India's premier maritime business magazine

₹ 100

maritime gateway

DECEMBER 2013 WWW.MARITIMEGATEWAY.COM

RNI NO: APENG/2009/30633 POSTAL REGISTRATION NO: LII/RNP/HD/1137/2013-15

DATE OF PUBLICATION: 26/11/2013

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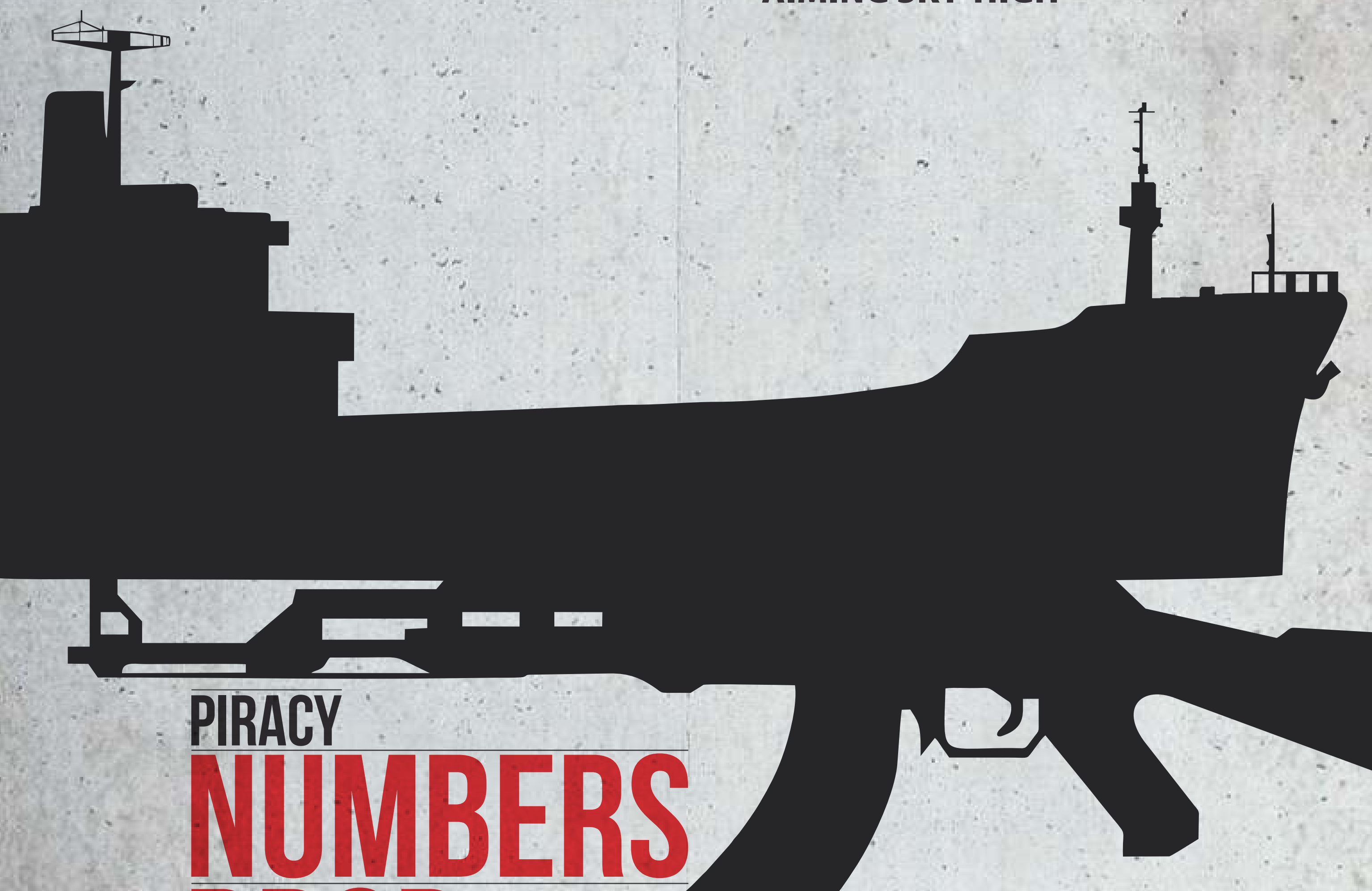
AIMING SKY-HIGH



PIRACY NUMBERS DROP; DANGER REMAINS

Despite a drop in piracy attacks worldwide, pirate gangs are still active and their business model has not yet been broken. International clamp down and hostile weather conditions have forced Somali pirates to retreat for a while, but they are slowly becoming active again and have attacked two vessels in October. In Africa, the 'epicentre' of piracy is shifting from east to west with increased attacks off the coast of Nigera. But it seems, the most dangerous route is Malacca Straits in Asia due to rising armed robbery attacks off Indonesia's coast.

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

The greenshoots of recovery are visible in India. With Indian exports recording its fastest pace of growth in two years, rising 13.5 per cent to $27.3 billion in October, we hope the signs of recovery are here to stay and multiply, finally paving way for a vibrant economy.

A weak rupee finally helped Indian exporters reap benefits as demand for goods picked up in the US and Europe. A fall in imports and resurgence in exports will help the government narrow its trade deficit. In fact, in a report in November, DBS Group Research had said that it expects the current account deficit to improve significantly this year and it estimates the full-year current account shortfall to average 3.2 per cent of GDP, down from 4.8 per cent last fiscal year. Gold and silver imports fell almost 80 per cent to around $1.4 billion compared to $6.9 billion in October 2012, resulting in trade deficit narrowing to around $10.5 billion, nearly half the level seen a year ago.

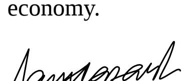
The government is also happy that the exports have picked up and engineering and textiles have managed to drive this growth. India's textile and apparel exports to the US have clawed back into the list of top three. According to the US Department of Commerce's Office of Textiles and Apparel (OTEXA) data, Indian apparel exports were pegged at $3.73 billion during the first seven months of 2013, right after China and Vietnam.

> **If the government is able to 'walk the talk' it will surely lead us to the path of prosperity.**

Buoyed by the export growth in the last few months, Finance Minister P Chidambaram has said that a GDP growth of 5-5.5 per cent will be realised. GDP growth fell to a decade-low of 5 per cent in 2012-13 as investments slowed and factory output decelerated. The government is also looking at containing the fiscal deficit at 4.8 per cent of GDP, narrowing the current account deficit (CAD) to less than $56 billion.

But what is more significant is the Finance Minister's message to the bankers asking them to deal firmly with wilful defaulters and support those who are reeling under the impact of the economic slowdown. He has also assured that the government will defend them and stand by them. Considering the kind of policy paralysis we face, this is the kind of stand and support the industry and the economy expect from the government. If the government is able to 'walk the talk' it will surely lead us to the path of prosperity.

The finance minister has also said the investigative authorities should not look at all commercial decisions as 'motivated or malicious.' If one has to go by the recent developments, the finance minister has identified the real problem. Now it is up to the government to take collective steps to offer a permanent solution to a staggering economy.



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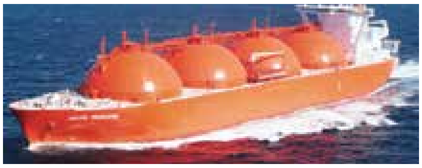
Despite a drop in piracy attacks worldwide, pirate gangs are still active and their business model has not yet been broken. International clamp down and hostile weather conditions may have forced Somali pirates to retreat for a while, but they are slowly becoming active again and have attacked two vessels in October.

Growing imbalance in demand and supply is expected to push up prices of LNG in Asia.



A recent report by the Comptroller and Auditor General of India, points to the failure of maritime states, especially Gujarat, in implementing the Coastal Security Scheme (CSS).

While it completes its 40th year of operations in India, APL can claim many firsts. APL is the first shipping line to carry containers to India. It was also the first one to call at a container terminal on east coast. Most importantly, it introduced the concept of intermodalism in the country.

Anil Radhakrishnan,
Managing Director,
APL India

INTERVIEWS

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Member of the Board of Managing Directors,
DVB Bank SE

Chitra Shinde,
President, GATI - KWE

Frank Dedenis,
MD, Maersk India

Grant Daly,
CEO, Safmarine

Despite odds and challenges, GMR Hyderabad Airport International Limited (GHIAL), continues to witness growth in air cargo volumes.

Women who intend to follow a sea career represent an efficient solution to the expected shortage of seafarers.

Bulk terminals developer and bulk cargo handler ALBA expects its four new terminals to be operational by 2015.

OTHERS

Marina Lighthouse reopened

After over two decades, the 46-metre tall Chennai lighthouse, overlooking the Marina beach, was opened to visitors. The lighthouse, the second tallest in the world, has been the first spot of sight for mariners approaching the commercial capital of south India from Bay of Bengal. It was closed for visitors, following security threats during the early 90s.

Maersk Lines Q3 earnings rise 11.2% to $554m

Maersk Line has posted a third quarter 2013 profit of $554 million, up 11.2 per cent from the $498 million recorded over the same period the previous year. The improvement in profit was achieved through heavy cost cutting and double-digit growth in container volumes despite 12.2 per cent lower freight rates to $2,654 per 40-foot container that reduced revenue by 2.6 per cent to $6.78 billion.

Adani seeks additional land for Mundra SEZ project

Adani Ports and Special Economic Zone Ltd (APSEZ) is seeking additional land from the government for its special economic zone (SEZ) at Mundra in Gujarat. "We have 6,700 hectares of land that is notified, we have asked for another 1,800-1,900 hectares of land," a company official told PTI.

Asian Capesize rates to slide as cargo fixtures dry up

Rates for capesize bulk carriers on key Asian routes are expected to fall in the absence of significant chartering activity by major Australian and Brazilian miners, ship brokers said. A flurry of fixtures by BHP Billiton Ltd and Rio Tinto Ltd earlier pushed rates towards $10 per tonne from Australia to China, but the rally ended after new business dried up. "There are no signs of the rally which is still expected to happen before Christmas. However, rates are rather keeping steady," one ship broker said.

Korean shipping lines face cash crunch after expansion

South Korea's three biggest shipping companies face a cash crunch as 3 trillion won ($2.8 billion) of bonds are due for repayment in the next two years amid mounting losses from a global slump in rates to carry cargo. Hanjin Shipping Co., Hyundai Merchant Marine Co. and STX Pan Ocean Co. are all forecast to post losses in 2013 for a third consecutive year.

Port of Antwerp's container traffic declines

Despite the Port of Antwerp's cargo volume increase of 3 percent year-over-year in the first nine months of 2013, the gain was offset by a decline in its key container traffic. Total traffic was more than 143 million metric tonnes from January to September, buoyed by a 32 per cent surge in liquid bulk shipments to 44.5 million metric tonnes, outweighing a 36.7 per cent plunge in dry bulk cargoes resulting from sharply lower coal imports. However, container traffic slipped 1.7 per cent to 6.4 million teu units, compared with 6.5 million teu in the first nine months of 2012.

Go-slow by workers hits cargo handling at JN Port

Some shipping lines may skip or cut frequency of calls at Jawaharlal Nehru Port, as cargo handling operations at the country's largest container port have been hit severely by the prolonged labour trouble at the port's private terminals. The go-slow by workers of transport contractors at Gateway Terminals India (GTI), one of the two private terminals, for the past three weeks has affected productivity. Crane productivity has come down to 20-25 moves per hour, and the move counts allocated for each vessel has been reduced.

HPCL does 50 deliveries since April, clocking 20,000 mt bunkers at Cochin

HPCL has completed 20,000 MT of bunker supplies at Cochin Port this year. This was achieved by supplying to 50 vessels in port and at OPL. It may be worth to mention here that bunker supplies at OPL during monsoon season has been done only from this year with HPCL initiative.

Higher haulage charges eat into CONCOR net

Container Corporation of India (Concor) has registered a 4 per cent growth in net profit during the quarter ended September 2013. The company would have earned higher margins if it had passed on the increase in rail haulage charges to its customers. Rail haulage is what container train operators pay the Indian Railways for using their track and signalling infrastructure. There was a 22 per cent increase in rail haulage charges during the period.

London Gateway opens for business

London Gateway, the first major new port to be built in the UK for several decades, has opened for business on the north bank of the River Thames in November. The port welcomed its first ship *MOL Caledon*, a 5,000-teu container ship operated by Japan's Mitsui O.S.K. Lines in a joint, weekly Europe-to-South Africa service, on November 7. The operations of the new port will launch a fierce battle for cargo with Felixstowe, the UK's largest container port further up the east coast. London Gateway, which is owned by DP World, will have an initial annual capacity of 1.5 million teu.

Rotterdam posts 9-month decline in container volume

Rotterdam's container traffic declined 1 per cent year-over-year in the first nine months of 2013 as the impact of a sluggish European economy was compounded by the loss of traffic to its German rivals. Europe's largest container port handled 8.84 million teu units, compared with 8.94 million teu in the first three quarters of 2012.

Leading Chinese yards take 93% of new orders

Thirty nine leading Chinese yards accounted for 93.3 per cent of newly received new building orders in the first nine months of this year, underpinning the trend of new orders being concentrated in only a handful of stronger yards. China boasts some 1,600 shipyards countrywide, but 39 leading yards took 35.51 million dwt of newbuilding capacity, representing 93.3 per cent of the market's total of 38.06 million dwt from January to September, according to the latest figures released by China Association of the National Shipbuilding Industry (Cansi).

Sri Lanka Ports Authority container throughput up 8 per cent

Sri Lanka Ports Authority has seen an 8 per cent increase in containers handled up to October with volumes topping 2.0 million containers.

UltraTech Cement to build terminal at Mumbai Port to cut costs

Aditya Birla Group's flagship company UltraTech Cement is set to build a ₹100-crore terminal at the Mumbai Port to transport cement from its plants in Gujarat into Mumbai, in an effort to cut logistics costs and entrench itself deeper into one of the largest cement markets in the country. UltraTech, which turned out to be the only bidder for the terminal, will get a land area of 2.5 hectares on lease for 30 years against an upfront payment of ₹35 crore and a guaranteed flow of traffic through the Mumbai Port. The facility has a capacity of 1.25 million tonnes.

Shipping Corporation net loss at ₹124 crore

Shipping Corporation of India (SCI) reported a net loss of ₹123.6 crore for the quarter ended September 30. The company had posted a net profit of ₹297 crore in the corresponding quarter of the previous fiscal, SCI said in a filing to BSE.

Damco appoints Sørensen CEO

Damco has named Hanne B Sørensen as CEO, effective January 1, 2014. Sørensen will succeed Rolf Habben-Jansen, who is joining Hapag-Lloyd.

Sørensen has been with Damco's parent company, Maersk, for 19 years, most recently as CEO of the Tankers division. She will report to the newly appointed CEO of the Services & Other Shipping segment, Morten Engelstoft, who will report directly to the group CEO.

Asset prices of Capesize, Panamax vessels trend up

Asset prices of newly built and resale Capesize and Panamax vessels trended up rapidly in October, according to separate reports published by Norwegian financial services group DNB, and Intermodal Research & Valuations. Newly built Capesize vessels were quoted at $53 million as on November 8, up from $52 million in October and up 15 per cent from $46 million at the start of the year. Newly built Panamaxes were currently prices at $27.5 million, up from $27 million in October and up 8 per cent from $25.5 million at the start of the year.

FLOATING HOTELS SURFACE IN MYANMAR

The first ever floating hotel will open its doors in Botahtaung harbour near Yangon by the end of this year, according to the Myanmar Ports Authority. Myanmar company, Hla Hla Pa Pa won the approval to invest in the floating hotel project buying a 2,000-tonne engine-less vessel from Finland to build the floating hotel. After the vessel arrived here on August 18, Myanmar Shipyards carried out renovation tasks to provide 104 double rooms, two dining rooms and bars. Myanmar has involved foreign and local investors to build floating hotels by the Botahtaung jetty. The Yangon Port Development has already expanded as a Botahtaung port area. The land area of the port was extended towards the Yangon River in July last year. A local company, Pearl Myay, worked on the port expansion project.

VOICES

I sincerely hope that with the introduction of RMS in exports, the dwell time which now ranges from 1.6 days to 3.68 days will be brought down to a few hours.

- P Chidambaram
Union Minister for Finance after launching the all-India Risk Management System (RMS) for exports

Government is extremely receptive to Industry views on revitalising the Ports Sector in the country. We are committed to reinvigorating the institutional mechanism in the Sector.

- Vishwapati Trivedi
Secretary shipping while addressing a CEOs Round Table in New Delhi

Port operators must handle fewer but larger calls, and the demands for efficiency, reliability and speed will be even higher. This will lead to cost increases – due to lower berth utilisation, investments in more equipment and adaptation. The burden of these rising costs will have to be shared between the customers and the port operators.

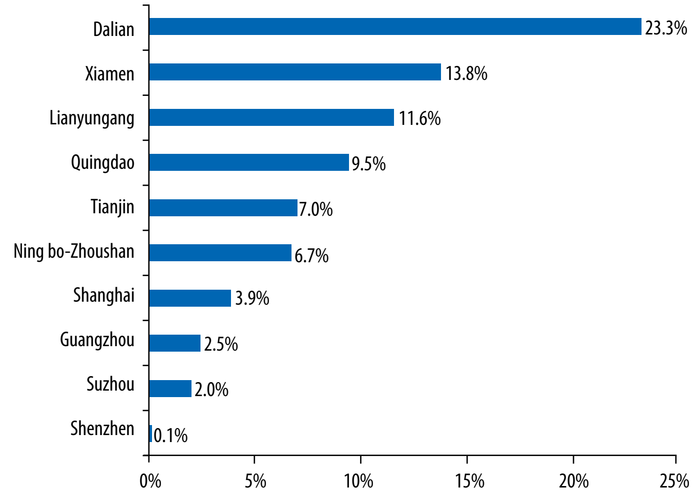
- Kim Fejfer
CEO, APM Terminals

We are taking decisive actions to trim capacity and reconfigure our service networks to better align to the lower demand levels.

- Kenneth Glenn
President, APL

TOP CHINA PORTS YEAR-TODATE GROWTH RATE

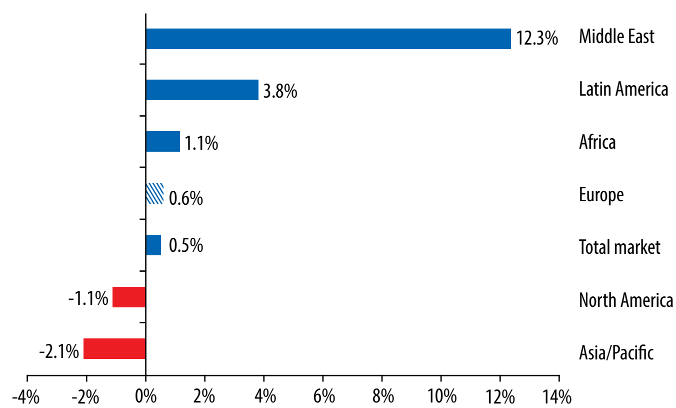
January-September 2013 vs. January-September 2012



Source: Shanghai Shipping Exchange

GLOBAL AIR CARGO YEAR-TO-DATE 2013

Year-Over-Year Percent Change for January-September 2013



Source: International Air Transport Association

Volume at Top Three Chinese Ports Drops: China's top three ports of 2012 saw year-over-year declines in the volume of containers handled in September.

SILVER LINING

Auto makers have sharpened their focus on overseas markets to offset slowing sales growth in India and higher import costs.

	Exports (Apr-Aug)	Year-on year change (in%)
Hyundai	120,108	8.22
Nissan	38,769	7.7
Ford	14,412	48.12
Toyota	12,890	12.18
Volkswagen	9,528	485
Maruti	4,054	-15.29
Tatal Motors	3,929	16.2
Mahindra	2,555	11

Source: Society of Indian Automobile Manufacturers

Paradip Port partners with GAIL for LNG terminal

Paradip Port Trust and GAIL (India) have signed a Memorandum of Understanding (MoU) for setting up of a LNG Terminal at Paradip Port.

The project, a part of capacity augmentation programme of Paradip Port, has been proposed to construct an offshore breakwater to improve navigability of capesize vessels in the approach and entrance channel and simultaneously add port capacity by construction of LNG regasification terminal.

GAIL envisages to set up the project with a send-out capacity of 4 MMPTA (4.8 MMTPA in peak conditions) in Phase I with a storage capacity of 170,000 cubic metres at an investment of ₹3,108 crore, of which Paradip Port will invest ₹650 crore in breakwater and dredging. The balance ₹2,458 crore will be invested by GAIL.

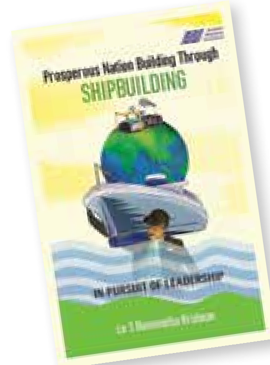
Considering long term potential of the market on the east coast, it is likely that Phase II of the project will also have an additional capacity of 4.0 MMTPA (peak – 4.8 MMTPA), which will make the overall terminal capacity as 8.0-10.0 MMTPA. The next phase of the project can either be onshore or offshore, according to a release.

GAIL has the authorisation of laying Jagdishpur-Halida and Surat-Paradip LNG pipeline. It has planned to set up the Floating Storage and Regasification Unit (FSRU) in Paradip Port.

Speaking on the occasion, Minister for Shipping G K Vasan said, completion of this project would put Odisha on world LNG Map, heralding a new era in the industrial development and employment generation and economic upliftment of the state and nation. He urged other PSUs and Private organisations to come forward to develop LNG infrastructure in major ports, which has adequate facilities and huge potential to serve them all in an efficient and effective way.

The function was attended by Member of Parliament, Bibhu Prasad Tarai, Secretary (Shipping), Dr. Vishwapati Trivedi, N Muruganandam, Joint Secretary, (Ports), M C Jauhari, Joint Secretary, (S & PRL), B Poyamozhi, DA (Ports), Chairman, Paradip Port Trust, S S Mishra, Executive Director and GAIL, S Dutta among others.

Book on shipbuilding, its economic, commercial spin offs



We live in extraordinary times. While globalisation, technology, and the knowledge economy have propelled countries, they are also faced with unprecedented economic, social and political challenges. In a rapidly changing open market scenario, where countries are no longer insulated from a global crisis, the deciding factor for economic prosperity will mostly be associated with international trade. And, a country like India needs to focus on certain niche industrial segments that can help bring in economic development.

The book *'Prosperous nation building through shipbuilding'* talks about one such industry. It elucidates the potential of the shipbuilding industry for initiating economic development, which eventually leads to enhancing the prosperity of a nation. This is explained by intrinsically linking the macroeconomics of the nation with the microeconomics of the shipbuilding industry.

Through the book, author Cdr S Navaneetha Krishnan analyses the economic and commercial spin-offs brought in by the shipyard to various industries in the country. The author – an Indian Navy officer – investigates the global trends in commercial shipbuilding since the industrial revolution. The book, which is an outcome of the author's research on Indian shipbuilding with the National Maritime Foundation (NMF) in Delhi, tracks the success stories of leading shipbuilding nations and analyses the benefits accrued by these nations through this one industry.

Essar Ports profit up 21 per cent

Essar Ports Ltd reported a 21 per cent increase in net profit for the quarter ended September 30, 2013 as it won more business from affiliates.

Profit after tax rose to ₹97.5 crore in the quarter from ₹80.5 crore in the corresponding period last year. Net sales increased 14 per cent to ₹398.1 crore from ₹348.3 crore.

The port company handled 13.01 million tonnes of cargo during the quarter, up from 12.7 million tonnes a year ago.

Essar Ports has won the bid for a 23-million tonnes per annum iron ore terminal at Visakhapatnam in Andhra Pradesh, and company executives said this project would significantly enhance third-party business mix of the company.

Rajiv Agarwal, Managing Director of Essar Ports, said his company would strengthen performance once it executes the port projects in hand and third-party terminals at Paradip in Odisha and Vizag.

At present, Essar Ports gets less than 1 per cent of its revenue from third parties and remaining from group companies such as Essar Oil Ltd and Essar Steel India Ltd.

Shailesh Sawa, director finance at Essar Ports, said his company would be increasing the third-party share to 14 per cent by the next fiscal. "We expect third-party share should go up to 34 per cent during financial year 2017," Sawa said.

According to the original plan, Essar Ports was supposed to increase its third-party share to 30 per cent during the current fiscal. "The target was pushed forward as there were some delays in setting up some port projects due to securing approvals. Now, we expect that we can increase our third-party exposure," Agarwal said.

He said financing had been tied up for almost all projects except the Vizag project. Essar Ports had total debt of ₹6,094 crore as of September 30. Agarwal also said the company is planning to refinance its debt subject to approvals.

Gateway Distriparks Q2 net up 12 per cent

Logistics major Gateway Distriparks Limited (GDL) reported a 12.9 per cent increase in consolidated net profit to ₹33.68 crore for the quarter ended September 2013, as against ₹29.83 crore in the same quarter in the last financial year. The sales turnover of the company increased to ₹251.17 crore for the quarter, as against the consolidated sales turnover of ₹216.95 crore in the corresponding quarter last year, registering a 15.77 per cent increase. It has recorded EBITDA (earnings before interest, taxes, depreciation, and amortisation) of ₹73.6 crore during the quarter.

Commenting on the results, Gopinath Pillai, Chairman, Gateway Distriparks Limited, said, "All the three verticals – CFS, Rail and Cold Chain – registered improvement in results. GDL will continue its strategy of expanding its network in all the three verticals. With the proposed listing of Snowman, GDL group will look for new business opportunities in areas which have synergy with the group". The company has improved its performance in the second quarter compared to the first quarter during the current financial year. However, declining global trade and severe domestic competition continued to be a challenge for the company, it said in a press release. GDL is a container logistics company with a pan-India presence and operates through Container Freight Stations (CFS) and Inland Container Depots (ICD). The company operates two large CFSs at JNPT, Mumbai, and CFSs at Chennai, Vizag and Kochi.

Pipavav Defence secures order to build 14 coast guard vessels

Shipbuilder Pipavav Defence and Offshore Engineering Co. Ltd is set to win a contract worth about ₹920 crore from the Indian coast guard to design and construct 14 fast patrol vessels (FPVs). The company said it had been declared the lowest bidder for the order under a competitive bidding process.

The Mumbai-based company earlier secured a much larger contract worth about ₹2,975 crore from the Ministry of Defence for building five naval ships. FPVs are primarily used for patrol within exclusive economic zone, coastal patrol, anti-smuggling, anti-piracy and search and rescue operations.

Securing contracts to build warships has emerged as an option for local shipyards seeking to sail through a global downturn in the industry and experts believe that more companies will bid aggressively for defence contracts as commercial orders are drying up.

The navy and the Indian coast guard have lined up projects worth at least ₹50,000 crore for the next 10-15 years to patrol the country's coastline that stretches over 7,400 km, according to the defence ministry. The government is also focusing on enhancing local defence production with private participation.

In July, the government cleared Pipavav's proposed joint venture with state-run Mazagon Dock Ltd to build warships for the Indian Navy. In September 2011, the defence ministry had put on hold the planned joint venture after rival companies said the selection of Pipavav lacked transparency.

In a July 31 statement following the clearance, Pipavav said it was looking forward to joint marketing initiatives to tap the growing global demand for warships and submarines through its joint venture with Mazagon Dock. The company said it had "submitted bids worth $2 billion in various countries with respective local partners."

Prince of Wales visits Cochin Shipyard

Prince of Wales visited on November 12. Prince Charles and the royal dignitaries were received by Cmde K Subramaniam, Chairman and Managing Director of Cochin Shipyard and VAdm Satish Soni, FOC in C, Southern Naval Command. Prince Charles appreciated the efforts of shipyard in the construction of indigenous aircraft carrier and looked at the contribution made by M/s Mactaggart Scott, UK for the deck edge lifts for the aircraft. He was also briefed on the work done by shipyard on the existing aircraft carrier, INS Viraat.

During the visit, the Prince of Wales was fully briefed about the strong business and commercial ties between Cochin Shipyard and UK-based firms. The long association of CSL with M/s Rolls Royce Marine in building Offshore Support Vessels was especially highlighted. The yard has constructed 22 vessels of different Rolls Royce Designs to clients based in Norway, Cyprus, USA, Germany, Netherlands and India, according to a release.

Currently the yard is involved with RRM in construction of a specialised Buoy tender vessel for the Directorate General of Light houses and Light ships India. The yard is also in advanced stages of negotiations with ONGC to conclude a most modern Seismic vessel with RRM design and main machinery.

Sanjam Sahi Gupta, first woman from India to attend WISTA summit

WISTA India President Sanjam Sahi Gupta was invited to speak at the 33rd WISTA International Conference at Montreal earlier in October. Gupta, the founder member of WISTA India, is the first woman from India to present at a WISTA conference.

WISTA International Committee applauded the efforts made by Sanjam and co-founder Sumeet Sahi in setting up WISTA in India and getting 82 members within a short span of a year.

Sanjam also met Lisa Raitt, Minister of Transport, Canada and spoke on the important role that women play in maritime and other sectors. Raitt stressed the importance of women's access to management positions and boards.

Also present was WISTA member Ms Joyce Bawa Mogtari, Deputy Minister of Transport ,Ghana.

Gati Limited posts ₹4.6 crore profit in Q1

Gati Limited, a Hyderabad-based express distribution and supply chain company, reported a consolidated net profit of ₹4.60 crore for the first quarter ended September 30, as against a net loss of ₹7.79 crore in the corresponding quarter during the last financial year.

The consolidated revenue for the quarter increased 22 per cent to ₹366.9 crore as against ₹302.0 crore in the same quarter last year. The EBIDTA of the company reported a 38 per cent increase to ₹28.7 crore as against ₹20.7 crore in the corresponding quarter last year.

The company has added 192 new customers to the existing business of its subsidiary, Gati Kintetsu Express Private Ltd (GATI-KWE) in the first quarter, the company said in a release.

Gati Kausar, Gati cold chain solutions divison, plans to have a fleet of 300 reefer vehicles by June 2014 and less than load capabilities to create a hub and spoke cold chain distribution model. Also, it has plans to enter the cold storage business and set up a chain of cold storage units across metros.

Gati saw 155 per cent growth in revenue in its e-commerce division from ₹4.5 crore to ₹10.5 crore during current quarter. Currently, its e-commerce division has a dedicated fleet of 200 vehicles and 300 bikes that deliver over 10,000 plus packages per day.

ACC targets logistics to cut cost

ACC Ltd, part of Switzerland-based Holcim Group, plans to cut logistics costs by ₹150 crore a year, as the cement maker battles to tide over sluggish market conditions. At present, the company's transportation costs alone account for 33 per cent of sales realisation. ACC is adopting modern technology and utilising assets more efficiently to cut logistics costs and improve margin. ACC has rolled out a logistic excellence programme at three plants – Tikaria in Uttar Pradesh, Damodhar in West Bengal and Thondebhavi in Karnataka. It is installing a radio frequency identification (RFID) software along with global position system (GPS) on all the 12,000 vehicles serving the company.

ABG Shipyard heads for recast of long-term debt

Hit hard by adverse business climate and precarious financial health, shipbuilding company, ABG Shipyard Ltd is in the process of recasting its long-term debt that forms the bigger chunk of its entire debt kitty. The development of ABG Shipyard availing the debt recast programme comes at a time when bankers are becoming increasingly wary of the peer, Bharati Shipyard's ₹5,860-crore debt recast plan. Bharti Shipyard has been facing liquidity issues since 2011, and the global recession dealt a severe blow as almost 70 per cent of its customers are Europeans.

Hyderabad airport wins best cargo airport award

The Rajiv Gandhi International Airport (RGIA) in Hyderabad has bagged the "Best Cargo Airport of The Year" at the recently concluded 40th annual convention of Air Cargo Agents Association of India (ACAAI) held at Jaipur. This is the second year in a row that RGIA has won the award for its cargo operations.

"We are delighted to be recognised by a prestigious industry body such as ACAAI which represents country's air cargo industry. This award is a welcome boost for us in our endeavours to establish RGIA as a logistics hub of India," SGK Kishore, Chief Executive Officer, GMR Hyderabad International Airport Ltd (GHIAL), said.

RGIA has emerged as country's first airport-based Free Trade Zone, providing services such as value processing, trading and distribution, duty deferment options and warehousing to optimise their logistics and distribution costs significantly. The facilities

provided at the FTZ would help logistics companies to warehouse their commodities for both short and long term without impact on import duty.

Since commencing operations in 2008, the airport has won several accolades at the national and international level signifying the efforts being put in by GHIAL in developing a truly modern airport.

ACAAI is the national association representing the air cargo industry in India that provides a regular medium for dialogue with members, airlines, customers, exporters and importers, and government authorities.

Oil import from Iran on slippery terrain

If the proposed ₹2,000-crore Indian Energy Insurance Pool is not operational by December, say major crude oil importers, they will not be bringing in any from Iran. This casts a big shadow on the petroleum ministry's plan to import 11 million tonnes of crude from Iran in this financial year – the attraction in doing so from that sanctions-hit country is that it will accept payment in rupees, instead of scarce dollars. In fact, the bigger hurdle is the size of the proposed insurance pool. According to sources, while oil companies were asking for a cover of ₹9,500-11,000 crore, the government is offering only ₹2,000 crore. State-owned general insurers had also invited their private sector counterparts to be part of this pool but none of the latter accepted, citing the high associated risks.

Cochin Port eyes petrochemical complex

The Cochin Port Trust (CPT) has decided to revive its ambitious Outer Harbour project in the Puthuvypu-Fort Kochi region. The project is getting ready for mandatory approval and has a cost estimate of ₹4,000 crore. Once this project is cleared, CPT plans to push forward with a more ambitious petro-chemical complex with a cost outlay of ₹40,000 crore. By mid-December, CPT will invite an Expression of Interest (EoI) for the construction of the twin breakwaters needed for the harbour, CPT chairman Paul Antony said.

P3 Alliance to boost trans-pacific capacity

The service schedule that the P3 Alliance plans to launch next May indicates that Maersk Line, Mediterranean Shipping Co. and CMA CGM will boost the combined capacity of their services on the trans-Pacific by a significant amount, while the increases will be smaller on the Asia-Europe and Asia-Mediterranean lanes. The P3 network capacity from Asia to US West Coast ports will increase by about 5 per cent over levels deployed by the three lines at the end of September, while the all-water capacity to East Coast ports will jump by 8 per cent, Drewry Maritime Research said in its weekly Container Insight. Drewry estimates that Asia-West Coast capacity will increase to 2,756,000 teu while the capacity deployed from Asia to the East Coast will grow to 1,586,000 teu.

NCML to set up 40 warehouses

Leading warehousing services and solutions provider National Collateral Management Services (NCML) is setting up 40 warehouses across 12 states by December 2014, according to a top company executive. These warehouses will be a complex comprising of 3.2 million square foot space the capacity of 7 lakh tonnes.

NMIA to speed-up Dronagiri coastal road work

The work on Dronagiri coastal road linking the Jawaharlal Nehru Port Trust (JNPT) directly to the Mumbai-Goa highway will get a push after all the hurdles in the way of the Navi Mumbai international airport project were cleared. Cidco has undertaken work to link JNPT, special economic zone area in Navi Mumbai and Dronagiri area, directly to the Pune and Goa highway. This road will facilitate fast movement of containers from JNPT. Presently, containers unloaded at JNPT are shipped to Pune, Goa, Nashik and Mumbai, causing traffic on the Sion-Panvel highway.

Bibby Ship Management Group acquires Murray Fenton (India) Surveyors

Bibby Ship Management Group Ltd has acquired Murray Fenton (India) Surveyors Limited. The acquisition made through Bibby Ship Management India Pvt. Ltd, will help expand India's service offering into marine, cargo and offshore surveying including marine audit services.

Operations will be based in Mumbai and Gujarat, with geographic expansion into other areas of India planned for the future, according to a company release.

Murray Fenton (India) offers a wide range of marine surveying services, including marine hull and ship condition assessment, cargo surveying and marine audit services. The business brings with it a team of professional and experienced Master Mariners and Marine Engineers from the main fleet and offshore sectors, and is set to expand with the addition of a Naval Architect / Structural Engineer to the team.

> Marine surveying and audit services is an avenue which has been on our horizon for a while. With the acquisition of Murray Fenton (India) Surveyors Limited, we have taken a significant step into this area, while ensuring we continue with our reputation for providing professional and focused services to our esteemed clients.
>
> **Prakash Agarwal**
> MD, Bibby Ship Management India Pvt. Ltd,

Prakash Agarwal, MD of Bibby Ship Management India Pvt. Ltd, said this acquisition would significantly enhance the services offered by Bibby's India operations.

Bibby Ship Management has also appointed Capt Kapil Dev Bahl as Director – Technical Services and will head Bibby's drive into this business. With 17 years at sea, including five years in command, followed by 25 years in marine surveying and ship vetting, Capt Bahl brings a wealth of experience and knowledge to Bibby Ship Management. He is currently assisted by a capable team which is able to cater for the current business and is expected to grow with the business.

Ed Rimmer, Chief Executive Officer, Bibby Ship Management Group said, "We are delighted to announce the acquisition of Murray Fenton (India) Surveyors Limited and look forward to working with Capt Bahl and his team. We have great plans for Bibby Ship Management and we're excited for what lies ahead for 2014."

EAC defers clearance of Petronet's LNG project

The Expert Appraisal Committee under the Ministry of Environment and Forests has deferred clearance of land-based Liquefied Natural Gas (LNG) terminal at Gangavaram Port in Andhra Pradesh, being developed by Petronet LNG Limited, for want of compliance reports. Citing pollution issues that were raised during public hearing on the project, the EAC has advised the company to obtain report on compliance status of EC/Consent conditions from the Andhra Pradesh Pollution Control Board and regional office of Ministry of Environment and Forests (MoEF), Bengaluru. Deferring the project proposal, the committee said it will consider it after the issues are addressed.

State maritime board yet to get central nod

Kerala government is yet to get the central nod for the constitution of a maritime board even though the proposal was approved by the state cabinet almost a year ago. The proposed board will subsume the entities of the department of ports, Kerala State Maritime Development Corporation and Kerala Maritime Society into itself. The board is expected to make critical contribution to the development of coastal shipping which was launched with much fanfare in Kollam recently.

Maritime Industry offers help to Filipino seafarers

Shipowner groups, unions, and welfare organisations have done their bit to alleviate devastating effects of Typhoon Yolanda in the Philippines. As part of this, the Mission to Seafarers and Sailors Society provided free phone cards, sims, and wifi to Filipino seafarers who visit their centres all over the world. Filipino seafarers, represent over 20 per cent of the world's seafarers and this helped them contact their families and loved ones back home. The Seafarers' Emergency Fund, administered by ISWAN, is providing funds for seafarer centres around the world to facilitate free phone calls and wifi for Filipino seafarers to call back home. ISWAN is also helping to co-ordinate the response from organisations involved in seafarers' welfare such as the International Shipping Federation/ International Chamber of Shipping (ISF/ICS), the International Transport Workers' Federation (ITF), and the International Christian Maritime Association (ICMA).

Girl power moments in Dalai Lama Trek

Four Bibby Ship Management (BSM) Isle of Man employees took part in the Bibby Line Group 'Giving Something Back' Dalai Lama Trek in India, in October this year. The five day trek saw the all women team comprising intrepid trekkers – Jess Kramer, Sarah Ryan, Nicky Davenport and Sandra Corrigan – reach an altitude of 3,500 metres and camping in some extreme weather; however with such a fantastic support crew keeping the team firmly on the ground, the trip was a great success.

The great success of the trip was the result of months of training and hard work. The team raised an amazing £6,800 for their chosen local charities – Hyperbaric Chamber, Manx Diabetic Group, IOM Sea Cadet Troop and IOM Hospice.

Mark Robertshaw, Managing Director, of the Isle of Man office, said, "This is a significant achievement for the team and we are proud of their hard work and dedication to such worthy causes."

The trek was organised by the wider Bibby Group and involved up to 22 employees from across its diverse businesses taking part, with a total of 21 charities benefiting from over £35,000 which was raised.

Maritime security is top priority says defence minister

After Coast Guards detained armed security guards onboard a vessel belonging to a US-based company off Kanyakumari, and Italian marines gunned down Indian fishermen near Kerala, New Delhi now wants to regulate gun-wielding men boarding private ships in its territory. Defence Minister A K Antony, who reviewed coastal security apparatus, wants the issue of armed guards on board commercial vessels to be raised with the International Maritime Organisation. He also sought regulations on armed guards hired by private vessels for protection against pirates. The Union home ministry and the shipping ministry have been asked to come up with regulations to deal with such a situation, which has snowballed into a diplomatic row.

Tamil Nadu UMPP comes with captive port for bidders

The winning bidder of the 4,000-Mw ultra mega power project (UMPP) in Tamil Nadu will get the rights to develop a minor captive port, with the contract to operate the power project. The port, to be set up in Panaiyur village a few kilometres away from the project site at Cheyyur, will handle 12-15 million tonnes (mt) of coal cargo annually, which will fire the supercritical power plant. "The captive port will be part of the overall package for which the companies will have to bid. However, the developer will not be allowed commercial rights over the port apart from importing coal for the UMPP," a senior Power Finance Corporation (PFC) official told.

Adani Ports net rises 24% to ₹342 cr

Buoyed by strong sales, Adani Ports and SEZ Ltd reported over 24 per cent jump in consolidated net profit at ₹341.83 crore for the quarter ended September 30, 2013. The company had reported a net profit of ₹275.56 crore in July-September 2012-13 fiscal. In a separate statement, Adani Ports said that its flagship Mundra Port continues to be the number one domestic commercial port and recorded 21 per cent growth in cargo handling (at 24.62 million tonnes) during the second quarter. Moreover, its consolidated cargo handling increased by 30 per cent to 28.08 mt. Adani Group Chairman Gautam Adani said, "With Mundra port firmly established as number one port of the country, we have continued our endeavour to maintain leadership position not only in volume and margin growth but also in implementing best practices... Our thrust is to create value for all our stakeholders on multi dimension."

Adani Ports, United Liner among five bidders for JNPT's liquid terminal

Five companies, including Adani Ports and United Liner Agencies (ULA), have shown interest in constructing the ₹1,800-crore liquid terminal for the Jawaharlal Nehru Port Trust (JNPT). Apart from ULA and Adani, Aegis Logistics, IMC and Netherlands's Vopak are likely to bid for the project. The liquid terminal, which will handle 15.5 million tonnes per annum and is expected to be built in two phases, will take about five to eight years to be constructed. It will have a liquid jetty and a tank farm spread over 70 hectares. Even though the port has a twinberth liquid cargo terminal run by the state oil refiners Bharat Petroleum and Indian Oil Corp, the capacity is just 5.5 million tonnes with a waiting period running into about six to seven days.

Navtex Chain launched

The Union Minister of shipping Shri G K Vasan said that his ministry is taking further steps to provide the state-of-the-art aids to facilitate navigation and to set up a most formidable surveillance network for identifying unfriendly vessels. He was speaking after laying the foundation of the Parangipettai Navtex Transmitting Station at a function in Chennai this morning. The Minister said that as part of our obligations under the Safety of Life at Sea Convention, his Ministry has asked its technical arm of the Directorate General of Lighthouses & Lightships (DGLL) to provide for continuous Navigational Telex (Navtex) coverage of Indian waters. DGLL has made a meticulous plan in covering the entire Indian Coastline including islands by establishing seven transmitting stations where safety, weather, and search and rescue related broadcast will be made up to 250 nautical miles.

Railways nod for concor unit in Karimnagar district

Minister of state for railways Adhir Ranjan Chowdhury has approved a proposal for setting up a unit of the Container Corporation of India (Concor) near the Sultanabad railway station, 26 km from here. The Concor unit would be set up under the Rail Link Multi Model Logistics Park scheme. The DCC had requested the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) to allocate 100 acres of suitable land with feasibility of railway connectivity for the proposed unit, he said.

Chennai-Bangalore corridor is different from Delhi-Mumbai one: JICA

Japan International Cooperation Agency (JICA) is getting ready to fund the second industrial corridor in India between Chennai and Bangalore. Japan's sole official development assistance (ODA) agency is funding a study for the corridor. Shinya Ejima, chief representative of JICA in India told hat the agency was waiting for a shortlist of projects that would form part of Chennai-Bangalore Industrial Corridor (CBIC) from the Indian government. Some 26 early bid projects were already identified during the preliminary study. The Japanese government had earlier announced $4.5 billion investment in India.

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Kandla Port takes over failed container terminal from ABG

Kandla port in Gujarat, India's biggest state-owned cargo handler by volume, has taken over a failed container terminal from ABG Infralogistics Ltd after depositing a security amount worth ₹110 crore as lender's dues with the registrar of the Ahmedabad high court where the case was decided recently.

While hearing an appeal filed by Kandla Port against a lower court order on the termination of the container terminal last year, the Ahmedabad high court gave a consent order directing the port to take over the terminal after submitting a ₹55 crore bank guarantee and another ₹55 crore fixed deposit with the court's registrar. The consent order came after the project's lenders, Axis Bank Ltd and UCO Bank Ltd, requested the port in the high court to give their dues as security instead of paying in cash.

This is the first instance of a union government-owned port been asked to pay lenders money on a failed public-private-partnership (PPP) port contract.

Kandla Port Trust sells two ships on high court order

Upon directions issued by Gujarat high court, the Kandla Port Trust (KPT) auctioned two ships belonging to Jaisu Shipping Co Pvt Ltd after it failed to provide food and fuel to the crew members onboard six ships. A Vadodara-based firm Swarnalata Jewellers bought '*Kamal 25*' and '*Kamal 27*' at a price of ₹9.85 crore. While directing the firm to deposit 25 per cent amount with the KPT, the HC held that the deal would be finalised only after the company makes all payments according to the set norms. More than 75 crew members and six captains were left stranded earlier this year without food for more than two months. The high court ordered the captains to sign off the vessels, and ordered the KPT to sell off the ship.

Chinese waters the busiest in the world

Melbourne may be Australia's busiest container shipping port but, on the world stage, it comes in at No. 49. And, with 2.6 million containers going across its wharves in 2012, is somewhat dwarfed by the 32.5 million containers shifted at Shanghai that year. No developed world port makes it to the top 10, according to the latest statistics from the World Shipping Council. Six of the 10 are in China: after Shanghai comes Singapore, Hong Kong, Shenzhen, Busan (South Korea), Ningbo-Zhoushan, Guangzhou, Qingdao, Jebel Ali (Dubai) and Tianjin. Rotterdam makes it into No. 11 place, followed by Malaysia's Port Kelang, Taiwan's Kaohsiung, Hamburg and Antwerp. The largest North American container port is Los Angeles (in 16th place) while the 19th century's great maritime power ranks one entry, Felixstowe at No. 36.

Delays plague new berths at Visakhapatnam Port Trust

The two new berths being developed at the Visakhapatnam Port Trust (VPT) at a cost of nearly ₹170 crore on develop, build, finance, operate and transfer (DBFOT) basis appear to have run into delays. According to sources, the completion of the two berths, which was originally scheduled for this month, has been delayed by at least three months due to various issues. While WQ-6 berth which is being developed to handle bulk cargo is expected to take another six months for completion and be operational by March 2014, berth EQ-10 is now slated to be operational in another three months. The development of WQ-6 berth in the inner harbour of VPT has being undertaken by West Quay Multiport Private Limited (WQMPL), a joint venture between ABG Infralogistics Limited and ALBA Asia Private Limited, on DBFOT basis for a period of 30 years.

The work on the berth, which is expected to handle bulk cargo like granite blocks, steel, calcinated pet coke among others and is estimated to come up at a cost of nearly ₹114.5 crore, was started in October 2011. Meanwhile, the development of the EQ-10 berth in the inner harbour for handling liquid cargo, which has also been awarded on a DBFOT basis, is being undertaken by AVR Infra Private Limited, a special purpose vehicle of IMC Limited and ITD Cementation India Limited. While the project was expected to be completed by October this year, sources said that a delay in finalising the agreements between VPT and AVR Infra Private Limited resulted in the additional delays.

JNPT freezes payment to Royal Boskalis

Jawaharlal Nehru Port Trust has decided to freeze part of the total payment to Royal Boskalis, a Dutch dredging company. This is after it was allegedly found flouting rules regarding the age of dredging vessels. Boskalis was the lowest bidder for the project at ₹1,219.8 crore and the company is expected to take a legal route to claim its money. The company was awarded the contract last year to dredge the harbour, as JNPT wished to increase the depth of the channel to 14 metres from the existing 11 metres, to allow larger vessels to dock. Boskalis, according to officials of JNPT and the ministry, used a dredger more than 40 years old for over six weeks. According to the tender document, dredgers to be used should be less than 15 years old.

Indian garment exporters eat into share of China and Bangladesh

Currently China is facing high labour costs, and this is working in India's favour. Also, the yuan has risen against the dollar, and this has reduced its competitive edge. In September, Bangladesh saw a protest by labourers, who demanded higher wages. Also, the collapse of Rana Plaza, a huge garment factory in Bangladesh on April 24 2013, has caused concern on safety and working conditions in that country. In September, apparel exports from India rose 14.95 per cent to $1.11 billion. In the first half of this financial year, India exported apparel worth $7.9 billion, a rise of 13 per cent over the year-ago period, according to data collected by AEPC. For this financial year, Union textile minister K S Rao has pegged apparel exports at $20 billion. Last year, apparel and garment exports stood at $14 billion.

Kolkata Port invites bids for mechanised cargo handling

Kolkata Port Trust (KoPT) has invited bids for mechanised handling of containerised cargo at three out of the 12 berths in the Netaji Subhas Dock (NSD) of Kolkata port. Of the three, two are operated by ABG Kolkata Terminal Pvt Ltd – a joint venture of ABG Infralogistics and PSA – through a 10-year contract that is scheduled to end in November 2014. Though the existing contract (with ABG) has a clause for renewal, apparently KoPT is interested in entering into a fresh contract.

Mumbai Port to set up bunker terminal

Mumbai Port proposes to set up a bunker terminal to supply fuel to ships calling at the port. The Port Trust has commissioned consultancy firm i-maritime to prepare a detailed project report, Chairman Rajeev Gupta said. Currently bunkering is done at the port through barges.

Gujarat Maritime Board's proposed port at Magdalla faces opposition

Environmentalists, NGOs and the residents in Magdalla and nearby villages have opposed the common user port facilities on the waterfront opposite the existing Magdalla Port proposed by Gujarat Maritime Board (GMB). Recently, the GMB had invited expression of interest (EOIs) from interested parties for the development of minor ports and port-related facilities and activities through private investment at Bhavnagar and Magadalla ports respectively. The GMB wants to develop the new port facility in order to cater to industries in Surat and Vapi with cargo facilities for fertilizer, cement and clinker, fruits, soybeans, sugar, coal and general cargo meant for import and export from the port nearby.

Shreyas Shipping starts Kochi-Kollam container service

Coastal shipping in Kerala is likely to get a boost with Shreyas Shipping starting a Kochi-Kollam container service. The container ship "*OEL Victory*" had its inaugural service recently from Vallarpadam terminal in Kochi to Kollam carrying 25 containers loaded with floor tiles and marbles. The frequency of the service will be announced later depending on the volume of trade, said a company official.

Korean vessel tests waters at L&T Kattupalli Port

Following the Japanese firms, the Koreans has tested the waters at L & T Kattupalli Port, which is situated about 30 km from the Chennai Port. Both Japanese and Korean automobile firms have been scouting for alternative sea ports as Chennai Port is hit by congestion woes. The city houses three sea ports, of which containers are handled by Chennai Port and Kattupalli Port. One of the major Japanese shipping companies (NYK Line) commenced its commercial run last week and the world's leading shipping major is also likely to conduct a trial run at this port soon, said trade sources.

APM Terminals reports record-breaking third quarter

APM Terminals broke its single quarter box handling record with 9.3m teu in Q3, along with a record $196m operating profit, and a full Q3 profit of $203m. Kim Fejfer, CEO of APM Terminals claims that the company is "well underway to reach its target" of $1bn yearly profits from 2016.

LNG prices may surge in Asia

Growing imbalance in demand and supply is expected to push up prices of LNG in Asia.

Maritime Bureau

With the demand outstripping supply, liquefied natural gas price in Asia is set to spiral in the next several months, according to a report by Bank of America Corp. The report notes that the region's buying surge helps demand capacity grow as much as five times faster than supply.

"Demand measured by growth in re-gasification terminals fuel will rise five times faster than new liquefaction capacity in 2014, having expanded three times quicker this year," the bank report said.

The power and heating fuel is likely to increase to $20 per million British thermal units during the northern hemisphere winter, exceeding February's high. Spot prices in Asia climbed to $18.1 in the week to November 11 this year, according to the US-based World Gas Intelligence.

Natural gas is superchilled into a liquid for transport by sea and then turned into gas again once delivered. "The underlying problem in global LNG markets remains with LNG re-gasification capacity additions far outpacing liquefaction capacity growth," the report said.

According to the report, Japan, the world's biggest LNG importer, will raise its imports as much as 1 million metric tonnes to 87 million tonnnes next year as nuclear generators remain offline. China will boost its annual capacity to receive the fuel to 38 million tonnes, three times higher than in 2010 while Latin American imports, up 16 per cent this year, will be supported by falling Argentinean gas output and delayed projects in Brazil.

There are concerns over supply side of LNG as well that can contribute to prices rise. Most new projects are delayed, suffer from massive cost overruns and struggle with a shortage in skilled labour or feed gas issues.

The report says, Angola's new LNG plant, for instance, is running below capacity after starting in the summer, 18 months behind schedule. Algerian exports are down 6 per cent after the new Skikda plant started in March. Nigeria's LNG exports are being curtailed and Egypt's rising demand leaves less for export.

"We do not see any material improvements to supply until 2015 when major projects in Australia, and eventually the US, start to hit the market," the bank report said.

An International Energy Agency report also suggests that natural gas prices will vary across regions until more flexible supply terms develop and a global market is formed to narrow the gaps.

For prices to converge, contracts for liquefied natural gas supplies and oil-indexed pricing need to be loosened, spurred by accelerated gas-market reforms in Asia and LNG exports from North America, the Paris-based IEA said in its World Energy Outlook 2013 report.

"Although gas price differentials have come down from the extraordinary levels seen in mid-2012, natural gas in the US still trades at one-third of the import prices to Europe and one-fifth of those to Japan," the IEA said. "While regional differences in natural gas prices narrow in our central scenario, they nonetheless remain large through to 2035."

According to the report, while gas demand is expected to rise in Asia and the Middle East by 2035, led by a quadrupling in China, it will struggle to return to 2010 levels in the European Union amid competition from a rising share of renewables and more profitable coal in power generation.

Meanwhile in India, the Petroleum Secretary said that a uniform price regime for natural gas would come into effect from April next year. According to Vivek Rae, Secretary, Ministry of Petroleum and Natural Gas, the uniform price will be linked to global gas market and the prices will be realistic.

While attending a meeting in Kochi, he also expressed concern over the under-utilisation of the newly-set up LNG terminal in Kochi due to less number of takers.

The Kochi terminal, which was commissioned in August this year, is operating at less than 10 per cent of its total capacity of 5 million tonnes per annum. The terminal, set up at an investment of ₹4,600 crore, is also making a net loss to Petronet LNG Ltd.

The secretary wanted to ensure that the laying of pipelines through Kerala and Tamil Nadu has to be completed at the earliest without any hindrances. He said the ministry has taken up the matter with both the state governments to expedite the process.

The new terminal and its utilisation, he said, would help both Tamil Nadu and Kerala to tide over the power shortage as they can utilise the availability of cheaper RLNG as fuel for the industrial segments. mg


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PIRACY NUMBERS DROP DANGER REMAINS

Despite a drop in piracy attacks worldwide, pirate gangs are still active and their business model has not yet been broken. International clamp down and hostile weather conditions may have forced Somali pirates to retreat for a while, but they are slowly becoming active again and have attacked two vessels in October. In Africa, the 'epicentre' of piracy is shifting from east to west with increased attacks off the coast of Nigeria. But it seems, the most dangers route is Malacca Straits in Asia due to rising armed robbery attacks off Indonesia's coast.

Sreekala G

The International Chamber of Commerce's International Maritime Bureau (IMB) has released a new report in October, stating that piracy on the world's seas is at its lowest third-quarter level since 2006. However, this positive factor gets almost nullified when the bureau in the same report warns of the threat of continuing violent attacks off the east and west coasts of Africa.

The report also makes it clear that piracy is not restricted to the African waters. It talks about the rising armed robbery attacks off Indonesia's coast. Here, IMB recorded 68 low-level attacks to vessels, nearly all at anchor. Robbers boarding the vessels were usually armed with knives or machetes. Looking at the danger, IMB has called for increased patrols, and warns ships to stay alert in these waters.

According to the report, 188 piracy incidents occurred in the first nine months of 2013, down from 233 for the same period last year. Hostage-taking has also fallen markedly, with 266 people taken hostage this year, compared with 458 in the first three quarters of 2012.

In the first nine months of 2013, pirates hijacked 10 vessels, fired at 17, and boarded 140. A further 21 attacks were thwarted. In total 266 crew were taken hostage and 34 kidnapped. One seafarer was killed, twenty were injured, and one is reported missing.

Attacks in seas around Somalia continued to fall dramatically, with just 10 incidents attributed to Somali pirates this year, down from 70 in the same nine months of 2012.

IMB attributes this improvement to the actions of naval forces engaged in anti-piracy operations, security teams on board vessels, ships complying with the industry's best management practices, and the stabilising influence of the Central Government of Somalia.

As of September 30, 2013, suspected Somali pirates held two vessels for ransom with 15 crewmembers on board. In addition, 49 kidnapped crewmembers are held on land, 37 of whom have been held for over two years.

While it is true that piracy incidents have indeed come down this year, it will be hard to ignore the future dangers lurking in some of the areas off the coast of Asian and African nations. And, it will be too early for pirate busters to celebrate their victory.

IMB Director Pottengal Mukundan has also urged caution, saying, "Although the number of attacks is down overall, the threat of attacks remains, particularly in the waters off Somalia and in the Gulf of Guinea. It is vital that ship masters continue to be vigilant as they transit these waters."

"Piracy activity will come down naturally during May-September due to rough sea conditions during monsoon. As monsoons subside in NW Indian Ocean the weather will become more conducive for small pirate skiffs to operate again."

Sceptics fear that pirates may strike back soon. Their fear stems from the fact that though activity is down international community has not invested any resources in finding a long-term solution to the problem of piracy. Besides, the cost of maintaining armed guards on the ship is on the rise.

There seems to be reasons to worry with some international NGOs also pointing out that pirate gangs are still intact and are waiting for an appropriate opportunity. They believe piracy activity will come down naturally during May-September due to rough sea conditions during monsoon. As monsoons subside in NW Indian Ocean the weather will become more conducive for small pirate skiffs to operate again.

Confirming these fears, in the second week of October, a British-managed vessel, *Island Splendor*, was attacked by two skiffs in the Somali Basin. No less than four days later, a second vessel was attacked just 270NM east of the attack on the first vessel.

This has prompted UK maritime intelligence provider Dryad Maritime Intelligence to renew its calls for heightened vigilance. It has stated that just one successful hijack and holding to ransom of a large ship could revive Somalia's maritime criminal infrastructure. The UK agency assesses that the attackers came from the same Pirate Action Group (PAG) considering the close proximity of their attack points.

So, while attacks have come down in Gulf of Aden, pirate gangs seem still active and their business model is not yet broken.

Pirates shift from East to West

With fewer attacks off Somalia, attention has now moved to the Gulf of Guinea, a hotspot for violent piracy and ship hijacking for many years. The region recorded more than 40 piracy attacks in the first three quarters of 2013, with 132 crew taken hostage and seven vessels hijacked – six tankers and an offshore supply vessel, according to the IMB report. The Gulf of Guinea accounted for all crew kidnappings worldwide, 32 of them off Nigeria, and two off Togo.

Nigeria, the main source of piracy in the region, accounted for 29 piracy incidents, including two hijackings, 11 ships boarded, 13 vessels fired upon and three attempted attacks.

Pirates, often heavily armed and violent, are targeting vessels and their crews along the coast, rivers, anchorages, ports and surrounding waters. In many cases, they ransack the vessels and steal the cargo, usually gas oil. It suggests a new pattern, a possible shift in piracy activity from East African Waters to West African waters.

"While Somalian piracy was mostly the result of the absence of a government, strong governments in West Africa would not encourage a massive influx of warships. Besides, most of these nations are yet to completely recover from brutal civil wars."

While Somalian piracy was mostly the result of the absence of a government, in West Africa situation is different. Countries in this region have strong governments, which are vary of foreign meddling. As a result, they will not encourage a massive influx of warships. Besides, most of these nations are yet to completely recover from brutal civil wars and ban the use of weapons by private security details.

Nigeria and Angola are the region's two top oil producers and they accounted for about 15 per cent of US oil imports. With one of the world's biggest black markets for fuel – a by-product of subsidy scams that cost Nigeria $6.8 billion over three years – the mafia groups now fashioned as pirates found a ready-made market for cargoes.

According to a joint report by the International Maritime Bureau, Oceans Beyond Piracy and the Maritime Piracy Humanitarian Response Program, West African pirates attacked 966 sailors in 2012. In West Africa, the report said, hostages were held for an average of four days, while the average period of captivity involving Somali pirates was 11 months.

However, the latest IMB report points towards a strong stand taken by countries in this region to clamp down on pirates. Coordinate patrols by Benin and Nigerian Authorities have helped reduce attacks in parts of the Gulf of Guinea, the report says.

IMB also warns that pirates move around the region if left unchecked, citing the hijacking of a tanker off Port Gentil Gabon in July 2013 by suspected Nigerian pirates.

Cost up and trade suffers

These piracy attacks can cost Western African nations dearly. Hikes in insurance premiums after attacks off Benin in 2011 led to a 70 per cent drop in traffic to Cotonou Port. In Benin, they provide half of government receipts, according to the World Bank, and 80 per cent of these come from Cotonou's port.

Premiums on marine insurance in Ghana and neighbouring countries are also expected to shoot up. There is fear among industry players that the development could disrupt shipping lanes that have existed for over 500 years permanently.

A study in 2011 had estimated that the total cost of insurance due to piracy was up to $3.2 billion annually. Increased security measures on board ship will also accentuate cost. A seven-day voyage for instance, can cost $40,000-$80,000 for four armed guards and arms and ammunition for crew of a customer ship.

With the cost of doing business in and around ports in Gulf of Guinea touching prohibitively high, Ghana government has asked all nations bordering the Gulf to cooperate and make its waters safe.

Pirate attacks in the Gulf of Guinea have increasingly targeted international cargo tankers, with roughly $100 million (74 million euros) in product stolen since 2010. The cost of transport, access to markets and instability in coastal states negatively influence many land-locked countries in Africa. Consequently, good order at sea translates into economic growth and development for both coastal states and their landlocked neighbours.

And, the piracy activity in Gulf of Guinea has far reaching consequences. Oil-consuming nations are concerned because more than 30 per cent of the US oil and 40 per cent of Europe's oil passes through the Gulf and is vulnerable to West African piracy. Estimates suggest that oil pipeline theft on land in Nigeria, and piracy at sea means about 100,000 barrels of oil are stolen everyday in that country. Nigeria loses about $12 billion a year to piracy and other maritime setbacks.

"ICG says the solution to West Africa's piracy is not more navies but a comprehensive regional reform of police enforcement and court systems currently incapable of handling the piracy crime wave."

The UK agency's report says the Niger Delta is 'the epicenter' of Gulf piracy. The problem is not limited to rise in piracy activities in Nigerian waters alone. The criminal enterprise has spread to other countries including Benin, Togo and Cote d'Ivoire.

"Kidnapping is an endemic industry embedded within Nigerian criminal culture with the threat permeating both the land and sea domains. Foreign nationals remain a primary target for this criminal enterprise, due to the high ransom payments that can be achieved," says the Dryad Maritime Services report.

Besides, the anti-piracy efforts done by international community in East Africa (Gulf of Aden) is not easily replicable in West African waters. Regional governments in West Africa are unable to tackle piracy. They also prohibit shipping companies from hiring foreign armed security and foreign naval powers cannot pursue pirates in West African territorial waters where most attacks take place.

Another problem is under-reporting of pirate attacks. "Many attacks go unreported because shippers think local authorities are not capable of doing anything about the piracy or they believe some elements within local authorities may be culpable," says Adjoa Anyimuda, author of a Chatham House report on West Africa's maritime piracy.

Regional reforms and international cooperation

The only exception is Benin. The country's successful naval cooperation with Nigeria brought down the number of piracy cases drastically. Along their short coastline Benin recorded 20 successful and attempted attacks in 2011. In 2012 there were only two.

The International Crisis Group (ICG) says the solution to West Africa's piracy is not more navies but a comprehensive regional reform of police enforcement and court systems currently incapable of handling the piracy crime wave. Corruption has weakened institutions in many of these countries, especially Nigeria. This situation is being exploited by Nigerian criminal syndicates.

According to ICG, without more international attention, piracy and other organized crime will continue to plague the Gulf of Guinea, raise energy prices in the US and other markets and lead to further de-stabilisation in an already fragile part of the world.

Malacca Straits

Asian region has also found a mention in the latest IMB report on piracy. “One area of rising armed robbery attacks is Indonesia. There were 68 low-level attacks to vessels, nearly all at anchor,” says the report. Robbers boarding the vessels were usually armed with knives or machetes. This has prompted IMB to call for increased patrols, and warns ships to stay alert in these waters.

Earlier, IMB had said the number of pirate attacks in the Malacca Straits had increased so much that it was now the most dangerous maritime passageway in the world.

These developments do not augur well for Malacca Straits, which has been an important trade route for centuries. Currently, about half of world oil supplies and a third of global trade pass through this waterway. This may change as traders are looking at alternative routes to avoid high cost of shipping. The China-Singapore rail link and other Chinese overland trade routes are becoming more attractive.

Increased piracy activity will jack up insurance cost and some insurers may not even be willing to take on the risk. This will increase freight costs and, by extension, the cargo or products shipped.

While the number of attacks in the straits as a whole had dropped, it is the rising figures in Indonesia that has made the straits more dangerous than the waters off Somalia.

Of the 138 piracy incidents recorded worldwide in the first six months of this year, 48 were in Indonesia. Most attacks happen in the waters around the Riau province, particularly around the ports in Dumai and Belawan. New areas are also emerging. One of them is around the island of Batam, a low-cost manufacturing centre, and nearby Belakang Island, which is close to Singapore.

These areas are hidden from the main route and unlike high-sea robberies that can be easily detected and crippled, these low-level thefts are not easy to bust.

> “Once the Pan-Asia line and the link to Chittagong are completed, it will be the beginning of a new trade route and one that will be much used due to the shortened distance and it will provide a path of less resistance in freight movement.”

A campaign launched by Indonesia, Malaysia and Singapore some years ago, aimed at curtailing piracy in the 960-km long Malacca Straits, has been successful in bringing down high-sea robberies. But small piracy enclaves still exist in these waters.

New Silk Road

The increase in piracy activities have led many countries in this area to invest in alternative trade routes linking roads and inland waters.

China has built a port at Kyaukpyu on Myanmar’s western coast and a gas terminal at Ramree Island prior to the recent opening up of the Myanmar regime. In February this year, a 141-km line, the first part of the Pan-Asia railway that will eventually link Kunming with Malaysia and Singapore was opened. The line, mainly for freight transport, will go through Vietnam and travel down to the Malay peninsula. This will give China access to the ports in Vietnam, Thailand, Malaysia and Singapore.

There is also a rail link between Kunming and Chittagong in Bangladesh. Though the line has been shelved due to dissenting public opinion in Myanmar, if the country can find a way to get around then there will be a clear bypassing of the Malacca Straits. This will be the new Silk Road.

Once the Pan-Asia line and the link to Chittagong are completed, it will be the beginning of a new trade route and one that will be much used due to the shortened distance and it will provide a path of less resistance in freight movement.

In short, the new rail lines and transportation options on land will make Malacca Straits irrelevant as a major route. That would also put a permanent stop to pirate activities there. mg

India's coast: Far from secure

A recent report by the Comptroller and Auditor General of India, points to the failure of maritime states, especially Gujarat, in implementing the Coastal Security Scheme (CSS). The states are not willing to participate as they feel maritime security is the Centre's responsibility and consider these schemes as an additional burden thrust upon them.

Sanjeet Ruhal

Peace and harmony are essential prerequisites for development of any society and for building a strong, stable and prosperous nation. After the November 26, 2008 terrorist attack, coastal security has emerged as a significant topic in the overall debate on national security. Owing to the absence of any physical barriers and presence of vital industries, security experts believe maritime space and waterways are more vulnerable to terrorist attack and could be used for smuggling terrorists, weapons and carry out other criminal activities.

In order to deal with the security issues, the Central Government initiated a coastal security scheme (CSS) in 2005. However, there is an ongoing debate on whether the scheme is proceeding at sufficient pace and getting required attention for this purpose. Recently, a report by the Comptroller and Auditor General of India, on implementations of the CSS in Gujarat, exposed the issues related to these security initiatives.

Present coastal security system

The state governments are primarily responsible to maintain law and order within their state boundaries (Entries 1 and 2 of State List in the Seventh Schedule of the Constitution) and the Union Government has a duty to protect the states against any internal disturbance or external aggression and ensure that the affairs of the States are carried on in accordance with the provisions of the Constitution (Article 355).

In the allocation of responsibility within the Union Government, the responsibilities for maintenance of internal security and border management are assigned to the Ministry of Home Affairs (MHA). In pursuance of above said obligations, MHA has formulated a Coastal Security Scheme to strengthen the infrastructure of coastal states to check and counter illegal activities using coast or sea. The scheme is being implemented in all the nine coastal States and four Union Territories from the year 2005-06.

There is a multi-layer arrangement for maritime security of the country involving the Indian Navy, Coast Guard and coastal States Police. The surveillance on the high seas is carried out along the limits of exclusive economic zone (EEZ) by the Navy and the Coast Guard. The State's jurisdiction extends up to 12 nautical miles in the shallow territorial waters and the coastal patrolling is done by State Marine Police.

New security initiatives

The Mumbai terror in one way exposed the loopholes in the coastal security arrangements and established that there is an urgent need for comprehensive upgradation. This upgrade required additional trained manpower, patrolling ships and boats and coastal radar chains. Keeping in view the vulnerability of the coasts, a CSS Phase-I was formulated for implementation within five years (completed on March 31, 2011). The objective of the CSS Phase-I was to strengthen the infrastructure for patrolling and surveillance of coastal areas, particularly shallow areas close to the coast to check and counter any illegal cross-border activities and criminal activities using the coast or sea.

Among various other measures, the coastal States/UTs have carried out vulnerability/gap analysis in consultation with the Coast Guard and firmed up their proposals for additional requirements in respect of police stations, check-posts, out-posts, vehicles, boats etc. Based on these proposals, a comprehensive proposal named Phase-II of the Coastal Security Scheme has been formulated and approved for implementation from April 1, 2011.

Various other measures to strengthen Coastal Security including establishment of vessel tracking and monitoring system, issuance of identity cards to fishermen, registration of all the boats, installation of transponders, issuance of Multipurpose National Identity Cards to the residents of coastal villages, and intensified patrolling on the seas are under implementation. Sadly, dozens of landing points for fishing boats still do not have police posts, and ships entering the 12 nautical mile (nm) territorial waters outside are not strictly monitored.

Review of CAG report

The state government prepared a five-year plan to implement CSS (Phase-I) for the security of the coastal areas which included establishment of 10 new coastal Police Station, 25 check posts and 46 coastal posts for the effective policing of the coastal area. The scheme further included setting up of 90 watch towers at strategic locations, patrolling with 53 camels and increasing the strength of Sagar Rakashak Dal. Even though the State government asked for ₹392.47 crore for the implementation of the scheme from the centre government, only ₹58.43 crore was sanctioned.

The report revealed that the locations of four coastal police stations out of the total 10 were changed for geographical and administrative convenience rather than security perception. The long stretch without police presence will adversely affect coastal security. The locations for police stations and operational posts were also found water logged and hence check posts were constructing deep inside the mainland at six places of Ahmadabad and Banaskantha districts. It was further found that the construction of police stations and posts was not only delayed but also of inferior quality.

The report states that there was a shortage of 35 per cent of police personnel and 46 per cent of crew members in selected coastal police stations. The personnel trained for these police stations were deployed for other than coastal security duty. Even 36 of the 50 coastal check posts and outposts were not operational because police personnel have not been deployed there. The report indicates that due to non-availability of staff, only one patrolling boat out of three was operated for daily patrolling and the shortage of sea patrolling was between 78 per cent and 91 per cent. Since no specific criteria for patrolling were fixed, night patrolling is negligible. The report said that boat repair facility was at a distant place and the delay in repair of boats was 4 to 13 months.

The report found that marine exclusive intelligence and investigation wing at each coastal police station, as envisaged in the standard operation procedure, was not established. Though the High Level Empowered Committee decided to allot additional funds for the construction of jetties, the state government neither sought for it nor used the state funds to construct jetties for the any coastal police station. In absence of dedicated jetties for police operations, police utilised the jetties owned by Gujarat Maritime Board or private entities. In the report, it is mentioned that the Gujarat government had not even contributed to the scheme from its funds as planned.

> “The latest CAG report on coastal security is an eye-opener. It seems there is a lack of political will to implement security schemes. Security breaches can only be prevented through combined efforts of both Central and State governments. The state police are concerned more with inland security of coastal area.”

It is mentioned in the report that no effective steps were taken by the Agriculture and Co-operation (fisheries) Department of Gujarat for stopping the Indian fishermen from crossing the International Maritime Boundary Line. Satellite-based vessels tracking and warning device system, sanctioned in May 2008 to caution fishermen before approaching international boundary, was not established.

Conclusion

Despite the acknowledgement and hype about securing the seas, very little was translated on the ground in enhancing the security environment and infrastructure. The scheme was initiated to ensure the coasts and maritime domain; however, there is still a lot to be done in terms of addressing issues relating to effective implementation of this scheme as well as better coordination among various agencies of governments involved to avoid such future attacks.

The latest CAG report on coastal security is an eye-opener. It seems there is a lack of political will to implement coastal security scheme. The location of Gujarat and Maharashtra is very important from the geostrategic point of view. Security breaches can only be prevented through combined efforts of both Central and State governments. The state police are concerned more with inland security of coastal area.

The prevailing apathy among coastal states in implementing the scheme emanates from their feeling that these states consider maritime security as an additional burden thrust upon them. This indifference towards coastal security results in their poor participation and coordination. These state governments argue that coastal security is the responsibility of the Union government as all the rights related to resources, from of ocean, are vested in the central government. To prevent any future attack, there is a dire need for better synergy and implementation of security net and to plug the holes. mg

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Germany-based DVB Bank SE is part of the DZ Bank Group and a specialist in commercial transportation finance. With the shipping sector suffering from a slump since 2009 due to large orders placed for new vessels, even as the world economy slowed, leading to a capacity glut and reduction in demand, European banks, which are major lenders to the shipping segment, have suffered write-downs and forceful scaling down in their exposure to the segment. In a candid interview with Deepika Amirapu, **Dagfinn Lunde**, Member of the Board of Managing Directors, DVB Bank SE, admits that the present situation has resulted in an increase in non-performing assets (NPAs) of the bank. However, he feels the shipping segment, which has reached a new normal, is set to grow in the coming years.

'Market could see a recovery in two years'

Q Many shipowners and ship builders in Europe are effectuating counter measures to recover from the nosedive that accompanied the crisis. What is your reading of the European market and where is it heading?

A The financial crisis has changed the way the ships are being built in Europe and the US. There are also less ships being financed in Holland and Germany. So, today, you see more Greeks buying ships. Also, there is a lot of private equity funding coming in to support shipowners.

The boom you had from 2003 to 2008 was very special. It started with the Chinese who have had a long shipbuilding capacity. Chinese boom was due to the demand of raw material and finished goods going up. Then came the LNG boom followed by the offshore boom. At this time, the yards had a fantastic power leading them to price up their ships for 3-5 years. This boom is never to come up now.

There are just too many ships. I do not see a brilliant market before 2017. There could be some stability before that, but not a complete recovery. The upside will not be huge anymore in any market. The dry bulk today has 30 per cent over capacity on normal speeds.

Q With a steep decline in ship rentals and volatility in the shipping equipment market, do you see the asset value dropping? Is it the right time to place new orders for ships?

A The shipping markets have all come down more so in 2013 compared to 2008. This has influenced the second hand market considerably. The expectation for earnings on second-hand ships has gone down, making difficult for financing them. It is also interesting to see with the increase in order for eco-friendly ships, the second-hand ships go out of demand. The asset value has definitely dropped.

Q Considering that most shipping companies were depending on European banks for ship finance, do you think the present liquidity crisis will adversely affect shipowners and builders?

A Yes, it has influenced. But export trade agencies are stepping in and taking control of most of the new ships being built. There are a very little number of ships that banks are taking control of; only a small tranche, compared to what the export trade agencies take over. And then you see a reduction in liquidity in the second hand financing of ships. It has come down to a lower level. On the other hand, there is more equity coming in to shipping. The shipowners are putting more equity because banks are demanding more owner participation. The capital market is also quite active, almost on equal footing with the private equity players.

Q What was the total debt extended by banks for ship finance last year and have you experienced any growth in loans this year?

A For us, it remains the same every year. We lend between $3-3.5 billion every year for shipping. This year, we financed more ships, but the prices are lower and the advance ratios are also lower.

Q With many shipping lines filing for bankruptcy in the last couple years, were you forced to offer a moratorium or take a hair cut on the interest rates? Did the situation result in an increase in NPAs?

A Yes, there has been an increase in the non-performing assets (NPAs). Of the total $16 billion of exposure that DVB has to the industry, half a billion of it at the moment is NPAs. This is up from the $350 million we had earlier. We have 1,500 ships to date in DVB. At any point in time, there are some accidents; some NPAs, bankruptcies and we see ourselves taking control of about 20 ships.

Q What would be your exposure to the APAC market and which of the two countries – India or China – grab a significant share?

A By far, for us, it is India that captures a major share. We do not accept the Chinese flagged vessels because unlike in India where you have only one registry, in China, they have five or six registries and you would not want to play with the Chinese in that game. But we do finance a number of Chinese owners that have a Hong Kong flag or flags outside of China.

Q Which are the markets or geographies that you would look at investing?

A We are looking at every deal in markets. But if you ask me specifically, Greece is the biggest, followed by Norway, the US and finally Korea. We, as a bank, are very big on containers. There are not many other banks doing container vessels, LNG and LPG like we do.

Q Being a cyclical industry, is there any reluctance on the part of banks to offer funding to shipping companies?

A No, not at all. That is because for most shipping companies, it is business as usual. There are so many segments and structures of financing that banks and financial institutions will always be looking for to offer to their clients.

Q Is good management an important criterion for you to lend to a company?

A We look for very good people running the ships at a low cost because this brings a lot of money back.

Q What are the avenues of finance available for the shipping companies globally and what possible alternative forms of funding are available?

A Certainly there are many sources that companies can tap and there is a lot of money available. It is just a question of structuring finances to suit them. There is a bond market and there is a convertible market. The form of finance offered depends on the balance sheet of the company. Companies prefer to stretch loans a bit and get some relief for a while because a lot of them bought ships when the market was on a high. For all the others, the current situation is seen as a long-term strategy to buy ships; they are looking at it as an opportunity to renew their fleet at lower prices.

Q Why are private equity firms queuing up at companies when there is already a glut of ships in the world?

A You would be surprised that about 45 private equity firms have already funded ships that we too have leveraged. PE firms are very liquid; they get in a lot of money. If it is a $20-billion firm, they would want to invest some $300 or $400 million of it into exotic investments such as ships now that the markets are down. They think there is a chance of the shipping industry coming up again. So, they want to speculate the returns using the investment and opportunity. Many of them have not even heard of shipping and they want to go ahead and invest it as the risk here is limited. The prices of vessels are now very low and this reduces the downside risk for PE firms. While they might not make as much as they expect, they could still make some money as the market could come up again.

Q Where is the window of opportunity in a distressed market?

A For people who can buy ships cheap from the banks, or buy ships at an auction, there is an opportunity. We have $400 million dollar exposed together with partners right now. We are investing in container boxes, offshore vessels. There are also product tankers, where we would like to put our money. We will lend to certain segments depending on the portfolio and the market.

Q With the International Maritime Organization(IMO) releasing new norms for emission, have there been new orders and what is it looking like?

A There will be an increase and it is a question of balance. Normally, we do not finance ships that are older than 20 years although some younger ships have faced some other problems. But I cannot give you a correct number on the orders that have been placed.

Q Do you see any problems in particular with respect to the Indian market to offer debt funding for shipowners?

A I think it will be easier for Indian companies if you have an international registry. We are one of the few foreign banks which accept applications and give loans to Indian flagged vessels. We have some bad experiences not on the flag side, not on the shipping side, but in funding and recovering money we lent to buy two planes for Kingfisher Airlines. We arrested the planes in Turkey and tried to take control of them, but the Indian Registry was not willing to deregister the planes. Ultimately, they had to get it done in accordance with the international laws, but the bureaucracy in India made it very difficult here.

Q Do many Indian shipping companies approach banks for abroad for acquiring ships?

A Indian companies are the ones that repay on time amongst all the other companies. Traditionally, we have about 10 companies here to which we offer funds and we have been doing it for many years now. At the moment, in India, we would look at floating, storage and regasification units, or FSRUs and LNG. We have already funded the Dubai FSRU unit and we are looking at more such opportunities.

Q When do you think the current market situation will turn around?

A Many in the shipping sector are making money. We are financing LPG, LNG, car carriers, some product tankers and chemical carriers. All of them are making money. It is not a genuinely bad market. But the bulk market is tough and the crude market is worse off. If you are a tonnage provider to the container ships, then you have a problem, especially, depending on the size of the ships. But, overall, I would say the shipping industry is where it should be when it is normal, the new normal. The industry has to get used to being with overcapacity like any other industry such as automotive, steel, aluminum, paper and pulp. There is an oversupply as you have many yards that is building ships more than required.

The market could see a recovery in the next two years and most segments in the industry shall start making good money by then.

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While it completes its 40th year of operations in India, APL can claim many firsts. APL is the first shipping line to carry containers to India. It was also the first one to call at a container terminal on east coast. Most importantly, it introduced the concept of intermodalism in the country.

APL's Footprint in India

Pioneering tradition, rewriting history

November 23, 1973 was a day like any other at the Indian port of Cochin, except for a historic event – the berthing of the first vessel carrying containers on Indian shore. On that memorable day, APL's MV President Tyler steamed into the Cochin harbor and took her place in history. And that was the start of many firsts for APL in India.

APL's 160-year history began in 1849 and continues on today in a dramatically different world of global trade and business. Across many illustrious decades, APL has impacted the lives of millions of people and shaped the development of cargo transportation.

The end of World War II was an important juncture in APL's history. The company attracted the interest of Ralph K Davies whose success in the volatile California oil business earned him a reputation as a shrewd businessman. In 1952, Davies and his investors purchased American President Lines for $18 million. Davies' plans for APL included expansion, modernisation and a revolutionary concept for a tradition-bound industry – Containerisation.

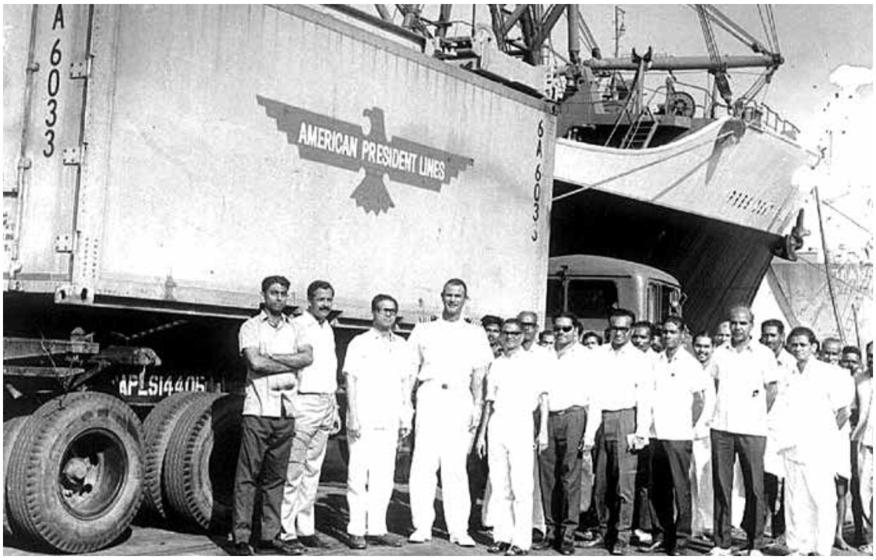
To assess the world's readiness for containerisation, Davies sent a fact-finding team to 26 major ports in 1958. The report was positive, and Davies began to integrate containers into APL's operations.

In 1961, APL began the shift to containerisation in earnest. *MV President Tyler* and *MV President Lincoln*, both Searacer class vessels capable of carrying containers and traditional break-bulk cargo, were launched. By 1971, 58 per cent of shipments handled by the company were containerised. In 1973, APL took delivery of four fully-containerised vessels.

Over the years, APL's pioneering tradition changed the face of maritime history in India. In 1973, the same year when President Tyler called at Cochin, APL ushered in the era of containerisation. This, in turn, brought about a rapid change in port operations across the country. Indian ports had to set up infrastructure facilities to handle container traffic instead of pure break-bulk operations. Container operations at ports resulted in creation of container freight stations, rail containers depots connecting inland container depots; and finally the conversion of BPS Berth as a dedicated container terminal.

Mumbai Port was the most important and widely used port in the 1970s and 1980s. The sheer volume of traffic and pressure on infrastructure at the Mumbai Port resulted in the creation of the Jawaharlal Nehru Port (commonly known as Nhava Sheva) which lies opposite to the Mumbai mainland in Thane Creek. At that time, it seemed inconceivable that cargo would actually shift out of the Mumbai Port to JNPT. But it happened, and APL was again at the forefront as one of the first carriers to call JNPT in 1989 with the vessel, *Eagle Star*. APL continued to make history in JNPT, with the *President Arthur* becoming the first mainline vessel to call at that port in 1992. A year later, APL was the first container carrier to be listed in the Berth Reservation Scheme introduced by the Mumbai Port Trust. APL operated Berth No. 12-B Indira Docks, owning and operating handling equipment, top lifters, port packers, and over 200 chassis.

APL continued its achievement of many 'firsts' on the east coast of India as well. It was the first carrier to call at the Visakha Container Terminal (VCTPL) in 2003, the first shipping line to venture into the reefer container business in Visakhapatnam, and the first to call at Kakinada Port on June 14, 2001, with the vessel *Eagle Sky*.



First vessel carrying containers on Indian shore

> "It was the first carrier to call at VCTPL in 2003, the first shipping line to venture into the reefer container business in Visakhapatnam and the first to call at Kakinada port on June 14, 2001, with the vessel Eagle Sky."

While maritime activities in India were going through far-reaching changes, communications continued through the slow and tedious use of telex machines. Once again, in the mid 1980's, APL took another significant step to modernise communications by replacing telex machines with online correspondence systems (CRTs) through the very first 'computers' to be used by any shipping line in the country.

Correspondence through 'electronic mail' became a reality and communication was instantaneous – a truly giant leap in the modernisation of the transportation industry in India.

In the late 1980s and early 1990s, APL's spirit of innovation guided it into unchartered territory with the introduction of Intermodalism in the country. This meant creating a seamless connection between the three modes of transportation – truck, train and ship – so that shipments could move with greater speed and reliability than ever before.

At that time, APL's competitors called at Mumbai every 28 days, connecting to the US east coast with the best transit in the business. The target cargoes – handicrafts and brassware – originated in North India. As a US west coast carrier primarily, APL took the challenge head-on and started road movement from key Inland Container

Modest beginnings to leading position

APL India Managing Director **Anil Radhakrishnan** is the first Indian to head the company in the country after its merger with NOL. In an interview with Maritime Gateway, he talks about the company's eventful 40-year growth journey in the country, its future plans for the Indian market and the overall trade scenario.

Q Can you provide some details about the beginning of the first container service by APL (then American President Lines) to India? (Size of the vessel, port call, nature of cargo, port of origin, etc).

A India received the first container at the port of Cochin on 23 November 1973. It arrived on the APL-operated vessel, *MV President Tyler*, which was carrying 40-50-teu empties along with the chassis, to be discharged at Cochin.

APL operated two container vessels to India in 1973 – *President Lincoln* and *President Tyler*. These were small feeder-size vessels with approximately 180-200 teu capacity.

APL was then represented by Messrs Binny Ltd, who were APL's authorised Agents until 1988.

Up until the early 1970s, APL had operated break-bulk & semi-container vessels into/from India - viz *Mv Hongkong Mail* and *Alaska Mail*. These became known more as "American Mail Lines". In the mid-1970s, the break-bulk vessels were gradually replaced by container vessels.

The first of the container vessels, *President Lincoln* and *President Tyler* were in a loop service covering Colombo, Cochin, Mumbai, Karachi and back to Colombo.

Q How has been the journey in India so far?

A From its modest beginnings in India 40 years ago, APL is today one of the leading ocean carriers here, with a country-wide network of 26 offices and 12 ports of calls. APL connects India to global markets with eight dedicated vessel services and 17 weekly port calls. APL pioneered new ship calls in ports such as Vizag and Nhava Sheva. The APL ship, *Eagle Star*, was also the first vessel to call Jawaharlal Nehru Port Trust (JNPT) on May 26, 1989 – the day this port was inaugurated.

With the onset of Indialinx (Container Rail Freight Services), APL has developed a unique ability to provide customers with end-to-end integrated logistics solutions that are reliable and time definite. APL today serves 55 inland container depots via a comprehensive intermodal network that extends from the major ports to India's hinterland.

Q Can you explain the nature and scope of APL services to Indian destinations from Singapore.

A Currently APL operates a dedicated China-India service called CIX (China India Express) between China and India via Singapore.

Singapore is the main hub port for APL, where substantial volumes of Far East, Southeast Asian, Indian Subcontinent, Transpacific and Latin American cargoes are transshipped.

Q How is APL faring in logistics sector? How do logistics services complement the shipping services?

A APL Logistics (APLL) has a strong presence in India, offering both local and global customers a full suite of supply chain services that includes Origin Services, Consolidation, International Freight Services, Destination Services and Warehouse & Distribution Management. APLL's

Depots (ICD's) like Moradabad to rail-connected ICDs in Delhi to run the very first dedicated train service between North India to Chennai in collaboration with the Container Corporation of India (CONCOR). APL's L-9 ships provided the sea-link to the US west coast.

Once discharged at gateway ports on the US west coast, American President Intermodal (API) took over, ferrying containers by stack-trains to the US east coast. This resulted in APL providing significantly shorter transit time to the US east coast, compared to direct east coast callers.

Incidentally, W Bruce Seaton, who took charge of the company six years after Davies' passing in 1971, was instrumental in aggressively recruiting rail and truck transportation experts to work with the international shipping specialists at APL. This resulted in the development of the 'Stack-Train', an innovation that doubled train capacity by stacking containers, two high, on specially-designed railcars.

With the advent of stack-trains in 1984, APL introduced the concept of containerisation to the US domestic transportation industry, paving the way for the integration of domestic and international shipments and solidifying APL's reputation as an innovative market leader.

After successfully moving cargo from

footprint in India comprises eight offices, 10 warehouses, eight bonded CFS facilities and over 21 non-bonded CFS facilities across the country. APL India's competitive advantage is demonstrated by its superior ability for air-sea shipments and land capability for operating both truck and train services on a pan-India scale.

APL India and APL Logistics India together are able to provide more operational flexibility and to enhance the scope and scale of services offered to pan-Indian customers. As a team, these two entities provide customers with inventory management capacity supported by quick, efficient and reliable intermodal services, which in turn complements our Indian as well as global ocean transportation and logistics offerings.

Q How do you look at growth of containerisation in India and the emergence of hub ports such as JNPT, Chennai and Cochin (Vallarpadam)? Does it make easier for APL and APL Logistics to serve Indian markets?

A Drewry Maritime Advisors' report suggests that India has witnessed container growth in double digits in the last 10 years, up until the economic slowdown. Currently, the top three ports – JNPT, Mundra and Chennai – collectively control majority volumes of India's container traffic.

The emergence of more efficient ports in India, both hub and direct, is a welcome development for container-handling. Bulk commodities, traditionally shipped as non-containerised cargo, are increasingly being transported in containers. The containerisation of general cargo has increased substantially in the last decade and is expected to grow further.

In the absence of a strong hub port in India, majority of the country's containers are currently transshipped through other ports, such as Singapore, Colombo, Salalah and Dubai. Handling these cargoes through an Indian trans-shipment terminal would result in cost-savings.

As of now, ports such as JNPT, Mumbai, Mundra and Pipavav on the west coast, Kochi and Chennai in the south, and Visakhapatnam in the east, offer good potential for starting hub operations in India.

Q Do cabotage regulations hamper more extensive coverage of Indian destinations?

A With the relaxation of cabotage laws, more feeder vessels would be calling Indian ports at greater frequency and with more efficiency, which will be beneficial to Indian shippers and consignees. In a market environment with enhanced shipping services, reduced cost and frequent sailing opportunities, we believe more container transportation will shift from road and railway to coastal shipping.

Q Do you consider calling at minor ports which have emerged of late such as Mundra, Pipavav, Krishnapatnam and Gangavaram?

A APL calls at Mundra and Pipavav. The details are as follows:

Mundra – SRX service (Gulf & Redsea sectors) and IAX service (US Sector)

Pipavav – SWX service (Far East sector) and CIX – China-India service

APL is monitoring opportunities in ports such as Krishnapatnam, Kattupalli and Hazira.

Q New port development in India is focusing on deeper draft berths to take in the larger ships that are expected to cascade down to these ports as mega container vessels ply the Asia-Europe/Asia US routes. In this context, what are the APL's vessel deployment plans?

A APL is fully committed to India's shipping and logistics industry and we continue to innovate in order to meet the needs of this market. As the infrastructural facilities here become progressively enhanced, we look forward to making vessel deployment changes as required.

Q What are APL India's focus areas?

A Our main focus lies in optimising cost and operational efficiency, and differentiating APL through quality service in order to better fulfill shippers' needs.

Q What is the outlook for the year ahead?

A Current rates reflect vigorous competition for business among carriers. The Industry has to get used to rate volatility and the fact that the cycles have become shorter. This reflects the competitive landscape. As new tonnage continues to arrive, carriers will have to increasingly focus on improving cost management, vessel efficiency, service levels and offerings to stay competitive. mg

Delhi to Chennai by rail, APL continued to collaborate with CONCOR for train services from Delhi to Haldia Port, again an industry first. APL became the first carrier to test South and East India ports as gateways for hinterland cargo from North India.

NOL, the parent company of APL and APL Logistics (APLL), upholds the Group's pioneering tradition in the Indian market as the only company to offer four key transportation models in the country – Ship (APL), Supply Chain (APLL), Rail (Indialinx) and Auto Rail Carrier (APLL in collaboration with Vascor).

In 2007, NOL started "Indialinx" to operate as a Container Train Operator (CTO) with world class IT solutions to coordinate train and ship schedules. APL was one of the only two carrier companies to start train operations in India. In 2012, APLL and North American 3PL provider Vascor set up a joint venture in India to provide rail transport and yard management for vehicles in order to meet the increasingly complex needs of the automotive supply chain in India.

The APL/NOL story in India traces its roots to a legendary and iconic past, and a rich history of entrepreneurship and innovation. The story continues today. mg

(Compiled by Murali Krishna & Poroma Rebello , APL India Pvt Ltd)

SURVEY

Seafarers annoyed by too much paper work

A survey reveals that a third of international seafarers are annoyed by administrative burden. Besides, half of the respondents felt the tasks were repeated too often and required too much documentation and paperwork, which contributed little value to the work of the seafarers.

Sreekala G

Seafarers feel they spend too much time on tasks they consider to be an administrative burden, according to the findings of a study by the Danish Maritime Authority, supported by InterManager, the international trade association for ship and crew managers.

A comprehensive survey of international seafarers revealed that a third of all nationalities are annoyed or frustrated by administrative burdens in the maritime sector. These burdens stem from what the seafarers consider to be unnecessary repetition of tasks and demands for too much paperwork and documentation to be handled.

The study also concludes that there is a 'significant potential to relocate time to more fruitful tasks' to increase efficiency and quality.

The study, which surveyed almost 2,000 anonymous seafarers from 59 different nationalities, asked 55 questions to understand the characteristics and perceptions of administrative burden and the different types of work-related activities perceived as administrative burdens among seafarers.

The survey concentrated on seven main areas of work: preparation of and participation in Port State Control, Flag State Control or Class inspections; vetting inspections; handling of International Vessel and Port Facility Security requirements (including paperwork and mandatory deck watch duties); planning and executing exercises and drills; using and maintaining internal management systems (QSM, ISM etc); completion of journals (garbage, oil, deviation etc); and the completion of port and pre-arrival documents (such as crew and passenger lists, vessel stores, port calls, health declarations etc).

> "InterManager members and their crews were happy to take part in this important survey. The amount of time seafarers report they are spending on administrative tasks is an eye-opener and we welcome the report's suggestion for further investigation into how these requirements can be better complied with to enable smarter working."
>
> **Captain Kuba Szymanski**
> Secretary General, InterManager

At least 50 per cent of those responding – and sometimes as many as 79 per cent – felt the tasks were repeated too often and required too much documentation and paperwork. The report concluded that "a lot of paperwork and documentation that is being produced on the job contributes little value to the work of the seafarers".

Port and pre-arrival documentation proved particularly problematic with many seafarers feeling a lot of the paperwork was superfluous. The report advised: "The qualitative comments from the seafarers give the general impression that the amount of necessary paperwork has exploded in recent years and in some cases taken time away from more urgent and meaningful tasks in terms of guaranteeing ship safety. Seafarers suggest easing the rigid control slightly and instead putting more focus on culture and competencies in order to effectively and meaningfully improve efficiency and safety on vessels."

The report states that "many seafarers are frustrated because they feel that the time usages are disproportionate to the gains of many of the tasks" and advises there is "a large potential to rationalise and/or digitalise at least some of the processes".

In addition, the report underlines the fact that "seafarers and shipowners" understand the rationale underlying most procedures and requirements even though these may lead to administrative burdens. They acknowledge that such procedures are not implemented with the aim of being a burden but that they in principle serve higher-end objectives like personal safety and environmental protection."

It points out there is scope for developing "work smart, easy-to-use" digital solutions to reduce paperwork and time consuming manual workflows, particularly in relation to port and pre-arrival procedures. In addition the report recommends a revived focus on seamanship and safety culture with a view to reducing the number of procedures and burdens and advises of a potential for increased co-operation and dialogue between stakeholders in all areas of the maritime sector. mg

GHIAL Aiming sky-high

Despite odds and challenges, GMR Hyderabad Airport International Limited (GHIAL), continues to witness growth in air cargo volumes. The airport has also lined up expansion plans as it feels the centralised location and good regional connectivity will help it become an air cargo hub in the country.

Itishree Samal

Beating India's overall growth in air cargo in the last six years, the Rajiv Gandhi International Airport (RGIA) in Hyderabad run by GMR Hyderabad Airport International Limited (GHIAL) has set an ambitious plan of becoming the country's first full-fledged air cargo hub over the next few years.

While the airport recorded an 11 per cent year-on-year growth in cargo volumes in the last six years, all the airports in the country put together grew at only 5.9 per cent during the period.

The airport, one of the fastest growing airports in the country, currently handles about 1 lakh tonnes of cargo per annum (TPA). It has achieved this milestone during a very short span of six years (started operation in 2008) with its world-class infrastructure, connectivity and strategic location.

"Growth in volumes at our airport has been very robust with our overall tonnage growing at 11 per cent and international volumes at 14 per cent. We have also registered growth in the last financial year, 2012-13 compared to our nearest major competitors. Going forward, we are confident of sustaining this performance."

Hemanth DP
COO – Airports Sector, Hub Development, Cargo, Free Trade Zone – RGIA

Advantages

Any airport requires four primary ingredients such as strategic location, world class service offerings, state-of-the-art infrastructure and excellent connectivity to major international hubs to become a logistics/cargo hub. Hyderabad airport has it all.

Hyderabad as a city is centrally located, and can be reached within two hours of flying time from more than 20 key cities of India and South Asian region and within four-five hours of flying time from some of the major cities of the Middle-Eastern and South-Asian region such as Singapore, Kuala Lumpur and Bangkok. It has excellent connectivity with major international hubs on both – wide-body main-deck lift and lower-deck lift – thereby connecting with the major GDP (gross domestic products) producing countries.

"With over 1,600 flights operating every week to 32 domestic 16 international destinations, our customers get a wide choice of carrier, capacity and frequency to all major global hubs," he says.

Currently, major domestic and international airlines including Jet Airways, Indigo, SpiceJet, Air India, Emirates, Lufthansa, Cathay, British Airways, Saudi Airways, etc, operate out of Hyderabad. Lufthansa operates four freighter services a week on Mumbai-Hyderabad-Sharja-Frankfurt route connecting RGIA directly with Fareast and European countries and the Thai Airways operates four weekly flights (A330), its Bangkok-Hyderabad-Frankfurt cargo freighter service. IAG Cargo has recently increased its flights from six to seven weekly flights between London Heathrow and RGIA.

"Hyderabad airport continues to work closely with airline partners to introduce new connections and services to boost capacity, gauge and frequency on many of the existing routes," he says.

Developing a cargo hub at Hyderabad can save both money and time for airlines and the trade. Today, if a wide-bodied freighter flies in with a cargo load to Delhi, drops some of the load and hops on to another city to drop the remaining cargo, it would take

a minimum of two hours flying time. And, the freight spends around $25,000 for one-hour flying time and $50,000 to ferry a part of the cargo parcel to the next regional airport, which involves around $16 million a year. The cost of operations increases when carriers hop between regional airports to drop cargo. To benefit from this, Hyderabad Airport is looking at creating facility where a freighter could land and drop its entire load, which could then be dropped to at least 19 cities in its catchment area through its regional connectivity at much lower costs.

Another key aspect to make any airport a cargo hub is that it should have a strong regional air connectivity and road network for the last-mile transportation. Hyderabad has the potential to serve the surrounding cities such as Visakhapatnam, Nagpur and Pune.

"We are in the process of strengthening the hinterland connectivity further by rolling out Air Freight Stations (AFS) in key regional centers and linking them to RGIA by Road Feeder Services (RFS)," Hemanth said.

Major airports such as Mumbai Airport have several constraints like space issues to further expand, while Hyderabad Airport has an added advantage of having a sprawling 5,000 acre campus.

Infrastructure

On infrastructure front, RGIA has crossed several milestones since it began commissioning of projects such as setting up of an alternate runway, country's first airport based 20-acre Free Trade Zone (FTZ) with warehousing and distribution facility, Code F Cargo Apron with an investment of $4 million to handle all wide bodied aircraft (A380s) and country's only dedicated pharmaceutical handling zone.

The 33,000-tonne capacity dedicated pharma zone offers temperature-controlled environment for handling temperature sensitive pharma products to maintain the cold chain during the shipment process from shipper's factory to end users.

Currently, more than 70 per cent of the airport's export cargo involves pharmaceuticals products such as formulations, bulk drugs and biotek products. With India's pharma industry expected to reach revenues of $35.9 billion by 2016 (according to Lloyd's Loading List), the pharma cargo share at the terminal will increase further. The terminal also caters to a diverse set of other cargo commodities such as fashion, engineering, technology, hospitality, defence and heavy industry, engineering goods, electronics, garments, mobile phones, fruits and vegetables.

The airport is now exploring the feasibility of setting up dedicated terminals to handle perishables and express or courier cargo within its cargo village, Hemanth says. It expects to open up new opportunities to the region's trade and industries with the development of specialised terminals.

Along with, it has put a dedicated business development team in the catchment region, set up cool container links for pharma products and general and temperature-controlled warehouses within its cargo village. "Airports like all other businesses face the same opportunities and challenges like global economic cycles, foreign currency fluctuations or geo-political issues. RGIA has taken up proactive measures to factor in these impacts by innovative concepts such as a dedicated airport business development team that works with the trading community and actively helps them in their business proliferation and freight forwarders to boost business during these times and introducing first of its kind value added services such as end-to-end cold chain from shippers' premise to aircraft," he says.

The cargo handling facilities at RGIA have been conceived as part of a cargo village centered on housing domestic and international cargo terminals under one roof. Cargo village houses an express cargo terminal operated by Blue Dart and Cargo Satellite Building (CSB), a unique facility offering warehousing, office spaces and other business support facilities to freight forwarders and CHAs right next to the cargo terminal. CSB has offices at cargo related major regulatory agencies on-site, including, the Central Drugs Standard Control Organization (CDSCO), plant quarantine and animal quarantine.

"All our cargo-related infrastructure facilities have been designed to be scalable and modularly expandable to meet the anticipated future demand," he said. The airport has initiated works for setting up an extension of its cargo village by adding an extension to

satellite building to provide additional warehousing units to the local trade.

The cargo terminal at the airport, country's first modular integrated cargo facility that spread across 14,330 square metres, currently does an annual handling of 100,000MT cargo. The integrated terminal is operated by GMR and UK-based Menzies Aviation. It has capacity to handle 150,000 MT (metric tonne) annually, whereas the master plan of the airport has provisions to expand its cargo village to handle 1,000,000 MT of cargo.

"All these have positively affected growth of our airport. The progress so far has been very promising towards the vision of positioning RGIA as the logistics hub of India and South Asia. However at RGIA, we believe that we are not an 'infrastructure provider' but a business enabler. We are confident of maintaining strong growth in the short

to medium term and are already making investments to expand facilities in our cargo village to cater to the expected increase in demand," he says.

Cargo industry yet to be tapped fully

Air cargo is a booming sector, and the full potential is yet to be tapped by the Indian airports. Currently, the country has potential of around 85,000 metric tonnes in the exports segment and 50,000 metric tonnes in imports, while Hyderabad has 3,200 tonnes of exports and 1,200 tonnes of imports potential.

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

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

Also, the total volume handled by all Indian airports is less than that handled by airports such as Memphis, Hong Kong, Shanghai, Incheon, Anchorage and Paris. Considering the size of the country's economy, our annual air cargo volume of around 2.2MMT is only a fraction of the level achieved by major air cargo hubs such as Dubai (2.8MMT) or Hong Kong (4MMT).

Hong Kong with a GDP of $230 billion handles air cargo traffic of 4.2 million tonne. The United Arab Emirates (UAE) with a GDP of $252 billion sees total air freight movements of 3.10 million tonne at airports. And India, with a GDP of about $1.67 trillion, handles just 2.5 million tonne. The country's tonne-per-billion GDP works out to about 516, as compared to 12,883 and 16,951 of Hong Kong and UAE. The volume of air cargo is just over 1.5 per cent of the country's total trade, but even then it constitutes 29 per cent of the trade value.

"As India's economy and standards of living continue to improve, we will definitely see sharp growth in air cargo volumes. In fact, a large component of the total air cargo volumes being handled at nearby hubs such as Dubai and Singapore does originate from India and when we finally develop world class cargo and logistics hubs of our own, we will see a paradigm shift in the market size and potential in our favour," Hemanth says.

The main factors that can influence this growth are the ones that affect Indian EXIM trade – dollar fluctuation, regular trade deficits, and on negative side the huge competition from China and regulatory restrictions of India and western countries.

The KPMG report has shown that the average weight load factor of air cargo during the last five years was about 62 per cent, reflecting significant unused capacity. In addition, the transshipment cargo, which constitutes as much as 60-70 per cent of total volumes handled by some of leading airports, is almost negligible for Indian airports. "Thus, a significant potential lies for the Indian airports to become transshipment hubs," he said.

Limitations

On one hand international carriers are increasingly showing interest in Indian air cargo market, on the other, heaps of potential air cargo parcels are lying at warehouses of the country waiting to be air-lifted and flown to their global destinations.

Indian airports have several limitations in growing their air cargo operations such as clearance system. Even the major Indian airports including the Delhi and Mumbai airport has only one shift of customs operating hours, whereas some of the global cities including Dubai and Shanghai have 24x7 customs clearance.

"We feel that industry-friendly government policies and initiative such as such as reduction of VAT (value added tax) on ATF and implementation of GST (goods & service tax) will indeed help the air cargo industry and the aviation sector in particular," Hemanth says.

Despite having world-class infrastructure, Hyderabad Airport is losing out to its competitors including Bangalore Airport, Chennai and Mumbai airports in air cargo. According to industry insiders, the airport is losing around 1,500 metric tonnes of air export and 400 tonnes of air import per month.

"There are several factors affecting Hyderabad airport's growth including increasing tariff rates and capacity crunch of airlines," said Tulasi Devi Prasad, chairman, ACCAI Hyderabad chapter. ACAAI (Air Cargo Agents Association of India) is the only national association representing the air cargo industry in India.

‘We are not here for market share’

Frank Dedenis
MD, Maersk India

Maersk Line, the global containerised division of the A.P. Moller – Maersk Group, is the world’s largest ocean carrier. The company also has considerable presence in India. In an interview, **Frank Dedenis**, MD, Maersk India, talks about the P3 alliance, Indian market and the growth of container trade in the country.

Q What is the relevance and impact of P3 Alliance on Asian operations?

A P3 is an operational alliance and we are not discussing commercial, sales and agency aspects. The alliance is for putting some of the vessels together and being operated by a single company on behalf of Maersk, MSC and CMA-CGM on three trade routes – Asia-Europe, Asia-US, and US-Europe. North America-India, Europe-India and Asia-India routes are out of the purview of P3.

As a result, if any services need to be upgraded to and fro India then that cannot be done under this alliance. However, India can gain advantage as the services to and fro India will touch some of the hubs we have, where P3 services are connected with better coverage and capacity.

Q Were the hub ports for P3 alliance identified?

A It is under process. Members of P3 alliance have their own hubs. Some of the hubs are the same for all and some are different for the three shipping lines. Discussions are on to understand which services will call at which hub. P3 will be operational during the second quarter of 2014 and before that we will hold discussions to finalise the details.

Q Will big vessels of Maersk call at Indian Ports?

A Our big ships have already begun to call at west coast ports of India. If you are looking at 18,000-teu ships, they will not call at Indian ports because we need trade at a larger scale to service this kind of capacity. Secondly, you need infrastructure to handle such big vessels. So they will be sailing on the Asia-Europe trade route.

Q How do you look at the growth of container trade in India?

A If I know the exact answer, I will be offering many services. But on a serious note, we have been in India for the last 23 years. So we are not opportunistic. Our group has many interests in India and we are here to stay and grow with the market. Our focus is not on market share. The way to do this is to provide services that are reliable and cost effective. In our customer chapter, we have eight important indicators and each customer can gauge our performance based on these factors. Also, we constantly look for ways to reach closer to the customer.

Q What has changed in India in the past 23 years?

A Today we call at 13 ports. Every time we add a new port of call, the cost will go up proportionately. While we need more ports, we have to be careful in choosing them. For us infrastructure is an important criterion. If you have big ports which are cost effective, well-connected, then you can really maximise your services and get economies of scale which will make exports more competitive and imports more cost effective. So, not only sea freight, but cost-effective logistics as whole also matters. This year we developed Krishnapatnam and Hazira.

Q How do you take a decision on port of call?

A There are many aspects. One can relate to the congestion at existing ports. If the market is growing and there is no room for growth, you have to find another gateway to avoid congestion. Another aspect is when the distances are too long you need to develop an alternative that is closer to the markets. For instance, we have done some trails at Krishnapatnam Port when congestion issues came up. Today, we call that port twice a week.

Q You were talking about high yielding cargo. Can you elaborate on that?

A To maintain a sustainable service we need to ensure that the return on investment (ROI) is sufficient. There are many ways to achieve this. One is to look at your own costs, which we are doing – by merging value services into one so as to reduce slot cost. Another method is resource utilisation. Last one is segmentation of market. If you know which customer market to target then you can figure out which offer holds more value to the customer. Then it becomes profitable and it does not mean in dollar terms. We actually make little margins. It is sometimes impossible to even break-even. That is the reason some of our competetitors stopped their Asia services to India. But we are not into the business of opening and closing. If we come, we come. But we have to find ways to make it sustainable for us and for our customers. mg

P3 NETWORK TAKES SHAPE

3 CARRIERS
28 SERVICES
2.6 MILLION TEU

MAERSK
MSC
CMA CGM

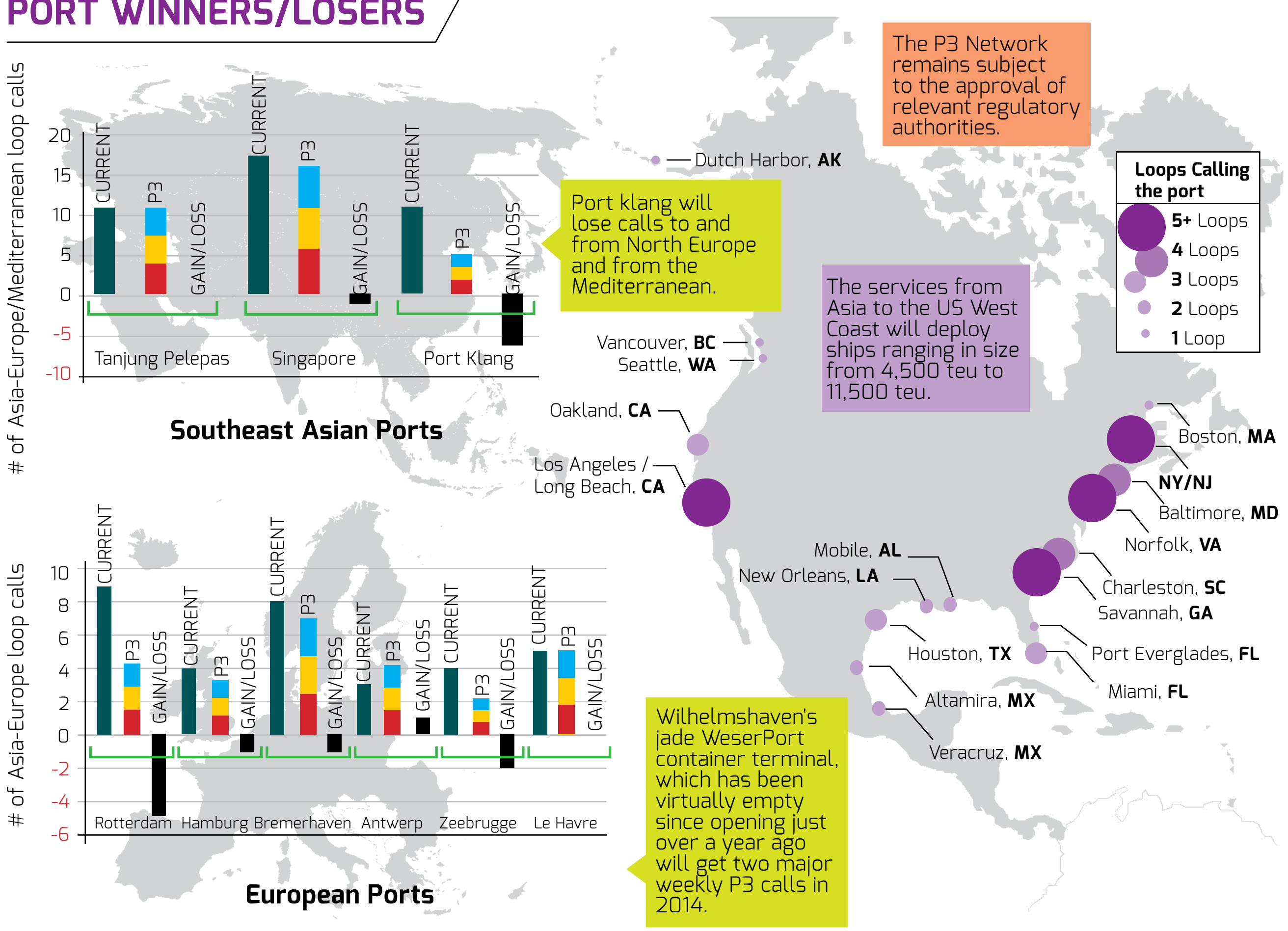
P3 Carriers Plan to Implement 28 Loops

in their alliance, across the major east-west trade lanes.

8 loops	Asia-North Europe	1.2 million teu
5 loops	Asia-Mediterranean/Black Sea	0.7 million teu
6 loops	Asia-West Coast of N. America	0.5 million teu
4 loops	Asia-East Coast of N. America	0.4 million teu
5 loops	Trans-Atlantic	0.2 million teu

Some capacity deployed on more than one trade

PORT WINNERS/LOSERS



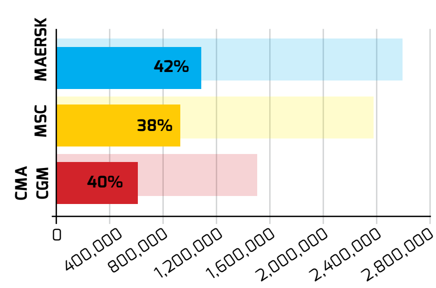
CAPACITY

CARRIERS' SHARES OF P3 NETWORK FLEET (TEU)

MAERSK	1.1 M
MSC	900,000
CMA CGM	600,000

P3 CAPACITY AS % OF TOTAL GLOBAL CONTAINERSHIP FLEET

CARRIERS' P3 CONTRIBUTIONS AS % OF INDIVIDUAL FLEETS



Sources: CMA CGM, Maersk Line, MSC; Alphaliner

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MARITIME SEGMENT: MAKING IT ACCESSIBLE TO WOMEN

Women who intend to follow a sea career represent an efficient solution to the expected shortage of seafarers. But, the participation of women in maritime business is considerably low, despite international organisations' initiatives to promote equal chances of access to maritime education for women. It is time for all stakeholders to come together, make conscious efforts and implement policies to motivate women to join the sector.

Cristina Dragomir

For centuries, women's access to maritime business and maritime education looked like an intrusion into a sector which is labeled as "men exclusive". Today, however, this perception is slowly changing.

In many countries, tradition and stereotypes significantly influence women in the selection of careers and their involvement in the labour market.. And, maritime labour market is no exception.

International institutions like United Nations Organization, International Maritime Organization, International Labour Organization, International Transport Workers Federation, European Commission and others have made significant efforts to bring about equality of opportunities in maritime education and business for men and women. However, despite the sincere efforts of international organisations to increase the participation of women in maritime industry, many developed countries still restrain women's access to the conservative domain of maritime business.

According to statistics from 2010 of BIMCO/ISF, existing seafarer shortages are likely to intensify over the next decade and women employment as seafarers can resolve such problems.

In 2013, in the Busan Declaration, noting the increasing concern over the predicted shortage in shipboard officers, the International Maritime Organization (IMO) agreed with the need to encourage the entry of women into the merchant marine profession. IMO also acknowledged the importance of a sustained strategy and called for the combined efforts of all maritime stakeholders including training institutes, maritime administrations, shipping companies, crewing agencies, industry and seafarers themselves, to facilitate the growth of equitable seafaring career opportunities for both women and men. The Busan Declaration was recalling the Resolution 14 adopted during the 2010 Manila Diplomatic Conference (STCW) on the "Promotion of the participation of women in the maritime industry", which invited governments to "highlight the role of women in the seafaring profession and to promote their greater participation in maritime training and at all levels in the maritime industry".

The participants to the IMO Regional Conference on the Development of a Global Strategy for Women Seafarers from 2013, after deliberating on the contribution of women seafarers to the maritime industry and the attendant challenges, which confront them, agreed to advocate, in their respective countries, the promotion for the adoption of policies and regulations which support access for women to maritime education and the merchant marine professions.

Statistics of the International

Transport Workers' Federation show that women make up only an estimated 2 per cent of the world's maritime workforce. According to ILO, in the cruise line sector, women represent 17-18 per cent of the workforce. Ninety-four per cent of women are employed on passenger ships and 6 per cent are employed on cargo vessels (i.e. container ships, oil tankers etc.). In general, women are working as hotel staff on passenger ships. Principal objections against employing women on board ship and in maritime business appear to centre on lack of adequate separate facilities for women on board and stringent physical requirements. Also, there may be some discrepancies regarding cultural issues.

In the digitalised and automated world of today, where physical labour is mostly taken over by machines, an engineer woman on board ship can work as better as a man or even better. Statistically, an analysis regarding Educational Attainment, based on the report "Your Better Life Index" released by the Organization for Economic Cooperation and Development (OECD) in may 2011 shows that 74 per cent of adults aged 25-64 within the OECD countries have earned the equivalent of a high-school degree, women tending to outperform men.

Also, we can take into account the case of Constanta Maritime University from Romania. In this university, since 1995 when women started to enroll as students, the graduating class leaders were females in many cases – both in navigation, mechanical engineering or electrical engineering field.

From another point of view, having women as part of the ships' crew can reduce the sense of isolation felt by many seafarers. Women seafarers' presence onboard creates a more normal social environment. This is particularly important because the nature of seafaring life has changed in recent years and there is less time to go ashore and there are less people on board

Women's Experiences

Larger problems faced by women are social prejudice and the obligation to do housework, traditionally assumed to be a woman's role.

According to International Labour Organization, women are reported to be receiving maritime training across the world, except for parts of southern Asia. In some cases, maritime education and training institutions have little control over the gender composition of the enrolment as their governments prohibit the recruitment of women to nautical courses. For example, a large country in Asia has more than 30 maritime education and training institutions but none of them recruit female students because of the central government regulation. Further, some shipowners and managers do not employ women.

In other cases, owners pay less even though women are doing equivalent work to that of male colleagues. Women may also be denied the facilities or equipment available to male workers.

Women working in a predominantly male, and often hostile, environment have to confront discrimination, sexual harassment, bullying and violence in their workplace on board ship. According to the International Transport Workers' Federation, often, women seafarers work mainly in the cruise and ferries sector for flags of convenience vessels and these are among the worst paid and least protected of jobs at sea.

In the opinion of Magramo and Eler, seafarer women must be physically, emotionally and spiritually tough in order to overcome all kinds of obstacles and challenges that may come in this male-dominated profession.

J Horck considers that apparently there is more to be done in order to have women compete on a level-playing field in the sphere of shipping and suggests that universities should introduce clear policies on the gender perspective and diversity management in general.

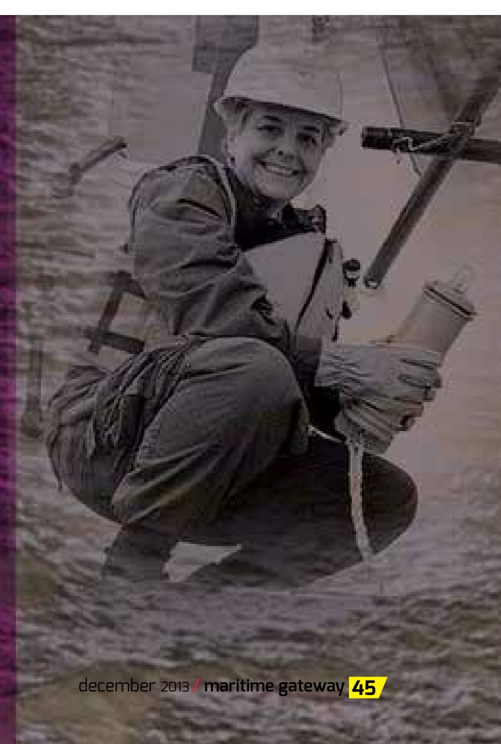
Study on perception of women

For identifying the perception of women regarding their motivation to choose or quit a sea career, the following study was carried in May 2012, in Constanta Maritime University.

The study was based on the analysis of 21 questionnaires designed to target female students and graduates from the following two specialisations: navigation and economic engineering in transports. . Respondents constituted 11.66 per cent of total women students (180) of navigation and economic engineering. The study sought, through the designated target groups, to meet the requirement of representativeness in the statistical sense of the term of the total number of female students enrolled in a university with marine profile from Romania. The decision to choose the targeted group for carrying out investigations was based on a series of statistical rules to obtain results with a reasonable margin of error and an acceptable risk.

The multiple choice questionnaires included questions regarding location, age and maritime studies of the interviewed persons, family tradition in

> "Owners pay less even though women are doing equivalent work to that of male colleagues. Women may also be denied the facilities or equipment available to male workers."



the maritime profession, parents view on the seafarer profession, reasons for choosing maritime profession, problems likely to meet for a woman in the seafaring career, perception of the difficulty in finding such a job and the motivation to quit the seafarer profession. A questioned person could choose more than one answers at a question.

Most of the respondents (95.23 per cent) were aged between 20 and 25 years. Nearly half of the respondents (52.38 per cent) had relatives working in the maritime field. Among them, 9.52 per cent of total respondents had their father working in maritime field – more than those who had their mother working in maritime field (4.76 per cent).

Majority of respondents (66.66 per cent) said that their parents had encouraged them to go for a seafarer job or a job in the maritime field. However, a significant proportion of parents disapproved their children opting for the work at sea (14.28 per cent), which proves that they were self-motivated to enrol in a maritime university without being guided by family.

The research will be continued with other qualitative techniques such as focus groups, in-depth interviews or open questionnaires.

Results

Majority of the respondents (52.38 per cent) said they chose maritime career because it offers attractive remuneration. Indeed, the offshore wage was more attractive compared to the onshore remuneration in Romania. For example, in May 2013 the Romanian on-shore wage was only 172.83 euro against the minimum basic wage of 441.11 euro established by the International Labour Organization on January 01, 2013 for offshore jobs. Moreover, wages for seafaring positions and managerial functions grew exponentially.

Better prospects for career advancement in marine profession also attracted many women (38.09 per cent of respondents) to the field. Family encouragement or the intention to continue the tradition represent less important factors of influence and are placed last.

Most women (57.14 per cent) believed they are discriminated against

men and are not regarded as good workers from an equal perspective. Sexual harassment (47.61 per cent) was the second issue most likely to happen, followed by difficulties in operating mechanical equipment (23.8 per cent), feeling of isolation (14.28 per cent), accident risks (14.28 per cent), fatigue (9.52 per cent) and increased workload (4.76 per cent). Most of the respondents (90.47 per cent) believed it is difficult to work as a female seafarer.

Nearly half of the respondents (47.61 per cent) said they may quit this job due to family reasons, when they get married or they get pregnant.

On the probable reason for quitting seafaring, 42.85 per cent said they will quit when they find better job on shore, 19.04 per cent said they will work till the retirement, 19.04 per cent said they are planning to start their own business on shore and the remaining said they will quit when they get bored.

In conclusion, the results of the study show that the majority of the respondents believed that the main motivation for choosing jobs in shipping are, placed in the order of influence, the income, in the first place, followed by the prospect of career advancement and attraction to the sea or to marine profession. Family encouragement or the intentions to continue the tradition are less important factors of influence for choosing a maritime career. The most likely to happen problems in a seafarer woman career is the discrimination against women and sexual harassment, followed by difficulties in operating mechanical equipment, accident risks, isolation, fatigue and increased workload. Most of the respondents believe it's difficult to work as a female navigator and most of them may quit due to family reasons.

Motivating women

Seafarer women represent a strategic human resource in seafaring that can resolve the problem of world seafarers' shortage. Also, the on-shore maritime industry can also benefit from human resources represented by women willing to seek a career in the maritime industry. Most of the women employees felt they are discriminated against men and are not regarded as good workers from an equal perspective. Other problems likely to appear in a woman's career as seafarer are: sexual harassment, difficulties in operating mechanical equipment, feeling of isolation, accident risks, fatigue and increased workload. In order to motivate joining women to the maritime sector, a number of steps need to be taken, including active promotion of seafaring as a potential career for young women (as well as men) , dissemination of the positive experiences of companies employing women seafarers in order to diminish the perception of seafaring as a male job or the gender stereotypes of other maritime companies, implementation of policies addressing sexual harassment should be undertaken by all crewing and shipping companies.

Wherever possible, more female crewmembers (and particularly female cadets) should be recruited on vessels and interested institutions should continue to develop policies relating to pregnancy and maternity benefits for seafaring women. Problems like hostility from male crew and reluctance to accept women seafarers for employment, incidences of sexual harassment ranging from verbal sexualised comments to physical assault need to be effectively addressed by companies in order to ensure the continued retention of existing women seafarers. mg

The author is with the Constanta Maritime University, Romania

Four terminals by 2015

Bulk terminals developer and bulk cargo handler ALBA expects its four new terminals to be operational by 2015. Besides, it plans to launch door-to-door dry bulk cargo handling solutions through Vizag, Tuticorin and other ports.

Deepika Amirapu

Bulk terminals developer and bulk cargo handler ALBA is looking forward to operating all of its four terminals it is developing for various ports by 2015, chief executive Gurpreet Malhi told *Maritime Gateway*.

At a total outlay of ₹1,100 crore, ALBA is currently developing terminals in Tuticorin and Vizag. These two projects would be commissioned in 2014. A 30-year concession contract is given to each project. The terminals at Tuticorin and Vizag will have a capacity of 14 mmtpa and 6 mmtpa respectively.

"Although the Visakhapatnam project was to be ready by the end of 2013, the design had to be redrawn due to the prevalent soil conditions. The Tuticorin Port project is awaiting dredging of the berth where we are developing the project," Malhi said. The port is yet to award contracts for dredging for the berth to dredged up to 14 m.

In addition to these two projects, ALBA is also readying a fertilizer berth for the Visakhapatnam Port. The company has achieved financial closure for this particular project and will shortly begin construction after it finalises the EPC firm. Being undertaken at ₹310 crore, this project is expected to be ready by 2015. The much needed fertilizer berth will greatly improve the operational efficiency of the port and would streamline handling of multiple bulk cargo products at one terminal.

Alongside these projects, ALBA also plans to launch door-to-door dry-bulk cargo handling solutions through Vizag, Tuticorin and other ports where the company has operations. "In the door-to-door connectivity solutions, we look forward to handle coal and other such dry bulk imports mostly for our customers who import raw materials for their power and cement plants. Costing the company ₹100 crore, these solutions will be offered to their customers once the three projects at Vizag and Tuticorin port are completed. Traditionally, stevedores used to handle cargo at ports leading to time and cost overruns. "The entire spectrum of logistical services will be available to offer an integrated-package to port users. The customer who imports the material will not have to handle multiple agencies to take delivery of his product," Malhi said.

Other projects that ALBA has bid for under its subsidiary ALBA Marine include the construction and operation of a multipurpose terminal at the Ennore Port and a mobile harbour crane installation at the Chennai Port. ALBA's subsidiary is among the firms that have been shortlisted by the two major ports and the decision is expected to be announced by next year.

ALBA is hoping these projects will help the company in restoring its image that it lost due to its exit from the Haldia project. Late last October, ALBA quit handling dry bulk cargo at the Kolkata Port after the major port could not keep its commitment of assuring a committed tonnage of 9 million tonnes of cargo to the company. "We were slightly unfortunate with what happened in Haldia although we fulfilled our obligation to the fullest extent. We are confident that the current projects will help us spring back."

As a strategy, ALBA has decided to stay away from liquid cargo handling and developing containers. The company has decided to wait for all its current projects to commence operations before its bids for any further projects, the official quoted. mg

threat from Antarctica

A vast Antarctic iceberg has kept European researchers on toes due to a possible threat to shipping. Although there is no conclusive evidence to suggest that global warming triggered the ice break, scientists admit that the Pine Island Glacier is moving faster and discharging more ice into the sea than any other glacier on the continent.

Maritime Bureau

A massive chunk of Antarctica's fastest-moving ice stream, the Pine Island Glacier, dropped into the Amundsen in July this year. As the runaway iceberg, 700 square kilometres in size, can pose a threat to shipping, UK researchers are tracking its path in a groundbreaking bid to prevent any kind of disaster.

The giant iceberg, almost the size of Singapore, was first detected by a NASA aircraft in 2011. German scientists, who have been tracking the progress of the ice mass since then, say, there is no conclusive proof that climate change triggered the ice break.

But the researchers admitted that shifting wind patterns around Antarctica are bringing warmer waters to the surface of the Southern Ocean in West Antarctica, which is hastening the thinning of some glaciers. These warmer waters are causing the Pine Island Glacier to flow more rapidly into the Amundsen Sea – about 4 kilometers per year.

"The Pine Island Glacier is moving faster and discharging more ice into the sea than any other glacier on the continent, in part because of rising global temperatures. If the entire West Antarctic ice sheet flowed into the ocean, it could cause sea levels to rise by about 3.3 metres globally," said the scientists.

> If the iceberg stays around the Antarctic coast, it will melt slowly and eventually add a lot of freshwater that stays in that coastal current, altering the density and affecting the speed of the current. Similarly, if it moves north it will melt faster but it could alter the overturning rates of the current as it may create a cap of freshwater above the denser seawater. This glacier is not large enough to have a big impact, but it could have an effect.
>
> **Prof Bigg**

The Pine Island Glacier is considered as the longest and fastest flowing glacier in the Antarctic, with vast icebergs being calved from ice shelf every 6-10 years. Previous notable events occurred in 2007 and 2001.

UK researchers have been awarded an emergency grant of £50,000 to track the iceberg over the next six months. They'll also be predicting its path through the Southern Ocean.

"From the time it had been found that the crack had gone all the way across in July, it had stayed iced-in because it was still winter in Antarctica. In the last couple of days, it has begun to break away and now a kilometre or two of clear water has developed between it and the glacier. It often takes a while for bergs from this area to get out of Pine Island Bay but once they do that they can either go eastwards along the coast or they can… circle out into the main part of the Southern Ocean," "From the time it had been found that the crack had gone all the way across in July, it had stayed iced-in because it was still winter (in Antarctica)," says Principal investigator Grant Bigg from the University of Sheffield as quoted by news agencies.

According to him, one iceberg was tracked going through The Drake Passage – the body of water between South America's Cape Horn and Antarctica's South Shetland Islands. He fears that if the iceberg did follow this trajectory, it would bring the Singapore-size ice island into busy international shipping lanes.

Latest satellite images are showing several kilometres of water between the iceberg, estimated to be about 700 sq km (270 sq miles), and the glacier that spawned the block.

As part of the tracking project, scientists will try to simulate what they think the berg might do, given the wind fields being experiencing in the region recently. The team would also attempt to predict possible tracks into the coming 12 months or so.

Scientists plan to issue a warning via the services of numerous ice hazard agencies around the world in case the iceberg moved towards or into shipping lanes then a warning would be issued.

Researchers say it is a natural process that large icebergs will break away from glaciers every now and again. It may not be related to global warming though, the West Antarctica ice sheet, which is the larger mass that the ices come from is known to be moving rather faster than it has been in the past. But, this is the first tracking attempt of its kind.

The huge chunk of ice could survive for a year or more and the researchers hope to stop it becoming a hazard by predicting the path it will take. It is being tracked because of the size and the possibility of it crossing into a ship's path in the Southern Ocean. mg

JW Marriott Hotel New Delhi Aerocity, the newest business hotel, conveniently located near Indira Gandhi International Airport, offers an unforgettable stay and hospitality experience. Its state-of-the-art amenities including high-speed wireless Internet, 40-inch LCD TVs, fully equipped gym, spa, outdoor pool and dining options, will sure to please the palate and mind.

And, in January, JW Marriott Hotel New Delhi Aerocity is hosting India Maritime Week (IMW) 2014. There could not have been a better choice than this, as an international conference like IMW needs world-class facilities and quality service at an easily accessible location in the capital city. So come and join us to have an unparalleled experience of fun, learning and networking.

World-class, convenient and unforgettable; JW Marriott, Aerocity to host IMW

"Supply chain segment likely to contribute 20% to total business in three years"

Gati-Kintetsu Express Private Limited (GATI-KWE) is a joint venture company between Gati, a leading player in express distribution and supply chain solutions in India, and Japan's global logistics provider Kintetsu World Express (KWE). The JV company is working on strong quality control measures to improve the service deliverables. In an interview with Itishree Samal, GATI-KWE President **Chitra Shinde** shares the challenges the supply chain industry is facing in the country and how GATI-KWE is upgrading its technology in order to offer error-free delivery services.

Q The GATI-KWE joint-venture has completed one and half years. What milestones has the JV achieved so far?

A KWE's global operational expertise in 3PL (third-party logistics) and warehousing services have been helping in improving operational efficiency and cost reduction. The focus of the JV company is more on quality improvement. In terms of business synergy, initial indicators are good and we expect synergy effect to multiply in coming days.The presence of Japanese companies is increasing in the country and business from Japanese parent company will lead substantial nominated business in India. With India-Japan Comprehensive Economic Partnership Agreement (CEPA) signed in 2011 which targets around $25 billion worth of bilateral trade by 2014 between the two countries, the tie-up will be further strengthened.

Q What are the key verticals for GATI-KWE? Which vertical has growth potential in future creating more demand for supply chain solutions in India?

A Currently, our express division constitutes a majority business with 75 per cent share, while the air and rail division contributes 10 per cent each. And the supply chain segment is 5 per cent. We are not managing in-plant logistics. We are focusing on supply chain end to end.

Chitra Shinde
President, GATI- KWE

We expect the major shift to happen in the supply chain solutions division over the next three to five years. Once the GST (Goods & Service Tax) is implemented in the country which is expected to come into place by 2014, the supply chain solutions for 4PL (fourth-party logistics), outsourcing and non-core activities will boom. We expect the supply chain segment to contribute nearly 20 per cent in the overall business in three years time.

Q Geographically, which are your focus areas? What are the trends emerging in cargo movement?

A In the current scenario, we have all India presence. Volume wise, West and North are big markets followed by South; East is having very small share in business, but very crucial as a consumption market.

Cargo demand in Tier II & Tier III cities is picking up. These cities are the future for the supply chain players. The logistics and supply chain players are putting their best foot forward in order to tap the these markets which have immense growth potential. Cities like Bhopal, Indore, Raipur, Bhubaneshwar, Cochin, Amristsar, Baroda, Lucknow, Kanpur etc. have seen a surge in consumption. GATI-KWE is having very good presence in Tier II and Tier III cities.

Q What is your current presence in the country?

A GATI-KWE has 3,500 employees and another 7,000 business partners, vendors, drivers and their associates with an annual turnover of ₹8,088 million. It has 452 operating units, 135,954 delivery locations covering 653 districts. It covers 2,565 routes and runs more than 4,000 vehicles. The company handles 4.8 million packages per month weighing more than 68,000 tonnes. GATI-KWE has the largest share in dedicated parcel train segment with railways. 12,000 tonnes of goods are moved on this mode mostly from west to east.

Q GATI-KWE has been a key player in 3PL and warehousing services. How do you see competition cropping up in the segment?

A We are the market leader in express distribution business and in warehousing services our market share is not very high. The competition is getting fierce day by day, on the other hand many customers are looking for consolidation of load to full truck load. In long term post GST, integrated service provider will be the winner of game.

Q Logistics and supply chain providers are facing with many critical operational issues. What are the top five challenges obstructing the growth of the industry?

A The supply chain players face challenges in policy and regulations issues, lack of infrastructure, shortage of manpower and labour, inefficiencies and increasing input cost of fuel, rents and manpower. Some of regulatory challenges are huge delay in check post, non-synchronisation between various state authorities and non-standardisation. GST has been already delayed. Infrastructure is second major challenge for connectivity through state highways and interior roads. National highways constitute only 2 per cent of total roads. Attrition at the lower levels is quite high.

Q With the current e-commerce boom in India, what kind of pressure it is putting on the delivery mechanism?

A Gati has its eCommerce business solution division that caters to the eCommerce market. eCommerce delivery is more challenging due to tighter timelines, growing Tier 2 and Tier 3 markets and demand for Cash On delivery service. Today we are registering a growth of 30 per cent in our e-commerce business solution division. The e-Commerce team is trained to cater to the specific eCommerce customers. GatieCommerce division has an established network across the country and Pick and Pack Centres at Delhi, Bangalore, Pune and Mumbai for the white goods segment to manage its operations across the country. Pick and Pack centres are one of its kind last mile delivery units that manage inventory, packaging and distribution for the traders thereby reducing their time and cost in order processing .

A dedicated fleet of 200 vehicles and 300 bikes deliver over 10,000 plus shipments per day. It is the first service provider in the country to cater to 6,700 direct pin codes, with a payment option of 'Cash On Delivery' and 'Prepaid basis'. The Gati e-commerce delivery network is spread across another 14,000 remote locations, which include the tier 2 and tier 3 cities. In addition, for time-critical shipments 'Same Day' delivery service has been introduced for six major metros, where the shipments get picked up in the morning and get delivered by noon the same day.

Green & Clean
The new mantra

Going green : We're doing asbestos we can!

(Seen on a bumper sticker)

Nazery Khalid

As global attention in environmental protection increases amid growing concerns over the effects of climate change and overdependence on fossil fuels, the shipping sector has also joined the bandwagon to support the 'green movement' and do its bit for Mother Nature.

This comes from growing awareness among shipowners of their corporate social responsibility (CSR) to ensure their activities do not cause environmental damage and are in line with the concepts of sustainable development and environment custodianship. They have also come to realise that 'going green' also makes business sense as it can also sustain and attract clientele who share a similar philosophy.

It is heartening to see the shipbreaking industry, which plays an important role in maintaining equilibrium between the supply and demand of ships, contributing to this movement by cleaning up its act. Shipyards, shipowners and governments know it can no longer be business as usual with the way shipbreaking is carried out.

The concept of green recycling is based on shipowners having a plan to carry an inventory of hazardous materials (IHM) or potentially hazardous ones on board their ships. This is a requirement under the Ship Recycling Convention adapted in May 2009 known as the 'Hong Kong Convention' named after the convention on the Safe and Environmentally Sound Recycling of Ships held there in 2009.

Once it enters into force, Hong Kong Convention requires that owners of existing and newly built ships identify, locate and list these materials and wastes. The IHM will be reviewed by classification societies which will thereafter issue a 'Green Passport' or a statement of environmental compliance to the ships.

The Hong Kong Convention is aimed at minimising environmental and occupational health risks of ship recycling. It covers the following:

i) The design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling;

ii) The operation of SRF in safe, environment friendly manner; and

iii) Establishment of enforcement mechanism for ship recycling, incorporating certification and reporting requirements.

Under the convention, efforts will be made to monitor that these materials are disposed of in an environment friendly manner during the demolition of ships. In the process, ships are cut up into manageable pieces. The correct trimming and cutting of steel plates and their removal are crucial to ensure that parts containing oil are removed and stored at areas with proper drainage and containment features. Such activities can be undertaken at ship recycling facility (SRF) certified by classification society under the convention.

Various countries have already begun operating in an environmentally friendly and sustainable manner. These include developed nations such as Denmark, Japan, the Netherlands and the United States and Denmark. A growing number of developing nations including China are also contributing to green ship recycling.

The NGO Platform (2008) has come up with a set of standards for green ship recycling which can be met immediately by some existing yards undertaking whip recycling and to which many more can commit to meeting in the future. Such a standard is helpful for investors and policymakers in Malaysia in deciding to partake in this activity. The rigorous and internationally accepted standards should allay fear that setting up an SRF in Malaysia would cause environmental damage and pollution.

An idea whose time has come

A ship carries onboard many such materials and wastes which may be detrimental to the environment and the health of those coming into contact with them. They include asbestos, chemicals, fuel oils, gases, lubes, metals, paints, PCB (polychlorinated biphenyls), refrigerants and thinners. These materials and wastes can cause illness to workers handling them without proper protective gear and can damage the environment.

The way these materials and wastes are handled has given the shipbreaking industry bad PR. Shipbreaking or scrapping is largely conducted in developing countries where labour and land costs are cheaper and labour and environmental rules are less stringent compared to in developed countries. The list of leading shipbreaking nations underlines the dominance of developing countries in this sector, with Bangaldesh, China, India, Pakistan and Turkey leading the list and made up 97 per cent of the world's gross tonnage of scrapped vessels.

Owing to the concentration of shipbreaking in developing countries, the industry is characterised by a very negative image, namely highly polluting, unsafe and poor labour conditions. The beaching method of ships causes severe damage to the environment. Yards using this method are characterised with poor working conditions.

To address these issues, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposals, 1989 (Basel Conventions) was considered to be applied to ships which have reached their useful life to be recycled. Voluntary guidelines were developed in December 2002 to this effect but the Basel Conventions does not regulate the transboundary movements of ships to be scrapped since the convention was not formulated with scrapping of ships in mind. Subsequently, the International Maritime Organization (IMO) established a new instrument that controls and manages ship recycling under the convention. Following discussion with the International Labor Convention (ILO) and parties to the Basel Conventions, the Marine Environment Protection Committee of the IMO came up with the Hong Kong Convention.

In recent years, there is notably greater awareness on the part of the shipping industry to dispose of their ships in an environmentally responsible fashion. The introduction of Hong Kong Convention has provided the impetus for stakeholders in the shipping industry to practice environmentally friendly way of breaking ships, and has opened the door for green ship recycling to be carried out with the support of a legal framework.

Most shipbreaking yards in Bangladesh are still adopting the beaching technique characterised by poor safety and environmental protection. Of late, there were notable improvements in the labour conditions in the yards there, for example the

introduction of more stringent ship recycling rules and regulations. This is a positive development which underscores that the industry stakeholders are taking meaningful actions to clean up the act.

Green is in

The introduction of the Hong Kong Convention is a game changer in changing the way the industry operates. The mantra is now about demolishing ships in an environmentally friendly and socially responsible fashion.

'Green ship recycling' is not just about handling of hazardous materials, though. It also entails offering safe working environment for workers at shipyards undertaking ship demolition/breaking. Some ship managers have designated several yards to carry out green recycling where demolition works at the yards are supervised by ship management companies' personnel who are authorised to stop works if they do not comply with green recycling procedures and rules. Aspects such as fire fighting, search and rescue and evacuation are also given attention to in green recycling.

There is commercial potential of ship recycling which is done in an environmentally friendly way in developing countries where factors of production are more expensive and the environmental laws are more stringent than in developing countries. Green ship recycling is an activity that involves high tech equipment and highly skilled and trained personnel.

"More ship-owners with an environmental conscience have emerged. They are driven not only by profit and maximising their shareholders' wealth but also to play their part in environment custodianship."

Ship recycling is still a long way to go through before it can be clean and green, but efforts must start now. Governments must mobilise efforts to ratify Hong Kong Convention to ensure shipbreaking is done in a clean and green way and shake off its image as a polluting, dangerous and dirty industry.

When it comes into force, which may take several years, the Hong Kong Convention requires that owners of existing and newly-built ships come up with a plan to identify, locate and list these materials and wastes on board their ships. This plan, in the form of an inventory of hazardous materials (IHM), will be reviewed by classification societies which will thereafter issue a 'green passport' or a statement of compliance of the ships. Its issuance certifies that a ship meets the environmental standards stipulated by the Convention and can be labeled as a 'green' / eco-friendly ship. The Convention also spells out a set of 'cradle to grave' guidelines related to the design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling of the ships at the end of their service life.

Green ship recycling is an idea whose time has come and will soon be here to stay. As the world reels from increasing pollution from hazardous materials and wastes and emissions of harmful green house gases, players in the shipping sector must act resolutely to reduce their carbon footprints from shipping activities. They should not treat going green as a 'flavor of the month' matter that can be abandoned at their will. They must realise that the low carbon future is fast approaching, if not already here.

As such, they have to infuse the green philosophy into their business processes and strategies. The days of just sending their ships to be beached and broken at yards with poor environmental and safety records in order to reduce their costs and maximise their profits are almost numbered, as international pressure grows on the shipping sector to clean up its act. The Hong Kong Convention will be in place soon to ensure shipowners adhere to green recycling principles and procedures.

More shipowners with an environmental conscience have emerged. They are driven not only by profit and maximising their shareholders' wealth but also to play their part in environment custodianship. They have become aware that going green is not just about being politically correct and winning awards, but a key element in their business. They realise that operating in an environmentally friendly and sustainable fashion gives them a positive corporate image that can translate into loyal customers, new clientele and long-term profitability.

Challenges are abound to help yards in developing countries to upgrade their facilities and capability to undertake green and clean ship recycling. Efforts must be made by governments and stakeholders to help these yards to step up to the plate and operate in an environmentally friendly and socially responsible way while at the same time not losing their competitiveness and market share. mg

'Our investments are in people'

Safmarine, a global shipping line, is a merger of two shipping companies – Safmarine, which originated in South Africa, and CMB-T, founded in Belgium. It was acquired by the AP Moller-Maersk Group in 1999, and it helped the company widen its network. This combination of over a hundred years of shipping experience in Africa and South Asia as well as being member of the AP Moller-Maersk Group provides Safmarine customers in these markets access to the most modern vessels, the world's largest and most sophisticated container pools as well as world-class information systems. Safmarine employs 1,100 people in 93 countries and last year, the company appointed **Grant Daly** as its CEO. In a press interaction, during his recent visit to India, Daly talks about the efforts taken by the industry to bring stability to the market and the company's focus on India.

Grant Daly
CEO, Safmarine

Q What is the purpose of your visit to India and how important is the country as a market for Safmarine?

A When I come to India, I always find incredible inspiration. I am inspired by people, their creativity and the way they do things. I am here to meet our customers, to understand from them and my colleagues their way of doing things that makes a difference.

India is an important market for us. It is one of our biggest contributors in terms of cluster activity. We set up clusters, which are generally a grouping of countries. Indian economy, even though has slowed from its heights in the previous two years, is still growing at a significant rate compared to other global economies. As a company, our focus is on West Central Asia and Africa. We are also active in Europe, Mediterranean, USA, East and West Africa and South Africa.

The biggest part of our West Central Asia operations is the Indian subcontinent. Our focus is on trades that can be linked to market growth and opportunities. With India's growth being still at 5 per cent, the combination between India and other growing economies like Africa and Latin America is quite a good mix for us.

Q What are your plans for the Indian market?

A We aim to grow with the market. In India we are active in most of the trades. If you take the mix of the core trades that we have, some may grow faster than others. We believe that the mix of trades that we have is very positive. Indian cluster is one of the top three clusters we have globally.

For India, we want to continue the path we have been following. We believe, in

the last two years, we have been able to define our value proposition in the market. Now we need to grow on the customer service perspective. This will depend on our customers' needs, our engagement with them and our ability to translate that into our value proposition.

Q How different is Indian market and infrastructure compared to other Asian countries?

A We need to understand how Indian infrastructure is able to cope with the country's economic growth. As India's infrastructure develops, we see new opportunities coming up like new ports. We have started calling at the new Krishnapatnam Port. We are looking at how we can complement these new growth opportunities and offer improved products to customers. For us, first and foremost is the customer experience. New ports provide an alternative to the saturation levels experienced at JNPT. If the economy continues to grow in India, we need to find alternative channels for exports. We are also working with our partners to facilitate movement of cargo such as dedicated berthing windows and access to the gates.

Our investments are in people. That is the benefit we enjoy as part of a large group. We have 72 people in India. Our numbers have been steadily improving.

We are looking at how we can contribute to stabilise the market by offering a choice that is increasingly competitive. India is a completely different challenge compared to the infrastructure facilities in other Asian countries like China, Singapore and Malaysia. In South East Asia, Pakistan too to some degree has a similar challenge. India on the other hand has so much advantage in terms of GDP growth, intellectual capital etc. But it is really hard to facilitate these advantages.

Q As a global player, what is your value proposition?

> "As more and more sea consortiums are being set up, we need to look at how we can leverage on these alliances. Consortium members are facing some new challenges and we are in a fortunate position to offer products and services suitable to them."

A What we have seen in the past year and a half was a bit challenging. But the feedback we got from our customers was very positive. There has been an increased focus in terms of the efforts that we pour into the partnerships and the relationships that we forged. We are part of a very strong group.

We aim to continue with what has been really successful for us – which is our customer engagement. It is about developing and keeping our value proposition dynamic. It is really about taking the feedback that we get from our customers. We have interactions with our customers not only on a day-to-day basis but also at a formal level engagement – four times a year. We take that feedback seriously and based on that we evolve our value proposition.

As more and more sea consortiums are being set up, we need to look at how we can leverage on these alliances. Consortium members are facing some new challenges and we are in a fortunate position to offer products and services suitable to them. In fact, this has been our focus ever since we became part of a consortium. We have access to the capacities on any of the services that form part of the P3 network. We will continue to do so in future. We will benefit from the increase in coverage that is a result of it as our customers are looking for more value.

We are also looking at ways to leverage on the base product so that it can serve a difference and deliver against that. This again will depend on our customer focus and requests from them. In the next three years, our proposition is to grow on that to enhance our customer experience. We are striving to ensure that we have a world-class sales and customer service organisation in place, which will deliver to the market.

Q How do you look at global economic growth and its impact on shipping?

A In terms of global growth, we expect this year and next year to remain challenging. The US has shown signs of stability. Eurozone is still in a slow mode. But there are growth opportunities in Africa.

We are looking at growing with the market. Our industry is under pressure in terms of demand and we certainly do not want to contribute to capacity glut by an aggressive expansion plan. Freight rates are still under pressure and it is a reflection of the pressure the economy has been under. A large part of the pressure on freight rate is due to imbalance in supply and demand within the industry itself. That links directly to our growth ambitions. We do not want to increase the existing gap in supply and demand.

If we look back, current freight rates are lower than what it was eight year ago. Meanwhile, our cost base is increasing significantly. Bunkering charges, for instance, continue to go up. Freight rates have not even kept up with inflation. These have led us to focus more on other opportunities. We are focusing on increasing our efficiency and productivity and keeping our cost of operations low. Safmarine financial results were positive as our cost saving initiatives paid off.

We hope there will be stability in the near future. Global economy is the main driver of what happens in the industry. Developments in the US economy, Eurozone and the growth prospectus in BRIC countries will decide how the market will stabilise. We will continue to see supply and in the next two-three years it will be about how we deploy capacities. That will address supply and demand concerns as well.

Q Do you think P3 alliance will help Safmarine's business?

A In this industry it is unavoidable that scale is a critical factor for success. Scale offers you the efficiency and the ability to operate at a cost-effective manner. Scale becomes critical considering that freight rates have not changed over the years. In such a scenario, the only way to remain competitive is to cut cost and one of the main ways to do that is by increasing utilisation and scale. I think that is the reason we see quite a number of large vessels being deployed. These large vessels have been deployed in a sensible manner.

There is concerted efforts on the part of the industry to try and address the issue of stability the market by offering more competitive and more reliable products like P3 network. We hope that these initiatives will be able to extract more value for our customers.

"Compared to others in the market, we make a difference in our customer engagement – in understanding our customer needs and the way we service them."

We have a huge advantage of being part of a large group. We leverage on that infrastructure and that is a big part of our value proposition. What we offer on top of that will come down to people, focus and which customers we want to work with.

Q What is unique about Safmarine brand and its services?

A Our value proposition will depend on how much energy that we put into our customer relationship and how we find mutual success. Physical product is not the differentiator for us but, the service offering certainly is. We believe we offer a different proposition in the market place.

Compared to others in the market, we make a difference in our customer engagement – in understanding our customer needs and the way we service them.

In any market place, you have different customers with different needs and same customers with different needs. Customers doing business in mature markets like Europe will have very different needs compared to another customer in Africa. In Africa, it will be more challenging in the way you interact and engage in terms of the support you need to do business in. That is where we feel the difference comes from. End of the day, it is people who make a difference.

What differentiates us is our approach, relationships and our engagement with your customers. We see our products complement that of our parent group. We do appeal to different customers. We do approach different partners. There are of course a number of overlaps. But in our case it is driven by customer choice.

Q In India, which are the sectors you feel are growing despite the economic slowdown?

A It is slightly tricky as some of the exporting segments are dependent on imports. Though the recent currency crisis in India opened up opportunities for exports, it did not translate into huge gains as some of the export segments like manufactured goods relied on imports. That in turn can have an impact on exports as the increase in import cost will push up the cost of manufacturing. That is the reason, auto, textiles etc, which were doing well before devaluation will see some pressure there due to strengthening dollar. And these segments account for a major part of Indian exports. mg

Green Laws

to cost shipping industry $500bn; push them further into the red

Deepika Amirapu

The International Maritime Organization may be ardently proposing the implementation of green laws, but this move, once in effect, is set to cost the industry dearly. The sudden blitz of new environmental laws comes at a time when the shipping industry is fighting for survival with trade volumes deflating and costs ballooning.

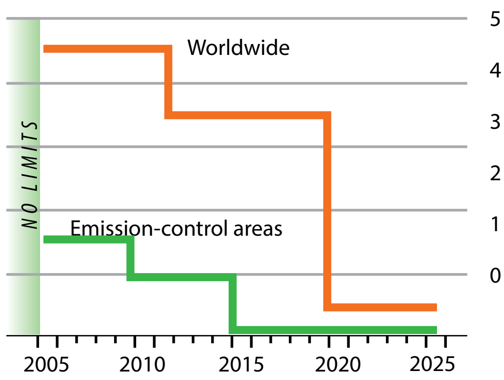
Chiefs of ship-owning companies are pleading with the regulators to take a relook at the new norms as running ships on green fuel is expected to forfeit about $500 billion from the measly profits the companies are making. The new norms formulated by the International Maritime Organization, IMO, require ships to use fuel that spew less sulphur into the atmosphere. Currently, ships burn fuel that has 3.5 per cent of sulphur in it. If this amount of sulphur has to be reduced to 1 per cent, the technology that ships will have to apply is expected to erode margins further.

The Journal of Marine Engineering and Technology conducted a study last year stated in its report that around 60,000 ships worldwide would need refitting with one or more cleansing units, costing up to $1.7 million each.

The IMO pressed these rules because many environmental organisations across the world blamed IMO for inaction against many deaths that were caused as a result of pollution caused by shipping. The use of more than permissible sulphur was in fuel was found to be the cause, leading the regulatory body to announce the rules with effect from 2015.

Choked off

Limits on sulphur in ships' fuel, % by weight



Source: International Maritime Organisation

Although shipowners and environment commissioners in developed countries recognise the need to work in a cleaner environment, they reckon the deadline too close for them to make a change in their ship engines. The European Union's Environment Commission is of the view that implementing the provisions will cost much more than the money they save on protecting public health.

Masamichi Morooka, Chariman of the International Chamber of Shipping, which represents more than 80 per cent of the world's merchant fleet, said the industry would dent the earnings of the companies up to 2025 if they have to service the environmental costs. "As many companies struggle to survive during the difficult years ahead, we must persuade governments to avoid placing yet more straws that risk breaking the shipowner's back," Morooka told delegates at a shipping conference in Norway. "Many of the expensive environmental regulations that are about to enter into force were conceived in a different world, at a time when shipping markets were booming and finance for retrofitting had not dried up," he added.

While the new regulations will require shipowners to replace existing engines to burn the new green fuel, some companies may also have to scrap old ships that are older than 20 years to comply with the new rules. Many shipowners who placed orders for new ships around 2009 when freight rates were at an all time high are now helpless as the new vessels are waiting to deployed for want of tonnage.

Morooka said the current spell of poor trade is unlikely to turn for the better until 2016.

The UK Chamber of Shipping fears the new rules will also lead to job cuts in the industry as routes in the North Sea and Channel, where the sulphur emission laws apply, will become unviable and uncompetitive. mg

Blessing in disguise

The global recession has helped ship management companies maintain costs and enhance their efficiency quotient despite training costs doubling.

Deepika Amirapu

Ship management fees fell to an all-time low during the downturn and many shipowners began to run their ships themselves instead of outsourcing it to ship management companies. However, companies such as Anglo Eastern have been able to survive the storm by engaging more clients and running ships on a shoe string budget, thus making volume make up for the haircut in fees.

"Our margins have taken a cut, but our accountability has increased as shipowners are constantly drawing comparisons to services offered by us and other companies across the world," Capt Singh said.

While many smaller firms have come to the helm to run ships for owners, the bigger players have retained most of the business on account of their experience in running ships on tiny budgets.

Growth for big ship managers such as Anglo Eastern has come from taking up more contracts. With many shipowners in Europe filing for bankruptcy, banks have come forward to run ships until a more reasonable resale value is achievable. The risk for ship management companies is minimal as long as ships are at sea unlike the 1980s where large vessels were simply abandoned if the owners found them unviable.

But what worries ship management companies today is the decline in ship delivery that is expected from 2014 onwards. Having placed huge orders for ships when the fares hit the rock bottom during the worst days of recession, shipsowners are refraining from placing any new orders now for want of tonnage on the back of thinning trade.

"We expect the situation to improve by 2017. In the interim, the challenge is whether to grow or not and not how much of growth to expect."

A report by Drewry Shipping Consultants says the other crucial factor to perform better than competitors during recession is access to crew. "The other critical driver is access to crew. The recent hysteria surrounding potential shortfalls of officers has subsided. However, it has not entirely gone away. The rate of growth in the commercial fleet has slowed – but there is no evidence that it will decline in the medium to long term. Furthermore, in some regions, the senior officer cadre is ageing and looking at retirement. Elsewhere, there have been signs that officers want to come ashore at a much younger age than their predecessors," the report states.

But Capt Singh does not see able crew to be a concern. Being the largest ship manager in India, he says that Indians are the highest paid workforce today at sea. India's expertise is senior officers and masters, chief engineers and chief officers as well. Anglo Eastern trains sea farers from the cadet level and their retention rate is over 90 per cent. Managing a crew of about 20,000 sea farers of varying ranks, the company operates from nine offices globally.

Although it manages all categories of vessels, Anglo Eastern has marked tankers and premium dry bulk ships operating globally across all routes as growth sectors in the next few years. mg

India Shipping Summit:
The secrets of success for Indian shipping industry

Almost 300 senior Indian and international maritime professionals gathered in Mumbai for 9th India Shipping Summit, organised jointly by Seatrade and TradeWinds, at Palladium Hotel, Mumbai. Against a tough economic backdrop, 40 industry experts set out to determine the real shipping issues holding India back, the potential that exists, and more importantly, the secret for success.

In an open debate hosted by international journalist and broadcaster, Nisha Pillai, executives from across the industry discussed the major factors holding Indian shipping back. **Nigel Bell**, Managing Director, Bell Shipping Ltd, said, "India's shipping is not on a level-playing field; Indian owners are paying taxes and their international competitors are not." He suggested that India should set up an international ship register and that Indian shipping must be allowed to thrive in a tax-free environment.

Ravi Mehrotra CBE, Executive Chairman, Foresight Group, felt, "The root cause needs to be cured first, with India's haphazard growth and an unbalanced economy." He also said that one of the key problems was, "Indian shipping is not entrepreneurial, unlike Greek shipping and if I had started here 30 years ago, and not in London, I would have failed in 2 years!"

Dr Anil Sharma, Founder, President & CEO, GMS also felt that India shipping, as an international business, has deeper root problems, such as no strategic plan. "India shipping needs to move away from the think tank… and move to a do tank." In a theme that was echoed by many, he went on to say, "The shipping industry is fragmented and all the sectors need to come together. The industry must steer the government".

Anil Devli, COO Commercial, Indian Register of Shipping & former CEO, Indian National Shipowners' Association, suggested, "The government should leave the industry alone, as legislation and bureaucracy is killing Indian shipping". Speaking on the future of industry, he said, "We need to set up supply chains, create infrastructure and develop our coastal shipping."

An international perspective was provided by **Peter Hinchliffe**, Secretary General, International Chamber of Shipping & International Shipping Federation, "All the key shipping centres worldwide have government support in common. Without that, the fight for domestic market is so much harder. The Indian shipping industry needs long-term passion and a strong lobbying voice."

As the two days of discussion developed, across the different maritime sectors including, Ports, Offshore, LNG, Oil & Gas, Coal, Finance and Shipbuilding, themes began to emerge, allowing delegates to piece together what may be the secret to winning in maritime India. India has all the ingredients to grow. Speakers talked about building on its strengths; harnessing its trained manpower, both in shipbuilding and crewing; working more closely with the professional financial system; taking advantage of the country's long coastline; and capitalising on India's strong trading position.

In what could be the first ideas of a blueprint plan for India's shipping industry, a series of actions were outlined in the summary of the Summit – to bring together all sections of the industry as one voice and set up a fully integrated maritime services cluster; lobby the government to ensure a level playing field so that Indian owners can compete; introduce a tax-free flag; set up Mumbai as maritime hub to compete with Singapore and Hong Kong; and perhaps most importantly, energise the will to move forward as an industry and as a country. mg

Dates for your diary

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

TOC Container Supply Chain exhibition and conference

December 09-11, 2013

Venue: DWTC, Dubai, UAE.

The TOC Container Supply Chain exhibition and conference is the global meeting place for ports, terminals, shipping lines, 3PLs & shippers. The exhibition is a showcase for port and terminal technology and operations and the conference focuses on collaboration within the container supply chain.

More information: www.tocevents-me.com

A maritime gateway event

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

More information: www.indiamaritimeweek.com

International Conference on Supply Chain & Logistics Management (ICSCLM 2013)

December 05-07, 2013

Venue: India Habitat Centre, New Delhi

The event will provide a platform to bring together research scholars and industry experts in the field of supply chain management, operations and logistics with particular focus on emerging markets.

More information: http://bimtech.ac.in/icsclm-2013

6th Optimising Port Development

December 04-05, 2013

Venue: Rydges Hotel, 61 Gloucester Rd, SW7 4PE, London, UK

The conference will address the key challenges faced by modern ports and terminals in order to present an efficient and attractive option to the shipping lines. The meeting will explore best practices and strategies for port and hinterland competitiveness in Europe.

More information: http://wplgroup.com/aci/conferences/eu-mpc6.asp

Containers India 2014

April 24-25

Venue: Mumbai

Some of the world's most admired speakers examine:

- How will future global and regional cargo flows change?
- What are the emerging transhipment opportunities?
- How the supply/demand balance will change?
- What Port / Terminals are doing to add value?
- How much further the containerisation process can go?

More information: vinod@gatewaymedia.in

Ballast Water Management Technology Conference

December 11-12, 2013

Venue: Congress Centre, London

The event will help provide with an in-depth real case studies of how ship owners have gone through the process of selection and integration of ballast water systems.

More information: www.informamaritimeevents.com /event/BallastWater

THE 2014 GATEWAY AWARDS
THE BENCHMARK OF INDIAN MARITIME BUSINESS

Maritime Gateway Awards, April 24, 2014 Mumbai


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