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Chairman, New Mangalore Port Trust

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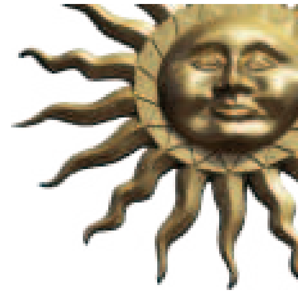
New norms and standards are all set to streamline the entire process of heavy cargo transportation and trailer manufacturing in India.

the juggernaut rules

India Bulk & Project Cargo Summit
A SPECIAL REPORT



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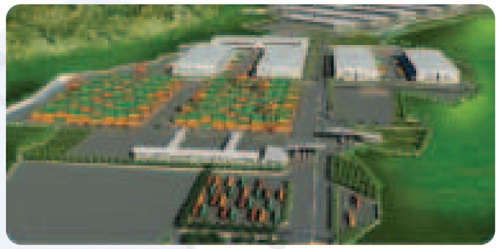

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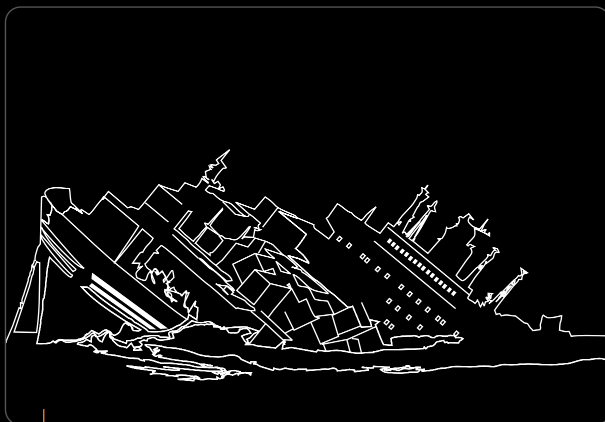

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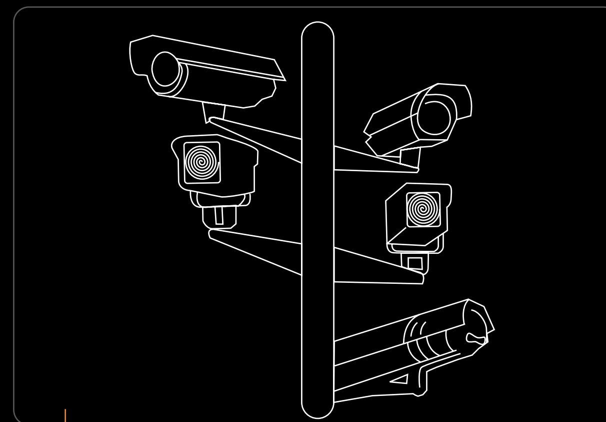

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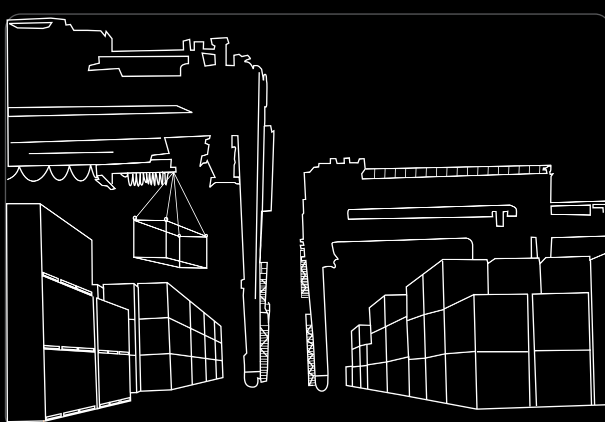

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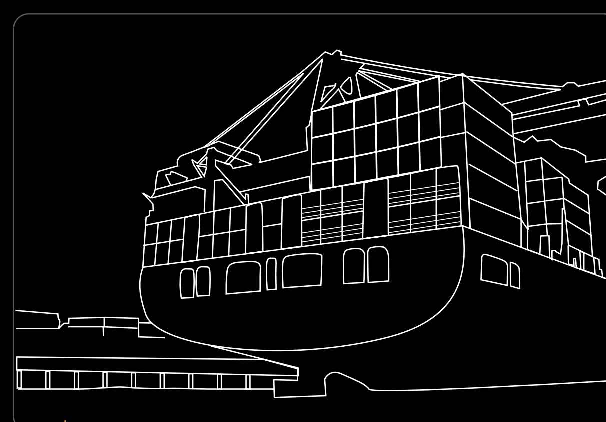

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PUBLISHER'S DESK

Going Ahead of the Game

It has been a month of celebrations in the maritime world. Secretary-General of the International Maritime Organization Efthimios E Mitropoulos opened the World Maritime Day celebrations, India's First Lady Pratibha Patil launched the Golden Jubilee year of the Shipping Corporation of India and Minister of Shipping G K Vasan kick-started and inaugurated several development projects and even flew to Singapore with his crew to promote brand Maritime India. The colourful September and common (wealthy) October have the industry's festive mood intact despite whatever the pundits have been predicting!

The minister's visit to Singapore, perhaps his first after taking charge of the shipping portfolio, echoed the government's firmed up agenda to the world – its focus on the development projects in all the maritime sectors from dredging to repairing to bunkering and its resolve to support investments, collaborations and partnerships that have started to pour into the sector. As India sways into shipbuilding, the minister's announcement of an investment outlay of US$ 4 billion in Indian shipyards sounds as a pronouncement that the country will leapfrog into the realm of jumbo vessels and eventually jumbo competitiveness. The audience must have sure paid rapt attention!

Meanwhile, the oft-spoken issue is maritime security that nations are working on even as the world grapples with issues like sabotage, subversion, terrorism and other unknown forms of harm and hatred. The Defence Acquisitions Council of the Ministry of Defence has recently cleared the acquisition of four long-range surveillance aircraft (P-81) for the Navy and as many amphibious assault warships, also known as Landing Platform Docks. The new vessels will be a strong boost to India's maritime surveillance and reconnaissance and help in enhancing the Navy's strategic sea-lift capabilities. While the first of the P-8I Poseidon long-range maritime patrol aircraft will be inducted in two years, the successive addition of more vessels of both the naval projects will, reiterate Naval authorities, help India plug its gaps in the surveillance of the Indian Ocean.

Securing our seas, just as protecting our homes is needless to say, a top priority. As has always been our endeavour to help the industry resolve pressing issues, the third of our Gateway Knowledge Forum series on 'Technology at Ports & Terminals' will focus on protecting ports, terminals and cargo besides improving operational efficiency and sustainable development. The second in our series discussed and developed recommendations for the government to improve the logistics of bulk and project cargo. The report is being presented in this issue and we do hope that you endorse the suggestions just as much as the industry does, to progress and prosper.

The President, during her SCI address, said attracting youth to maritime careers is the need of the hour. We think the same and are all set to invite the industry to this discussion quite soon. Yes, to the fourth in our Gateway Knowledge series. Stay tuned!

Best Regards,

Ramprasad
Publications Director

volume 3 issue 1

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ports • shipping • logistics

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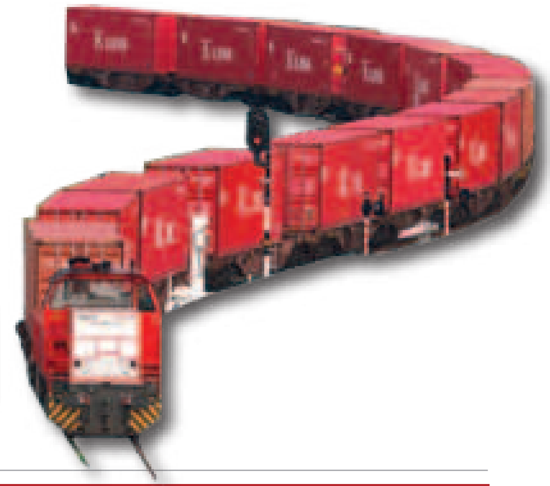
OPINION

Is revised rail freight rational



The Indian Railways has revised the rail haulage charges payable to them for container traffic in respect of selected commodities such as cement, stone (other than marble), iron & steel, alloys & metals and POL products. The new rail haulage charges were proposed to be effective from October 1, 2010.

Negative impact on exim trade

-FEDSAI

The Federation of Ship Agents Association of India represents container shipping lines offering containerised services to/from Indian Inland Container Depots.

We have been notified by Container Train Operators that based on a Railway Freight Notice, No 2007/TC – I/302/1Pt.H dated 14.09.2010, which comes into effect from October 1, 2010, the rail freight will be charged on a commodity-based tariff versus the prevalent TEU-weight based method of levy.

As a primary stakeholder involved in providing transportation services to exim customers, to/from inland container depots via rail, we are concerned about the negative impact that a commodity-based tariff will have on exim trade from ICDS dependent on rail.

If this commodity-based tariff is to be implemented, it will:

a) Force a large number of exim customers to move to road-based transportation.

b) Increase in transaction costs – both administrative and direct freight costs

c) Create a complex tariff structure, which would be difficult to administer/manage

d) Kill the small parcel consolidation trade at ICDs which are largely used by SME and exim customers.

No impact on rail operator

-Arshiya International Ltd

Our 100 per cent subsidiary Arshiya Rail Infrastructure Ltd. will not be affected adversely by the new policy change by the Indian Railways effective October 1, 2010.

Currently, Arshiya Rail is operating 13 rakes with the 14th rake expected to become operational soon. Of these, only four will be affected but they will be re-positioned soon towards long-term contracts we have already executed with marquee customers across various sectors that remain unaffected by the policy change.

Arshiya intends to operate at least 30 rakes within its infrastructure hubs – the Mumbai FTWZ and the Khurja FTWZ near Delhi carrying captive cargo such as consumer goods, electronics, auto components and others for Arshiya Rail Infrastructure over the next 10 to 12 months where it will provide rail services as part of the integrated end-to-end logistics services, including infrastructure, supply chain management, IT visibility & international freight forwarding, for its Indian and global customers.

Of the five FTWZs that Arshiya is investing in, the Mumbai facility is operational as of August 2010 and Khurja is expected to be operational by April, 2011. These two mega-infrastructures will serve as captive cargo consolidation and aggregation hubs in India's key markets. Also, the Khurja infrastructure will have a domestic distripark and a 55-acre rail terminal and these will help handle both exim and domestic cargo.

Railways Reasoning: The Railways expects major growth in the movement of bulk commodities such as coal, iron ore, cement and steel in 2010-11 on the back of capacity expansion by companies to service the higher domestic demand. It targets a freight loading of 944 million tonnes in the coming financial year, an increase of over 6 per cent from the revised 890 million tonnes in 2009-10.

It hopes to carry 20 million tonnes of additional freight over the set target. Though it generally moves 47 per cent of the total freight carried in the first six months of the fiscal, it expects to load 49 per cent of the total goods in the first half of the coming financial year. The Railways generate nearly 65 per cent of its revenues from freight. MG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ChPT visit

Minister flags off port facilities

Minister for Shipping G K Vasan recently visited the Chennai Port and laid the foundation for several developmental projects aimed at making the port a world-class facility.

Minister Vasan's maiden visit to the port coincided with the World Maritime Day and the completion of one-year of operation of the second container terminal.

The minister laid the foundation stone for the modern Gate Complex at Gate No. 10 costing ₹ 2 crore to enable efficient movement of cargo trucks including container trailers from the second container terminal. The existing two-way lane will be converted into four-way lane. He also launched new facilities at the port's 250-bed hospital and inaugurated the edible oil terminal.

Steps are also being taken at Gate No. 1 to open additional gates on the lines of toll plaza to ease traffic congestion. The new facility will accommodate Customs and CISF officials for permitting quick entry and exit of container trucks and lorries.

He later told reporters that the Union Environment Ministry will soon issue Coastal Regulation Zone (CRZ) clearance for the ₹ 1,655-crore elevated corridor from Chennai Port to Maduravoyal. "The formal issue of clearance will enable the BoT operator to complete the financial closure for the project and commence construction of the elevated corridor," the minister said.

For the speedy implementation of ₹ 600-crore Ennore-Manali Road Improvement Project (EMRIP), he asked the Chennai Port Trust to give a letter of commitment (LOC) to the National Highway Authority of India (NHAI) towards its equity contribution of ₹ 139 crore to the project cost. The project cost has meanwhile increased from ₹ 180 crore to ₹ 600 crore and the ChPt has so far contributed ₹ 48 crore for the project.

The minister said a project report has been sought for the ₹ 180 crore Ro-Ro cum multipurpose berth with a multi-level car park which can accommodate 6,000 cars at any point of time at a cost of ₹ 100 crore, and a barge jetty-cum-liquid cargo terminal at a cost of ₹ 25 crore. It will be built on PPP and completed within a year.

The state government has allotted 125 acres at Mappedu on 99-year lease for the integrated dry port and multi-modal logistics hub as Chennai Port is facing space constrains.

Ennore Port

MoU signed for terminal

The Port had recently signed the Concession Agreement with Bay of Bengal Gateway Terminal Pvt. Ltd. for developing a world-class container terminal capable of handling three mainline vessels. The terminal will be developed at a cost of ₹ 1,407 crore and will have a capacity of 1.5 million TEU per annum. It is scheduled to be in operation by February 2014.

Port pays dividend

The minister was presented the second consecutive dividend of ₹ 6.49 crore by Ennore Port Ltd. Port CMD S Velumani presented the dividend cheque to the minister in New Delhi recently. It may be noted that the port reported a tax profit of ₹ 48.66 crore during the Financial Year ending March 31, 2010 and has declared a dividend of ₹ 9.73 crore.

DP World initiative

India's 1st e-terminal goes live

Minister for Shipping G K Vasan inaugurated India's first e-terminal online and two new twin-lift super post Panamax cranes at the Chennai Container Terminal. Director & CEO of DP World Chennai Ennarasu Karunesan and his team accorded a warm welcome to the visiting team comprising of the newly inducted Chennai Port Trust Chairman Atulya Misra, Deputy Chairman Capt Subhash Kumar and other senior officials of the Port Trust.

The e-terminal offers customers simplified and convenient online services including electronic form 13, electronic SSR, web access, web-based CRM, invoice & account statements on the web, customer relationship management and web / SMS based container tracking system.

The minster also visited the Bharti Dock and dedicated two new quay cranes procured by CCT at an investment of US$ 20 million. In view of the growing volumes, these cranes with a lifting capacity of 65 metric tonnes in twin mode have been procured to serve vessels berthed at the terminal and offer faster turnaround time of ships within 24 hours.

The cranes also have programmable logic control that aids fully customisable and high speed of operations with an

outreach of 56 m capable of handling large size vessels with 22 rows across. With the induction of the new cranes, more service windows will be available with improved productivity of 35+ moves, Karunesan said.

Call to Singapore

The minister invited Singaporean companies to participate in India's port and shipping development programme as active partners. "As the Indian maritime sector is poised for a healthy growth complimenting the growth of the Indian economy, I urge you to participate closely in India's port and shipping development programme as active partners," Vasan said.

Speaking at a seminar in Singapore, he sought investment in dredging of ports. "The requirement for dredging in India is huge whereas the current available capacity is limited. An investment of about US$ 4 billion is envisaged in Indian shipyards in the near future," he said.

Connecting world

Mundra adds CGX service

The Mundra International Container Terminal has introduced CGX service in India with the maiden call of MV YM West at the MICT recently. The service operated by Taiwan-based Yang Ming Line connects the Middle East and China via India. The ports of call are Jebel Ali – Bandar Abbas – Mundra – Port Klang – Singapore – Kaohsiung – Shanghai – Ningbo – Xiamen – Shekhou – Jebel Ali.

The service is expected to add extra capacity required by trade, especially cotton exporters. "The service will substantially increase India's growing trade with the Far East," said MICT CEO Ankit Vaishnav.

Airport mooted: Meanwhile, Mundra Port & Special Economic Zone (MPSEZ) of the Adani Group is planning to build an international airport for which it has sent a proposal to the Board of Approval (BoA). If approved, MPSEZ will become the country's first multi-product SEZ to have an international airport within its limits. To develop the airport, the company has floated a 100 per cent subsidiary, Mundra International Airport Pvt. Ltd.

The Group is also planning to invest US$ 1.2 billion in the Mundra Port and Special Economic Zone over the next five years, to reach 200 million tonnes in throughput by 2020.

Tackling terror

Navy gets 3 fast-attack craft

The Indian Navy's three fast-attack craft received a ceremonial welcome at Kochi Port recently. The ships will be deployed at base ports in Kochi and Goa. The move is aimed at strengthening coastal security and surveillance by the Indian Navy in the wake of terror threats from across the seas.

The three craft will be used for naval patrolling duties in coastal waters, detecting and destroying fast moving targets, policing anti-smuggling and fisheries protection and also search and rescue operations.

Meanwhile, the Navy is planning to acquire its second floating dock at an estimated cost of ₹ 300 crore which will be stationed at the Andaman and Nicobar Islands. Floating Dock Navy-1 (FDN1) is currently put into optimum use but with the number of warships stationed on the coast set to increase significantly in the next decade, there is a need to add second one. According to officials, FDN-2 will be smaller and will have a lifting capacity of around 8,000 tonnes.

IPO Index

GPPL scrip gets listed

Gujarat Pipavav Port Limited (GPPL), promoted by APM Terminals, listed its equity shares on the Indian stock markets at a premium. The company's scrip listed on the National Stock Exchange by opening at ₹ 56.10 (22 per cent premium over the issue price of ₹ 46) and on the Bombay Stock Exchange at ₹ 56.25 (22.2 per cent premium over issue price of ₹ 46) with traded volumes of 57,942,635 equity shares.

GPPL had finalised the allocation of 20,482,326 equity shares to Anchor Investor Funds such as International Opportunities Funds – India Equity, DSP Blackrock Small and Mid Cap Fund, HDFC Trustee Company Ltd. This Issue has been graded by CRISIL Limited as 4/5 indicating above average fundamentals. The Book Running Lead Managers (BRLMs) to the Issue are Kotak Mahindra Capital Company Limited and IDFC Capital Limited. The Co-Book Running Lead Manager (Co-BRLM) is IDBI Capital Limited.

Chairman of AP Moller Maersk Group, Per Jorgensen, strikes the gong at the National Stock Exchange during the listing of the equity shares of Gujarat Pipavav Port Ltd in the presence of MD of Gujarat Pipavav Port Ltd. APM Terminals' Pipavav Prakash Tulsiani.

Import & export

Mormugao boosts pharma

Mormugao Port will shortly be notified as a designated port for import and export of pharmaceutical products manufactured in Goa. Also, the Drugs Controller General of India (DCGI) will set up its zonal-cum-assistant drug controller's office in Goa for facilitating the import and export of products manufactured by Goan pharmaceutical units.

Presently, Goan drug manufacturers first transport their products to Mumbai and then export them from JNPT. Drugs Controller General of India (DCGI) Dr Surinder Singh said Mormugao Port will be notified as a port for import and export of pharmaceutical products under Drugs & Cosmetics Act.

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Surplus land

Ports to let in realty firms

The shipping ministry has reportedly given in-principle approval to 12 major ports to lease surplus land to real estate companies for residential property development. Though bidding route is the norm, the land is likely to be transferred directly under the supervision of an empowered committee.

As per estimates, nearly 50,000 acres of surplus land within the jurisdiction of India's major ports could be leased out to real estate companies in the near future in order to improve the supply of land for residential purposes in coastal cities. While the 12 major ports in India, barring of course the newly inducted Port Blair, own a combined extent of 2.58 lakh acres, of which nearly 20 per cent is surplus, the ministry is planning to lease out the excess land for real estate development.
The respective port trusts are reportedly framing guidelines regarding modality in pricing and leasing. The funds accrued thereby would be utilised for further port development.

While Cochin Port already has already been permitted to lease extra land to developers, Kolkata Port Trust too is reportedly contemplating a similar move to cash in on its land reserves.

Sagar Port

KoPT to reclaim land

The Kolkata Port Trust (KoPT) has identified Sagar Island for developing a deep-draft port and is planning to reclaim 2,000 acres following a detailed survey.

According to Minister of State for Shipping Mukul Roy, KoPT is planning to reclaim 2,000 acres in five years by utilising the dredged material at Auckland and Jellingham. Sagar Island, the minister said, can be developed as a maritime investment region and also as an eco-tourism and religious tourism centre.

The port will have a draft of 12 m and will be linked with the mainland by a road-cum-rail-bridge. A modern shipyard and a power plant fed by natural gas are also been planned on the island.

The railway ministry has sanctioned the construction of a road-cum-rail bridge connecting Sagar Island with the mainland at Kachuberia over the River Muriganga at a cost of ₹ 700 crore, and the Cabinet is working out the modalities.

Coal discharge

KPCL sets record

Krishnapatnam Port established a new record for coal discharge in India using the conventional system of coal unloading for ports in India. The vessel M V Ikan Kedewas called on the port recently and the discharged 55,374 MT of coal in 24 hours. The port surpassed its all-India feat of 42,756 in May this year.

JSW Steel Ltd., the importer, appreciated the port management, staff and workers for setting a record.

Easing traffic

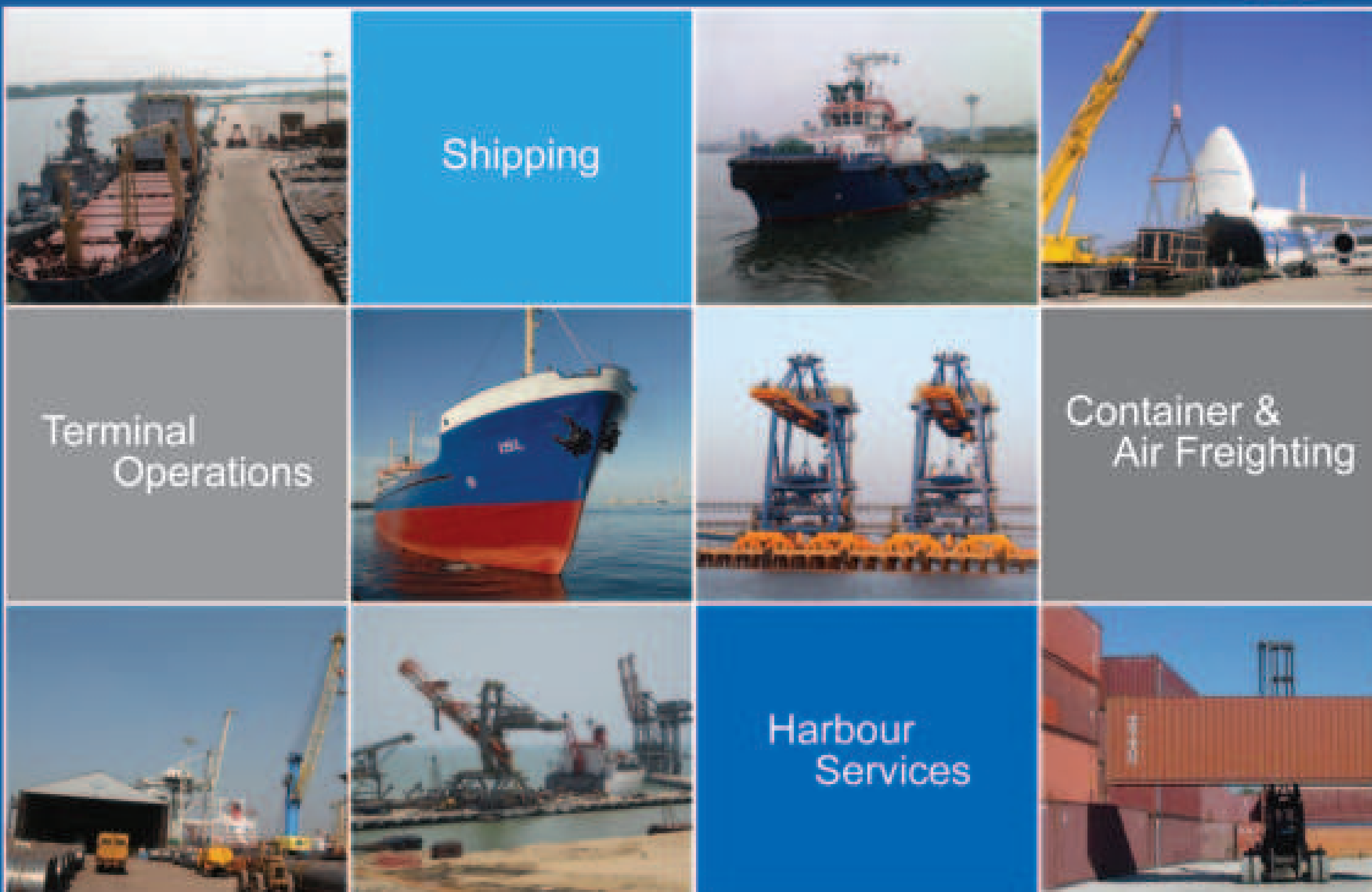
Kandla to build 3 berths

The Kandla Port Trust will construct three new berths through public private partnership (PPP) to meet the growing traffic demand of the Gujarat coast.
According to its deputy chairman M A Bhaskarachar, six bidders are in fray for these projects having an indicative cost of ₹ 660 crore.

We will build three new berths 14, 15 and 16 that will have a cargo handling capacity of 2 million tonnes each," Bhaskarachar said. As nearly 30 ships await berthing near Kandla at any given point of time, the new berths when pressed into service, will help reduce the turnaround time of ships, he added.

Currently, KPT operates 10 general and dry cargo berths, 2 container terminals and 6 oil berths in Kandla and Vadinar where IOC and Essar oil have set up single point mooring (SPM) facilities for oil transportation. KPT recently awarded a contract and signed an agreement to build berth number 13 with Ras Infrastructure Pvt. Ltd. (RIPL) on a revenue sharing basis, where the latter is paying 31.62 per cent share into the port.

Leaders in International Logistics



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Golden Jubilee celebrations

SCI turns 50

Union Finance Minister Pranab Mukherjee presenting the first copy of SCI's corporate brochure to President Pratibha Devisingh Patil in New Delhi as part of the Golden Jubilee celebrations.

President Pratibha Patil, speaking at the golden jubilee celebrations of the SCI recently, called upon the company to expand its fleet within a timeframe, lay emphasis on technology and meet the country's growing requirements. Accordingly, the SCI will acquire 50 more vessels by 2015 and 40 more by 2020.

Union Minister of Shipping G K Vasan, Minister of State for Shipping Mukul Roy, Finance Minister Pranab Mukherjee and Minister of Petroleum & Natural Gas Murli Deora were the guest of honour. Other dignitaries included Shipping Secretary K Mohandas, Secretary (DPE) Bhaskar Chatterjee, Director General of Shipping Dr S B Agnihotri and CMD of SCI S Hajara.

Bulk carriers

SCI to buy 8 vessels from China

The country's largest ship owner by fleet size and revenue is all set to purchase eight ships from China at ₹ 2,513 crore.

The Shipping Corporation of India is planning to buy eight ships from China at a cost of US$ 557.2 million. It will acquire four Kamsarmax bulk carriers of about 80,000 DWT each from Jiangsu Eastern Heavy Industries of China. A Kamsarmax is the biggest ship that can call at the world's largest bauxite loading port at Kamsar in Equatorial Guinea.

The SCI is also planning to acquire four oil supertankers each with a capacity of 318,000 tonnes of crude. Jiangsu Rongsheng Heavy Industries Group Co. Ltd. has emerged as the lowest bidder for building the four oil supertankers reportedly quoting a price of US$ 106.7 million for each vessel.

"Our plan is to expand our fleet capacity over the next five-years to 10-million dwt," Chairman and Managing Director S Hajara said.

While capital outlay for the next four years is US$ 4.3 billion, SCI has already placed orders for 27 vessels weighing 1.6 million dwt worth US$ 1.3 billion. The delivery will be done by 2012. The company also plans to place an order for another 30 vessels worth US$ 3 billion by 2012 and accept deliveries by 2014, Hajara added.

Meanwhile, the largest domestic shipping liner accepted delivery of a Large Range-I (LR-I) product tanker, M T Swarna Brahmaputra recently.

The vessel is the third of SCI's six LR-I size product tankers which are being constructed at STX Shipyard in Korea. Orders for these vessels were placed in October 2006. While the first two vessels were delivered during July and August, 2010 respectively, delivery of the third is likely in October 2010.

FPO likely in December: The Committee on Economic Affairs is likely to approve the 20 per cent follow-on offer of Shipping Corporation of India, which may fetch close to ₹ 1,400 crore. The FPO may hit the capital market in December. The government, which currently holds 80.12 per cent stake in SCI, plans to sell 10 per cent as part of its disinvestment agenda and the company will raise the same amount of fresh equity.

The company is also planning to pick a minority stake in a shipyard to diversify its business and Bharati Shipyard is likely to sell 15 per cent equity to the SCI that would fetch the company Rs 954 million.

Maiden voyage

Maersk's CHX calls at Chennai

Maersk Line's Chennai Express (CHX) made its first voyage and call at the Chennai container terminal in Chennai recently. The vessel, E R Canberra, is a weekly service from Shanghai to Chennai and four vessels of around 2,900 TEU capacities each will be deployed on this service.

Maersk Line commemorated the first voyage of the vessel by felicitating the vessel captain Capt Vedran Pavic, and also had special tokens for the Chennai and Visakhapatnam Port Trusts and the respective Customs divisions.

The Port rotation for this new weekly service is: Shanghai - Yantian - Tanjung Pelepas - Port Klang - Chennai - Visahakhapatnam - Tanjung Pelepas – Shanghai. The service will connect two of the fastest growing regions India and China, including North China, Korea and Japan at Tanjung Pelepas.

The transit time of the CHX service ex-Shanghai to Chennai will be 13 days.

Key Highlights

- Connecting two fastest growing regions in the world - India and China.
- Connecting China - Shanghai and Yantian and South East Asia - Tanjung Pelepas and Port Klang - to Chennai, Visakhapatnam and Kolkata.
- Fastest service between Shanghai and Chennai.
- Reliable service from Asia to Visakhapatnam and Kolkata.
- Reliable for automotive, electronics goods, consumer durables, personal care products and other transit-sensitive goods.

New focus

NYK Japan to rebrand

NYK Line Japan is reportedly changing its name with the transfer of business from Tokyo Senpaku Kaisha or TSK Line. TSK Line's intra Asian container business will be transferred into NYK from November 1, 2010.

All TSK staff will be moved to NYK Line Japan, which will change its name to NYK Container Line. NYK said "NYK Container Line will strengthen its cooperation with other NYK group companies and restart as a company capable of meeting the various logistics needs of customers by providing services that extend beyond port to port."

Greatship subsidiary

GGOS acquires MPSSV

Greatship Global Offshore Services Pte Ltd. (GGOS), a Singapore incorporated subsidiary of Greatship (India) Limited (GIL), which is a subsidiary of the Great Eastern Shipping Company Limited has taken delivery of Greatship Manisha, a Multipurpose Platform Supply and Support Vessel, from Keppel Singmarine Pte. Ltd., Singapore.

Greatship Manisha is a DP2 vessel, capable of supporting offshore exploration, production and subsea construction activities and has been built complying with the new SPS Code 2008.

Earlier, GGOS took the delivery of Greatship Ramya, a Platform/ROV Support Vessel from Colombo Dockyard Plc, Sri Lanka.

With the delivery of Greatship Manisha, GIL and its subsidiaries currently own and / or operate four PSVs, seven AHTSVs, two jack-up rigs, three MPSSVs and one ROVSV. GIL and its subsidiaries also have an order book of six vessels - two MSVs in India, two ROVSVs in Sri Lanka and two 150 TBP AHTSVs in Singapore.

Much earlier, the parent GE Shipping delivered its 1984-built Medium Range product carrier Jag Pranam (about 50,600 dwt) to the buyers.

More recently, GE Shipping delivered its 1987 built Aframax crude carrier Jag Lamha (about 98,200 dwt) to the buyers. With this, the company's current fleet stands at 33 vessels, comprising 27 tankers (10 crude carriers, 16 product carriers, 1 LPG carrier) and 6 drybulk carriers (1 Capesize, 1 Panamax, 2 Supramax, 1 Handymax, 1 Handysize) with an average age of 9.7 years aggregating 2.52 million dwt.

World Maritime Day

June 25 to be the Day of the Seafarer

Marking September 23 this year as the 33rd celebration of the World Maritime Day, the International Maritime Organization has highlighted the key issue of shipping and theme of the year – 2010: Year of the Seafarer.

In his World Maritime Day message to the international maritime community, IMO Secretary-General Efthimios E Mitropoulos, in his message, said the intention of the theme had been to draw attention to the unique circumstances within which seafarers spend their working lives, while rendering their indispensable services, but also to make a palpable and beneficial difference.

"In selecting the 'Year of the Seafarer' theme, our intention was also to use it as an excellent opportunity to reassure those who labour at the 'sharp end' of the industry – the seafarers themselves – that those of us who work in other areas of the maritime community, and yet whose actions have a direct bearing on seafarers' everyday lives, understand the extreme pressures they face and approach our tasks with genuine interest and concern for them and their families," Mitropoulos said.

He welcomed the decision of the Manila Conference in June 2010, which adopted major revisions to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW Convention) and its associated Code, to make the 25th of June of each year the annual 'Day of the Seafarer'.

Target 2015

Singapore to extend block exemption

Singapore's Competition Commission has advised the Minister for Trade and Industry to extend a block exemption for liner shipping antitrust immunity by five years until the end of 2015. This comes as the current block exemption is due to expire by the year-end. The recommendation would continue to allow ocean liners to collaborate on rate setting and capacity issues on trades to and from Singapore.

"Shipping is a global trade and CCS notes that antitrust exemptions remain the regulatory norm for the liner industry globally, and for most of Singapore's major trade partners," the commission said. "In its recommendation of the block exemption order (BEO) to the minister in 2006, CCS noted the possibility of imminent changes in the immunity status of conference type activities under competition law in several jurisdictions. Since then one notable change has been the EU." The EU outlawed liner antitrust immunity in 2008.

"CCS has considered the changes in the international regulatory environment carefully in its review. In view of the global economic downturn that has impacted the liner industry significantly, CCS is of the view that more time is required to assess the impact of regulatory changes in the EU. It is also important to recognise that there are other routes through Singapore which will not be affected by regulatory developments in the EU." The chief argument for the block exemption is to help preserve Singapore's status as a maritime hub for container shipping.

US anti-trust immunity

Shipping lines pledge to fight

The world's biggest shipping lines have objected to calls for an end to the exemption from US antitrust laws the liner industry enjoys.

The European Shippers' Council and UK Freight Transport Association are the latest groups to back US plans to amend anti-trust legislation to eliminate cartel activity in shipping. The ESC said the Shipping Act of 2010, introduced recently would end "anti-competitive collaboration", according to ifw-net.

Earlier, more than 30 groups representing shippers, forwarders and 3PLs have signed a letter to the US House Committee on Transportation and Infrastructure Chairman, Congressman James Oberstar.

Gateway SpotLight, a special feature by *Maritime Gateway*, showcases the innovation of business groups across maritime sectors in their products, services and processes that helps them achieve and sustain better productivity, efficiency, environment conservation and above all judicious business practices. **Gateway SpotLight** provides an opportunity for businesses to bring to light their innovation at work and thereby such a **FOCUS**.

Presenting DP WORLD as the third in the series of Gateway Spotlight.

SAFE AND SECURE SUPPLY CHAIN:

UNWAVERING COMMITMENT

Amongst marine terminal operators, DP World was the first to address the transportation security question in the world and more so in South Asia. The company believes that managed approach to security is the only credible option for achieving success in assuring compliance with international legislation. "This only helps us secure the global supply chain, but also protects and increases our business value," it says.

As commitment to security standards comes from the top of the organisation, this is a key reason why the firm could get the buy-in to make the commitment and changes to achieve higher security standards more quickly and easily than others. "Security for us is a core value."

When DP World achieved its first ISO 28000 certification in September 2006, Chairman Sultan Ahmed Bin Sulayem said, "We are delighted to have achieved this certification. It is impossible to overstate the importance security plays in our business, to our customers and to DP World."

Without a quality management system for security like ISO 28000, the terminal operator could not visualise a cost-effective and, more importantly, operationally practical way to implement security planning across the myriad of international security initiatives affecting port facilities. DP World analysed its options and concluded that ISPS code provided a strong foundation, but ISO 28000 could build considerably on this base – and in turn underpin its global approach to complying with supply chain security initiatives like the US CTPAT or EU AEO programmes.

DP World's Dubai corporate headquarter and 14 other locations have qualified for ISO 28000 – Djibouti, East Africa; Vancouver, Canada; Puerto Caucedo, Dominican Republic; Southampton and Tilbury in the UK; Pusan in Korea; their two Antwerp terminals, Fos and Marseille in France; Qasim in Pakistan, flagship terminal at Jebel Ali in Dubai; and NSICT, MICT and CCTL in India. Its terminals at Visakhapatnam and Cochin have also implemented Integrated Security Management System and are now in their final stage of auditing process.

Additionally 12 of its new international green/brownfield development projects are being designed to meet ISO 28000 standards. This includes its major new deepwater terminal under development at Vallarpadam in Kerala. The company's ultimate goal is to have each one of its global network of terminals certified, including all operations in India, in a planned roll-out programme over the next three years.

Three key points

How exactly does ISO 28000 security management systems help in achieving strategic security objectives in a managed approach by complying with national and international legislation and in doing so increase value across businesses?

First, such global standards, independently audited, are the bedrock of the company efforts to implement more effective and efficient security management practices and processes across the entire group that enable it to better protect their business interests and the global supply chain, which is growing in size and complexity every year.

Second, it allows a business to better coordinate security operations at the strategic and terminal level in cooperation with commercial customers and partners (including host nation government security agencies); developing a shared responsibility ethos.

Third, it is good for business and commercial bottom line allowing businesses through improved risk management and internal monitoring processes, to prevent losses and identify operational efficiency improvements.

For DP World, ISO 28000 certification has turned out to be a landmark initiative and positioned it as a global leader on security and a model for others to emulate.

The fact that the ISO certification is only achieved and awarded after an independent audit by a third party QA organisation contributes to the robust application and credibility of the standard and the consistency of approach across the globe. This is something that many government and NGO security legislation/initiatives are failing to achieve as they often do not have the necessary physical or legislative reach.

DP World's experience of successfully working with ISO 28000 for two years now should be recognised and accepted by governments around the world, and the WCO, as compliant with their established supply chain security initiatives. In their opinion, all of these initiatives and programmes, when managed through an ISO 28000 SMS, are entirely complimentary.

DP World was the first terminal operator to actively engage the US CBP for over a year to gain reciprocal recognition for its ISO investment through invitation to participate in their CTPAT. Today, it is the only global port operator to be granted membership into the CTPAT Program. Credit for this achievement goes to its security and management teams at DP World Nhava Sheva who successfully passed an intensive US CBP CTPAT validation audit in April 2008.

The USG commended the professionalism and levels of security at that location which is a clear vindication, and recognition by CBP of the managed approach DP World has taken and its investment in international standards for security.

On the operational level, ISO 28000 SMSs enable a terminal operator's government and private sector partners to more effectively coordinate security initiatives and programmes through a set of common protocols. Crucially, these standards require executive commitment, good communications and – through the application of a consistent risk assessment and monitoring processes – continual improvements in security measures and practices.

The system helps to address identified vulnerabilities in a more efficient and cost-effective manner by identifying the resources required to achieve business risk mitigation strategies. ISO 28000 certification is good for business. Having certification sends a clear message to their customers, partners and employees that they are committed to protecting their interests as well as their own. Or, to put it another way, DP World is determined to avoid the commercial disadvantages that are inherent with real or even perceived insecurity.

Customers entrust hundreds of millions of dollars worth of their assets and their customers' assets to their terminals and therefore they see effective, consistent security as an absolutely fundamental, baseline customer service. In addition to this responsibility to their customers, they have an equal responsibility to their people and the communities in which they operate. And, of course, they need to safeguard their own assets.

Interestingly DP World has already seen a net gain on its bottom line in a number of areas by investing in security management systems. The organisation has incurred costs to reach the certification, but then has also realised short-term savings and identified considerable long-term benefits.

Adopting a managed approach to security, the organisation, on the continual basis, estimates and analyses the potential risks to its business and initiates measures to mitigate them. The data thus generated is shared with underwriting community to help them improve their indexes for calculating premiums.

Having operated corporate security management system for the last three years, the professionals at DP World have gained enough expertise in capturing detailed security opex/capex costs, security risk and operational security performance at each terminal across their global footprint. These key processes and valuable information allow DP World executives to more effectively monitor and control security infrastructure capital expenditure and operational security budgets; ensuring that they invest their resources intelligently in appropriate technologies and security measures that not only protect their assets, and widen the supply chain, but also add value to their business process. For instance, all its new build projects (13 sites around the world) will have minimum integrated security system that will add considerable value to their operations at these locations.

DP World's dedication to security and as an early adopter of ISO 28000 demonstrates its active leadership in the process of evolving a secure global supply chain. In this regard, the organisation has decided to engage governments early to ensure its interests and those of its business partners and customers are properly represented. DP World is attempting to bridge the gaps between government and industry inherent in many aspects of the still evolving legislation introduced to protect the global supply chain that they all depend on.

For instance, of the six international ports that are being developed under the US Department of Homeland Security's Secure Freight Initiative (SFI), which aims to develop technologies and procedures needed to enable effective integrated container scanning, DP World alone owns and manages three terminals. On this point, India and DP World need to continually assess the vulnerabilities to this region and various international reactions to them. As they are all aware, the spectre of international and national terrorism remains real. The US is pushing ahead with some form of container scanning for radiation, be it the controversial 100 per cent scanning initiative from the Congress or the current government alternative, which is evolving into the High Risk Trade Corridors strategy. Indian terminals will need to be ready for whatever scanning programme is implemented.

Finally, the introduction of robust security management systems, underpinned by ISO 28000, has clearly though not entirely diminished the threats they face today. However, DP World has been able to manage security risk as a company and as an industry so far. DP World believes that setting standards and setting the benchmarks of security practices across the industry through a well-defined and appropriately resourced managed process can only improve matters.

This is exactly why it is demonstrating industry leadership in embracing international standards, investing in technologies and resourcing appropriately to set the benchmark for others to follow. DP World believes that commitment to security not only increases business value but more importantly, here in India, in partnership and cooperation with the Indian Government. They have a joint responsibility in maintaining the integrity of the global supply chain and protecting the gateways of trade to and from India, their ports and terminals, to ensure continued growth and prosperity for this country and its people. MG

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Jeena
& COMPANY

Production growth

BMW to set up vehicle logistics centre

By mid-2012, the BMW Group will invest EUR 30 million in India since launching production in the country in 2007.

The BMW Group is setting up a new vehicle logistics centre on the grounds of the Chennai plant. The German automobile manufacturing company has already acquired land for the purpose, according to a press release. BMW has also ramped up its local production capacity at the BMW plant in Chennai from 3,000 to 5,400 units. It has expanded its dealer network too.

"India is a market that holds great potential for the future for us and is a building block in our global market offensive. Our success so far has proved that our 'production-follows-the-market' strategy, which has already been successful in markets such as the US and China, is the right approach," said Frank-Peter Arndt, member of the Board of Management of BMW AG, responsible for Production. "At the same time as we are expanding capacity, we will also be gearing the plant to produce a further model for the Indian market, the X1, starting in November 2010 and thereby opening up new customer segments."

BMW sales network is expected to be systematically expanded to 22 dealerships by 2011, which is almost double its size since early 2009. By the end of 2010, BMW Financial Services will also begin offering its financial services in the Indian market for the first time.

As per BMW, in the first eight months of this year, its sales in India climbed 43 per cent to reach a total of 3,301 units. "The ongoing expansion of our dealer network means that we will be present in all major regions of India and able to reach more than 95 percent of our potential buyers," according to Andreas Schaaf, president of BMW Group's Indian subsidiary. "Having taken the lead in the premium segment for the first time last year, we aim to maintain our leading position this year with the market launch of the new 5 Series. We are also confident that we will be able to increase sales substantially over the coming years."

Production slump

FCI rice intake down 7 pc

Rice procurement declined by nearly 7 per cent to 31.45 million tonnes in the 2009-10 marketing year that ended last month due to a sharp fall in production on account of the drought last year, according to government data.

The Food Corporation of India (FCI), the nodal agency for procurement and distribution, had procured a record 33.6 million tonnes in 2008-09 marketing year (October-September).

India's rice production fell to 89.13 million tonnes in 2009-10 crop year (July-June) against record 99.18 million tonnes in the previous year. Production fell sharply as country witnessed a severe drought in 2009.

According to FCI data, Punjab has contributed around 30 per cent to the central agency's rice procurement followed by Andhra Pradesh.

FCI has procured 9.27 million tonnes of rice from Punjab against 7.2 million tonnes in 2009-10 crop year and 8.5 million tonnes the year before, while the intake from Andhra Pradesh stood at 7.2 million tonnes. -PTI

Gateway venture

CFS to come up near ICTT

Gateway Distriparks Kerala (GDKL), the joint venture floated by Gateway Distriparks and Chakiat group has won Cochin Port Trust tender to develop CFS opposite Vallarpadam Port, Kochi. In a closely contested tender with six bidders for the prime plot opposite the International Container Transhipment Terminal (ICTT), GDKL won the project on a lease for 30 years.

GDKL already owns an 8-hectare freehold property at Kalamasserry, which, together with the leasehold land of 2.58 hectares at Vallarpadam, will enable it to create adequate capacities to handle containers, in sync with the capacities and throughput of the ICTT.

Incorporated in 2006, GDKL, a joint venture between GDL and Chakiat group with 60:40 partnership, has an investment at Vallarpadam and Kalamasserry exceeding Rs 50 crore. Gateway Distriparks is one of the largest players in the container logistics industry with CFSs at Mumbai, Chennai, Vizag and now Kochi and rail-linked ICDs near Gurgaon (NCR) & Ludhiana. Chakiat is a well-established business group into shipping and related activities since 1952. It is also a shareholder of the ICTT.

India-US skybridge

DB Schenker starts service

DB Schenkerskybridge will connect India to the US West Coast in less than two-third time of ocean freight and approximate half the cost of air freight. According to Schenker India Pvt. Ltd., the new intermodal service to US West Coast via Hong Kong combines the advantages of air and ocean freight – it will be operated and documented like a standard air export shipment from Mumbai, will take an air route till Hong Kong, further take ocean route from Hong Kong to US West Coast and finally be operated and documented like an ocean import shipment for importers in the US.

The service also benefits shipments destined to regions with limited direct air services to reduce freight costs by up to 50 per cent.

The service from Mumbai to US West Coast via Hong Kong is to provide a transit time of 19-20 against a 30 days' transit time of ocean freight. The service will use air-sea concept for India-USWC route and will be served by staff in India, Hong Kong and the USA.

Garments on hangers: The service will also be used for new boxes developed for the transport of clothing suspended from garment hangers. The new boxes can be folded for return transport to Asia in ocean freight containers and reused several times, cutting transport times by 30 to 50 per cent, CO_2 emissions by up to 50 per cent and costs by 30 to 50 per cent of air freight.

Emission-free travel: Meanwhile, Audi is DB Schenker Rail's first CO_2-free rail freight customer, which transports finished vehicles between Ingolstadt and Emden. Since August, the German automobile manufacturer has been using Eco Plus product, which guarantees CO_2-free transportation, thereby ensuring that one-fourth of the finished vehicles go by rail.

Transport troubles

Improper logistics impact India's GDP

Logistics bottlenecks are impacting the country's economic growth by about 2 per cent, says industry body Assocham. "Currently the ports, shipping and maritime logistics are highly fragmented and affecting the growth to the extent of 2 per cent of the on account of logistics and transportation bottlenecks," it says.

According to Assocham President Swati Piramal, about 90 per cent of export-import cargo of the country, including strategic shipments, is carried by foreign flag vessels. "This puts the country in a precarious situation, as bulk of our essential supplies like oil is carried on foreign flag vessels. This is a vulnerable position, as there exists scope for leaving India's strategic supplies at the risk of an abrupt stoppage in case of any eventuality," she adds.

As the "complicated, lengthy and cumbersome" Customs procedures are resulting in higher transaction costs, the chamber has asked the government for the formulation of a comprehensive policy for the development of the transportation and logistics sector. -PTI

Chennai demand

Om launches warehouse

Om Logistics, the multi-modal logistics company, has launched its state-of-the-art warehouse in Sriperumbudur near Chennai covering an area of around 50,000 sq ft. The hi-tech warehouse will offer state-of-the-art facilities like turbo ventilators, skylight, heavy-duty racks, ample parking space, conveyor belts from picking to packing and staging area, air-conditioned office, and 40-ft roads for proper truck movement.

According to Project head Ankur Minda, the facility is aimed at meeting the demand of logistics requirements, especially industry verticals like FMCG, retail, consumer durables, including electronics/ appliances, apparel and fashion, automotive, pharmaceutical and healthcare, telecom, high tech and agro chemicals.

Om also looks forward to developing 10 lakh sq ft of space across the country for global and domestic companies. It plans to set up facilities at Bengaluru, Halol, Noida, Bhuj, Pune and Goa by the end of this year. It has already established modern warehouses in Bhiwandi (Mumbai), Ahmedabad, Patna, Faridabad and Kapashera (Delhi).

Logistics solutions

4S strikes deal with Aratrans

Four Soft (4S), a software solutions provider for logistics and transportation, has reportedly signed a deal with Dubai-based Aratrans Transport and Logistics Services LLC. Aratrans covers the entire middle-eastern region with focus In the GCC countries. As per the contract, Four Soft will deliver its global freight forwarding (4S eTrans) and contract warehousing (4S eLog) applications on Software-as-a-Service (SAAS) model into the Middle East market, Rajshekhar Roy, CEO, Four Soft, said.

Telecom power

Export unit to come up

Delta India, part of the leading UPS and telecom power solution and green energy provider Delta Energy Systems, has decided to bet big on India's huge telecom and renewable energy sectors by deciding to set up a plant in Chennai and Kolkata, Excutive Director Anusorn Muttaraid told reporters recently. -PTI

Exim NEWS

Indo-US ties

Call for bilateral trade initiatives

Minister for Commerce & Industry Anand Sharma and the United States Trade Representative Ron Kirk noted that the Trade Policy Forum had given both countries the opportunity to focus on the state of the burgeoning US-India trade and investment relationship. The representatives, who co-chaired the Ministerial Indo-US Trade Policy Forum (TPF) at Washington DC recently, observed that trade ties are becoming an increasingly significant factor in the economic life and prosperity of the two countries, as well as in the global economy.

Sharma along with Ambassdor Kirk received feedback from the five focus groups on agriculture, innovation & creativity, investment, services and tariff and non-tariff barriers to trade that work under the TPF. The focus groups held comprehensive discussions on a wide range of issues, identifying areas for future constructive engagement between the two trading partners.

The minister welcomed the reports of the focus groups and appreciated the fact that both sides are engaged in constant dialogue. He expressed his firm belief that this session of the TPF has moved the Indo-US relationship in the direction of realising tangible benefits, and looked forward to continued cooperation to this end in the coming year. He also stressed upon the need for a totalisation agreement between India and the United States that will go a long way towards supporting growth in the services sector.

They observed that the private sector serves to remind us that it is the small and medium-sized companies, that are key to maximising trade and investment flows. "Through cooperative engagement in this area, we will be able to provide sustained employment, higher incomes, and other critical economic benefits", Sharma said.

The Union Minister for Commerce and Industry Anand Sharma meeting the United States Trade Representative Ron Kirk in Washington DC recently.

India's trade

Export up by 22.5 pc, imports 32.2 pc

India's export grew by 22.5 per cent in August at US$ 16.64 billion as compared to US$ 13.58 billion during the same month last year. However, imports went up by 32.2 per cent in August at US$ 29.67 billion vis-à-vis US$ 22.44 billion in August last year, resulting in wider trade deficit.

According to data released by the commerce ministry, India's trade deficit widened to US$ 13.03 billion in August on the back of 12.4 per cent jump in oil imports in August at US$ 7.79 billion vis-à-vis US$ 6.94 billion in August last year while non-oil imports went up by 41.1 per cent to US$ 21.88 billion as compared to US$ 15.51 billion during the same month last year.

"Growth in exports continues to be low vis-à-vis first quarter but we might see some improvement from October onwards. Even the measures announced in the annual supplement to the Foreign Trade Policy will enable exporters to tide over the crisis," commerce secretary Rahul Khullar had said earlier.

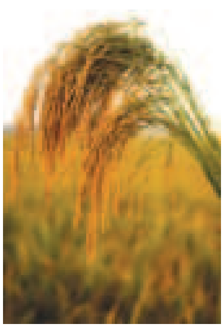
During April-August, exports went up by 28.6 per cent at US$ 85.27 billion as against US$ 66.33 billion during the same period last year while imports for the first five months of the ongoing financial year jumped by 33.1 per cent at $141.89 billion vis-à-vis US$ 106.61 billion last year. Cumulative trade deficit for the first five months stood at US$ 56.62 billion between April and August vis-à-vis a deficit of US$ 40.28 billion during same period last year.

Food inflation

Zero duty on rice continues

The government is likely to extend the period of duty-free import of rice for a year, till September next year, as part of measures to control food inflation, which is hovering at over 15 per cent. The deadline to avail the customs duty exemption on rice imports will expire on September 30, 2010.

Sources said Food Ministry is contemplating on extending the period of duty-free import of rice for one more year in view of high food prices. The government had scrapped import duty on rice from 70 per cent in October 2009 to augment domestic supply, as the twin-impact of drought and floods had hit output by as much as 10.05 million tonnes. The customs duty exemption was allowed for import of semi-milled or wholly milled rice.



According to official estimate, rice production during the kharif season (June-September) is estimated to be higher by 6 per cent at 80.41 million tonnes, from 75.91 million tonnes in the year-ago period. But the output will be lower than the 2008 level of 84.91 million tonnes. -PTI

Ministry decision

Sugar exports to wait

Food and Agriculture Minister Sharad Pawar on Wednesday said the government will consider allowing sugar export after Diwali as production is expected to outstrip demand after two years of shortages. "I will not be surprised if sugar production touches 25 million tonnes in 2010-11 sugar year (October-September)," Pawar said.

The annual demand is pegged at 23 million tonnes. Asked if sugar exports will be allowed, he said: "We will not take any decision on exports now. We will get proper information (about production) after Diwali."

The Food Ministry has virtually banned exports since Febraury 2009 as the country's sugar production had fallen to 14.7 million tonnes in 2008-09 and 19 million tonnes in the current season ending this month.

The government has, however, allowed mills to meet their export obligation of nearly 1 million tonnes in two phases starting from this month. Mills have been asked to ship about 0.25 million tonnes of sugar by November and the rest by the March 2011 deadline.

Cotton crop

India to exceed fixed cap

The government has fixed a cap of 55 lakh bales on for the 2010-11 but Agriculture Minister has said that there is a scope for increasing it to 75-80 lakh bales. "The cotton crop is extremely good this year. We can export up to 75-80 lakh bales, which is not agreeable to my other colleagues," Pawar said recently after a meeting, where 55 lakh bales limit was endorsed for 2010-11 marketing season (October-September).

He said a review will be taken by the December-end, adding that the government needs to take a balanced view to protect cotton growers as well as the industry. "Currently, international prices are good. This is the golden opportunity for farmers and they will get better prices," he said.

One bale contains 170 kg of cotton. According to the estimates of the Agriculture Ministry, cotton production is projected at 335 lakh bales for 2010-11 marketing season, against 239.35 lakh bales last season. The demand from domestic industry is projected at 220 lakh bales.

Africa investment

Opportunities await India

Businessmen among the Indian diaspora need to capitalise on opportunities in Africa in fields like pharmaceuticals, mining and IT while at the same time assisting in the development of the continent, delegates to a forum held here under the first regional 'Pravasi Bharatiya Divas' have agreed.

The key sectors discussed by the 100 entrepreneurs participating in the Business Round Table were pharmaceuticals, mining, IT skills, education and infrastructure, which presented opportunities for both India and Africa, said Raman Dhawan, chairperson of the India Business Forum and MD of Tata Africa Holdings.

India's expertise in pharmaceuticals, particularly in branded generics, product development and clinical research is well established, he said. "As such the sector presents enormous opportunities for investment as well as imports for the Indian diaspora in Africa. We already have quite a few large pharmaceutical companies from India in South Africa, but there is tremendous scope in this area for the continent," Dhawan said.

INTERVIEW

With almost six years heading the New Mangalore Port Trust, its chairman P Tamilvanan, looks back with pride at the achievements made during this tenure. Under his chairmanship, the port has not only witnessed capacity beef up and development of physical infrastructure, but also improved work culture among the employees. Maritime Gateway catches up with this patriarch in a chat that revolves around the past achievements and future developments of the port.

P Tamilvanan, Chairman, New Mangalore Port Trust

Envisioning the Hub

Q: How do you reflect on your achievements since the time you took charge as Chairman in 2004?

I have a feeling of satisfaction in my contribution to New Mangalore Port Trust for the last five years. During this period, the port has grown in both traffic and infrastructure developments. The overall traffic increased from 33.89 million tonnes in 2004-05 to 35.53 million tonnes in 2009-10. Container traffic steeply increased from 8,943 TEU to 31,456 TEU and the railway traffic surpassed from 5.68 lakh tonnes to 67.30 lakh tonnes. Thus, the performance growth was the stark reality, besides toning up of discipline among the workforce.

Q: With all the ongoing development projects, how do you wish to see the New Mangalore Port in future?

The port has a great future as its capacity has been increased tremendously in the last few years. Berth no. 14 with the draft of 14 m was commissioned on February 14, 2006. Two harbour mobile of 104 tonne capacity were also introduced. These measures have enhanced the berth occupancy of berth no. 14 by 91 per cent. Moreover, many additional facilities have been provided in the container cargo yard – More reefer plug points; installation of high mast tower lights to illuminate the yard; and deployment of two new reach stackers. These additional facilities would definitely contribute for increase in container traffic. Besides, the untiring efforts of the Port were fruitful in diversion of main line vessels to New Mangalore Port, which hitherto were calling at Colombo. In the last two years 12 main line vessels were called at the port. Since the port implemented Industrial Tribunal Award to reduce the Manning Scales, there will be considerable reduction in handling cost of cargos.

With such ongoing reforms, in all certainty, New Mangalore Port would be one of the hubs on the West Coast in the years to come. The addition of deep draft berths, change in work culture and capacity building in road/railway network are the advantages for New Mangalore Port. Further, expansion of MRPL and commissioning of SEZ would also be a boon to port's growth.

Q: The trend of setting up dedicated bulk cargo terminals is catching up of late. How will this add value to the port?

New Mangalore Port is now handling around 12.37 million tonnes of dry bulk cargo. The new iron ore terminal on BOT basis awarded to Sical to handle iron ore is coming up and this would definitely increase the traffic and productivity. The mechanical handling of the coal berth of UPCL is proposed to be commissioned in three months time and therefore thermal coal handling for power plant would be another important development. Even now


The dock arm of the port.

the port is handling large quantities of coal and lime stone for various parties, which will certainly further increase in the years to come. Establishment of bulk terminals therefore will be a reality for NMPT's growth and value addition.

Q: What are the major ingredients that are necessary for a port to attract bulk volumes in the present times?

The two main things required for a port to attract cargo are (1) Efficiency with capacity building and (2) Cost-effectiveness in competition. However, features like road/rail connectivity also play equally important role.

Q: What is the status of iron ore terminal that is being developed by Sical and when will it commence operations?

The project of mechanised iron ore terminal was awarded to Sical on the basis of open tender and an agreement was signed on October 19, 2009. Sical would commence construction work shortly.

Q: What is the impact on the port due to the reduced iron ore demand from China?

The reduction in iron ore exports from New Mangalore Port has considerably affected the port's traffic. KIOCL handled only 1.2 million tonnes in 2009-10, compared to 6.2 million tonnes in 2003-04. Also, the ban on movement of iron ore trucks too considerably affected the export traffic of NMPT. However, I hope this may be a temporary phenomena and in the days to come there will be a change for improvement on this aspect.

Q: With transshipment terminal coming up in Vallarpadam, will the container volumes at New Mangalore be affected?

I am happy that a new modern container terminal is going to be commissioned in Vallarpadam. Being a sister port, NMPT may not be affected by this development as it has its own rich hinterland. Container cargos like coffee, cashew, logs, candles and reefer cargo will be the reason for NMPT's traffic to go up. The latest trend of calling main line vessels, new CFS and ICDs coming up in our hinterland would make container handling at NMPT attractive. MG

The Chairman's Milestones

- Commissioning of a modern cruise lounge
- Two 104-tonne harbour mobile cranes inducted for handling bulk cargos
- Additional railway lines laid in the marshalling yard and wharf area
- Two godowns constructed for storage of fertilisers
- Introduction of biometric labour booking system for deployment of labour and attendance of officers
- Modern security surveillance systems installed and the close monitoring of port operations at berths, storage yards, gates ensured through closed circuit TV network (CCTV)
- Speed boats inducted for patrolling of port waters by the CISF
- Installation of video conference system
- Illumination of port operational areas by installation of 44 High Mast Lighting systems, including at Railway Marshalling Yard
- Commissioning of newly procured 32 T Bollard Pull Tug
- Procurement and induction of two reach stackers and a three-tonne capacity Fork Lift Truck for handling containers
- Most of the roads in port operational areas are concretised

Chennai Port Trust gets new chief

Atulya Misra assumed charge as the chairman of the Chennai Port Trust on September 2. An IAS officer of the 1988 batch of the Tamil Nadu cadre, he had earlier worked as the additional collector of Salem and Madurai, collector of Villipuram, additional secretary to the government, member secretary of the Sports Development Authority of Tamil Nadu, commissioner of sugar and secretary to the Government of Tamil Nadu's transport department. Misra was accorded the ceremonial welcome by the Central Industrial Security Force (CISF) personnel prior to occupying the top seat of the 130-yearold port.

New Vigilance chief

PJ Thomas, former secretary to the telecom department, has been appointed the 14th Central Vigilance Commissioner by the President of India in a ceremony held at the Rashtrapati Bhavan recently. He succeeds Pratyush Sinha, who has left his post after a-four-year tenure. Thomas was the Kerala Chief Secretary in 2007 and moved to the Central Government as Secretary in the Ministry of Parliamentary Affairs in January 2009.

New chairman for JNPT

The Union Government has appointed L Radhakrishnan, an IAS officer of the 1984 batch of Kerala cadre as the chairman of the Jawaharlal Nehru Port Trust (JNPT). An official press release said the appointment would be for five years. Prior to the posting, Radhakrishnan served as the principal secretary of the power department in the Government of Kerala.

6 MPs join NSB

Six members of parliament, all of them lawmakers, have joined the National Shipping Board for a period of two years, to advise the government on issues relating to the shipping sector and its development. Of them, the four MPs from Lok Sabha are

Somendranath Mitra
(West Bengal)

Rajendrasinh Rana
(Gujarat)

A Sampath
(Kerala)

Hamdullah Sayeed
(Lakshadweep)

The two MPs from Rajya Sabha are

KVP Ramchandra Rao
(Andhra Pradesh)

KB Shanappa
(Karnataka)

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I - INFRASTRUCTURE

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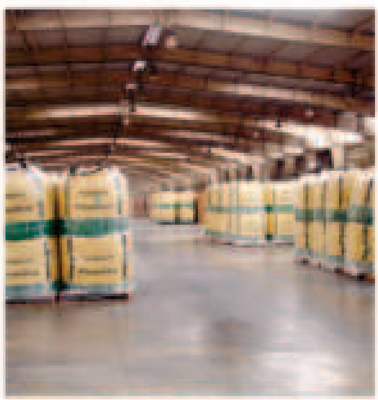
- Two Warehouses of 9000 & 2000 sq. m. area with lowest tariff in the entire NCR
- State-of-the-art handling equipments
- Parking area of 60000 sq. m. for trailers and truck
- Full fledged train examination facility

C - CUSTOMS INTERFACE



- Full fledged customs office
- Bonded warehouse and stuffing / de-stuffing area
- EDI facility with Ice-Gate in use

D - DELIMITATION

- Terminal notified as open to all goods

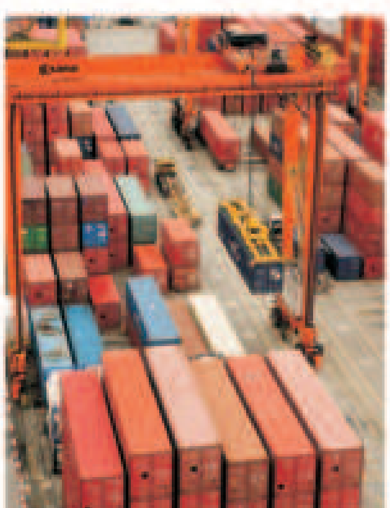
D - DEVELOPMENT

- World-class Reefer Container Repair facility is coming-up.
- Additional 60,000 sq. mt area under paving.

A - ACCESSIBILITY

- Road access with no traffic restrictions
- Rail Over Bridge being constructed at Dadri to give faster access to NH-91/24
- Nearest terminal for NEPZ Noida and fast developing industrial area of Greater Noida

D - DIRECT APPROACH



- Offices of major shipping lines, CHAs, Transporters & surveyors within the CONCOR administrative building
- Full fledged branch of Punjab National Bank in the CONCOR administrative building

R - REEFER

- Pioneer in imports and exports of refrigerated containers
- Sufficient power packs & reefer panels to cater to the growing reefer traffic

I - INTEGRATED TERMINAL

- A truly integrated terminal to address all your business needs within the ICD itself

BUT WE ARE STILL NOT SATISFIED AND ARE WORKING TOWARDS NEW ACHIEVEMENTS LIKE SOME RECENT ONES:

- Record 3 full reefer trains dispatched on a single day
- Domestic movement of Reefer containers started

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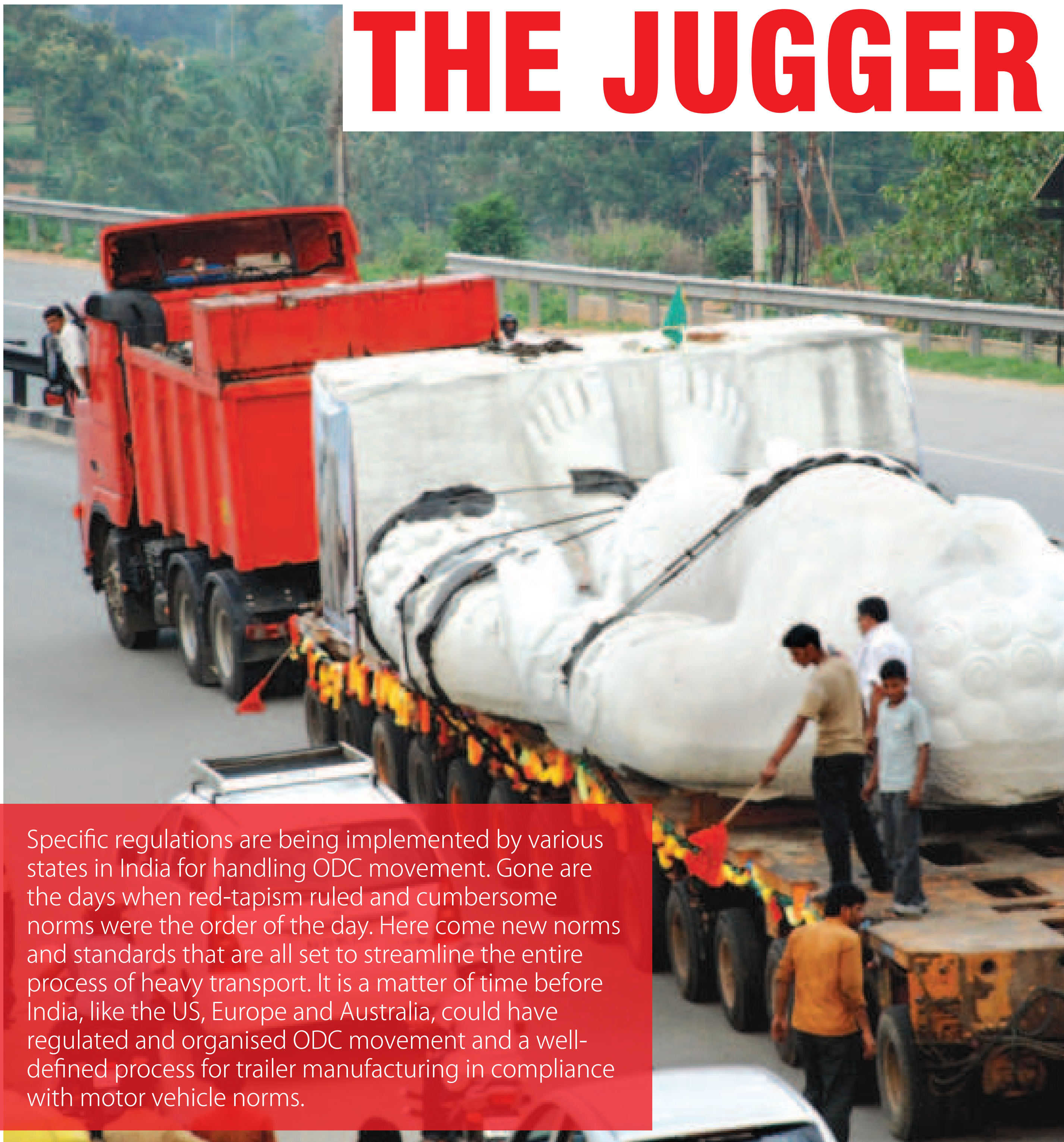
CONCOR - We carry your trust, we also carry container

Regulations for ODC
THE JUGGER



Specific regulations are being implemented by various states in India for handling ODC movement. Gone are the days when red-tapism ruled and cumbersome norms were the order of the day. Here come new norms and standards that are all set to streamline the entire process of heavy transport. It is a matter of time before India, like the US, Europe and Australia, could have regulated and organised ODC movement and a well-defined process for trailer manufacturing in compliance with motor vehicle norms.

NAUT RULES

by ***Radhika Rani G***

The growing number of development projects in the country has led to an increase in the demand for specialised machinery and equipment by infrastructure and power plants, fertiliser companies and construction firms. With the growing demand, the risk of moving machineries like rotors, stators, turbines, generators and transformers, heavy-lifts, boilers, chemical filters and storage tanks has been growing owing to their irregular size, weight and dimensions. While most of the cargo weighs beyond 100 metric tonnes and up to 300 tonnes, Indian roads and bridges are hard-pressed of capacity to take in huge loads.

In view of the inherent limitations of our highway infrastructure, traffic bottlenecks, unauthorised transport and untoward incidents involving the movement of overdimensional cargo (ODC), the Ministry of Road Transport and Highways of the Government of India has issued a notification to states for the smooth movement of heavy cargo by specified trailers from the hinterland to the gateway port or vice versa, subject to approval by the authorities concerned (see Box 1).

The transport commissioners of the respective state governments have accordingly issued guidelines to facilitate transportation of ODC by hydraulic modular trailers rather than by conventional rigid or mechanical trailers. States like Maharashtra, Orissa, Andhra Pradesh, and Rajasthan have the guidelines in place while a few more states are to follow suit. Setting the tone for the guidelines, the Maharashtra resolution says: "Some of the transporters of ODC cargo are facing certain difficulties because they do not get the permissions within the prescribed time limit. In order to initiate coordination among various authorities and to bring about rationalisation and transparency, the Government has taken a decision to bring orderliness in the prescribed method."

On a similar note, the transport department of Andhra Pradesh has constituted a committee, comprising officers of its department, national highways, roads and buildings and the police, to lay down a clear procedure. While the norms take a short time to be implemented, a few project cargo transporters and users await clearance for their cargo stranded on highways. "Six of our ODC transport vehicles have been stranded for nearly a month awaiting approval from the transport authorities," says a senior official of Bharat Heavy Electricals Limited in Hyderabad.

BHEL had been unlucky August last year when its 280-tonne gas turbine heading from Mundra Port for installation at Pipavav met with an accident causing the death of five members of the transportation crew. The hydraulic trailer along with the gas turbine fell 3 metres into the River Kshatrunji near Talaja (49-50 km from Bhavnagar) on National Highway 8E when the bridge it was crossing caved in.

Terming the incident as "illegal transportation of overweight consignment" and "unauthorised movement of ODC", Kandla Port has issued a circular to all trade associations to obtain necessary permission from the roads and buildings department for transporting any such ODC consignment from the port.

Several mishaps have been reported over time impelling the states to enforce stringent norms for the movement of authorised heavy cargo. More recently, a bridge taking the load of equipment bound for the Tripura Power Plant gave in causing disruption of traffic between Guwahati and Tripura. The Oil and Natural Gas Corp (ONGC), which is readying the 700-MW plant in Tripura by March 2012, has awarded the EPC contract (Engineering, Procurement and Construction) to BHEL.

Following the incident, the Government of India had sought the transshipment of heavy cargo through Bangladesh territory from Ashuganj, the port of call, to the international boundary at Akhaura-Senarbodi from November next year.

However, Bangla officials fear that the development of a road network to facilitate movement of cargo trailers on their roads will disturb the irrigation facilities in the country and also the morale of its people.

"While the norms are welcome, adhering to them on a short notice has become a big challenge for project cargo transporters," says Vimal Kumar K, General Manager, Dredging & Projects, Urmila Projects & Services. The task becomes all the more difficult in the absence of a congenial mode of transport like inland waterways at key points, Vimal Kumar adds. However, Maharashtra government clarifies that once the proposal for ODC transport gets an NOC, permission will be issued in a day.

Meanwhile, the states are instructing their public works departments to equip their websites with the map of the road network in the states, the design of the road, the capacity to carry cargo and the location of bridges and flyovers. They are also asking the departments concerned to submit their contact details to the RTOs via the transport commissioner's office. Some states have made it mandatory for transporters to bypass all the bridges with a span of more than 10 metres

General characteristics of ODC:

Length	>	18 metres
Width	>	2.6 metres
Height	>	3.8 metres
Payload	>	49 tonnes

Market Projections

Year	Number of Axles Modules Manufactured
2008-09	600
2009-10	700
2010-11	825
2011-12	950
2012-13	1200

Photos courtesy: Jai Shree Transport

and those that are weak or too narrow for ODC. On the permissible bridges, the speed of the vehicle should be less than 5 km per hour and the driver should not apply brakes while passing the structure or should not change gear to avoid any impact to the overpass. All this information is coming in handy for transporters to plan and seek permission well in advance.

These unambiguous rules are being hailed by transporters as they can be confident of hurdle-free movement of their cargo at all the checkpoints. "The proposed system is fantastic," remarks A R Goyal, managing director of Jai Shree Transport, "as advance permission through a single window ensures transparency." As for the multi-state movement of ODC, he hopes that online clearance will see the light of the day quite soon.

The demand for multi-axle hydraulic trailers, according to Jai Shree Transport, has meanwhile grown tremendously. "We are a leader in heavy equipment transportation and have seen 70 per cent growth in our business over the last year," says manager A N Mishra. "With our fleet of hydraulic axle trucks likely to touch 100 by this year-end we are a busy lot too," he adds.

As a logical extension, the demand for modular axles too has gone up. A company like VMT (earlier Vishwakarma Machine Tools) that manufactures 20-24 axles on an average every month is flooded with demand for 40 axles now. "Things changed drastically as heavy cargo demand grew," informs S K Marwaha, sales and marketing manager at VMT. Being in the market of transportation equipment manufacture for the last four decades, VMT has orders full for the coming 6-7 months for its modular axles.

With the load and quantity of ODC movement growing on a gigantic scale in the country, the newly prescribed norms are deemed necessary by both the government and the trade alike. Any regulation that ensures the movement of authorised cargo and protects men, mass and machines is indeed a thumbs up. Finally, rules come to rule!

The Road Law

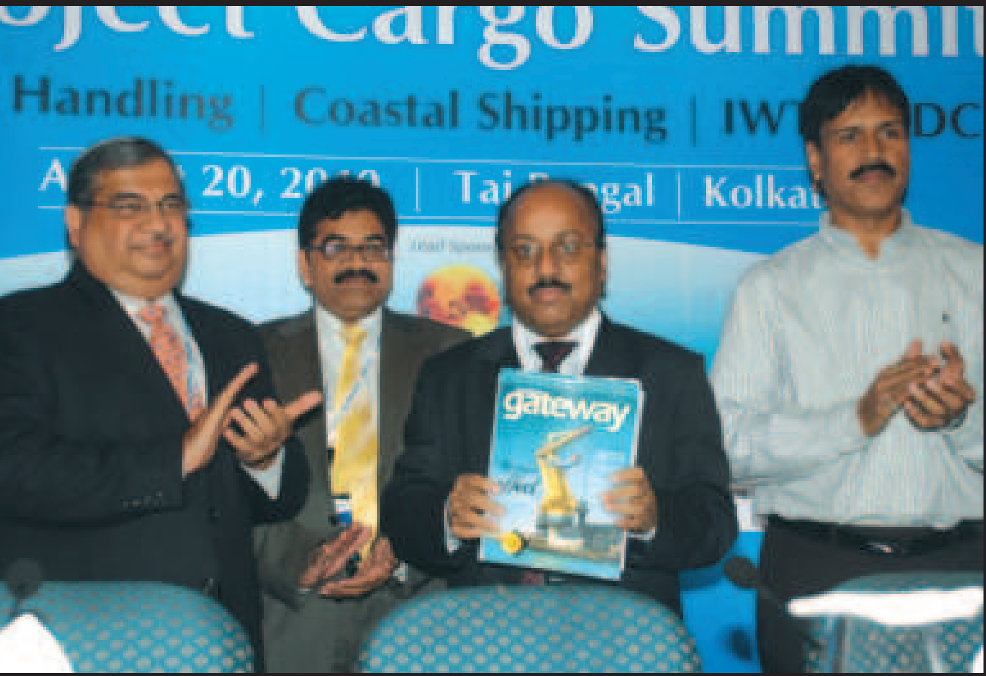
As per the Government of India notification, the Andhra Pradesh government has come up with the following guidelines:

1. All hydraulic trailer vehicle-owners having a gross vehicle weight (GVW) of more than 49 tonnes shall apply for the movement of their vehicles in the state to the transport commissioner.
2. The application should be made in seven sets.
3. The application should enclose the following attested copies of documents:

a. The Ministry of Road Transport and Highways granting exemption for registration of the trailer.

b. Registration certificate of the prime mover and trailer(s), valid fitness certificate, insurance certificate, pollution under control certificate, valid permit and authorisation, cargo details with the letter of the consignor, route details with route plan, load diagram and a fee of Rs 2,500.

4. Once the application is received by the transport commissioner's office, copies will be forwarded to the engineer-in-chief / chief engineer of the National Highways, the engineer-in-chief / chief engineer of roads, the chief general manager NHAI, the chief engineer (R&B) and DG&IG of police.
5. The five authorities will verify the application with reference to the strength and condition of the roads, culverts and bridges on the route applied for.
6. The committee members will meet within 15 days of the receipt of the application and grant / deny permit for the movement of the vehicle.
7. Where permission is granted, the hydraulic trailer owner / company shall give a one-time bank guarantee of Rs 10 lakh valid for one year and also an undertaking as specified.
8. After receipt of the bank guarantee and undertaking, the transport commissioner will grant permission within two days for the movement of the vehicle with the specified cargo.
9. After stabilisation of the process of granting permission, the committee will strive to complete the entire process within 10 days of the receipt of the application from the owner.



India Bulk & Project Cargo Summit

Get Set for 2020

Throughput at Indian ports is set to grow at more than 10 per cent YoY to reach 2.5 billion tonnes by 2020. This comprises a major chunk of bulk cargo like coal, crude and iron ore. The task by itself is a challenge and an opportunity for the ports and calls for capacity building at a brisk and steadfast pace. Gateway Knowledge Forum's India Bulk & Project Cargo Summit discussed it all and the consensus was: It's time to go aggressive.

Here's a crisp report of the deliberations made during the summit.

K Mohandas
Secretary, Ministry of Shipping

Ramesh Agarwal
Chairman, FIEO (Eastern Region)

M L Meena
Chairman, Kolkata Port Trust

Inaugural Session

Secretary, Ministry of Shipping, K Mohandas, the chief guest of the inaugural session, extended his support to look into and act upon on the recommendations made by the industry during the panel discussions that were held during the day. The port sector, he said, would be required to handle an estimated 2.5 billion tonnes of cargo annually, comprising 460 million tonnes of coal. "The Ministry is working on a 10-year action plan for the maritime industry and the report will be ready within a month, he said. "The Ministry is also examining the relaxation of the Cabotage law and a decision will be taken before the commissioning of the Vallarpadam terminal," the Secretary added.

In his elaborate speech, M L Meena, the new chairman of Kolkata Port Trust assured the trade that things are set to revive at Kolkata and Haldia. He said that he has taken some short term and long term strategies to bring back the past glory of Kolkata Port Trust. Major strategies include opening up the Eden channel as an alternative to the Auckland and Jellingham channels; more efficient and scientific dredging along the channel; and developing Haldia Dock II at Shalukali which is just seven kilometers upstream of the existing Haldia Dock Complex.

Ramesh Agarwal, chairman, FIEO (Eastern Region) said such a big forum was long pending in Kolkata and that it is the right time to organize one. Agarwal appreciated KoPT chairman Meena's three-pronged strategy for reviving the Kolkata Port. He also applauded the founding of a joint monitoring cell to oversee the developments at Kolkata Dock System and Haldia Dock Complex. He requested the Secretary, Ministry of Shipping to expedite the process for introducing Shipping Trade Practices Act for which stakeholder discussions were being held for the last five years.

Over 80 companies and 200 delegates participated in the first ever maritime conference held successfully in Kolkata. True to the spirit of the **Gateway Knowledge Forum**, individual ideas got transformed into collective knowledge for helping build better businesses. **Maritime Gateway** presents the key recommendations made by the representatives of the industry during the summit and duly submitted to the Ministry of Shipping for the improvement of bulk cargo movement.

Recommendations to the Government:

1) Constitute a Ports Regional Integrated Development Plan (PRIDE) under the Ministry of Shipping & Ports. The role would be to make the ports take the lead role in the taskforce of end-users, railways, state and national highways to coordinate integrated growth of infrastructure facilities in and around the port.
2) Simplify environmental clearance procedures for speedy implementation of port projects.
3) Work on generating dredging resources, knowhow and expediting port expansion programmes.
4) Enable flexibility in changes to the Modal Concession Agreement with respect to: phasing of investment, choice of equipment deployed, permission to ramp up capacity in line with traffic.
5) Give a chance to BOT operators to voice out their concerns during pre-bid conferences

rather than issuing clarification such as 'Concession Agreement Condition Stands'.

6) Provide flexibility to ports to handle other cargo if the 'theme' cargo dries up or is banned due to change of law.

7) Have a cargo loading and unloading handling terminal every 100 nautical miles along NW1&2.

8) While making rules for BOT roads, make provisions for ODC package. (Please share the relevant recommendations with the National Transport Development Policy Committee as well.)

9) Introduce suitable policy measures for dedicated financial institutions for coastal, IWT vessel financing and port-related activities thereby reducing delays in the coastal project movement.

10) Create berth reservation for coastal shipping in each and every port. Also provide ship repair facilities for coastal vessels in all the ports.

11) Levy port charges for coastal shipping commensurate with increment in infrastructure development at port.

12) Allow vessels to pay port service charges only once a year for inland waterways and coastal movement rather than at every port of call.

13) Ensure preferential pricing of bunker charges.

14) Hasten commissioning of dedicated freight corridors and encourage common siding operations.

15) Tackle the issue of faster connectivity of trains – average speed of freight trains should be above 50 kmph rather than the current 23 kmph.

16) Ensure economic viability of a project under PPP as high revenue-sharing is a cause of concern.

17) Study the best practices and see the possibility of transfer of technology to ports.

18) Make ports absorb technologies for clean and green operations. Technology should be given paramount importance and private participation should be encouraged in capability building at ports.

19) Encourage use of technology management of port systems and the enhancement of the receipt and dispatch facilities like rapid rail loading system, better turnaround and clearing of wagons within the port.

20) Introduce ERP systems in all the ports and integrate with PCS system. Create a common framework agreement for government-owned ports for introduction of ERPs and IT systems and to facilitate e-ports.

Session I: Business Track

Theme: Bulk Cargo: Opportunities and Challenges

The rise in demand of bulk cargoes will present plenty of opportunities as well as challenges to the trade in terms of handling these cargoes at ports and moving them through various modes of transport. This session focussed on the demand outlook of these cargoes. Biplav Kumar, Chairman, Paradip Port Trust gave a global picture of dry bulk cargo. He said that globally about 3 billion tonnes of dry bulk cargo is being handled every year and almost 100 million tonnes of petroleum is being shipped daily. He also gave an overview of bulk transportation modes like rail and road and expressed the urgent need to develop these modes in tune with the ongoing developments at various seaports. Kumar also raised the issue of delays in environmental clearances that are seriously affecting the progress of expansion projects.

Manoj Singh, Deputy Chief Operations Manager, South Eastern Railway, spoke on the role of railways in the movement of bulk cargoes like iron and coal. He said that in the last financial year, South Eastern Railway handled a total cargo of 125 million tonnes and of which iron ore was 76 million tonnes. He clarified that as of now there is no scarcity of rolling stock and that Indian Railways is well equipped to handle all types of cargoes. But there will always be some demand supply mismatch of say 10 to 15 per cent. He also revealed that though Indian Railways is supposed to grow at a rate of 10 to 11 per cent per annum, it is currently growing at 6 per cent.

D Ranjan, Executive Director (Transport & Shipping), Steel Authority of India Limited, indicated that the overall steel production in India is going to double in the next two years – owing to ongoing expansions of plant capacities throughout the country. The current production of SAIL is 14 million tonnes per annum from all of its five integrated steel plants. Ranjan indicated that this would grow to 24 million tonnes in the next two to three years. The steel industry is also expected to handle raw material (coal and iron ore included) to the tune of 400 million tonnes from the present 200 million tonnes.

M L N Acharyulu, Executive Director, Marine Infrastructure, Karaikal Port Pvt. Ltd., stated that the major capacity additions that are happening are majorly in the private ports and that by 2015, private ports will garner sizeable share in terms of capacities as compared to major ports. He also pointed out most of the private ports that coming up on the Indian coast are faced with infrastructure challenges and that they are working their forward towards filling the gap – developing infrastructure both within the port and outside the port. Acharyulu called for a port-led integrated approach towards developing infrastructure. He said ports, industries and government departments should come together (wherein ports take the lead) in developing the road and rail connectivity infrastructure through PPP mode – which will ensure faster completion of the projects and pave way for economic development.

B J Jacob, Vice President, Projects & New Business Initiatives, Sical Logistics Ltd., pointed out that the issues pertaining to the model concession agreement should be sorted out immediately so as to keep up the spirit of public private partnership model.

Session II: Transportation Track

Theme: Bulk & Project Cargo: Movement through coastal & IWT

This session highlighted the importance of coastal shipping and inland waterways and their inherent benefits. The lively discussion brought out the issues of different stakeholders and paved way for interesting and innovative suggestions and recommendations.

The keynote speaker for this session Sunil Kumar, Vice Chairman, Inland Waterways Authority of India, said that though national waterways offer excellent cost advantages to the trade, only 0.4 per cent or 4.5 million tonnes of cargo is moved through all the waterways combined. Kumar pointed out that in many cases coastal shipping & IWT are not part of a integrated logistics solution. He urged the logistics solution providers to include these modes as part of their logistics solutions.

He recommended fresh investment from private sector and incentives from the government on the lines of Marco Polo programme in the EU. The points include, lower duties on bunker oil, vessel spare parts, IT exemptions as given to ocean seafarers, exemption from Customs & other procedures for coastal vessels. He also sought concessional port tariff for cargoes like thermal coal, crude & POL moving through coastal shipping and inland waterways. He suggested the development of river sea vessels and concessional financing for shipbuilding and ship acquisition and presenting the case of IWT and coastal shipping before National Transport Development Policy Committee headed by Dr Rakesh Mohan.

Vimal Kumar K, General Manager, Dredging & Projects, Urmila Projects & Services, highlighted the

difficulties faced by project cargo transporters/service providers in moving their consignments by inland waterways. He highlighted the drawbacks of moving project cargo through inland waterways and shared his experiences in doing the same. He suggested the transporters to not depend on the provisions provided by the government and take up their own route surveys and chart their own routing.

Capt Philip Mathews, MD, LOTS Shipping Ltd. highlighted the newly formed River Sea Rules. He brought to light that the capex cost of a River Sea vessel will be 40 per cent lesser than a vessel under Merchant Shipping Act and the operational expenditure would be 30 per cent lesser.

Gopi D, Executive Director, Global Express Lines Pvt. Ltd., brought to table the perceptive of a coastal ship owner and said the opportunities are immense in coastal shipping in the future. Though there are very few shipowners who are into coastal shipping today, he beamed confidence that many more entrepreneurs will enter coastal shipping in the coming years.

Mainsh Saigal, Executive Director, KPMG India, called for building adequate capacities to scale up the volumes in coastal shipping. He suggested capacities need to be created to bring in volumes and to overcome the cost barriers of transporters. Scale up in volumes through adequate capacity buildup will solve many of the problems that coastal shipping is facing today.

H B Ganguly, Vice President, Hydro, Jindal Power Ltd., brought in the perspective as the user of inland waterways. He suggested that building check dams in the upper reaches of the river will help in reducing the silt to a large extent. Building locks along the river will help in maintaining navigable depths (LAD) throughout the year. As a user of the inland waterways, he expects IWAI to maintain the stated LAD throughout the year.

S K Shahi, President, Indian Barge Owners Association, summarised the issues and suggestions. He said there is no dedicated financial structure in place for coastal shipping and IWT vessels. There are service taxes that coastal vessels are supposed to pay at every port for every call which becomes cumbersome. There are no berth reservations for coastal vessels which should be mandatory. Further there are no repair facilities for coastal vessels at ports. It will be helpful if the port demarcate certain space in their premises for ship repairing.

Session III: Technology Track

Theme: Bulk Handling: Improving Efficiency through Technology

The session focussed on the importance of bulk handling systems and the role of technology in improving the efficiencies and reducing pollution. Keynote speaker of the session Janardhan Rao, MD, Indian Ports Association, emphasised that in addition to creating capacity by adding more number of berths in a port, technologically advanced equipment should also be installed on the berths to handle more amount cargo in more efficient ways.

He also suggested that ports should proactively take up environmentally friendly cargo handling processes and clean approach to be adopted in handling of bulk cargo. People at large are becoming more aware of maintainer cleaner surroundings and pollution-free environments. There ports should voluntarily adopt to cleaner ways of cargo handling rather than someone pointing it out to them.

Gokul Patnaik, Vice-chairman, Seabulk Infrastructure Limited,

present the virtual port concept where transshipment of bulk cargo is done in the mid sea either through a transshipper or through slurrying the cargo through pipelines to the port, which is stored in storage tanks and dehydrated to the extent required. Slurrying the bulk cargo is a new technology that is being developed of late.

Tamal Roy, Vice-President, TM International Logistics Ltd., brought to table how efficiency is being developed at the ports and said that bulk cargo – be it liquid or dry is conducive to the technology and brings in ease of use in handling these cargoes.

Jakob Hansen, Vice-president, CSL Asia Pte Ltd., Singapore, highlighted his company's products including the technologically advanced transhippers and self-unloading bulk carriers. He said that their transhippers are well equipped to handle volumes rates of more 5,000 tonnes per hour and which can service panamax and capesize vessels. David Trueman, Sales Director, DB International Systems, UK, threw light on the operational issues in terminals and how their bulk terminal operating software can address these issues.

In his comments, Vinay Prabhakar, Partner, Accenture, spoke on the software technology used to drive the port operations. He emphasised that software designed for port operations should adopt a top-down approach wherein key performance indicators from the management perspective are accommodated in the design and are trickled down to the executive level. Every port enterprise system should be able to measure port performance and take decisions to enhance the performance, should be able to streamline the back office processes and should be able to handle and monitor the core terminal operations. MG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INTERVIEW

ICD Loni:

Shippers' Stop

The Inland Container Depot at Loni in Ghaziabad is a Central Warehousing Corporation facility. The ICD is operated and managed by Worlds Window Infrastructure and Logistics Private Limited. The operation of the ICD was taken over by Worlds Window in 2007. Ever since then it has come a long way, presently handling on an average of over 11,000 TEU per month as compared to the earlier average of 3,000 TEU per month in 2007. In an in interview to **Maritime Gateway, Rajiv Kochhar**, Vice President (Commercial & Operations), Worlds Window Infrastructure and Logistics, said that handling of increased container volumes has been led by optimum equipment availability for cargo handling and better customer services at economic costs. ICD Loni has attained a growth of 65 per cent in the throughput in months of April to August 2010 as compared to the corresponding months of previous year.

Rajiv Kochhar
Vice President (Commercial & Operations), ICD-Loni

Q: How does ICD Loni score in serving the exim industry on operational support?

Our primary focus at Loni is on optimum equipment utilisation. In accordance with this, we ensure that equipment should wait for the containers and not the other way round. Our reach stackers are positioned at every 100 metres in the yard. We have kept seven reach stackers which are capable of handling loaded containers. In addition, we have already placed an order for two more reach stackers and these new equipment will be deployed for operation within this month itself. With this we will be having a fleet of nine reach stackers, making us one of the best terminal in terms of equipment availability. As for storage of empty containers, ICD Loni has one of the largest container parks with fully paved/ concreted yards.

To provide better operational support, ICD Loni offers a choice between multiple train operators and single window system so as to provide hassle-free operations, same-day clearance and a dedicated customer care cell at the entry point of the ICD. The cell not only provides solutions to customers' queries but also provides on-demand service by collecting information from customers for their requirement of grounding of containers, coordinates with internal operations staff to get the same grounded and, finally informs the customer about the clearance. Further, we have recently introduced a special customer service by which such requests can also be made through a mobile SMS or email, to get the container grounded within a span of half an hour. We also arrange for the trailer for transporting the containers to the customer's doorstep.

These apart, we have also placed a touch screen kiosk at the terminal so as to enable the trade to know the status of their shipments whenever they want to. Also, we have put a website in place for online filing of documents/requests and one can always get the status of containers from anywhere in the world through Internet. ICD Loni is now going to be fully operational on ICES 1.5, Customs' latest EDI system within a fortnight. White paper processing has already begun. Also, the Terminal Management System (TMS) is under installation at ICD Loni by Indian Railways.

As we all know, ICD Loni is the first ICD in the NCR to get certified with all the three ISO standards including Health and Safety, Quality Management and Environment Management and the same is evident from the level of services and infrastructure we provide. The advantages provided by ICD Loni are also reflected in the fact that over 100 CHAs are presently registered with us and we also enjoy the patronage of all shipping lines.

Q: How are you positioned in providing customised connectivity linkages in terms of cargo aggregation? How are you integrating cargo for long haul rail and short haul road transportation?

For road haul, we have good numbers of renowned transport companies operating on mainstream national network. The companies keep their trailer trucks ready with us. For export orders placed with shippers, or after customs clearance of for import containers, the trailers are placed for service. We have displayed the addresses and contact numbers of the trailer operators at the nodal points of the ICD so as to enable exporters/importers to get in touch with them directly and avail services as per their needs. Through the short-haul road connectivity linkages supported by the trucks, we are able to cover entire belt of Uttaranchal, Khatima, Rishikesh, Saharanpur. The trucks also cover the Harayana belt of Baddi, Ambala and the Sahibabad Industrial Area and Noida in Uttar Pradesh. The road connectivity support is

Varun Bhasin
CFO, ICD-Loni

both for domestic and exim cargo. On receipt of the cargo we rail out the cargo for export through various rail service providers operating out of ICD Loni. ICD Loni is strategically located in Ghaziabad providing a four-lane road access to vehicles and the continuous development in the area has made the site prestigious for local administration authorities who pay due attention to ensure smooth movement and operations here.

Q: How are you coordinating with road transporters and shippers to provide an effective cost matrix solution?

We have a dedicated cell that calculates the cost of transportation. Our personnel from the transportation

The storage yard.

At a Glimpse

- ICD Loni is surrounded by manufacturing hubs like Sonepat, Panipat, Karnal, Ghaziabad, Sahibabad, Kundli and other parts of western UP.
- It has 27.5 acres of custom bonded area, including 2.08 lakh square feet of fully covered warehousing space.
- It has the third largest rail throughput in the country and is patronised by major private and government train operators like CWC, India Linx (IIPL), and ETA Freight Star and APL India.
- It has developed one of the biggest refer container plug-in and power pack facilities for movement on train.
- Shipping lines APL, Hapag Lloyd, ESA, HMM, CGA, OOCI, CMA-CGM, CSAV and SCI move their cargo from here.

The ICD Loni team

cell are in regular touch with the transporters, shippers and other logistics service providers. Based on the feedback on the applicable cost for the desired cargo and routes through our personnel, we work out the rates and pass it on to the shippers. We refer the shippers to transporters who are comfortable with the transportation rates. This also ensures the shippers economical transportation rates. Moreover, in these times of competition, transporters are themselves willing to provide good services at competitive rates which is also a good factor for road transport users.

Q: How are container rail services facilitating the long and heavy haul of cargo and thereby competitive pricing?

We are being served by country's best rail service providers including APL IndiaLinx, Hind Terminals, ETA Freightstar, Boxtrans, Central Warehousing Corporation etc. These operators provide daily and scheduled train services between major gateway ports like JNPT, GTIL, NSICT and MDPT and ICD Loni. Services are run by the train operators on a daily basis which not only ensure immediate clearance of shipments but also keep the rates competitive. Regular services from gateway ports to Loni ensure prompt evacuation of import boxes from the port. Nonetheless, transportation through railways on long haul overall continues to remain competitive on per-tonne basis.

Further, we have added to the cost benefit of the railways and shippers by transporting both export and domestic containers on a single train ensuring full and long-haul cargo. The domestic containers are meant for usage in the catchment area of the destined port where the container wagon movement is taking place from our ICD. This has in turn facilitated increased frequency of movement with us. ICD Loni has the third largest rail throughput in the country.

Q: What is the nature of cargo handled and requisite value added services provided to your customers at ICD Loni?

Presently at ICD Loni various commodities are being handled, including rice, sugar, beef through reefer containers, steel products, zinc products, steel & metal scrap, electronic goods, newsprints etc. We have covered and fully developed warehouses totalling over 2 lakh square feet of space with adequate supply of equipment and labour, geared up to handle any type or amount of commodity at any given point of time. Apart from the regular inward and outward activities of exim and domestic cargo, we provide palletisation, shrink wrapping, segregation, public bonding facilities, fumigation, container repair facility etc. ICD Loni has the largest reefer handling infrastructure in the NCR.

Q: What is the quantum of your asset utilisation? What are the necessary elements of value addition towards terminal operation for passing cost benefits to your customers? To achieve these, are any necessary alliances being contemplated?

Presently, we are utilising 65 percent of our assets. We would be able to increase that with our expansion to ramp up our capacity to handle 25,000 TEU by March 2011 from the present 17,500 TEU. We are open to all options for entering into collaboration with a third party. However, in the short term we would be interested in making improvements through value additions in warehousing, supply chain management, and cold chain. Through alliances we would be looking to bring in cost-effective and qualitative solutions for our customers. We are also acquiring a shunting locomotive from RITES to minimise shunting schedules of trains. This is well expected to provide faster handling and turnaround of rakes ensuring even better rail-ins and rail-outs. Rail in and rail out from the ICD is expected to become much faster with the targeted completion of electrification of Loni section.

Q: How do you ensure regular customer interface for providing seamless transportation services to your customers?

As I have mentioned, at ICD Loni we are providing customised logistics solutions to our customers through cooperation with the rail service providers and our own technical and operations heads. Based on the coordination, we ensure that all the movements to/fro ICD are well planned in advance ensuring that every minor aspect is taken care of and accordingly the operations are initiated. We have also displayed contact numbers of our transport and movement heads at nodal points of ICD so as to provide our customers a single point contact enabling them to interact about the transportation and rail services. Besides, our customer care cell, operating in extended night hours, is always happy to provide with the solution of any query a customer may have.

Q: What are the other services and trade-oriented facilities that are being provided at ICD Loni?

Apart from fully operational CBS branch of Punjab National Bank, we also have a weighbridge, a cafeteria and a business center at the terminal for servicing various needs of customers. It has a developed parking space for containers / cargo vehicles with PA system at gates and a shuttle service is run to facilitate all ICD users. ICD Loni has appointed internationally acclaimed G4S as its security partner and the entire premises is covered under CCTV surveillance.

Q: What are the business expansion plans of the group?

Most recently, Worlds Window Group is in the process of setting up an Inland Container Depot at Bawal at Haryana. Work on the project has begun. It is expected to be completed within a year. Bawal ICD will cater to the requirements of industries and exim trade operators located in and around Haryana. It will cover the areas of Neemrana, Khuskhera etc. The facility will be well connected to all major gateway ports via rail as well as road. We are also taking over the operations of ICD at Kundli in Haryana and an ICD at Wardha is also in development stages. The upcoming ICDs will cater to the requirement of both exim and domestic cargo.

We are dedicated to not only provide quality services to our customers at economic costs but also to immensely help the exim trade by providing specialised services and infrastructure for every specific need. We are bound to create milestones while walking the 'extra mile' for our customers. MG

INFRASTRUCTURE

ICDs & CFSs

Time to Invest

The majority of the country's containers are presently being transshipped through hub ports in the region particularly Colombo, Singapore, Dubai and Salalah. This, according to experts, results in additional costs of around ₹ 6,000-16,000 per TEU and a delay of 40-50 hours. The improvements in the container infrastructure and investments in new and mega container terminals will result in increasingly more direct calls in the Indian ports which suggest a huge potential for hub and feeder services in India.

by ***Vijay Sarma***

Containerisation is one of the key enablers for the growth of the logistics industry. It is estimated that the transport cost of a container from Delhi to Mumbai Port is almost equal to the cost of delivering from Mumbai to the destination in Europe. The trade imbalances further distort container economics. It is reported that currently 35 per cent of the containers handled in the west coast ports are for destination closer to the ports in the east coast. This is largely due to cheaper shipping rates available in the west coast due to peculiarities in the economics of global shipping liner routes.

Inland Container Depots (ICD) and Container Freight Stations (CFS) are among the fastest growing segments in the Indian logistics sector. It is reported that the market, currently valued at approximately ₹ 65 billion, is expected to grow strongly due to the constant demand generated by importers and exporters for specialised services. By making investments in cargo-handling infrastructure and facilitating the envisaged growth in container volumes, the dwell time can be reduced and cargo evacuation can be hastened.

ICDs/CFSs create a market place of transporters, CHAs, Customs officials in one location and also act as temporary storages houses for the goods which facilitates consolidation / deconsolidation, custom checking and warehousing of container cargo. The government does not make any explicit distinction between an ICD and CFS. However, it is generally perceived that an ICD is a place where containers are aggregated for onward movement to or from the ports whereas CFS is a place where containers are stuffed, unstuffed and aggregated or segregated. ICDs are set up deep in the hinterland near production / consumption centres that are away from the ports. Most ICDs have CFSs attached to them to expedite clearances. Stand-alone CFSs are in the immediate vicinity of ports and help in expediting the container evacuation from the port. Over half of the container volumes in the country are factory stuffed and are sent directly to the ports. Most of the ICDs and CFSs are near cargo centers and are well-positioned to benefit from this opportunity.

The exporter/ importers are the end users of the service. The Custom House Agents (CHAs) or Freight Forwarders (FFs) arrange for consolidation (in case of LCL), stuffing and movement of their goods to the destination. The imperatives of the business requirements are dictated by the liner schedules, security implications, market dynamics and international norms of delivery which are often beyond the control of the manufacturer.

Road is the dominant mode of transportation of the containers from the inland cargo centres to the gateway ports. However, the Indian road transportation industry is highly fragmented which results in little bargaining power of these entities in the value chain. Road tariffs are subject to daily fluctuation and this mode is suited for short distances (500 km) and low volumes.

Currently, 30 per cent of the JNPT traffic is expected to move hinterland by rail and the remaining moves by road. Rail capacity in the country is inadequate, resulting in poor share of the containers transported by rail transportation. The CONCOR monopoly which prevailed until recently has been a major deterrent to capacity expansion and quality of service. CONCOR acted as a consolidator of rakes/ containers to run trains in collaboration with the Indian Railways. However, with the opening of this sector to the private operators, 16 licenses have since been issued and 10 of the players have reportedly commenced operations. However, with the continued dominance of CONCOR, lack of cost-optimising 'reverse loads' and the difficulty of getting access to (or setting up) ICDs, the success of private players has been limited.

The CHAs and Freight Forwarders play an important role in the movement of containers in India. CHAs consider the distance, origin of the cargo and port, nature of cargo, time, and modes of transportation to provide the following services

- Transportation of goods to CFSs
- Transportation of container to CFSs
- Consolidation of LCL cargo
- Logistics of empty containers
- Custom clearance and documentation
- Transportation of containers to gateway ports via rail or road
- Handing over of containers to shipping lines

The growth drivers for ICD / CFS operators are dependent on the container volume which, as stated above, has an optimistic outlook. However, a large percentage of containers move directly to/ from the ports as the exporters / importers find this economical considering their location in the vicinity of origination (in case of exports) / destination (imports) of the cargo source. However, it is felt that various initiatives in multimodal transportation to simplify and reduce dwell time of cargo in ports including Electronic Data Interchange, tracking of containers, reengineering custom procedures to expedite clearances, lower handling and storage rates and value added services by ICD / CFS operators will result in increasing share of the container traffic being routed through ICD / CFS.

Typical of the logistics industry, this space is also highly fragmented with few players across the whole value chain which could have facilitated a global perspective. However, there is increased interest in players to provide value-added services and integrated logistics solutions which is likely to result in improved efficiencies.

ICD / CFS business is largely dependent on the growth of the gateway ports and the inlands centres they service. Emerging challenges are due to the increased size of ships calling on these gateway ports and the resultant demand for increased efficiency and investments to service these mega mother ships. The modal mix of the cargo evacuated from the ports is about 70 per cent by road and 30 per cent by rail which is suboptimal and is witnessed by major congestions. Further, India does not have sufficient capacities to manufacture infrastructure and machinery for the ICD / CFS and the same are imported from China which adds to the costs. The highly fragmented structure of the industry results in difficulty for individual operators to contribute to a full train load. The issues in the repositioning of empty container by railways are yet to be satisfactorily addressed. Further, the frequent change in prices, poor service level guarantees, congestion in the ports, train routes, cargo handling areas and port gates imply that a lot needs to be done to achieve acceptable service levels. The unavailability of land in the vicinity of the production / consumption centres in view of the high prices coupled with relocation and resettlement issues will be a barrier. High costs and difficulty in the procurement of rakes and locomotives as well as connectivity as required by the private players also pose serious problems; however, most of the operators are tying up with private train operators.

The government is concerned about large dwell times of cargo in the ports and has initiated measures to resolve them. The customs procedures and processes which have been identified as a major bottleneck contributing to these unacceptable delays and costs are being relooked into. However, the imperatives on the security landscape are likely to slow down the processes and add costs. Overall, it is expected that the developments will facilitate better tracking and managements and will lead to lower costs from a global supply chain perspective.

Major capacity enhancement projects in container handling – Vallarpadam, Ennore, Chennai – in major ports and other private terminals at Pipavav and Hazira suggest major investment opportunities. These new projects are expected to add terminal handling capacity in excess of 12 million TEU. Using a thumb rule of I million TEU requiring 10 CFSs, the total requirement is about 100 such facilities in the foreseeable future. The possibility of India emerging as a major hub port and hubbing about 5 million TEU (implying 10 million TEU transshipment handling) seems realistic. Notwithstanding the challenges, the opportunities in the ICD / CFS business seem most promising. MG

Vijay Sarma is the associate director of PricewaterhouseCoopers, Mumbai.

INTERVIEW

Customisation is the Key!

As the demand for bulk cargoes like coal and iron ore increases by the day, the demand for handling such cargoes at ports too is rising steeply. Telestack is a well-known name in customised bulk cargo handling systems for port and barge operations. **Maritime Gateway** spoke to **Philip Waddel** of Telestack to gauge the company's offerings and plans for India. Excerpts:

***Philip Waddel**, International Sales Manager, Telestack*

Q: Tell us about your company and products?

Telestack is based in north Ireland in the UK and we are specialised bulk material handling solutions. We export about 95 per cent of our products to almost all the continents on the globe, with Australia, Russia, US and South America being the major markets. We have over 600 customised products to offer and we cater to our markets through agents, dealers, distributors and franchisees.

We offer shiploading solutions right from loading a barge to a Panamax-sized vessel. Our shiploaders range from small machines with 300 to 400 tonnes per hour to bigger machines with 5,000 to 10,000 tonnes per hour.

Q: What are your plans for India?

India is a potential market and we are trying to develop this market. I feel that our products are definitely beneficial to the Indian market with all the developments taking place here. As the demand for handling bulk cargo is increasing at Indian ports and inland waterways, there is a lot of scope for our products to play a crucial role in handling these cargoes. Specifically, with the inland water transportation system being developed, we feel that our products ideally suit the local requirements of bulk handling. Our products can handle different types of bulk cargoes like ores, aggregates, fertilisers, and wood chips.

In India, we are represented by Portrucks in the ports and shipping domain. With its pan-India network and expertise in India, we are sure that we have maximum reach in the country. Portrucks also has a good reputation in terms of after-sales service and parts inventory.

Q: What is the USP of your bulk handling systems?

Customisation is our forte. We work closely with the customer from the initial stages, speaking to them and understanding their requirements. A conceptual model is developed based on this and is taken to the detailed engineering stage. Once the design is perfected, then comes the manufacturing of the product and shipping it in standard 40-foot containers.

Another big advantage of the product is the cost-effective shipping and handling of the equipment by which the customer can save a lot in shipping it from the manufacturing plant to his site. The entire system can be accommodated into standard 40-foot containers that can be shipped to anywhere in the world. As there are no over-dimensional parts involved, shipping costs are considerably lesser. It can be easily taken out and assembled at the destination.

On the operational front, the unique ability of the telescopic facility of our products means that it gives flexibility in shiploading. If the cargo is being loaded into a vessel, say a Handymax, the telescopic facility gives the flexibility to move around the hatches of vessel and load cargo evenly and appropriately and completely trim the hatch and avoid spilling over. We also offer a range of telescopic chutes for dust extraction and prevention. Our products also come with the options of rail mounted, wheeled or both.

Further, with Portrucks as our representative in India, excellent after-sales service will be offered on all our products. MG

Collateral Management Emerging Fast

Collateral management is responsible for reducing credit risk in unsecured financial transactions. It has evolved fast in the last decade with the increasing use of new technologies, competitive pressures in the institutional finance industry, and counterparty risk from the wide use of derivatives, securitisation of asset pools, and leverage. Collateral management now encompasses multiple complex and interrelated functions. Here's a glance of its growth in India.

by ***M S Annigeri***

Collateral management as a risk mitigation concept is somewhat new in the Indian context. Further, the progress achieved in this space in recent times has been largely in the area of agri commodity finance. However, there is tremendous scope to scale up the agri commodity financing using collateral management structures with the objective of benefitting the farmer (producer) community. This could possibly be achieved through the formation of producer companies, so that the issue of small ticket size of individual farmers can be effectively addressed. Also, when traders get finance against stocks of agri commodities, competition ensures that farmers too benefit either from better realisation upfront or from pass-through credit from traders at reasonable rates.

Since collateral management is still in its nascent stage, there is no authentic information on the exact quantum of agricultural commodities and industrial assets financed under collateral management structures. However, based on enquiries made with banks and financial institutions, the value of agricultural commodities financed in the organised sector, under such structures, is of the order of ₹ 8,000 crore. Similarly, a rough estimate of industrial assets financed is ₹ 5,000 crore.

In this context, it would be of interest to note that against a gross bank credit of ₹ 3,38,656 crore as at the end of March, 2009, to the agriculture sector, the extent of finance secured by collateral management structures is only ₹ 8,000 crore, clearly indicating that there is tremendous scope for such financing in the days to come. On the industrial front, against a corresponding gross bank credit of ₹ 10,54,390 crore, the extent of collaterally managed assets was just about ₹ 5,000 crore.

It is therefore expected that with increasing emphasis on risk management, the size of the agri segment assets under collateral management is set to grow from around ₹ 8,000 crore to about ₹ 25,000 crore in about three years time, thus providing a fillip to agricultural lending;

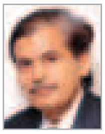
the corresponding growth in the industrial segment could be from ₹ 5,000 crore to about ₹ 20,000 crore. Clearly, collateral management is coming of age in India and poised to register a significant growth in the days to come.

Increasingly, banks and financial institutions are relying on collateral management companies to help them in expanding their commodity finance portfolios. In addition to having a local agent in charge of the collateral at each of the locations where the commodity is stored, the financing banks get updated on the valuation of the assets financed on an ongoing basis.

The collateral manager ascertains the local spot prices of the commodity financed at each of the locations and passes on the information to the financing bank, thus enabling the bank to carry out valuation of its commodity portfolio on a regular basis. The valuation exercise helps the banker take a call on either pressing for a margin call or closure of the loan account by sale of the commodity. National Collateral Management Services Ltd. (NCMSL) has been providing these services to banks and financial institutions over the last four years, across the length and breadth of the country.

As mentioned earlier, a small portion of the industrial advances portfolio is also being secured by collateral management structures, especially in situations where a significant portion of the collateral pledged or hypothecated to the bank is in the form of commodities. In the current recessionary environment, collateral management structures serve as the need of the hour particularly in respect of advances to stressed units. Given the size of individual loans in the industrial segment, regular monitoring assumes critical importance and it is herein that CM services help banks to keep a daily tag on the progress of the unit, enabling them to take early corrective action, wherever warranted.

Over a period of time, it is expected that more and more banks would utilise the services of professional collateral management companies in the area of industrial advances with the objective of proactively keeping the quality of such assets in better shape. NCMSL is well-geared to meeting the expectations of banks and financial institutions in this area as well, and has already made a small beginning in select industrial commodities. MG



M S Annigeri *is currently business strategy head at NCMSL. The views are personal.*

ISPS Code

Securing Ports & Ships

Establishing roles and responsibilities concerning maritime security for governments, local administrations, ship and port industries at the national and international level.

1

What is the ISPS Code?

The International Ship and Port Facility Security Code (ISPS Code) is a comprehensive set of measures to enhance the security of ships and port facilities, developed in response to the perceived threats to ships and port facilities in the wake of the 9/11 attacks in the United States. The purpose of the Code is to provide a standardised, consistent framework for evaluating risk, enabling governments to offset changes in threat with changes in vulnerability for ships and port facilities through determination of appropriate security levels and corresponding security measures.

2

Who has to comply with the ISPS Code?

The ISPS Code is part of SOLAS (Safety of Life at Sea), so compliance is mandatory for the 148 Contracting Parties to SOLAS.

3

Are all IMO Member States obliged to comply with the ISPS Code?

No. Only States who are Contracting Governments to SOLAS have a legal obligation to comply with the requirements of the ISPS Code and to submit information to IMO.

4

What are the requirements as part of the framework?

For ships the framework includes requirements for:

- Ship security plans
- Ship security officers
- Company security officers
- Certain onboard equipment

For port facilities, the requirements include:

- Port facility security plans
- Port facility security officers
- Certain security equipment

In addition the requirements for ships and for port facilities include:

- Monitoring and controlling access
- Monitoring the activities of people and cargo
- Ensuring security communications are readily available

5

How does one know if a ship or port is compliant?

A ship that is compliant should have an International Ship Security Certificate (ISSC).

The 'ISPS Code Database', which forms an integral part of the Organisation's Global Integrated Shipping Information System (GISIS), contains the information required by SOLAS regulation XI-2/13 as supplied by Contracting Governments, including national maritime security contact points. The ISPS Code database has a section listing ports including whether or not they have an approved port facility security plan (PFSP).

Founded 150 years ago, Canadian Steamship Lines has its headquarters in Montreal, Canada. CSL is into self-unloading bulk carriers and transshipment business. With vessels deployed in North America, Indonesia and Australia, CSL is exploring opportunities in India for transshipment of bulk cargoes. It may not be a surprise, in the near future, if a CSL transshipper is deployed in Goa for iron ore exports or near Haldia for handling bulk cargoes. **Jakob Hansen**, managing director, CSL Asia talks to **Maritime Gateway** on the company's India plans and global trends.

On the Transshipment Trail

Q: How would you like to see your business in India?

Transshipment opportunities obviously come in large contracts that are many years long. In India, we will continue to compete in all the transshipment opportunities that we come across.

We have also sent our expression of interest in 2009 for the transshipment terminal that was to be set up near Haldia. But we did not get any feedback on that. We did not receive any invitation to provide a commercial proposal too. Later on, we read in the newspapers that Shipping Corporation of India and Steel Authority of India are setting a transshipment terminal through a joint venture.

Q: How do you expect the export and import of bulk cargoes to fare in India?

As far as coal is concerned, you can only go one way – up. If you look at the supply chain of coal, the Indian companies are making formidable investments in Indonesian and Australian coal mines. This is a move to secure the future supply of coal which is a vital raw material for the steel plants and thermal power plants.

Iron ore is a bit of a question mark. I think iron ore will continue to fluctuate for a number of reasons. One is political pressures in India to preserve Indian iron ore for domestic purpose rather than exports. Second, there are very significant investments going on in production and transportation of iron in both Australia and Brazil that will reduce the cost of the ore from these regions and will result in adding up competition to the Indian ore. And of course, there is always the China factor. Chinese iron reserves fluctuate and this will have its effect on the Indian exports too.

Q: What role does technology play in transshipment business?

Transshipment is significantly dependent on technology for greater operational efficiencies. For a layman, different transshippers may look similar, but there is a great deal of differentiation that goes in to each of the technologies.

Q: Where do you put CSL in the transshipment industry?

Well, in tonnage-basis CSL transships more cargo in the world than anybody else. I also believe that we do it in more diverse locations across the world. We tranship cargoes in excess of 25 million tonnes a year globally. We have a transshipment facility for iron ore exports in Australia which has a rate of 5,000 tonnes per hour. In Indonesia, we tranship coal for exports on our new transshipper which can achieve 40,000 tonnes in 24 hours. We also have a transshipment vessel in the North America to import coal that has been operating for many years. Now we also have a new project in Australia which is pretty exciting. MG

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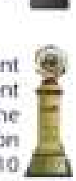
'Corporate Social Responsibility Award' for Mr. GRK Reddy the South East Asia Cargo & Logistics Awards by EXIM Shipping times on July 31, 2010

'Outstanding Achievement Award' for Port Development & Port Management by the CHEMTECH foundation on March 4, 2010



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SECTOR WATCH

Indian Steel

Miles to go to firm up

The Indian steel industry is surging ahead and is drawing the attention of steel makers not only in India, but all over the world. Despite the hurdles in getting sufficient land for the industry to ramp up, there has been no let up. But compared to the global consumption levels, we are miles away.

*by **Susenjit Guha***

India gears up to emerge as second largest steel producer in the world by 2012.

Being more than a century old, the Indian steel industry was earlier regulated as well as dominated by a few public sector plants apart from a major private player, Tata Steel, before reforms were kick-started in the mid-1990s. After the brief lull from 1997 to 2002, steel has been a major driver of the economy. Since the revival, the steel industry in India has gone from strength to strength and according to the Annual Report 2009-10 by the Ministry of Steel, we are now the fifth largest global producer of steel and by 2015-16 India could become the second largest producer of crude steel.

According to the steel ministry's prediction a few months ago, infrastructural developments on a massive scale would see India as the second largest steel producer in the world by 2012, which would double present capacity and take it to 124 million tonnes (MT). In 2009-2010, the production had gone up by 4.2 per cent.

The constant and healthy growth of the industry was due to the increasing and sustained demand from housing, infrastructure and housing sectors over the last few years.

Indian steel makers are more upbeat and want to add nearly 32 per cent to the existing manufacturing capacity by next year. The major reason for the stable growth trend is the number of Greenfield and Brownfield projects that are coming up and it could set the demand at 10 per cent. Crude steel production capacity in India is expected to be 124 MT by 2011-12.

The trend is not only experienced by India, but also by China, the two major Asian economies on the move forward compared to other countries of the world. It is the main reason why there has been a surge in investments in the steel industry in India not only from major domestic players, but foreign investors also.

According to the Minister of State for Steel, India has attracted a huge investment of US$ 238 billion which includes nearly 222 MOUs signed between the investors and state governments like Chhattisgarh, West Bengal, Orissa, Jharkhand, Karnataka, Maharashtra and Gujarat.

Despite the huge investment and ramp ups in place for the steel sector in India, Lakshmi Mittal, the CEO of Arcelor Mittal predicted recently that the country could face a severe shortfall in supply in the decades ahead. According to his prediction, India could face a shortfall of 33 million tonnes by 2020 which is nearly two-thirds of the total steel-making capacity.

The government had initiated a number of fiscal and administrative initiatives in 2009 to contain the price of steel like reduction of Central value added tax (CENVAT) to 10 per cent from 14 per cent and for the Union Budget 2010-11, infrastructural outlay and allocation for road transport was increased as well. All the measures were aimed towards promoting the industry to meet any shortfall in the future and prevent cheap imports from jeopardising domestic steel production.

Import and export requirements of steel plants

Among the major raw material import requirements of steel plants is iron ore and the steel ministry has been rallying for a ban on iron ore exports. The common argument from the industry is that the major export market for iron ore being China, we are ending up fuelling Chinese steel industry growth rather than concentrating on catering to the burgeoning growth of the domestic steel sector which would require more and more raw materials in the years ahead.

The mining sector has countered the argument saying that exports of iron ore consisted mainly of iron ore fines and not iron ore and India does not have the requisite technology to use the material. Iron ore fines are a potential environmental hazard and lie just below the surface. It has to be removed quickly to avoid polluting the environment.

India is at a very early stage of implementing the use of iron ore fines technology. While large players in India have captive mines and can even tap and acquire foreign sources, the smaller players are complaining of losing out on cheap raw material.

Large companies in India are also acquiring iron ore mines and steel companies abroad.

Essar Steel has recently achieved financial closure for a US$ 1-billion project in the West end of the Mesabi iron range in north-east Minnesota in the US for open-cast iron ore mining, construction of pit-head beneficiation and a 6-million MT pellet plant. The project is slated to be operational by 2012.

Finished steel imports have actually gone up by 66 per cent during April-July compared to last year's figures reaching 3.66 million metric tonnes on the back of increased demand from automakers, the construction sector and lower prices abroad.

According to Tata Steel director, H M Nerurkar, "I am not surprised by the high steel imports that are taking place. India is likely to remain a net importer for a long time as it hasn't invested adequately in Greenfield projects."

Domestic steel mills are lobbying with the government to curb cheap steel imports as it is affecting the industry.

Import of flat steel was up 35 per cent compared to last year, but Seshagiri Rao of JSW Steel insisted that the demand-supply scenario in India was at a comfortable level.

Importance of eastern region

West Bengal and other states in the region are home to some of the major steel plants and new investments are also fast coming up. SAIL is on the way to set up a 12-million tonnes plant in Jharkhand. Tata Steel has entered into a joint venture with Nippon Steel of Japan for production and sales of automotive cold-rolled flat products at Jamshedpur to cater to a US$ 400-million automobile manufacturing venture.

Despite the presence of iron ore reserves in many places in the eastern region, especially Orissa which alone accounts for more than 26 per cent of India's total iron ore reserves, socio-political problems are making it impossible for large operators like POSCO to go ahead with their proposed projects. The Union Ministry of Environment and Forests had recently clamped down on a POSCO-South Korean project in the Jagatsinghpur district of Orissa following a report submitted by a joint committee of the ministries for environment and tribal affairs

"West Bengal and other states in the region are home to some of the major steel plants and new investments are also fast coming up. SAIL is on the way to set up a 12-million tonnes plant in Jharkhand."

saying the project progressed without settling the rights of forest dwellers.

These are some of the hindrances that the government will have to work out with private parties as well as the tribal population present in the area to avoid endangering their existing lifestyles. Most of the raw material reserves are located in the eastern India states which are witnessing a continuous tribal upsurge and Maoist violence in support of their rights.

New plants coming up in the next few years

Among the new plants coming up in the next few years are the US$ 373.2-million Larsen & Toubro (L&T) and state-owned Nuclear Power Corporation of India Limited (NPCIL) joint venture for the manufacture of specialised steel and forging products, and the US$ 171.8-million stainless steel cum alloy steel plant at Rohat, Jodhpur.

With growing 10-12 per cent yearly demand for steel in northern India, production is being ramped up in the region. According to Union Minister of Steel Virbhadra Singh, "India must be the biggest exporter than the biggest consumer of steel." According to the minister, more emphasis needs to be given to technology up gradation and uses of new types of steel. The minister also emphasised that our natural reserves should be conserved for the future and echoing the concerns of the industry, called for a ban on iron ore exports as well.

According to J Mehra, director, Essar Group, "If the major issue of availability of power is resolved by the states or through captive generation, the steel sector in north is poised for steep growth".

JK Arora, president, All India Induction Furnace Association said, "Secondary steel industry, once regarded as a scrap processor, produces about 30 million tonnes of steel, operating at a growth of 20 per cent per annum, involving green technologies. We are in process of putting up a cooperative and all we seek is support from the government. We need no subsidies, but do not want to be cross-subsidised".

As the third largest steel producer in the world, India's global share stands at just 5 per cent although the secondary level steel industry, largely dependent on the steel ministry, has emerged in a great way in the last few years.

Our per capita consumption is only 46 kg compared to an average global requirement of 200 kg. But technological up gradations in iron ore processing and steel production as insisted by the steel ministry would also automatically do away with the exporting of iron ore fines that India is exporting at the moment against which the industry is rallying for a ban. MG

Susenjit Guha *is the special correspondent of The Sunday Guardian, a weekly newspaper published every Sunday.*

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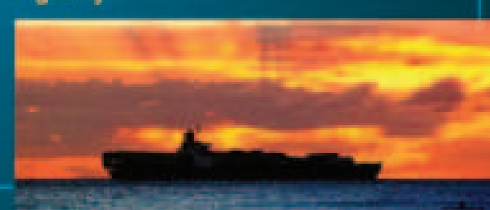

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EVENTS

Career in Logistics

Dire need of trained professionals

Lt Gen D V Kalra, Vice Chairman of CILT (India), delivering his keynote address during the seminar on 'Career in Logistics' in New Delhi.

The increasing importance of logistics and the career opportunities available in the sector for budding managers and entrepreneurs was highlighted during a recent seminar in New Delhi. 'Career in Logistics' jointly organised by the Chartered Institute of Logistics and Transport (India) and the DTDC Institute of Supply Chain Management held in the National Rail Museum premises discussed the mismatch in demand and supply of trained logistics professionals. "There is a dearth of trained logistics professionals and it is time to address the issue," experts opined.

Lt Gen D V Kalra, Vice Chairman of CILT (India) presided over the seminar and delivered a keynote address followed by an informative presentation by Dr P K Goel, Chief Commercial Manager, Northern Railway and Secretary General of CILT India. Other speakers included D S Patil - AVP, DTDC Courier & Cargo Ltd, Veni Mathur - Prof IIT, New Delhi, Vivek Kumar - Prof. FORE School of Management, New Delhi, Manoj Soni - Chief of Supply Chain, Jubilant Organosys, Mukul Jain - Director, Rail Vikas Nigam Ltd, Vidya Nath - MD & CEO, ATC, Vikas Shekhar - Group Operations Head, eSYS, Saurabh Goel - Think Link, Amit Chaudhari - Group General Manager, ConCor, Lalit Mawkin - Health Industry Consultant and Sanjay Kumar - Motivator & Consultant.

TCC Annual Session

Chamber felicitates achievers

The Tamil Chamber of Commerce 67th Annual Session and Awards ceremony held in Chennai recently highlighted the various job avenues available in the logistics industry. Its president Chozha Naachiar Rajasekar briefed the audience about the chamber's activities and praised the strong judiciary system in Tamil Nadu. Later, Justice K Venkatraman gave away Dr Nalli Kuppuswami Chettiar's 51st Birthday Commemoration Award for the Best Designer in Silk Sarees to C Baskaran, Arni, Best Weaver Award to M Sekar, Arni. Sri Champalal Savansukha Memorial Award was given to Anu for the Best Student in Commerce from DB Jain College, Jadunath Nayak for the Best Student in BA Corporate from DB Jain College, Chozha Naachiar Foundation Award for the First Rank Holder in MA Tamil Literature to R Kamala Kannan of Madras University, First Rank Holder in MBA from Madras University to S S Divya, First Rank Holder in MBA – Shipping & Logistics from AMET University to MS Siranjeevi.

Justice K Venkataraman of Madras High Court and TCC President Chozha Naachiar Rajasekar presenting a memento to M S Siranjeevi, first-rank holder in MBA Shipping & Logistics from AMET University during the 67th annual session and awards ceremony of Tamil Chamber of Commerce in Chennai. Advisor to FICCI president P Murari, Indev Group Chairman S Xavier Britto, Former TCC President S Santhanam and Honorary Secretary SSR Rajkumar are also seen.

5th Southern Asia Ports Meet

Technology takes the big seat

The global container shipping market can be forecast with guarded optimism and is poised to record a growth of 8.5 per cent in 2010, about 7.4 per cent in 2011 and 7 per cent in 2012, speakers at the 5th Southern Asia Ports, Logistics and Shipping Conference revealed. The 'new normal' growth, they said, will be lower than the past.

The event held in Mumbai recently by Transport Events saw the participation of over 300 delegates from 25 countries across the globe. While the central theme was on the future of the container shipping market in South Asia, due emphasis was laid on cost and fuel-efficient technology solutions for the ports and shipping industries. Speakers, along with their exhibits on the exhibition floor, provided information to the visitors on the research happening in the equipment segment.

Shekur Suntah - Director General, Mauritius Ports Authority, Republic of Mauritius, SN Srikanth - Senior Partner, Hauer Associates, NN Kumar - Deputy Chairman, JNPT, Dass Appadu - Chairman, Chartered Institute of Logistics And Transport (Mauritius) and Rory J Doyle, Managing Director, Transport Events Management, at the inauguration of the 5th Southern Asia Ports, Logistics and Shipping Conference in Mumbai.

SCLC summit

GST likely from Oct 1, 2011

Sushal Solanki, Commissioner of Customs, JNPT and other speakers at the annual SCLC summit on GST: Manufacturing, Logistics & Beyond in Mumbai

The Goods and Services Tax is most likely to come into force on Oct 1, 2011, said Sushal Solanki, the newly appointed Commissioner of Customs at JN Port, Nhava Sheva, who is a part of the GST committee. He was also a former commissioner of Excise & Computerisation, Ministry of Finance. During his guest session at the annual summit on India after GST: Manufacturing, Logistics & Beyond, organised by the Supply Chain Leadership Council in Mumbai recently, Solanki said the evolving Indian GST framework, contrary to popular belief, is the most objective and forward looking among the GST regimes existing in 130 countries.

Juzar Mustan, CEO of AFL Logistics and the chairperson of the summit, shared findings on how manufacturers could benefit in the post-GST regime through hub-and-spoke system resulting in savings in the supply chain cost. Parind Mehta, Partner (Indirect Tax), BSR & Co. explained how GST will provide significant flexibility to companies on their procurement, manufacturing and distribution decisions.

Seminar in Singapore

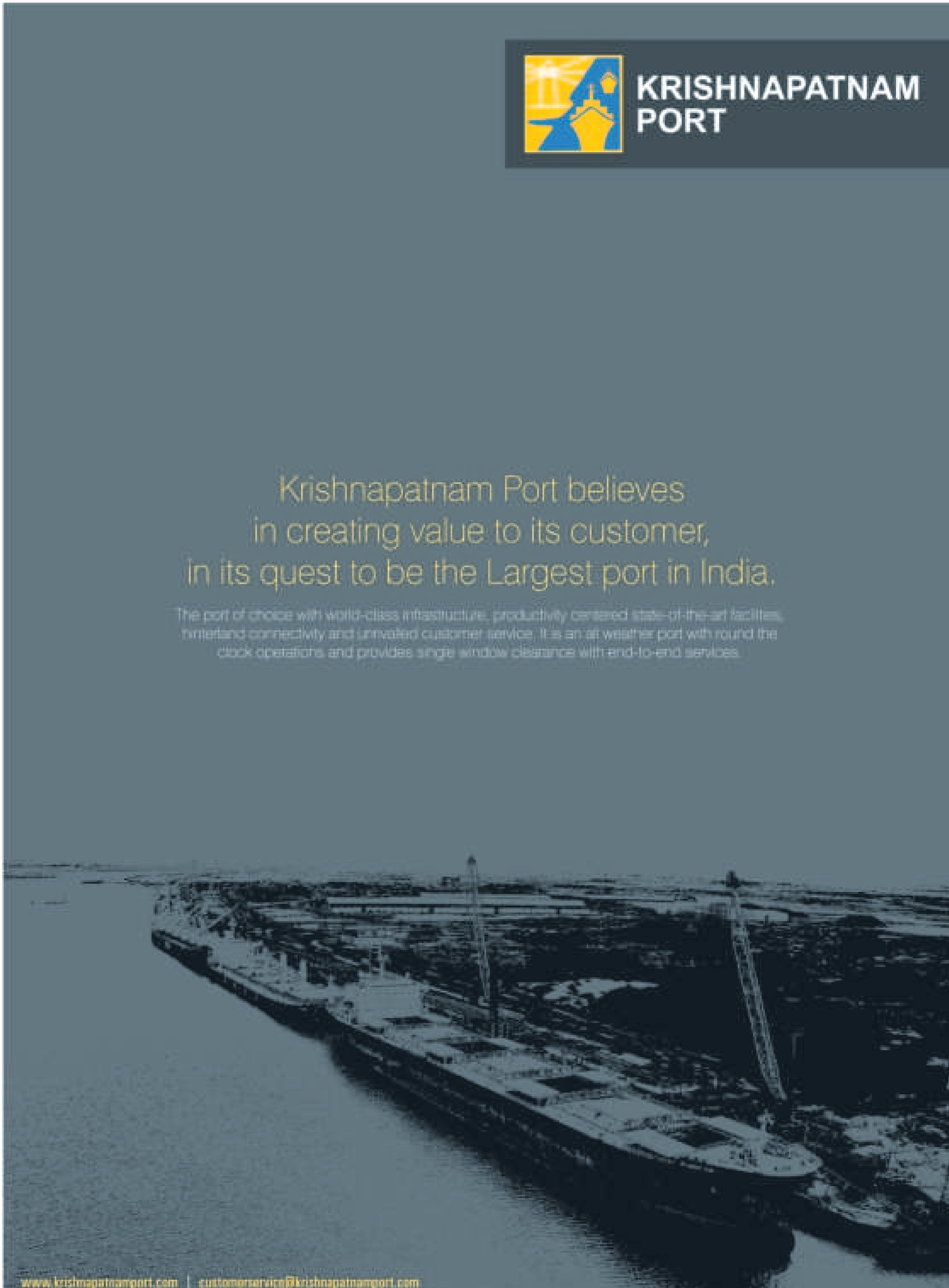
Union Minister of Shipping G K Vasan addressing a seminar in Singapore recently, on the developments in the ports and maritime sector in India and the investment opportunities, organised jointly by the Confederation of Indian Industries (CII) and the High Commission of India in Singapore.

Seatrade Middle East

Experts comprising of Senior Vice-President and Managing Director of DP World Mohammed Al Muellam, Seatrade Chairman Chris Hayman, Tufton Oceanic Director Martin Machin and Topaz Marine COO Roy Donaldson discuss the Middle East Maritime industry and its steady growth ahead of the Setrade conference in Dubai in October-end.

Safety award for DP World

CEO and Director of DP World Chennai Ennarasu Karunesan receives the National Safety Award for 2008 from Labour & Employment Minister Mallikarjun Kharge in New Delhi recently. The Government of India-instituted award recognises safety performance of industrial establishments.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EVENTS

AMTOI Annual Day

Celebrations in style

The AMTOI Annual Day was celebrated in Mumbai recently by the shipping and the logistics fraternity. Secretary, Ministry of Shipping, K Mohandas, the chief guest of the event, said a lot needs to be done in the logistics sector to make it more efficient, environment- and user-friendly. He called upon all the constituents – the government, the industry and the users – to come together and work for a common goal.

AMTOI President Tushar Jani said the organisation has been bringing together all players in the logistics chain for efficient functioning. Serving his final term as its president, he thanked fellow members for their cooperation and the Director General of Shipping and his office for the support to the trade and AMTOI. He also praised the Shipping Secretary for his dedication to the cause of the industry.

Felicitation: Later, Mohandas felicitated CMD of Shipping Corporation of India S Hajara, Parekh Group Chairman L D Parekh, Samsara Group President Mukesh Oza and CMD of Allcargo Global Logistics Shashi Kiran Shetty for their support to multimodalism and contribution to the shipping and logistics fraternity.

Secretary, Ministry of Shipping, K Mohandas and Director General of Shipping Dr Satish Agnihotri, with the members of the AMTOI grievance redressal forum.

In his acceptance speech, Hajara assured SCI's continuing support to AMTOI while Oza described himself as a servant leader serving his principals as well as the trade. S K Shetty said he measured success not by growth percentages but by the ability to remain grounded.

New AMTOI Website: Director General of Shipping Dr Satish Agnihotri launched a new website (www.amtoi.org) and Tushar Jani informed members that the interactive and informative site could be used for imparting training and knowledge on the multimodal industry. He thanked Nailesh Gandhi, member of the AMTOI managing committee, for his efforts in developing the website.

Grievance Redressal Forum: AMTOI also launched a grievance redressal forum on the occasion. Stressing the need for such a forum, vice-president Anand Sheth said it would ensure synergy among its constituents to facilitate and streamline logistics setup and tackle issues and problems with regard to policies and procedures.

He, along with forum members – Capt. Dinesh Gautama of CSLA, C R Nambiar of MANSA/FEDSAI, Shantanu Bhadkamkar of FFFAI, Omprakash Agrawal of BCHAA, Keshav Tanna of ACCAI, Nityam Khosla of CAI and Tushar Jani of AMTOI – presented a white paper to the Shipping Secretary and the DG Shipping.

The event later witnessed a spectacular dance performance by African dance group Zimba Boys.

JNPT's then In-charge Chairman N N Kumar was also present. AMTOI's honorary secretary Shantanu Bhadkamkar, honorary treasurer Shashi Tanna and managing committee members Sailesh Bhatia, Nailesh Gandhi, R Venkatesh, R K Rubin and Dilip Ahuja took part in the celebrations.

The managing committee members during the AMTOI Day celebrations.

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Dr P Vijayan
Vice Chancellor, IMU

Dr Satish Agnihotri
Joint DG, Director General of Shipping

Capt A K Bansal
Master Mariner

Mr B Sridhar
Director, Bengal Tiger Lines, India

Mr S N Srikanth
Sr. Partner, Hauer Associates

Capt K Vivekanand
Pro Vice Chancellor, Vels University

Capt S Bhardwaj
Vice Chancellor, AMET University

Dr Brijendra K Saxena
Principal, Tolani Maritime Institute, Induri, Pune

Capt K N Deboo
Director and Principal, Anglo Eastern Maritime Training Centre

Capt K V John
Principal, Eurotech Maritime Academy, Cochin

Capt Rod Short
Executive Secretary, GlobalMET Limited & Global Maritime Education & Training Association, New Zealand

Capt Rajesh Tandon
Managing Director & Operations Director, Manpower Services, V Ships India Pvt Ltd.

This conference will focus and deliberate on the global demand-supply outlook for skilled workforce for the coming decade, need for quality control of education, to understand seafarers' issues and recommend actions for industry, institutions and the government to drive the cause forward.

Structure : It will have three presentation sessions on specific themes followed by a panel discussion.

Session I : **Go to Sea**
Theme : The dire need to promote shipping as a career

Session II : **Maritime Education in India and abroad**
Theme : The educational career avenues in India and abroad

Session III : **Quality of Education**
Theme : Quality of education in maritime institutes

Panel Discussion : **Building Human Resources for Maritime Sector**
Theme : The professional demands and needs of maritime industry

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

4th Vietnam Container Ports and Logistics

Ho Chi Minh City, Vietnam

October 14-15

The event offers international investors direct access to the port and logistics industry in Vietnam and has participation of top liners and port operators in discussion on infrastructure priorities, upcoming partnerships, and projects in the pipeline.

www.vietnamportslogistics.com

Seatrade Middle East Maritime

Dubai Int. Convention & Exhibition Centre

October 26-28

The exhibition and conference in the UAE brings together the global ship owning community with ship equipment, product and service suppliers.

www.seatrade-middleeast.com

9th International Oil and Gas Events and Conference

New Delhi, India

Oct 31-Nov 3

It is a biennial platform for global hydrocarbon industry to deliberate and exchange ideas on petroleum economics, security, sustainability and environmental concerns, emerging technologies, processes

www.petrotech.in

Technology & Ports & Terminals

The Leela Kempinski, Mumbai

November 12

The event will have a series of presentations and panel discussions on the issues concerning port security, automation at ports for building efficiency, reducing pollution levels and the need for technology tothwart terrorism. It will highlight the new requirements for surveillance, tracking and screening technologies to identify threats to the port and supply chain.

www.maritimegateway.com

India Maritime HR Summit

Taj Coromandel, Chennai, India

November 27

The conference attempts to spread the IMO message of 'Go to Sea' and raise awareness of seafaring as an exciting and rewarding career. Industry players, both national and international, experts and government representatives will share their working knowledge and information.

www.maritimegateway.com

Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC)

Abu Dhabi, UAE

November 01-04

Over 262 speakers from 33 countries will take part in the conference to learn, network, debate and discuss key issues faced by the oil & gas industry. Awards will be given to honour companies and individuals who have excelled in chosen fields.

www.adipec.com

The 4th Annual China International Multimodal Transport Summit

Shanghai, China

November 25-26

More than 200 senior attendees from government authorities, shipping, ports, railways, intermodal transport and FTWZs will take part in the event that will discuss the International Convention & Domestic Regulation for Multimodal Transport.

www.imts.com.cn

Inmex China 2010

Guangzhou, China

December 08-10

The event provides a strategic platform for key industry players to explore new business opportunities specifically in the Southern China through an extensive showcase of cutting-edge marine technologies and marine equipment presented by both local and international exhibitors.

http://maritimeshows.com/china2010

OSEA 2010

Suntec Singapore

November 30 - Dec 3

The international character of the event presents marketing, education and networking opportunities and offers the platform to explore new oil and gas business opportunities, expand market presence and penetrate emerging markets.

http://osea-asia.com


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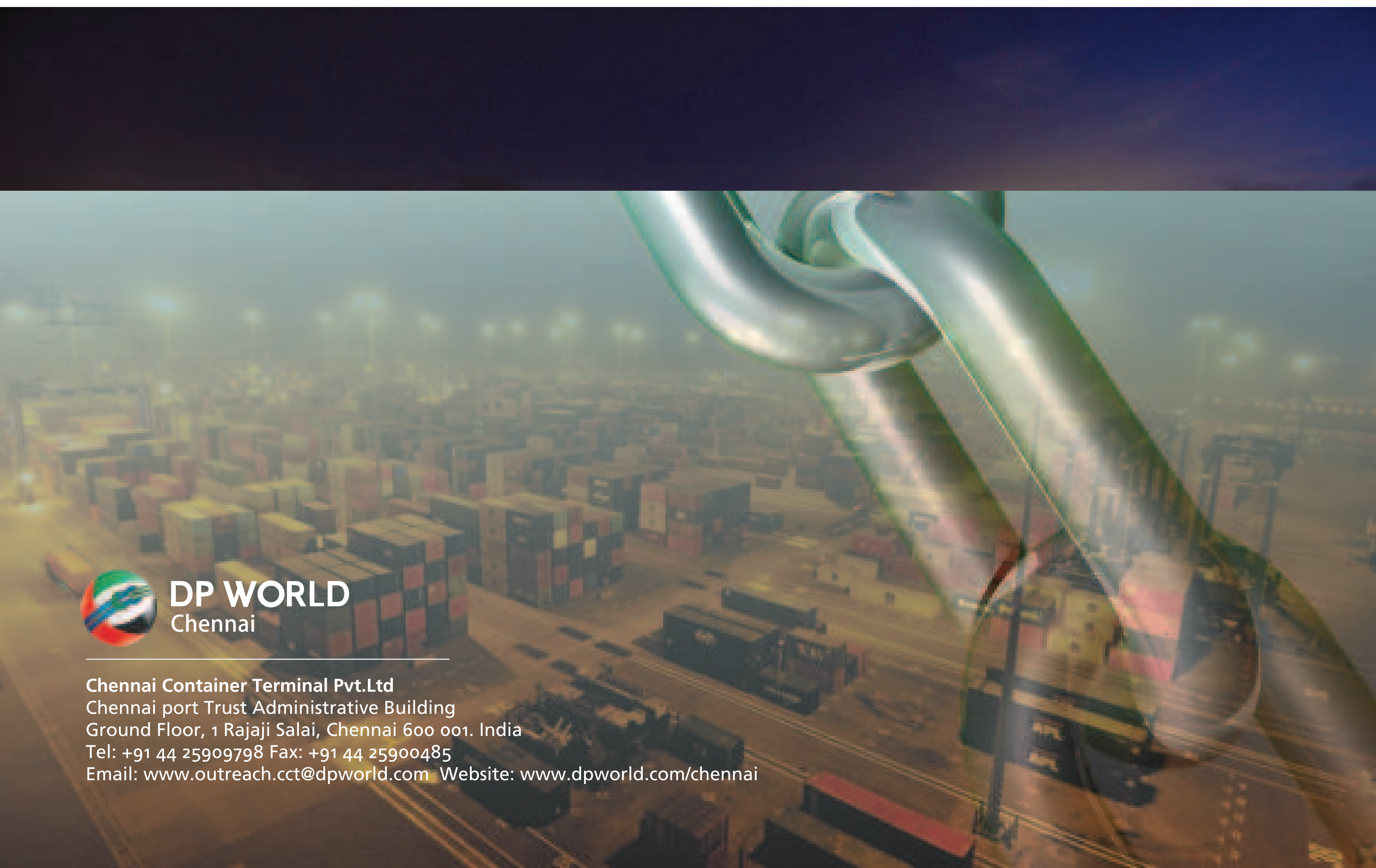

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