

maritime
gateway
ports • shipping • logistics

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Widening the Basket

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Senior VP & MD, DP World Subcontinent

GAC Grow 'n Sea

Ivo Verheyen

MD, GAC Singapore

**High time for logistics
infrastructure**

Lars Sorensen

Regional Manager, South East Asia, Damco



**Energising
SEZs**

Special economic zones as a concept have caught the attention of countries around the globe. As port activity gears up in India, several SEZs are emerging on the coastline promising increased exports, employment and economic growth.

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ENERGISING SEZs

Special economic zones as a concept have caught the attention of countries around the globe. As port activity gears up in India, several SEZs are emerging on the coastline promising increased exports, employment and economic growth.

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Focus

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Port Scan

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Opinion

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Creation of facilities to handle enhanced volumes of crude oil & POL products at Indian ports holds critical importance as these commodities are going to play a stellar role in the economy in the coming years.



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With India opening doors to Korea and vice-versa, it has to be seen how this development will add to India's growth story. But on the face of it, Korea seems to be benefitting more than India through this agreement.

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Swimming With Ease



During a recent post-conference session, a gentlemen from the shipping fraternity wanted to know how many people around really knew to swim. A bright spark next to him quipped, "Everyone knows to swim lest we should all sink to the bottom!" Whether pun intended or no, it seemed true for that moment and people were thanking their stars.

Swimming with the changing tide! The maritime fraternity seems to have learnt it the hard way this year. As things are moving forward, infrastructure needs of India's ports and

logistics sectors are being highlighted at all forums vis-a-vis the milestones reached by more developed neighbours.

Thanks to the government, the new Goods and Services Tax is being viewed by the industry as a comprehensive replacement to the now unstructured multiple tax system. The new regime is seen as the universal remedy for all the drawbacks of the prevailing indirect tax regime.

Prime Minister Manmohan Singh urged foreign investors during his recent US visit to look at public-private projects being initiated by both the central government and the states. Dr Singh sees a dire need for massive investment in energy, transport and urban infrastructure to be able to support a high rate of economic growth.

In tune with his vision, the government has eased the approval and implementation process for various infrastructure projects. We now have more special economic zones and many more are in the process of being established across the country. The cover story this month highlights the advantages of these free trade entities that pep up economic growth when implemented in the true spirit. The functioning ones are already increasing two Es - exports and employment. But India, through its bilateral ties with the US is looking at 5 Es - economy, energy, environment, education and empowerment.

May the Es prevail with ease!

Warm Regards,

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Clarification

The diagram published in the **Cold Ironing** article in the September issue of **Maritime Gateway** was drawn by **Capt Pawanexh Kohli**, principal advisor at CrossTree. We regret the missing source in the schematic drawing.

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Pil for 3PL

As 3PL is the way forward for the Indian logistics market, the government needs to pay attention to this growing sector.

3PL business models where a single professional logistics service provider manages the entire logistics functions of a company are fast evolving in India. According to the glossary of the Council of Supply Chain Management Professionals, a 3PL is a firm that provides multiple logistics services for use by customers. Preferably, these services are integrated, or ‘bundled’

together, by the provider. Among the services 3 PLs provide are transportation, warehousing, cross-docking, inventory management, packaging, and freight forwarding. Since this is infrastructure-driven, it calls for expertise and coordination among various stakeholders.

But logistics market in India is very tough. As a matter of fact it is tough in all the developing countries. The reason is that we don’t have the required infrastructure.

Even in the communication area, which is vital for the supply chain planning, we still have to improve a lot. And what really comes in the way of creating efficient infrastructure and thereby managing the logistics market is the land

acquisition problem, electricity procurement and above all, delays in processing these requirements. Moreover in India, these markets have been traditionally fragmented. Logistics and allied sectors are not organised and this has been affecting productivity more so now than ever before, as India operations are going global. Perhaps, it is only during the last three years that people have started to look for comprehensive solutions. This is because of the entry of multinationals into this market.

As competition is growing, every logistics company has realised the need to have proper warehouses, vehicles and user-friendly software to ensure cost-effective operations. In India, the logistics cost is higher, hovering around 13 per cent, compared with the global average of less than 10 per cent in countries in Europe and the United States. And so, the final product reaching the consumer is bound to be costly. Exactly for this reason, 3PL logistics requires attention by the government. The logistics model needs to be nurtured and sustained in the face of growing demand for efficient supply chain solutions. Attention from government is required in recognizing the logistics sector as an industry and granting it the industry status will go a long way in helping this industry to bring down the costs.

Procedural delays in obtaining licenses at times make private

entrepreneurs regret their decision of getting into this business. Yet, despite all odds and bottlenecks, great entrepreneurship has entered this field and better technologies have evolved to match the requirements of the international players. For example, Indev Logistics has created a huge warehouse in Sriperambudur area with one-and-half lakh sq m of area. It is equipped with advanced and imported equipment with WMS software that has a web interface which makes warehousing job cheaper and simpler. The state-of-the-art equipment ensures smooth results as it enables us to cut down costs through more floor space, employ more machines to move the cargo, use technology which is quicker and above all be transparent in our customer relations and transactions. Finally, a customer has all the status information on his monitor right from the time the stock arrives into the warehouse till it leaves the place. Also, we have been showing options to customers such as outsourcing to reduce their overall costs. It may be noted that the percentage of logistics budgets devoted to outsourcing by shippers are likely to go up in the future. These and many other cost-effective solutions help in bringing down logistic costs by 20 per cent. The government support could therefore be instrumental in the growth of this burgeoning sector. **MB**

Xavier Britto is the chairman of Indev Group of Companies.

“There is a need for more port connectivity projects and even rural connectivity, scaling up of maritime infrastructure through PPP initiatives and privatisation initiatives across all sectors.”



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Palmoil imports

Kochi seeks lift of ban

The Board of Trustees of Kochi Port have decided to send a delegation to the state government seeking the review of the ban order.

Kochi Port Trust Chairman N Ramachandran said the port management will send a delegation to meet Kerala chief minister and the industries minister to reconsider the decision to lift the ban on import of palm oil through the port as it is badly affecting the port revenue.

The port had suffered a drastic fall in the cargo throughput thanks to the decision to ban. Also, the state government lost a huge amount of money by way of taxes, the chairman added. He did not see any logic in continuing with the ban when neighbouring states are handling palm oil imports through their respective ports and moving it to Kerala for marketing.



Cruise tourism and Port-related charges:

Louis Cruises India, a subsidiary of Cyprus-based 12-ship Louis Cruises, will operate its cruising activities from December 2 to April 25, 2010 from Kochi. M V Aquamarine, a luxury liner from Loius Cruises, will sail from Kochi to Maldives and Sri Lanka for five months in the Indian Ocean with a carrying capacity of 1,200 passengers on board.

Louis Cruises' CEO Oniel Khosa felt that the port related charges at Cochin Port are relatively high and that needs to be sorted out. "Our pricing of the cruises is around US\$ 80-90 per passenger, but the port charges could take away a significant portion of that. Passenger cruises are a new revenue stream for ports and they should be seen in that spirit," Khosa says.

However, Cochin Port Trust chairman N Ramachandran disagrees with this argument from Louis Cruises and counters that Cochin Port is already offering discounted charges and it cannot be lowered further. "We are offering a 50 per cent discount on berthing charge, port dues and pilotage, and these are the main port-related charges. We have decided to charge Rs 300 per passenger, which translates into only about US\$ 6 per passenger towards meeting a part of the handling charges. This is by no means a high fee considering the

additional expenditure involved in handling the cruise passengers, including cost of equipment and staff to be deployed on the job," Ramachandran said. -Agencies

Kandla Port

Bulk handling improves



Awareness programme for employees: Winners in the quiz contest on quality policy, organised by Kandla Port Trust, recently.

Kandla Port Trust has crossed the 50 million-tonne-mark recently by handling 50.74 million tonnes of cargo from April to November as compared to 47.38 million tonnes handled during the corresponding period last year. The port registered a 7.1 per cent increase in dry bulk handling such as salt, thermal coal, phosphoric acid, timber logs and other liquid cargoes.

According to the port management, 1655 ships called at the port in the current fiscal up to November 20 as against 1449 last year. Several user-friendly steps like the introduction of port community system (PCS), customer relations cell and regular meetings with port users helped achieve the milestone. Productivity and efficiency parameters have improved this year as compared to previous year, the port added.

Captive terminal

Tuticorin to get facility

The shipping ministry approved the setting up of a captive handling terminal by Neyveli Lignite Corporation (NLC) at the Tuticorin Port. The terminal will be constructed at a cost of around Rs 2.5 billion and comprises a Rs 500-million berth. It will handle imported thermal coal for the Rs 49-billion power plant being set up by NLC along with the Tamil Nadu Electricity Board (TNEB) within the port premises. The facility is expected to handle around 5 million tonnes per annum of thermal coal from 2012, while the total capacity of the berth will be 6.3 million tonnes per annum. Initially, NLC will bring Handymax vessels with a capacity of 40,000 tonnes. Once the dredging work is complete, it will bring Panamax vessels with a capacity of 60,000 tonnes.

The port is also planning to invest around Rs 5.38 billion to increase the draft at main berths, entry channels and turning circles from 10.7 m to 12.8 m. TPT has already called for tenders for the proposed dredging work and seven companies participated in the pre-bid meeting. Currently, two berths at the port handle imported coal for TNEB and other private players.



New port

MoU signed with Orissa

The Aditya Birla Group signed a memorandum of understanding (MoU) with the Orissa government on October 22, 2009 to develop a greenfield sea port on a build-own-operate (BOO) basis at Chudamani in Bhadrak district with an investment of Rs 15 billion. The projected capacity of the port to be developed over a period of four years will be 3 million tonnes per annum in the first phase. Subsequently, the capacity will be increased to 10 million tonnes per annum.

Friendly ties

Trade Meet to boost traffic



A trade meet was organized for the 20th of November at Kolkata by Visakha Container Terminal, Visakhapatnam. Titled "Confluence for Maritime Synergies". The meeting was intended to find ways in which the Ports of Kolkata and Visakhapatnam could work together. Ajeya Kallam, IAS, Chairman, Visakhapatnam Port was the chief guest. Around 75 distinguished guests attended, including heads of organizations trade associations, corporate bodies and shipping line representatives.

The idea of having a vessel shuttling between Kolkata and Vizag was propounded in the meet with a target price for carriage around \$100/20' container. "With subsidies the Ports can offer for the handling, this could become achievable, and would pave the way for daily feeders to operate and for main-line vessels calling at Visakhapatnam," said Capt. Ravi.

Container alliance

Pipavav - CMA CGM tie up

Port Pipavav has tied up with French Container Liner CMA CGM for bringing in cargo through their ships to the Gujarat-based port. "Pipavav Port signed a contract with the container liner on October 26 for their Europe service," a senior port official said. However, he declined to divulge further details about the tie-up.

Port Pipavav will be added as a major port destination in India for CMA CGM. The port will now have 'Europe Service', a leading carrier operating from Europe to India, calling at the port, the official said. Moreover, its strategic location and the availability of high-tech infrastructure for reefers make it an attractive port in Gujarat for containers, he said. Through this exclusive and independent service of CMA CGM, shippers in the Gujarat region, including seafood exporters in Delhi, Ludhiana and Jaipur, will get a direct and fast service to Europe, said the official. -PTI

Sical bid

Iron ore handling facility to come up at Mangalore

Sical Logistics Ltd is learnt to have received a Letter of Acceptance from the New Mangalore Port Trust for setting up an iron ore handling facility at the deep draft multipurpose berth on BOT basis at New Mangalore Port. The Concession Agreement was signed recently between the Board of Trustees of New Mangalore Port Trust and Sical Iron Ore Terminal Ltd.

According to sources, the company would invest around Rs 277 crore in the new facility and will operate on 30 year BOT basis with 37 per cent revenue sharing.

The port had received nine applications including ABG and Adani to build the proposed facility. The total capacity of the facility will be around 6.62 million metric tonnes per annum and the facility is likely to go on stream by 2012-13. The new mechanised berth can handle vessels from 85,000 to 100,000 DWT.

The port currently handles the cargo at berth number 8 with a capacity of 7.5 million tonnes.

Sources said minimum guarantee would be 25 per cent in the first year, 30 in the second, 35 in the third and 40 per cent from the fourth year.

Alternative channel

KoPT starts primary work

The Kolkata Port Trust (KoPT) Board has approved the commencement of the preliminary work required to use the Eden channel, an alternative to the Auckland channel that is the current route to the Haldia Dock Complex.

For the past few months, operations at the port have been severely affected due to heavy siltation in the Auckland channel which has led to a substantial reduction in parcel loads that vessels can ferry into the dock complex.

KoPT has drawn up a list of requirements which will need to be put into place if the Eden channel has to be opened at the earliest.

These requirements include the initiation of a tendering process to invite parties for the removal of underwater impediments in the route, apart from the procurement of buoys and radar-guided navigational mechanisms.

Karaikal berths Panamax



Karaikal Port berthed its first gearless Panamax vessel M V Merian recently. The Germany-registered vessel, 225-metre-long, was carrying 56863 MT of pet coke belonging to Madras Cements Ltd.

Eco hurdles

Tab on new projects

According to a notification released by the Ministry of Environment and Forests (MoEF) on November 3, 2009, new port projects in nine states and three union territories along the coastline will be subjected to Comprehensive Environment Impact Assessment (EIA), based on data from at least three seasons. The EIA will have to be based on actual field measurements and appropriate modelling studies.

Any expansion of existing ports or harbours will be allowed only if it is proved by hydro-dynamic studies that the expansion will not have any significant impact on the shoreline or the ecologically sensitive areas along the stretch.

Essar deal

Paradip to get coal berth

Paradip Port Trust in eastern India signed a concession agreement with Essar Paradip Terminals Ltd, an Essar Group firm, for construction of a deep draught coal berth. Essar Paradip Terminals is a special purpose vehicle formed by Essar Shipping Ports & Logistics Limited and Essar Shipping & Logistics Limited.

The coal berth will be developed by the Essar Paradip at an estimated cost of Rs 4.08 billion under build, operate and transfer (BOT) basis, the port said in a statement.



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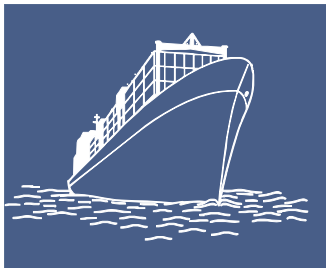
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Capex plan

SCI to expand fleet

SCI has outlined a capital expenditure plan of US\$ 4 billion to expand its fleet of vessels by 2012. Earlier, the company had put on hold its vessel acquisition plan expecting correction in the shipbuilding prices.

The current order book position of the Shipping Corporation of India stands at 32 vessels of about 1.9 million DWT. According to sources, SCI now plans to place orders for another 36 vessels in anticipation of improved demand for shipping services beginning 2011. The total cost of 32 vessels is about US\$ 1.6 billion, while the 36 new vessels are expected to cost US\$ 2.4 billion. These vessels will help the company to modernise its fleet as well as create additional capacity in the tanker and bulk segment. A few vessels may be acquired from the second-hand market. As per estimates, while prices of new buildings are down by 30 per cent, second-hand vessels have

witnessed a price drop of 50-70 per cent.

Final dividend paid: SCI paid Rs 220.53 crore to the government as final dividend for the financial year 2008-09. The dividend amount reflects the earnings on 80.12 per cent shareholding of the government in the company, an official statement said. For 2008-09, SCI earned a net profit of Rs 940.7 crore on a turnover of Rs 4,564.5 crore. SCI is the largest shipping company in the country, owning a fleet of 80 vessels of deadweight of 5.4 million tonnes, including 30 crude oil tankers, 10 product tankers and 18 bulk carriers.

Offshore alliance: Meanwhile, the SCI has entered into an agreement with Cochin Shipyard (CSL) for cooperation in the offshore sector. "SCI and CSL have had a long history of cooperation since the inception of both companies and this MoU will add another level to our relationship," SCI Chairman and Managing Director S Hajara said.

The pact covers the recent order for two Anchor Handling Tug Supply vessels and two Platform Supply Vessels from CSL, he said. The order is on market competitive rates and with this agreement both the companies would be benefited. -PTI

Jack-up rig

Greatship unit takes delivery

Greatship Global Energy Services Pte. Ltd. (GGES), a Singapore incorporated subsidiary of Greatship (India) Limited (GIL), a wholly-owned subsidiary of The Great Eastern Shipping Co. Ltd. has taken delivery of Greatdrill Chitra, a 350-foot jack up rig, from Keppel Fels yard, Singapore.

Greatdrill Chitra is a 350-foot, 15,000-PSI, Mod V B jack-up rig, capable of drilling in most offshore waters across the world. She has an employment contract with ONGC for five years, and will work in the West Coast of India. She will join Greatdrill Chetna, currently in operation in the same region.

The delivery of Greatdrill Chitra is a significant milestone in Greatship's journey. In the short space of three and a half years, the Group has established itself as an offshore service provider of note, not just in one region, but across the world.

GIL and its subsidiaries currently own and/or operate six PSVs, eight AHTSVs and one jack-up rig.

GIL and its subsidiaries also have an order book of 12 vessels – four MPSVs in Singapore, two MSVs in India, four ROVSVs in Sri Lanka, and two 150 TBP AHTSVs in Batam.

All of Greatship's vessels are built to the highest standards of safety and operational efficiency, and conform to existing and envisaged IMO and Class rules, and are designed to operate in offshore waters across the world.



Mixed impact

Second quarter results

Going by the second quarter results announced by some of the shipping companies, it can be understood that some companies have been badly exposed to the recession while others managed to ride the tide. The following are the second quarter results of some of the shipping companies:

(in Rs. million)

Company	Net Profit for Jul-Sep 2009-10	Net Profit for July-Sept 2008-09
Great Eastern Shipping Co. Ltd.	1080	5700
Mercator Lines Ltd.	- 291.94	127.49
Chowgule Steamships Limited	406.3	100.3
Bharati Shipyard Limited	326.85	331.63
Western India Shipyard Limited	-44.67	73.27

Shipping revenue

Gati sees 10 pc growth

Logistics firm Gati Ltd is expecting a 10 percent revenue growth from its shipping segment in the current financial year as it expands reach to newer geographies, according to a senior official.

The shipping segment had reported a revenue of Rs 950 million in the previous fiscal which ended June 2009, Atul Srivastava, head of commercial, said. "We are looking at new sectors that will contribute," he said talking about the geographical reach. "Earlier, we had confined ourselves to the east coast of India but we would be looking at other coastal areas and west coast," Srivastava said on the sidelines of a CII conference.

He also said the company is looking at replacing one new vessel in its current fleet to drive down cost. "We are looking at replacing one vessel of around 6,000 dead weight tonnage (DWT). The company will go for a second-hand buy," he said.

The firm was looking at reducing the average age of its fleet to 10-12 years from the current average of 18 years, Srivastava said. It owns a total of 6 vessels with a combined capacity of 45,000 DWT. -Reuters

New Shipping Secretary

K Mohandas has taken charge as the secretary of Shipping, Government of India from November 25. He was earlier the secretary in the Ministry of Overseas Indian Affairs. An IAS officer of the 1974 batch, Mohandas started his career as the sub-collector of Trivandrum district in Kerala from 1976-78 and then as the collector of Kottayam from 1981 to 1983. He later went on to gain experience in



finance, industry & commerce, education, urban development and general administration. He has undergone training in India and abroad in a large number of public policy areas. He is married to Usha and has two daughters Devi and Karthika.

Maritime education

Court stuns DG Shipping

The Madras High Court has held that Director General of Shipping (DGS) was not empowered to grant recognition to maritime institutions/colleges, approve courses and permit additional intake among other things.

"The DGS is not a creature of any statute specifically empowered to do so. Therefore the contention that the DGS is a regulatory body for the entire maritime education cannot be countenanced," Justice S Manikumar held and quashed notices of April 22 and May 29 by the DGS restricting powers of the Indian Maritime University (IMU), and constituting a monitoring and implementation committee (MIC). -Agencies

Sethu project

Centre asked to work fast

The Supreme Court (SC) has reportedly refused to allow the Union Government to go slow on the Sethusamudram Shipping Canal Project, after it noted its inaction to table the findings of an expert committee constituted 15 months ago to study the feasibility of the project. The apex court had asked the government to convey its stand on the report of the National Institute of Oceanography to examine the feasibility of pushing the project through an alternative route instead of Rama Setu.

Shipyard JV

Marine and Offshore facility at Kakinada



Sembawang Shipyard, a wholly-owned subsidiary of Sembcorp Marine, and Kakinada Seaports Limited (Kakinada Seaports), will sign an agreement to form a joint venture (JV) company, Sembmarine Kakinada Ltd (SKL), to establish and operate a marine and offshore facility catering to offshore drilling units and merchant vessels trading or operating in Indian waters.

SKL is strategically located in the East Coast of India between Vishakhapatnam and Chennai Port. The East Coast of India is one of the world's key oil and gas exploration areas. Sembcorp Marine through Sembawang Shipyard will hold 19.9 per cent share of the JV's initial investment of US\$50 million, with an option to increase to 40 per cent. The joint venture partner, Kakinada Seaports is the first private port to operate in the East Coast of India and it is currently one of India's busiest ports. Kakinada Seaports serves more than 3,500 ship-calls annually and plays an important role in the efficient turnaround of vessels requiring replenishment, bunkering and ancillary services.

Stages of Development

SKL will operate this new marine and offshore facility within the vicinity of Kakinada Seaports. SKL is to be developed in stages. SKL will initially provide riser/equipment repairs, afloat repairs and modules fabrication. Within 3 to 5 years, SKL will become a one-stop integrated offshore service facility catering to offshore vessels and merchant ships including the repairs and servicing of offshore vessels and ships, new-building of offshore vessels and ships, riser/equipment repairs and modules fabrication.

Sembmarine Kakinada will commence operations immediately by using the available pier at the Kakinada port.

Fleet acquisition

Varun's plan on hold

With the global shipping industry facing rough weather, Varun Shipping, India's biggest liquefied petroleum gas (LPG) tanker owner, has put its fleet acquisition on hold. Initially, the company had planned a capex of around Rs. 460 crore for vessel acquisition this fiscal. This was basically targeted at the offshore sector. However, the credit crisis and the economic slowdown forced the company to defer the plan. Meanwhile, the tanker market also took a turn for the worse, upsetting Varun's calculations.

"Seeing the present market conditions, we are not going to place the orders. We will see how the market moves in the next few months and then decide," a senior company official said.

The decline in freight rates by 50-70 per cent, in the past six months, has hit the bottomlines of the shipping companies. In the last quarter, Varun Shipping's net profit plummeted by 70 per cent to Rs 13.04 crore from Rs 44.26 crore a year earlier, while its revenues flagged to Rs 157.32 crore from Rs 256.85 crore.

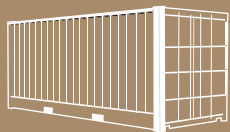
CSR initiatives

SCI signs MOU with TISS

The Shipping Corporation of India (SCI) has signed a memorandum of understanding (MoU) with Tata Institute of Social Sciences (TISS) for implementation, monitoring and evaluation of its corporate social responsibility (CSR) initiatives. Chairman and Managing Director of SCI, S Hajara and TISS Director Dr S Parasuraman signed the MOU recently.

As per the plan, the SCI has decided to earmark 1 per cent of its net profit after tax from 2009-10 for a non-lapsable fund. The initiatives would be aimed at capacity building, providing financial and other assistance to students of weaker sections pursuing studies relevant to the shipping industry, supporting efforts for community health in slums and areas inhabited by weaker sections, supporting programmes and efforts towards environment protection, enhancing, promoting, encouraging and supporting the social and cultural heritage and traditions of the society, and taking proactive action for the well-being of the society as per its needs.

TISS will help SCI in identifying partners for delivery, implementation, monitoring and evaluation of programmes.



NEWS

Freight traffic

Railways post 8 per cent growth

Indian Railways have posted a eight-per cent growth in earnings between April and October this year as compared to the same period last year, thanks to robust growth witnessed in freight and passenger sectors.

The Indian Railways earned Rs 4,801.65 crore in October, registering a healthy 16.63 per cent growth over the corresponding period last fiscal, informed Railway Ministry officials.

The total approximate earnings between April and October stood at Rs 48,322.23 crore compared to Rs 44,614.15 crore during the same period last year, thereby showing an increase of 8.31 per cent, said a Railways spokesperson.

Of this, he said total goods earnings went up to Rs 32,452.79 crore and

passenger revenue earnings went up to Rs 13,626.74 crore.

The revenue earnings from other departments was Rs 1317.72 crore during this period, the spokesperson said.

In this period, 4318.23 million passengers bought tickets compared to 4119.89 million during the same period last year.

Similarly, in the suburban and non-suburban sectors, the numbers of passengers booked during April-October 2009 was 2216.08 million and 2102. -PTI

Integrated network

Allcargo opens 3PL division

Allcargo Global Logistics Ltd has commenced Third Party Logistics (3PL) division to add value to supply chain logistics.

According to a BSE announcement, with this facility customers will be now able to benefit from an integrated network of warehouses that will seamlessly connect cargo from the warehouse to ICD/CFS to the closest gateway port.

The company will now be able to offer full service end-to-end logistics service package comprising in-house expertise and facilities for freight forwarding, customs clearance, transport, warehousing and distribution services.

Exim volumes

CONCOR sees 5 per cent rise

Container Corporation of India (CONCOR) expects export/import transported volumes to rise 5 per cent in the year to March 2010, its chairman said recently.

Speaking on a conference call, he told investors that domestic volumes are expected to rise 20 per cent during the year. In May, Mehrotra had predicted that Concor's transported volumes in 2009/10 would rise 10-12 per cent. -Reuters



Infra boost

Gateway Rail Freight to raise up to Rs 300 crore

Gateway Distriparks plans to raise up to Rs 3 billion via an issue of compulsorily convertible preference shares (CCPS) to Mauritius-based Blackstone GPV Capital Partners V-H Ltd. This amount will be used to fund the expansion plans of its subsidiary, Gateway Rail Freight.

The shares on conversion will entitle Blackstone GPV to acquire between 37.27 per cent and 49.9 per cent in the unit, Gateway Distriparks said in a statement recently.

Under the agreement, Gateway Distriparks has an option to acquire the CCPS at the end of five years from the date of the investment and Blackstone can sell the shares to Gateway at the end of 10 years. "We plan to invest the money to develop new terminals, deploy additional trains and road trailers, expand capacity at existing terminals and strengthen last mile connectivity. The investment comes as growth capital for the company," Gateway Rail chairman and managing director Prem Kishan Gupta said.

The deal will also be the ninth investment by Blackstone in the country in a period of four years and is the second one in the logistics sector. "Infrastructure development is India's highest priority for achieving its target economic growth," Blackstone Advisors India chairman and managing director Akhil Gupta said.

Logistics expansion

Firms to invest Rs 50 bn

Logistics firms in India plan to invest about 50 billion rupees over the next three years to expand warehousing operations across the country, Tushar Jani, chairman, CII, Western Region Logistics Sub-Committee, said recently. The investment has been committed by various players such as Future Group, Gati Ltd, AFL, Safe Express and a few others, he said.

The investment will lead to 30 mln sq feet of warehousing space in India over the next three years, he said. However, India is still likely to face a deficit of 50 million sq feet of warehousing space after the expansion as procurement of land is still difficult, Jani, who is also the chairman of SCA Group of Companies, said. "About half a million manpower is needed by the industry in the next 3-5 years," Jani added. -Reuters

Customs office

Century launches website

Century Plyboards (I) Ltd, India's leading plywood company, launched its official website in Kolkata recently. The full-fledged customs office inside the CFS was also inaugurated in the presence of chief guest Raghu N Chary, commissioner of customs (port) and other members of Kolkata Customs.

After its first phase of CFS operations in Sonai Yard, Century plans to launch its second phase at JJP Yard, according to senior officials.



(right to left): A Jaiswal, president of Century Plywood (I) Ltd., M L Meena, joint commissioner of customs, K Raghu N Chary, commissioner of customs – port, N Gandhi Kumar, assistant commissioner of customs, Anant Rajvanshi, project manager of Century Plyboards (I) Ltd and Vidyanand Singh, business development manager at the CFS in Kolkata.

Big bet

TVS Logistics buys UK firm

TVS Logistics Services Limited (TVS LSL), a member of the TVS Group, is all set to do an initial public offer (IPO) in the next two to three years by way of becoming a robust company in the logistics space, according to its chairman Suresh Krishna.

The company had acquired UK-based logistic supply chain company Multipart Holding to provide services to its customers in India and overseas and expand its area of operations to defence and utility sector.

Krishna also said the company has set a target of Rs 1,000 crore turnover by 2010, which would be doubled in a matter of two years. "The growth was facilitated through acquiring companies globally and effecting joint ventures that had been done in the last few years," he said.

"TVS LSL has started providing services to companies which has discrete component manufacturing," he added.

Future trade

Asia to take lion's share in global trade

Three trade triangles centered around Asia are expected to contribute almost 40 per cent of global trade by 2028. According to a DHL study, Asia's economies, particularly China and to a lesser extent India will remain the center of gravity for trade. "Within the three identified triangles of trade – intra-Asia, Middle East-Africa-Asia and Latin America-Asia - China's imports of raw materials and exports of various manufactured goods such as industrial machinery, textiles and telecommunications and office equipment dominates trade volumes," says Herman Ude, CEO of DHL Global Forwarding, Freight.

Trade growth within the triangle will come from China's trade with South Africa, Saudi Arabia, UAE through China's imports of raw materials— crude oil, iron,— and exports of textiles, apparel, machinery, metal products. India's contribution to growth is also sizable: raw materials are key imports (crude from the Middle East and coal from South Africa) while exports such as foodstuff and textiles are destined for the Middle East.

Between 2008–2018, Latin America-Asia trade is also expected to grow 4.2 per cent, more than double world trade growth at 2 per cent, registering the fastest growth within the three growth triangles. Key lane growth between China and Latin America is expected at 5 per cent during the same period. The rise of the emerging economies, particularly Asia, and its role in shaping the global economy is the result of several converging trends.

Globalisation: It is projected that the share of Asian economies, excluding Japan, in the global GDP will reach 20 per cent by 2015.

Persistence of labour arbitrage: While labour costs in Asia will increase, labour arbitrage opportunities are expected to persist due to gains in productivity.

Shifting centres of labour and consumption: As the developed countries are getting older, labour force and new consumers will come from the emerging economies.

Knowledge economy: A rising percentage of the population in Asia will have university degrees.

Natural resources to remain drivers of trade: "Rich in natural resources, with a large population of youthful and well-educated workforce and a growing middle class – this is the era of Asia and the emerging markets of Latin America and the Middle East," added Hermann Ude.

Supply Chain Asia meet

Arshiya bags two awards

Ajay S Mittal, Chairman and Managing Director of Arshiya International Ltd., the global integrated supply chain and logistics infrastructure solutions company, received the Visionary of the Year award from Supply Chain Asia for his achievement in the field of logistics at a function in Singapore recently. He also received the Supply Chain Innovation award for initiatives in integrated logistics. Supply Chain Asia is a community that provides a platform for professionals in the supply chain industry to network and share information.

Receiving the award, Mittal said "I dedicate this moment to the opportunity and recognition of India and the difference this country and its innovative logistics infrastructure will make to the world of tomorrow."



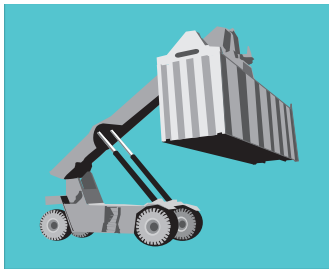
CMD of Arshiya International Ltd., Ajay Mittal receiving the Visionary of the Year award at the Supply Chain Asia event in Singapore recently.

Deutsche Logistics

New schemes for agents

Deutsche Logistics announced its new and flexible partnership and agent schemes in India to provide agents, freight forwarders and national courier companies with most reliable and easy options and services allowing them to use the service and always be at the competitive edge in the market.

Deutsche Logistics Global Direct Customer and Vendors (Franchises/agents) ratio is 85:15 and the world's 75 per cent of the quoted and non quoted but non-financial companies are the direct customers. In India, Deutsche Logistics plans to open 230 centers.



NEWS

Low demand

Exports still in the red

India's exports took a beating for the 13th straight month, as it fell 11.4 per cent in October on little demand for Indian-made leather, handicrafts and other products from recession-hit West.

Marked decline was recorded in export of items, including mica and coal during October, though improvement was witnessed in case of iron ore and oil meals. Overseas shipments in the month were US\$ 12.5 billion against US\$ 14.1 billion in the same period last year.

The decline in exports during the first seven months of the current fiscal (April-October 2009-10) worked out to be 26.5 per cent, making it difficult for the government to withdraw stimulus given to the exporters to combat the impact of the global financial meltdown.

According to Commerce Secretary Rahul Khullar, the month-on-month figures are likely to turn positive from

January, but not overall. The sector continues to face several problems which "will not go away by throwing more money," he adds.

The government however sees that the time is not ripe for withdrawal of sops, even though there are signs of "green shoots" in the sector. As per a recent statement by Finance Minister Pranab Mukherjee, the government would continue with the stimulus measures till leading economies such as the EU, the US and Japan which account for 60-65 per cent of the country's exports, experience strong growth.

The main drivers of growth during April-October were drugs and pharmaceuticals, electronic goods,



readymade garments, gems and jewellery, iron ore, cotton yarn and rice, among others, according to a report. However, the sectors that continued to perform poorly, both monthly and year on year, were fruit and vegetables 47.5 per cent, handicrafts 40, coffee 35 per cent, spices 30.2 and marine products 26.3 per cent during April-October.

Therefore, exports between the period were only \$90.4 billion, down 26.5 per cent from the first seven months of 2008-09. The decline had peaked at 39 per cent in May this year, and then started going down. In September 2009, the fall in exports was a relatively low 13.8 per cent. -Agencies

Functional fabrics

Taiwan woos India

A handful of Taiwanese companies are exploring the possibilities of selling their high-end fabrics in India and also looking for joint venture opportunities to set up manufacturing facilities here. Taiwanese are known to produce high end functional fabrics that are cool and exhibit anti-perspirant and fire-resistant properties. Such fabrics are used to produce lingerie, swimwear and sportswear.



Lull in trade: Exports from India to the US dropped by 18.7 per cent in the first six months of this financial year to \$10.44 billion, compared with \$12.84 billion in the same period last year.

Pawar plan

No ban on onion export

The government has ruled out a possible ban on export of onion, saying the rising prices are only temporary and that rates may fall in two-and-a-half months with the arrival of the new crop.

"It's temporary (price rise). We are absolutely sure in two-and-a-half months ample onion will be available and the prices will come down. So for the sake of two months, to take such a step, I don't think it's proper," Agriculture Minister Sharad Pawar said.

Speculations about a possible ban on onion export arose after the central government raised the benchmark price for shipping onion abroad by a steep US\$ 145 a tonne in November, the highest increase so far this fiscal, to curb the export volume.

India exported record 9.91 lakh tonnes of onions in the first half of this fiscal even though domestic prices did not fall significantly during this period. Maintaining that reports about the new crop are "encouraging" even though floods in producing states of Karnataka and Maharashtra have damaged it to some extent, the minister said supply will increase in the coming weeks.

Growing demand

India to import sugar

India, the world's biggest consumer of sugar, may import 2.5-3 million tonnes of the sweetener in 2010/11 as domestic output is seen falling short of demand for a third straight year, an industry official said. "Imports of 2.5-3 million tonnes would be possible in next crushing season that is 2010/11," Prakash Naiknavare, managing director, Maharashtra State Cooperative Sugar Factories Federation, told Reuters recently.

He said in 2010/11 India may produce 19-20 million tonnes compared to annual demand of about 23 million tonnes. Raw sugar futures had rocketed to 28-½ year top on huge imports from the South Asian country, while whites hit a record earlier this year. In 2009/10 season lower area and drought will keep India's output at 15.3 million tonnes, a little more than last year's output of 15 million tonnes, falling severely short of domestic consumption for a second straight year.

In the current sugar year, which began in October, the industry estimates India may import about 6 million tonnes of sugar.

Bilateral trade

Bangladesh exports to India to go up

India-Bangladesh Chamber of Commerce and Industry (IBCCI) hopes to increase exports from Bangladesh to India to US\$ 1 billion by June 2011.

"We hope to increase exports to India to US\$ 1 billion by June 2011," IBCCI President Abdul Matlub Ahmad said. Referring to the trade imbalance existing between both the countries, Ahmad proposed to explore the idea of shipping ready-made and knit garments from Bangladesh to India under the duty free quota.

The IBCCI also targets to set up 100 joint venture industries in Bangladesh with a view to encourage transfer of technology and re-export goods to India with special emphasis on the Northeast, he said at a seminar here.

The President of the Federation of the Bangladesh Chambers of Commerce and Industry Anisul Huq expressed a keen desire to invest in the joint venture cement plants with Meghalaya where the state could hold its cache of cement as equity in such ventures.

Joint efforts of trade organisations of both countries have paved the way for Bangladesh to start export of new products such as bricks to Tripura. /PTI

Exim Bank

New interim CMD

Exim Bank appointed Ravneet Kaur, a Finance Ministry official, as the bank's interim chairman and managing director. This follows the superannuation of T C Venkat Subramanian, CMD of the Export-Import Bank of India, on October 31, 2009, the bank said.

"Until a successor to Venkat Subramanian is appointed by the Government of India, Kaur, joint secretary (IF) in the Department of Financial Services, Ministry of Finance, has taken additional charge as CMD of the Bank," Exim Bank said.

Kaur is presently the Joint Secretary under the Department of Financial Services in the Ministry of Finance. Venkat Subramanian served as the Chief Executive of the bank for two terms of office and for over eight years. -PTI

High Time for Logistics Infrastructure

Damco is the new, combined brand of the A.P. Moller - Maersk Group's logistics activities. Damco offers a broad range of supply chain management and freight forwarding services to customers all over the world, and has a work force of 10,500 in 272 offices, covering over 93 countries in Africa, Asia, North America, Europe, Middle East, and Latin America. In 2008, the company had a net turn-over of USD 2.8 billion, shipped more than half a million TEUs ocean freight, air freighted over 60,000 tonnes, and handled over 50 million CBMs (equivalent to 2 million TEU) for our supply chain management customers. In India, Damco is present from the last 17 years and has 16 offices with over 300 employees.

Of late, India has witnessed some good logistics infrastructure projects being launched and implemented while some more are in pipeline. But, given the fact that higher logistics costs still rule the roost, there is a pressing need for further investments in creating and maintaining good logistics infrastructure in India, opines **Lars Sorensen**, Regional Manager, South East Asia, Damco in an interview to **Maritime Gateway**.

Sorensen is responsible for all the activities of Damco in the South Asia region, which



Lars Sorensen, Regional Manager, South East Asia, Damco

comprises of India, Pakistan, Sri Lanka & Bangladesh. He has been associated with India since 2003, when he joined as the Managing director of Maersk India Pvt Ltd (Logistics Division). Sorensen has worked for more than 17 years in the shipping and logistics industry. Before arriving in Mumbai he worked in Hong Kong as the General Manager, Supply chain management for Damco Hong Kong. Prior to his stint in Asia, Lars has held various responsibilities in Europe in the area of supply chain management.

What challenges do you face in the post-merger scenario at global level?

A: As an organisation, we have been working with two different brands (“Maersk Logistics” and “Damco”), which have now been integrated into one (The new “Damco”). As a result, we have also realigned our organisation structures under a single brand with a commercial organisation and an operations organisation reporting to the CEO. However, the re-organisation process is already complete and behind us, so the challenges regarding the organisational alignment have already been successfully dealt with.

We see the post-merger scenario as a great new opportunity – an opportunity to present our new and unified organisation to our customers, offering a wide variety of services that can be tailor-made to suit their individual requirements. We see the new organisation to be simpler and easier for our customers to deal with. It also helps us to reduce bureaucracy in our organisation and thereby be agile and cost-efficient.

We have set ourselves some ambitious goals to be achieved by 2014. We aim to be a top quartile logistics player in the world by 2014. We will strive to establish Damco as a logistics partner of choice for customers across the globe. This indeed will be challenging but we believe that this is very much possible with our dedication towards developing customer-centric solutions and having the capability to deliver on our promises consistently.

What presence do you have in India currently and what is your India strategy for the short and medium terms?

A: India is a key market for Damco globally. This can be understood from the fact that we have chosen India to be the headquarters of South Asia region, which is one among the eight regions we have globally. We have a strong management team here in India to focus on this quickly growing market.

Having been in India as a fully owned business for over 17 years now, we have 16 own offices spread across the key markets employing over 300 logistics professionals. We manage the export-related supply chain activities of several globally reputed companies. Several of our global key customers source goods from India and we manage the end-to-end process of these shipments for them.

We handle ocean and air freight forwarding for customers from a variety of industries ranging from electronics, FMCG, industrial goods, pharmaceuticals, retail and other industries. We also offer project cargo services and several land side services like trucking, customs clearance and documentation.

In the short-term, we will focus on strengthening our current product portfolio in India. While in the long-term, we see great opportunities for us to build a strong

Damco honoured with Supply Chain Excellence Award

Damco was conferred the Outstanding Partner in Supply Chain Excellence Award during the SCM Logistics Excellence Awards ceremony in Singapore on October 6, 2009.

The award recognises Damco for its ability and significant contribution in offering end-to-end supply chain solutions which help customers improve their business performance.

Damco was also honoured for its SupplyChain HealthCheck™ tool which identifies improvement opportunities with significant potential savings in customers' supply chains. This serves to highlight the successful collaboration between Damco and its customers to meet changing challenges in the current volatile business landscape.

“A typical Indian supply chain has multiple intermediaries and managing all of them to derive an optimal output is challenging and hence, requires a professional end-to-end service provider.”

position in segments like air freight and project cargo in India.

End-to-end solutions are relatively a new concept in India. How ready are the Indian companies in buying these services?

A: Markets like India are at a very interesting stage of growth and maturity as far as logistics services are concerned. On one hand, we have progressive business houses which are open to the concept of fully outsourcing their logistics operations to a professional end-to-end service provider; while on the other hand, we have several business houses managing their logistics operations fully in house.

A typical Indian supply chain has multiple intermediaries in it and managing all of them to derive an optimal output is quite challenging. In such a scenario, a professional end-to-end service provider can bring in a lot of expertise, knowledge and resources to manage the supply chain quite efficiently.

We believe that it is only a question of time before customers in India start adopting the end-to-end solutions. For this to happen, the various business houses and the end-to-end service providers must develop a good working relationship and develop trust and confidence about each others issues, capabilities and requirements. This will help building professional partnerships which are guided and managed by key deliverables which are monitored, measured and managed jointly by the customer and the end-to-end

service provider. Such a scenario is not far away and is definitely the future of the industry in India.

What differences do you observe in terms of operations in India and Europe? How well is Damco equipped to overcome them?

A: Various logistics markets across the world differ from each other, mainly on the grounds of logistics infrastructure, rules and regulations governing the industry, customer-service provider relationships and adoption of technology in the supply chain, to name a few.

On all the above parameters, markets like India and Europe are very different. Markets like Europe have well-developed logistics infrastructure which consists of roads, railways, sea ports and air ports. India in the recent past has witnessed some good infrastructure projects being launched and implemented and with a few more in pipeline. However, the current logistics costs in India are higher than that of Europe or other developed logistics markets. This reminds us that there is a need for further investments in the area of creating and maintaining good logistics infrastructure in India.

In India, we can also look at putting in place rules and regulations which make transfer of goods within the country easier, quicker and more cost-efficient.

The customer-logistics service provider relationship in India also needs to mature. There needs to be a lot more trust and confidence between the customer and the service provider for the business model to evolve in this fast growing market. However, we definitely do see trends in this direction and fully believe that it is only a matter of time before we see much more collaboration between the customer and the logistics service provider.



“There is plenty of room for technology to play a greater role in the supply chains in India. Complete visibility of the supply chain is very critical in developed markets as this can reduce costs considerably.”

Also in India, there is plenty of room for technology to play a greater role in the supply chain. Issues like complete visibility of the supply chain are very critical in developed markets which focus great deal on maintaining a lean and agile supply chain to reduce costs. In India also there is plenty of room to improve visibility of the supply chain, thereby reducing the risks and costs.

We also see that developed markets and customers are becoming very conscious about the environment and the impact of their operations on the environment. As a result we are seeing that the leading companies are now adopting greener logistics solutions and are interested in measuring and lowering their overall carbon footprint. We foresee that the leading businesses in India would also be keen to implement greener logistics solutions. At Damco, we have developed a unique solution, “Supply Chain Carbon Check” to support our customers in measuring and reducing their overall carbon footprint.

At Damco, we have rich experience of working in different supply chain environments and conditions. Instead of a ‘one glove fits all’ theory, we believe in having a strong local organisation which fully understands the local challenges and conditions and work with our customers developing tailor-made solutions for their issues. We try to learn and adopt best practices from our supply chain practices which have proved successful in the developed logistics markets, but we do so after sanitising them for local requirements and challenges.

Our real strength is in our capable and experienced professional staff that has a very good understanding of the local conditions. This helps us to stay strongly focussed on being a global player with strong focus on individual solutions for our customers.

Is there any M&A activity lined up in India?

A: At present we do not have any M&A activity lined up for India. However, India is a growing market and we will be studying various opportunities available in the market. **MG**



Photo: Peet de Rouw

ENERGING SEZs

Special economic zones as a concept have caught the attention of countries around the globe. Deemed as separate ecosystems for industrial and economic growth, many of them, especially in Asia, have been fighting against odds to make even the high expectations placed on them. As port activity gears up in India, several SEZs are emerging on the coastline. Here's a quick look at the sizzling facts 'n figures and what makes them hot.

by **Radhika Rani G**

Ever since aggressive Asian economies have been making headlines, a rapt international audience has been watching in awe the energy and ferocity of the emerging tiger, dragon and bull! As the charged up nations take centre stage, the world reckons with reason that time has turned around for new competitors on the block. If England ruled the world economy from 1820-1890 and America from 1890-2000, analysts say China and India are set to dominate the world scene in the 21st century.

As trade liberalisation has opened unprecedented business opportunities, maritime nations, especially in Asia, are creating value-

added facilities along their coastline to reap economic benefits through their ports and network of shipping services. In line with the strategy to pep up growth drivers, special economic zones are being conceptualised and implemented. Interestingly, China has set up all its SEZs along the coast, with reason and thought though.

Having realised the role of exports in the country's development, China opened its territories for foreign investment in the name of SEZs. "It now has in principle 6 major SEZs and more than 120 FTZs. They attract foreign investment worth \$ 60 billion that is more than 10-15 times of India's FDI," notes Dr Arunachalam, an expert on SEZ. "China attracted more FDIs possibly

only because of SEZs in China," he opines.

The SEZs, variously named as free trade zones (FTZ), duty free areas (DFA), high technology zones (HTZ) and export processing zones (EPZ) are the designated land areas of a country where tariff and quota restrictions are eliminated, bureaucratic stranglehold is minimised and various economic incentives are offered to potential entrepreneurs, observes S K Modak, an eminent researcher.

Indian scenario

With the hub port concept intensifying in India, port-based SEZs have started taking shape to provide value-added services. They are being perceived as viable ventures not just

for the government but also investors like infrastructure companies, construction conglomerates and investment banks. The concept thrives on stakeholders' money-returns many!

While the key factors for a port-based SEZ are infrastructure, environment, regulations, labour and weather conditions, a clear-cut policy framework with due attention to objectivity is the key. "What characterise SEZs, particularly in the context of a developing country like India, are a focused attention on investment, especially foreign and private investment, and the promotion of exports," notes Sriram Ananthanarayanan in his article 'New Mechanisms of Imperialism in India: The Special Economic Zones'. All this, according to the government, is done with the stated purpose of increasing economic growth, which in turn increases employment.

While Kandla SEZ is Asia's first export processing zone to have been started near Kandla Port in Gujarat in the early sixties, several such self-sustaining entities have come up in later years. The Central Government followed up the Kandla Free Trade Zone experiment by setting up EPZs and FTZs at Mumbai, Chennai, Surat, Noida, Cochin, Falta and Visakhapatnam. Of the 147 valid in-principle approvals out of 579 formal approvals as on date, a third of them comprise of port-based SEZs, thanks to port activity picking up pace in the

Objectives of the SEZ Act 2005:

- Generation of additional economic activity
- Promotion of exports of goods and services
- Promotion of investment from domestic and foreign sources
- Creation of employment opportunities
- Development of infrastructure facilities
- Maintenance of sovereignty and integrity of India, security of the state and friendly relations with foreign states

Exports from the functioning SEZs in India

Year	Value (Rs. Crore)	Growth Rate in percentage (over previous year)
2003-2004	13,854	39
2004-2005	18,314	32
2005-2006	22,840	25
2006-2007	34,615	52
2007-2008	66,638	92
2008-2009	99,689	50

Source: Website of the Ministry of Commerce, GOI, New Delhi

Fact Sheet

Number of Formal approvals 579

Number of notified SEZs 335 (out of 579) + (7 Central Govt. + 12 State/Pvt. SEZs)
(as on 8th September, 2009)

Number of valid in-Principle Approvals 147

Land requirement

Ground Realities:

Total Land in India : **2973190 Sq.Km.**

Total Agri Land in India : **1620388 Sq.Km. (54.5%)**

Total area for the proposed SEZ (FA + IP) = **1990 Sq.Km.** which would not be more than 0.066% of the total land area and not be more than 0.122% of the total Agri land in India

Land Area	Notified SEZs	Formal Approvals (FA) incl. notified SEZs	Valid In-Principles Approvals (IP)	Total area for proposed SEZs (FA + IP)
	39,685 ha	73,731 ha	1,25,263 ha	1,990 Sq.Km.

Investment

(As on 30th June, 2009)

	Incremental investment	Total Investment
SEZs Notified under the Act	Rs.1,04,589.3 Cr.	Rs.1,04,589.3 Cr.
State/Pvt. SEZs. Set up before 2006	Rs.4,901.27 Cr.	Rs.6,657.58 Cr.
Government SEZs	Rs.1,114.45 Cr.	Rs.3,393.65 Cr.
Total	Rs.1,10,605.02 Cr.	Rs.1,14,640.53 Cr.

EMPLOYMENT

(As on 31st March, 2009)

	Increment Employment	Total Employment
SEZs Notified under the Act	1,34,627	1,34,627
State/Pvt. SEZs set up before 2006	43,422 persons	55,890 persons
Government SEZs	74,686 persons	1,96,922 persons
Total	2,52,735 persons	3,87,439 persons

Exports in 2008-09 Rs.99,689 Crore (Growth of 50% over 2007-08)

*Overall growth of exports of 620% of five years (2004-09)

Exports in 2009-10 (As on 30th June, 2009) **Rs.42,501.76 Crore**

Operational SEZs (As on 30th June, 2009) 98

Units approved in SEZs (As on 30th June, 2009)	Government SEZs	State/Pvt. SEZs set up Before 2006	SEZs Notified under the Act	Total
	1,201	600	500	2,301

Source: Website of the Ministry of Commerce, GOI, New Delhi

“A consistent improvement in the quality of infrastructure and governance in SEZs is sought to induce dynamism in the export performance of a country.”



Photo: Peet de Rouw

country.

The government, admit industrialists, has been proactive in the development of SEZs ever since passing the Special Economic Zone Act in 2005. It has formulated policies and has ensured that developers get proper facilities to start their units in liberal trade zones. In line with it, Cochin Port has commenced a large-scale port-based SEZ project initiative in Vallarpadam and Puthuvyppeen. Already, port-based projects like the international container transshipment terminal (ICTT), LNG re-gasification terminal, crude oil handling facilities for BPCL-Kochi Refinery, are underway. Other projects like a bunkering terminal, distribution park including free trade warehousing and process industries have also been proposed. The port is currently establishing infrastructure and amenities for the zone at a cost of Rs 7500 crore and is likely to commission the project by 2012.

Among the private ones, Mundra Port & SEZ is the first port-based multiproduct SEZ to come up in more than 100 sq km. of area to offer world-class infrastructure for establishment of business units since 2001. Also, Gujarat is the first state to create SEZ Policy and has the largest area under SEZs. Taking pride in his state's best infrastructure and conducive environment for business, chief minister Narendra Modi feels the idea is not just to create wealth. "The development should be by all and for all to ensure inclusive growth." Gujarat, he says, believes in development through PPP mode and accordingly, the state manages 24-hour uninterrupted power supply in villages and is all set to ensure broadband connectivity in all the villages going forward.

Newer options

In the wake of the petrochemical industry offering a wide scope of economic growth, the Central

government has decided to attract major investment, both domestic and foreign into this sector. Accordingly, it has given the go-by to integrated Petroleum, Chemicals & Petrochemical Investment Regions (PCPIRs) to make the country a hub for both international and domestic markets to boost manufacturing, augmentation of exports and generation of employment.

As part of the initiative, the West Bengal government has recently signed an MOU to develop a PCPIR at Haldia. The coal ministry hopes that at least 10 lakh people are likely to get jobs at the proposed PCPIR units, including four lakh direct employment. An investment of Rs 93,180 crore is proposed for high-class infrastructure and conducive environment for setting up businesses in an area of nearly 250 sq km. The major processing activities are being taken up by IOCL, Haldia Petrochemicals, MCCPTA India Corp Pvt Ltd, Tata

Chemicals Ltd, Exide Industries Ltd and Shaw Wallace and Co. Ltd.

“All existing labour laws of the country would be applicable in the PCPIR. And SEZs in the region, if any, would be governed by special laws, as approved by the Government of India,” the coal ministry explains.

Similarly, the government of Andhra Pradesh and the Department of Chemicals and Petrochemicals of the Central Government signed an MOU for setting up a PCPIR in the Vishakhapatnam-Kakinada region of the state. The total industrial investment is estimated at Rs 343,000 crore, including committed investment of Rs 1,63,890 crore. As the future of the petrochemical industry looks bright, the PCPIR is likely to provide 5.25 lakh direct and 6.73 lakh indirect employment.

If conventionally, thermal power stations were established near coal mines to reduce logistics cost, they are now being developed in port-based SEZs owing to the import of coal with high calorie value. According to Vinay Pandey, general manager of AP Trade Promotion Corporation Ltd., the shift in fact ensures economical, uninterrupted and stable power that can be made available to industrial, commercial & residential units within the SEZ. “Similarly, projects that rely on imported ores are also suitable for development in port-based SEZs,” Pandey adds.

In view of the environmental concerns being voiced against such large-scale projects, experts advise



Photo: Peet de Rouw

developers to ensure comprehensive water management system including water desalination, distribution drainage and collecting domestic waste water. Further treatment and recycling of water can be done to sustain water levels, they say. Also, chemical and other hazardous industries can be established in SEZs by setting up common effluent treatment plants. To protect nature, environmentally demanding industrial units can also be set up in port-based SEZs. And most importantly, business units can rely on the available ample sea water for their heavy water demands.

As a range of SEZs are coming up across the country, experts caution the government to watch the implications for food security, political stability and the functioning of democratic institutions since the

List of approved coast-line SEZs

- Kakinada SEZ Pvt. Ltd
- APIIC Visakhapatnam
- Satyavedu Reserve Infracity Private Limited
- Indian Farmers Fertilizer
- Coooperation Limited (IFFCO), Nellore
- Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC), Nellore
- Reliance Infrastructure Ltd. Jamnagar, Gujarat
- Gujarat Industrial Development Corpn, Dahej
- Mundra Port and Special Economic Zone Ltd., Mundra
- Essar Jamnagar SEZ Developer Ltd, Jamnagar
- Kandla Port Trust, Kandla
- Sterling Erection and Infrastructure Private Limited, Jambusar, Bharuch
- Suzlon Infrastructure Ltd., near Mangalore Port, Karnataka
- Mangalore SEZ Limited, Dakshin Kannada district
- Cochin Port Trust Vallarpadam
- Cochin Port Trust Puthuvypen
- Balaji Infra Projects Limited, Dighi Port, Raigadh, Maharashtra
- NMSEZ Dronagiri, Maharashtra
- JSW Jaigarh Port Limited Kunbiwadi, Tal and district Ratnagiri
- JSW Bengal Steel Limited Godapiasal, Alboni, West Medinipur, West Bengal
- Navi Mumbai SEZ Pvt. Ltd., village Ulwe, Navi Mumbai
- Gopalpur Special Economic Zone Limited, district Ganjam, Orissa
- Pondicherry Special Economic Zone Company Ltd, Sedarpet, Karasur, Pondicherry
- TIDCO Ennore, Tiruvallur, Tamil Nadu

(The list is not exhaustive)

As per the SEZ policy, designated duty-free enclaves are treated as foreign territory for trade operations, duties and tariffs; no licences are required for import; and units can be set up for manufacturing, trading or service activities.

SEZ Act has a provision for ‘not’ having any democratically elected bodies of local governance. The special economic zones, though touted as separate ecosystems, are hoped not to remain aloof and above nature and law.

THE BEST ONES AROUND

Internationally, port-based SEZs have achieved a significant amount of success, especially the ones in China, the Philippines and Indonesia. Following the China example, SEZs have been established in several countries, including Brazil, India, Iran, Jordan, Kazakhstan, Poland, Russia and Ukraine. It may be noted that a single SEZ contains multiple 'specific' zones within and the two prominent examples of this layered approach are Subic Bay in the Philippines and the Aqaba Special Economic Zone in Jordan.

The Subic Bay Freeport Zone (SBF) in the Philippines is an immensely successful model operated and managed by the Subic Bay Metropolitan Authority or SBMA. Lying 110 km north of the capital

Subic and these include:

- Exemption from all local and national taxes such as ad-valorem and excise taxes.
- Investors are only required to pay a corporate tax of 5 per cent from their gross adjusted income.
- There are no foreign exchange controls in the Freeport and full repatriation of profit is allowed.

The Aqaba SEZ was launched by the government of Jordan in 2001. Called ASEZ, it is a duty-free, low tax and multi-sector development zone offering global investment opportunities from tourism to recreational services, professional services to multi-modal logistics, from value-added industries to light manufacturing. The ASEZ covers an



regulatory, administrative, fiscal, and economic responsibilities for the ASEZ.

The Shenzhen SEZ stands as China's perfect example in the art of creating SEZs. Established in May 1980, it was the first special economic zone in China. Four more –Xiamen, Shantou, Zhuhai and Hainan came up later. Shenzhen was set up to implement China's 'open-door policy' and between 1980-2005, its average annual growth rate was 27 per cent. Located in the Southern Coast of China, Shenzhen is spread over 2,000 sq km. One of the most important reasons for its success is the special policy framework. As an SEZ, Shenzhen has liberal economic



Photo: Wikimedia

Manila, it has more than 700 investment projects, including the 4th largest shipbuilding facility in the world (Hanjin Heavy Industries and Construction (HHIC)) and aims to become the most competitive, international service and logistics center in Southeast Asia.

The Philippines government offers certain privileges to investors in

area of 375 square km encompassing the entire Jordanian coastline (27 km), the sea-ports of Jordan, an international airport operating under an Open Skies airport policy and the historical city of Aqaba with a current population of 86,000 people.

The Aqaba Special Economic Zone Authority (ASEZA) is the statutory institution empowered with



policies both in terms of attracting FDI and engaging in international trade. For instance, it was one of the first cities to apply differential corporate tax rates for foreign and domestic firms. While foreign investors paid a nominal tax burden of 15 per cent and an actual tax burden of 11 per cent, the corresponding figures for domestic investors were 33 and 23 per cent, respectively. In 2007, the government carried out reforms to unify the two tax rates, which eliminated the preferential tax rate of 15 per cent for most enterprises.

It also has a well-established infrastructure where the harbour ranks fourth in the global container transportation business. Business and investment procedures in Shenzhen are extremely streamlined. For instance, the government has implemented personal service responsibility to ensure that firms' applications for various categories of

approval are processed within a specified period of time. There is a great deal of FDI and this has been greatly due to policies like allowing wholly foreign firms to set up operations, allowing the repatriation of profits, and favorable export and import policies.

The Bushehr Port SEZ in Iran too is a successful enterprise. There are two ports here – one under the Ports & Shipping Organisation of Iran and the other under the Bushehr Construction and Development Company. The SEZ under the Ports and Shipping Organisation is spread over 41 hectares and has all necessary infrastructure and facilities like docks, warehouses, loading and unloading equipment, an experienced workforce. This is the first SEZ that was authorised to issue Certificates of Origin and Negotiable Separate Warehouse Receipts for the opening of foreign currency Letters of Credits (L/C) for the import of goods into the country. The second Port SEZ, controlled by the Construction and Development Company covers over 2000 hectares and was established to attract industrial investments and warehousing. Both have similar incentive structures for investors.

The Batam SEZ in Indonesia serves the Batam, Bintan and Karimun in Riau Islands as the government tries to put all the necessary legal supports into this recent free trade zone. Companies operating in the islands will no longer pay VAT, import duties or luxury tax. The FTZ holds promise to bring in more foreign businesses to invest in the islands to tap low production costs.

(inputs from Shinibali Mitra Saigal)

Green Policy



India's Green SEZ Policy, aimed at making industrial and non-industrial SEZs energy efficient, is likely to be formalised soon. According to government officials, guidelines have been prepared in consultation with the CII Sohrabji Godrej Green Business Centre and inputs are being sought from stakeholders to make them partners in the initiative. As per the draft green guidelines, buildings in an SEZ need to comply with:

- The energy conservation building code by laying down solar power systems to generate a minimum of 50 kw of power per hectare
- Meet 50 per cent of hot water requirements through solar heating
- Implement 100 per cent water harvesting while ensuring zero-water discharge
- Ensure that 75 per cent of the open area is landscaped to reduce the so-called heat island effect
- Use electrically-driven transportation facilities within the zone

LEARNING FROM OTHERS

by Dr P Arunachalam

India and China are the fastest growing economies in the world. As per UN Economic and Social Commission for Asia and the Pacific (UNESCAP) statistics, China's gross domestic product growth accelerated to 11.4 per cent in 2007, the fastest for 13 years while India grew at a rate of 9.2 per cent. The incidence of poverty in China has declined by a staggering 45 per cent in 1981 to 8 per cent in 2001. In contrast, India could reduce poverty a mere 17 per cent points in two decades.

The international experiences of SEZs lend credibility to the fact that countries in Asia like China, Taiwan, and Korea have achieved high economic growth supported by strong performance of their SEZs. Recently, China introduced a bullet train which can cross 130 km within half an hour, constructed the longest sea bridge, finished five gorge dams to control floods and made Beijing a pollution-free capital. All these things are possible because of the FDI received through SEZs in China.



“China’s leaders view the setting up of SEZs as an important measure of China's reform and opening-up.”

In these circumstances, the steps taken by the Government of India with respect to introduction of SEZs is laudable. The government hopes to provide a stable policy framework for creating SEZs, which will serve as engines for industrial growth, employment generation, infrastructural development and exports.

The industrialisation programme incorporated along with India’s Export Import Policy of 2000 is in fact the best and well-defined strategic policy adopted so far for attracting FDI in India. Prime Minister Manmohan Singh has rightly stated in the past that “SEZ as an instrument of economic policy has come to stay... These are decisions which are irreversible and in the process of implementation, we have been exposed to certain problems which cannot be dismissed.”

To further boost investment and ease economic and business operations within the country, the government is contemplating SEZ status to the numerous product-specific parks that are being developed. Biotechnology parks, textile, agriculture and horticulture parks are all instances of some of the product-specific parks that have come up in the country.

SEZs today are not only a tool for export development but also contain in them the potential of generating economic spin-off of enormous proportions thereby leading to regional development.

The Chinese success stories are told and retold by many. Can India set her standards by looking at China? Can one draw a parallel between the two? It is debatable. However, what can be compared is the Chinese commitment. For instance, when

India completed 6000 km of her Expressways in six years, China had done 40,000 km within that time. Even today, the Indian government endlessly debates privatisation of airports. At least some analysts perceive a ‘damaging drag’ on the economy due to problems connected to infrastructure. Growth potential is dependent on the quality of performance with infrastructure to a great extent – a fact the Chinese have realised much earlier than us. The fast growth of this Socialist country is therefore extremely relevant.

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Petroleum Cargo: Port to Gear Up

The petroleum industry would continue to play a stellar role in the economy in the coming decades. Therefore, creation of facilities to handle enhanced volumes of crude oil & POL products at Indian ports holds critical importance. **Maritime Gateway** reports.

The resolve of the newly elected UPA government to put port infrastructure development projects on fast track holds good for the implementation of the country's National Maritime Development Programme (NMDP). Creating fresh infrastructure for handling oil at the country's ports is the foremost prerequisite since dependence of the country on oil is likely to continue at a voluminous rate.

According to a statistical research done by British Petroleum, the share of Asia Pacific in world oil consumption increased from 24 per cent in the year 1993 to 29 per cent in 2003, whereas North America's share came down from 31 per cent to 30 per cent during the same period. The point can be corroborated from a

record of Lloyd's Register of UK which mentioned that Indian Oil Corporation, along with Reliance and Kochi refineries were among the top 18 vessel charterers during the period December 2005 to December 2006. It was found that most of these charterers have taken services of Very Large Crude Carriers (VLCC) and Ultra Large Crude Carriers (ULCC). The trend has remained firm even during recent years despite recession. Given the rising consumption patterns in the country, this trend is likely to continue. NMDP, therefore, aims at creating adequate infrastructure at the ports for handling the same in the coming five-year plans.

The demand for POL has steadily increased in last decade due to rapid economic growth. While major ports

handled 110 million tonnes of POL cargo in 2002-03, it increased to 142 million tonnes in 2005-06 and to 153 million tonnes in 2006-07. The ministry projects it to be around 290 million tonnes for the year 2013-14, all of which makes it a dire necessity for the ports to add up adequate infrastructure to handle crude and POL in the years to come.



Infrastructure bottlenecks

Oil at present is handled in country's 11 major ports and 9 non-major ports. However, some of these ports are plagued by inadequate night navigation systems leading to vessel detentions for long periods. For instance, Haldia Dock Complex (HDC), the river port under Kolkata Port Trust (KoPT) and Vizag Port restrict navigation during day time. As per record, Vadinar Port recorded a demurrage of 850 hours in the year 2002-03, accounting for almost 29 per cent of the tanker detention at Indian ports.

Ports on eastern coast, on the other hand, face a different set of problems. Haldia is plagued by the problem of excessive shoaling of the river bed near the dock's number one oil jetty. According to KopT officials, the condition of the number one oil jetty in the dock has become critical, as the dredging of the Haldia channel of the river has been inadequate for years. As a result, there has been a reduced tidal flow into the river system and rise in the rate of sedimentation. Dock complex officials pointed out, the situation if unchecked could threaten number

would be carried out in two phases. Phase-1 would undertake projects till March 2009, the starting of which has already been made in April 2005. While phase-2 would undertake projects beginning from March 2009 and to be taken up to 2011-12, the total investment envisaged under the programme in the port sector is estimated to be more than Rs 55,804 crore to ramp up the over all cargo handling capacity of the ports. The amount spent would also substantially benefit the ports in upgrading their oil handling facilities.

Prominent among them include river regulatory measures for the improvement of draught in Hoogly estuary of Kolkata Port at an estimated cost of Rs 385 crore and deepening and widening of channel at Paradip Port at an estimated cost of Rs 154 crore.

Deepening and widening of navigation channels would also be undertaken for Kandla and Ennore ports at a cost of Rs 87 and 90 crore respectively. The other projects to be undertaken under the programme include the development of storage capacities and internal circulation systems at the ports (78 projects), construction of jetties and berths (76 projects), replacement and upgradation of port equipments (52 projects) and improving port connectivity to the hinterland (45 projects).

For safe movement of vessels, minimising the risk of accident and environmental pollution, an integrated vessel traffic service for the Gulf of Kutch is under implementation at an estimated cost of Rs 165 crore. The scheme also envisages establishment of nine radar stations with master control station at Kandla and six port monitor stations, of which two would be at Kandla Port and four would be placed along the Gulf of Kutch coastline. It is also envisaged that the Coast Guard and the Indian Navy will monitor the vessels movement from Jakhau and Okha. A total of 21



Major overhaul: The petroleum industry wants an improvement in port facilities to keep pace with the growing output from the refinery sector.

Photo: www.ecy.wa.gov

Another pertinent problem is the insufficient number of pilots at these ports. This causes delay of oil laden ships, as these vessels require a local pilot to navigate them in the congested channels in the harbours. Added to this, the shallow continental shelf constrains bigger vessels from entering ports. Gulf of Kutch, however, has a deep continental shelf and 70 per cent of the hydrocarbon requirement of the country is being met by three major oil handling facilities of the region – Vadinar, Jamnagar and Kandla. Bureaucratic hurdles further delay deepening of channels and berths at the ports resulting in dead freighting or short loading, which in turn leads to higher freight costs for the oil industry.

two oil jetty of the port. In 2005-06 HDC along with Kolkata Port handled 16.5 million tonnes of crude.

Paradip, another major east coast port handling oil cargo, has the advantage of allowing large crude carriers. However, the activities of the port get affected during monsoon months. The port has infrastructure shortage in terms of lack of pipelines to its jetty, which has a capacity of 6 million tonnes.

Plans & projects

As part of developing oil handling facilities at ports, NMDP has identified 25 projects that will cover creating new berths, deepening of channels and installation of oil handling facilities & equipment. This

stations will be established under the scheme along the gulf coastline.

To improve vessel navigation and facilitate better oil vessel movement, the NMDP would also undertake projects pertaining to automation of lighthouses, establishment of newer ones, procurement of light house tender vessel, establishment of national automatic system, improvements of aids to navigation etc. According to the Ministry of Shipping, the projects identified are in its various stages of implementation.

On the east coast, the prominent projects include Paradip-Haldia crude oil pipeline system at Paradip by Indian Oil. The project comprises, a 330-km long pipeline linking Paradip with Haldia and Barauni Refineries of Indian Oil, installation of a Single Point Mooring (SPM) system in the offshore waters of Paradip and a crude oil tank farm consisting of 15 crude oil storage tanks. A near three-year delay in commissioning has escalated the cost of the project by 20 per cent. Scheduled to be completed in March 2006 at an estimated cost of Rs 1,178 crore, the project finally started operating since December 2008, increasing the cost to Rs 1,420 crore, up by Rs 242 crore.

The pipeline will transport 11 million tonnes of crude oil a year to refineries at Haldia and Barauni, improving the refining margin of both the refineries by approximately US\$ 1 a barrel. "With the completion of this pipeline our roots in the eastern India will go even deeper by providing efficient and reliable supply chain management of crude oil," averred an IOC official. According to IOC, the project may also help to expand the company's refining operations in Guwahati and Bongaigaon (BRPL) in the crude deficient Assam by utilising pipeline network. It sets the stage for implementing IOC's proposed refinery-cum-petrochemicals complex at Paradip.

Chennai Petroleum Corp Ltd is planning to construct a Rs 1,000-crore single buoy mooring project as the pipeline from Chennai Port to the refinery has completed its longevity.

Another major project commissioned includes a project by Indian Oil Petronas Pvt. Ltd (IPPL). The project is estimated to increase Indian Oil-Petronas LPG handling capacity through Haldia port by roughly 50 per cent. A 50:50 joint venture between Indian Oil Corporation (IOC) and Petronas of Malaysia, IPPL markets imported LPG to public sector oil marketing companies in India. The joint venture also offers terminalling services to marketing companies.

According to sources in IOC, IPPL currently handles a monthly cargo of roughly 20 to 25 thousand tonnes of LPG through oil jetty-1 (HOJ-1) at the Haldia Port. However, the jetty is suffering from lack of draft, thereby restricting the entry of larger vessels. The joint venture, therefore, is now planning to commission a second jetty (HOJ-2) to augment handling capacities. The new jetty possesses the capacity to handle 30 to 35 thousand tonnes of LPG cargo a month through Haldia. The Rs 300-crore project is aimed at handling 6 lakh tonnes of LPG cargo every year.

Chennai Petroleum Corporation Limited (CPCL) is planning to construct a Rs 1,000-crore single buoy mooring project. CPCL, which imports about 10 million tonnes of crude oil for its refinery at Manali near Chennai through Chennai Port, plans to construct the SBM facility because the pipeline connecting ChPT to the refinery has completed its longevity. CPCL's project involves putting up a tank farm at Ennore Port. CPCL has appointed Mott McDonald as the project management consultant for the SBM project.

The project envisages building an SBM (a landing buoy anchored mid

seas where ships could offload cargo), a sub-sea pipeline connecting the SBM and the tank farm at Ennore, and a land pipeline running from the tank farm to the refinery. The refiner will benefit from the project because it can import larger quantities of crude even through very large crude carriers which cannot berth at the Chennai Port.

Other projects planned for handling enhanced volumes of crude also include refinery project by Hundustan Petroleum Corporation Ltd. at the vicinity of Vizag Port. Visakhapatnam Port and HPCL have recently signed a memorandum of understanding (valid for 30 years) relating to certain commercial terms and conditions. According to the MoU, the Visakhapatnam Port Trust will make available 384 acres of land to HPCL for the latter's projects. HPCL is planning to double the capacity of its refinery here from 7.5 million tonnes per annum to 15 mt and is also setting up a single point mooring. It is upgrading the facilities to comply with the Euro 3 & 4 norms. The land is required for these projects. HPCL in turn assures the port of the cargo throughput of 15 million tonnes per annum from 2015 onwards and the additional traffic of petroleum products after the expansion.

The newly commissioned and upcoming oil handling infrastructure projects at the ports augur well for India as they will definitely help it meet the huge demand for oil in future. Moreover, with increasing competition from China, which is the world's second largest oil consumer after US, India needs to augment its POL handling capabilities to be a global economic power. **MC**

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INTERVIEW

Anil Singh, Sr. VP & Managing Director, DP World Subcontinent, looks forward to a balanced trade and economy. In a tete-a-tete with **Ramprasad**, he talks about adding value to everything so that everyone gets something out of it. If proactive attitude towards opportunities is what he believes in, work and home are what he relishes and cherishes. Here's a full picture of the man and the managing director of DP World Subcontinent.



Hope on Horizon

DP World is one of the largest marine terminal operators in the world, with 49 terminals and 12 new developments across 31 countries. That in itself is a testimony for growth. But the agenda is to grow further, says Anil Singh, who moved to India in July this year to steer a growth chart for the operations in the subcontinent. Three years ago DP World acquired P&O Ports. "But where to from here?"

He has the question and also the answer. "We are coming through a depression which will offer new opportunities. The agenda is how we take on those opportunities. It is little premature to say that we have come out of recession. Dynamics are changing. From an export driven economy we are looking at higher degree of imports, people are building inventories, domestic consumption has increased. But is total domestic consumption sustainable or do we need to have a balanced trade? Our business depends on trade. So for us it is reasonable amount of exports and reasonable amount of imports – a balanced economy." So this is what Anil Singh is looking forward to.

Assignments have taken him around the globe for many years. Now back to the home country, he finds India on a progressive path with new-generation thought process. "I am relating this to two segments of my life – one in 1984 and the second in 1999. There wasn't much change between '84 and '99. We have seen many changes after globalisation," he notes and goes on to add: "Economic independence moved the country from PL 84 aid programmes to become a nuclear power. That transition is remarkable." Anil Singh is also glad to see the transition from bureaucracy in the government to

more pragmatism. "Change is there everywhere. But is it fast enough? I don't know."

Coming back to work, does he have a strategy in place? "Yes. That's where we want to increase our volume, our growth through the balanced growth. This is the time to look around and take stock instead of jumping and trying to change the world," he says. "For the moment in our projects we are looking at Vallarpadam, the first transshipment hub in the country. Success of Vallarpadam is not only DP World's success, it is a national success."

How is the response from trade? What are the expectations on this project?

A: They need to get a better understanding of what we are trying to do. Till now all our cargo was being shipped through Colombo as there were no direct services from India.

And the reasons for not having direct services and larger ships not coming was Haldia where sufficient draft is not there, look at Vizag, Chennai, a bit of deviation into Bay of Bengal, you look at Nava Sheva, Mundra, Pipavav – either they have cargo going into Jebel Ali, which becomes transshipment hub or they come to Colombo. So it's all ours which is being taken to Colombo. So, why not we have a transshipment hub? With 14.5 metres draft we will be able to handle bigger ships with 12000 TEUs. So Vallarpadam is not only a solution but revolutionary aspect of our shipping. That's why there is an expectation.

Government has put in a lot of money in getting the port ready. We have put in money in building the container terminal. With our contacts and global network we will be able to attract other shipping lines who are not actually servicing India alone, but they are servicing the East-West trade – from Singapore to Europe, East America, East USA. With our network of 50 ports worldwide we will be able to provide a viable transshipment hub. This is the expectation from us. We better do it.

What is the status on Kulpi?

A: We have been awarded Kulpi but waiting for some more permissions from Kolkata Port Trust. This project has been on and off for the last five years. We are ready to develop the port. The Hooghly Delta does not have a proper port. Kulpi will actually be a strategic point for us. If you look at Kulpi, Vizag, Chennai, Cochin, Nava Sheva, Mundra we are fairly well placed. But with such a vast coast line If you look at our total volume of containerized cargo is too little for such a large country. So we are looking for more opportunities as we need to match the growth.

The issue is how do you evacuate your cargo from up north and bring it to the coast? Our intermodal infrastructure needs development. In order to support that we got license as a private train operator. That is again an avenue we are looking as opportunity – at the end of the day, it serves the ports. For a nation like India less than 5 million TEUs of containerised cargo is not enough. When we are looking at 50 million TEUs in 2050 the challenge is to overcome infrastructure gap.

Have you noticed any progress in design, technology and operations since your first private terminal?

There are a lot of changes actually. When we started Nava Sheva twin lift operation was not there. Globally, a lot of new technologies have come in. We like to showcase such ones in Vallarapadam.

What is the business outlook for containerised cargo in coming years?

In a year with balanced trade exports will pick up. The US consumption will come back slowly as the economies are turning around. So we are hoping that we will be able to generate sufficient volumes of containerised cargo to increase the growth. Unfortunately we don't have the port capacity. 

I, Me, Myself

I did my schooling in a boarding school in Dehradun in the 60s. While doing engineering at BITS, Pilani I took a slight deviation and decided to go to sea. Engineering as a career was not as exciting as it is now. In this alternative career, I spent the next 14 years at sea. Then I had a brief stint with the Ministry of Shipping in 1984. I was an examiner and a nautical surveyor with DG Shipping. I decided to quit and go overseas.

I went to Papua New Guinea to work for P&O joint venture and developed overall logistics for their mining, shipping and road transportation interests till 1998. P&O Ports formed at that time. I went to Sydney to P&O headquarters and got sent to India to start up Nava Sheva in 1999, which was India's first private terminal.

After this, I went back to Sydney and moved with AP Moeller subsidiary in Thailand before I joined DP World. Meanwhile, DP World acquired P&O ports. It made sense to join DP World as my all old friends got absorbed in DP World. I joined as senior vice-president for Africa continent. During that period we made a lot of acquisitions. Africa is a unique continent with diverse cultures.

And then I got this wonderful opportunity to come back to India. It is something that I really looked forward to for many years to be able to come back and contribute from what I have learned from different parts of the world.

Other than building and running terminals, what else do you do?

I have been involved with a lot of non-governmental organisations. In Papua New Guinea, I started a programme called Rotary against Malaria. Ten CEOs got together and decided to help the community in their spare time. We decided to run this as a business rather than as charity. We started this programme with a grant of 100,000 dollars in 1996 and today it is a pilot project for the World Health Organisation turning over 20 million dollars and assisting people to combat malaria.

Your father is a non-conformist. What about you?

So am I. A non-conformist, ready to challenge established practices for a better tomorrow. We need to retain our values and also need to challenge the redundant systems. That's how I see myself.

You were a high achiever? How about your children?

My son Akshay is working in Australia and my daughter Ritambra is currently in India. She just finished university. She is a high achiever. She became the youngest university graduate in Australia before she could turn 21. She was picked up by KPMG. Hardwork may pay late but it always pays. That's what I gave to children. My wife Kavita is a pillar of support and strength.

What are the qualities that you like in people?

Openness and the art of giving.

And what do you dislike?

I don't like laziness.

Any hobbies?

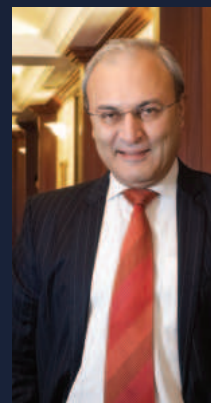
I read a lot of personality development books.

Did you catch up with Bollywood after coming back?

I have seen more Bollywood films in the last two months than I did in the last 20 years.

What's your management philosophy?

Be creative. Make a difference in whatever you do – for your staff, organisation, people around you and stakeholders. Status quo is not going to get us anywhere. Add value to everything so that everyone gets something out of it.



Mormugao Port

Widening the Basket

Mormugao Port has been at the helm of affairs in trade with the West since its inception 125 years ago. Transfer of control to Indian government had only accelerated its growth and made it a hub for exporting iron ore. But nowadays, the port has started building its cargo handling capacities in order to extend its services to handle other bulk cargo like coal and fertilizers as well. A **Maritime Gateway** report.

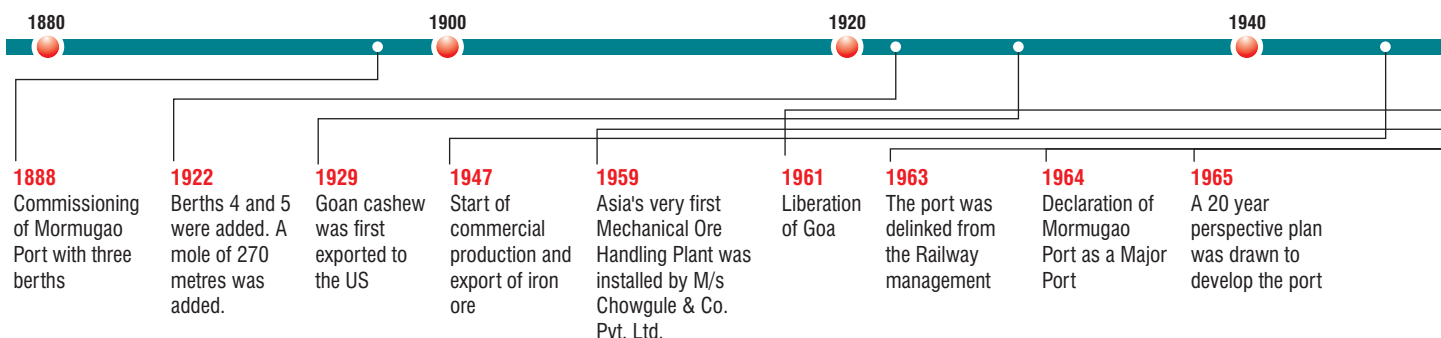
Perched in the scenic locales of Vasco da Gama in Goa, Mormugao Port has earned the reputation of being a major iron-ore handling port on the west coast of India. Since the times Chowgule & Co. installed India's first mechanical iron ore handling plant in the port, Mormugao became a prominent gateway on the world map for iron ore. The ore extracted from the hinterland of this port finds its way into the smelters of some of most industrially developed countries in the world.

Started as a small port with three berths in 1888 by the then



Portuguese rulers, Mormugao Port went through fair amount of changes and additions to reach the current stage. Commercial production of iron ore in Goa began in 1947 and since then it brought some revolutionary changes in the port traffic. Total cargo volumes reached to over 2.73 lakh tonnes in the year 1953. Accordingly, the Portuguese administration drew up a master plan to develop this port as an iron ore hub. The traffic grew by leaps and bounds in the following years reaching 14.8 million tonnes in 1973-74. Today, iron ore exports play an important role in the Goan economy.

MILESTONES



The biggest iron ore exporting hub on the west coast, the port handles nearly 40 per cent of the total iron ore exports from India. The port occupies a prestigious position amongst the major ports of the country. Its impact on its iron ore-rich hinterland goes a long way in creating employment to thousands of people involved in extracting the ore and transporting it to the port. The port plays a crucial role in improving the livelihood of the people in Goa.

Considering its immense potential to drive trade, the government declared it as a major port in the year 1964. Since then, there is no looking back as it witnessed a lot of capacity additions and multifold increase in its throughput. A number of developmental projects were implemented under the various Five Year Plans of the government. Consequently, a dedicated mineral oil berth was constructed in 1976. It is during this time that Mormugao Port tried consciously to break the mould of being largely an iron ore port. As the general cargo traffic was gradually picking up in the port, a number of schemes were implemented to augment the general cargo handling facilities at the port. Two multi-purpose general cargo berths – berth Nos.10 and 11 having draft of 11.00 m and 12.50 m were constructed and commissioned in 1985 and 1994 respectively.

Very few people outside Goa know that Mormugao Port is also famous for its cashew exports. It started as



Source: www.mptgoa.com

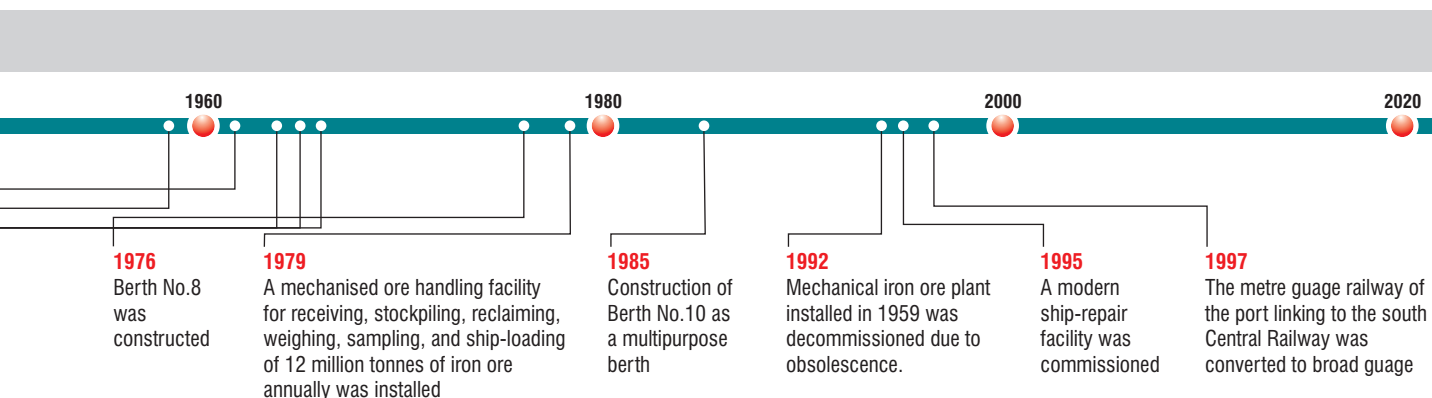
early as in 1929 when American chocolate and pastry makers were introduced to Goan cashew as a cheaper alternative to almonds and walnuts. As an old saying goes in Goa – the best Cashews come from India and the best Cashews in India come from Goa – Goan cashew is known for its rich nutrients and quality. The port handled 709 metric tonnes of cashew kernels in 2007-08 amounting to 65 TEU. But this fell down in 2008-09, due to the recession effect in the cashew markets, to 482 tonnes (40 TEU).

In 2008-09

This year witnessed the downfall of some of most of the developed economies of the world. Hit by

financial scams and leading to a severe crunch in world's monetary resources, the economies of so called developed nations came down like a pack of cards pushing the global markets into survival mode. The cascading effect of this downturn had severe impact on the Indian export community and the ports alike.

Port handled a traffic of 41.68 million tonnes which is 8 per cent of the total traffic handled by all the major ports in India. The total traffic during the year was composed of 33.81 million tonnes of iron ore including iron ore pellets, 5.20 million tonnes of coal/coke and 1.40 million tonnes of petroleum products and other liquid cargo. The remaining traffic consisted of cargoes



**COMMODITY-WISE TRAFFIC HANDLED
AT MORMUGAO PORT
FROM 2006-2007 TO 2008-09**

Qty in million tonnes

COMMODITIES	2006-2007	2007-2008	2008-2009
A-EXPORT			
Iron ore & iron ore pellets	26.66	27.30	33.81
Other ores	-	0.13	0.39
Total ores	26.66	27.43	34.20
Alumina	0.08	0.03	0.03
Hot Rolled Coils	0.08	0.20	0.14
Coke	0.05	0.02	0.04
Container Cargo	0.07	0.07	0.07
Other Cargo	0.25	0.19	0.19
TOTAL EXPORTS (1 to 8)	27.19	27.94	34.67

B- IMPORT

POL Products	0.78	0.87	0.90
Phosphoric Acid	0.39	0.37	0.36
Caustic Soda	0.04	0.03	0.02
Ammonia	0.10	0.10	0.09
Other Oil	0.04	0.04	0.03
Fertilisers	0.23	0.19	0.18
Coke & Coal	5.04	5.27	5.16
Container cargo	0.06	0.07	0.08
Other cargo	0.37	0.25	0.19
TOTAL IMPORT (10 to 18)	7.05	7.19	7.01
TOTAL TRAFFIC (A+B)	34.24	35.13	41.68

**SHIPPER-WISE EXPORTS OF IRON
ORE FROM MORMUGAO PORT
(IN '000 TONNES)**

SHIPPER	2006-2007	2007-2008	2008-2009
Sesa Goa Pvt. Ltd	5447	8252	11011
Chowgule & Co Pvt. Ltd	3364	2868	3167
V.M. Salgaocar & Co Pvt. Ltd	1684	1823	2052
V.S. Dempo & Co Pvt. Ltd	2842	2001	2204
Sociedade de Fomento Industrial Pvt. Ltd.	2017	2251	2438
Lindsay Int. Pvt. Ltd.	197	-	-
MMTC	712	414	235
Bharat Mines & Minerals Ltd	487	106	28
Timblo Pvt. Ltd.	685	489	543
VGM / VMCP	85	66	130
V.M. Salgaocar Sales International	549	274	81
Orient Goa Ltd.	44	54	-
Prime Minerals Exp. Ltd	-	498	2504
MSPL Ltd	-	2087	1935
Damodar Mangalji & Co Ltd	-	548	1407
OTHERS	8551	5571	6074
TOTAL	26664	27302	33809

“The coal berth at Mormugao Port will take shape over the next three years. As per the agreement formally signed with the Adani Group, the facility would be put in place at berth No. 7. With the 20 per cent revenue sharing, we will be able to add Rs 40 crore annually to our profits.”

- Praveen Agarwal
Chairman, Mormugao Port Trust

like fertiliser, alumina, limestone, containerised cargo, hot rolled steel coils and steel slabs.

Though the port recorded 18.6 per cent growth in traffic compared to the previous year, it can be attributed only to the increased iron ore exports. It registered a sound growth of 23.8 per cent in iron ore exports, which increased from 27.30 million tonnes in 2007-08 to 33.81 million tonnes in 2008-09 – an increase of around 6.51 million tonnes. A look at the total throughput would also suggest that in absolute terms, the port's throughput increased only by 6.55 million tonnes.

Therefore, irrespective of the port's efforts to diversify its cargo basket, its reliance on iron ore has in fact helped it grow at a time when the markets for other cargoes were

falling. A further thought into this would reveal that massive iron ore import from China was the reason behind this growth. China was importing huge amounts of iron ore during this time from all around the world to meet its economic growth. Other than iron ore, no other type of cargo handled by Mormugao Port managed to clock a decent growth figure, including the famed cashew kernels.

Another outcome of the global downturn is the drop in the cruise traffic at Mormugao Port. Only 24 cruise vessels carrying 10,878 passengers called at the port compared with 38 cruise liners with 12,997 passengers in 2007-08. Ultimately, the port's net turnover for 2008-09 stood at Rs 275.49 crore against Rs 268 crore in 2007-08. The profit after tax and after making the substantial contributions to the superannuation funds, was Rs 6.9 crore as against Rs 39.85 crore the previous year.

In 2009-10

The performance of port has been decently fair in the current year. It recorded a 23 per cent rise in cargo handling in the first six months of this financial year. While it handled 13,518 million tonnes during April to



Photo: Venkatmurthy - Picasa Web Albums

September 2008, this increased to 16,654 million tonnes during corresponding period in 2009. Again, this growth mainly comes from the increase in iron ore export volumes during this period, which grew by 27.38 per cent from 9,512 million tonnes in 2008 to 12,117 million tonnes in 2009. However, ongoing recession has taken its toll on the other commodities, witnessing limited growth.

Capacity addition

Mormugao Port Trust under the chairmanship of Praveen Agarwal had envisaged a Rs 1,000-crore modernisation and capacity expansion plan in early 2008. A series of works have been taken up to this extent like reclamation of the

Vasco bay, deepening of the channels, setting up new terminals, mechanisation of iron ore and coal handling, capital dredging etc.

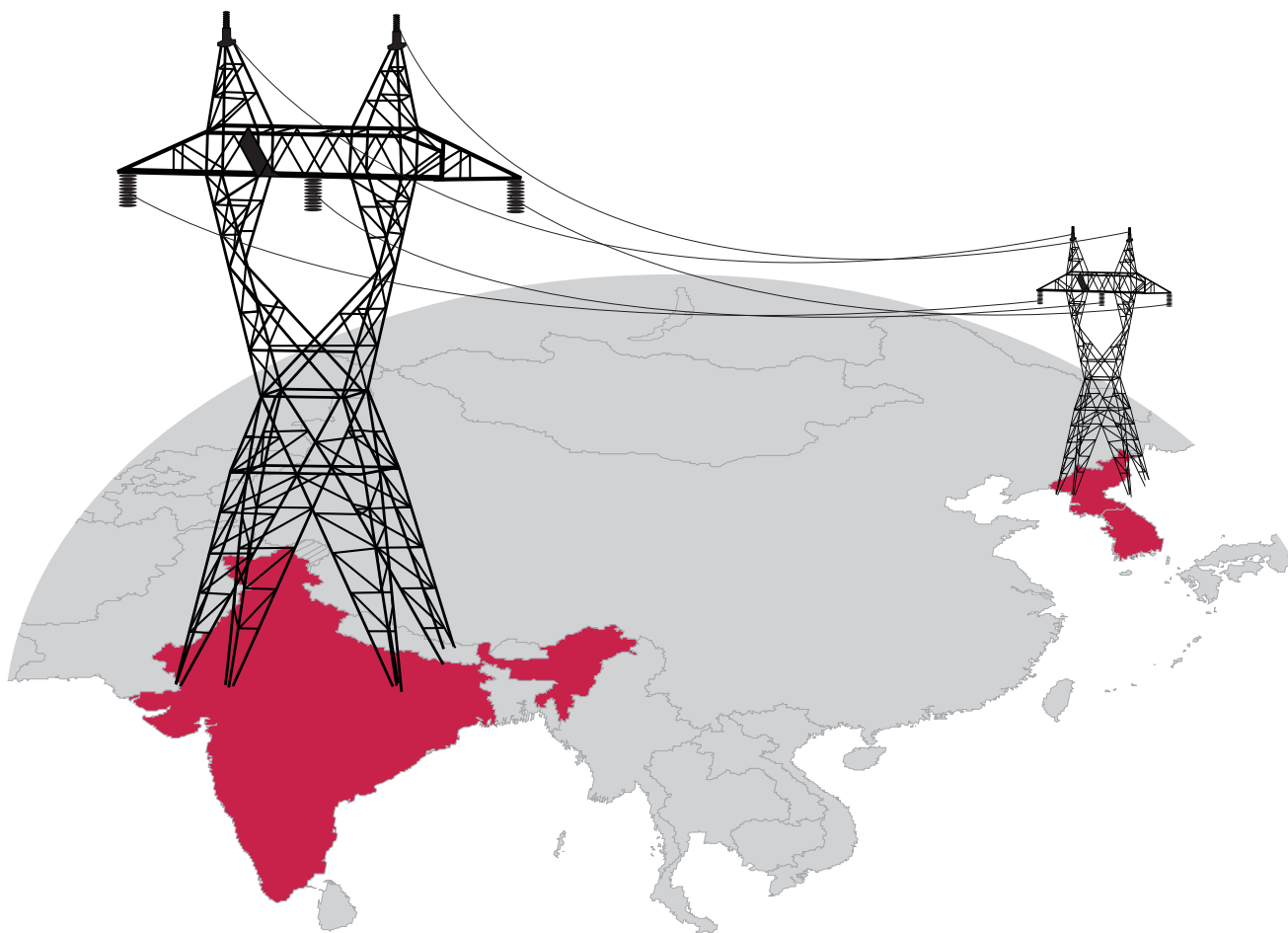
Among the expansion projects is the ongoing construction of three mooring dolphins aimed at meeting the surging iron ore volumes. Including costs for dredging, the dolphins are expected to cost Rs 25 crore and will be commissioned shortly.

The port administration recently tied up with Adani Mormugao Port Terminal (a special purpose vehicle floated by a consortium of Adani Enterprises and Mundra Port and Special Economic Zone Ltd.) to develop a mechanised coal handling berth at berth no. 7. The coal

handling terminal will have a capacity to handle 6.5 million tonnes per annum (mtpa) of coal, while for the first year it will be 5 mtpa.

The deal includes a concession period for 30 years and the terminal is expected to commence operations by 2012. Around Rs 350 crore are being invested in this project and once it is commissioned, the port is expected to add around Rs 40 crore to its profits annually.

After 125 years of serving the nation, Mormugao Port today is proud of what it has achieved. Intent on developing its capacities to handle different types of cargo and thus remove the tag of being called an iron-export hub, this Goan port is carving itself a bright future. 



India-Korea FTA

Cementing ties with CEPA

With India opening doors to Korea and vice-versa, it has to be seen how this development will add to India's growth story. But on the face of it, Korea seems to be benefitting more than India through this agreement.

by **Susenjit Guha**

If the Indo-ASEAN FTA has come as big blow to the state of Kerala, the FTA or rather the more carefully drafted Comprehensive Economic Partnership Agreement (CEPA) signed earlier with Korea, the most developed nation in ASEAN, was cheered by most leaders across industrial sectors in both the countries. The deal was inked after the lengthy talks that continued for nearly three and half years between the two countries.

Unlike FTA, CEPA is aimed at lowering trade barriers in a phased

manner instead of complete elimination. It can be mutually beneficial for the industries in both the nations. Unlike FTA signed between the US and EU which stipulates the elimination of trade barriers within next five years, CEPA aims to scale down import duties from the existing 12.5 per cent to 1 per cent over eight years.

Industry leaders in India are of the opinion that Indian businesses will get larger market access in Korean markets and trade would be more balanced between the two nations. According to Commerce and Industry

Minister, Anand Sharma, “this is just the beginning... hope that this will help use the opportunities that exist in both Korea and elsewhere.”

FICCI Secretary General, Dr Amit Mitra felt, “FICCI projects a doubling of trade between India and South Korea within the next five years, facilitated by the CEPA agreement.”

President of the FIEO, Sakthivel felt, “It is a welcome policy... given the US dollar credit, extended the interest subvention scheme and enhanced focus market scheme. All this will help exporters.”

While both the Confederation of Indian Textile Industry (CITI) and the Apparel Export Promotion Council (AEPC) felt much more could have been done or extracted in light of the global meltdown, the Synthetics and Rayon Textiles Export Promotion Council (SRTEPC) welcomed CEPA.

“The services sector that has a large pool of trained professionals raring to have a go at new markets would be immensely benefited from the CEPA.”



Joining hands: India's commerce and industry minister Anand Sharma with his Korean counterpart Kim Jong-hoon (right) after signing a Comprehensive Economic Partnership Agreement in Seoul in August this year.

Indian trade imbalances with a particular country can only be corrected if exports can access more markets out there. Even though India's trade deficit stands at US\$ 4.6 billion with Indo-Korean trade amounting to US\$ 10.2 billion – from last year April to February this year – the CEPA can help bring it down. Korea has nearly US\$ 1.46 billion invested in India while Indian investments already there are expected to increase after the agreement.

Primarily, the services sector that has a large pool of trained professionals raring to have a go at new markets would be immensely benefited. There is a huge potential for Indian IT and IT-enabled service professionals and businesses in areas of engineering, legal, English teaching and financial services. Director General, Confederation of Indian Industry (CII), Chandrajit Banerjee has welcomed the move and said, “The free trade pact between India, Asia's third-largest economy, and the fourth largest, South Korea, would go a long way in fostering closer economic partnership at all levels... Indo-Korea CEPA would lead to a mutually beneficial economic relationship between the two countries, which is far below its true potential.”

But why is CEPA with Korea laden with added attractions when India had already signed similar agreements with Singapore and an FTA with ASEAN? The latter deal is drawing a lot of flak in the state of Kerala. But what are the benefits that Korea can gain from this agreement?

Unlike most of the western nations that formed the core market for

Snapshot of India's Trade with Korea between 2003 and 2008

Values in US\$ Million

S.No.		2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
1	EXPORT	764.86	1,041.68	1,827.21	2,512.76	2,853.19
2	%Growth		36.19	75.41	37.52	13.55
3	India's Total Export	63,842.55	83,535.95	103,090.54	126,262.67	162,983.90
4	%Growth		30.85	23.41	22.48	29.08
5	%Share	1.2	1.25	1.77	1.99	1.75
6	IMPORT	2,829.17	3,508.77	4,563.85	4,802.26	6,040.58
7	%Growth		24.02	30.07	5.22	25.79
8	India's Total Import	78,149.11	111,517.44	149,165.73	185,604.10	251,562.26
9	%Growth		42.7	33.76	24.43	35.54
10	%Share	3.62	3.15	3.06	2.59	2.4
11	TOTAL TRADE	3,594.03	4,550.45	6,391.06	7,315.02	8,893.78
12	%Growth		26.61	40.45	14.46	21.58
13	India's Total Trade	141,991.66	195,053.38	252,256.27	311,866.78	414,546.15
14	%Growth		37.37	29.33	23.63	32.92
15	%Share	2.53	2.33	2.53	2.35	2.15
16	TRADE BALANCE					
17	India's Trade Balance	-14,306.56	-27,981.49	-46,075.20	-59,341.43	-88,578.36
	Exchange rate: (1US\$ = Rs.)	45.9516	44.9315	44.2735	45.2849	40.241

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products and Crude Oil
Source: <http://commerce.nic.in>

Indian products, Korea was unaffected by the global economic meltdown. While the need for India is to lessen the dependence on US and European markets, the FTA or rather a CEPA with Korea is a welcome move in tandem with India's need to go down the 'Look East' policy track. Most of the country's young are engaged in the IT and IT-enabled services sector and they form nearly 17 per cent of the population. While India can benefit from the agreement, Korea would also find opportunities to cater to the rising demand for consumer goods from this population segment. With duty cuts, white goods and parts would be cheaper and sales would witness a quantum leap as the majority of the buyers fall in this population segment.

South Korea's trade minister Kim Jong-hoon felt it was his country's first step towards forging trade agreements with BRIC – Brazil, Russia, India and China.

Among the major features of CEPA was lowering of duties for importing Korean auto parts. Many infrastructure projects are being done by South Korean companies including expansion of the metro railway in many Indian metropolitan cities. The agreement may further strengthen the trade relations between the two countries in their respective areas of dominance, e.g. South Korea in electronics and India in agricultural products.

As agreed under CEPA, South Korea would waive duties altogether for 93 per cent of its agricultural and industrial products while India would reciprocate with 85 per cent of its products. Farm products, automobiles and textiles have been kept outside the ambit of tariff elimination while some of them would be scaled down gradually in future.

It is up to the export-import community to make the most of the openings as the small and medium enterprises can forge alliances with

“Manpower exchanges between the two countries are expected to grow with the Indian services sector benefiting and Korea has kept the authority of checking the influx of Indian workers and professionals.”

Korean companies. And, the tapping potential can be done in a wide array of sectors like printing and publishing, consultancy services, telecommunications, education and tourism.

But, behind the apparent shine of the deal, there are some features worth noting. While manpower exchanges between the two countries are expected to grow with the Indian services sector benefiting, Korea has kept the authority of checking the influx of Indian workers and professionals. While other FTAs by Korea do not allow free labour movement, there is enough potential for Indian professionals to access high paying jobs markets with living conditions comparable to any advanced western country.

But Korea would determine the number of Indian job seekers, keep tabs and even prevent them from overstaying while the lucrative medical sector will not be accessible to Indians. India, on the other hand, has agreed to exclude tariff exemption on some agricultural products and fisheries while opening up medical, banking, advertising, accounting and telecommunication sectors to Korean businessmen.

Although the share of foreign investments in a company is limited to 65 per cent in India, Indian electronics, auto manufacturers and machinery sectors do provide good investment opportunities for South Korean companies.

According to Korean minister Kim, the deal would send a signal that free trade is up and running while protectionism is history. Industrial, agricultural goods and raw materials have received wide exposure, but the Koreans are upbeat over getting access to the huge Indian market. CEPA will come into effect from January next year after being ratified by Korea's national assembly. According to Korea Institute for International Economic Policy (KIEP) estimates, bilateral trade is expected to soar to US\$ 3.3 billion annually.

The deal is among a series of FTAs signed by Korea with different countries, India being the sixth country to sign an agreement with it. South Korea, with its right kind of approach, stands to benefit immensely and will be more than what India is going to benefit in absolute figures.

But will India be able to narrow the trade deficit with South Korea?

Indian imported goods worth US\$ 3.6 billion and exported US\$ 1.6 billion in the first half of this year. Korea is better positioned with a surplus of US\$ 2.30 billion from US\$ 15.56 bilateral trade last year, an increase of 39 per cent. Korean exports to India in June 2009 accounted for just 2 per cent of the total compared that to China with 20 per cent, higher than US and Europe. But the prospects are bright as the fallout of the global recession will make the West consume less and trade more, while India will continue to grow very fast. With its export-driven approach, South Korea seems to be moving faster than India and China, which are yet to realise their full potential. **MG**

GAC

Grow 'n Sea



Photo: Radhika Rani G

Curriculum Vitae

GAC (Singapore) Ptd Ltd, 3 Lim Teck Kim road,
#11-01 Singapore Technologies Building, Singapore
088934

Education

Bachelor of Science degree in Nautical Science from
Nautical College of Antwerp, Belgium

Employment

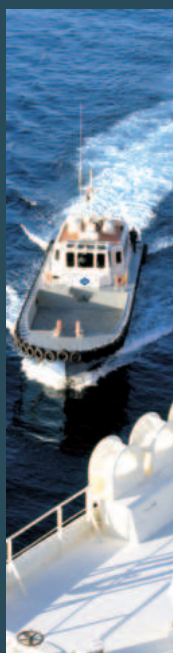
- Managing director for GAC Singapore since 2006
- Earlier, general manager for GAC Thailand
- Operation advisor for GAC Andhika, Indonesia

Credentials

- Built extensive experience from sales, marketing, operational to business development
- Is multilingual in English, Dutch, French, Indonesian, Malay and German

Hobbies

- Ivo loves dogs (he has 4 dogs), travelling and exploring new destinations, movies and reading novels.



A leading global provider of shipping, logistics and marine services, GAC has over 8,000 people working in over 300 offices worldwide and speaking more than 100 languages. Headquartered in Dubai, the Group believes in being local in action and global in attitude. Since its establishment by Swedish transport interests in Kuwait in 1956, the Gulf Agency Company has expanded its geographical coverage and range of operations to serve customers around the world. "GAC managers and staff emphasise human dignity as a core value in our operating philosophy," says **Ivo Verheyen**, managing director of GAC Singapore. He is responsible for driving the growth of the shipping and logistics business as well as leading over 130 staff. "We value long-term relationships with business partners, customers and suppliers and seek win-win solutions to the challenges of modern business," he reiterates as he shares his company's perspectives and plans with **Radhika Rani G**. Excerpts from the interview.

GAC is a formidable player in global maritime services. How did it weather the recession?

A: The Group has been financially stable through the recession and GAC Singapore is actually doing very well with 14 per cent growth in 2009, way beyond our budget, thanks to the diversity and integration of our services portfolio.

We serve a diverse range of vessel types from tankers to dry bulk and cruise. We also provide one-stop solutions and cross-sell our services to our customers. In the past two years we have launched a number of products under GAC Solutions, such as Fire, Rescue & Safety (FRS) and Weather Solutions services. The latter offers customised products and meteorological expertise to help principals navigate with the most efficient route under any weather conditions. This helps to reduce bunker costs for the principals. Further, its latest Web-based application Fleetweb 3.0 allows shipping operators to easily monitor and control fleet performance 24/7 to achieve greater operational and cost-efficiency.

These new products have helped us acquire new customers by offering them such services that add value to the normal agency services we used to provide them in the past.

On top of that, our GAC Marine Logistics (GML) product has also been our key product as it combines our logistics experience with ship agency services. GML provides fast, dependable and efficient delivery of marine spare parts, enabling us to achieve more efficient supply chain, which leads to shorter turnaround time for the vessel at port.

How are ship agencies reorienting themselves to stay put?

A: For companies in shipping as well as other industry today, success is driven by the ability to attain and retain customers. It is essential to keep them satisfied, and as such, maintaining a consistent level of services is of primary priority despite the need for exercising caution and diligent cost management.

In fact, now is the opportune time for agents to explore new solutions to help the shipping industry.

How is Singapore shipping industry working its way out of dull times?

A: From my point of view, I don't think the whole industry has been in dull times. It is true that a lot of players have been suffering, but it depends on which part of the supply chain you are working in. Container lines have been badly affected and tankers have felt the pressure as well. Newbuildings will be delivered and there is shortage of cargo to be moved. These factors



The India Story

Paul Haegeman, Managing Director, GAC India answers a query on the India market.

With reference to India, how is the growth?

Despite the global recession, India has managed to buck the trend with more than 6 per cent- growth over the fiscal year. However, containerised exports are still about 30 per cent below of what they used to be and container rates are still low. Some GRIs have been partially successful.

GAC India is a fairly diversified company, being one of the country's major agents since 1985. Despite the overall downward trends, the market share we have obtained amongst the shipping agents is considerable and has been steady. Specialising for a large part in tanker and tramp agency, we have seen a good recovery in our in-house figures and are satisfied with our performance. The logistic department in GAC India has seen a consistent growth over the last five years. We have become a valuable partner within the GAC worldwide network of offices and agents, and are now handling all types of cargoes – from LCL shipments to FCL, from oversized to heavylift, both for imports and exports.

A warehousing and distribution attempt in Mumbai was set up, but has now been put on ice grounded by legal and tax issues. Meanwhile, we are waiting for changes in the VAT and octroi systems. GAC India has taken large forward steps as a supporter of the Oil and Gas sectors. With specialised teams in Mumbai, Cochin, Delhi, Chennai, and Vizag, as well as an onshore support base in Kakinada to provide logistic services to our clients, we are in a position to handle all cargoes related to offshore operations. We are also able to assist our clients during the complicated legal and tax formalities that need to be taken care of when marine equipment, drill rigs, survey vessels come to India to operate in local waters.

This area is seeing a good and steady growth for GAC India, while it also fits in with a group of wide initiatives to promote this sector within GAC.

“GAC has grown to meet the needs of some of the world’s largest companies. But its commitment to addressing each customer’s unique challenges remains unwavered.”



will continue to contribute to the dull time in the years ahead. However, I expect many companies will go through the difficult times in the next three years.

GAC has grown into diverse maritime operations. What are the innovations being planned to sustain as a strong regional player.

As mentioned, GAC has developed innovative services such as Fire, Rescue & Safety (FRS) and Weather Solutions services. They not only save costs, but time, lives and cargo as well.

In addition, GAC also offers Ship Lay-Up Solutions, which helps owners / operators avoid non-profitable journeys, and reduce wear and tear, fuel consumption and insurance premiums during periods of low demand. However, Singapore regulation does not allow vessels to be laid up around the country, so they all have to go to Malaysian or Indonesian waters, out of Singapore port limits. Despite this situation, we keep providing as much support as we can from Singapore; but our offices in neighbouring countries are more favourable for this service as it becomes much more economical that way.

With such innovations, we are confident to sustain our position as a strong global provider by offering cost-effective solutions to our customers, in order to help them weather the storms of the global economic slump.

What is your vision for GAC? What gives you the utmost satisfaction being at the helm of affairs?

A: In 2008, we have launched a new growth strategy “Vision Y – Global Values” to take the entire group forward to 2012. This new five-year plan both builds on the growth momentum created over past five years and adds important values component. VYGV puts renewed emphasis on our operating culture, which is unique in the business world. Our guiding values reach beyond cultural and geographical differences and add a strong human element to all that we do.

My utmost satisfaction would be being able to work in a professional environment and to be able to provide solutions to our customers.

And finally a word on the performance.

A: GAC Singapore has not been adversely affected by the global downturn. In fact, we have achieved a record number of 341 port calls in May this year. Our second highest performance was 277 port calls in May 2008. **MG**



GAC clinches Maritime Services Award

GAC has won the Maritime Services award at the 2009 Lloyd's List Middle East & Indian Subcontinent Awards (MEISC), the leading awards event for the region's shipping industry held in Dubai recently.

The award was in recognition of GAC's adaptability and initiative in the current market through its service offerings such as GAC ship lay-up solutions (GLUS) for flexible, global lay-up services and anti-piracy GAC protective solutions.



Shashi Nair (right), marketing manager of GAC Shipping's Middle East and Indian Subcontinent, receiving the Maritime Services Award from Khalid Meftah, senior director of corporate services, Dubai Maritime City Authority, in Dubai recently.

Bangla-GAC network

GAC Shipping's network of Global Network Agencies (GNAs) has expanded to Bangladesh with the signing of an agency alliance deal with Uni-Global Business Ltd. Under the agreement, GAC Uni-Global will provide ship agency services at all Bangladeshi ports. Uni-Global Business Ltd is a noted agency house headquartered in Dhaka, with branch offices at the key ports of Chittagong and Mongla. Tom Björklund, GAC's General Manager of Global Hub Services, says Uni-Global has been working with the Group since its establishment in 1990. "We foresee a drastic expansion of business in Bangladesh, based on good growth in general cargo and the growing number of Ro-Ro vessels and tankers calling at the country's ports," he adds.

Exploring Africa

China to strengthen trade

As part of strengthening its trade links with Africa, China announced to abolish import duties on some commodities from Africa and make sure Chinese exports to the continent are safe.

The proposals were outlined by Chinese Commerce Minister Chen Deming ahead of a summit between Chinese and African leaders in the Red Sea resort of Sharm el-Sheikh. Chinese investments in Africa totaled US\$ 7.8 billion as of 2008 while trade has increased 30 per cent annually in the last ten years, exceeding US\$ 100 billion last year, Chen said.

Among the new measures Chen proposed are exempting unspecified types of commodities from customs duties, setting up logistics centres in Africa and creating an inspection system to weed out trade in substandard consumer goods. China would also continue to build schools and hospitals, support malaria-prevention programmes and improve farming methods in Africa, Chen said.

Cash boost

Zim gets multimillion aid

Following approval of the rescue plan by its parent company's shareholders, Zim, the loss-making shipping line, will receive a multimillion dollar cash injection. The Israeli carrier will receive a capital injection (which will be converted into equity) of US\$450m from parent Israel Corp and also a \$100m safety net.

Zim CFO Allon Raveh said "This result means we've completed a major strengthening and stabilisation of the company's capital structure, which makes Zim a completely different company in terms of its financial structure. Zim will receive an injection of almost half a billion dollars of capital investment from Israel Corp, as well as a further half a billion dollars of new financing from three banking syndicates to finance the acquisition of our new vessels."

CEO, Rafi Danieli added "With these arrangements in place, Zim is now fully prepared to trade its way out of the global economic downturn and back to profitability and growth. We must now, as always, focus on delivering the highest possible standards of service to our customers."

Imtech Marine

Integrated bridge seaguide to be launched

Imtech Marine Group companies Imtech Marine Shanghai, Radio Holland China, Imtech Marine & Offshore and Imtech Marine Germany will present themselves under the Imtech Marine Group brand at an upcoming Marintec exhibition. The marine group's mission is to be a leading global technology provider of whole ship solutions and reliable partner in all maritime markets.

Imtech Marine Germany has utilised their experience, competence and knowhow in the field of navigation systems to design the Imtech Seaguide together with partners in order to be able to meet these demands. The Imtech Seaguide is being officially launched at the Marinetec as part of the Deep-sea Bridge console, which will also incorporate systems from other partners in the field of navigation and communication.



Going green

STX to build eco ships

STX Europe, a global shipbuilder announced that it has signed a contract with Deep Sea Supply to design and build an environmentally friendly Platform Supply Vessel (PSV). The PSV 09 CD design is optimised for eco-drive in all weather conditions, and also to reduce water resistance and improve fuel consumption. The ship will be designed by STX Europe in Ålesund, Norway in the first quarter of 2012.

Container safety

Rotterdam launches inspection

The Transport, Public Works and Water Management Inspectorate (IVW) and the Port of Rotterdam Authority have recently launched a themed inspection into container vessels to find out whether or not containers on board are well secured by shipping companies. The two departments are checking 50 container vessels over a period of four weeks. The Port Authority will select the ships entering the port on the basis of criteria set by the IVW. The departments will look at such things as the standards applied, as well as the planning schedule and the stacking of the containers, taking account of their weight, quality and the condition of the lashing material. The lashing and securing of containers might already be included in the general ships' inspections which the IVW carries out in the ports. The themed inspection supplements these. An annual 10 million TEU containers are handled in the Port of Rotterdam.

Throughput stabilises: Meanwhile, the amount of cargo handled in the port decreased by 11.9 per cent to 283 million tonnes in the first nine months of this year. Almost every type of cargo displayed negative growth. Only the petroleum products showed growth, and strong growth at that, increasing by 21 per cent to 22 million tonnes. As a result, the total throughput of liquid bulk remained virtually constant at 147 million tonnes. Dry bulk throughput decreased sharply, shedding a third to 46 million tonnes. General cargo came somewhere in-between, with a decrease of 12 per cent to 89 million tonnes. CEO of the Port of Rotterdam Authority, Hans Smits, has responded to the figures saying, "There is still a hefty decrease in terms of percentages, but the trend curve has started turning slightly upwards again since July."



Agility's encore

Logistics award in a row

Agility retained its crown at the Lloyd's List Asia Awards when it won 'The Logistics Award' at a glittering ceremony in Singapore. This is the second year in a row that Agility has won the prestigious award in this highly competitive category. The award judges included academics and industry leaders from across Asia Pacific, including Japan, Korea, Singapore, Malaysia, Singapore, Hong Kong and the Philippines. Collecting the award, Wolfgang Hollermann, CEO, Agility's Asia Pacific Region said, "Winning this award for two consecutive years is a marvellous achievement and a great honour and I would like to thank the readers of Lloyd's List who nominated Agility as a finalist and the judges for bestowing this award on us. This award reflects the hard work of my colleagues in the Asia Pacific region and around the world."

Q3 results: Meanwhile, Agility reported continued strong financial results in Q3, 2009. Its net profits increased by 15 per cent and earnings by 19 per cent.



Wolfgang Hollermann, Agility CEO Asia Pacific (left) accepts 'The Logistics Award' from ESPN presenter John Dykes at the Lloyd's List Asia Award in Singapore recently.

Asia-Europe services

Hapag hikes rates

Hapag-Lloyd will increase rates for dry and reefer containers from east Asia - excluding Japan - to north Europe and the Mediterranean by US\$250 per TEU, with effect from 14 December.

The increases will apply to cargo from South Korea, Taiwan, Hong Kong, China, Singapore, Malaysia, Indonesia, Thailand, Philippines, Laos, Cambodia, Vietnam, Brunei, and Russia's Pacific Coast.

Restructuring business

DB Schenker Rail plans changes

DB Schenker Rail has announced plans to streamline its management and organisational structure in light of the current economic situation. The changes mean DB Schenker Rail's Automotive and Intermodal Business Segments will be integrated into the European and German sales organisation. As a result, the development of a separate combined transport railroad - developed by its Intermodal division - will be discontinued.

There will also be changes in the management of the business unit and the business segments. The structural changes will take place on 1 January, but will first require the agreement of the supervisory board. Commenting on the changes CEO Alexander Hedderich said, "The current economic situation requires a lean organisation with clearer, explicitly defined responsibilities for business results, and short decision-making paths. We must restore operational and economic balance to DB Schenker Rail, especially in Germany."

"A streamlined management structure and the clear assignment of responsibility for results within our company are the basis for achieving these goals," he added. As part of management changes, Hedderich will also be placed in charge of the Germany/Region Central Business Segment.

Fleet expansion

GEM buys six vessels

Gulf Energy Maritime (GEM) - the Middle East's largest independent commercial product tanker operator - has implemented its fleet expansion targets for 2009 by receiving a total of six new vessels in one year. Named Gulf Crystal, the fourth 75,000 dwt Panamax vessel and the sixth newest ship received by GEM this year from Hyundai Mipo Dockyard (HMD) - South Korea's biggest ship builder - becomes the 17th vessel in GEM's fleet.

Earlier in the year, GEM had taken delivery of five new vessels - two 47,000 dwt tankers and three 75,000 dwt product oil tankers - all built and delivered by HMD in accordance with GEM's design and specifications. Come 2011, GEM's fleet will increase even further not just in terms of quantity but also in size as the company is expected to receive two new Aframax vessels from Samsung Heavy Industries with a capacity of 114,700 dwt - both of which are Long Range 2 specification.



UNCHAINING Supply Chains

As globalisation leads to competition, it is interesting to watch how businesses and nations can attain competitiveness through supply chain management.

by **Nazery Khalid**

Supply chain management, or the management of resources, information and capital within the network linking manufacturers / producers and consumers, has emerged as a key value driver in today's competitive business environment.

Companies constantly seek to eliminate bottlenecks to ensure their products reach their customers fast and in a cost-effective manner. In doing so, they are increasingly preoccupied with reducing inventory, keeping close network of vendors and suppliers, outsourcing logistics services to third parties, and enhancing distribution capacity.

Supply chain management: Use it or lose it

Amid increasing globalisation and liberalisation, the battle for business and trade is no longer fought between companies and nations but between supply chains. Fierce competition has driven total supply chain management to the fore of key value drivers and business and trade strategies for companies and nations to gain competitive advantage. This approach is changing the business scenario and has even become a key strategic thrust in enhancing the competitiveness of trading nation.

Central to modern day supply chain management is unlocking the value

along the supply chains to help businesses and nations gain competitive advantage. As the business environment and trade milieu get more complex and competitive, the needs for logistics, transportation and distributive trade services have grown in sophistication, extent and degree of specialisation.

Companies and nations seek that extra edge to service their consumers and markets better than their competitors. The focus is no longer just port-to-port delivery of goods and materials but door-to-door delivery. To facilitate this, they increasingly turn to supply chain management as a primer to gain advantage.

But the race is not just about delivering more faster, cheaper and farther anymore. In doing so, greater focus is given to trade-offs and a wide range of emerging issues such as sustainable supply chain management, transparency, accountability, corporate social

responsibility, labour relations and security of supply chain.

Supply chains have ceased to exist as entities which are isolated from one another and far removed from business and trade related realms. In today's globalised and liberalised business and trade platform, supply chains have become embedded into one another, so much so that collaboration among them and sharing of data among players in these chains have become the order of the day. Modern supply chains encompass so many aspects of life that their planning and operations have entered into the public domain.

With supply chains becoming integrated and the business and trade landscape becomes 'flattened', total supply chain management, or a holistic, comprehensive approach towards supply chain management from the producers' end (upstream) and consumers end (downstream) has become essential. The name of the game is to reduce cost; share information and data; and to create a lean, agile supply chain.

Total supply chain management seeks to synchronise the processes, systems and resources involved along the chain to improve delivery time, reduce costs, shorten product cycle, track shipments better, increase productivity and fulfill market

demand. This demands supply chain managers and logistics service providers to come up with innovative supply chain management techniques and strategies to match the expanding scope of business and trade and growing expectations of good conducts in those areas.

Logistics services and supply chain management as primers to trade competitiveness

The success of trade initiatives and trade competitiveness of nations depend a lot on the availability and efficiency of trade transport infrastructures and services to facilitate smooth movement of goods. A transport system featuring interconnectivity among the various transport modes is a catalyst for efficient movement of goods, greater volume of trade and lower transaction cost.

In light of the unmistakable trend in trans-border production and manufacturing, the need for a smooth, efficient and seamless supply chain has become critical to promote greater speed and efficiency in the delivery of goods. For trade-dependent economies, the need to maintain and increase their competitive advantage in an increasingly competitive world is a mantra that resonates loudly.

As nations expand their scope of production and widen the reach of their trade, supply chain management has emerged as a critical strategic tool in facilitating their trade growth. However, their effort to enlarge their trade can be hindered by an inefficient production system and a sluggish supply chain. A business environment and nation with costly, inadequate and cumbersome supply chains will be shunned by investors, traders and shippers whose business depends on the smooth and cost-effective delivery of goods and materials across distances.

As the pace of globalisation and trade liberalisation increases, and international trade volume grows, the role and importance of logistics services have become more prominent in facilitating global trade. In today's fast-paced world, shippers of products increasingly demand efficiency from transportation industry and logistics service players. They expect efficient services such as better tracking of their shipment, online ordering facilities, timely and predictable delivery, and more transparent invoicing and payment information, among many others, to enable them to reach their markets faster and at competitive cost.

The growing and increasingly sophisticated demand for integrated

Coping competition: Availability and efficiency of trade transport infrastructures and services are the key to the success of trade initiatives.





“The efficiency of supply chain has emerged as a make or break factor in determining the ability of developing nations to attract FDI and trade, and is key to their economic growth.”

logistics services and supply chain strategies by producers, manufacturers and shippers has dramatically shaped the landscape of the logistics sector and the practice of supply chain management. Logistics services has morphed into a complex undertaking involving multiple activities, elements, components, processes and systems that help facilitate business activities and global trade. This demands supply chain planners to step up to the plate and come up with innovative, reliable and affordable solutions and strategies to match the expanding scope and complexity of business and trade.

On this account, the importance of supply chain management in facilitating business and trade should become very clear. Without efficient supply chain management, goods cannot flow smoothly from manufacturers to markets. When this happens, a series of negative chain effects will be triggered. To shippers,

the cost of holding inventory will rise; critical goods will not reach consumers; raw materials will not arrive at factories; bottlenecks will form along the supply chain; and the cost of transporting goods will increase due to the delays and interruptions. The repercussion of sluggish supply chain emanating from poor logistics services will eventually hit everyone along the chain.

A competent transportation system linking various transport modes, links and nodes is critical to facilitate the proficient running and flow of a nation's production system and to boost its trade competitiveness. Without such a transportation system, nations cannot handle trade in an efficient and cost-effective way and will not be able to cope with growing trade volume. As a result, they could be rendered uncompetitive and could be shunned by businesses and investors who increasingly put a premium on good transport system and services in their

decision to set up base and to invest in a particular country and region.

An efficient trade transport network is especially crucial for developing countries whose economic growth is trade-dependent and export-oriented. To boost international trade, investments and economic activities, such countries must continuously improve the links between its trade gateways like ports and its economic hinterlands, and extend their connection to the global supply chain. As trade becomes more globalised, this is no longer a luxury target but a must for trading nations in order to be competitive.

The efficiency of supply chain has emerged as a make or break factor in determining the ability of developing nations to attract foreign direct investments (FDI) and trade, and is key to their economic growth. For trade-dependent economies, the need to enhance their trade competitiveness in an increasingly competitive world is a matter of paramount importance. The absence of an efficient transportation system can be a hindrance to efficient production which in turn can blunt their trade and national competitiveness.

Developments affecting supply chain management

Companies spend significant amount of money, time and effort to re-engineer their supply chains through business process changes and technology. Cost-cutting and enhancing speed of delivery are the buzzwords in any business these days. One of the key areas frequently identified in cost-cutting is the turnaround time for products – in other words, reducing the amount of time for products to be kept in inventories and transported to the ultimate users.

Transport costs are under pressure as cost of fuel and other costs such as compliance, labour and insurance are getting higher, and competition among trading nations is getting

fiercer. As the volume of trade grows – the blip caused by the current recession notwithstanding – the need to enhance the effectiveness and efficiency of their trade transport and to improve the linkages between the transport modes has become crucial.

There is a clear trend of logistics service providers to integrate themselves into the supply chain in recognition of the outsourcing phenomenon, at home and abroad. Logistics companies in developing countries must position themselves to join this strategic shift or risk drowning in the wave of competition from global logistics players. Only by broadening their scope of services and providing value-added services can they hope to gain the huge slice of the global logistics industry pie and serve the needs of high-end customers and multinational companies (MNCs). Collaboration and consolidation have become key drivers in shaping the landscape of supply chain management as businesses seek economies of scale to gain a bigger slice of the market share.

Growing focus on green supply chain, which entails reducing carbon footprint and emission of green house gases along the supply chain and disposal of goods in an environmentally friendly manner, has opened up a new dimension in supply chain management. Companies are now expected to infuse sustainable development and practise social responsibility every step of the way along the supply chain. There is also increasing emphasis on transparency, accountability and fair play in business and trade practices. The combination of social and environmental concerns in business and trade, along with the related regulatory pressures, calls for a new approach and tangent in supply chain management beyond ensuring goods and trade are delivered from one point to another.

Post 9/11, the emphasis on security along the supply chain has been put

Rising operating costs across the supply chain emanating from high costs of assets, systems and other factors of production also demand a more nimble supply chain management approach to reduce them.

under intense spotlight. Growing threat from asymmetrical and non-conventional sources has added to the cost of protecting goods, assets, information and resources along the supply chain. The potential impact of thefts along the supply chain arising from the global recession and credit crunch has also given supply chain managers another headache to worry about. Then there are the rising threats of natural disasters such as tsunami, earthquakes, typhoons and the effects of global warming. While there is no denying the importance of securing the supply chain from various threats, too much focus on security can be anathema to the core principles of supply chain management, namely increasing speed and efficiency of delivery while reducing costs.

Growing e-commerce and intensifying use of ICT have also opened up a new dimension for supply chain management. The need to share, move and store of data in a safe, secure and reliable manner across long supply chains and across borders will call upon a more innovative and nuanced supply chain management philosophy. To this end, there needs to be a high degree of interoperability, a reliable electronic

data interchange or single window platform, and a paradigm shift in mindset of how supply chains are viewed and used. To remain competitive, trade-dependent countries must invest in ICT and technologies to undertake R&D, upgrade assets and capabilities, and improve their logistics sector and supply chain management. This poses a challenge, especially for developing countries, amid the devastating global economic downturn and credit squeeze.

Rising operating costs across the supply chain emanating from high costs of assets, systems and other factors of production also demand a more nimble supply chain management approach to reduce them. As companies and nations reel from the impact of global recession, they have to struggle with slumping business and trade volumes and hence declining margins.

There is also greater emphasis on nurturing trained and qualified professionals to manage supply chains and to work in the logistics sector to match the growing sophistication and complexity of the discipline and industry.

Such developments require out-of-the-box thinking among supply chain managers and economic planners. Responding to these developments and challenges will be crucial in determining the way supply chains are managed, operated, planned and regulated. The shift from managing mere supply chains to creating and unleashing 'value chains' to create values to customers and end users of products and materials and a range of stakeholders such as governments, NGOs and society at large, will steer the direction and shape the contour of the business and trade landscapes in the years ahead. 



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INDIAN PORTS SURVEY 2009

As India braces up to be a global player in the maritime sector focussing on the state-of-the-art port infrastructure, sophisticated greenfield ports and competitive trade practices, it's time for a reality check. **Maritime Gateway** presents to you the first ever comprehensive and the most up-to-date survey on the Indian ports - **The Indian Ports Survey 2009**

The survey will offer a holistic and indepth analysis of the quality of services at ports and will feature a Customer Satisfaction Index for each of the surveyed ports. It will also value the appraisal of both direct and indirect port users, including exporters, importers, freight forwarders, custom house agents, shipping agents and shipping lines.

The tremendous growth in the export-import trade and increasing competition among littoral nations has forced ports to gear up for the hardsell. While major ports are trying to improve their infrastructure and service standards to attract business, the private ones are emerging with the latest tools and technology to drive volumes. Given the scenario, the survey will be an authentic and authoritative study of the position and the development prospects of Indian ports. It aims to:

- Identify the kind of infrastructure present at the ports
- Measure the servicing standards and quality of service
- Offer insight into quality parameters, and
- Help in creating benchmarks for the industry.

Above all, the survey will act as a reference guide and help users make informed business decisions on a port.



a Standard & Poor's company and India's leading independent ratings, research, risk and policy adviser, is providing the data, research and analysis for the compilation of the review. The survey report will be released over a special maritime event during
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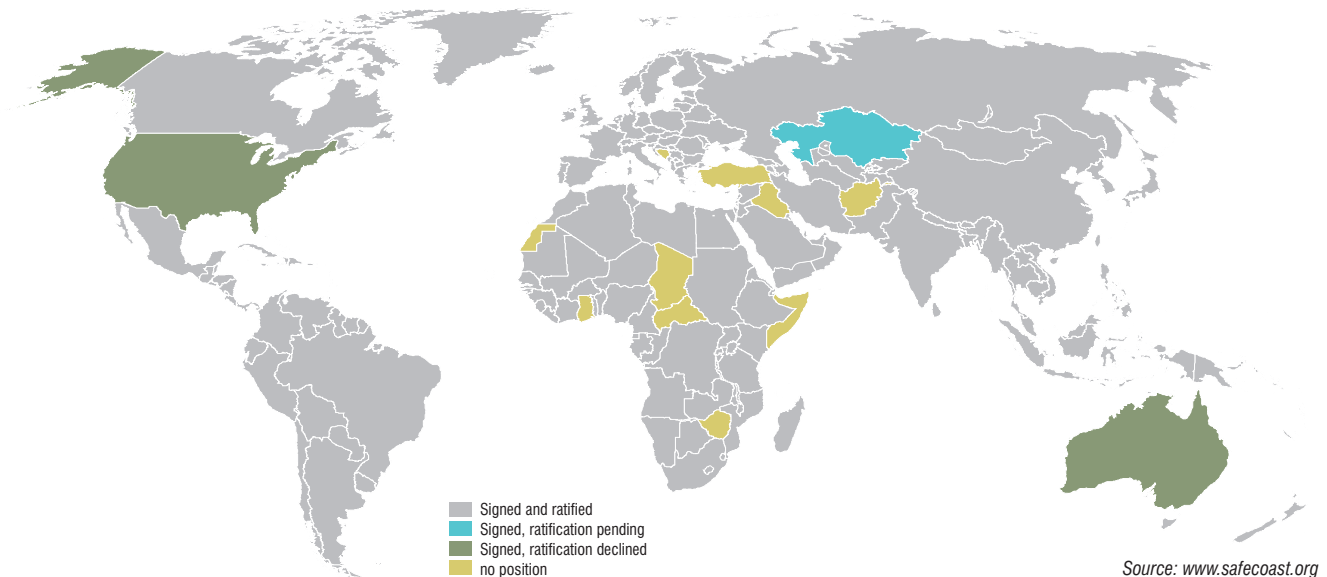
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Can India change the climate in Copenhagen?

Even though the comparison – Maldives President **Mohammad Nasheed**'s warning that climate change is far more dangerous than terrorism – may seem out of place, the world cannot ignore the urgency to break the deadlock to a solution for global warming. But the subject of climate change is still fuzzy and debate rages in India about what should be done and what should not be done or what her stand would be at the Copenhagen summit this December.

by **Susenjit Guha**



Will India be able to change the climate in Copenhagen or will it be another meet caught up in the nettles of individual compulsions of the developed and the developing world once again?

And the fuzziness was evident when environment minister Jairam Ramesh waded into a thicket of controversies by doing a complete U-turn and then

reverting back to India's traditional position on saving the Kyoto Protocol set to expire in 2012. It set targets for industrialised nations to reduce emissions. He reportedly suggested India dump Kyoto, wriggle out of G-77 and allow external monitoring for greenhouse gas emissions as well as agree to reduce carbon emissions as the US and rest of G-20 want.

It also explained India's position as

she is raring to be in big league. Perhaps breaking ranks with China – India is locked in a fierce battle over representing Asia – and aligning with the G-20 was thought to be the best bet. But that would mean joining the ranks of the world's largest polluters while shouldering all the blame for global warming ourselves.

Faced with attack from the BJP and the Left, Ramesh clarified that he

meant fine tuning the tenets of the Kyoto Protocol without clarifying his stand on what India wanted the developed world to do.

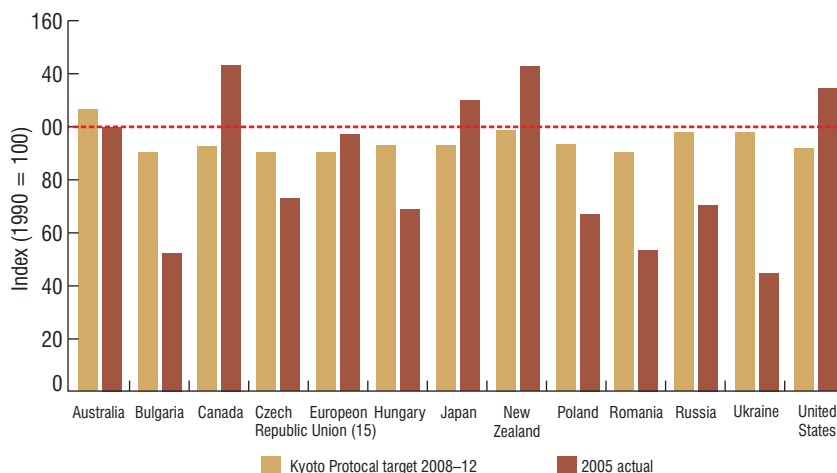
Irresistibility of aligning with the north while being embedded in the south has been dogging the political establishment for long. But India cannot stay away from G-77 and shirk responsibility toward working out a climate treaty that benefits the group. Climate change scenario and the opinions of the developed world are proving once again that a deal cannot be one-size-fits-all.

But better sense prevailed when setting aside all differences about Arunachal Pradesh and Dalai Lama, the landmark accord between India and China to tackle climate change together, was signed in Delhi by Jairam Ramesh and Xie Zhenhua, vice minister at China's National Development and Reform Commission.

India and China agreed to partner for climate change, encourage and enhance adaptation of new methods and establish a working group. Both nations expressed solidarity with the Kyoto Protocol and shored up the G-77 as they both need clean technology in the long run.

Primarily, both India and China stand to gain if they fight together in Copenhagen where the UN plans to get the developed and the developing

Kyoto targets and 2005 emissions, relative to 1990



Source: www.garnautreview.org.au

“US had increased emissions by 20 per cent to the present 20 tonnes per capita compared to India’s 1.2 tonnes. Europe and Japan pollute 15 and 13 times more than India respectively.”

world agree to at least decelerate climate change. But a roadblock is likely to remain where the US, one of the largest polluters behind China, wants the two nations to scale down first for clean technologies to be made affordable. In the last 17 years, US had increased emissions by 20 per cent to the present 20 tonnes per capita compared to India’s 1.2 tonnes. Europe and Japan pollute 15 and 13 times more than India respectively.

The G-77 countries, of which India and China are in the forefront, want technologies to be made available first for kick-starting the process of deceleration.

These two nations do not want to cap their economic growth by signing up for achieving targets as they believe the developed world should be shouldering the responsibility for mitigating

global warming.

It is not possible for developing countries to forgo the very medium used by developed countries to reach their present position. "Developing countries cannot and will not compromise on development," said PM Manmohan Singh in a bid to clear the air after Jairam Ramesh's views that India resort to unilateral action without getting the developed world to cut emissions.

The position is not yet clear and may not throw much light on India's exact position in the countdown to Copenhagen. The Obama administration is naturally in a hurry as the president wears the moniker of a Nobel peace laureate prematurely and may not be able to justify Oslo's decision as peace is likely to elude him in Afghanistan during his tenure. Globally, he is better positioned to reverse Bush administration's dilly dallying on climate change and bear on developing nations to comply. But Pew Research Center polls – only 57



per cent believed that there is evidence of global warming, against 71 per cent in April 2008 and 77 per cent in August 2007 – showed scepticism on climate change even among Americans as more people believe there is little evidence of global warming.

When it comes to polluting the world, the US is way ahead at 16 per cent, while India, treated as a major culprit for global warming, contributes a mere 4 per cent. With 1,300 clean development projects in 40 sectors, India is doing her bit her own way. And she cannot be blamed for all the emissions that happened in the last 100 or 150 years for which the industrialised nations should take responsibility.

And if India still wants to hitch on to the US wagon, she would be doing it at her own peril. Our development would stop short if we go for unconditional emission cuts.

Climate change activists believe 390 ppm (parts per million carbon dioxide in the atmosphere) is way above the safety limit of 350 ppm, beyond which glaciers melt and droughts result.

But counter-arguments have already surfaced in recent findings by geologists like lead researcher Professor Raiswell at the University of Leeds. According to him, floating icebergs can remove atmospheric carbon dioxide as melting glaciers release iron particles that stimulate algae growth for absorption of carbon dioxide sending them down in to sea without any chance of surfacing even in several hundred years. Studies are proving that the earth has embedded balancing agents and if global warming leads to more meltdowns, the resultant carbon dioxide will also be removed faster.

While scientists knew about such a possibility, the UN was against any exploration fearing damage to environmental equilibrium. But recent evidence encouraged the UN to give a go-ahead for experiments in British South Georgia, off Falkland



“India and China agreed to partner for climate change and expressed solidarity with the Kyoto Protocol.”

Islands. Experiments on 20 million square miles are expected to remove 3.5 gigatonnes of carbon dioxide that is approximately one-eighth of the total emissions from non-renewable resources the world over. The removal is enough to take away car emissions in India and Japan.

Prof. Raiswell believed the absorption won't tackle global warming but prolong the onset of the doom of the planet that is feared the world over and would be the basis for the Copenhagen climate change meet this December.

And Copenhagen would be the venue for shaping a new deal to replace the Kyoto Protocol that has just two years left and for the transfer of clean technology. But are we prepared to take up the challenge to thrash out a deal in our favour? Or, do we really have a clear take on climate change and how we should proceed as the time ticks for the Copenhagen meet?

Some experts believe that instead of focussing on global warming, our eyes should be on alleviating poverty that still keeps millions unfed. And if

India is seen as selling out to the US, we will end up withering away the leverage we had in the developing world. Maintaining the present development rate is impossible with carbon cuts. Environmentalists counter that poor are exposed to climate change more and it is for their survival that we should cut emissions without delay.

Counter-arguments revolve around development that would automatically alleviate poverty and lead to a cleaner environment. Others feel that energy is imperative for raising living standards and there are several alternatives that can be tapped, but the developed countries should get their house in order first.

But, who would take the first step and whose arguments would impact the world – the developing world or the developed world?

Whether the developed world takes steps or not, it is the new found common ground of India and China that should set the tone for Copenhagen. They both have enough expertise in critical areas they can share and learn for benefiting large populations. And they are best positioned to change the climate of the Copenhagen meet even if it means momentarily warming the Danish capital during the December chill. **MG**



Susenjit Guha is a Kolkata-based freelance writer and an independent thinker. His articles are published in *The Asian Age* and *Deccan Chronicle*.



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Exciting Opportunity

Sinoway Chartering Group, a Shanghai-based trading-focus company and a bulk carrier operator is upbeat about the Indian market. Operating in India, Sinoway sees the Indian export and import market developing quite fast. It hopes to leverage on its large dry bulk cargo carrying capacity of cement, clinker, coal, fertiliser, ore, agriculture and general cargo like steel. "We believe that there is potential in the Indian market both now and in the future for a major dry bulk shipping market to strengthen despite the large orderbook on hand. And we would like to explore this exciting opportunity further," says Sinoway's Director **Roy Liu**, in an interview with **Maritime Gateway**. Excerpts:

Resilience during recession. How is it being demonstrated in the bulk sector?

A: The bulk sector of the shipping market has been influenced very much during the recession; many vessels ceased from trading and anchored for a long time and some of the old vessels have been beached, the average freight slipped down sharply, and we have seen many shipping related companies close and go into bankruptcy.

But the market bounded during the second quarter of 2009. Freight rates recovered to a comparatively acceptable level and fresh blood was injected into the market. When the global economy started to recover, so did the demand of shipping, especially in India and China. The volume of transportation of iron ore to China and coal to India has been increasing, having a significant influence on the recovery of the shipping market.

When the market collapsed during the end of 2008 and the beginning of 2009, many owners were encouraged to scrap older vessels, thus taking tonnage out of the market.

Despite the economic turndown, there were still record imports of iron ore and



Roy Liu, director of Sinoway Chartering

coal into China during the summer months showing that the demand for bulk shipping was still there.

How is Sinoway dealing with fleet oversupply and fall of prices at this juncture?

A: We have made some research when we were cutting into the market, and so we are planning to start with handymax and supramax vessels which have much adaptability and adjustability as they can be used

for a variety of cargoes in a variety of ports. The market for these vessels is relatively steady and the oversupply is not too much.

Sinoway Chartering has also taken advantage of low freight rates during the weaker market and fixed in vessels for period charter during this time. In the past, we made the decision not to purchase vessels but now vessel prices have reached lower levels, and we are currently exploring this opportunity.

What are the innovations Sinoway is coming up with the tide over tough times?

A: Sinoway is relatively a new-comer in the market and we have taken some conservative action when facing the tough market and choosing a most safe time to cut into the market and we have secured several vessels for period charter. The rates of hire are reasonable as we are taking the forward market into consideration when making such decisions.

We are also trying to build some long-term cooperation with some reliable clients whose performance is first-class. This will help us to avoid the possible risk in the foreseeable period and also enable the company to develop long-term trading partners for future business, which is very important in any market.

What is the outlook for bulk shipping industry in the coming months?

A: We consider the market will recover a lot from the current position as the coal demand in the winter will occupy a lot of vessels, and the steel mills will need more ships in the coming months to upgrade their stockpile for passing the holiday season (Christmas, New Year, Chinese New Year, etc).

Before the new round of the negotiation of iron ore between three iron ore giants and the steel mills starts, it is quite possible that the suppliers could jointly push the shipping market up as they have done in the last several years. Thus, we will have an opportunity to follow the market and share some benefit with our current fleet.

But for the strategy of taking in more vessels, the charterers should be very cautious as the market is on a relative high point and furious fluctuation will be inevitable.

On the other hand, we also remain very cautious about the orderbook. We have noticed a lot of 'slippage' of



The work team: (L to R) Roy Liu - director, Jay - marketing executive, Capt PB Chatterjee - Owners Rep India and Lio - marketing executive.

“We consider the market will recover a lot from the current position as the coal demand in the winter will occupy a lot of vessels, and the steel mills will need more ships in the coming months to upgrade their stockpile.”

new building orders in 2009 as opposed to cancellations, therefore Sinoway Chartering is concerned with keeping a watchful eye over the orderbooks as well as performing due diligence in future charters/acquisitions.

The Indian government is mulling over the first right of refusal for Indian shipping companies. How will this impact foreign lines like yours?

A: We understand the position of the government, and understand that it is quite necessary to take some actions to help a country's shipping industry in the current economic environment. We in China would do the same to boost our own domestic industries.

If the policy of the first right of refusal of Indian shipping companies comes to truth, the market will be influenced very much as most of the others would suffer. But the shipping industry is a typical international industry, the global shipping market will assimilate the impact and minimise the influence. Also, we have to say, the fleet of the Indian local shipping companies currently occupies a very small share of the total fleet.

Furthermore, the Indian market of both exporting and importing is developing very fast, and we do believe the market demand will improve a lot whilst the supply becomes firmly as a result of the policy. **MG**

The specially designed equipment is being used to integrate and create synergies between leading marine technology and the latest fuel cell technology. The equipment has been installed onboard the platform supply vessel Viking Lady for extensive sea tests. The innovative solution is seen as being an important contributor in the development of environmentally sustainable marine propulsion systems.

The power pack will be used as an auxiliary power source on the Viking Lady, which is owned by Eidesvik Offshore, Norway. The ship has been designed by Wärtsilä Ship Design, and its main engines and power drives have also been supplied by Wärtsilä. Wärtsilä's electrical & automation business unit in Norway has custom developed the power electronics needed to connect the fuel cell to the ship's electrical network. Wärtsilä thus has the important role of being the systems integrator for the FellowSHIP project.

Wärtsilä's electro & automation business unit specializes in designing and developing technologies related to electrical distribution, controls and power converter applications.

In May, the 320-kw fuel cell, produced by MTU Onsite Energy GmbH, a member of the German Tognum Group, arrived at Stord in Norway, where it has been integrated together with Wärtsilä's technology and tested. During this land testing all operational modes, shut down conditions, and dynamical behaviour have been tested and verified in accordance with the specifications.

The fuel cell technology is designed to increase efficiency and leads to a considerable reduction in emissions. Fuel cell technology of this power size has never before been installed in merchant vessels and the highly innovative project is unique on a world scale. Wärtsilä has been



Fuelling Fellowship

Wärtsilä has been assigned overall responsibility for systems integration in the pioneering FellowSHIP project, a joint industry research and development project which aims to develop and demonstrate hybrid fuel cell powerpacks suitable for marine use. FellowSHIP is being project managed by Det Norske Veritas.

involved in fuel cell technology since the mid-1990s and specializes in systems integration.

'Developing better and more environmentally friendly technologies for the marine industry and offshore market is a very important focus area for Wärtsilä, which invests heavily in research and development aimed at reducing emissions and improving fuel efficiency. Being the systems integrator on what might potentially be the world's most environmentally friendly ship, is very exciting for us, said project manager and director of R&D at Wärtsilä Ship Power Technology, Ingve Sørfonn. 'The vision for the FellowSHIP project is to develop a technology that makes a positive contribution to the environment, and which can be used in marine constructions. We have great expectations for the tests that will now be carried out at sea.'

The partners in the FellowSHIP project include Wärtsilä, Eidesvik, Det Norske Veritas and MTU Onsite Energy GmbH. The project is supported by the Norwegian Research Council, Innovation Norway, and the German Federal Ministry of Economics and Technology.

Total propulsion package

The ship power systems integrator has been awarded the contract to



The Viking Lady is equipped with a complete, integrated Wärtsilä propulsion and power electronics system.

Photo by Oddgeir Refvik

supply an integrated total electro-propulsion package for a Russian state owned ship. The package is to be installed in a Multipurpose Salvage Vessel (MPSV) being built by Russia's Nevsky shipbuilding and ship repair yard in Shlisselburg, close to St Petersburg.

Wärtsilä will supply four 1370kw diesel generator sets based on its Wärtsilä 20 diesel engines, the main generators and the electro motors. The propulsion system is intended to generate enough propulsive power to deliver a service speed of 15 knots.

This newbuilding has been contracted by the Nevsky

shipbuilding and ship repair yard in accordance with an order placed by Federal State Enterprise "Gosmorspassluzhba". The design of the salvage vessel has been developed by the "Marine Engineering Bureau" of Odessa. When launched, it will be used for state marine pollution control, salvage and diving operations, offshore stand-by, and rescue services. The order was placed in August.

With a hold capacity of 98m³ and oil recovery capacity of 766m³, the 70t bollard pull vessel will be well equipped for providing technical support and assistance in hazardous operations, such as search, rescue and evacuation. The vessel's keel was laid in September, and the ship is being built to the classification requirements of the Russian Maritime Register of Shipping. The project is part of a state-funded programme to develop Russia's transport system over the next five years.

Bilge water treatment units

Wärtsilä and Stolt Tankers B V have signed an agreement whereby Wärtsilä becomes the exclusive supplier of bilge water treatment units to the Stolt-Nielsen group. The agreement ensures that newbuildings, and retrofits of existing Stolt vessels, will be fitted with Wärtsilä Senitec M-series bilge water treatment units and Wärtsilä Senitec BilgeGuard(TM) bilge discharge monitoring systems.

The Wärtsilä Senitec BilgeGuard(TM) is a bilge discharge monitoring system that constantly monitors and records the quantity of water being discharged overboard, as well as its oil content, and the time and location of the vessel. Should the effluent, for any reason, contain an oil level exceeding the set limit, the flow is rerouted to the sludge tank. The system provides both a safety net, and a means of documenting what and where discharges have been made. 





Curtain Raiser For *A Gala Evening*

Maritime Gateway is once again proud to announce a grand get together of the stalwarts and captains in the Indian maritime business. To be held on the evening of December 11, 2009 at Grand Hyatt, Mumbai, the event will witness the confluence of the government representatives and top executives of the ports, shipping and logistics industries. This is the second time that such grand evening is being hosted by Maritime Gateway. The evening will be graced by none other than Mr. G. K. Vasan, Hon'ble Minister of Shipping, Government of India.

Since inception, Maritime Gateway has been instrumental and successful in bringing the issues of maritime industries to the forefront and

creating awareness among the right stakeholders. It has taken up the first ever survey on Indian ports in association with CRISIL Research to understand the issues in quality of service offered by the ports. A tiresome and exhaustive study that



spanned six months, it will be a revelation in terms of where each of the ports stand in providing quality service to their customers. The final report of this survey will be released by Mr. Vasan.

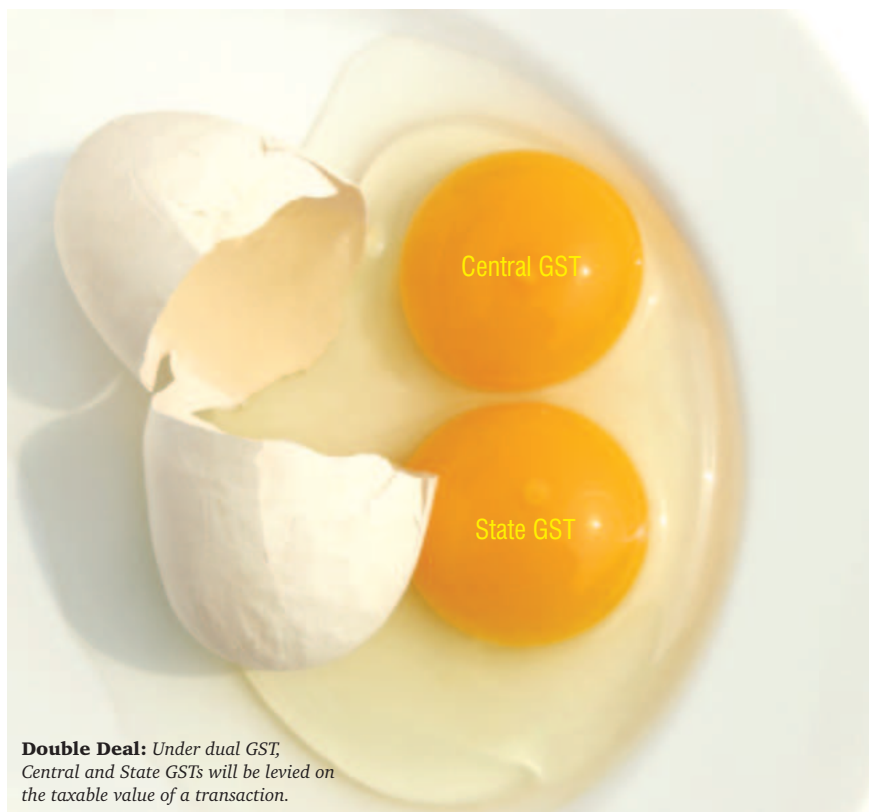
The gala evening will also be the platform to announce the winners of *Annual Indian Maritime Gateway Awards 2009*. These awards are to recognize specific, outstanding achievements and exceptional accomplishments of individuals and organizations in the Indian Maritime Industry. This is the second consecutive year that Maritime Gateway is instituting these awards which will be given away to this year's winners by the shipping minister.

A meaningful discussion on a subject can bring out a lot of insights that help in ultimately solving the issue. Maritime Gateway once again brings forward the *CEO Forum*, a high octane panel discussion participated by eminent personalities representing the government and ports, shipping and logistics industries. They will discuss and debate on the pressing needs common to all the industries. Similar to the one conducted last year, this will be a trend setter by itself and be remembered for months to come. **MG**



India after GST

As the implementation of GST in India is just around the corner, every industry is looking at how this will influence their present tax obligations and how things will turnout in future. Logistics industry looks to be upbeat the implementation of GST as this regime has some tangible benefits in store for the industry. **Gagan Seksaria** gives a ring side view of the impact of GST on logistics industry.



The consumption tax system in India is complicated and multi-layered with levies both at the federal and State levels. Taxes on goods are levied by the Centre at the manufacturing level through CENVAT, on services through the Finance Act, and on sale of goods via the Central Sales Tax Act. States levy tax on the sale of goods independently, under their own laws.

Though some degree of uniformity had been arrived at after the introduction of the Value Added Tax, differences do persist. Tamil Nadu and Uttar Pradesh are yet to implement the VAT.

Background

Goods and Services Tax (GST) is a broad based, single, comprehensive tax levied on goods and services consumed in an economy. GST is

levied at every stage of the production-distribution chain with applicable set-offs in respect of the tax remitted at previous stages. It is basically a tax on final consumption. To put at a single place, GST may be defined as a tax on goods and services, which is levied at each point of sale or provision of service, in which, at the time of sale of goods or providing the services, the seller or service provider may claim the input credit of tax which he has paid while purchasing the goods or procuring the service.

It is seen as the panacea for removing the ill-effects of the current indirect tax regime, prevalent in the country. If adopted and implemented in its true spirit, GST may neutralise the existing problem of taxes being levied on top of taxes. For instance, when a shoe company produces a pair of shoes, the Central Government charges an excise duty on them as they leave the factory. At the retail level, the state where the outlet is located, charges VAT (different states charge different rates of VAT) without giving credit on the excise duty levied earlier (the state tax is levied on top of a central tax). In the GST system, both central and state taxes may be collected at the point of sale. Both components (the central and state GST) may be charged on the manufacturing cost.

The government plans to introduce dual GST structure in India. Under

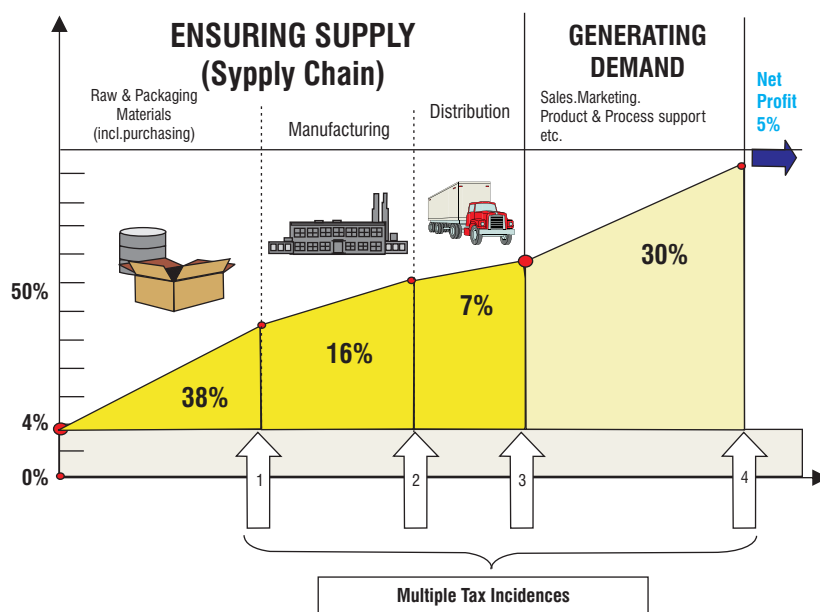
dual GST, a Central Goods and Services Tax (CGST) and a State Goods and Services Tax (SGST) will be levied on the taxable value of a transaction. This dual structure will ensure a higher involvement from the states, and consequently their buy-in into the GST regime, thus facilitating smoother implementation. Both the tax components will be charged on the manufacturing cost. The government is deliberating on fixing the value of combined GST rate at the moment, which is expected to be between 14-16 per cent. After the combined GST rate is decided, the centre and the states will finalise the CGST and SGST rates. All kinds of goods and services, barring some exceptions, would be under the GST purview.

Impact of GST on industry

Manufacturing sector in India is one of the highly taxed sectors in the world. A complex and high taxation structure has the tendency to render products uncompetitive in the international market or eats up large portions of the cost arbitrage available in manufacturing set-ups in low cost economies such as India. For instance, the manufacturing cost of most products in India is nearly half

“Manufacturing cost of most products in India is nearly half than in the west. But the incidence of multistage taxation by the centre, states or local bodies chip away this advantage to the extent of almost 50 per cent.”

than in the west. But, the incidence of multistage taxation i.e. customs duty on imports, central excise duty on manufacture, central sales tax (CST) / value added tax (VAT) on sale of goods, service tax on provision of services and levies such as entry tax, octroi and cess by the State or local municipal corporations and related costs such as loss of tax credit, compliance and litigation cost chip away this advantage to the extent of almost 50 per cent.



Source: India Supply Chain Professionals Blog.

Cascading impact of taxes on landed costs

Let us understand the cascading impact of indirect taxes through an example of a typical value chain.

There are multiple incidences on taxes and cascading impact on the cost of finished goods.

a) Custom Duty + Counter Veiling Duty + Cess paid on imported Goods

Sales Tax / VAT paid on domestic purchases, which include the excise duty paid by the raw material manufacturer. Sales Tax / VAT are also charged on the excise duty element.

b) Excise duty on the cost of manufactured goods. So, this excise duty also gets levied on the sales tax element (or custom duty & cess) paid on raw materials imported as stated above.

c) Service Tax on Transportation

Sales Tax (CST or VAT) on the sales of Finished Goods cost, which also includes the excise duty elements, sales tax paid on raw materials and service tax paid on transportation. Practically, the sales tax at this stage gets levied on all the taxes paid in the previous steps.

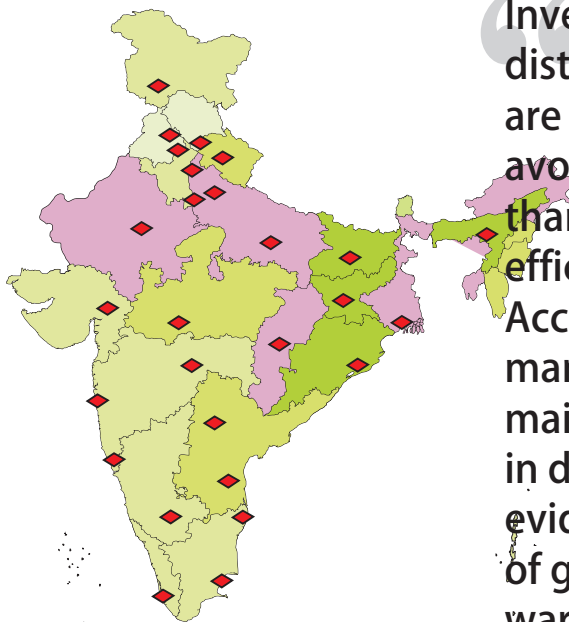
Multiple warehouses, inefficient distribution

Besides these tax implications, complex state-wise tax structures have serious repercussions on the manufacturers. Inventory and distribution decisions are based on tax avoidance rather than operational efficiency. Accordingly, most manufacturers maintain warehouses in different states to evidence movement of goods from one warehouse to another to save on the CST. Also, quite a few entities set up warehouses in locations like Pondicherry or Daman, often impractical from a distribution point of view, as the CST rate at such locations were previously lower than the rates prevalent in other states.

Typically, most large consumer durables or FMCG companies in India operate with 25 to 50 warehouses all over India, which is a very high number compared to developed economies (less than 5-8) or even developing countries (less than 10-15) with similar geographical expanse. This has severe implications on cost structure and operational efficiency levels, which is ultimately borne by the end consumer either in terms of cost-quality trade-offs.

- *More sum total space & inventory requirement:* It is estimated that if tax avoidance is not a factor for deciding distribution network, the total warehouse space can be reduced by 20-50 per cent immediately.
- *Small & inefficient warehouses:* Given the large spread of 4,000-10,000 sq ft warehouses, the average size of a warehouse has remained small causing duplication of overheads and making it unviable for owners and operators to introduce racking or automation. According to a broad estimate, scale economies start to positively affect warehouses only when they are larger than 30,000 sq ft.
- *Distribution cost and inefficiencies:* There are significant cost and inefficiency implications of running a distribution network over a spread of 25-50 warehouses in terms of smaller loads, smaller trucks, state boundaries being the determinant of transportation routes.
- *Other Costs:* High cost ERP linkages throughout the warehousing network to ensure real-time visibility of inventory result in higher IT costs.

Further, multiple handling across the various layers of distribution and multi-layered compliance requirements result in higher material handling and compliance costs.



The state of the logistics industry

A CRISIL Research report released in September 2009 estimates that the Indian logistics spend was at Rs 2.7 trillion in 2008-09, which includes only primary transport mode and infrastructure. This is equivalent to around 8.2 per cent of the Gross Domestic Product, and shoots up to 10.7 per cent if the secondary movement (from the hub to various depots) is also included. This is significantly higher than those of developed nations where it averages 5 to 7 per cent and for all the wrong reasons.

The Indian logistics industry is plagued by fragmented ownership, unorganised structure and the poor state of physical and legislative infrastructure. Value and quality have eroded due to extreme intra-industry competition, underinvestment further fueled by thin margins and a penalising taxation structure. A lot of these challenges have been directly created by its customer's extreme focus on today's cost as opposed to long-term spends and trade-offs between price and efficiency, in turn driven by the current complexities in our current indirect taxation

“Inventory and distribution decisions are based on tax avoidance rather than operational efficiency. Accordingly, most manufacturers maintain warehouses in different states to evidence movement of goods from one warehouse to another to save on the CST.”

structure. Manufacturers are already running a sub-5 per cent margin business due to a combination of cost pressures created by taxes and infrastructure deficiencies, pricing pressures created by the Indian consumer's cost consciousness, and the extreme competition created by the Indian entrepreneurship ecosystem. Therefore, they are not able to experiment or accept higher costs of automation, technology and consultancy based on potential savings on an annual basis. This forced and helpless short-sightedness of the customers to the Indian logistics industry has led to deep-grained challenges:

- Suboptimal investment in building scale, automation, human capital and technology
- Reluctance of Indian manufacturers, traders and exporters to partner with quality 3PLs
- Few integrated logistics players offering through and through as well as value-added services

- Infrastructure gaps in roads, rail, ports and coastal
- Insufficient use of hub and spoke mainly driven by the customer's tax avoidance motives

The advent of GST

Dr Vijay Kelkar, chairman of the 13th Finance Commission, in a recent speech listed down the benefits of GST. According to him, it will bring about a change on the tax firmament by redistributing the burden of taxation equitably between manufacturing and services. It will lower the tax rate by broadening the tax base and minimising exemptions. It will reduce distortions by completely switching to the destination principle. It will foster a common market across the country and reduce compliance costs. It can provide a fiscal base for local bodies to enable them to fulfill their obligations. It will facilitate investment decisions being made on purely economic concerns, independent of tax considerations. It will promote exports. GST will also promote employment. Most importantly, it will spur growth.

- Logistics re-arrangement: GST will allow manufacturers to see India as one large geographical expanse on which to store and distribute with no state boundaries. This will, in turn, allow them to aggregate every 4-6 small state

“Manufacturers are running a sub-5 per cent margin business due to cost pressures created by taxes and infrastructure deficiencies, pricing pressures created by the Indian consumer's cost consciousness, and the extreme competition created by the Indian entrepreneurship ecosystem.”

level warehouses into one large, regional warehouse and increasingly use the hub and spoke distribution model that offers proven cost and operational efficiencies in geographically large markets. On the other hand, it will incentivise logistics companies and 3PL service providers to invest in scale, service focus and technology and align their service offering to

the widely changing supply chains of their customers. This will also catalyse much needed consolidation in the sector.

- Tax credits: Under GST, manufacturers would be entitled to input tax credit of all inputs and capital goods purchased from within the State as well as inter-State, from a registered dealer for setting off the output tax liability on the sale of their finished products. Similarly, distributors would also be able to pass on the duty burden to their customers. This would ensure that there is no cascading effect of taxes and would result in a reduction in the cost of doing business. Currently, they cannot claim a credit for the service tax paid on their inputs. Restrictions also apply on claiming credits for VAT on inputs other than goods for resale such as free samples.
- Inventory costs: Another major benefit especially to FMCG and consumer durables companies, would be the reduction in their inventory costs. Currently, the CENVAT is included in their inventory costs, which has to be financed by them. Under the new structure, the GST paid on inventory would be fully recoverable immediately as input tax credit, reducing the inventory financing costs.
- Cash flow benefits: GST will offer cash flow benefits to dealers and distributors. They would be collecting GST from their customers as they make sales, but would be required to remit it to the government only at the end of the month or the quarter, when they file their returns. This extra cash float would allow them to achieve scale and invest in making their operations more efficient.
- Lower price: This is likely to result in a reduction in the prices of commodities in the long run as manufacturers and distributors would pass on the benefits of the

No boundaries: GST will allow manufacturers to see India as one large geographical expanse to store and distribute goods.



lower costs of carrying on their businesses to the consumers.

- Government revenues: Under GST, all goods and services would be subject to tax, unless specifically exempted. Further, it is also anticipated that the number of exemptions would be significantly reduced. Accordingly, the total revenue collections are expected to go up, as already proven by post-GST scenarios in several other countries.

It would however be imperative for all stakeholders to deliberate upon their processes to ensure a smooth transition into the GST regime instead of being caught off-guard after its launch.

While the government is actively preparing for the new law & procedures, businesses would also need to gear up to be able manage this change well. Some of the key steps would be to relook at the supply chain infrastructure and set-ups and consider, in a new light, their reluctance to outsource to professionals and experts.

Some businesses may have to re-work their pricing strategies with the changed tax regime – higher credits coupled with possible change in rate of tax on output. For credits, each item of expenditure could yield credits, changing the approach towards capturing, recording, and documentation. Preparedness would also be required in terms of training personnel as well as understating documentation to be generated / maintained including updating of ERP packages.

Indeed, this will entail a thorough revamp of the existing business model not only in terms of the business strategies, including debate on continuity of the special exemptions presently availed, but even from a practical standpoint involving changes in the wider software systems, invoicing mechanism, rate changes and re-assessment of trade-offs between distribution costs and service levels.

“The GST in Canada replaced the federal manufacturers’ sales tax which was then levied at the rate of 13 per cent and was similar in design and structure as the CENVAT in India. It is estimated that this replacement resulted in an increase in potential GDP by 1.4 per cent.”

GST elsewhere

More than 140 countries have introduced GST in some form. It has been a part of the tax landscape in Europe for the past 50 years and is fast becoming the preferred form of indirect tax in the Asia Pacific region. It is interesting to note that there are over 40 models of GST currently in force, each with its own peculiarities. While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions.

In China, GST applies only to goods and the provision of repairs, replacement and processing services. It is only recoverable on goods used in the production process, and GST on fixed assets is not recoverable. There is a separate business tax in the form of VAT. For example, when the GST was introduced in New Zealand in 1987, it yielded revenues that were 45 per cent higher than anticipated, in large part due to improved compliance. Its more

neutral and efficient structure could yield significant dividends to the economy in increased output and productivity.

The GST in Canada replaced the federal manufacturers’ sales tax which was then levied at the rate of 13 per cent and was similar in design and structure as the CENVAT in India. It is estimated that this replacement resulted in an increase in potential GDP by 1.4 per cent, consisting of 0.9 per cent increase in national income from higher factor productivity and 0.5 per cent increase from a larger capital stock (due to elimination of tax cascading). The Canadian experience is suggestive of the potential benefits to the Indian economy. This means gains of about US\$ 15 billion annually. Discounting these flows at a modest 3 per cent per annum, the present value of the GST works out to about half a trillion dollars. This is indeed a staggering sum and suggests the need for energetic action to usher the GST regime at an early date.

Current status

An Empowered Committee of State Finance Ministers has been set up under the leadership of Asim Das Gupta, the Finance Minister of West Bengal, to support the implementation of GST. The Centre and states have agreed to a dual structure for the GST, with multiple rates for goods and a single rate for services.

The government is likely to release a draft paper for a final discussion between the stakeholders by late October. The combined GST rate is being discussed by government. The rate is expected to be around 14-16 per cent. After the total GST rate is arrived at, the states and the Centre will decide on the CGST and SGST rates. Currently, services are taxed at 10 per cent and the combined indirect taxes on most goods is around 20 per cent. [ME](#)

Gagan Seksaria is a founding member of and a Principal in Tuscan Ventures.

Place of Effective Management Relevance in Shipping Industry



In the previous edition, the authors looked at the provisions of Tonnage Tax Scheme, as introduced by Finance Act 2004 under Chapter XII-G of the Income-tax Act, 1961 (IT Act), and significant changes proposed under the Direct Taxes Code. In this article, they discuss the concept of the Place of Effective Management (PEM) and its relevance to foreign shipping companies (FSC) and Indian shipping companies (ISC) from a tax standpoint.

by **Girish Mistry & Nikhil Rohera**

As per Article 8(1) of most Tax Treaties (based on Organisation for Economic Cooperation and Development (OECD) Model

Convention), profits from the operation of ships in international traffic are taxed only in the country in which PEM of the FSC is situated. Hence, it is important for FSC to

ensure that their PEM is not situated in India in order to avail tax exemption in India under the Tax Treaty. The objective of Article 8(1) is thus to secure that such profits will be taxed in one country alone, for instance the country in which the PEM of the FSC is situated. Examples of tax treaties which provide for taxability of shipping profits based on PEM concept are India-Mauritius Tax Treaty, India-Netherlands Tax Treaty, India-Germany Tax Treaty and so on.

The expression PEM is usually not defined in tax treaties. The OECD Model commentary on Article 4 provides that the PEM is the place where key management and commercial decisions that are necessary for the conduct of the company's business as a whole are made. As such, all relevant facts and circumstances must be examined to determine the PEM. The OECD Model commentary further clarifies that a company may have more than one place of management, but it can have only one place of 'effective' management at any one time.

Although, the above commentary explains the concept of PEM in a tie-breaker scenario in dual residence cases, the concept can equally apply to FSC for determining PEM under Article 8(1).

Here, it is interesting to note India's observations on the above OECD Model commentary. India does not adhere to the OECD Model commentary in interpreting PEM

concept and is of the view that the place where the main and substantial activity of the company is carried on is also to be taken into account while determining the PEM.

ISC-PEM concept

Under the provisions of Chapter XII-G of the IT Act, ISC are given an option to be governed by Tonnage Tax Scheme ('TTS'), for taxation of their shipping profits by reference to net tonnage of the ships operated.

One of the conditions to be satisfied by ISC to be considered as 'qualifying company' is that its PEM should be in India. Accordingly, in this context, Explanation to section 115VC of the IT Act has defined the expression 'PEM' to mean:

- The place where the board of directors of the company or its executive directors, as the case may be, make their decisions; or
- In case where the board of directors routinely approve the commercial and strategic decisions made by the executive directors or officers of the company, the place where such executive directors or officers of the company perform their functions.

Thus, under the IT Act, PEM is considered as a place where directors make decisions, which include not only routine decisions but also commercial / strategic decisions. On the other hand, the OECD Model commentary stresses that PEM would

be situated in a place where key management and commercial decisions are made.

To make things complex, India's observations on OECD Model commentary also focusses on 'activity' based location in determining PEM, although such an approach is not expressed under section 115VC of the IT Act.

Presence of FSC in various countries – determination of PEM

Let us consider a situation under which an FSC may have presence in various countries, for example:

- Management – in Mauritius
- Shareholding – in the US
- Administration – in the UAE
- Operation – in South East Asian waters
- Tax Residence – in Mauritius

In this case, while the commercial / strategic decisions of FSC are taken in US, the management decisions may be taken in Mauritius due to presence of certain directors in Mauritius. However, the administrative shipping activity of FSC is carried on from UAE, e.g. issuing bill of lading, back office functions etc.

As such, cases where the above functions are located in different jurisdictions can pose difficulty in the determination of PEM, which can often lead to litigation with tax authorities.

Here, it is interesting to observe that the Mumbai Tribunal in case of UASC/CSL Ltd. vs. DCIT (12 SOT 588), in the context of India-Mauritius Tax Treaty, held that Tax Residency Certificate issued by Mauritius tax authorities would constitute sufficient evidence to determine PEM in Mauritius. The Mumbai Tribunal heavily relied upon the decision of Supreme Court in case of Azadi Bachao Andolan (263 ITR 706) while arriving at this conclusion.

Meaning of PEM not defined in Tax Treaties – whether meaning under IT Act to be considered

At this juncture, it would be apposite to understand whether the meaning of PEM under IT Act can be considered in interpreting PEM under Article 8(1) if the said expression is not defined under Tax Treaty. In this context, Article 3 of most Tax Treaties provide that meaning of expressions / terms has to be ascertained by resorting to domestic tax laws, in case the same are not defined under Tax Treaty.

The expression PEM is defined under section 115VC of the IT Act, but, in the context of ISC governed by specific provisions of TTS. It is not free from doubt whether the said expression subsequently introduced under IT Act can be blanketly used in interpreting the PEM of FSC for the purpose Article 8(1) of Tax Treaty.

Place of effective management: *The PEM concept needs to do away with ambiguity and thereby litigation.*



PEM and residence of FSC in two different countries

There are certain tax treaties, such as between India-UK, India-US and India-Australia that provide for exclusive right of taxation of shipping profits only in the resident country, irrespective of where PEM is situated. These treaties assume relevance in instances where the country where PEM is situated is not the country in which FSC is resident. For example, FSC could be a tax resident of Mauritius but, on facts, its PEM could be in UAE.

Interestingly, the benefit of a tax treaty entered into by India with the third country could also be availed of by FSC if its PEM is located in the third country. The Calcutta High Court, in case of *Universal Cargo Carriers Inc. and Another v. CIT* (205 ITR 215), had the occasion to consider such an interesting possibility. In this case, two assessee companies were non-resident shipping companies incorporated in Republic of Panama. The assessee companies had no business apart

from shipping business. The assessee companies entered into a management agreement with a Greek company, as per which the entire affairs of the assessee companies were to be managed by Greek company. In light of this factual background, the issue before the Calcutta High Court was whether the assessee companies could be treated as tax residents of Greece and, consequently, entitled to claim benefit of India-Greece Tax Treaty.

The High Court observed that under Article II(1)(f) of India-Greece Tax Treaty, a company is considered as resident of Greece if its 'business is wholly managed and controlled' in Greece. A resident of Greece was entitled to certain relief from its shipping profits under Article VI. Since, the shipping business of assessee companies, which were incorporated in Republic of Panama, was wholly managed and controlled in Greece, the Calcutta High Court held the assessee companies would be entitled to relief under India-Greece tax Treaty on their shipping profits since they were tax residents

of Greece under the India-Greece Tax Treaty based on their PEM.

Thus, depending on the language of the tax treaty concerned, it may be possible to explore options to choose the beneficial provisions of one treaty over another.

Presently, the ambiguous concept of PEM is subject to diverse interpretations and, therefore, litigative. Given its relevance to FSC and ISC, one can certainly expect more Indian and international judicial precedents on interpretation of this term going forward. **MG**



Girish Mistry and Nikhil Rohera are executive director and associate director, respectively, of PricewaterhouseCoopers Pvt. Ltd. They can be contacted at girish.mistry@in.pwc.com and nikhil.rohera@in.pwc.com

Tax burdens falling in OECD economies

The recession is taking its toll on tax receipts across the OECD. Aggregate tax burdens in OECD economies, calculated as the ratio of tax revenues to gross domestic product, or GDP, were unchanged between 2006 and 2007, and then fell in 2008. The reduction in the tax burden in 2008 is estimated to have been some ½ per cent of GDP, from 35.8 per cent to an estimated 35.2.

Many more OECD countries saw falls rather than increases in their tax burdens in 2008. Tax burdens are also likely to have fallen further in 2009. Tax receipts often fall proportionately more than GDP in a recession and on top of that many OECD countries cut taxes in late 2008 and early 2009 to support aggregate demand following the financial crisis of September 2008.

According to the latest edition of OECD's annual Revenue Statistics,

- Out of 26 OECD countries that have provided provisional figures for 2008, tax-to-GDP ratios fell in 17 and rose in 9.
- Denmark has the highest tax-to-GDP ratio among OECD

countries in 2008 (48.3 per cent), closely followed by Sweden (47.1). These two countries together with Finland and New Zealand are the only OECD countries to see a fall in tax burdens in each of the last three years.

- Mexico and Turkey have the lowest tax-to-GDP ratios among OECD countries. Mexico collected taxes equivalent to 21.1 per cent of GDP in 2008 and Turkey 23.5 per cent.
- Lower revenues from income taxes, property taxes and taxes on goods and services pushed tax-to-GDP ratios down to 36 per cent in 2008 from 40.9 per cent in 2007 in Iceland; to 33 per cent from 37.2 per cent in Spain; and to 28.3 per cent from 30.8 in Ireland.
- The largest increases in the tax to GDP ratio were in Mexico where it rose to 21.1 per cent in 2008 and in Luxembourg to 38.3.
- Revenues from personal and corporate income taxes in OECD countries rose to 13.2 per cent of GDP in 2007.

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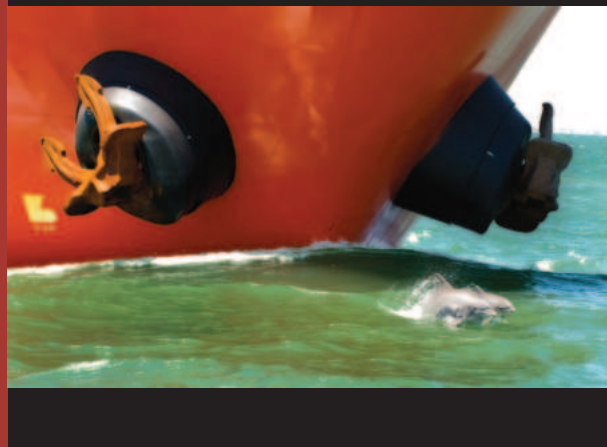
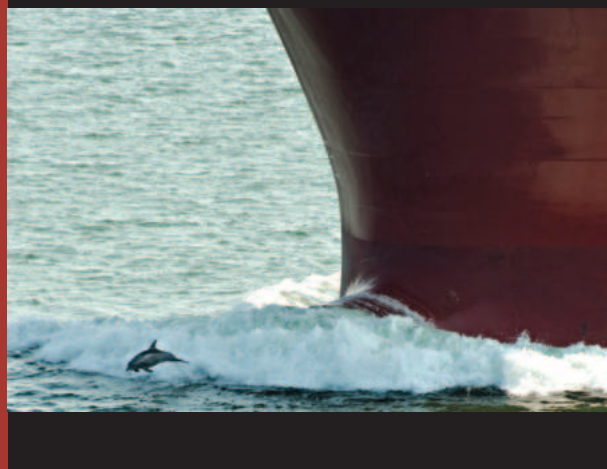
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Dancing on the bow wave

Dolphins love to play near the bulbous bow in front of a ship, especially when the vessel is in motion. A peculiar character exhibited only by dolphins has been nicely captured in these images. They love to ride on the crest of wave created by bow (called bow wave) and provide some of the most exquisite eye catching acrobatics. It is a common sight on high seas for the sailors and a treat for sailing shutterbugs. This collage was taken by one such shutterbug who also happens to be a ship pilot.

Louis Vest is a ship pilot guiding ships in the Houston ship channel, Houston, Texas. He is interested in marine and nautical photography and his photo collection can be accessed on Flickr at <http://www.flickr.com/photos/oneeighteen>. More such photographs of dolphins playing on the bow wave can be found in his photo collection.



Louis Vest in Houston ship channel





1 What is a joint maritime security exercise?

It is a mobilisation exercise to test the pace of various measures taken during the last one year to secure India's 7,500-km coastline. The exercise aims to check the coordination, cooperation and communication among agencies at various stages of an operation.

2 What does it include?

The joint response effort includes facilities implementing increased security efforts, law enforcement inspecting facilities, assessing unit readiness and collaboration between law enforcement agencies and the maritime industry. Such an exercise is being carried out by almost every maritime nation in the world in the wake of heightened threat from the seas.

Maritime Security Exercise Thwarting Threat

India is launching a joint maritime security exercise to prevent Mumbai-like terror attacks in the future.

3 Who is involved in the exercise?

The Indian Navy, the Coast Guards, state police of the nine coastal state, the lighthouse directorate and other agencies like port authorities, customs, intelligence bureaus and fisheries departments both on the east and west coasts share intelligence and act on it to prevent imminent infiltration of terrorists or smugglers into the country.

4 What else is involved?

It also includes simulated attempts by mock terrorists to sneak into Indian waters through various sea routes and how the Navy, Coast Guards and other agencies foil the attempts.

5 How big is the exercise?

It is bigger than the tests carried in each state by the Navy and other law enforcement agencies to determine the response to attacks from the sea front. It is being launched in November-end to avoid any possible terrorist attack on Mumbai attacks' first anniversary on November 26.



SMM India

Indian shipping to enter a new phase



Former secretary of Shipping APVN Sarma addressing the SMM India meet in Mumbai recently.

SMM India 2009, the second overseas event of SMM (Hamburg/Germany), the world's leading trade fair for international ship building industry, was held in Mumbai recently. APVN Sarma, former secretary, Ministry of Shipping who was the chief guest, said the world has come to recognise the potential of the Indian shipping industry, its capability to innovate and grow on the global stage. "Given India's continuous growth rate, I am upbeat all sectors related to shipping have enormous scope," he added.

The conference, which accompanied the trade show, had a host of eminent speakers covering the entire spectrum of shipping and maritime industry in India and abroad. As the global economic crisis gradually comes to an end, India and China will be among the key driving forces for growth in the global economy, they pointed out. Companies from all over the globe are opening offices in India, looking to bring technology, investment, products and services to India's maritime sector. Others are looking to create joint ventures, locate distributors and capture market share, they noted.

SOLARCON India 2009

Schenker's logistics concepts



Schenker India Pvt Ltd. exhibited its capabilities for solar industry at the recently concluded SOLARCON India expo in Hyderabad.

SOLARCON India 2009 is the first and largest event of this kind organised by SEMI and PV group; the global associations behind Semicon and PV manufacturing supply chain respectively. The exhibition provided a platform for industry, government and eco-system partners to evolve the growth plans of solar vertical in India. DB Schenker realises flexible and innovative logistics concepts to connect companies and markets, a company release says.

Logistics award



Xavier Britto (centre), chairman of Indev Group of Companies, accompanied by his wife Vimala Britto, receives the 12th International Transport Award 2009 for Indev Logistics for business excellence during the awards ceremony organised by the Trade Leaders' Club in Madrid, Spain recently.

Recognition 'n Reward

Peace Award for Om Logistics



SK Goel, vice president (IT), of Om Logistics Ltd. with the Peace Award received from World Without Wars in New Delhi recently for developing Linux software and making it employee-savvy as part of promoting technologies that struggle against violence. Ajay Singhal, CMD of the group (right) is also seen.

ASCI starts website

The Association of Shipping Interests in Calcutta (ASIC) launched their official website www.asickolkata.com in Kolkata recently. President of the Federation of Ship Agents Association of India Pramod Bhandari inaugurated the website. ASIC is one of the oldest shipping associations in India promoting shipping trade in the region.



Pramod Bhandari, president of FEDSAI, Ashok Janakiram, president of ASIC and Pinaki Ghosh, vice-president of ASIC at the launch of the website.

Bunker Asia 2009

An exclusive gathering of experts and major players from the bunker, shipping and financial markets debated issues crucial to the industry during the Bunker Asia 2009 forum, held as part of APPEC 2009 in Singapore recently. The innovative format of expert presentations and round table discussions encouraged informative debate on what one needs to know for planning a business strategy.

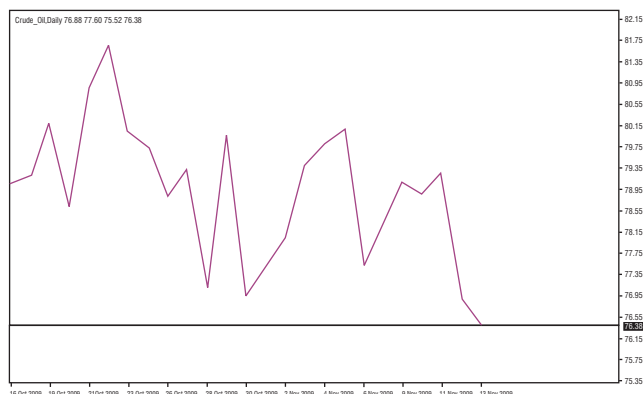


CCHAA Meet

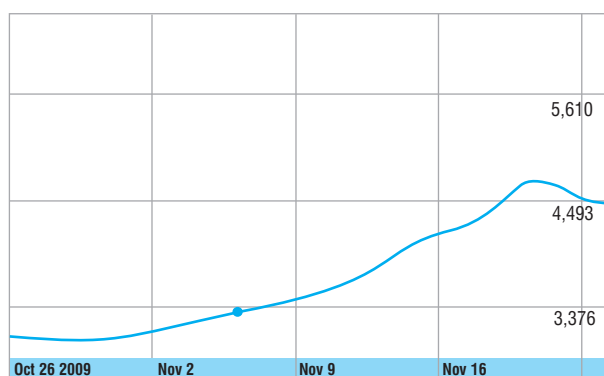


Members of the Calcutta Custom House Agents' Association, led by their president Debashish Dutta, interact with Union Minister of State for Shipping Mukul Roy (seated from left) on the eve of the 52nd Annual General Meeting in Kolkata recently.

Crude oil price moment



Baltic Dry Index

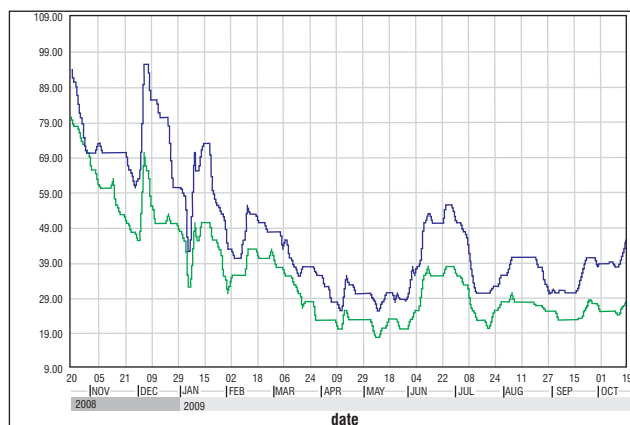


October 23, 2009: 3,043 November 23, 2009: 4,423

Difference: rise of 45.3 %

Source: www.wikininvest.com

Crude Freight Rates - 1 year



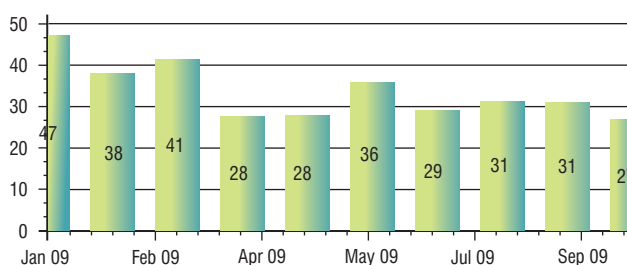
Source: Simpson Spence & Young Shipbrokers

Ships sold for demolition (Nov 1&15 2009)

Vessel name	Size	Ldt	Built	Buyer	Price (US\$ per tdt)
MT Front Sabang	285 715	33 000	1990	Bangladesh	325
MT Trust Friendship	94 785	17 112	1986	Pakistan	328
Cont Ever Gaining	53 240	18 197	1987	China	281 en
Cont Ever Goods	53 239	18 197	1986	China	281 en
Cont Ever Guest	53 239	18 197	1986	China	281 en
Cont California Luna	39 985	14 787	1987	India	285
MT Jo Lonn	38 317	10 777	1982	India	600
MT Lovell Sky	37 243	8 691	1984	Pakistan	327
Cont Howrah Bridge	35 304	12 644	1995	India	285
BC Five Stars Cosmos	35 157	8 058	1979	China	278
BC Lu Zhou	25 513		1976	China	293.5
BC Mert E	22 174	5 700	1978	Bangladesh	285
MT Rovena I	19 877	5 030	1980	Pakistan	307
BC Asean Mariner	18 880	4 313	1976	China	280
Tween Masan	16 270	4 046	1977	China	265
MT Berjaya Blessing	6 710	2 198	1983	Japan	310
Reefer Frost Delphi	5 555	3 205	1982	India	285
RoRo Viktor Talalikhin	4 605	6 000	1981	India	315
BC Minoan Hope	64 871	10 579	1982	Pakistan	310
Chem Keystone Texas	39 990	10 532	1981	India	375
Cont Kota Perbabu	39 985	14 787	1987	Bangladesh	285
BC Al Waaliyo	38 406	8 250	1977	Pakistan	300
Cont Lys	36 532	16 856	1980	India	280
MT Pyrihios	29 999	6 200	1991	Bangladesh	345
Cont Madre	23 190	9 200	1968	Bangladesh	302
BC Chang Le	16 798	4 000	1975	China	262
Cont MSC Ilaria	16 167	10 105	1977	India	280
Cement Islas Uno	5 601	2 479	1972	Turkey	175
BC Viktor Taratin	5 415		1989	China	315
Chem Rita S	3 265	1 335	1970	India	280

Source: Fearnresearch

Tanker: Crude - Year to Date



Source: Fairplay

CONCOR (BSE Code: 531344)

Closing Price as on November 13, 2009

BSE: Rs. 1203.80

NSE: Rs. 1194.60

Container Corporation of India (CONCOR) is the market leader in transportation of container cargo by rail. It has the largest network of 59 ICDs/CFSs in India. In addition to providing inland transport by rail for containers, it has also expanded to cover management of Ports, air cargo complexes and establishing cold-chain. For example, it has equity stake Gateway Terminals India Ltd., one of the container terminals in JNPT. It developed multimodal logistics support for India's International and Domestic containerization and trade.

Despite worldwide economic slowdown and competition posed by other players, CONCOR has retained the business of its existing customers. CONCOR has the advantage of very low fixed costs which constitute approximately 10% of the total expenses and the remaining costs are variable costs linked to business volumes. As such, it does not present as big a challenge as they do to other companies. The focus on cost management strategies will in this year too so as to maintain profitability even in a shrinking market scenario.

CONCOR today

CONCOR is adopting competitive strategies to take on the growing competition in transportation of containers through rail. This includes

setting up dedicated air freight stations, expanding the network of inland container depots (ICDs), taking up stakes in ports, exploring options of starting coastal shipping services with shipping lines and offering cold chain storage services.

It signed a joint venture agreement with NYK Line India in May 2009 to set up a company that will provide rail-based car transportation services in the country. The 50:50 joint venture company will provide end-to-end car transportation services to automobile manufacturers, but will focus on rail-based transportation.

Stock Projection from November 16th to December 16th

CONCOR is projected to trade between Rs.1277 and Rs.1120. Resistance levels can be found between Rs.1300 and Rs.1350 and support levels between Rs.1116 and Rs.1050. The last two resistance points occurred at Rs.1222.30 on October 7, 2009 and at Rs.1235.50 on August 24, 2009.

The stock market is ripe for a trend reversal to set in and if this happens in this period (which is likely to happen), stock prices across industries will see a downward swing. Given the cyclic nature exhibited by this scrip in the last three months, trend reversal may not be ruled out for CONCOR too. This can result in the scrip swinging from the resistance level to support level during this period. Therefore investors are advised to exercise caution.



Analysis provided by **R Damodar Sai**, Expert Advisers, Hyderabad

New Hope

Orders for Post-Panamax bulkers are on the rise

Heat is on with the demand for Post-Panamax bulkers rising. Yangzijiang Shipbuilding in China has won another order for two Post-Panamax bulk carriers with domestic shipowner Oriental Ocean Shipping Holding, a Singapore-based shipping company. Both the ships are of 92,500 dead weight tonnage. The shipyard has recently cemented orders for five such ships from another domestic shipowner. The Post-Panamax bulk carriers are a relatively new development and the credit goes to Japanese for developing this design. They were originally used by the Japanese power utilities to import coal from either Australia or from within Asia. They have the advantage of increased lift of around 10,000 dwt to 15,000 dwt compared to the Panamax vessels and some of them even have shallow drafts enabling them to call at most of the ports.

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

DECEMBER 2009

01-04

Marinetec 2009

At SNIEC Shanghai, China

The exhibition brings together exhibitors and visitors from all shipbuilding nations to exchange ideas and create business opportunities. Shipowner, top manager engineers and technicians will exchange the newest information to make trend-setting decisions.

www.marinetecchina.com

02-04

International Workboat Show

At New Orleans, Los Angeles

It is the largest commercial marine tradeshow in North America serving people and businesses working on the coastal, inland and offshore waters. Around 1,000 companies will display products and services for commercial vessels and the companies that build, service and operate them.

www.workboatshow.com

06-08

Counter-Piracy and Ship Security 2009

At Shangri-La Hotel, Dubai

The conference will provide an opportunity for all stakeholders – navies, coastguard, ship owners and operators and governments – to gather and consider the practical solutions that can be implemented immediately to protect, mitigate and respond to threats at sea.

www.counterpiracyme.com

JANUARY 2010

07-09

Energy World Show 2010

At University Ground, Ahmedabad

Is an endeavor to put innovators, technocrats, suppliers, manufacturers and ancillaries on the futuristic platform to promote their technologies and products in the most personalised manner.

www.kmgindia.com

21-26

IMTEX 2010

At Bengaluru

The Indian Machine Tool Exhibition, being organised by IMTMA, is a specialist B2B fair for a wide range of equipment and tools, including shipbuilding.

www.imtex.in

15-17

Goa International Boat Show

At Panaji, Goa

The 6th edition of GIBS, India's oldest and the only on-water luxury lifestyles show, featuring over 200 international & Indian brands, will have exhibition space of over 30,000 sq ft for display of trade and technology

www.goaboatshow.biz

26-27

2nd Breakbulk Asia Trspn. Conference & Exhibition

At Suntec City, Singapore

It is the largest gathering in Asia for companies involved in the shipping of heavy-lift, project cargo and traditional breakbulk cargoes.

www.breakbulk.com

FEBRUARY 2009

03-04

Shipping Finance Asia 2010

At Marina Mandarin, Singapore

The conference will assess the market outlook and business opportunities in the four shipping sectors- containers, dry bulk, liquid bulk & offshore and explore the latest capital raising methods and alternative funding options in a tight credit market.

www.shipping-finance.com

15-17

Energy India

At Taj Mahal Hotel, New Delhi

The forum, organised by the CWC Group, will provide an in-depth overview of what the future holds for the Indian market in a global context and an opportunity to listen to, participate and network with international and domestic energy players.

www.thecwcgroup.com

DEC 10-14

Goa International Marine & Boat Expo 2009

At Kala Academy, Campal, Panaji, Goa

The new world-class event will be a classic showcase of boats from local, Indian and International builders, together with the latest innovations in marine equipment, supplies and services.

www.mediagoa.com

JAN 07-10

PIMEX 2010

At Phuket, Thailand

Asia's annual marine boatshow boasts a mixture of craft and equipment. Organised by Informa Yacht Group, PIMEX has the support of the Thailand Convention and Exhibition Bureau, and the backing of both the Sports Authority of Thailand and the Tourism Authority of Thailand.

www.phuketboatshow.com

JAN 27-29

Pacific 2010

At Sydney Exhibition and Convention Centre, Australia

PACIFIC 2010, the 6th International Maritime Exposition and Conference in this series comprises an exhibition, conference, and the visit of senior staff delegations. It will showcase a full range of maritime and naval technologies, services and products.

www.pacific2010.com.au

MARCH 2009

24-26

Asia Pacific Maritime

At Singapore Expo, Singapore

The international maritime event offers a holistic business experience by combining exhibition, conferences and seminars.

www.apmaritime.com



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- ❖ Coordination with customs, Gateway Ports, Railways, Road Hauliers, Freight Forwarders, Customs House Agents, and Shipping Lines.
- ❖ Computerisation and simple documentation procedures. Storage of laden and empty containers.
- ❖ Warehousing for Transit, Bonded, Air cargo, Hazardous Cargo.
- ❖ Multi-tier cargo stacking/ specialised/ customised warehousing.
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3. Bangalore : 080-28452078-85
4. Salem : 0427-2353521
5. Tuticorin : 0461-2340116
6. Cochin : 0484-2667463
7. Irugur : 0422-2629180
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