Great Eastern Shipping said the prospects for the crude tanker market looked weak due to flat demand from the western economies and sporadic refinery maintenance. SCI, the Indian PSU giant, is in the throes of a financial crisis and is trying numerous ways to stay afloat. The company's first attempts are to control the fuel consumption of its vessels, especially the very large crude carriers (VLCCs) and also deploy bulk carriers better. Smaller carriers will be deployed on shorter routes to help it save on foreign exchange. Additionally, it will also help the company's negotiations with foreign liners who ship Indian cargo according to their schedule by enforcing different rates.

Globally too, the Baltic Dry Index, the barometer of merchandise trade as well as shipping services, has been in the red since the financial tsunami in 2008, apart from the occasional tenuous upswings at the lower end of the index. Indian shipping companies also complained of restricted cash flows due to low charter hire and freight rates in most verticals of shipping. The index fell from an average of 1,020 in the first quarter to 841 in the second, improved to 944 in the third and swooped to 797 in the last quarter of last fiscal.

A study into the profitability of the world's largest shipping companies by data management firm Research and Markets has revealed a widening gap between firms making outstanding profits and those losing money. The latest report found average profit margins have fallen to 1.1 per cent of sales and 53 of world's top 139 shipping firms are now running at a loss – a finding that would lead you to believe the industry was suffering with chronic oversupply, rising costs and severe pricing issues. However, the same study has revealed 39 businesses are making record profits.

Drewry's Gupta said, "Even as the market awaits the fate of July 1 Asia-Europe GRIs, the sheer collapse in Asia-Europe freight rates in the past two months shows how fickle the industry's demand supply balance remains. Short-term industry profitability has become highly volatile, driven not only by underlying supply demand dynamics but increasingly by carriers' actions with respect to short-term capacity management."

Also, companies that undertook huge expansion programs at the cost of increased debt are likely to take a greater hit on their margins by the end of this year, a report published by India Ratings read. mg

Drewry forecast

a) Dry Bulk segment:

- Recovery when due, will be "modest" when compared to the boom times because of sufficient latent capacity in supply due to slow steaming. In the current low freight market environment, bunker prices have a significant influence on optimum steaming speeds. The Dry Cargo fleet is slow steaming (typically 11.0-11.5 knots loaded and even slower in ballast). This has absorbed much of the excess tonnage. However, this "latent" capacity is easily brought back by increasing speed, if freight rates were to increase.
- There will be continued volatility due to seasonality, congestion, change in fleet speed, stocking/de-stocking and other external factors.
- Lastly, the recent ordering boom driven by eco ships. Continued large-scale ordering of new "EcoShips" could postpone the recovery for a number of years.

b) Forecast for Containers segment:

- On the demand side, fragile global economic recovery will lead to tepid volume growth, even as supply growth peaks.
- Container freight rate volatility has increased for three reasons – Macroeconomic & geopolitical uncertainty, change in ship size and uncertain market behavior by ocean carriers. Container freight rate volatility is the defining feature of the decade and the industry will have to adapt to it.
- Lastly, peak season is make or break for 2013 profitability. Freight rates have crashed on the key transpacific and Asia-Europe trade lanes and few indications reflect a favourable demand environment. Carriers have a narrow window of opportunity to get their act together or risk severe losses as they are losing a lot of money at current rate levels.

In ₹Crore

Name of the Company	Revenue (2012-13)	Profit/Loss (2012-13)	Revenue (2011-12)	Profit/Loss (2011-12)
Shipping Corp of India	4, 360	(114)	1,106	356
Great Eastern Shipping	3,400	538	3233	316
Mercator Limited	3,700	(372)	3,733	(20)
Global Offshore Services	166	73	153	62
GOL Off Shore	1,080	(26)	981	(37)
Seamec	337	40	181	(13)
Chowgule Steamships	87	(138)	86	106
Essar Shipping	3,209	36	2,806	37

CAN OUR CUSTOMS CHANGE?

The globalisation of trade is a reality and inefficient customs practices impede the trade. National economies will be significantly affected unless the necessary changes in operational practices are implemented. If a customs organisation is incapable of adjusting its work practices to meet the needs of international trade, this will result in an unacceptable loss of revenue and impact the trade flow.

Ritu Gupta

Some time back, a global container shipping line had to leave 30 reefer containers at Mundra Port due to a change in its schedule. These containers were being sent to Pipavav Port. When the next ship of the container line called at Mundra to load the containers for Pipavav, they were stopped by the Customs, which stated that the movement of cargo between Indian ports is not allowed on foreign ships.

When the Customs were explained that under the Customs Act, an “empty container” is not considered as “cargo”, the response was “We are stopping it under the Merchant Shipping Act, 1958 where it is considered as cargo.”

According to the container line, even in the Merchant Shipping Act, it was only movement of cargo that originated in an Indian port and moved to another Indian port for consumption was envisaged for “cabotage” restriction; the Customs department, however, did not budge, and the container line moved each container by road at a cost of ₹35,000 per reefer from Mundra to Pipavav and billing the same to the Indian exporter. This incident yet again raised an oft asked question – why can’t Indian customs department make operations at ports simpler?

> "The customs department has facilitated the growth of exim trade through the EDI, Ice gate and RMS system. The EDI system has negated the effect of various constraints of infrastructure. But the introduction of IceGate and RMS in 1990s/2002 and 2005 respectively is not the end of customs reforms."

Indeed, Customs procedural delays and an inefficient, confusing and at times antagonistic clearance system have been described as 'major impediments' to India's trade development at ports. The trade and maritime community have been continuously calling for radical changes in some customs procedures, but their anguish has been largely ignored.

The industry avers that the government has tried to make the system better, but there is still a lot of scope for improvement. The key steps taken to resolve the industry's plight include the introduction of IceGate Indian Customs and Central Excise Electronic Commerce/Electronic Data Interchange (EC/EDI) gateway, which provides online documentation (e-filing) services to trading partners such as custom house agents, cargo carriers, banks and other enterprise clients.

The move towards e-commerce has to some extent slashed port turnaround time and costs, and streamlined documentation and compliance processes. The second key accomplishment for improving Customs has been the introduction of the Risk Management System (RMS), which, customs claims, has cuts down cargo clearance time by one-third. RMS, a special online clearance system, drastically reduces the intervention of the customs department in picking up cases for scrutiny, and customs officers are only suppose to act on alerts sent by the RMS. The government has also tried to provide 24-hour clearance services at the country's major seaports, namely Nhava Sheva, Chennai, Kolkata and Kandla.

"The Customs department has facilitated the growth of exim trade through the EDI, Ice gate and RMS system. The EDI system has negated the effect of various constraints of infrastructure. The proactive issue of trade facilitation circulars by Customs has also increased the confidence level of exim trade and freight forwarding

Glaring mishaps by Customs

Recently, a foreign cargo vessel made an emergency call at a major Indian port for disembarking two injured crew members. After anchoring off the port, it had to wait for 15 hours to be brought inside. Thereafter all the standard procedures were gone through. Import General Manifest was filed, standard immigration and Customs procedures were carried out in the usual manner with no sense of urgency. The injured crew members were hospitalised and the ship was in port for more than 24 hours. In a similar situation, an Indian flagged ship called at Kaohsiung (Taiwan) for landing an injured crew member who was landed and hospitalised within one hour of the ship's arrival at Kaohsiung. It did not even enter the port and yet all formalities were completed.

When, in March 2012, a Korean chemical tanker *Royal Diamond* had an explosion, the first thing done by the Mumbai Port was to ask the ship to leave the harbour. Then, instead of assisting it to get back into operation, all forms of hindrances by way of permissions and NOCs were required to be submitted. The vessel was held back in port for more than two months.

Furthermore, when the container ship *Nordlake* was involved in a collision inside Mumbai harbour limits, it took more than three weeks to get all the permissions for discharging the cargo back at Nhava Sheva where it had been loaded. There are numerous other incidents at Indian ports where procedures and bureaucracy have weighed down heavily on emergencies causing serious trauma to ship staff and scaring away owners from calling their ships at Indian ports. None of the Indian ports are prepared to assist ships when emergencies arise.

“As per the study, the average dwell time for containers at major container terminals is 1.88 days for imports and 3.78 days for exports. Whereas in Singapore, the dwell time of break bulk for both imports and exports is 0.85 day and for containers 0.6 days.”

industry,” says R Radhakrishnan, chairperson of Clearship Group of Companies.

But the introduction of IceGate and RMS in 1990s/2002 and 2005 respectively is not the end of Customs reforms, if one goes by the findings of a recent World Bank and International Finance Corporation’s publication, *Doing Business 2012*. The report ranked India 132 on ease of doing business. While Singapore is in first place, even neighbouring nations like Sri Lanka, Vietnam, Pakistan and Bangladesh are ahead of India. India requires 16 export documents to be cleared and China five and good practice economies like France needs just two. Time to export is 16 days for India, 21 for China, and five for Denmark. Cost to export is $1,095 per container, compared to $500 in China, and $450 in Malaysia. Number of import documents that need clearance is nine in India, five in China, and two in France. Time to import is 20 days in India, 24 in China, and four in Singapore. Cost to import is $1,070 per container in India, $545 in China, and $439 in Singapore.

A list prepared by the exporters of the documents and procedures needed in the Indian case shows that on an average an exporter is required to sign at about a whopping 130 places to complete an export transaction. Indeed, the findings do show the need to overhaul the Indian Customs clearance procedure, despite the existence of RMS and IceGate.

Another study on the dwell time of cargo in Indian ports also shows the need for overhauling the clearance procedures.

As per the study, the average dwell time for containers at major container terminals is 1.88 days for imports and 3.78 days for exports. More importantly, the port authorities are responsible for only 3.5-5.5 hours for import containers and 3.3-5.3 hours for export boxes, while the rest of the wait is on account of other stakeholders such as shipping agents, customs, clearing agents and others responsible for various pre and post-shipment activities such as documentation and organising transport.

The findings of the study are important as dwell time reflects the efficiency of the port. Higher the dwell time, lower is the efficiency. Here, comparison with an international port – Singapore – makes the picture even clearer and interesting. At Singapore, the dwell time of break bulk for both imports and exports is 0.85 days and for containers (both imports and exports) 0.6 days. Ports like Singapore score on several factors such as the high degree of mechanisation in cargo handling as well as information exchange with the participation of highly-skilled workforce, and proper facilities for quick evacuation of cargoes.

The study identifies low IT application for Customs, including partial implementation of EDI, as obstacles to achieving the international norms. There is prevalence of too many manual documents, archaic systems and procedures and limited time for payment and documentation. Some industry players aver there are frequent break-downs of the IceGate system (at least once a week) and these break-downs can last for more than 24 hours at times. Such loss of connectivity with the ICEGATE is a major constraint in the prompt filing of documents.

Apart from low IT application, there are several other reasons for the industry to lament the Customs – it is

averred that the system of printing and certifying export promotion (EP) copies of shipping bills is redundant. As there is an EDI interface between Customs and Directorate General of Foreign Trade (DGFT), all the relevant export information is transmitted electronically and physical printing and certification of EP copies of shipping bill is an archaic practice. Furthermore, shipping bills are not being shown online due to problems with EDI systems at the ports and DGFT.

There is also a need for accurate and quick filing of Export General Manifests (EGMs). EGM errors are the major obstacles holding up disbursements of duty drawback and timely transmission of export data between Customs and DGFT for claiming export benefits. In Nhava Sheva and Kolkata Port, it is reported that 9 per cent of the manifests have errors.

Customs have so far left it to the individual exporter to have these manifest errors corrected and their export benefit claims processed. Most importantly, the RMS is yet to be made operational for exports and physical verification of export cargoes continues. This must be done on an urgent basis.

Industry players also assert that customs officers at appraiser level are reported to follow delaying tactics and harass the exporters. So automatic approvals with fixed time periods are needed and interface with officers should be reduced drastically. It is equally disturbing to note that the ICDs and CFSs do not have sufficient customs officers to ensure faster clearance.

A pan Indian ICD player rues and winces when asked about the Customs delays at his dry port.

"The problems faced by us are not restricted to just improper implementation of IT enabled services. Our major concern is about the officials being unfamiliar with the procedure thus causing unwarranted delay."

He complains that there is a single central administrative body- Central Board of Excise and Customs, procedures followed for excise and customs is entirely different. Most often, excise officials are posted at ports and ICDs without being trained in the requisite procedure leading to a delay in checking cargo.

"We would not mind if the delay is usually a couple of hours. But if it takes more than four hours, it halts the movement of goods and leads to congestion as trucks line up at out gate complexes longer." The problem is compounded because restricted entry and exit timings are enforced by the road and municipal authorities at ICDs located in cities to ease regular vehicle flow.

The problem, however, does not meet its end with well trained personnel at the ICDs or CFSs alone. Since clearing customs in such an elaborate procedure, it affects every player in the shipping, ports and logistics chain right from the shipping line, the port operator, the exporter and the freight forwarder.

Although most freight forwarders merely serve as third-party agents, their tasks and responsibilities goes beyond mere documentation and freight management. They also face other challenges such as legal or statutory regulations. Though they welcomed the 24/7 customs operations at a few ports, the agents are pushing for uniform practices across ports. One of freight forwarders from Kolkata said, "The laws need to be aligned with the intent with

"The problem, however, does not meet its end with well trained personnel at the ICDs or CFSs alone. The laws need to be aligned with the intent with which it was created. Also the customs officials could be more considerate with frequent operators."

which it was created. Also the customs officials could be more considerate with frequent operators."

There are also port-specific problems where Customs is concerned. For example, the gems and jewellery exporters are facing hardships due to the timing of appraising of the custom office at Precious Cargo Customs Clearance Centre (PCCCC), Mumbai. At present, the Custom office at PCCC remains open for export and import registration of the documents till 1.30 pm and the goods/parcel for exporting are received up to 4 pm. After 4 pm, no parcel for exports is accepted as per a Notice dated May 18, 2012. Given the high volume of exports from this sector and the fact that most of the trading happens through Antwerp, which is four and a half hours behind India in terms of time, the Customs at Mumbai PCCCC should clear export parcels at least till 8 pm so that by the next day the parcel reaches Belgium.

The same delay results in extra interest costs and sometimes loss of export orders also if parcels come in late Friday evening. These parcels are cleared only on next Monday and this results in a delay of two and half days, which literally hampers exports. Since Customs for general cargo is open for 24 hours, the PCCCC should also remain similarly open for 24 hours or at least till late night to facilitate export shipment.

Cochin customs does not allow any shark species, groupers etc claiming that they all come under negative list. While only some items of this category are banned, Customs inspectors do not clear any item from this category as they have no idea of banned items in this category. This needs to be addressed. The Cochin air customs does not clear cargo beyond 10 pm even for flights for next day morning. As a result, the chilled fish cargo is left in the warehouse which is not temperature controlled for about 6-9 hours affecting the product quality.

According to industry players, there is an endless list of the small problems and port-specific problems related to Customs procedures. While the government cannot solve all the problems simultaneously, it can initiate the process of resolving some, rather than marveling in the success of RMS and IceGate.

The goal of any Customs reform should be to match international standards. These measures, in conjunction with other initiatives relating to maritime infrastructure and port connectivity can enable Indian ports to attain world-class standards, reduce the dwell time of cargo and improve the competitiveness of the Indian industry.

"Modular Approach to Projects"

Chairman **Atulya Misra**'s seascaped walls in his cabin marking the port's reach to cities in five continents today indicate the progress made by the Port whence it has come before privatisation. While the port's statistics bespeak volumes of its achievements, the main reason why the Chennai Port Trust has not found place among the world's best ports is because there is 'no place'- for infrastructure-led growth. Dearth of land mass has left little room for the port to maneuver ships and cargo visiting it. Yet, Misra is placing his bets on the new projects worth ₹935 crore the port has planned to undertake. With dusty cargo out of his way, he talks to **Deepika Amirapu** of the various expansion projects tinting his excitement with caution.

Q With dusty cargo out of your way, how do you wish to utilize the two docks for alternate cargo?

A We will be making a modular approach to the projects and both the bulk cargo berths this year will be executed as public-private-partnership projects. The report on handling alternative cargoes at Bharathi Dock is under preparation and will be submitted during August 2013 by our consultants. The concession agreements will be made out next year.

Q What are ChPT's plans for achieving funds for its massive expansion projects?

A The ChPT's plan for funding its development projects will predominantly be via the PPP mode. The projects include developments at Bharati Dock II, Jawahar Dock East and the new dry dock. However, we will take up the RoRo terminal on our own as the builders and PPP players are seeking an MoU from the car players. So, we've decided to undertake the development and have it ready by 2014.

Q How will the new road and railway projects enhance the port's connectivity?

A Apart from the road projects linking Ennore and Manali with the port, we have also decided to lay two new railway lines to ease congestion. These projects will improve our connectivity to 50 per cent by 2020 from just about 7 per cent now.

Q Bids for the new mega container terminal have not been encouraging at all. Why is the response so unsatisfactory?

A Currently we are moving towards a landlord port model. We had asked the bidders to resubmit their bids because the rate of return they had presented was unacceptable to us. The decision on the development of Mega Terminal will be taken after evaluating the response from the bidders. External conditions such as political instability and economic recession also affect projects and players to bid for projects requiring huge capital.

Q What is the proposed revenue share model?

A As such, there is no ideal value of revenue in per cent terms that the private partner will share to implement the project. The share depends upon the internal assessment of the project by the individual bidder.

Q With the Centre announcing two more major ports in West Bengal and Andhra Pradesh, how does the announcement augur for the Chennai Port?

A Competition is certainly increasing on the East Coast of India and all ports have to live with the competition. That said, there is no possibility of a shift of cargo from our port. Till now the Chennai Port has not witnessed a huge diversion except for one or two vessels to Kattupalli and Krishnapatnam. However, with our rail and road connectivity being upgraded, we expect to retain our cargo and see an increase in the number of vessels visiting us.

Q How do you see the new TAMP guidelines impacting major ports such as the ChPT?

A The revamping of the TAMP guidelines is good news for us. But we have to see how the EXIM trade will take it. From my understanding, I think it would still be an umbrella regime.

Q South East Asian nations such as Singapore, Indonesia and neighbours like Sri Lanka and Myanmar are developing scaling up investment in their ports. How do you see this impacting India's trade flows?

A We will have to improve ourselves and have strategic plans. Many Indian players such as Mundra are buying stakes in Australian ports. If our ports have to grow, we certainly require government funding. Market forces alone will not be determine and direct the course of growth to this extent. Viability gap funding is necessary.

Q On the Information and Communication Technology front, Cochin and Kandla have made decent strides by making a beginning to the paperless regime. How far away is Chennai on the ICT front?

A All major ports are implementing these changes together. We are also upgrading our systems to ERP and we will soon be connected to the Port Connectivity System. Biometric-based access control management and complete implementation of ERP are our goals for the year. Soon, any goods procured for an amount greater than ₹5 lakh and tenders amounting to more than ₹50 lakh via the Chennai Port will be e-procured. mg

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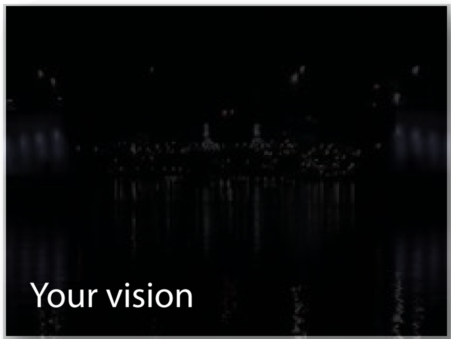

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Poised to meet growing demands

Concor's ICD at Sanathnagar is the largest in South Central India and it handles 6,500 teu of throughput a month.

Deepika Amirapu

Tucked away far into the city's winding roads, one is welcomed to Concor's dry port by serpentine lines of trucks and offices of countless transport companies spilling on the roads. The inland container depot (ICD) is the largest in South Central India handling more than 6,500 teu of throughput a month.

The paved area and the warehouses are buzzing with activity as people stuff and empty containers of goods. The only silent spectator is the train at the railway siding waiting and watching patiently as workers load container into its wagons. The facility was first set up in 1990 for handling and transportation of containers. Subsequently, a full-fledged rail linked facility was commissioned in 1998 to cater to the needs of the exim trade connecting the hinterland from Andhra Pradesh, Karnataka and Maharashtra.

The major commodities exported from the facility are polished granite slabs, compressors, biscuits, bulk drugs and paper boards to name a few. A greater degree of industrial materials are imported such as soda ash, electrical steel coils, raw asbestos including machinery and waste paper. Mayank Mathur, Chief Manager, Concor said, "With new industries coming up in and around Hyderabad, we expect an increase in exim cargo throughput in the coming years." Multinational FMCG firm Procter and Gamble has set up its biggest manufacturing facility in Hyderabad from where products will be exported to nations in the Asian continent.

Infrastructure check

Warehouse	:	Two warehouses for handling export, import, bonded cargo and strong room facility for high value items
Paved Area	:	66,000 sqm with container stacking capacity of 3,000 teu
Power Supply	:	HT supply of 250KVA with back up of 75 KVA two DG sets
Rail Siding	:	One full length rail siding of 45 wagons to accommodate 90 TEUS container freight train

Notable feature

The facility implements Know Your Container Location, or KYCL at the ICD that enables customers to capture the movement of their containers real time. Stack locations of containers are predetermined to reduce waiting time of vehicles in the yeard so that the congestion of vehicles can be minimised.

The ICD commenced reefer facilities recently where agricultural commodities such as seeds and pharmaceutical products are stored and exported. It had signed a Memorandum of Understanding with the Krishnapatnam Port for running trains carrying ore from the port to the ICD. "Currently, we run about three trains from the Port carrying ore. The fortnightly service can be increased later as the number of trains depends on the frequency of the vessel visiting the port," Mathur said.

Before the end of this year, certain segments of the ICD will be modernized as construction of new gate complexes and an administrative building are underway. The facility services a total of 100 shipping lines, agents and freight forwarders in the vicinity who transport goods all over the length and breadth of the country and overseas. mg

Maersk, MSC & CMA CGM **Form Alliance**

The world's three biggest container-shipping companies said they plan to set up an alliance to operate three routes, trying to tackle one of the industry's worst declines. Denmark's Maersk Line, Switzerland's Mediterranean Shipping Co. and France's CMA CGM plan to kick off the alliance on the Asia-Europe, trans-Pacific and trans-Atlantic routes in the second quarter of next year, operating a combined 255 vessels with a capacity of 2.6 million containers.

With freight rates down by more than half since the start of the year on the benchmark Asia-Europe route, the carriers hope that combining forces will allow them to cut costs and better contend with smaller rivals operating smaller and less fuel-efficient ships. By sharing the movement of containers in the so-called P3 Network, the three partners could deploy the most suitable vessels at specific ports, avoiding duplicate trips and cutting fuel costs. The carriers plan to operate more frequent trips than they operate separately and to call on more ports.

Maersk, a unit of A.P. Møller-Maersk A/S, would account for 42 per cent of the network's capacity. The line's contribution would include its new Triple E ships, the world's largest container vessels, carrying more than 18,000 containers. Mediterranean Shipping would provide 34 per cent of the network's capacity and CMA CGM, 24 per cent. The companies plan to create a joint operations center but will maintain individual sales, marketing and customer-service operations.

People in the industry said the tie-up would do little to address industry overcapacity, estimated to be at least 10 per cent over demand. "Bringing together the three top players will cut costs through economies of scale, and freight rates could go up in the short term because they control a big part of the market," said Lars Jensen, chief executive of Copenhagen-based research firm SeaIntel Maritime Analysis. "But the smaller ships that may leave the jointly operated routes won't vanish but redeploy elsewhere. So it does nothing to solve basic problem of excess tonnage at sea."

A record number of container vessels were ordered in 2007, just before the start of the financial crisis triggered a drop in global trade. Tighter credit and economic uncertainty temporarily slowed shipbuilding. But high fuel prices have sparked demand for bigger, more fuel-efficient designs despite the excess capacity. The companies, the world's biggest container-shipping carriers by capacity, operate a combined 37 per cent of the world's container capacity, with Maersk controlling 35 per cent of Asia-Europe traffic.

Their pact is subject to regulatory scrutiny, where antitrust concerns will probably be raised. But with more than a dozen other competitors sailing the three routes, the alliance is expected to get a green light. The companies are in preliminary talks with regulators in the US, China and the European Union.

Franck Dedenis, MD, Maersk Line India

Further to our announcement on the upcoming P3 alliance between Maersk Line, CMA and MSC., it would be fair to say that the impact on the Indian subcontinent will be minimal. Most of the direct & transshipment services to and from India, the MECL covering the North America and Canada, ME1, ME2 & ME3 covering North Europe and the Mediterranean, the CHX & FM3 covering Far East, the Gulf, the Mawingu Express covering East Africa and our transhipment services via Algeciras into West Africa along with our connections from the Gulf into South Africa & Horn of Africa will remain unaffected by this alliance. However, customers availing of our services from the South & East of India via Colombo, Sri Lanka and our South America bound services will greatly benefit from the widened coverage, increased frequency and greater operational efficiency, as a direct result of this alliance.

The P3 is scheduled to be formalized only by the second quarter of 2014, and will have 255 vessels with a total capacity of 2.6 million TEUs. Maersk Line will contribute 1.1.million with a capacity ratio of 42%. This is of course, subject to approval from the relevant competition and regulatory bodies. However, for the Indian Subcontinent, it will mostly be business as usual. We will continue to focus on providing value to our customers with products and services that cater to better to the business needs of our India & Sri Lanka customers.

A sparkling success story

JAIRAJ KUMAR
OCEAN SPARKLE

An entrepreneur's journey is never easy. One has to have the vision to conceive an idea and the business acumen to identify an opportunity. Agility and perseverance are the most needed traits to help nurture the business idea and build a successful enterprise around it. **P Jairaj Kumar**, Chairman & Managing Director of Ocean Sparkle, is one such man.

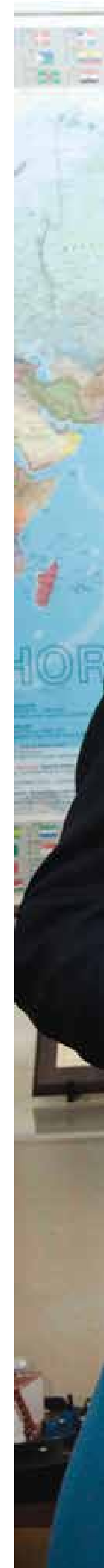
Sreekala G

A marine engineer by training, Jairaj Kumar spent many years at sea working for different companies including Great Eastern Shipping and Mobil Shipping Co (London) before coming back to Hyderabad in 1988. Being born and brought up in Hyderabad, the City of Pearls was a natural choice for him to set up a new career. He joined Novopan India and worked there for about two years.

His desire to do something different and challenging, prompted him to join Fishing Falcons Ltd, engaged in deep sea fishing, as its first employee in 1990. That was the time (1991-92) when the government came out with a policy to allow chartering foreign vessels for deep sea fishing. Falcon had acquired a licence for the same. Being the president (operations) for the company, Jairaj Kumar implemented the entire project.

It was during his tenure at Fishing Falcons that he started thinking of becoming an entrepreneur. With his deep knowledge and experience in deep sea fishing coupled with the opportunity offered by the segment, Jairaj Kumar decided to take the plunge.

While at Fishing Falcons, he was in touch with a chartered accountant cum consultant R Virendra Prasad and both decided to join hands to form a new company. Support came from two of his classmates from the marine engineering institute – Sanjeev Dhawan and Ashwini Kumar Sawhney – who were also willing to become his partners in the new venture.



P Jairaj Kumar
Chairman & Managing Director, Ocean Sparkle

Thus in 1994 they together set up Savijana Sea foods, which was into deep sea shipping, with a seed capital of ₹5 lakh that came from their savings. However, the government policy on deep sea fishing was in for a change due to fishermen agitation. And it became untenable for Jairaj and his partners to continue to operate in the business segment.

But never one to be bogged down by adversities, Jairaj and his plucky friends decided to take a year off to deliberate on the next step to be taken. It was a much needed break and they zeroed in on two segments to start their entrepreneurial journey again – coastal transportation and port management services.

"We saw an opportunity in port operations and management services. The government had just opened the port sector for private players and competition was about to set in. Besides, the major ports were struggling to offer quality services. That was the time when it took almost 20 days for loading and unloading vessels at major ports. Besides, towage and pilotage services at these ports were also not up to the standard," says Jairaj.

According to him, private port operators wanted to outsource services so that they can focus on core operations.

Somehow he could sense that services at major ports would also be privatized soon due to competition. In this evaluation process, he found that it was not feasible to offer coastal transportation services just with 10-12 major ports on the country's coastline. So, he along with his three partners set up Ocean Sparkle in 1995 with a seed capital of ₹80 lakh to primarily offer port operations and management services.

Next year, the company won the contract to offer operations and maintenance services at Kakinada, owned by the Andhra Pradesh state government. "We started by deploying steel barges in Kakinada. Those days, people were using wooden barges and efficiency was under decline. It used to take 10 days for loading and unloading using wooden barges. Again wooden barges were susceptible to leaking," says Jairaj.

Ocean Sparkle was the first company to introduce steel barges in India and during 1996-97 it deployed 10 steel barges in Kakinada. The company also received its first funding from APIDC venture capital.

"We managed to bring down the loading and unloading time to three days. Our barges could handle 10,000 tonnes/day, as against the 1,000 tonnes/day by wooden barges. This prompted initial naysayers to shift to steel barges," he says.

In 1998, the state government decided to privatise the port and the Kakinada Seaports became operational in 1999. But the business relationship Ocean Sparkle built with the port continues till today.

There is no looking back for the company since then. During 1999-2000, its business started picking up along with the growth of private ports in India. It won another contract to offer pilotage services at Dahej port on west coast. It is a captive cargo handling facility operated by Dahej Harbour Infrastructure Ltd, a wholly owned unit of Birla Copper.

"Dahej has treacherous sea conditions and it was built to operate only for 250 days a year. Still we managed to offer our services throughout the year," says Jairaj.

This also helped the company to extend the tenure of the contract from five years to 20 years, an acknowledgment of its tenacity and proof that it was there for a long play.

Another landmark business contract came in 1999 from Reliance Industries to offer services at its Jamnagar terminal. That helped the company gain visibility. With RIL insisting on international bids, initially, Ocean Sparkle tied up with Lamnalco. The business partnership with RIL still continues.

Early 2000s witnessed the privatization of services at major ports as well, opening up new avenues of growth for Ocean Sparkle. Tug boats were the first to get privatized at major ports and it became impossible for Ocean Sparkle to speculate on high assets. It had to have assets in hand before bidding. This prompted the company to form joint ventures with PSA Marine, a 100 per cent subsidiary of the conglomerate PSA International, Singapore.

PSAM was keen to expand footprint in India and they had a good fleet of boats. PSAM could provide the much needed corporate guarantees to Ocean Sparkle contracts and the joint venture helped it bring down its cost of borrowing considerably.

Currently, Ocean Sparkle has three joint ventures with PSAM. One is for the contract of harbour towage services by provision of Tugboat to Mormugao Port Trust, Goa, and provision of Tugboat and execution of Pilotage services for STS operation at Gujarat Maritime Private Limited. Another is a 12-year contract for provision of services of the entire marine fleet to carry out operations at Ennore Port. The third entails executing a 12-year contract for provision of comprehensive port operation & management services at Dahej for Petronet LNG Limited.

Besides, the company has joined hands with Khimji Ramdas (KR) Shipping Division for executing a long term contract awarded by Oman drydock Company at Port of Duqm in Oman.

Barring Mangalore, Haldia and Andamans, the company now has presence in almost all ports in India. With over 70 tug boats of varying capacities ranging from 30- to 70-tonne Bollard Pull, the company has the largest tug fleet in India and has international operations in Oman and Sri Lanka.

In line with its growth, the company managed to attract investors as well. The latest round of funding came in 2012 for ₹200 crore from the private equity arm of Standard Charted Bank. Currently, it has 10 investors on board who own about 46 per cent of the company.

The company has revenues of ₹350 crore and is growing at a compounded annual growth rate (CAGR) of 15-20 per cent. It has also forayed into dredging and this segment contributes about 20 per cent of the company's topline.

"We are looking at expanding our global footprint. We plan to enter Malaysia and Indonesia soon. We are also bidding for five tug boats this year. Besides, we are eyeing some international contracts in dredging segment," he says.

Unlike other players, the company is not worried about the continuing economic slowdown as it has a steady cash flow in place. Its fixed income contracts do not fluctuate based on macroeconomic conditions.

Jairaj also sees more opportunities than challenges in future. "New ports are becoming operational, LNG terminals are being planned. Offshore is another area where we see opportunity," he says.

Obviously, some people view things from a different angle. Jairaj and his company are set to scale new heights. A man who travels 15 days a month, he hardly gets any leisure time. But he admits he loves to play golf during weekends. mg

Credit crunch leaves shipping high and dry

Eurozone debt crisis coupled with the global economic slowdown has made it extremely difficult for shipping companies to find funding. The situation is expected to improve next year when credit becomes available again and charter rates will move up with vessel supply glut receding.

Sreekala G

The international credit crunch that started in 2008 continues to plague the shipping industry worldwide. What make matters worse for the shipping companies are the extremely adverse supply-demand fundamentals driven by an oversupply of ships and low charter rates. This has hit the bottomline of shipping companies which are operating in a recessionary world of declining container volumes. With asset values around a quarter of their level five years ago, cautious financiers became increasingly unwilling to fund the shipowners.

A report released by law firm Norton Rose in 2012 showed that 42 per cent of shipping services cite a lack of available financing opportunities as the greatest threat to their business, clearly indicating the credit crisis faced by the segment.

Marine Money International, a Connecticut-based publisher and researcher says banks loaned a record $129.2 billion in 2007 and supplied 75 per cent of capital raised that year to fund purchasing of new and second-hand ships. An estimated $114.9 billion was raised by banks the following year, the second highest. Of the total of 367 deals worth $91 billion in the shipping and offshore industry in the first 11 months of last year, banks supplied only $34.3 billion, or 38 per cent, of the total capital.

There are many reasons for the bankers' cautionary approach. Shipping loans are difficult to exit, as many companies depleted their cash resources trying to deal with the 2009 slowdown. Even large companies reported heavy losses in 2011. Global shipping lines reported combined losses of over $6 billion in 2011 forcing many lenders to restructuring their loans. What exacerbated the situation was the glut in oversupply due to large orders placed by shipping lines in 2008.

According to Tris Rating, before the global financial crisis hit in 2008, the growth rate for global container trade had averaged approximately three times the growth rate of world gross domestic product (GDP) in 2002-2007. But in 2011, world GDP rose by 3.9 per cent, down from the growth of 5.3 per cent in 2010 and global container trade grew by about 6.5 per cent, down from the 10.9 per cent growth in 2010.

Eurozone crisis

Besides, the banking crisis in Europe came as a double whammy to the industry. “In the wake of the Eurozone crisis that began in August 2011, the shipbuilding financing market has contracted sharply, and the fallout is felt heavily in commercial vessel orders. Lending from European banks that accounts for 70 per cent of syndicated loans have dried up because they were busy writing off insolvent loans to the troubled European countries,” Feynman Jeon, Daishin Securities analyst had said in a paper.

An exit by many European banks from ship financing, including Commerzbank AG’s decision in 2012 to withdraw from maritime lending and HSH Nordbank AG’s plan to reduce its shipping balance sheet, has exacerbated the maritime industry crisis.

In fact, Deutsche Bank AG (DBK) and two other German lenders – HSH Nordbank AG and Norddeutsche Landesbank Girozentrale – are providing about 14 per cent of credit to shipowners and are restructuring loans and setting money aside instead of repossessing vessels after soured loans to the industry rose to a record. Estimates by Athens-based Petrofin Research SA shows that they have about $69 billion in loans to the industry out of $500 billion in total.

While banks such as DNB ASA (DNB) and Nordea Bank AB (NDA) still lend to the industry, typically using money paid back on existing loans to finance new credit, European lenders face stricter capital requirements, making them more cautious on new lending than during the shipping industry’s boom years.

According to a Fitch Ratings report last year, banks have been pulling back from ship financing due to the downturn within the industry, exacerbated by the increased capital and funding pressures in the banking sector. “Shipping is a highly cyclical industry meaning that credit ratings for shipping companies tend to be sub- or low-investment grade and so absorb higher amounts of risk-based capital. Further deterioration in the credit quality of shipping exposures would increase the risk weightings of ship finance in banks’ balance sheets – and hence their capital charge,” the report says.

Fitch Ratings expects the downturn to continue until at least 2014. However, limited opportunities for banks will remain, particularly in stronger performing shipping segments.

“Bank finance is the traditional method of financing available to Indian banks. However, these sources have dried up due to lack of specialised skill sets within the industry. Further funds are available at very high costs as compared to peers worldwide.”

Anil Devli
CEO, Indian National Shipowners’ Association (INSA)

Rise of lending in Asia

With European lenders retreating from the markets, Chinese and Korean lenders have increased loans to global shipowners. This is also a camouflaged effort to rescue their shipping yards, which witnessed drop in orders due to oversupply, as most of these loans came with a condition that vessels be built in China or South Korea.

Chinese shipyards won new orders of 11.57 million deadweight tonnes in the first four months of the year, up 57 per cent from the same period in 2012, data from the China Association of the National Shipbuilding Industry showed. In April this year, Greek shipowners ordered 142 vessels, more than 60 per cent of their global orderbook, from Chinese yards on the back of good pricing and Chinese financing.

Data from Norway-based DNB, the largest shipping loan provider in the world, the Ex-Im Bank as well as commercial banks such as the International and Commercial Bank of China and the Bank of China together doubled their share of the loan book of the top 40 lenders to the shipping industry in the last two years to 11 per cent, or about $46.5 billion in loans.

Similarly, in 2012, South Korea won contracts worth nearly $30 billion on the back of lending by its banks, while Chinese yards received $18.2 billion in orders, according Clarkson Research Services. Global new orders totalled $85.5 billion.

So far this year, Chinese yards have won orders worth $5.4 billion for 184 vessels as against $11.5 billion in contracts for 125 new ships at Korean yards while in tonnage terms, China and South Korea managed to reach almost equal level.

However, Asian lenders are yet to overtake European lenders in ship finance although European banks’ share fell to 75 per cent in 2012 from 83 per cent in 2010. Analysts point out that European lenders are not willing to take any risk. As a result, they continue to do business with existing clients while Asian banks especially Chinese are ready to offer credit to new shipowners.

Indian scenario

Like their global counterparts, Indian shipowners are also feeling the brunt of a global recession. The present liquidity crisis has severely impacted the supply of money towards ship financing in India with Europe witnessing traditional sources of funds getting dried up.

“Bank finance is the traditional method of financing available to Indian banks. However, these sources have dried up due to lack of specialised skill sets within the industry. Further funds are available at very high costs as compared to peers worldwide,” says Anil Devli, CEO, Indian National Shipowners’ Association (INSA).

According to him, there are various factors that drive debt funding decisions by lenders. Mostly, it is based on risk perception and good standing of the borrower. The volatility in freight rates continues to be a strong risk factor.

Banks worldwide have developed internal skill sets to be able to recognise and value risk based on various parameters. INSA has been lobbying for long-term cargo support in order that Indian banks can be more comfortable in lending to Indian shipping companies based on the more or less guaranteed earnings available to the shipping company.

However, Devli feels the asset values are at their lowest and it would be prudent to acquire assets at this stage always tempered by demand driven by long-term contracts.

As far as alternative funding availability in India is concerned like mezzanine capital, private equity or institutional funding, it is extremely selective and runs on a case-to-case basis.

Considering the existing conditions, INSA is seeking government support in raising Foreign Currency Denominated Bonds through a Financial Agency and lending to Indian shipping companies for acquisition of assets. It also feels rupee debt refinancing by External Commercial Borrowing (ECB) should be made available to the Indian shipping industry. Besides, the association is battling for permission for prepayment of Foreign Currency Nonresident Banking (FCNRB) by raising low cost ECBs.

Alternative funding

With bank finance opportunities remaining limited, many shipping companies have turned to alternative routes for funding. One alternative source of finance that has been found suitable and available is the international debt capital markets.

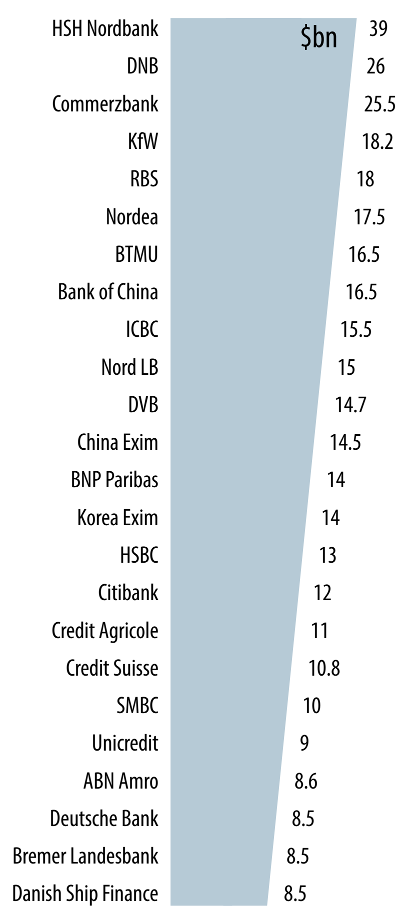
"Historically bond issuance by shipping companies has been less frequent and bond issuances typically have involved relatively small tranches which have been used to supplement much larger bank debt facilities. However, the end of 2009 and the first half of 2010 saw a surge in large bond issuances by shipping companies, including several repeat issuances by the same issuers," says a report by global legal practice Norton Rose Fulbright.

Even though bond market interest rates can be higher than typical commercial bank lending rates, bonds carry the advantage of being issued with much longer tenors than bank loans. Shipping companies have also resorted to Sharia-compliant funding like *Sukuk*.

There is finance available from private equity players also. However, due to risks involved and the cyclical

"The ship financing market recovery in 2013 will coincide with a rise in charterage. Until 2013, ship supply growth will outpace traffic growth. Starting in 2014, the supply glut will begin to recede and new deliveries sharply decline."

Top 40 Ship Finance Banks



nature of the industry, very few private equity funds are willing to take a chance with a shipping company. As a result, it remains a big challenge for shipping companies to gain attention of institutional investors. Experts point out the difficulty in convincing institutional investors on the viability of funding as one of the major roadblock. To secure returns one has to be long term investors and very few institutional investors are willing to wait patiently.

Capital markets again offers very limited opportunities due to the global economic recession.

Silver lining

Ship financing is expected to recover in 2013 with the increase in global ship orders as the order placement glut during 2006-08 subsides.

"Commercial vessel deliveries are projected to decline sharply from 2014 onward. The excessive orders placed during 2006 to 2008 will have lingering impacts until 2013. Given a two-year period from order placement to delivery, commercial vessel supply will continue to fall short of demand into late 2014 or 2015 unless new orders pick up in 2013," said Jeon in his paper.

The ship financing market recovery in 2013 will coincide with a rise in charterage. Until 2013, ship supply growth will outpace traffic growth. Starting in 2014, the supply glut will begin to recede and new deliveries sharply decline. Based on orders placed so far, there will be few new deliveries for 2015 and beyond. If global economic growth recovers, shippers will need new vessels as early as in 2015 to catch up with traffic growth.

"A meaningful recovery in the ship financing market should come when credit becomes available again and charterage rates rise," said Jeon.

In late November 2011, the EU Summit agreed to have banks in Europe increase their capital ratios by June this year. Until that happens, loans to commercial vessels will be out of reach. "We expect the ship financing market will come back to life only after June," he pointed out.

So, in all probability shipping industry can expect bankers to loosen their purse strings by 2014.

HOPE & DREAMS IN CONTAINERS

While the quest for environment-friendly options and innovative architecture have led to the use of containers for building homes, a non-profit organisation has come out with yet another idea. It uses containers for a novel purpose – for giving and helping people in third-world countries.

Cargo of Dreams, a US-based non-profit organisation converts a regular shipping container into a fully functional facility. And this is the common denominator that aligns local participation and international needs for the organisation.

Founded in October of 2002 by Marius van der Colff, the goal of the organisation was to create an international outreach program that would allow Americans to use their God-given gifts at home to impact lives across the world.

According to the organisation's site, what began as a simple 'UPS Box Program' quickly evolved into a much bigger project. Shortly after following his calling back to South Africa in 2005, Colff saw a cargo container that had been converted into a preschool. Instantly, he realised that God had up-sized the 'box' to involve more people and to expand the outreach opportunities.

Marius and a team of 550 volunteers sent their first converted container from the US to South Africa in 2007. Now he currently dedicates all his time to Cargo of Dreams, a Christian relief organisation that converts shipping containers into operational facilities.

Through Cargo of Dreams, communities within the United States fix up 20 and 40-foot containers, fill them with building materials and school supplies and send them to needy locations in third-world countries across the globe.

There is a five-step process adopted by Cargo of Dreams to convert containers into a functional facility. First, shipping containers are delivered to a facilitator's place in the US. It will be placed at a visible location to attract attention and encourage participation. Individuals with varying talents will come together and work as a community to transform the containers by fixing and filling up.

Crews work to clean it inside and out, remodeling the interior to include things like cabinets, lights and toilets. The outside of the container is sanded, whitewashed and then painted with bright colours and designs by volunteers. The container is then filled with supplies, including building materials for the final construction.

Once completed the containers are transported to a designated port and shipped to the recipient country. Partners and volunteers in the designated country will collect the containers and transport them to the permanent location. There, people will again make final touches to containers.

Once full, the container is shipped to its destination, where a concrete foundation has been poured. After unloading, the container steps into its new role as preschool or clinic, with the addition of roof and brick walls. And transform them to a pre-school or clinic, depending on their need by adding a roof or pouring a concrete slab. "It's not a handout, it's a kick start. We will not do everything for them," says Van Der Colff said.

According to him, the purpose of this is to give the local community a sense of responsibility and accountability with regard to the new structure. Since its inception, Cargo of Dreams has sent containers to South Africa, Malawi, Rwanda, Nepal, India and Paraguay, among others.

Cargo of Dreams' mission is to improve quality of life for women and children in need by engaging businesses, organisations, churches and communities in a collaborative project by using their resources and services to assemble and transform the containers stateside and ship the fully functional facilities to their receiving destinations.

The organisation stresses on the act of coming together and creating the containers through participation. The effort is to improve quality of life for those living in adverse conditions and extreme poverty – plus provide opportunities for everyday people living in first-world countries to utilize their gifts and talents in a unique, tangible, and creative way.

"Whether providing a school – 'edutainer,' health clinic – 'clinitainer,' or even an 'imagitainer' – anything one can conceive in order to provide relief for others – we believe that our model and approach changes the face of traditional international relief efforts as we have previously known and will literally engage thousands of people otherwise not involved in a hands-on and practical effort," he says.

Van Der Colff believes that the involvement in a project like Cargo of Dreams will act as a catalyst, sparking participants' interest in further volunteer work with other organisations.

The best part about working on the shipping containers, particularly painting the outside, he said, is being able to see and recognise that work once the container reaches its location.

REMODELLING MARKET ACCESS TO PORT SERVICES

The European commission's new initiative is expected to augment port capacities, improve services and allow greater financial autonomy.

Deepika Amirapu

The European Commission, the executive body of the European Union has announced a new initiative to make better port operations and onward transport in the region along 319 important ports along Europe's coastline.

The proposed guidelines are expected to make port operators augment port capacities, improve their services and allow them greater financial autonomy. The Commission mooted this blueprint as it is responsible for proposing legislation, implementing decisions and guarding the Union's treaties while overseeing the region's day-to-day affairs.

These efforts are aimed at remodeling some hinterland connections at the 319 of the continent's ports. The 319 ports were chosen among the total 1,200 commercial ports in the region because of the economic value of goods, services and employment they generate within the region.

Europe is home to some of the largest and busiest ports in the world and a third of all the goods that comes in or exit Europe is by sea. A fifth of this cargo, again, transits through the three ports of Antwerp, Rotterdam and Hamburg.

This proposal for 'Establishing a framework on market access to port services and financial transparency' also indicates that about 96 per cent of all freight and 93 per cent of all passengers through the EU ports transit through the 319 seaports identified in the Commission's proposal for guidelines on the trans-European transport network (TEN-T).

Primarily, the report seeks to address five challenges faced by the port operators – from sub-optimal port performance, unattractive investment ventures, improper pricing, lack of complete financial autonomy and excessive administrative burden. Further, it comprises a communication that reviews the European port policy, announces eight Commission actions and a focused legislative proposal to the European Parliament and to the Council in order to introduce the new legal provisions required to deliver the policy and objectives.

Vice-President European Commissioner for mobility and transport, Siim Kallas said at the time of launching the report in the last week of May, "This imbalance between port performance results in congestion and extra costs for shippers, transport operators and consumers. The new proposals could save the European economy up to €10 billion by 2030 and help develop new short sea links."

"We already have some of the finest port facilities in the world. We need

"This imbalance between port performance results in congestion and extra costs for shippers, transport operators and consumers. The new proposals could save the European economy up to €10 billion by 2030 and help develop new short sea links."

Siim Kallas
Vice-President European Commissioner for mobility and transport

to keep them. But we are facing major challenges in terms of congestion, traffic growth and investment. More of our ports need to reach these high standards. The proposals will bring Europe's port services into the 21st century, help attract investment and create jobs where they are most needed," he added explaining reasons behind drafting the proposal.

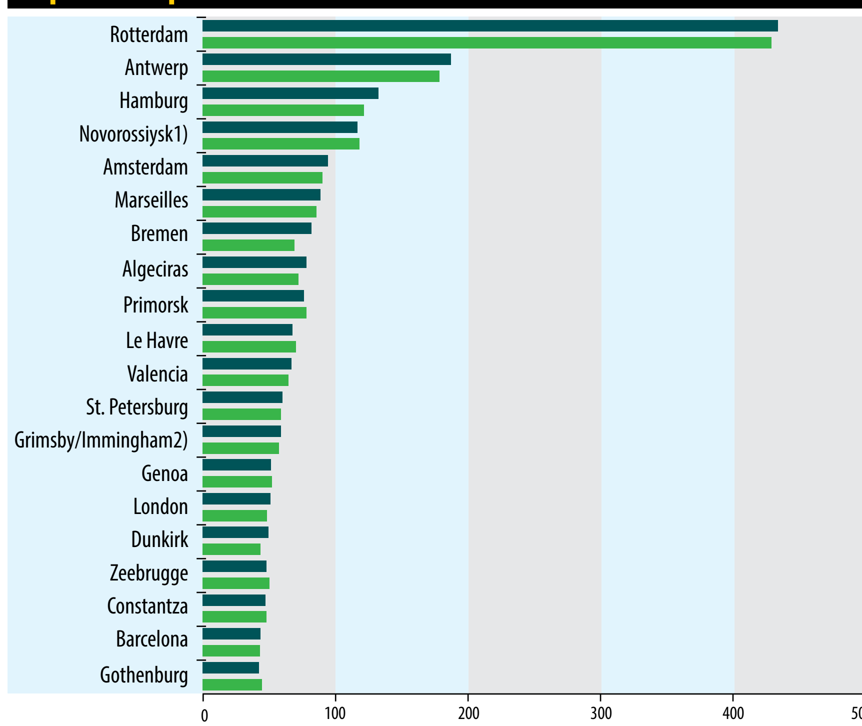
Strangely, however, the regulation proposal excludes cargo handling and passenger services from market access rules.

Perhaps because of this exclusion, the EC initiative has gotten assorted reviews from its stakeholders. The European Sea Ports Organisation (ESPO), the region's Port Working Group, consisting of port authority representatives from Europe's major ports has welcomed the initiative saying it values the important role that seaports play for the European economy. ESPO though has raised concerns about the potential implications, the regulation proposal may have on the autonomy of port authorities even as the regulation suggests it does not aim to impinge on the autonomy by imposing a uniform model for ports.

"Whilst ESPO regrets that the Commission abandons its non-legislative approach, it recognises the fact that the regulation proposal makes a first important step towards creating greater financial transparency. ESPO further appreciates that the proposal recognises the central role of the port authority and confirms, to some extent, its autonomy. At the same time however, the proposal attributes potentially wide-ranging competencies to other authorities and some of the proposed procedures may lead to damaging interference with the commercial freedom of ports, their ability to invest and their administrative responsibilities," it said in its initial response to the proposal admitting a delayed analysis was underway.

Meanwhile, the European Transport Worker' Federation, or EDF, said in a statement recently that it is satisfied that the Commission's proposals refrained from touching upon port labour organisation and that cargo-handling is excluded from market access rules. But said it is "extremely concerned about the consequences that the proposals could have on the workers that the Federation

Top 20 European Ports



Gross weight x 1 million metric tons
1) Including Caspian Pipeline Consortium Marine Terminal
2) 2011 Provisional figures (Department of transport)

2010 2011

Source: Port Authorities

represents in technical-nautical services, notably in pilotage, towage and mooring".

The EC's proposals must be approved by the European Parliament and EU member states' ministers before being adopted under the normal legislative procedure.

Social dialogue

Starting this June, the Commission will also create a "Social Dialogue Committee for Ports" to allow employees and employers to discuss and agree on dockwork-related issues. The Commission will provide a technical and administrative support to the work of this Committee and will evaluate progress in 2016.

The initiative is part of the key action on maritime transport announced in the Single Market Act II adopted by the Commission in October 2012. It complements other Commission initiatives such as the future directive on the award of concession contracts establishing common procedures and introducing more transparency to ensure the granting of concessions in a non-discriminatory way. mg

Enhancing Ship safety

Serious accident trends have worsened over the last decade.

Increased focus on ship safety is DNV's main priority when identifying critical issues in shipping. An extended focus on risk-based rules, safety barriers and identifying high-risk areas are means to enhance safer shipping. "Together with GL, we will have the power to take the lead in heading for these targets," says Tor Svensen, Chief Operating Officer Asia Pacific and President DNV Maritime and Oil & Gas.

The merger between DNV and GL was announced in December last year. Through the power of 17,000 employees, 5,600 of whom are dedicated to the shipping industry and its presence in 100 countries, DNV-GL will be a leading class society. The integration-planning process is ongoing in both companies, and the competition filing is in progress globally.

Serious accident trends – for example, penetration of hull and immobilization of main engine – have worsened over the last decade. During these years, the frequency of serious accidents has in average been almost twice as high as it was at the start of this millennium. On the positive side, the number of lives lost has not followed that trend, but stayed quite constant over time if we look at all ship types.

Another issue is the safety variations between various ship segments. Offshore supply vessels are among the most technically advanced vessels and are often used for some of the most complicated operations. Nevertheless, the safety performance of offshore supply vessels is better than that of any other ship segment.

"The achievements within the offshore segment are good. Through a technology-focused proactive risk management and barrier approach, safety has been improved step by step," says Svensen. "Learning through experience exchange between ship segments is essential to improve overall safety. Together, DNV and GL will be in a better position to share and develop knowledge to the benefit of the whole shipping industry."

Another key enabler for safer shipping is research and innovation. The merged class society will invest 5 per cent of its turnover in R&I. Svensen adds: "We're convinced that investing in R&I will be a catalyst for innovation and technology development, leading to safer and more cost-efficient shipping."

"Class has to make the continuous drive to improve safety a number one priority. This means that we have to drive the agenda for improved risk management. We have to be the frontrunner, leading the industry on technology and innovation by investing significantly in R&I and technological skills."

Svensen is committed to ensuring that DNV-GL becomes a strong and competent classification society that will help make the maritime industry safer and more efficient. mg

Author: Per Wiggo Richardsen

Eredene Groups sells stake in Ocean Sparkle

Eredene Group has sold its stake in Ocean Sparkle Limited (OSL), a leading port operations and marine services company in the country, to Mauritius-based Infrastructure India Holdings Fund LLC ("IIHF") for £8.2 million. The sale is part of Eredene's strategy to realise assets and return capital to shareholders. IIHF is an existing shareholder of OSL, which operates India's largest fleet of harbour tugs with a presence in most of the leading ports in India.

The Eredene Group held 6.8 per cent of OSL, which it purchased in 2010 for £7.3 million, through its subsidiary West Coast Port Ltd. The latest transaction represents a gross premium of 39 per cent over investment cost in Indian Rupee terms, according to a release. Eredene had given an initial return to shareholders of £15.3 million, equivalent to 3.4 pence per share, was made in August 2012 via a share buyback at 18 pence per share, and Eredene intends to make further returns to shareholders.

"This is the first major realisation from Eredene's core infrastructure portfolio. It represents a healthy premium to the investment cost as well as the book value. Eredene has committed to follow a realisation strategy which will witness over a period of time investment realisations in order to maximise shareholder value," said Ranveer Sharma, Managing Director, Eredene Capital Advisors. mg

TRANSIT DEPOTS: OPERATIONAL CONVENIENCE

The warehouses of Central Railside Warehousing Corporation are benefiting the customers by reducing costs and wastage.

One public sector company that is all set to transform the Indian logistics sector is none other than the Central Railside Warehousing Corporation (CRWC). Just one visit to its warehouse in the Shakurbasti area of Delhi gave glaring proof to *Maritime Gateway* that this PSU is indeed ushering in an era of transformation in India's arehousing sector.

The company, which builds and operates warehouses on land provided by the Indian Railways, is running 18 railside warehouses at present for bagged consignments of cargo such as foodgrain, fertiliser, cement and salt. It handles about 3 million tonnes of cargo every year. Its warehouse in the Shakurbasti mainly caters to the cement manufacturers. They were earlier unloading their cargo at the Railways' sidings, but since the advent of CRWC warehouse just on the opposite side, most could not resist the comfort zone offered by the PSU. "All thanks to CRWC, we do not face the hassles of damage due rains and heat, theft and extensive documentation. This decreases our overall operational cost," says Sushil Kumar Shukla, a handling agent of Mangalam Cement Limited.

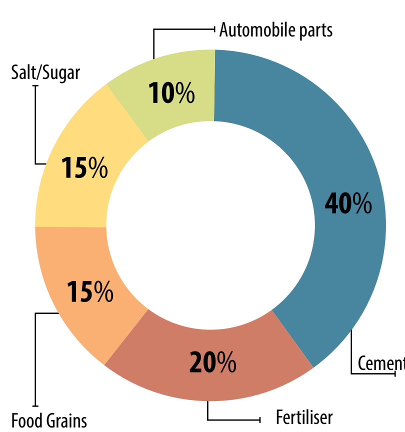
Manish Kumar, a representative of ACC Limited, agrees with him. According to him, the usage of CRWC warehouse means less wastage as the cement is stored soon after being offloaded. Earlier, many a times, we had no choice but to store the cement on open railway sidings and this only meant damage and theft," says Kumar.

Indeed, the CRWC warehouses are reducing the operational cost of many companies by about 25-30 percent by not only reducing theft and damage, but also by elimination the need to transport the goods to a separate warehouse. Its warehouses are used as transit depots, from where goods are directly sent for marketing and distribution. This helps avoid multiple handling and double

transportation at the distribution end. Indeed its success story with cement storage had ensured that CRWC will have a long way to go. storage of cement has Of the total cargo handled by CRWC, the share of cement is 40 per cent, followed by fertiliser (20 per cent), foodgrains (15 per cent), and salt/sugar (15 per cent), and fast-moving consumer goods, automobile parts, electronic goods, tyres and tubes (10 per cent).

The company is now seeking permission from the Railways for extra terminals to build the warehouses. "Since only about 15 per cent of total warehousing is in the organised sector in the country, we see good growth potential," says Vinod Asthana, manging director, CRWC. The company also wants to get into cold-chain-based warehouse services with facilities such as temperature-controlled options, sorting and repacking in smaller sizes. With temperature-controlled facilities being set up at Dankuni in West Bengal, the company plans to handle oranges, bananas, fish and flower exports to Bangladesh from there.

Cement is the major cargo handled by CRWC



The company expects the organised retail segment to further drive demand for such services. As the Railways looks to decongest its stations by detaching parcel units from passenger trains, the company has also sensed an opportunity here. It now wants to launch parcel train services across its various warehouse complexes. "We have seen an increased interest from companies to shift cargo to trains from trucks," said Asthana. The company is discussing the issue with the Railways.

The company is all set to turn into a full-fledged logistic company with plans of building logistics hubs and cold storages under the public-private-partnership model (PPP) across India. It is planning to set up six logistic parks, including the two alongside the ambitious dedicated freight corridor, at the cost of ₹1,500 crore. The company is in talks with several state governments, including Madhya Pradesh, Assam, Odisha, Gujarat, Andhra Pradesh and Maharashtra, for building the logistics hubs.

The diversification drive of the corporation doesn't stop here. The PSU has also chalked out plans of becoming a third-party logistics provider, which offers integrated logistics solutions. "We want to increase our cargo handling capacity to 5 MT. Indeed the nascent company is very upbeat about the role it might to play in the coming times. The company is already promoting and providing logistics support to trade and reduce the overall total logistics cost by leveraging economies of scale to the advantage of all stakeholders.

"BUILDING MORE LOGISTICS PARKS IS STRATEGY AHEAD"

Future Supply Chains is all set to play a major role in the country's organized logistics market. Apart from consumer goods, the company has started offering services to automotive and pharmaceutical segments. In an interview to Maritime Gateway, **Anshuman Singh**, MD & CEO, Future Supply Chains talks about the company's future plans and business challenges.

Anshuman Singh,
MD & CEO, Future Supply Chains

Q What kind of trends are you seeing in supply chain where retail is concerned?

A 'Retail' is a relatively new business in this country, with its evolution happening only during the last 10 years. Future Group has played a significant role in the development of organized retail in the country. Worldwide trends are that organized logistics grows in the backbone of organized retail, and that's why the latter is very crucial. In India, during the last 10 years, the percentage share of organized retail has been growing by about 8-9 per cent, and for some metros it is as high as 25 per cent. Due to this, we are now seeing the advent of organized logistics.

The Futures Group saw this happening five years back and therefore we formed a separate company in 2007 and called it Future Supply Chains. We got investment from the world's largest supply chain company. We have been trying to build the most modern supply chain company in the country which not only takes cares of Future Group's needs but the entire consumption sector of the economy. When I say consumption sector I not only mean retail, but all manufacturers and brands that supply to retail.

Apart from consumer goods, we have also started doing a lot of automotive work, as the behaviour of automotive supply chain is same as that of consumer products. We are also doing pharmaceuticals. Our distribution centres meet all the global standards.

For instance, our 500,000 sq ft distribution centre at MIHAN, Nagpur, is the country's first DC to achieve a daily throughput of 400,000 pieces in a day. Strategically located at MIHAN (Multimodal International cargo Hub and Airport, Nagpur) with connectivity to all parts of India, this is a centralised distribution centre for Big Bazaar servicing Apparels, General Merchandise, Home Fashion, Furniture and Consumer Durables categories. The centre has been built with a mammoth investment of ₹130 crore. It has got five levels of mezzanine shelving with 2,00,000 pin locations capable of dropping more than 2,00,000 SIWs with 30,000 pallet locations, G+10 pallet racking shelving system, one of its kind building with complete insulation on the sides to maintain temperature between 6 to 10 degree lower than outside.

Furthermore, there are more than 50 dock doors across the DC on both sides and we have provisioned for huge areas for parking, docking, and landscaping. Each of these details prove the productivity of the DC. The role of Information technology is also crucial at this centre. For instance, it has automated replenishment systems which place orders with distribution chains as soon as the shelves go empty. The centre also boosts of the "Put To Light Sortation System" at distribution chains, which helps to sort large number of products to hundreds of Future group stores. We have also created our own transport company called FSC Express Logistics, which has proven expertise in Network Modelling and Design, Route Planning and Optimisation, Load Optimisation and Vehicle Re-engineering. FSC Express Logistics has been India's first service provider to successfully implement Vehicle Tracking System. It enables customers to view the real-time location of their consignments online on the India map.

Overall, we now have more than 100 branches, and cover 574 districts out of the 649 districts in the country.

Q Why did Futures Group invest so much money in MIHAN?

A It invested for consolidating 16 units in one, and because of MIHAN our quantity throughput is massive. Because of the automation, technology, infrastructure, and process systems we have been able to cut supply chain and transport costs by about 20-40 per cent depending upon the category of the product.

The warehousing processing time has reduced by 48 hours, the time to market has been reduced by four days and the total inventory has gone down because of consolidation. And fill rates, although we haven't yet got the measure of it, it would definitely be higher. When you are stocking at 16 locations, stock out would be happening at some locations. But with only one location, there is no question of stock out.

Q Will Mihan cater only to Future Groups' business?

A MIHAN is capable of handling very high volumes. It has peak design capacity of doing 7,00,000 pieces a day. It matches some of the best DCs in the world. Presently it is catering mainly to the needs of the Futures Group. But the expertise which we have built up here keeps in mind the interest of all kinds of customers in the consumption space. With this DC, we have cracked the technical code to provide the best 3PL service.

Very soon, the portion of Future Group's share to FSC business will reach to 50 per cent for the first time. In our initial years, it was as high as 90 per cent and last year the figure was 70 per cent. But we have been developing customer base outside the Future Group. As we get more success in grabbing the customers outside, I am sure we would be creating more such DCs. We are taking all our external customers to MIHAN to show them the modern supply chain.

Q Are you facing any problems?

A One of the biggest requirement is the rollout of GST. It now looks nearer than ever before. We are hoping that it will happen in a year. It will create a big impact in terms of consolidating inventories of all the players in the consumption domain, and it will also have an impact on the cost as the total tax implication will reduce. Today everyone has to store in 32 states and keep extra inventories just to save a little bit of tax. But once GST comes we will see the advent of large distribution centres.

We are also planning to build more of these centres in nine cities across the country, as I personally believe that depending on the broad categories, the nine centres can take care of any permutation and combination across the supply chain requirement.

Problems such as lack of roads and check naakas have already been talked about. On certain routes, there are as many as 37 check naakas and on each one a truck loses about one or two hours. Therefore for a 16 hour journey, one may take 60 hours also. However, things have improved in the last 6-7 years, and we also have learnt to live with these problems. Octroi in a state like Maharashtra is also a challenge, but it has started improving.

The largest challenge in this country is lack of good quality warehouses, and that's why we build our own warehouses. All our CDs have been built to suit our needs.

Q What are the challenges that companies are facing in terms of sourcing 3Pls?

A Many companies are apprehensive about outsourcing as there are not too many fully integrated 3PLs providers in the country, as organized logistics has not yet really developed. Even if today a lot of companies understand the meaning of outsourcing and 3 PLs, they do not get such services, as there are not too many integrated players.

Most companies are forced to outsource to many rather than one. But we do end to end from logistics to transport requirement, and that's why we are getting a lot of customers. Most companies are also concerned about the cost of 3PLs, as they perceive them to be more expensive. But what is missed out is the fact that if 3 Pls were expensive then they would have been out of the business by now. It is up to 3PLs like us to convince the customers by breaking all the cost to a common denominator by telling them how much they need to pay per carton, as our charges are much less than other players.

Q What about expansion plans?

A The logistics for Big Bazar is being consolidated and not expanded. This is being done to reduce cost. For Future Group, 16 stock locations of Big Baazar apparels first got reduced to five, then to two and now it has been reduced to one after opening of Mihan.

The entire Big Baazar apparel would be served out of this single DC. Entire imported general merchandise is now serviced out of this unit. Entire furniture for the Hometown for the entire country is now served from this location. Same holds true of all imported electronic items. So now we have one location instead of 16, and it obviously means reduction in inventory because of technology and automation, perfection in fill rates, perfection in output and minimum lead time.

As far as expansion plans are concerned, our strategy is simple. We are targeting nine major cities and then 11 next level or tier-2 cities. In each of the nine major cities, we will build two logistics parks. In Nagpur we have already built another unit as well. We are opening another half a million square feet of space in Nagpur in next three months. mg

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REVERSE LOGISTICS: MANAGING RETURNS BETTER

Bhagyashri Kamat

With the rising competition, companies are increasingly focusing on customer satisfaction and aftermarket services. This in turn has opened up new opportunities for reverse logistics services and India is expected to become one of the largest market for RL.

It seems what goes around comes around is the new success mantra for logistics companies in India. With companies across the globe depending on reverse logistics services to beef up their businesses, the demand for this specialized service is set to surge.

India as a country today spends close to $12 billion every year on logistics and with such a high level of expenditure the country is undoubtedly one of the most promising and dynamic reverse logistics and aftermarket services market in the world. Experts aver that though the reverse logistics market in the country is still in its nascent stages, it is expected to form a large component of the logistics services segment in India.

Reverse logistics (RL) is the process of planning implementing and controlling the flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of recapturing value, satisfying customer service, instituting repairs and returns or proper disposal, all in an efficient and effective manner. Reverse logistics speaks about the 'RE' factor, which involves managing returns from customers, restore and remanufacture products, re-engineer and recycle it.

Products take the reverse logistics route for numerous reasons namely due to damages, warranty failures, incorrect product, shipments problems, product recalls, exchange of non-working products for working ones and so on. This process also involves processing returned merchandise, restocking, salvage and excess inventory. Taking into account the rising demands for varied products, reverse logistics today has become the most crucial element for every business.

Estimates have revealed that an average manufacturer spends close to 9 to 15 per cent of its total revenue on returns. Improvising reverse logistics will help firms increase revenues upto 50 per cent of total sales costs. A company with a turnover of about ₹15,000 crore can add up to ₹400-600 crore a year by just improving its reverse logistics processes. This is just an indication that reverse logistics business is here to stay and strengthen its hold over the market.

Analyzing the psychology of a customer one can say that 95 per cent of customers will not buy from a company if its services are bad. In such cases reverse logistics comes to the rescue of companies in providing proper service to customers and thereby help gain back customers. Companies deploying reverse logistics have noticed considerable changes in its business flow with 93 per cent customers seeking service satisfaction through reverse logistics over 86 per cent provided by the company itself.

Speaking to *Maritime Gateway*, Hitendra Chaturvedi, CEO, Reverse Logistics Company said, "A deep thought into the need for reverse logistics for companies today prominently answers two major questions: Environmental responsibilities and customer demands. RL caters to the need of inventing best from waste by redesigning a particular product and getting it back to the market thereby avoiding wastage. The corporate social responsibility of the procedure as a whole has grabbed the attention of the industry towards this business concept."

Reverse logistics as a procedure has proven better for products like electric appliances, gadgets and other high-end machines whereas this percentage recedes in case of products like books, magazines and newspapers. When asked about this difference Chaturvedi said, "Books, magazines and newspapers which are returned by customers for basic flaws are either converted into pulp, cloak else are recycled and reused for production of another book. This helps in maintaining the environmental balance by avoiding wastage of paper as well the needs of the customers are satisfied. Hence RL as a procedure takes care of every aspect of a specific company and helps in maintaining a sturdy relationship within the company and the end user."

Information technology is setting its roots high and has invaded every industry. Taking into account this rapid growth pace of the IT industry, reverse logistics segment too is in dire need of a revamp. Sunil Kumar, Director (SCM), Oracle, insists on building a well integrated information technology system to keep track of every procedure associated with the reverse journey of a product.

"A well administered information technology system will help streamline the functioning of RL procedures. Companies today are becoming dependent on this system to cut back on losses as well as cater to the needs of end users. Augmentation of such a system will help in keeping a track and trace of product recovery with due transparency," he says.

Rising level of competition has compelled retailers to take a liberal stand on returns and pay more heed to customer demand. Hence, creating an integrated reverse logistics system is making rounds in the industry. For companies to hold their roots in the market, it is very important to invest in reverse logistic.

> "Rising level of competition has compelled retailers to take a liberal stand on returns and pay more heed to customer demand. Hence, creating an integrated reverse logistics system is making rounds in the industry."

Use of information technology to boost reverse logistics, operational planning, route optimisation, multi-route transport, proper channelizing of events and procedures, manned versus actual milestone tracking, proactive monitoring and notification, automated event-driven processes and track and trace history are pillars for boosting the growth of reverse logistics.

Reverse logistics has provided a heavy balance to companies which till date were clueless about managing the servicing of products returned by customers. Increasing customer demands for finer aftermarket services and better apprehension of consumer rights will potentially increase in years to come.

In India consumer return rate of products is 5 per cent compared to 10 per cent in western countries. Making his point, Chaturvedi said, "A product brought back through reverse logistics in India can be higher than the actual price paid for it. The slightest mismanagement in the administration of reverse logistics will bleed companies dry. However, with a trusted and well organized reverse logistics company can increase their sales by 10 per cent. Also, it will also help in curtailing about 25 to 40 per cent costs on supply chain."

According to him, we come across numerous companies which ask us to conduct research on the reverse journey of their products and thereby come up with solutions. "When companies see the end result of the same, they rely completely on the functioning of RL system. What involves in all this is a proper study and presentation of the reverse logistics system. A perfectly captured picture of the RL system has to be imbibed on the minds of companies intending to use this system to boost up company graphs," he said.

Reverse Logistics is still in its nascent stages and is yet to reach out to people on a more transparent note. Companies are yet to delve into the details of this system and hence there is a crucial need to generate awareness about RL in market. Nitin Chandra, Principal, A.T.Kearney said, "To build an efficient reverse supply chain (RSC), it is important to first generate utmost awareness about it in the industry. Senior managers with the help of cross-functional support must develop collaboration within channel and supply chain."

Reverse logistics in India has spread its web across industries like the cell phone market, telecom service providers, consumer electronics and most importantly the automobiles. Reverse logistics as a whole is facing numerous challenges as well.

Companies are yet to realize the strategic positioning of reverse logistics and after market service operations. They will soon need to find out a mechanism to streamline their administration. Taking into account the volumes of returned products in some industries the day is not too far when new entrants in the market would take a serious note of the aftermarket services as a strategic and core competency to start their business reconnaissance.

Government rules on taxation, import guidelines and e-waste management policies also need to be fine-tuned to suit the needs of reverse logistics services providers. In addition to this, India can also look at making manufacturing companies accountable for end-of-life disposal of a product avoiding environmental hazards. This in turn will open up new opportunities for reverse logistics segment. mg

Sreekala G

SKY IS NOT THE LIMIT

With air cargo traffic in India set to grow at a high rate, the country has the potential to emerge as a transshipment hub for neighbouring countries, particularly Bangladesh and Sri Lanka. The government is also keen to explore this opportunity.

The working group on air cargo set up by the Civil Aviation Economic Advisory Council submitted its report last year and the government has expressed its willingness to prepare a national air cargo policy based on this, indicating the growing importance of air freight segment in India. The working group has also recommended for the removal of barriers to the growth of cargo in the form of process and procedural hurdles.

There is a significant untapped potential for air-cargo in India. An indication of the same can be gauged from the fact that the total air-cargo volume of 2.3 million MT handled in FY-11 by all Indian airports put together is less than that handled by individual airports like Hong Kong, Memphis, Shanghai, Incheon, Anchorage and Paris.

What makes a strong case for India's emergence as a transshipment hub for air cargo is its geographic location. While neighboring countries of India, particularly Bangladesh and Sri Lanka, have sizeable international trade with Europe and the US, they have very limited direct connectivity to USA and Europe.

"The air cargo sector continues to demonstrate high growth, with air cargo traffic expected to stabilize around a GDP multiple of 1.5, which would translate into growth of 10-11 per cent. Increased trade activity – especially of physical goods – between India and the Asia-Pacific region and the relocation of trade epicenters to China, Southeast Asia and Africa could open up new opportunities for air cargo in India," says a KPMG report.

Air cargo growth in India is linked to the open sky policy adopted by the government in early 1990s. The sector has grown from 0.7 MMT in 1995-96 to 2.7 MMT in 2011-12.

According to the KPMG report, over the next decade, total air cargo traffic is expected to grow at a CAGR of 10.3 per cent to reach 5.9 MMT, with domestic and international cargo expected to grow at CAGRs of 11.6 per cent and 9.5 per cent, respectively, and contributing 2.4 MMT and 3.5 MMT, respectively by 2020.

International cargo, which accounts for two-thirds of total cargo, is largely concentrated in the metro airports of Mumbai, Delhi, Chennai, Bengaluru and Hyderabad. The Delhi and Mumbai airports collectively handle around 50 per cent on India's domestic and international cargo.

The demand for air freight is limited by cost, typically priced 4-5 times that of road transport and 12-16 times that of sea transport. These values can differ from country to country, season to season and from product to product and for different volumes also.

Cargo shipped by air thus tend to have high values per unit or are very time-sensitive, such as documents, pharmaceuticals, fashion garments, production samples, electronics consumer goods, and perishable agricultural and seafood products. They also include some inputs to meet just-in-time production and emergency shipments of spare parts.

Factors driving growth

The growth of the end-consumer sector is expected to drive air cargo growth for the next five years. The expected growth of electronic components by 25 per cent, garment exports of 12-15 per cent, the pharmaceutical sector at over twice the global growth of 14 per cent, and high EXIM volumes in agro-processing products are likely to contribute to the air cargo sector in future.

The development of tier-I and tier-II cities, driven by the shift of manufacturing to these cities, along with investments in supporting airport and logistics infrastructure, can also be expected to drive domestic air cargo, says the KPMG report.

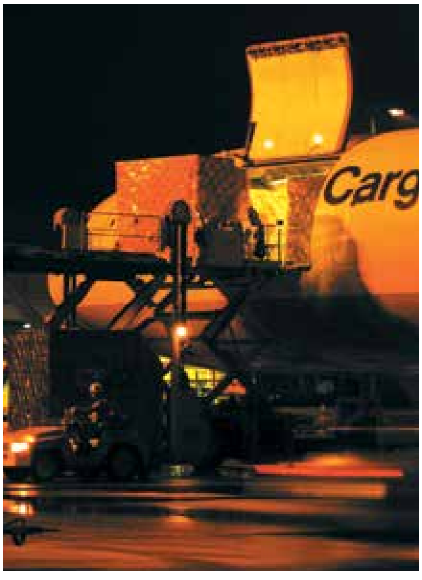
"Over the next decade, total air cargo traffic is expected to grow at a CAGR of 10.3 per cent to 5.9 MMT. The demand for air freight is limited by cost, typically priced 4-5 times that of road transport and 12-16 times that of sea transport."

The government expects the domestic and international air cargo throughput to grow by eight to ten times the present level in the next 20 years. This growth will be supported by expansion of infrastructure facilities, simplification of procedures and adoption of information technology and automation besides development of human resources in the sector.

Free Trade Agreement concluded by India with southeast Asian countries like Japan, Malaysia and South Korea is expected to give a big boost to improve trade between these regions and in turn to air freight cargo. India's goal is to double exports from $225 billion to $450 billion by 2014.

Further, security regulations are becoming stringent in developed regions such as Europe and the US in so far as air freight is concerned. The working group in its report says India is and will continue to be capable of complying with such regulations, which itself will place India at an advantageous position when it comes to air cargo operations in the region.

Also, India has a large scope for multimodal connectivity because of its vast coast line with access to modern ports in the region will spur air cargo growth. Besides, increased spending in airport infrastructure through various airport projects is expected to improve air cargo infrastructure across the country.



KPMG points out that heightened focus on developing cargo terminals and related infrastructure has driven initiatives in recent times. These include successful upgrades at airports in Cochin, Bengaluru, Hyderabad, Delhi and Mumbai, as well as the ongoing modernisation of the Kolkata and Chennai airports. Further, the ongoing modernisation of 35 non-metro airports, of which 20 are complete, is expected to enhance cargo handling and storage significantly.

New air cargo centre

Rising local demand, improved international connectivity and resulting consolidation activity, and expanding cargo-handling infrastructure have resulted in increased freight handling at airports such as Cochin, Trivandrum and Ahmedabad. Other emerging hubs such as Pune and Jaipur are also witnessing high growth, primarily driven by rising domestic volumes, freight handling services by low-cost airlines, and enhanced connectivity.

Challenges

There is an urgent need for policy support and robust infrastructure to drive efficiency in freighter operations in the country. A consistent policy for the allotment of dedicated facilities at any of the airports for dedicated freighter aircraft should be developed.

KPMG notes that designated Air Freight Station (AFS) notified by the Finance Ministry is yet to become operational. Permitting the transfer of cargo to designate/customs-notified freight stations – AFS or ICDs – could help reduce congestion at airport premises.

There is also a need for the establishment of Air Cargo Promotion Board (ACPB) to facilitate organized growth in this sector by driving policies and the planned development of air cargo hubs in the country.

Besides, development of a professional workforce and inter-linkages and circular flow between airlines, airport operations and air freight stations, customs, banks, custom house agents (CHAs), and other allied agencies should be established to reduce unproductive delays.

World's first hybrid reach stacker

Konecranes announced the introduction of the world's first hybrid reach stacker – the SMV 4531 TB5 HLT – for container handling, with a lifting capacity of 45 tonnes. It features a hybrid diesel/electric driveline, electrified hydraulic lifting system, and a super capacitor based energy storage. This innovative lift truck will cut fuel consumption and emissions with at least 30 per cent while offering improved performance, acceleration and response to driver's commands.

"Konecranes is a pioneer and leader in lifting technology and service. Our new hybrid reach stacker is an exciting step forward for our industry and further proofs that Konecranes is committed to offering its customers eco-efficient products and services," says **Lars Fredin**, VP & Head of Business Unit Lift Trucks, Konecranes.

Significantly reduced diesel fuel consumption

The new Konecranes hybrid reach stacker will offer customers substantial cost and environmental benefits. Estimated fuel consumption at normal handling of fully loaded containers will be at least 30 per cent lower than for equivalent diesel powered reach stackers. This is achieved by electrifying all flows of energy across the driveline, the hydraulic lifting system and the energy storage system.

"Propulsion and lifting are powered by dedicated electric motors that all can operate in regenerative modes. The energy generated from braking and load lowering is recovered and stored for later re-use. This results in a substantial reduction in diesel fuel consumption and environmental impact. Meanwhile, productivity is increased in terms of quicker response and higher acceleration," says **Anders Nilsson**, Technical Director, Konecranes Lift Trucks.

"Potentially, the diesel engine of the hybrid reach stacker could be replaced by another source of electrical energy, as technology and price allow. Such examples may be fuel cells or an energy storage that can be recharged via a connection to the power grid," Nilsson continues.

Electrification of the driveline

In a conventional reach stacker, the driveline is a diesel/mechanical system consisting of a diesel engine, torque converter and transmission. The diesel engine produces the energy for propulsion. The flow of energy is mechanical and a quite complex mechanical gearbox is required. The energy generated by braking is converted into heat that is dissipated to the ambient and wasted.

In the new Konecranes hybrid reach stacker, the driveline is a serial configured diesel/electric system consisting of a diesel engine, an electrical generator and an electrical traction motor. The diesel engine runs at constant RPM for optimum fuel efficiency and powers the generator. Propulsion is provided by an electric motor that is an integral part of the drive axle. This motor also generates electrical energy when braking, minimizing the need for mechanical braking and saving energy.

Electrification of the hydraulic lifting system

In a conventional reach stacker, the diesel engine mechanically drives variable displacement piston pumps that provide the hydraulic energy for lifting and steering. The energy that is generated in lowering is dissipated to the ambient and wasted.

In the new Konecranes hybrid reach stacker the hydraulic pumps are electrically driven and electronically controlled. Dedicated electric motors drive the pumps that provide the hydraulic energy for lifting and steering. The speed of these pumps can be controlled independently of diesel engine speed.

More importantly, the return flow from the hydraulic cylinders is not converted into heat, but fed backwards through the pumps which now act as hydraulic motors, thus regenerating electrical energy.

Electrical energy storage

A traditional reach stacker has conventional batteries for starting the engine and powering the electrical systems including lights.

The new Konecranes hybrid reach stacker has a super capacitor system for energy storage that is connected to the truck's electrics. This system stores electrical energy that has been recovered for later re-use, and boosts the diesel powered electrical generator at times of peak power demand. mg

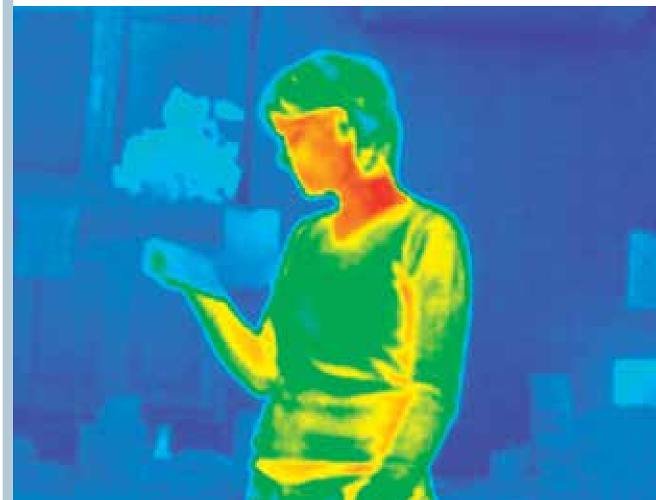
Seeing in Darkness

FLIR Systems, a leading designer and manufacturer of thermal imaging cameras, has launched a new series of portable thermal imaging cameras for maritime applications. The MLS-Series are handheld shock-resistant thermal imaging cameras that produce a crisp image in the darkest of nights.

The MLS-Series will help dramatically increase the user's situational awareness. It can be used on board of all types of vessels including yachts, commercial ships, tug and tow boats, work boats, police and law enforcement boats.

The MLS-Series are excellent tools for navigating in total darkness, securing any shipboard environment, antipiracy and many other maritime applications. Irrespective of whether a user is anchored in port or sailing in the open sea, he will be able to see in total darkness. The new series are also extremely affordable units.

Thermal imaging is the use of cameras constructed with specialty sensors that 'see' thermal energy emitted from an object. Thermal imaging cameras produce images of invisible infrared or 'heat' radiation. Based on temperature differences between objects, thermal imaging produces a clear image. It is an excellent tool for predictive maintenance, building inspections, research & development and automation applications.



The new series of Thermal imaging cameras launched by FLIR systems are excellent tools for navigating in darkness

OTHER FEATURES

These cameras are equipped with InstAlert feature and Laser Pointers. The unique InstAlert feature colours the hottest parts of the scene red, making it extremely easy to spot people in the thermal image.

A laser pointer allows the user to see exactly where he is looking with the FLIR MLS-Series.

PORTABLE & RUGGED

Weighing 340 grams, batteries included, the MLS-Series are extremely compact and extremely light systems. They are ideal for go-anywhere operations, in all circumstances. They are IP67 rated and operate between -20°C and +50°C.

Ergonomic and easy-to-use, the MLS-Series are fully controlled with just four buttons on top of the unit. Conveniently placed, all buttons are right underneath your fingertips.

These cameras also offer long batter life. The MLS-Series have an operating time of 5-7 hours on a single charge. They work on four rechargeable long-life Li-ion batteries that come with the camera. The MLS-Series can also run on standard non-rechargeable Alkaline AA batteries. mg

DIFFERENT VERSIONS

The MLS-618 is equipped with a thermal detector that produces thermal images of 640 x 480 pixels. Equipped with a 35 mm lens it provides an 18° (H) x 14° (V) field of view. It is equipped with an up to 4X continuous digital zoom. The FLIR MLS-618 can detect a small vessel at a distance of no less than 3.25 km away.

Users who do not need this high image quality can choose fthe MLS-317. It is equipped with a thermal detector that produces crisp images of 320 x 240 pixels. Equipped with a 19 mm lens it provides a 17° (H) x 13° (V) field of view. It is equipped with an up to 2X digital zoom. The FLIR MLS-317 can detect a small vessel at a distance of no less than 1.95 km away.

Both versions are equipped with advanced internal camera software that delivers a crisp image without the need for user adjustments.

Growth against all odds

Despite rate hike and EXIM imbalances, Concor aims to clock 8-9 per cent growth both in volumes and tonnage in 2013-14.

Growing EXIM imbalances and the Indian Railways' move to increased haulage charges are likely to pose major challenges for Container Corporation of India (Concor). While the public sector company managed to record 8 per cent growth in revenues and over 7 per cent growth in profit, it witnessed a slight dip of 0.72 per cent in container throughput.

Despite the odds, the company hopes to register 8-9 per cent growth, both in volumes and tonnage in 2013-14. "Preliminary trends indicate a good year ahead with exports strengthening. Besides, all rating adjustments have been done already. But another repeat year of import-export imbalances will dash our hopes," says Anil K Gupta, Chaiman & Managing Director, Concor.

In fact, the imbalances in trade cost Concor dearer last fiscal. It experienced 23 per cent gap in export and import containers. For shipping lines, the primary customers of Concor, moving empty containers are costs to be borne by them. So, they would rather want to drop off import containers near the ports rather than moving all of them to hinterland and then paying for empty repositioning for a part of these containers for want of adequate exports.

But it costs Concor as it ended up moving empty wagons to the ports for catering to such import-export imbalances. In 2012-13, it bore a cost of ₹225 crore for moving empty wagons/ domestic containers, which was 8.7 per cent of total rail freight costs incurred by it.

The silverlining is that Concor managed to generate positive volumes in EXIM segment despite fall in the containerised traffic handled at major ports, which went down by 0.91 per cent in teu and 0.23 per cent in tonnage terms. "In fact, in volume terms our growth was marginally better than even the overall port traffic of India, including Mundra, Pipavav and Krishnapatnam, which went up by 0.66 per cent," points Gupta.

Concor handled *2.59* million teu containers in 2012-13 against *2.6* million teu in 2011-12.

According to Gupta, if the Railway has not increased haulage rates up to 31 per cent, Concor could have increased volumes further in January-March quarter. He admits, as a result of the hike in rates, the corporation became uncompetitive in lighter container movement especially in 11-20 tonne container segment, as against the road transportation cost.

Concor has also lined up plans to spend over ₹1,000 crore during this fiscal for creating/consolidating its network and facilities. As part of its plan to set up logistics parks, it is in advanced stage of construction at Khatuwas (near Neemrana) in Rajasthan. Double stack rail services have already been started from there and the total project is expected to be completed in another year-and-a-half. Another one in Khodiyar in Gujarat is already operational for most of the business segments planned for it.

The company has also signed a MoU with the Chhattisgarh government for setting up an ₹200-crore Multi Model Logistic Hub (MMLH) dry port at NayaRaipur. The hub, proposed to be constructed on an area of 45 acres, would be completed in three years.

Besides, Concor is looking at ways to reduce its dependency on the Railways. "Earlier railways contributed 80 per cent to the overall business. But now it is about 75 per cent. Other divisions like warehouses and road transportation have started contributing more to the business. And with the Goods and Sales Tax and FDI in retail coming in, we expect share of railways to go down to 70 per cent in the next few years. It is a conscious decision of getting into different segments as we want to be an end-to-end logistics provider. We need to expand as it helps in dividing the risk," says Gupta. mg

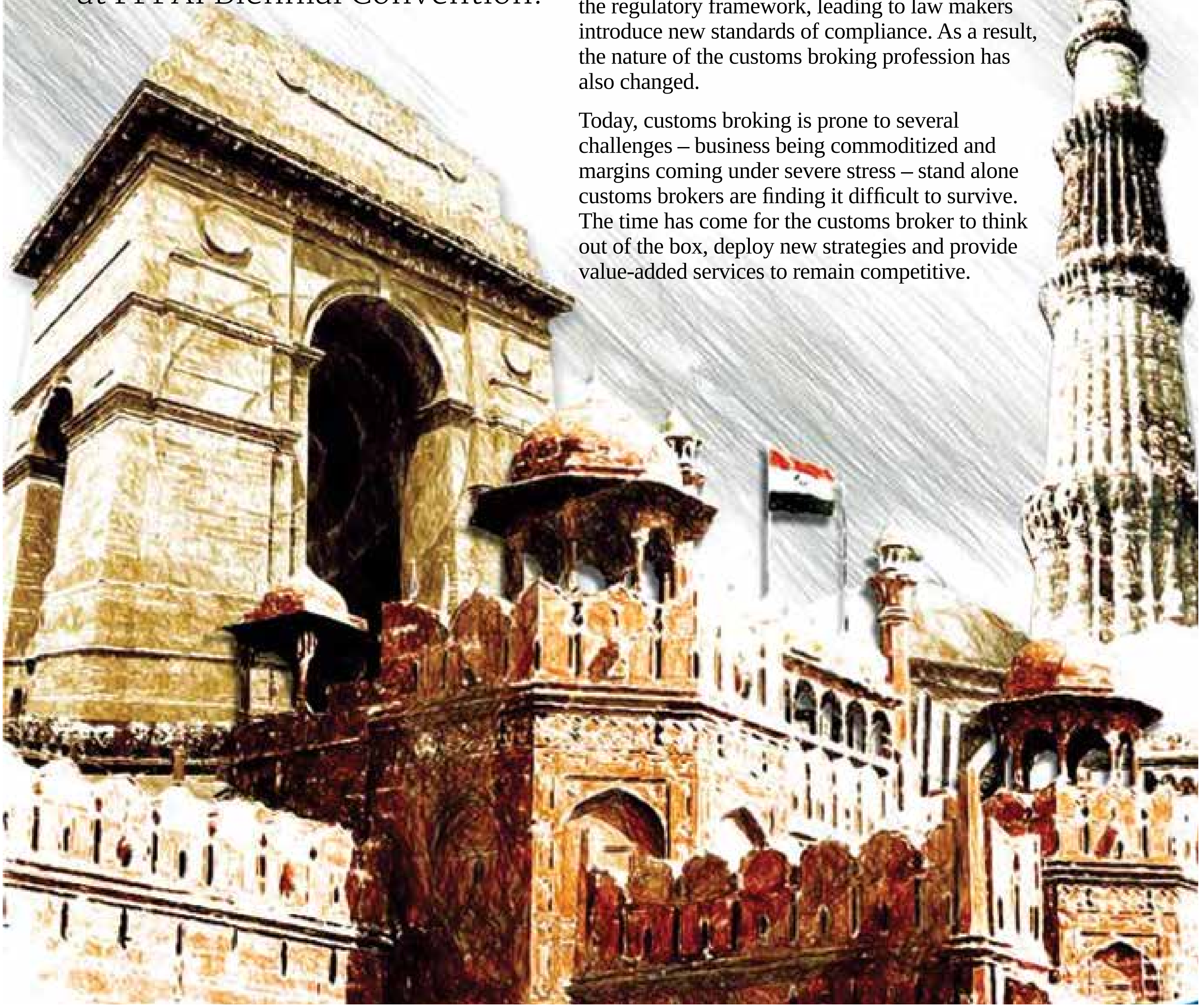
Customs Broking
A new business paradigm

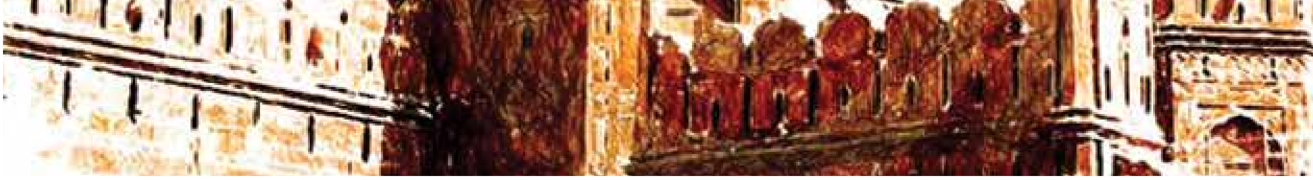
With the changes in global trade practices and regulatory framework, customs broking profession is set to face major challenges. Time has come for the customs brokers to reinvent themselves and change their business models, say participants at FFFAI Biennial Convention.

The customs broker has played a pivotal role, offering not just service of customs clearance, but in addition meeting every conceivable need of the customer by providing a wide array of complete logistics solutions. Stakeholders in global trade including the government authorities, in the past few years, have been compelled to give prime importance to secure, safe, environmental friendly, resilient and yet cost-efficient and speed- optimized global supply chains.

These developments have not just changed the structure of transport but have also influenced the regulatory framework, leading to law makers introduce new standards of compliance. As a result, the nature of the customs broking profession has also changed.

Today, customs broking is prone to several challenges – business being commoditized and margins coming under severe stress – stand alone customs brokers are finding it difficult to survive. The time has come for the customs broker to think out of the box, deploy new strategies and provide value-added services to remain competitive.





Freight forwarding business in India has traditionally been a family-run business with the baton being passed on from one generation to the other. With the profession facing new challenges, the close-knit community of customs brokers decided to dedicate their annual convention this year to ponder over changing needs of the profession. Hence the theme of the 21st Biennial Convention of Federation of Freight Forwarders' Associations in India (FFFAI) was aptly titled Customs brokers: New paradigm, new opportunities, new league.

In his welcome address, **Shantanu Bhadkamkar, Chairman, FFFAI**, talked about how customers have increased their demands about regulatory compliance and service standards. He opined that the convention should help in developing future strategies and roadmap for the custom broking community.

"We are passing through difficult times. However, we have to adjust our sails and sail through these times to survive," he said.

He said the term globalisation was really a complex set of changes. With all these changes it will be naïve to expect that the customs brokers can continue to conduct the business in the same manner as they did for the past 50 years.

Today, the freight forwarding industry is more globalised than any other industry. From being single location-based offices, many have branches abroad. "Simplification and harmonisation of licensing regulations facilitate the trade and commission. Equally it helps bring down the transaction cost and cost of compliance," says Bhadkamkar.

The convention dealt with these newly emerged changes and trends, not just with the national perspective but also in a global perspective, mapping practices in the rest of the world. For the first time International Federation of Custom Brokers Association (IFCBA) board meeting was also held in India in conjunction with this convention.

Gautam Chatterjee, DG Shipping, in his keynote address talked about the Logistics Performance Index (LPI), how India ranked a poor 46th position on the Index and the serious introspection that it demands. He appealed to the freight forwarding community to look at coastal shipping and inland waterways as alternative routes of transportation for moving domestic cargo.

Chief Guest at the convention **Sumit Bose, Revenue Secretary**, highlighted the importance the Customs department attaches to the FFFAI, treating it as their trusted friend ever since it came into existence in 1962. He explained how historically custom brokers were expected to be competent, reliable, faithful and moral.

Sumit Bose
Revenue Secretary

Gautam Chatterjee
DG Shipping

Shantanu Bhadkamkar
Chairman, FFFAI

He informed the gathering that RMS will be extended to exports as well. He appealed to the customs brokers to embrace AEO prgromme as international experience indicates that this programme will boost business. "The single window mechanism which will be implemented soon will change the way customs operations happen in the country and facilitates the custom brokers with single point of reference for filing custom clearance documents," he said.

Sandeep Bhatnagar, Joint Secretary, Customs, spoke about how the custom brokers need to closely follow the WTO agreements as they will greatly impact the customs broking business. He assured that the department has understood the difficulties in cancelling or suspending the licenses of customs brokers when irregularities are found. "Such cases will be reviewed carefully before initiating drastic action,'' he said.

Customs is continuing to improve the effective application of its mandates while facilitating legitimate trade. "To achieve this, the World Customs Organization (WCO) has developed many tools and standards and best practices. Besides, WCO works very closely with many partners, including businesses such as freight forwarders and customs brokers. Custom-business partnerships and initiatives are crucial for managing and supporting the international movement of goods,'' says Kunio Mikuriya, Secretary General, WCO.

This year, WCO is promoting economic competitiveness package (ECP). ECP instruments and tools developed by WCO are essential levers that allow Customs to apply regulatory controls without impeding legitimate businesses unnecessarily. At the core of ECP is WCO's Revised Kyoto Convention (RKC), which is the blueprint for modernizing a customs administration. It outlines the principle of simplification and harmonisation of Customs procedures and fills in the technical details on how to achieve these goals.

RKC is also the foundation of the proposed text on trade facilitation in the draft WTO Doha round agreement. Accession to RKC places Customs to the forefront in the implementation of an agreement should negotiations be concluded. Moreover RKC is also valuable for regional integration efforts.

WCO has taken a number of initiatives to enhance dialogue with the private sector, including the Private Sector Consultative Group (PSCG), which consists of trade related businesses around the world and provides professional advice to WCO.

There exists the need for a system which is a true community system that enables the participation of all public and private stakeholders, including all modes of transport. Over the years the Customs Department has introduced many trade facilitative measures."These have been more than adequate and successful to meet the needs of the EXIM trade. The most important and appreciated measures introduced by the Customs in the last few years would be the EDI system and the green channel or Risk Management Scheme (RMS)," says George Joseph, Founder CMD Rank Logistics & CMD, Ashte Logistics & Exim Freight Lines.

According to him, the tightening of entry norms by the Customs is the right step to do. "In inviting applications for new licenses after a gap of many years, they seem to have taken a stand that there need not necessarily be a ceiling on the number of CHAs at a particular customs station. It is a step in the right direction, as competition is always good for the trade and it is hoped that new, young, qualified and competent persons will enter the industry,'' he points out.

With the shipping market expected to rebound this year, private equity players are increasingly willing to fund M&A deals. This will help companies attain size and thus equip them to fight adversities better.

Size matters
M&A DEALS GAIN MOMENTUM

For shipowners, port operators and logistic solution providers, private is more than a blessing.

When bankers and private financiers came knocking at their door or coughing up dues, PEs not only helped clear their loans, but also funded their expansion plans. The tighter credit markets interested arouse fund managers' interest lured by high margins for smaller amounts of capital.

In 2011 and 2012, according to Marine Money International, private equity funds closed no less than 22 shipping transactions with an aggregate deal size of more than $6.4 billion. These investments, the report found, took the form of sale-lease back transactions or direct equity in shipping companies or joint ventures formed to acquire, manage and sell ships. Many private equity funds are also providing bridge and mezzanine financing for shipping companies needing short-term liquidity

Analysts say that PE funds hope the shipping market to rebound this year. Here's a list of the top transaction in this space in the last six months.

Mergers and Acquisitions in the Shipping, Ports and Logistics space from January-June 2013.

1 TVS Logistics buys out Wainwright Industries

Chennai-based TVS Logistics acquired US's Wainwright Industries for ₹50 crore making this the third acquisition in the logistics space for the company. This deal will help TVS to upgrade its end-to-end production supply chain solutions enabling it to offer a complete package of services to its customers.

Located in Missouri, Wainwright Industries runs six facilities in three states in the areas of manufacturing and service. TVS had made its first acquisition in USA when it acquired Manufacturers Equipment and Supply Company in 2011. The acquisition was finalized in the last week of May.

2 DTDC acquires Bangalore's Nikkos Logistics

Courier and cargo firm DTDC has acquired a 70 per cent stake in Nikkos Logistics based in Bangalore. The Indian firm will hold the balance of 30 per cent in the newly formed joint venture firm called "DTDC Nikkos International Logistics". The deal was reportedly concluded in April end, but the value of the transaction is unknown.

Nikkos proved to be a good buy for DTDC because of its wide ranging clients in different the pharmaceutical, retail, constructions, aviation and agriculture industries providing logistic solutions by air, road and sea.

Last year, DTDC bought three firms in Dubai, Australia and Kuwait last year.

3 Concast finds a buyer in Mitsubhishi

Japan's Mitsubishi-Hitachi Metals Machinery, Inc. acquired Mumbai-based Concast India Limited to expand its business in India. The deal will help Mitsubishi increase its sales and accelerate global business expansion from India, elevating to be one of the world's foremost suppliers of metals machinery in the world.

Concast India Limited enjoys a significant market share in India for billets and rounds and is currently exporting to over 30 countries. The deal size was not revealed when it was reported in May.

4 Riba Constructions and Gati find a sweet spot

Hyderabad-based Riba Constructions has acquired 40 per cent stake in Gati Ships for under ₹10 crore as the logistics firm plans to divest its stake from its shipping business to focus on other services offerings.

Gati Ships, earlier known as Gati Coast to Coast used to ship all seaborne cargo in the Bay of Bengal, Andaman Islnds and Malaccan Straits. It currently has six container vessels and regular liner services between Indian ports and ports in three seas it operates.

5 Tano Capital invests in Shree Shubham Logistics

Mumbai-based private equity firm Tano Capital has invest about ₹80 crore in Shree Shubham Logistics, a part of Kalpataru Power Transmission Limited. The quantum of stake was not disclosed. The amount raised shall be deployed to fund expansion plans in Madhya Pradesh, Maharashtra and Rajasthan. Started in 2007, SSL runs close to 100 owned and leased warehouses in the country.

This deal marks the third investment by Tano in the past one year after picking up stakes in Development Credit Bank and Shilpa Medicare.

6 Zephyr Peacock India and Singapore's Credence find value in 20Cube

PE firms Zephyr Peacock India and Singapore-based Credence Partners invested ₹90 crore in 20 Cube logistics in February.

20Cube is known for its service offerings in the Indian subcontinent, South East Asia and parts of Middle East and Africa. Having gained expertise in handling customers in the developing economies, 20Cube wants to focus on newer locations utilizing the new capital infusion.

7 Saudi Arabia's Ports get richer by SR 28 billion

Saudi Arabia's ports have been the biggest gainers of their private capital's largesse. The Saudi Ports Authority, or SPA, has signed 28 contracts with local firms and other foreign companies to work in the ports based on a revenue and profit sharing basis.

The funds that came in the last six months helped funding construction of ports and reducing the operational costs by upgrading equipment. The investors will also help the port authorities in improving their methods of management, training workers and localizing global expertise in the field of port operation.

8 China's outreach expands to Africa

The government of Tanzania has signed an agreement with China Merchants Holdings (International) Company Ltd for constructing a new port, a special economic zone and a railway network or a cost of more than $10 billion.

This initiative is to decongest an existing port at Dar es Salaam, the commercial capital of Tanzania. Dar es Salaam is the second largest port in east Africa in terms of volumes handled after Kenya's Mombasa. Construction of the new port coming up in Bogomayo would begin after 2015 after all sanctions are approved.

The proposal to invest in East Africa's second biggest country came up after the Chinese Premier visited the nation in March this year.

9 Sun kissed places Brazil and Florida agree to develop ports

Florida's Port Manatee and Docas do Rio de Janeiro, Rio's Port Authority, will shortly become International Sister Seaports, with the two ports establishing new opportunities for foreign trade between the US and Brazil.

The seaport relationship is the first time a Florida Gulf Coast seaport has entered into such an agreement with any neighbor. Agreements of this nature will ease the entry of regular shipping lines between the two nation ports allowing for free trade and unrestricted data exchange in the shipping sector. Brazil being Florida's largest trade partner could bring in more business and goods to the Manatee County. Port Manatee is a principal importer in the Southeastern US of Brazilian orange juice and lumber.

What to look out for:

Cosco Pacific looks for ports overseas

Cosco Pacific, part of the Chinese's government's shipping and logistics services in Beijing is now looking at acquiring ports in Southeast Asia and Greece. The move is prompted by the company's decision to focus on its core businesses of port and container leasing operations.

Cosco's officials are confident of turning around under-performing ports given their previous experience of turning around sick assets. Piraeus Container Port in Greece turned a new leaf in 2011 after facing a severe money crunch. Cosco Pacific also helped in increasing trade flows by bringing in new shipping lines to ports in Spain and Italy after strikes took them down.

New Fund for bad assets

Wilbur Ross Jr. is seeking $500 million for a new private-equity fund that will buy distressed shipping and other transportation assets, according to three people familiar with the situation, reported website gcaptain.com. The New York-based WL Ross fund, which manages about $9 billion, is taking advantage of opportunities in the global transportation industry, especially rail and marine transport. The firm was among investors that spent $900 million in 2011 on 30 tankers carrying refined oil products, and in August it became the largest shareholder of Navigator Holdings Ltd., which ships liquefied petroleum gas, the report stated. mg

Govt to focus on improving IWT

In order to promote cargo movement through inland waterways, the government is focusing on making IWT more competitive by improving infrastructure.

The government is focusing on promoting inland waterways due to its cost effective and environmental friendly nature. As part of this effort, in the Union Budget for 2013-14, the Centre had made announcement to declare the Lakhipur-Bhanga stretch of the Barak River in Assam, which totals 121 km, as National Waterway Number 6 (NW6).

"The Union Cabinet has also sanctioned ₹123 crore for preparing schemes and projects for creation of infrastructure facilities along NW6. The project is to be implemented in two phases - the first phase by 2016-17 and second by 2017-18," says **V Trivedi, chairperson, Inland Waterways Authority of India (IWAI)**.

While speaking at a seminar on 'Importance of Waterways for Economic Development' organized by the Bengal Chamber of Commerce and Industry, in Kolkata in June, he pointed out that the cost of moving cargo through waterways is one-fifth of the cost of moving by road. "Unfortunately we are not able to leverage on the available waterways," he said.

Over the years a lot of investment has gone into highways and bridges but not improving the water transportation.

NTPC has started transferring imported coal waterways for its Farakka project which is yielding straight 20 per cent savings on cost.

Food grains movement to North Eastern region by the Food Corporation of India (FCI) for public distribution System will be another opportunity for utilisation of waterways.

"It is a win-win for both countries. We can cut down heavily on the cost of transporting foodgrains to our remote northeastern states and Bangladesh transport sector makes money because under the agreement, they supply all vessels and surface transport," he said.

He said the current agreement is to ship 10,000 metric tonnes of foodgrains to the northeastern state of Tripura from Kolkata through Chittagong Port and the river port of Ashuganj which is barely 25 km from Agartala.

The government is looking at shipping up to 30,000 metric tonnes of foodgrains through this route annually if all goes well. That will drastically cut down the cost of foodgrains for India's Public Distribution System in the seven northeastern states.

According to **R P S Kahlon, Chairman, Kolkata Port Trust**, state governments need to be more involved for better utilisation of inland water transport. He felt that Sittwe Port in Myanmar as and when linked up with NW-6 will boost the multimodal transportation.

Shortage of right vessels is causing some trouble for the movement through IWT. Along with rise in coal, demand for fly ash, project cargo and movement of empty containers for repositioning on barges can further fuel the IWT.

Kolkata Port has been supporting the movement of cargo through waterways in many ways including providing concession rates.

Overall traffic carried through the inland waterways grew at a CAGR of 5 per cent in the last five years (FY2008-12). "Though National Waterways carry roughly 10 per cent of the total traffic carried through inland waterways (IW), they have witnessed a higher traffic growth at a CAGR of 13.12 per cent during the same period. The NWs carried 7.06MT cargo in 2011-12 compared to 4.92 MT in 2010-11, registering a growth of 43.5 per cent largely on account of NW1," says **Saibal De, Director & CEO, IL&FS Maritime Infrastructure Company.**

Talking about key issues he said, policy instruments are available to the government to regulate and support the sector and role of the major institutions in this area is important.

A single window clearance system for the segment, where all stakeholders can come under a single file, will bring clarity in all process related starting with project development.

"What we need is a sense of urgency as already enough have been said about the IWT," he pointed out.

According to **Harrie de Leijer, Director (Strategy), Panteia/NEA**, though governments are struggling on how to develop a sound and sustainable IWT system, many good practices are available internationally, that can help bring in efficiency.

"We need to identify cargo flow potential and create interest among cargo owners. Governments should also help fund and improve the infrastructure and lower entry barriers. We need to locate industries along the waterways to bring in better competitive position for IWT," he said.

Dates for your diary

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

India Shipping Summit 2013

October 22-23

Venue: Mumbai

Attend for: This year's summit will include panel discussions, debates and social networking, which will offer a great platform for participants to discuss real issues and share views and ideas with key Indian maritime stakeholders and industry organisations. It is a great place to do business with India's maritime elite!

More information:
http://www.indiashippingsummit.com

India Infrastructure Summit 2013

September 23

Venue: Federation House, New Delhi

Organised by: FICCI

India Infrastructure Summit is the largest platform for policy debate relating to infrastructure sector in India. It brings together Central and State Government officials, policymakers, regulators, leading infrastructure developers, contractors, investors & financial institutions and other stakeholders in a dialogue designed to address key challenges and issues facing infrastructure sector.

A India's premier maritime business magazine maritime gateway event

East Coast Maritime Business Summit

East Coast Maritime Business Summit

September 19-20

Venue: Novotel, Visakhapatnam

East coast of India is evolving and experiencing a renaissance. At this juncture, East Coast Maritime Business Summit will serve as a platform for all stakeholders with a focus on east coast.

Into its second year, ECMBS attracts high level speakers giving insights on the business potential the east coast offers. The summit will give you both regional and global intelligence on where the cargo is coming from, the shipper's perspective, and infrastructure status at east coast ports. A must-attend annual event for maritime industry.

More information:
www.gatewayecmbs.com

INMEX INDIA

October 08-10, 2013

Venue: Bombay Exhibition Centre, Mumbai

Attend for: Marking its 8th edition, INMEX India 2013 continues to remain strongly supported by several key associations and trade bodies. This year's edition will host more than 600 exhibitors from 40 countries and is expected to be attended by over 8,000 visitors that include shipping company owners, shipbuilders, port authorities, marine offshore technology, marine equipment, Indian Navy, Coastguards, Government officials, international trade representatives and many other high profile solution providers and decision makers under one roof!

CSCMP Annual Global Conference

October 20-23

Venue: Colorado Convention Center, Denver

The Annual Global Conference is supply chain's premier educational and networking event. Track topics include procurement, future trends, and technology. You need to know more to stay current on complex global supply chain issues. And, the more collaborative relationships you cultivate, the better shot you have at remaining competitive.

More information:
http://www.cscmpconference.org

INDIA MARITIME WEEK™

January 2014 . New Delhi

India Maritime Week 2014 is the second edition of the largest maritime conference and exhibition in the country. Scheduled to be held in January 2014 in New Delhi, the theme for IMW 2014 is **"Big Prospects, Big Challenges - India Marching Ahead"**. The event is supported by the Ministry of Shipping,Government of India.

More information: www.indiamaritimeweek.com

GreenPort Congress

October 09-11

Venue: Antwerp, Belgium

Governments and legislators around the world view ports and terminals as critical infrastructure assets. Their ability to 'go green' by reducing their carbon footprint and by being more sensitive to environmental considerations is vital to their future success. The GreenPort Congress will provide decision makers with a meeting place to both learn about and discuss the latest in sustainable environmental practice that will enable them to effectively implement these changes.

More information:
www.greenport.com/congress

Global Liner Shipping Asia Conference September 10-11, 2013 Novotel Singapore Clarke Quay, Singapore

INDIA MARITIME WEEK™

JAN 28 - FEB 1, 2014 | NEW DELHI

INDUSTRY FORUMS | WORKSHOPS | GOLF TOURNAMENT
HR SUMMIT | CONFERENCE EXHIBITIONS

BIG PROSPECTS, BIG CHALLENGES INDIA MARCHING AHEAD

India Maritime Week 2014 is the second edition of the largest maritime conference and exhibition in the country. With India growing in prominence in the maritime sector, IMW has become a major platform for the maritime community not only to network and share vision but also acts as perfect setting for maritime community to unite and debate the future direction of the industry. This cornerstone event will provide a massive opportunity to highlight the scale and nature of India's engagement in the maritime sector, and its role in driving the industry.

www.indiamaritimeweek.com

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RNI NO: APENG/2009/30633

POSTAL REGISTRATION NO: LII/RNP/HD/1137/2013-15