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AFRICA CALLING
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RFID
GROWS ROBUST

INTERVIEW
INSULATED BY
LONG-TERM
CONTRACTS
V ASHOK
DIRECTOR OF FINANCE,
ESSAR SHIPPING PORTS & LOGISTICS

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JNPT
A DIAMOND FOREVER



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TERMINALS

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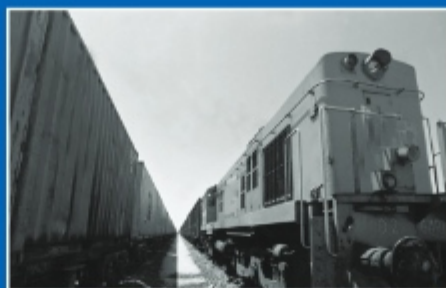
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Sixth Annual Conference on

**Indian
Infrastructure**

Ports in India

**Indian
Infrastructure**

New Scenario: Issues & Opportunities

January 19-20, 2009, The Leela, Mumbai

Agenda/Structure

- The conference will have at least 11 sessions: **Key Sector Trends and Impact of Slowdown, Operator Issues and Government Perspective, New MCA and PPP, Port Financing Revisited, Customer Service and Best Practices, Changing Role of Ports, New Port Development, Hubbing Opportunities and Issues, Update on Connectivity, Modernisation and Efficiency and Promise of Technology.**

Target Audience

- The conference is targeted at officials and managers from **major port trusts, minor ports, private port operators, equipment providers, funding/development agencies, maritime boards, financial institutions and banks, equity analysts, shipping companies, state port departments, insurance companies, port IT providers, private contractors, consultancy organisations, dredging companies and port service providers.**

Organisers

- The conference is being organised by **Indian Infrastructure** magazine, which is published by **India Infrastructure Publishing Private Limited**, a company dedicated to providing information on the infrastructure sectors through magazines, newsletters, reports and conferences. The group has published the **Ports in India** and the **Shipping in India** reports. It also publishes **Ports & Shipping News** (a weekly newsletter).

Delegate Fee

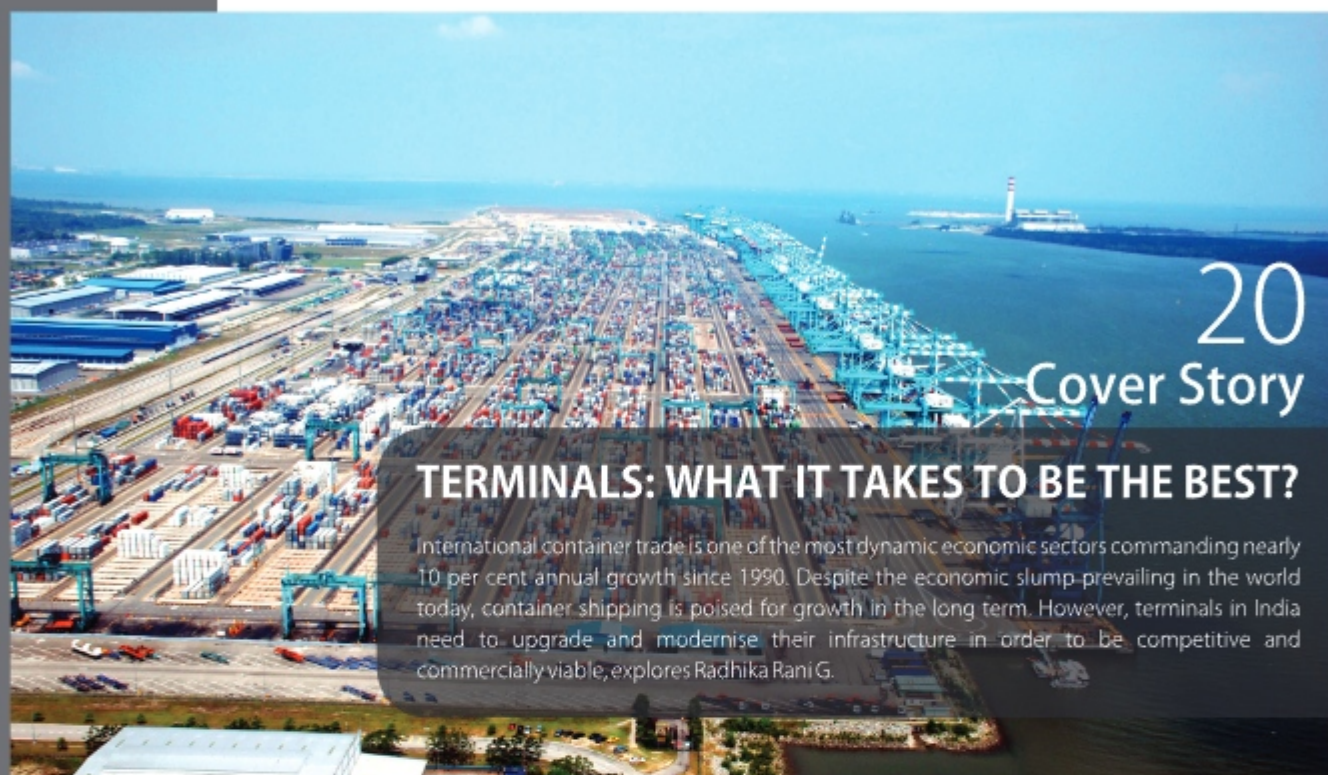
- The delegate fee is Rs 22,500 for one participant, Rs 35,000 for two, Rs 47,500 for three and Rs 60,000 for four. **There is a 20 per cent "early bird discount" for those registering before December 30, 2008.**

For registration and sponsorship opportunities, contact:
Gurpreet Kaur, Conference Cell, India Infrastructure Publishing Pvt Ltd. B-17, Qutab Institutional Area, New Delhi - 110016.
Tel: 011-41688859, 41034615, 9810498985 Fax: 011-26531196, 4603 8149 Email: conferencecell@indiainfrastructure.com

Previous Participants

- The speakers at our fifth annual conference on "Ports in India" held on January 22-23, 2008 at The Leela, Mumbai included **A.K. Mohapatra** (then Secretary, Ministry of Shipping), **S.S. Hussain** (Chairman, JNPT), **A.K. Chanda** (Chairman, Kolkata Port Trust), **Ganesh Raj** (Senior Vice-President and MD, DP World, Subcontinent), **Krishna Kotak** (Managing Director, J.M. Baxi), **L. Radhakrishnan** (CEO, Vizhinjam International Seaport Limited), **Captain Subhash Kumar** (Deputy Chairman, Cochin Port Trust) and **G. Raghuram** (Professor, IIM Ahmedabad).
- The participating organisations in the previous conferences include **ABB, Dighi Ports, ABN AMRO, Afcons, Alfred Toepfer, All Cargo, Antwerp Port Authority, APL, Atlas Copco, Barwil Forbes, BHP Billiton, Bothra Shipping, Chennai Port, Chowgule Brothers, CMC, Coastal energy, Cochin Port, Concor, CES, CRISIL, DCI, Deutsche Bank, Dhamra Port, DP World, Electrosteel Castings, Ennore Port, Essar Shipping, Gammon, Gangavaram Port, Gateway Distriparks, Gateway Terminals, GIDB, Gopalpur Ports, Gujarat Ambuja, Gujarat Chemical Port, Gujarat Maritime Board, Gujarat Pipavav Port, GSPC, Halcrow, Haldia Dock Complex, Hazira Port, HCC, Hauer, Hutchison Port, ICTC, IDFC, IFFCO, IL&FS, IMC, IOCL, Ispat Industries, Jan de Nul, JCB, JM Baxi, JNPT, Kakinada SEZ, Kalmar, Kandla Port, Kolkata Port, KRIBHCO, Krishnapatnam Port, L&T, Lanco Infratech, Liebherr India, Maersk, McNally Bharat, Merrill Lynch, Mitsui OSK, Mumbai Port, Mundra Port & SEZ, NHAI, NMSEZ, NYK Line, P&O Ports, Pondicherry Port, PSA Sical, RVNL, Reliance, Rewas Port, SAIL, SBI, SCI, Shell Hazira, SIDBI, Simplex, Skil Infrastructure, South West Port, Tata Steel, TCS, TM International, Transafe, Tuticorin Port, Visakha Container Terminal, Visakhapatnam Port, Vizhinjam International Seaport, Voltas, Wan Hai Lines, West Asia Maritime, Zebec Marine, Zim, etc.**

Sponsorship opportunities are available



20 Cover Story

TERMINALS: WHAT IT TAKES TO BE THE BEST?

International container trade is one of the most dynamic economic sectors commanding nearly 10 per cent annual growth since 1990. Despite the economic slump prevailing in the world today, container shipping is poised for growth in the long term. However, terminals in India need to upgrade and modernise their infrastructure in order to be competitive and commercially viable, explores Radhika Rani G.

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Fragmented Forwarders

P Thakore

Pradeep Thakore of Eastern Cargo Carriers, touches upon the issues faced by freight forwarders in India.



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V Ashok

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Indian logistics companies, despite economic slowdown, are able to raise private equity and create a win-win situation for themselves and investors too.



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TCI Supply Chain Solutions strives to provide the optimum solutions to companies across different industry segments.



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Ocean Vessel's Hitchhikers

It is high time that maritime nations, especially developing countries, joined hands with the IMO to develop means to address the serious problem of invasive species in ballast water.

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Driving nearly 60 per cent of India's maritime trade, JNPT flourishes as the country's Flagship Port and the pioneer in container terminal operations.



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ABG Infralogistics Ltd.

ABG, the container terminal operator of Kolkata Dock System, helps the port attain quicker vessel turnaround through its state-of-the-art infrastructure.

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A Reverse Trend In The Making

Asian economies, in a bid to cash in on their cost-effective production, seem to reverse the existing trend of globalisation and lead the world towards regionalisation.

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The inventory pileup in ports due to declining demand for manufactured goods is prompting India and other countries to export-led growth with domestic consumption.

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Africa Calling

Asian exporters are upbeat about the great potential for business in Africa countries that are cushioned from global crisis and driven by a growing middle class.

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Middle East

Fuel Efficiency: Challenges Ahead

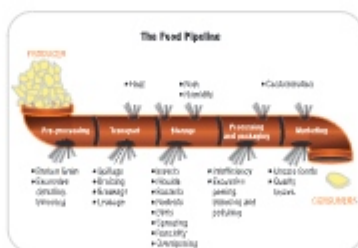
The maritime industry in the Middle East is working overtime to meet fuel efficiency challenges and efforts have started on a positive note, with great promises for the future.

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Time To Link Up Cold Chains

India needs to adopt an integrated and holistic approach to make its presence felt in cold chain infrastructure and perishable cargo exports.



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RFID Grows Robust

Auto ID technologies can help ports and shipping lines enhance their security and safety thereby showing promise of ensuring greater efficiency throughout global supply chains.



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With 18 years of multifaceted experience in the maritime industry, GR as he is fondly called, thrives on challenges and a positive change.

Face Book - Ganesh Raj



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Castrol Marine Lubricants: Clean & Green Strides

Castrol hopes to carry the message of clean and good business forward as it strengthens its relationship with the Indian maritime industry.

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Braving The Storm



As the country stands in solidarity trying to get over the shock of terror attacks in Mumbai and as reports pour in pointing out to the slack coastal security and other lacunae, one wonders at the smooth sneak that anti-social elements are managing off India's sprawling sea coast. Our last cover discussed the need for making India a maritime hub. But a more pressing need now is equipping the security apparatus to thwart simmering maritime terrorism.

By the time the third issue of *maritime gateway* hits the stands, the government and the port authorities would be planning and executing stringent security measures. A maritime security agency, a long-pending demand by the Navy, is likely to be met as it can act on the information passed on by the intelligence.

The Centre has already asked the states to expedite setting up 73 coastal police stations. The state of Gujarat has sought a Central grant of Rs 5 billion for tightening security along its 1,600 km coastline, dotted with 41 ports. Haldia too is deploying Indian Coast Guard, customs, coastal security police and the Central Industrial Security Force to initiate marine surveillance. This is indeed a welcome move and we shall throw more light on the developments taking place on the maritime security front in the coming issues.

Other developments that have taken place in exim trade and private equity in logistics that connote to a mixed bag in the wake of global economic slowdown, have been discussed in depth in this edition. Innovation in container terminals, ballast water management, RFID technology in port operations, Essar Shipping's brand overhaul and reefer transport are some of the interesting topics dealt at length. Adani Logistics's head Yogendra Sharma's views on the need for multi-commodity rail terminals, Jasjit Sethi's (of TCISCS) call for coastal shipping and Pradeep Thakore's (Eastern Cargo Carriers) take on freight forwarders' challenges make interesting reading and raise key issues regarding the smooth flow of traffic via the supply value chain.

A special 28-page newsletter on Container Corporation of India's Customer Day celebrations is also being included with this issue.

As ports take stock of their vulnerability, Adani-group chairman Gautam Adani recalls his escape that fateful night in the Taj as an "experience right out of what we see in the movies." Definitely, we don't want to see real-life terror and horror being perpetuated through our shores. The maritime community can do its mite by beefing up security. More on this, in our coming issue.

Warm regards,

Ramprasad, Publications Director

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**A K Mohapatra**

Former Secretary,
Department of Shipping

As a policy maker in the department of shipping from 2006 to 2008, Mohapatra worked for the progress of the country's maritime industry. He was instrumental in the development of ports, shipping industry, inland water transport, port connectivity and international maritime affairs. He is a postgraduate from Utkal University and an MPhil from Indian Institute of Public Administration, Delhi.

**K Suresh, IAS**

Chairman,
Chennai Port Trust

A 1982-batch IAS officer, he was instrumental in making Chennai Port No. 1 hub port for cars in the country, a mega container terminal in the outer harbour, a growth of over 20 per cent per year in containerised cargo volumes and a licence agreement for a second container terminal. Was the chairman of Tuticorin Port till recently. Continues as the CMD of Sethusamudram Corp. Ltd.

**Ganesh Raj**

Senior Vice President &
Managing Director,
DP World,
Subcontinent Region

His vast experience in the liner and port industries helps identify potential projects and manage them through to successful completion. The Chennai operation underwent considerable progress in performance levels and throughput, growing in excess of 50 per cent in a two-year period when he was the CEO.

**A Janardhan Rao**

President, Indian Ports
Association
Former chairman,
Kandla Port Trust

He worked in various capacities in MMTC Ltd. and Bharat Earth Movers Ltd., served as deputy financial adviser & chief accounts officer in Visakhapatnam Port Trust and Kandla Port Trust. Later, he was deputy chairman of Cochin Port Trust. Presently serves as MD of Indian Ports Association, an apex body formed by major ports in India.

**Dinesh Lal**

Executive Director,
Maersk India Pvt. Ltd.

Lal is also director of Gujarat Pipavav Port Ltd., Gateway Terminals Pvt. Ltd., Pipavav Railway Corporation Ltd., vice-president of EU Governing Board and president of Indo-Belgium Luxembourg Chamber of Commerce. Worked for several freight services. Badminton, vintage cars, watches and farming are his favourite pastime.

**Sudhir Rangnekar**

Managing Director &
Group CEO,
Sical Logistics Limited

He is responsible for Sical's corporate strategy formulation. A chemical engineer from IIT Mumbai and an MBA from IIM, Ahmedabad, he has 30 years of experience with the Shipping Corporation of India Ltd. Held various positions in commercial operations, finance and administration. Spends his leisure reading, travelling and listening to music.

**Yogendra Sharma**

Chief Executive Officer,
Adani Rail Logistics Ltd.

He worked for more than 24 years in Indian Railway Traffic Services. As MD of Kutch Railway Company, he completed the 301-km broad gauge line four months ahead of schedule; pioneered PPP in Pipavav Railway Corp. and documented his experience in a book 'Public-Private-Partnership in Infrastructure'.

**Sachin Bhanushali**

President,
Gateway Rail Freight Ltd.

Armed with technical expertise in the domain of freight, Bhanushali has taken his flagship company to great heights. He is also the key advisor to several freight forwarders.

**S S Kulkarni**

Secretary General,
Indian National
Shipowners Association

As marketing manager of Jawaharlal Nehru Port Trust in the early 90s, he attracted trade to the then fledgling port. A man of varied work experience, he gave impetus to the gems and jewellery export industry. Has keen interest in anthropology, philosophy; pursues travelling as a hobby.

**Capt. Ram Ramchandran**

President,
NISAA

He has been closely associated with the Northern India EXIM Intermodal Logistics for more than 20 years. A master mariner with 13 years in the merchant navy and 9 years as the field operations manager with APL, he is also the CMD of Red Eagle Shipping Agencies (RESA).

**Capt. Subhangshu Dutt**

General Manager,
Research & Sp. Projects
Pacific International Line
(PIL), Singapore

With over 35 years of experience in maritime business, he chairs the Singapore branch of the Institute of Chartered Shipbrokers, sits on the panel of Singapore's Maritime & Port Authority's MINT fund approving body and was earlier the CEO of Pacific Shipping Trust Management.

The editorial advisory board of Maritime Gateway consists of senior executives and professionals who are experts in their own discipline and with an independent view, they guide the editorial team by giving suggestions on issues that need to be focussed.

Editorial Advisory Board

Yes.

Do ports have a fast lane?

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Customise containers

Troubled by declining volumes and high capital and operational costs, private rail operators are looking at new and innovative measures to overcome the downturn and sustain in the long run.

These are rather tough times for the private rail operators with the global downturn taking its toll. The volumes are down by as much as 30 per cent and the private rail business is badly affected by a host of issues in addition to this. Though volumes came down, costs haven't and

this calls for a review of situation by all the stakeholders. The entire industry should collectively address this problem through collective effort. It is highly necessary at this juncture for a serious brainstorming to happen between Ministry of Railways, rail operators (including Concor), ICDs and exporters.

The need of the hour is a consensus between the rail operators. The association of private rail operators is working in this direction and is pondering at various alternatives to improve the business. A consensus in terms of operating by region is on the cards. For instance, rail operators in the northern and western region should operate the rakes only in these routes and operators in the eastern region should look over the routes in that region. This can effectively bring down the unnecessary competition at a time when loading a single rake requires around 7 to 10 days waiting time. Indian Railways, on the other hand should play an active role in moderating the prices and decreasing the haulage rates. As it is difficult to

carry on business in these times of downturn, the Indian Railways should understand the plight of the private operators and should bring reforms in the haulage charges.

Certain new strategies like tapping new markets, bringing more products under the containerised goods can help in improving the volumes. Attempts should be made to bring more goods under rail transport. Goods that are traditionally being carried by road can be converted to rail. It can be done when the costs are brought down to the levels of road transport. Once this happens, many products could effectively be carried by rail.

Secondly, more and more types of goods have to be containerised. Containerisation today in India is very poor and has been limited to only certain types of goods and this has to be increased considerably. As rail operators mainly transport containerised goods, it is absolutely necessary to inculcate the idea of containerising more goods. Food grains, fertilisers, chemicals and most of the FMCG goods are carried by

road. Once these goods are containerised, they can be easily moved by rail (again costs should come down to match road transport). This will increase the number of containerised goods which in turn can improve volumes in rakes.

Today, containers generally carry only dry products. But products like benzene, naphtha, acetic acid, alcohol can also be moved through containers, which is a common practice in the western nations. Therefore, cargo mix has to be changed and standard containers can be customised as per the requirements through little bit of research. Thus the concept of multi-commodity containers has to be introduced, which can accommodate more than one type of commodity.

Finally, rail terminals should not be commodity-specific, rather should be multi-commodity terminals. They should be inclusive and be able to handle multiple products. This could bring in more varieties of goods into the terminal and improve the demand. Policy makers should bring changes in the existing policies to make this happen. As the railway haulage charges for carrying any type of cargo do not vary much, it is wise to bring in as many products as possible into the scope.

Yogendra Sharma is the Chief Executive Officer of Adani Logistics Ltd. **ME**

“The concept of multi-commodity containers has to be introduced and changes should be made in policy to facilitate this.”



Maritime Transport

India calls for regional cooperation

Asian countries should do something visible in the area of trade and economic cooperation as a manifestation of their ability to do something big together, exhorts Indian premier.

Prime Minister Manmohan Singh has recently called for focussed cooperation, especially in the area of maritime transport, in his opening remarks at a regional summit. Top leaders and officials from Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand attended the daylong summit in New Delhi of the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC). Singh suggested that to make the regional group effective, "We should prepare a blueprint for future activities that is focussed on a limited number of issues of common priority."

Transport infrastructure and logistics would be key, he said, while placing special focus on maritime transport, which, he said, could include construction of a deep-sea port to service the region. He also proposed greater cooperation between shipping authorities and logistics networks of member countries.

Describing the regional group as a bridge between South and South-East Asia, Singh said it had the potential of playing an important role in regional economic growth by promoting effective road, rail, air and shipping services and free movement of capital, goods, people and ideas.

The prime minister also mentioned an urgent need for collective responses to disasters after the devastating tsunami of December 2004.

India had set up a Tsunami Early Warning Centre and would be happy to share data and information with other countries in the group, he said.

Nepalese Prime Minister Pushpa Kamal Dahal, Bangladesh chief adviser Fakhruddin Ahmed, Myanmar Prime Minister Thein Sein, Bhutanese Prime Minister Jigmi Y Thinley, Sri Lankan President Mahinda Rajapaksa and Thai Prime Minister Somchai Wongsawat attended the summit.

Mundra Port

Signs pact for auto terminal



Mundra Port and Special Economic Zone, part of the Adani group, has announced that it signed a Memorandum of Understanding (MoU) with Japan's Nippon Yusen Kaisha and Wallenius Wilhelmsen Lines of Norway to set up an automobile terminal. No financial details were available. The announcement comes weeks after TATA Motors selected Sanand near Ahmedabad as the site to manufacture the Nano car.

Kosi Shinozaki, deputy general manager, NYK Japan said, "we believe that this terminal in Mundra will bring efficiencies in auto logistics industry which will help in making India a global player in automotive industry." The company operates auto terminals across the world and has a fleet of ships for wheel cargo operating across major ports around the globe.

Wallenius operates its own terminals in Europe, US and Asia and has a fleet of over 60 pure car truck carrier (PCTC) and Ro-Ro vessels for providing global, cost-effective and reliable ocean products, the statement said.

This is MPSEZ's second dedicated auto terminal. In October, it signed an agreement with India's largest car maker Maruti Suzuki India Ltd. to develop a Rs 100-crore car export terminal, also to be managed by NYK. That terminal, to handle 250,000 units a year, is expected to start operations in December and the car handling capacity will be raised by an additional 400,000 units by 2010.



New Exim Gateway

L&T to tie up with Antwerp Port

Engineering giant Larsen & Toubro (L&T) is reportedly negotiating with Europe's second-largest Belgian port, Antwerp Port Authority, to develop a greenfield port. The site for the project is being narrowed down to Gujarat and Tamil Nadu. The proposal is to invest Rs 2,000 crore under phase-I of the project, which will be spread across 4,000 acres and concentrate on providing an exim gateway to auto and auto component manufacturers.

Under proposals being discussed, L&T may retain a majority stake in the venture. Antwerp port will hold 26 per cent, while the remaining equity may be sold to private investors.

Infrastructure Leasing & Financial Services (IL&FS), a leading infrastructure development and finance company, may pick up some stakes in the project. An Antwerp port official admitted that, "discussions are in progress and L&T seems to be the most possible partner. A final decision may take a couple of months. The port operations will be outsourced under a revenue-sharing arrangement."

Incidentally, L&T is concentrating on shipbuilding and port businesses to negate the global downturn, which is expected to have a cascading effect on the infrastructure industry.

The proposed JV has been triggered by the swelling cargo volumes between India and Belgium, especially because India is expected to play an increasing role in globalisation. The continued growth in the international shipping trade demands the development of additional port capacity. Even major European ports are looking at business from India to offset the slowdown in cargo flows from elsewhere.

Cruise Destination

Liners to set sail from Kochi

Kochi Port has made its first major breakthrough in its ambitions to emerge as India's foremost cruise destination. AIDA Cruises has expressed its satisfaction over the facilities at Kochi for adopting it as a home port for the operation of its prestigious liner AIDA Cara. It is expected to begin its operations out of Kochi from next October with a first sail to Phuket in Thailand. AIDA Cara is a liner that has regularly called at Kochi, port trust sources said. Several other cruise companies are also in talks with Kochi Port for making it the turnaround port for some of their liners. Cochin Port Trust Chairman N Ramachandran told mediapersons that negotiations on having major cruise operators working out of Kochi had progressed smoothly. Having home port status would give a quantum boost to the tourism industry in the State, he added.

Terror Attacks

Ports asked to beef up security

Minister calls for special audit of security in all the major ports, marine commando units, bomb disposal squads and vehicle tracking systems in every port in the wake of growing terrorist threat through sea lanes.

In a bid to tighten up securities at all ports, Union Minister of Shipping, Road Transport and Highways T R Baalu has asked the Directorate General of Shipping (DGS) to scrutinise the security of all major ports of the country to evaluate all security measures.

The order came in the wake of latest terror attacks in Mumbai which left at least 130 dead and over 375 wounded. The militants who unleashed the terror have reportedly adopted the way of sea. To ensure the security of all major ports and to fortify those more, the ministry convened a meeting with chairpersons of all major ports and all high level representatives of the Navy, Coast Guard, CISF. The minister asked all the port chairpersons to immediately send their security requisitions to security agencies, especially the Central Industrial Security Force (CISF). The minister did not want any sort of loopholes in the securities of any airports or ports, for this he has directed the heads of port to take immediate steps to acquire minimum two speedboats for patrolling the waterfront of their respective areas of operation. He also asked the CISF chief to deploy a Marine Commando Unit in every port. In addition, CISF has also been asked to arrange a Bomb Disposal Squad and a Dog Squad separately for each port. CISF has also been asked to equip the latest security equipments besides facilitating Close Circuit Television Camera's (CCTVs) for ultra-inspection. The ministry has proposed to authorise the Coast Guard for verifying all the suspicious merchant vessels prior to entry of the Port while customs would inspect the vessels at outer anchorage and within port limits.

Baalu has also asked the port authorities to install Vehicle Tracking System for better vigilance of trucks inside and beside the ports. For tracking the boats, Port Minister has asked the Director General of shipping to offshore the service of Indian Space Research Organisation (ISRO) to develop a low cost boat tracking system.



Indo-Belgium Cooperation

Chennai port inks deal

The Chennai Port Trust and the Belgium-based Port of Zeebrugge have signed a memorandum of understanding (MoU) for cooperation in various fields of marine transportation, port development and sister ports. Chennai port chairman K Suresh and his Belgian counterpart Joachim Coens signed the agreement in the presence of Albert II, the King of Belgium.

The deal took place at a business forum on Belgian-Indian Cooperation in Port Activities held in Chennai recently. "The MoU will help in exchanging ideas, technology and other inputs from the Port of Zeebrugge and making Chennai a clean cargo port besides a major international hub for cars and containers," Suresh said. Development of a mega terminal, an off-dock CFS and cruise-cum-RoRo terminal at Chennai port will be taken up as part of the agreement.



Promoting Trade

French port ties up with Indian firm

Port of Le Havre, the second biggest in France and the fifth biggest in north Europe, has joined hands with Mumbai-based Seahorse Ship Agencies to expand its presence in India. "The tie-up will help Le Havre to detect potential business opportunities in India to increase trade volumes," Pierre Yves Collardey, commercial collector of Le Havre said in Chennai.

"Trade between India and France is expected to double from the current Euro 6 billion to 12 billion over the next four years and we expect more and more traffic between the two countries," he observed. "The signing of the Free Trade Agreement between India and the European Union early next year will be important to develop traffic," the port's Asia director Alain Poussier said.

"The tie-up entails selling Le Havre Port's facilities to Indian exporters, shippers, among others and to increase traffic volume from India," Seahorse Shipping chairman Captain Avinash Batra said.

Business Event

Hamburg launches 'India Week'

Hamburg, a leading port city of Germany, has launched a business event 'India Week', to boost business ties between Germany and India. Germany is India's biggest trading partner within the European Union and nearly 10 per cent of German trade with India is generated out of Hamburg.

A large number of delegates from India participated in the event and explored business opportunities. This is the second year in succession that the Hamburg Government, in association with other trade bodies, has organised India Week and expects it to be made a permanent feature, similar to China Time, that it organises every year on a much bigger scale to promote business with China.

Economic Minister of Hamburg Axel Gedschko said he wants Indian companies planning to set up operations in Europe or Germany to consider Hamburg as one of their destinations. He pointed out that Germany is one of the few countries which has been able to withstand the current global financial crisis.

At present, about 35 Indian companies are present in Hamburg, including major ones such as Suzlon and Satyam. The minister said he was talking to some leading Indian companies, trying to woo them to set up business in Hamburg. He, however, did not reveal their names saying discussions were still on.

Ole von Beust, Hamburg's mayor, said at the Senate reception for 'India Week' that about 650 Hamburg companies were actively engaged in India and the Hamburg government would examine opportunities for cooperation in areas such as ports, shipping, logistics, aircraft and renewable energy.

Meanwhile, in a message sent to the organisers of 'India Week', India's Union Commerce Minister Kamal Nath said that during 2007-08, trade between India and Germany was worth US\$ 14.7-billion. It was expected to reach US\$ 20-billion by 2012.





Fleet Expansion

SCI acquires a new 4,400 TEU vessel

The shipping giant plans to acquire 40 vessels by 2012, while it has already placed orders for 28 ships at a cost of about \$1.6 billion, as part of expansion programme.

State-owned Shipping Corporation of India announced that it took delivery of the SCI Chennai, a new 4,400-TEU vessel, at a ceremony at Hyundai Samho Heavy Industries Co. Ltd., South Korea, recently.

The SCI Chennai is the first of two sister vessels ordered by the carrier in 2006. The second ship, christened SCI Mumbai, is expected to be delivered later this month. It has also taken delivery of a VLCC m.t. Desh Virat recently.

"The acquisition of these vessels is in line with SCI's strategy of maintaining a modern and young fleet," the company said in a release. With the latest acquisition, the company's fleet has increased to

79 vessels of 4.77 million DWT. SCI has an additional 31 ships on order and has an ambitious plan to order 42 more ships in next three to four years.

The central government recently granted the long-awaited 'navratna' status, facilitating more operational independence and financial autonomy, to the national carrier.

In fiscal 2007-08, the company reported net profit of US\$ 195 million, off about 20 per cent from US\$ 247 million in 2006-07. Net profit for the April-June quarter was US\$ 66.54 million, up 36 per cent from US\$ 49 million for the same period a year ago.



SMILE at Mundra

SCI has added Mundra to the port of calls on its SMILE service between the Subcontinent and the Middle East. This has been done in view of the good response to the service from the trade and to provide better services to clients, says a release. SMILE was launched in March this year with the port rotation of Colombo, Cochin, JN Port and Jebel Ali. Subsequently, Dammam (Saudi Arabia) and Tuticorin were added, and now Mundra.

The first vessel to call at Mundra, on December 4, will be the m.v. Rajiv Gandhi. The trade has responded enthusiastically to SCI's move to call at Mundra. SCI will also cater to the requirement for carriage of coastal cargo, in addition to exim cargo from Colombo, Tuticorin, Cochin, JN Port and Mundra.

SMILE service's port rotation will now be Colombo, Tuticorin, Cochin, JN Port, Mundra, Jebel Ali, Dammam, Colombo.



Trade Mood

Asia Pacific shipping outlook poor – Moody's

Moody's Investors Service has a negative outlook for all three shipping sectors – dry bulk, tankers and liners – in Asia Pacific for the next 12-18 months. A new report by Moody's says that the global economic downturn, tightening bank credit, increased volatility in currencies and financial markets have aggravated the already surplus shipping capacity amid a sharp drop-off in demand for shipments of containerised goods, oil, and bulk commodities.

Such adverse developments may last for an extended period and are the primary drivers for the negative outlook. Peter Choy, the report's lead author and a senior credit officer at Moody's, says, "Although the credit crisis may result in the cancellation of some new building orders, a correction in the excess supply from a sizeable order book will take a long time."

He notes that the dry bulk sector has been worst hit. "A freezing of trade credit has exacerbated a slowdown in demand for commodities and contributed to the recent, unprecedented plunge in the sector's Baltic Dry Index." Elizabeth Allen, a senior credit officer at Moody's and the report's co-author, says, "Unstable operating costs resulting from volatile bunker expenses and lower freight rates have undermined profitability, earnings and other financial fundamentals in all three sectors." She notes that such instability could put further pressure on ratings, which for Moody's rated issuers remain stable despite the negative outlooks for the overall sectors. According to Allen, "Long-term agreements on many vessels, adequate liquidity through good access to banks, diversified trade and types of vessels all support rated shipping companies such as MISC, BW Shipping, NYK Line, and MOL."

She describes some mitigating factors and compensatory activities taken by shipping companies generally, saying, "In response to high bunker costs, companies have hedged their exposure to fuel prices and adopted various other measures such as slow steaming, entering into alliances, or chartering out their vessels." Similarly, the tight credit environment has caused a number of issuers to postpone or cut back their expansion plans as they try to maintain adequate liquidity and financial flexibility."



Bunker Surcharges

Maersk Line lowers charges



Maersk Line announced plans to lower bunker surcharges imposed earlier on cargo moving from the West Coast of South America to the Indian Subcontinent and the Middle East-Asia region, effective December 1.

In an advisory to the trade, the Danish carrier said the surcharges will be \$ 377 per TEU and \$ 754 per FEU compared with \$ 684 and \$ 1,368 at present.

In a separate notice, the carrier said it reduced such charges for the trade from New Zealand to the Far East Asia, the Middle East, the Red Sea, the Indian Subcontinent, Africa and Southern Europe.

Effective November 12, the revised charges are \$ 575 per TEU and \$ 1,150 per FEU, down from \$ 775 and \$ 1,550 respectively levied earlier.

Naming of Vessel

SAL adds m.v. Trina to fleet

Sai Maritime & Management Pvt Ltd has announced the latest addition of m.v. Trina to its line fleet – the third of four new heavy lift vessels to be delivered to SAL. The vessel was named in Hamburg recently. The new vessel of type 176, with an impressive speed of 20 knots and a combined crane capacity of 1,400 tonne SWL, it is the third new building delivered to the JV between SAL and K Line called SAL. These new buildings will be followed by one more sister vessel, m.v. Regine which will enter the market in early 2009.

As per a release, the high-speed cargo vessel, the result of close collaboration between SAL and the Sietas Shipyard is equipped with three heavy lift cranes. The twin deck hatch covers can be moved into three different heights. The vessel is especially suitable for transportation of heavy cargo, large construction parts as well as dry bulk cargoes and containers.



Infrastructure

KSH Group sets up container depot at Talegaon

The modern ICD, taking shape at a cost of Rs 400 million, will have a yard space to store 2,000 containers.

The KSH Group, based in Pune, western India, which is engaged in manufacturing, auto parts servicing and distribution, has diversified into the logistics infrastructure and set up a modern inland container depot (ICD) at the nearby upcoming industrial hub of Talegaon.

The company has invested Rs 400 million in its new venture KSH Distriparks ICD, spread over 30 acres, featuring a 15-m high warehouse with an area of 100,000 sq ft, and a yard to store 2,000 containers. The ICD is equipped with modern material handling equipment to ensure quicker turnaround of containers and cargo. Besides these, the ICD provides office space, conference rooms, training centres and cafeteria suitable for logistic



companies, freight forwarders, shipping companies and airlines clearing companies. As a 13-member team of the Customs Department is posted at the site, the KSH Distriparks ICD also provides services for clearance of import / export cargo containers, an air cargo LCL hub and bonded warehouses.

Private Equity

PremjiInvest stake in Deccan Cargo

PremjiInvest, the US\$ 1 billion private equity fund floated by Azim Premji, the owner of India's third largest software services exporter Wipro Technologies, is exploring the purchase of stake in Deccan Cargo, an integrated logistics entity which is seeking US\$ 50-60 million funding. PremjiInvest is in discussions with Deccan Cargo for a solo investment or a joint stake buy along with another fund. Deccan Cargo had earlier received expressions of interest from Anil Dhirubhai Ambani Group (ADAG) and US venture capital majors New Enterprise Associates (NEA) and Intel Capital, which is working on a consortium to be a co-investor in the company.

Captain G R Gopinath, whose low-cost airline, Deccan Airways merged with Kingfisher Airlines, has started the new venture, Deccan Cargo, which is expected to take off with a fleet of Airbus aircraft early next year, while adding end-to-end logistics solutions progressively. Deccan Cargo, which is reportedly seeking valuation of around US\$ 150 million, is expected to be a low-cost competitor in the logistics business – modelled on US-based FedEx Ground – taking advantage of technology innovations in cargo handling.

m.v. Gati Majestic

Gati acquires fifth vessel

Gati Coast-to-Coast (Gati CTC), the shipping division of Gati, an express cargo delivery and distribution and SCM (Supply Chain Management) solutions provider, has acquired fifth vessel m.v. Gati Majestic and deployed it between Chennai, Port Blair (in Andaman and Nicobar islands in the Bay of Bengal) and Yangon, in Myanmar, providing connectivity to Ranong, Penang and Chittagong using Port Blair as transshipment hub.

Gati Majestic, a 10736 DWT containerised vessel with a carrying capacity of 844 TEUs, was acquired for US\$ 17 million. Another first from the company is to start a direct liner service between Myanmar and India. Gati CTC, which has been serving Andaman and Nicobar Islands for the last two decades, expanded its services to Yangon, Myanmar, in 2005. It also started the first ever direct container service between Ranong Port in Thailand, providing connectivity to India, Colombo, Dubai, Karachi and Yangon.

User-friendly Website

Concor launches online tracking

Concor has developed a web-based solution for the benefit of Exim trade. Its director Anurag Mathur officially launched the site www.ccibweb.com in Chennai recently. The website will help track down the details of the container movement from arrival to departure. "The development of an advanced information system is the primary component of Concor's overall business strategy and one has to register their membership for access to the site," Mathur said.

Software Solutions

Four Soft clinches Dutch deal

Four Soft Netherlands BV, a subsidiary of Four Soft Limited, India, has clinched a deal for its '4S eTrans SME' in the Netherlands. It signed a contract with Mondial Logistics, Netherlands, to implement its freight forwarding software 4S eTrans SME across multiple locations in Netherlands to streamline Mondial's disparate processes and improve the operational efficiency.

4S eTrans SME is a modular enterprise application designed to automate, streamline, and support the multi-modal freight forwarding operations. It is a flexible and integrated software application, which enables logistics companies to increase productivity and improve the overall services to their customers.

Mondial Logistics is an international, 25 year old Netherlands-based logistics company, providing multi-modal transportation and distribution of goods, as well as a host of other value-added services. It required an integrated solution to automate, streamline and manage its freight forwarding operations, while also supporting its globalisation efforts. Four Soft was selected over other vendors to implement its proven software application -4S eTrans SME.

Software Solutions

Need for processing units mooted

Confederation of Indian Industry (CII) in association with Agro Tech 2008 organised a panel discussion on November 29, 2008 on food logistics. The panellists felt that the food logistics industry needs immediate attention from all the stakeholders. Bad roads and poor temperature management were highlighted as the major issues leading to problems in this area.

According to SK Sharma, managing director, Global Agri Systems Private Limited, other factors that lead to transportation bottlenecks include barriers put up by various states for collection of taxes and other levies like Central Sales Tax and Value Added Tax among others."

Referring to the development of terminal markets in the country, PK Swain, director of marketing, Department of Agriculture, Government of India, said, "India should not only look at agricultural produce, but also move up the value chain and set up a large number of processing industries. There is tremendous opportunity in this area as the level of food processing in India is very low as compared to countries like USA, France, Malaysia and Thailand."

India Operations

Blue Dart celebrates silver jubilee

Blue Dart Express Limited, South Asia's premier number one express air and integrated transportation, distribution and logistics company celebrates 25 years of operations in India this year. On this occasion, Blue Dart introduced 25 new initiatives that are aimed at improving its product range and service quality.

As part of this, Blue Dart plans capital expenditure of Rs 100 crore to upgrade its infrastructure in the year 2009. This amount is a part of the Rs 1000 crore investment plan over the short-to-medium term. The company will also be launching new products designed specifically for different industry verticals with specific and unique requirements. It also announced certain quality initiatives to enhance its premier position as the leading air and ground express distribution service provider in India.

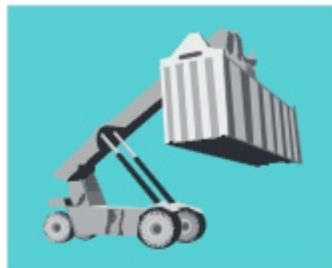


ICRA Benchmark

Adani Logistics gets 'LBBB-' rating

Adani Logistics Limited (ALL), a subsidiary of Mundra Port and SEZ (MPSEZL) received 'LBBB-' rating from the ICRA, the leading credit rating agency. ICRA assigned this rating to the Rs 2,240 million term loans and Rs 300 million long-term non-funded bank limits of Adani Logistics. This rating reflects moderate credit quality.

ICRA says that the rating is constrained by the nature of business that ALL is into – high start-up costs, heavy competition from established player like Concor and new players entering this market and high gearing levels. The rating agency further notes that ALL has certain inherent advantages arising from the presence of Adani Group. Other advantages like flexibility arising from the presence in ICD operations, tie-ups with some shipping lines, shorter distance from its ICDs to Mundra Port and availability of double stack enabled route have helped ALL achieve this rating in spite of the poor market conditions that are currently prevailing.



NEWS

Arabica Coffee

Surge in imports

With the per capita coffee consumption expected to surge in the coming years there may arise the need to import quality Arabica coffee, projected the head of one of India's largest coffee firms. Although India, a major coffee producer, has traditionally been a tea drinking nation, a growing middle class has increased the popularity of coffee shops.

"India will be an importer of high grade coffee in a matter of five years," Mr. V G Siddhartha, who heads the Coffee Day group told in a conference. "You'll run out of coffee in India in four years because consumption is growing so fast and people are willing to pay for quality," stressed Mr. Siddhartha.

The company grows, exports and roasts Indian coffee through the Amalgamated Bean Coffee Trading Company and runs coffee shops throughout the country under the Coffee Day brand. While India grows about 4.7 million 60-kg bags of coffee a year, these are mainly lower quality Robusta beans used in soluble coffees. Domestic demand for higher quality Arabicas is around 1.2 million bags and rising, Mr Siddhartha observed. Therefore, the country should lower tariffs on green coffee to allow for more Arabica imports, or risk a shortage.

India's coffee consumption is about 85 grams per person, per year – a fraction of the around 10 kg per year consumed by people in Nordic countries.

Coffee exports rise 2 per cent

India's coffee exports rose 2 per cent during the first eleven months of 2008 on strong demand from European countries and a weak rupee, the Coffee Board said.

Total Jan-Nov exports stood at 208,023 tonnes, compared with 204,538 tonnes a year ago, the official, who did not want to be identified.

India produces 4 per cent of the world's coffee, but exports 70-80 per cent of its output.



Customs Duties

Revision on certain items



Following the recent fall in the international prices of commodities and with a view to safeguarding the interests of domestic producers, the Union government has effected certain changes in the Customs duty rates. The details of these changes are:

- Withdrawal of the full exemption from Customs duty granted earlier on specified iron and steel items such as pig iron, spiegeleisen, semi-finished products, flat products and long products. Consequently, these will now be subject to a basic Customs duty (bcd) of 5 per cent ad valorem.
- Withdrawal of full exemption from Customs duty granted earlier on crude soyabean. Consequently, crude soyabean oil will be subject to a bcd of 20 per cent ad valorem. There is no change in the import duty on refined soyabean oil. These changes come into effect from November 18. A notification No. 122/ 2008-Customs dated 18.11.2008 has been issued in this regard.

With a view to simplifying the refund-based service tax exemption scheme on taxable services attributable to exports, the time limit for filing refund claims has been extended from 60 days to six months.

In respect of technical testing and analysis service, the documentation required for claiming refund has been simplified.

Notification No. 32/2008-Service Tax dated 18.11.2008, amending notification No. 41/2007-Service Tax, has been issued in this regard.

Edible Oils

India allows limited small-pack exports

India has allowed limited exports of edible oils, partly lifting the ban on the overseas sales, but traders said the move would make only a marginal difference in the international market.

Firms can export up to October 31 next year and only in branded packets of 5 kg, with a limit of 10,000 tonnes, a government statement said. India, a leading importer of vegetable oils, banned exports in March for a year as the government sought to control inflation. India was earlier exporting small quantities of oils, mostly groundnut and rapeseed. "The decision would not have any impact other than on firms that used to sell their retail brands abroad," said Ashok Sethia, president of the Solvent Extractors' Association of India. "There will be little or no impact on the export front as there is hardly any demand for edible oils in small packs," said Sanjiv Sawla, former chairman of the Indian Oilseeds and Produce Exporters' Association. He said edible oils such as groundnut were mainly exported in bulk or in containers of 20 tonnes or so.

"It takes a lot of money and effort to build a brand overseas," said Atul Chaturvedi, president of Adani Enterprises Ltd., India's biggest private exporter of farm goods. "No company will be taking that risk again."



Double Tax Avoidance

India, Tajikistan ink pact

India and Tajikistan signed a Double Taxation Avoidance Agreement (DTAA) recently to promote flow of investment, technology and services. "(In case of India) the Agreement will cover... income tax, including any surcharge thereon, and in case of Tajikistan, the taxes on income of legal persons and on income of individuals," a government release said. Pensions and other similar remuneration will be taxable only in the state of residence, it added. As per the agreement, the profits derived by an enterprise from the operations of ships or aircraft in international traffic shall be taxable in the country of enterprise, the release said.

Exporters' Issues

Government working on liquidity sops

Commerce Secretary GK Pillai said the government is working on providing incentives to exporters and could take steps to boost credit. After lending a patient ear to exporters in the Capital recently, he announced a slew of measures to ease credit availability and incentive packages to exporters – measures to curb imports and refund taxes due from the government to improve the working capital of exporters.

Regarding the issue of credit availability, he opined that it is no longer with Reserve Bank. The bank, he said, has already done its bit to address the issue. Regarding export incentives, he said talks have already been going on with exporters and a package of incentives would be forwarded to the Prime Minister's panel soon. There could be a move to restore higher drawback rates and interest subvention. These were given when the rupee had appreciated to about 40 to the dollar and were withdrawn in October. He said these could be considered for the labour-intensive sectors. He quashed a rumour that export subsidy would be provided for cotton.

Assocham Plea

Ministry asked to streamline steel imports

The Associated Chamber of Commerce and Industry (Assocham) has submitted a memorandum to the Ministry of Commerce & Industry suggesting creation of import surveillance mechanism system and streamlining of steel imports under advance authorisation to safeguard interest of domestic steel industry. In a memorandum, the Assocham cautioned the government to not get trapped by transforming into a global steel dump yard for cheap and substandard quality imports at suspicious price-levels. In order to safeguard towards these economic nuisances, the chamber says, government should immediately put in place an 'Import Surveillance Mechanism System' to monitor every parcel of steel imports for conformity of quality, price and standard.

It says, import of steel products, now with an import duty at 5 per cent could encourage duty-free imports of steel products under advance authorisation to try and encash every possible opportunity as available. In order to have meaningful benefit, it suggests revision of the existing norms for imports of steel. It proposes that advance authorisation for steel imports should be granted only to manufacturer-exporter with actual-usage condition and should not be applicable for merchant exporters; only one advance authorisation should be issued to a manufacturer-exporter with a restriction of maximum for 5,000 MT per import shipment and only prime-quality of steel products imports should be permitted thereby prohibiting steel imports of seconds and defectives.

USDA Report

India need not import wheat now to balance exim

The US Department of Agriculture has said that India could meet its wheat requirement for public distribution without importing even if output and procurement fall in 2009. India imported 55 lakh tonne of wheat in 2006 and another 18 lakh tonne in 2007 for public distribution.

"... Even if wheat production and procurement were to decline in 2009, the government should be able to manage its public distribution system (PDS) without wheat imports," USDA said in its latest report. It USDA pointed out that if procurement again reaches the record level of 2008, the government would face storage problems in major wheat-growing states, which could prompt the government to relax export restrictions on wheat.



"A record wheat procurement of 22.6 million tonne this year, combined with large carry-over stocks in marketing year 2008-09, has resulted in a significant build-up in government wheat stocks," the USDA said, adding that stocks on October 1 stood at around 22 million tonne against the norm of 11 million tonne.

India produced a record 78.4 million tonne of wheat in 2008. In the ongoing Rabi season, wheat acreage is higher than last year and the government hopes of another bumper crop. Citing this the Department further said that India would be left with comfortable carry-over stocks, which could be as high as 12 million tonne, even though offtake in the coming months is expected to increase on account of seasonal demand and the government's plan to sell wheat in the open market.

Iron Ore Export

Plea to remove ad valorem

There will soon be a relief for the iron ore exporters in India as the commerce ministry has urged the finance ministry to do away with the 8 per cent ad valorem export duty on low-grade iron ore. The commerce ministry said the steel makers are already reeling with problems like receding order books, rising inventories and possible production cuts and this can have a huge impact on the Indian iron ore exporters.

Earlier, the Federation of Indian Mineral Industries (FIMI) petitioned to the Prime Minister's Office and the Commerce Ministry highlighting their problems which rose due to the economic slowdown. With nearly 80 per cent of Indian iron ore going to China and reduced steel production in China, the situation looks grim for these exporters. The production of steel in China has come down from 46.94 MT in June to 39.61 MT in September this year, a fall of about 16 per cent, FIMI said and cited reports that some big Chinese mills are proposing a 20-30 per cent cut in steel production.

Rubber Trade

Exports surge while imports dip

India's natural rubber export has gone up by 80 per cent so far this fiscal to over 35,000 tonne owing to rise in prices in overseas markets and a depreciation of the rupee, while the import of the commodity during April-November declined.

"The country exported 35,147 tonne of rubber during April-November 2008, compared with 19,455 tonne a year ago. Higher international prices and a depreciation of the currency against the dollar have boosted shipment prospects," a senior Rubber Board official said.

Exports also jumped 65 per cent during November to 2,058 tonne against 1,246 tonne last year, he said. However, natural rubber import so far this fiscal remained out of sync with the surge in exports and dipped to 59,642 tonne from 60,646 tonne a year ago.

"The slump in import during November to 3,720 tonne from 8,026 tonne affected the overall import so far," the official said. The board has projected natural rubber export at 50,000 tonne and import at 80,000 tonne for this fiscal.

Meanwhile, in a strong protest to the rubber Futures trading, Cochin Rubber Merchants Association said such trade will not solve any problems, but will help to aggravate the miseries of the entire rubber sector. "The phenomenal fall in prices has caused severe setback to the million-strong rubber growers. It was high time the Centre took steps to mitigate the miseries of the growers," association president N Radhakrishnan said.



Fragmented Forwarders

Freight Forwarding has never been the same in maritime history. It has been subjected to changes and has been evolving continuously. **Pradeep Thakore**, Vice President, Projects & Logistics, Eastern Cargo Carriers speaks to maritime gateway about how the business is carried out in this industry and touches upon the issues faced by freight forwarders in India.



How different is this industry from a decade ago?

A: The cargo handling industry is always evolving and there is no standardised way to handle cargo. Each type of cargo for each client has to be customised according to their requirements. For instance, in the past we used to send raw cotton bales, then we started sending yarn, then garments and now we are sending garments on hangers. First, we used to send from port to port, then port to store, then port to store to door, then port to store to local distributor to boutique and finally hang it on hangers. And we are paid for it. So our industry is ever evolving and all the value-added activities are being just passed on to the forwarder. In fact, we never thought we would be doing assembly

or configuration of basic stuff and then pack the product and ship it out. Take a company like Nortel. They outsource everything except sales. The entire logistics part is outsourced and they are ready to pay extra for the value-add services we offer them.

One of the realities of our business is that things are moving too fast because of computerisation. That's why I would say that any player would pay more for the services so as to sustain in this competitive and fastpaced business terrain. There are also different reasons to this which may not be directly linked to this. One such reason is that the consumer-buying power has increased across the world and this has led to increased demand for products across the world. Be it the

imports to India or exports from here, shippers are willing to pay extra for the value-add services we provide.

What are the challenges that you face in your operations?

The biggest challenge in this business is to integrate the operations. There are so many operations/processes involved that are disjointed. In a broad sense, there are three types of processes – the physical part, the documentation part and the communication part. The physical part involves packing, marking, labeling etc. Then one has to generate a lot of documents from the time the cargo leaves the factory to the time it is loaded on to the ship and this replicates in the reverse direction once the cargo is unloaded from the ship. As a forwarder, we

outsource these functions and when you outsource something, the basic golden rule is to monitor and coordinate. If you do not monitor, everything will fall flat. They may be doing the work efficiently, but not up to the required level as we committed to the customer. Thus monitoring is required to streamline the process and develop a seamless connectivity between each process/operation.

Today everybody is criticising the Indian bureaucracy, redtapism and customs. Actually, the crux of the problem is: firstly, the personnel who are executing the work are not properly trained. Secondly, they are not deliberately trained and third and the most important is that they do not follow the laid down rules and instead follow the practices that evolved over a period of time and which are wrong in many situations.

If clearing a specific cargo takes 15 days through the traditionally evolved practices, it will take only three days as per rules and right documentation. If you follow rules, life becomes easy. But that does not happen. People are deliberately not trained due to the fear that they may learn the techniques of the trade and become competitors tomorrow. Thus, there is always this element of delay woven into the business. Clearing agent business is totally unorganised and so the mindset has not changed since ages. In a sense this is also contributing to the logistics costs.

What factors contribute to the high logistics costs in India compared to other countries?

To answer this question, let me come in a different angle. The biggest component of logistics cost that I would say is the domestic cost. It is nearly 60 per cent of the total logistics cost. Every segment of the industry is automated/computerised with the required hardware and software in place. But the problem

“Clearing agent business is totally unorganised and so the mindset has not changed since ages. In a sense this is also contributing to the logistics costs.”

comes with the linkage between the processes. Processes are not linked/integrated with one another. Now there is a lot of time lost in re-processing the same data at every stage and forwarding it another format and this cycle continues. Entire data has to be fed at each stage, at each process which is time consuming and it obviously increases the cost of operation.

The second reason is the slowness due to poor infrastructure. There are many occasions when ports are congested due to non-availability berths. The other reason is that there is no pre-planning. Most of the freight forwarders and clearing agents work on a day-to-day basis. When there is any consignment coming into India, there is sufficient pre-notice given by NVOCCs of what is coming in. If the people are pre-planned, they could cut down the logistics costs tremendously. The reason is that this industry is too fragmented. The volumes can enable you to better buying power. The forwarding industry and the clearing industry are fragmented and disorganised. There is no unity in the transport industry.

There are no standard rates and tariffs. It is all on a need basis. If there is no pre-planning and go to

the spot market, the guys will blackmail you and charge a premium for the otherwise normal service. You need not do it only for volumes but it can also be done for single container. If you know that the container is coming on Saturday and should be taken from the Chennai Port to the ITC Park Hotel, fix it up today instead of waiting till Saturday. Such kind of pre-planning is also missing while generating documents for the customs clearance. People know that certain documents like Chartered Engineer's Certificate are required for the cargo, but till the customs point out that, they would not be generated. Certain kind of discipline in small things can make a big difference. We are not great planners like the Japanese who are very much forward thinkers. But a little pre-planning can bring down the costs significantly. **Me**

Quick Facts

- The Indian Logistics industry is expected to grow annually at the rate of 10 per cent instead of the earlier estimates of 15 to 20 per cent due to reduced growth in manufacturing sector
- The logistics industry, which is already bogged by limited resources, now faces the wrath of credit crunch. Funds have dried up in the market at a time when the industry is seriously looking at investing in technology, warehouse space and other resources.



TERMINALS: WHAT IT TAKES TO BE THE BEST?



Port of Tanjung Pelepas, Malaysia's world-class port, with 10 berths, 32 quay-side cranes and container yard capacity of 200,000 TEUs, is confident of meeting its volume target of 5.8 million TEUs this year in spite of the global economic downturn.

Photo Courtesy: Port of Tanjung Pelepas

International container trade is one of the most dynamic economic sectors commanding nearly 10 per cent annual growth since 1990. Despite the economic slump prevailing in the world today, container shipping is poised for growth in the long term. However, terminals in India need to upgrade and modernise their infrastructure in order to be competitive and commercially viable, explores **Radhika Rani G.**

Container shipping rates have come under pressure ever since the free fall of world markets. However, market watchers say the long-term picture may not be as turbulent as the present. The macro scenario of globalisation and continuing shift of manufacturing from the United States and Europe to Asia bodes well for shipping companies and hints at a bright future for the industry as a whole.

While world demand in terms of trade movement and rise in container transport has influenced supply in expanding container ship fleets and faster turnaround times, it also paved way for the development of mechanised container terminals, helping ports cash in on the speeding and spreading volumes. Such remarkable growth is evident from fast growing terminals, some of which have even risen from scratch.

Though the prevailing crisis does not impact the functioning of ports per se, will it affect the direction of the future development of container terminals since every trade revolves around economics? No, says Mohammed Sharaf. The CEO of DP World, who was in India recently, is optimistic that the current economic slowdown will not impact or delay the commissioning of the International Container Transshipment Terminal (ICTT) coming up at Vallarpadam.

A general discussion on growing container terminals steers one's attention to the best practices being followed and evolved regularly by the ports in China, Singapore, Malaysia and the United Arab Emirates. If these ports have set standards in Asia, their counterparts in Europe and America, such as Port



of Rotterdam, Hamburg, Los Angeles and Long Beach are rated as some of the best terminals in the world. While the policies, standards, procedures and professionalism being followed by these terminals is what sets them apart, one wonders how far or rather near India is from the league of such competitive terminals, despite the term 'competitive' being subjective.

Though the travel and travails seem to have begun with terminal operators focussing more on safety and economy aspects more than ever

before, Indian terminals have a fairly long lap to cover, the managers admit. "We are looking at modern infrastructure, world-class workforce and the highest possible safety, health and environment standards," acknowledges Prakash Tulsiani, chief operating officer of Gateway Terminals of India. An upcoming competitive terminal in all the above respects, GTI still feels that increasing container handling capacity by catering to captive cargo and attracting hinterland cargo can really help in raising the terminal's standards.

“Automation is one aspect that competitive terminals are keen to adopt and adapt to. But, automation in container terminals has not really taken off, says Yvo Saanen, a leading simulation consultant.

Key issues

So, what are the keystones for building a competitive platform or converting an existing one into a multi-utility facility? There are three key areas one has to look at, says Capt. Sriram Ravichander, COO of Visakha Container Terminal: Infrastructure on the marine side, the terminal side and the land side (rail and road). "Each of these facets should be planned to integrate with each other. One should be able to develop the terminal in phases (of time and business) without letting the existing assets become redundant," he explains. For instance, jetties designed for single lift Panamax cranes cannot take the load of twin-tandem cranes. So, one is forced to compromise on productivity in the long run. According to experts, infrastructure, operational and manpower issues are the key areas ports can work on to be competitive.

Automation is one aspect that competitive terminals are keen to

adopt and adapt to. But, automation in container terminals has not really taken off, says a leading simulation consultant. "With Europe Container Terminals (ECT, Rotterdam) in The Netherlands (1993), and since recently Container Terminal Altenwerder (CTA, Hamburg) in Germany (2002), the breed of fully automated terminals is merely a rare species, which leads to more visiting buses to the terminals than workers operating it!," opines Yvo Saanen, Managing Director, of TBA BV in The Netherlands. "However," he hastens to add, "something is changing – automation is taken more seriously. In many of the terminal design projects automated handling system components are being considered."

Other key performance indicators

- Quay crane productivity and manning levels, quay wall

productivity, berth occupancy and vessel waiting times;

- Transport equipment average and peak performances and manning levels;
- Stack equipment annual moves, average and peak performances and manning levels;
- Truck service times, rail turn around times, rail crane occupancy and manning levels.

Transshipment hubs

Container handling is growing at a faster pace than container trade, recording an annual growth of nearly 14 per cent since 1990. In view of the growing global demand for container handling services that requires loading of containers to large transshipment ports by feeder services, greenfield ports of India have a great potential to serve as

Points to ponder

- Geographical location – Road connectivity between cargo hubs and ports
- Traffic projections – Container handling targets, dedicated rail freight corridors, double-stack trains for better evacuation of cargo
- Upstream and downstream integration – Deepening and widening of channels
- Capital cost of developing infrastructure – Judicious investment of resources
- Proper terminal design – Creating capacities, faster entry and exit of vehicles
- Efficient management and work force – Seamless and paperless interaction, tapping, training and retaining talent
- Proper policies – Terminal operating and administrative systems
- Selection of equipment, efficiency and adaptability – Pilotage equipments for handling new generation vessels

What is a competitive terminal?

It is one which caters to trade needs in a safe, economic and efficient manner.

One that meets client's expectations vis-à-vis high productivity and providing value proposition and superior customer service standards.

The following can be taken note of

- Rates are key (per waterside lift).
- Capacity to accommodate volume at reasonable vessel turnaround times
- Accessibility from marine side (distance from main sailing routes, tides, waiting at anchorage)
- Additional services
- Hinterland connections

World's Top 25 container terminals for 2007

2007 Ranking	Port	Country	Throughput 2007 (TEUs)
1	Singapore	Singapore	27,935,500
2	Shanghai	China	26,150,000
3	Hong Kong	China	23,990,000
4	Shenzhen	China	21,099,000
5	Busan	South Korea	13,270,000
6	Rotterdam	Netherlands	10,800,000
7	Dubai	UAE	10,700,000
8	Kaohsiung	Taiwan	10,256,829
9	Hamburg	Germany	9,890,000
10	Qingdao	China	9,462,000
11	Ningbo-Zhoushan	China	9,360,000
12	Guangzhou	China	9,259,000
13	Los Angeles	USA	8,355,039
14	Antwerp	Belgium	8,176,164
15	Long Beach	USA	7,316,465
16	Port Klang	Malaysia	7,120,000
17	Tianjin	China	7,103,000
18	Tanjung Pelepas	Malaysia	5,500,000
19	New York/New Jersey	USA	5,299,105
20	Bremerhaven	Germany	4,900,000
21	Laem Chabang	Thailand	4,848,478
22	Xiamen	China	4,627,000
23	Tokyo	Japan	4,124,140
24	Jawaharlal Nehru Port	India	4,060,000
25	Panama (MIT, CCT, PPC)	Panama	3,987,328

Source: Container Management

Continent-wise break-up

Asia (17)

Singapore (SG)
Shanghai (China)
Hongkong (CN)
Shenzhen (CN)
Busan (Korea)
Dubai (UAE)
Kaohsiung (Taiwan)
Qingdao (CN)
Ningbo-Zhousan (CN)
Guangzhou (CN)
Port Klang (Malaysia)
Tianjin (CN)
Tanjung Pelepas (MY)
Laem Chabang (Thailand)
Xiamen (CN)
Tokyo (Japan)
JNPT (India)

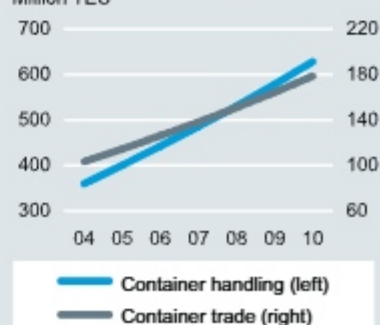
North/South America (4)

Los Angeles (US)
Long Beach (US)
New York/New Jersey (US)
Panama (Panama)

Europe (4)

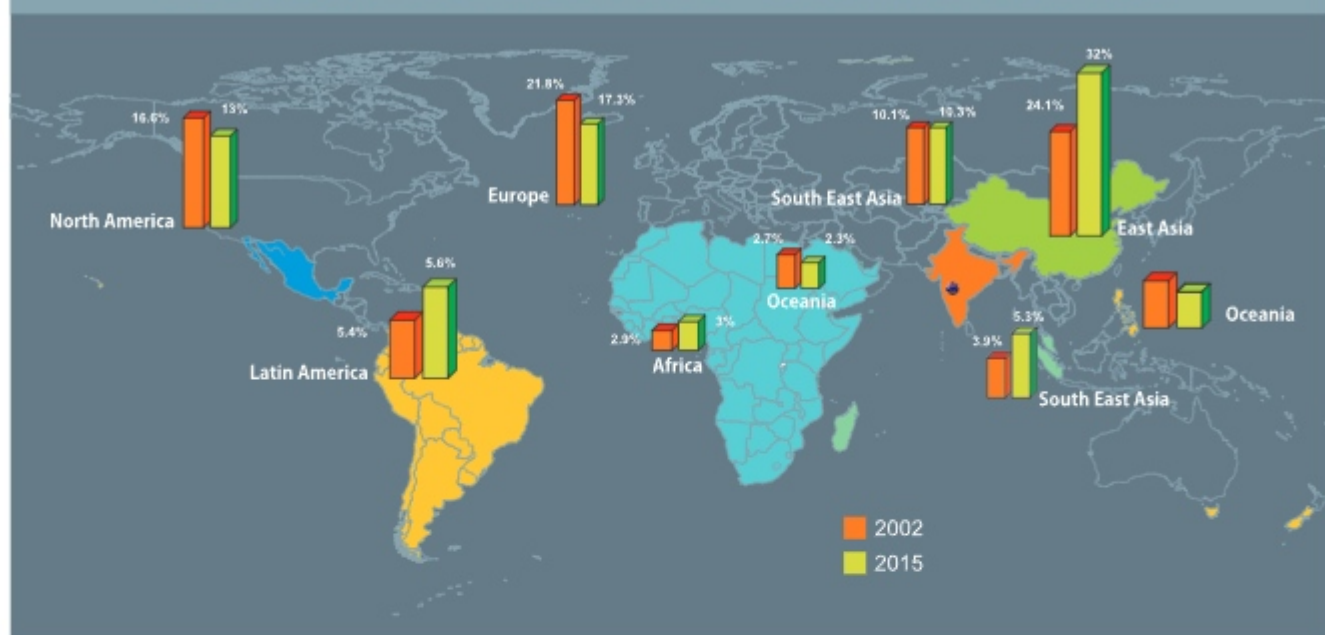
Rotterdam (The NL)
Hamburg (Germany)
Antwerp (Belgium)
Bremen (Germany)

Global container shipping stays on course for growth



Source: Drewry

Growing Eastward Trade – Container Volumes



transshipment hubs on the Asia-Pacific and Atlantic rim. They can serve as switching points earning revenue in the form of transshipment

Operational issues terminals can consider

- How does my terminal perform compared to other terminals with similar configurations? Can the current configuration be improved?
- Do the operational processes match the requirements in the best possible way and are these processes well executed?
- How can I optimise the layout of my terminal in order to achieve an increase in throughput capacity? How can I reach a higher utilisation level of the stack that allows me to maximise throughput without a decline in performance?
- How can I improve my service levels without increasing operational costs?
- Does the terminal grounding and dispatching strategy match the container flow through the terminal in the best possible way, minimising transportation distances and the number of unproductive moves?

fee for cargo that is carried by deep-sea ships along the trans-continental trade route.

For instance, Colombo hub port levies a fee of \$ 150 per container and Dubai charges \$ 130. If a container transshipped from Colombo to Cochin incurs \$ 1200, it would cost only \$ 400 were it to be handled at Cochin. Experts say India can save a lot of money if the ships break their bulk at home ports instead of in Colombo, Singapore and Dubai that handle 80 per cent of the country's containers.

Overcoming hurdles

Since vessel sizes are outgrowing the existing facilities, a terminal's capacity to cater to the jumbo sized Post-Panamamax, Suez-max and Post-Malaccamax turns out to be a challenge. Subsequently, draft depth and water-side infrastructure issues pose a problem and call for immediate attention to face competition. Also, quay cranes originally built for a limited period of time lose their viability as newer ships take the centre stage. "So, it's a

challenge of change that ports and terminals are facing today," says Capt. Ravichander.

Owing to these issues, efficiency and upgradation problems arise, both of which hinder the progress of the port, more so if it happens to be a longstanding major port. Bureaucratic delays too eat into port's time-bound targets and efficiency. Obviously, slow decision-making can make matters worse and a stark example is the delay in finalising bids for JNPT's deepening and broadening of the channel. "Yes, this is a problem in the governmental set-up. But then the cost of time is also important," says Sudhir Rangnekar, Managing Director & Group CEO, Sical Logistics Limited.

On the other hand, delay in getting environmental clearances, coastal regulatory zone (CRZ) approvals from the Ministry of Environment and Forests and other statutory permissions ail the advancement of minor ports. Also, sacrificing port space for construction of facilities comes in the way of smooth terminal operations.

“One of the major issues affecting terminal operations is the timely evacuation of containers.”

Since successful execution of container terminal projects and their efficient functioning are the key for reaching the milestones, the country can embark on an aggressive drive. India's container traffic is likely to grow 14 per cent to reach 10 million TEUs by 2010 and to 17 million TEUs by 2015. One way of ensuring this is to encourage private participation on a BOT basis. Positive results have already started to show at BOT terminals built by foreign players – Maersk (JNPT, Mumbai) and P&O Ports (JNPT, Mumbai and Chennai), Dubai Ports International (Cochin and Vishakhapatnam) and PSA Singapore (Tuticorin). At the same time, laws permitting corporatisation, decentralisation of port activities and competition in bunkering can be devised for ensuring a free labour market.

Hinterland connectivity

One of the major issues affecting terminal operations is the timely evacuation of containers. “This calls for serious (re)development of hinterland connections – rail, road and waterways,” says Yvo. Since evacuation is primarily carried out by rail in India, availability of enough rail corridors and rolling stocks can solve the problem of congestion. The Rs 60,000-crore Golden Quadrilateral linking Delhi-Kolkata and Delhi-Mumbai rail freight corridors in the first phase and later Mumbai-Chennai and Chennai-Kolkata corridors holds a great

promise. This dedicated freight passage hopes to handle 2000 freight trains but it might take five years to complete. “While private container train operators (PCO) have been allowed to compliment the much required capacity to Concor, the Indian Railways is tough on rate hikes and access to rail terminals,” says Capt. Ravichander.

On the other hand, development of road infrastructure offers a competitive edge in places lacking rail connectivity or locked by an urban centre, like in Chennai and Kolkata. Since higher fuel prices have been increasing road transport costs, inland waterways too can be a viable alternative. The government plans to invest Rs 800 crore on public-private-partnership (PPP) to develop three national waterways on Ganga and Brahmaputra, and on the west coast. Already, Reliance and ONGC are learnt to be using the cost-effective and eco-friendly mode for transporting crude and gas from ports to inland locations.

Inland waterway: The Rs 800-crore PPP will build three national waterways, to be completed by March 2010 and to be used for export of fly ash to Bangladesh and transport of coal, clinker, gypsum and cement within the country. The three routes are:

1. On the Ganga-Bhagirathi-Hooghly river from Allahabad to Haldia (1,620 km)
2. On the Brahmaputra from Dibrui to Sadiya (891 km)
3. Kottapuram-Kollam sector on the west coast with the Champkara and Udyogmandal canals (205 km)

However, some industry experts feel inland waterways cannot really contribute to terminal efficiency as Indian rivers are known for their shifting tide, that might derail the container movement. Since many of the economy and efficiency issues are still being addressed at the moment, India might take a few more years before it can get competitive on par with any other fast-moving container gateway.



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Photo Courtesy: Port of Tanjung Pelepas

THE POSITIVES OF A FAST GROWING MODERN TERMINAL

Total Area

1.2 million sqm

Total ground slots

29,785 TEUs

Storage capacity

200,000 TEUs

Reefer points

3,100 points

Port of Tanjung Pelepas (PTP) is located strategically and in close proximity to the international shipping lanes. "Location is something which is 'given'. You either have it or you don't," says a PTP spokesperson. The Malaysian port, located central to East-West, North-South trade lanes at the mouth of the Pulai river serves as an attractive transshipment hub for several vessels. "It takes only 45 minutes to divert from the main shipping lines to the port," the spokesperson adds. It has a transshipment level of 96 per cent.

A greenfield port, deep drafts, wide access channel, a wide turning basin, sheltered shore that allows 24-hour operation, insignificant difference between low and high tide and a straight quay line enabling vessels of all lengths to berth alongside are what set the port apart. "Currently, we have 10 berths with a terminal handling capacity

of 8 million TEUs. We are constructing two more berths, to be ready by mid-2009 that will increase our capacity to 10 million TEUs. Berths 13 and 14 will be ready by 2010," the official says.

Efficient workforce, state-of-the-art technology, crane productivity averaging 32 moves per hour are other added features that save a calling vessel's time and money. "We have 36 Super Post-Panamax quay cranes, more than 100 RTGs and a host of prime movers and other port equipment," the official informs.

A free-zone area in 1000 acres of land within the port terminal is an added advantage. This makes movement between the terminal, container yard and warehouses fluid and cost-effective. The free zone houses international logistics companies and manufacturing outfits, he substantiates.

Container Terminal Quality Indicators (CTQIs) and Performance Measures (CTPMs) assess the performance of various parts of container terminal operations. "They indicate the terminal's general performance quality, provide information about its operational effectiveness and efficiency, and show its ability to ensure a high quality of service to its users," says Wilhelm Loskote, Head of the Department of Shipping and Logistics at GLC, Hamburg. The Container Terminal Altenwerder of HHLA, Hamburg is the first terminal to be certified by those standards.

Do terminals really need any quality indicators, because each one is an entity of its own? "Yes, they do," says Wilhelm and elaborates:

- Container terminals have no global standard to measure their performance.

Merely counting annual TEUs says nothing about a terminal's efficiency

- Container terminals are often seen as the weakest and least transparent link in the supply chain
- Shippers, carriers and logistics firms require more productive and reliable container terminals to increase supply chain efficiency

"Also, quality indicators can be used by terminals to indicate problems they cannot be held responsible for. On the other hand, they can provide a quality yardstick for staff expertise, equipment employed and methodology," he opines. Upcoming terminal operators in emerging container markets and remote regions, when getting certified can benchmark themselves with the best-in-class to generate a roadmap for continual improvement. **MG**

Port of Singapore – Singapore operates four container terminals and two multi-purpose terminals. It handles about 20 per cent of the world's total transshipment containers and 6 per cent of containers globally. By 2009, PSA will have 54 container berths with a capacity of 35 m TEU.

SETTING STANDARDS





Optimising Business

A diversified business house, brand Essar has its presence in many an industry touching the lives of millions in the country. Essar Shipping Ports & Logistics Ltd. (ESPLL) is the largest integrated logistics company in India with business interests in ports & terminals, logistics, sea transportation and oilfield services. **maritime gateway** Bureau reports.

A strong believer in the concept of 'united we stand', ESPLL, a part of the Mumbai-based conglomerate Essar Group, has always looked at uniting the different asset strengths under its capacity. With robust growth being clocked year after year, ESPLL has been constantly looking at providing value to its customers.

As part of this, ESPLL embarked on a major restructuring of its businesses. It has brought under one roof all its shipping related businesses and has begun to reinforce its ports and terminals business so as to spread the risk in these times of downturn. It was a shipping company until 2005 and transformed itself into a complete logistics provider after seeing the

potential in other segments like ports and logistics. Ports industry is viewed by the company as a potential thrust area in long run and ESPLL is moving in this direction to consolidate its position. It is carving its path to become the largest port operator in India. While the ports business will remain as the focus segment, other logistics segments like container freight stations, rail movement and road transportation will also be given due importance.

Sea transportation – A saga of success

Being a big name in the sea transportation segment, ESPLL has provided services for more than 220 ship years to leading Indian and

global oil majors and commodity producers and traders. ESPLL currently operates a fleet of 25 vessels which includes two double hull, double bottom VLCCs, five cape-size vessels, two modern supramaxes, ten mini bulk carriers and four tugs and two diving support vessels. Being an ISO 14001 certified company, it provides sea transportation and management services to international clientele comprising oil and steel companies. It transports crude oil, petroleum products and integrated dry bulk products.

Oilfield services – Rising global demand

The demand for oil exploration and extraction has been growing rapidly



Through Restructuring

due to the increasing consumption of petroleum products. Essar is being recognised as a key player in this area because of its quality onshore and offshore drilling services to international clients through long-term contracts. It owns a fleet of 13 rigs which includes one offshore semi-submersible rig and 12 onshore rigs. It also has an order book of two jack-up rigs. Essar foresees great growth in the oilfield services business and its expansion plans in this area further enhance its commitment.

“Essar is also setting two dry bulk ports at Hazira and Salaya in Gujarat to handle various dry bulk products.”

Ports & Terminals – A thrust for growth

The fact that international ports are enhancing their capacities in response to the growth in global trade has made ESPLL to ponder over the idea of entering into the ports segment. This has led to the establishment of Vadinar Oil Terminal in Gujarat that caters to the needs of major oil refineries and oil traders in the region. Essar is also setting two dry bulk ports at Hazira and Salaya in Gujarat to handle various dry bulk products. The Hazira port is an all-weather deep draft dry bulk port to handle imports of iron ore, pellets, limestone, and steel products. It will also export finished steel among other dry bulk cargo. The Salaya dry bulk port will handle import of coal and export of pet coke. Today ESPLL has a total capacity to handle 135 million tonnes of cargo per annum, but it is presently handling only 37 million tonnes. It has plans to bid for the container terminals at JNPT and Chennai, coal and iron ore berths in

Mormugao Port in Goa, a general cargo berth in Visakhapatnam Port, Andhra Pradesh and two coal berths in Paradip Port, Orissa.

Providing quality logistic services

This division handles the A to Z of logistics services. From ship to port to hinterland, it oversees the movement of cargo in a streamlined manner providing value to the customers. It provides lighterage services, transportation from port to plants, between the plants, and plants to port.

These operations are made possible by its seaside and roadside fleet pressed into service 24 hours a day and 7 days a week. It owns 10 articulated barges, 2 floating cranes and 6 tugs as the seaside assets, while a huge fleet of 4200 trucks form the roadside assets. Essar is also looking to enter into the business of container freight station and movement of containers by rail and will enter into these domains in the due course.

Insulated By Long-Term Contracts



Essar Shipping Ports and Logistics Limited (ESPLL) has put up ambitious expansion plans despite the fact that the current economic downturn is having its toll on the maritime industries. Essar has gone for a major brand overhaul from being a mere shipping company to becoming an integrated logistics company with interests in shipping, ports and logistics. V Ashok, director of finance, ESPLL puts forth the image makeover in his own words.

Q Traditionally Essar is known as a shipping company. Now there seems to be a makeover?

A: Essar was known to be a ship operator till three years ago. We felt that shipping business was pretty cyclical and we were subjected to it badly. Our Group was coming up in a big way into oil and steel business which required big movement of cargo and logistics support. All this made us to think that we should move into related businesses in the shipping sphere. So our first move was into terminals. We built the first crude oil terminal to support Essar Oil Refinery in Jamnagar. Then we built dry bulk port at Hazira to support our steel business. After that we went into real logistics of rail road movement. Our Last entry was into oil drilling business where we have 13 operational rigs. This unique business model which was built during the last one year makes us to announce to the world that we are not a shipping company any more. We do lot of logistics. We are a logistics company moving 30-40

million tonnes of base cargo, we have fixed contracts which give us annuity cash flows, we move lot of transport material. We entered into logistics contracts with Essar Steel and Essar Oil to move their raw material and finished goods. Right from where the Oil is produced and till it is delivered to the customer, right from the raw material to steel plants and moving the finished goods to customer – we add value to the each of our businesses. So we even renamed our company. We are no longer Essar Shipping. It is now Essar Shipping Ports and Logistics Limited.

Q With this change in your business model what would be the mix of your

focus on each of the businesses?

A: Focus would be growth in all of these businesses. On shipping side we ordered 14 new ships. When all our ports come into operation the cargo will go up to 100 million tonnes.

Q What is the composition of the new vessels that are being acquired?

A: As part of our foray into the bulk transportation segment we ordered six minicape vessels from a shipyard in China. Delivery will be starting from 2011. We ordered six Supramax dry bulk-carriers 54,000 tonners from a Shipyard in India

“We add value to the each of our businesses. So we even renamed our company. We are no longer Essar Shipping. It is now Essar Shipping Ports and Logistics Limited.”

commencing delivery from the last quarter of 2009.

Q How is EPSLL coping with the existing downtrend in the market?

A: About 80-85 per cent of our business comes from long term contracts. We have 3-15 year fixed rate contracts with our clients with provision from some escalation in bunkering costs factored. So the company is insulated and assured of the cash flows irrespective of the market fluctuations. We do not buy second-hand ships unless we have long term contracts. About 50% of our revenues are from group companies.

Q What is the capital expenditure that you have planned for all your activities? And how do you

intend to fund during the midst of meltdown?

A: We require about nine to ten thousand crores for all the expansion and growth that we planned. We are also affected by the meltdown by way of liquidity crunch and the cost of funds going up. But we have a good track record in all our businesses. And I feel we will not have any issues in tying up the funds that we require.

Q What do you think of future trends in this business?

A: The capsize bulk-carriers were earning US\$ 200,000 per day till two months back. Today they do not even earn the operating costs. But I am sure shipping sector should pick up activity in six months to one year's time. Next 2-3 years new buildings will come into market. Both on Dry

and Wet cargo we will see moderate rates.

Q What are your future plans in Logistics segment?

A: Right now it is only servicing the demands of group companies. But down the road we propose to set up Container Freight Stations (CFS), ICDs and warehouses to supplement what we are doing.

Q What are the issues that you feel needs to be addressed in this segment?

A: After implementing the tonnage tax, Government has not done anything more to make Indian shipping competitive. Sea-farers are taxed heavily, huge shortage of skilled manpower, service tax when offshore funds are borrowed – these are the issues that we have been asking the government to look into. 

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APPOINTED

Vijayan first IMU vice-chancellor

Dr P Vijayan, director, National Maritime Academy was appointed as the first vice-chancellor of Indian Maritime University by the President of India on November 20. He will serve in the post for a period of three years. He will head the university, headquartered in Chennai with regional campuses at Mumbai, Kolkata and Visakhapatnam.

Dr Vijayan has 28 years of experience in teaching, research and consulting from the National Institutes of Industrial Engineering in Mumbai and Chennai. A doctorate in industrial sickness from the University of Bombay, he earlier served as the director on the Board of Shipping Corporation of India.



New CME for Kandla Port

Niteen Borwanker, Chief Mechanical Engineer (CME) of Cochin Port Trust (CoPT), has been appointed CME of Kandla Port Trust (KPT), as per a Ministry of Shipping (MoS) communiqué received by KPT. Also, B K Makwana, Chief Engineer (in-charge), KPT, has been regularised in the position. They have assumed charge with immediate effect.

Gautam Adani escapes attack



Gautam Adani, chairman of the Adani Group of Companies, including Mundra Port and Special Economic Zone, came out safe of the Taj Hotel during the recent terror attacks in Mumbai. Adani had dinner with DP World's CEO Mohammed Saraf on the evening of November 25 and was about to leave when he saw terrorists entering the hotel and firing. He and the others hid themselves in the kitchen for nearly 11 hours before being rescued by NSG commandoes. A miraculous escape indeed!

Shipping tycoon gunned down

Andreas Liveras, a 73-year-old British shipping baron who ran a luxury yacht charter business based in Monaco, was killed in Mumbai terrorist attack. The owner of Liveras Yachts, having 13 vessels, was at the Taj hotel to have dinner that fateful evening when gunshot wounds killed him on the way to St George's Hospital, according to medical staff. Liveras was a self-made millionaire, rising from humble origins to become one of Britain's most successful entrepreneurs with a fortune estimated at £ 300 million. The son of a Greek Cypriot peasant farmer, born on April 1, 1935, he once said, "I'm the king of yachting. I make my money from boats. The bigger the boat, the more expensive, the busier they are."



Ajeya Kallam takes over as Vizag Port head



Ajeya Kallam, a 1983-batch IAS cadre from Andhra Pradesh, has assumed charge as the new chairman of Visakhapatnam Port on November 9. He succeeds K Rathna Kishore, who completed his five-year term. Ajeya Kallam was hitherto working as the chairman and managing director of AP Transco in Hyderabad.

He had earlier worked as the executive officer of the Tirumala Tirupati Devasthanam and as district collector of Visakhapatnam.



Private Equity Your Life Jacket

Things have never been the same since that otherwise usual September weekend. Most are watching more movies and eating more ice cream than ever before – a sure sign of uncertainty and despair. Lunch conversations are laced with ‘Should’ve sold’ and with people wishing that they had half as much cash as they have resumes in their inboxes. It is true that the emerging economies have a relatively limited direct exposure to the financial crisis, but enough to give the Left, already disturbed by Dada’s departure, a chance to throw a Toldcha sulk, find out **Gagan Seksaria** and **Shagun Kapur Gogia**.

India is open and deeply integrated with the global economic and business ecosystem and nobody's waiting for the trickle-down effect to dump their stocks or profit forecasts. India Inc's favourite stocks are trading at low single digit PE multiples and promoters are poorer by a few hundred billions. But is it across all sectors? The buy-hold-sell decisions of the investors over the past few weeks throw some light even as it is evident that some sectors will have a tougher period as compared to the others. Tough Love.

How is the logistics sector faring?

A quick comparison (see Table) between value losses in key logistics stocks listed on the Bombay Stock Exchange between December 2007 and October 2008 shows that logistics stocks, on average, have declined by about 127 per cent in this period as compared to the 232 per cent average decline in case of a selection of a blue-chip stocks, representing diverse sectors. This tends to suggest that investors view logistics stocks as more stable and with long-term potential when compared even to the best of blue chip companies and their stocks. The

Promoters of Indian logistics and supply chain companies have shed their shipping company stereotype in favour of aggressive expansion, diversification, technology and openness to private equity.

Comparable Logistics Companies (Listed)

Company Name	Close Price		% Change	Average Change%
	Oct 2008	Dec 2007		
Gati	45.00	160.00	-256	
Gateway Distriparks Ltd.	73.65	163.80	-122	
Coastal Roadways Ltd.	15.25	21.10	-38	-127
Container Corporation of India Ltd.	638.00	965.00	-51	
Blue Dart Express Ltd.	440.00	744.70	-69	
Allcargo Global Logistics Ltd.	276.00	904.45	-228	

Sensex Companies from diversified sectors

Company Name	Close Price		% Change	Average Change%
	Oct 2008	Dec 2007		
RIL	1370.00	2881.00	-110	
Tata Consultancy	537.00	1083.00	-102	
Tata Motors	172.00	718.00	-317	
Tata Steel	210.00	934.00	-345	-232
Sterlite Industries	282.00	1034.00	-267	
Wipro	272.00	525.00	-93	
DLF	220.00	1073.00	-388	
ICICI Bank	399.00	1232.00	-209	
Grasim	1026.00	3651.00	-256	

converse is also true in that logistics stocks tend to have relatively conservative deltas from their bull time averages. Perhaps this means that investors tend to be reasonable about expectations from logistics investments given the sector's complexity, dependence on infrastructure and regulatory limitations but on the other hand, tend to reward them (in other words – penalise them with care) during turbulent times. The same is true for the globe.

So what are the investors saying?

India's logistics sector attracted investments worth Rs 23,200 crore in first half of 2008, according to a study by Assocham. It outclassed some of the major sectors including aviation (Rs 20,890 crore), metals and mining (Rs 8500 crore) and consumer durables (Rs 6000 crore) among others. Even on a micro level, the ambition to scale up and the drive to invest for the future is visible across large corporates as well as SMEs – take rail, road, warehousing, technology or coastal shipping. Promoters of Indian logistics and supply chain companies have shed

their shipping company stereotype in favour of aggressive expansion, diversification, technology and openness to external equity capital such as private equity. To date in 2008, India has seen one of the highest number of private equity deals concluded globally, according

What is private equity and how does it work?

Private equity is growth capital made available to companies from specialised funds in exchange for ownership in the form of private securities mainly equity shares. Besides providing capital, private equity companies, some more hands-on than others, help in driving value within the investee companies through their business expertise, corporate governance principles and business network or via their positions on the board of these companies. These hands-on funds with operating expertise also represent the future of the private equity industry. Over the past few decades globally and mainly over this last decade in India, companies receiving private equity have demonstrated significant growth and successes, AllCargo being a great case in point, which then went ahead and had a successful public listing and then again, received private equity.

to data aggregated by Thomson Reuters. It adds up to 275 deals (involving US\$ 3.85 billion) as against China's 289 (involving investments of US\$ 3.74 billion). Out of these deals, it is impressive to note that the maximum number of transactions is within the wider domain of shipping and logistics. That's 20 deals involving US\$ 258 million. This demonstrates strong interest by private equity investors in the sector.

Private equity – Safe route in difficult times

But banks aren't giving loan application forms anymore and IPO isn't the flavor of the season. What could that mean? Well, that private equity may be the only way to create access to capital in this world crunched by credit or lack of it. Even more so for SMEs, as apart from their high risk, the lack of tangible asset as collateral and the difficulty in monitoring the firms in the face of significant information asymmetry preclude significant bank financing. These challenges, combined with their small size / capitalisation, preclude financing from the public debt and equity market. These

“Over the next 12-18 months, when access to growth funds will be limited, companies who manage to raise private equity will be able to use their positions to their advantage.”

problems are mitigated by private equity investors who monitor and oversee the firms by their direct involvement in them, including serving on their board of directors. It is for this reason that promoters prefer to work with private equity investors with a clear sector focus which, in turn, is based on operating experience. Acceptance of private equity brings significant changes in an organisation. The incentives of the promoters and the investors are aligned and growth is a natural product of such aligned interest, adopting a professional culture being a by-product. So on the one hand, the investors would want to be sure that the funds provided by them are being deployed sensibly in the organisation. On the other hand, the investor will endeavor to drive a culture of productivity and transparency within the organisation.

A thumping win-win. Over the next 12-18 months, when access to growth funds will be limited, it is increasingly believable that companies who manage to raise private equity will be able to use their positions to their advantage. Private equity will thus serve as a differentiator allowing such companies to make sensibly valued investments, expand capacity and capability and grow market share at the expense of competition. Is there a catch? Well, more like a sharp need for realism. Just as it will not serve real estate developers to hold on to their glorious boom era prices any longer, it will not help promoters to continue to expect unrealistic valuations. In either case, the guys with the money will do what they should – Wait. Therefore, promoters seeking private equity must realise that for transactions to conclude, the valuations they expect will have to be sensible and current market based. Rule of thumb – your valuation expectation in terms of earnings multiple should be below what comparable listed companies are trading at. Simpler to accept when one realises that risk levels between public and private companies are disproportionate. Besides, it is not difficult to understand that with limited credit availability and increasing risk, private equity players will have many more options but will still be increasingly cautious. Thus, entrepreneurs who are able to negotiate a valuation sensibly and in time will stand to gain significantly – now and when good times are back. 

The authors are founder members of Tuscan Ventures, a Mumbai based shipping and logistics-focussed operating, investment and consultancy company. They can be contacted at gagan.seksaria@tuscanventures.com





INTERVIEW

Need For Developing Multimodal Logistics

Building multimodal logistics parks seems to be on the rise in India. But the question is whether they are designed to meet the overall requirements of the industry.

But are they built with that holistic purpose? **Jasjit Sethi**, CEO, TCI Supply Chain Solutions, speaks to **Maritime Gateway** on this, the slowdown effect and the need to utilise coastal shipping to reduce the transportation costs.

Q: How do you think the global economic slowdown will affect the logistics industry?

A: I think growing fuel price is something we can deal with. The economy is growing and a higher fuel price means higher demand, which is not a bad thing. But as far as the downturn is concerned, I think we have not yet understood the entire impact as we have been cushioned by our industry and by the government. The government says we are not affected. But I believe

we are also affected. We have lot of companies in IT and BPO who get their dollars from the US. And there are companies where FIIs and other foreign investors have invested – mostly in the infrastructure like power and telecom.

Secondly, liquidity crunch has squeezed the money out of the markets. If a merchant company wants to raise money, it can't take the IPO route as the markets



Providing Optimised Solutions

Efficient supply chain management and TCI Supply Chain Solutions can be looked at as synonymous phrases as this company strives to provide the optimum solutions within the given framework of requirements.

TCI Supply Chain Solutions is the supply chain arm of TCI providing third-party logistics services (3PL) to companies across different industry segments. Known for its expertise in designing supply chains, TCI SCS offers integrated supply chain solutions through a mix of road, sea and air transports. Optimised freight management, mode management (air, road, sea and rail), vendor management, route optimisation, inbound and outbound freight synergies, web-based shipment trace and tracking are some of the value-added services that are offered at TCI SCS.

Its primary offerings include:

- Supply chain design and re-engineering
- Lead logistics provider
- Specialised logistics
- Warehouse management

are fluctuating. The investment banks and other private equity investors are shying off due to the insecurity that is looming large. Most important, the interest rates have shot up in the recent times. They have doubled in the last two years. So, many companies in this industry are taking a wait and watch stand, see how 2009 would go and then decide on the future course of action. That means that the logistics industry would look at the next six months to one year for pure survival trying to keep their costs low, trying to improve their processes (efficiencies). With the two shocks – oil shock and interest rate shock – it will be prudent for every company, be it a manufacturing company or a logistics company, to look at their own house and set it in order first.

Q: As a logistics company, what measures do you expect from the government towards reducing the logistics costs?

A: In India, we have different ministries for different industries within logistics – aviation, shipping, commerce. These ministries do not sit together to develop the logistics plan. Multimodal logistics is very important for a country. It is known fact that lowest cost is incurred in sea, then rail, then road and then air. But we use more of road than sea. We are blessed with 7000 kms of coastline. We need to develop multimodal logistics parks which can help in targeting sea-to-road or road-to-rail movement very quickly with having intermediate losses. For that we need to move towards

containerisation of cargo. Domestic containerisation in India is absolutely low. So first we need to build logistics parks first and containerise the cargo. Hence, the government has to show them the way to invest and people will certainly follow.

The second thing I expect from the government is to provide clarity on whether warehousing land comes under commercial or agriculture or other type of land as far as the procurement is concerned. Further if people buy land for warehousing and find that they don't have transport nearby, then again the costs would go up. So, nominated locations for warehousing in an industrial belt should be mandatory. If you identify 1000 acres for manufacturing, allocate 50 acres for logistics.

(continued on next page)

- Yard management
- Information management
- Value-added services

TCI SCS boasts of the working closely with its clients and provide highly customised supply chain solutions. While understanding the supply chain is one thing, designing and re-engineering the supply chain is another thing. Experts at TCI SCS handle both the things with ease. The services of TCI SCS are designed to deliver cost savings and create value for the customers.

Jasjit Sethi, CEO, TCI SCS, reveals that the company derives its USP from two things – supply chain design and integration. They first sit with the client to design the supply chain according to the client's requirements and then go on to implement it. Integration of different processes in the supply chain forms the key in delivering value. Sethi says, "Right from a courier packet to over dimensional cargo, we can do it

inhouse." The company gets leverage from the parent company TCI in utilising its resources and uses the multimodal system to integrate the client's supply chain.

TCI is the market leader in the movement of automobiles like bikes, cars and tractors. Big names like Toyota, Skoda, Tata Motors, Hyundai, Maruti Suzuki, Volkswagen, Hero Honda and Bajaj trust in TCI to handle their logistics requirements. Around 30 per cent of the revenues are derived from this sector and 600 trucks are dedicated to the movement of cars and bikes.

TCI SCS is involved in the design and integration of all the manufacturers in this list. For instance, it is involved with Bajaj Auto in designing the entire supply chains of its plants. The supply chain design for the Pantnagar plant was started even before the construction work began and today the Bajaj rolls out a bike every 28 seconds, thanks to the smooth flow of

material – to the plant, within the plant and from the plant.

Warehousing being an important component in the logistics, TCI SCS provides customised warehousing services through its warehouse network spread across the country with a total area of 5 million square feet. It caters to a wide range of industries including Automotives, FMCG, Retail and Telecom among others. People at TCI SCS believe that 'what cannot be measured cannot be improved'. Hence, key performance indicators are set for every single process in the supply chain. Further, a unique model called Supply Chain Operations Reference Model (SCOR) was developed so as to reduce the overall supply chain costs of the client. Its front-end operations are supported by the custom-developed 'Key Accounts Management' initiative, a specialised operating system focussing on adherence to compliance of standards and delivering tangible KPIs. **MC**

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Q: What is your opinion on the ongoing development of logistics hubs?

A: Logistics parks need to be developed as multimodal transport hubs. By multimodal, I mean, they should integrate rail, road, inland water, and coastal shipping transportation. But today, many rail terminals in the country do not have roads links, while road terminals do not have rail links. If we are developing a logistics park which does not have at least two modes of transport, then it does not serve the purpose. On the contrary, the logistics parks in Europe have at least five modes. There is a lot of potential for the coastal shipping and it can be utilised in a large way to reduce costs. But this is not happening due to the congestion in the ports. Coastal ships that come to berth in the port should give to larger vessels. So the demand for coastal shipping has come down.

So what we need to have are multimodal logistics parks that are interconnected and which also include coastal shipping. Again if they are not interconnected, costs wouldn't come down. Unfortunately, many of the logistics players are looking at reaping on the windfall profits on the real estate of these parks. If you are looking in that way, it will not fetch you benefits in the long run.

Q: What is the role that IT plays in the logistics industry and how does TCI SCS leverage IT in its operations?

A: It has been said by many people in this industry that information flow is as important as flow of material. For some it is true and for our division, it is even truer. For us, information flow is more important than material. For instance, if we run inbound transport from Chennai to Pune and the cargo has to reach the 15th of the month, it should leave Chennai on the 10th and

reach Pune on the 15th. If I know on the 12th that the vehicle is delayed, I can take action and ensure that I can commit either by air or a faster mode of transport to bring the cargo to Pune by the 15th. But if I don't have information till 15th morning, then I am helpless. Hence, information flow is very critical to logistics. And if we go further, it will become even more critical because everybody's supply chains are becoming more entwined because inventory levels are coming down and product life cycles are coming down. So, customer would want the deliveries to be on time to reduce their costs and are getting tech savvy now. They are demanding web-based tracking systems for monitoring their cargo and we are ready for that. Our IT system, which has been designed in-house, can be accessed from any remote location with simple dial-up connection and our fleet is equipped with GPS and other information transmitting systems.



Jawaharlal Nehru Port A Diamond Forever

JNPT is the country's Flagship Port and holds an important place in the Indian maritime industry for the role it plays in maritime trade. JNPT is one of the pioneer ports in the country to attract private investments. With nearly 60 per cent of trade by volume carried through JNPT, the port commands a special place among the major ports spread across the Indian coastline, reports **Jagadeesh Napa**.

Thanks to the growth in India's export-import trade, the ports industry in India is abuzz with greenfield and brownfield expansions. While new ports are beginning to dot the Indian coastline, existing ports are expanding their capacities. These developments are expected to bring along with them a shift in the port dynamics in the next few years. In this scenario, can JNPT, being the flagship port of India, sustain its supremacy over the new-generation ports? Or will it bow over to them? Can it hold on to its position as the biggest port in the country? A look at the inherent strengths and weaknesses of JNPT in the

background of the opportunities thrown open by the trade can probably give the answer.

A quick look

JNPT is a collection of container terminals, dry docks and wet docks. It handles nearly 60 per cent of the India's export-import trade and the majority of this trade happens through the container terminals. Each of the three terminals can handle more than a million TEU per annum and the port handled a combined throughput of 4.1 million TEU in 2007-08. In view of growing trade volumes, JNPT has proposed to build a fourth container terminal and a marine chemical terminal. While

the fourth terminal is aimed at accommodating the excess flow of container cargo, the marine chemical terminal will meet the needs of the exporters and importers in that domain.

Strengths galore

Located strategically on the southern side of the financial capital – Mumbai, JNPT has the advantage of being nearer to the most happening states in India – Gujarat, Maharashtra and Karnataka among others. This vast hinterland fuels the growth of the port and the growing trend towards containerisation of goods is only adding to this momentum. Well-connected rail and

road network to all the major inland container depots (ICDs) in India has been the unique selling proposition (USP) of JNPT enabling the authorities to launch highest number of services running between JNPT and the ICDs in the associated hinterland. In fact, no other port in India has as many rail and road services as JNPT. This has resulted in considerable economies of scale and lowest port tariffs in the country.

Limitations hinder growth

Despite the rosy picture, JNPT also carries some thorns that hinder its growth, the biggest being the limited draft in the channel and along side the berths. Ships with drafts of more than 12.5 m cannot enter the channel even during the tide. This constraint comes as a curse for the port at a time when the trend for larger vessels is growing so as to reduce costs. While greenfield ports across the country are being developed to handle bigger vessels capable of carrying more than 10,000 TEU, JNPT cannot accommodate vessels of more than 5000 TEU. While the management is making efforts to increase the channel depth, the associated opportunity costs is also on the rise. Though the work on channel deepening has started, it looks like it will get ready only by early 2010. Another important limitation that bogs the port is the bureaucratic delays. Being a public sector enterprise, JNPT cannot escape the long and winding procedures on

critical decisions and management action.

Expansions on the anvil

Given the state of affairs and the expansion plans, JNPT has the potential to become a container transshipment hub. It is planning for a fourth terminal to accommodate the ever growing container trade and concerned draft RFQ has been submitted to the government for approval. The fourth terminal, which will be built entirely on land reclaimed from the sea. This massive project, worth Rs 4500 crores, will have a long quay of 2 km and design capacity to handle 4.4 million TEU. The first phase of this project is expected to be finished by 2013-14. Further to this, JNPT also plans to develop a marine chemical terminal to handle the POL products and commercial chemicals (wet bulk). In view of these proposed developments, there is a huge opportunity in the offing for JNPT to become an integrated logistics hub.

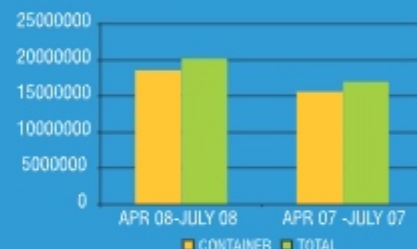
Impending threats

Imminent threats loom large over the port on at least two issues. One being the land availability, the other is the connectivity. Although sufficient land is available for

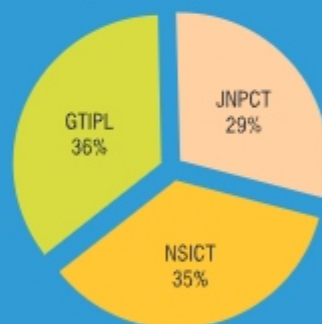
Growth in Container Handling



Cargo handling at JNPT



TEU composition from April to July 2008



GTIPL - Gateway Terminals India Pvt. Ltd
JNPT - Jawaharlal Nehru Port Container Terminal
NSICT - Nhava Sheva International Container Terminal

MILESTONES

1989

JNPT commenced operations with one container terminal JNPT

1997

Bid for second terminal won by P&O Ports led consortium

1999-00

P&O Ports commences operations in Nhava Sheva International Container Terminal

2000-01

JNPT became the first Indian port to handle more than 1 million TEU

1980

1990

“We have about 32 projects going on. We will be spending about Rs 7,000 crore on them in the next five or six years. For this year, we have allocated Rs 200 crore for them.”

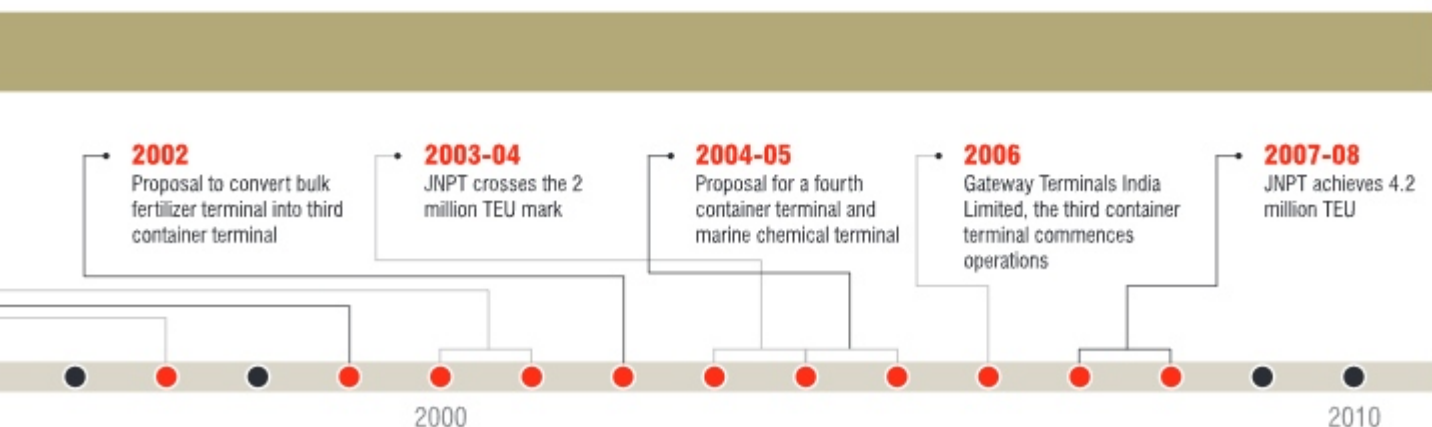
- S S Hussain, JNPT Chairman



immediate expansion, the problem of land scarcity will arise in its long-term expansions. While the proposed fourth container terminal will be built on reclaimed land, the port authorities say there is a limit for such reclamation. Connectivity is another issue that demands immediate attention. All the vital rail and road links to the port are already choking with cargo traffic and additional terminal will only lead to further suffocation. While the yearly cargo handling targets at JNPT grow at 12 per cent, the Indian container trade is growing at more than 15 per cent.

The future

The discussion presents a clear picture that JNPT, despite its limitations, is hailed today as the biggest port in India. No other port can come close to it in the near future as far as volumes are concerned. But there is a distant possibility that upcoming new ports with deep drafts, plenty of land and good connectivity can surpass JNPT's position. However that being a distant possibility, JNPT has enough time to set the expansion plans working in its favour. It is expected at the India's total container traffic would reach 21 million TEU by 2016 from 6.5 million TEU today. Once the fourth terminal is operational, JNPT will be in a position to handle around 50 per cent of the traffic by 2016 – meaning it will continue to sustain its position as the market leader. **ME**



A Reverse Trend In The Making?

"What generates war is the economic philosophy of nationalism: embargoes, trade and foreign exchange controls, monetary devaluation, etc. The philosophy of protectionism is a philosophy of war."

- **Ludwig von Mises**, 20th Century Austrian Economist

by Jagadeesh Napa



A major shift in trend of global supply chains took place in the last two to three decades as many western enterprises entered Asian markets to take advantage of their huge market potential and capability to produce goods cost-effectively. Meanwhile, Asian economies too increased their exports to the US and European markets. However, there is a fear that the current economic downturn and fluctuating fuel prices may reverse the existing trend of globalisation and lead the world towards a new trend – regionalisation or protectionism.

Impact of globalisation

Globalisation had shrunk the world and made it possible to spread the supply chains throughout the world. Steel makers in China procured iron ore from Brazil and India. Ikea that produces furniture in Sweden sells the finished products across the world. Mexican electronic equipment makers have set up factories in China to take the advantage of cheap labour and ship back the finished products to Mexico. It was made possible due to relatively low transportation costs. Far flung supply chains guaranteed return on investment as the transportation component in the overall product cost remained quite low. The crude oil in the international market was doing an average of US\$ 20 per barrel and things looked ideal for such business models.

Changing scenario

But the current scenario paints a rather different picture. Transportation costs recently have spiralled with the crude oil shooting up the roof to US\$ 147 per barrel and hovered at US\$ 100 per barrel till recently. Further to this, the financial crisis and fluctuations in the dollar value have caused a serious liquidity crunch in the global financial system. Evidently, it has



shaken the consumer confidence and directly impacted the demand for the imported goods in the European and American markets and the consumption patterns along with it. With lesser liquid money in hand and rising costs of imported goods, the consumption patterns are shifting towards buying the domestic goods than the imported ones.

Due to this, the supply chains which were ideal a year back are today becoming cumbersome to handle. The financial crisis and transportation costs have forced many organisations to shift their production centres nearer to the markets replacing outlying supply chains with shorter ones. Commenting on this, Pascal Lamy, Director-General of World Trade Organisation, warned that the economic downturn would breed protectionism curtailing the free trade across borders.

Back to protected markets?

This phenomenon, called as "Regionalisation", is literally opposite to globalisation. While globalisation is all about expanding networks across the borders and increasing borderless trade, regionalisation works in the opposite way. It increases the distance between the trading partners and gives preference to domestic trade over international trade. Regionalisation erects a protective shield against those forces which work against the economic interests of local businesses or a country. It is all about going back to the pre-globalisation era where domestic supply meets domestic demand. For instance, many of the Mexican electronic manufacturers who went to China are now returning back to Mexico. A recent survey conducted in Europe in September 2008 by logistics and transportation information services provider, Eyefortransport, also revealed that 80 per cent of the respondents (which included 3PLs and manufacturers) admitted that their clients are moving their production and sourcing centres closer to home markets.

“Undeniably, the global downturn has already induced a sense of insecurity among the trade fraternity and the protectionism can already be seen among some of the world’s most developed economies.”

The flip side

On the flip side, the proponents of globalisation come to its rescue. They allege the predictions on regionalisation are overblown and it would be a pure misinterpretation of facts to conclude that a huge reversal of fundamental trends of globalisation is underway. They argue that regionalisation (also termed as protectionism) will lead to higher prices and high taxes. Protectionist laws not only raise trade barriers (in the form of tariffs and duties on imported goods and subsidies for domestic producers), but also raise domestic taxes to meet economic targets. Regionalisation could also lead to trade wars between the countries affecting the existing peaceful relationships between them, eventually leading to armed conflicts and wars. Undeniably, the global downturn has already induced a sense of insecurity among the trade fraternity and the protectionism can already be seen among some of the world’s most developed economies. But it is argued that there will be a time when the economies will regain stability and until then protectionist forces should be kept at bay. Dan Brutto, President, UPS International, feels that nothing would be worse for the global economy than responding to the current crisis by closing the doors of opportunity that free trade unlocks. He adds that free trade fuels momentous, positive change and brings in growth and progress in an economy.

The long-term approach

Analysing from a neutral stand, it is

more than obvious that the global downturn has a serious impact on many industries. Analysts worldwide have forecasted that this trend would continue for some years to come and businesses world over are looking for things to get better. The Eyefortransport survey revealed that around 32 per cent of respondents expect that the current economic downturn will do a U-turn only by the end of 2009 and another 32 per cent expect this in 2010.

Hence, a long-term approach is essential to tackle such situations. Brutto feels that the current crisis brings before us a lesson to learn – a company’s success should be viewed in decades, not quarters. A long-term vision and a strong commitment to stick to that vision will help every enterprise to steer through the troubled times and put it on a steady growth track.

People in this era of globalisation have got used to certain practices involving global supply chains – sourcing raw material from one part of the world and selling the finished product in another. As a result of the current fuel crisis and global downturn, such practices are, no doubt, losing their sheen and some companies are resorting to shorter supply chains. But looking from the long-term perspective, there may be ‘little’ shift in the fundamental trends and global supply chains are likely to prevail, though not as exaggerated as they were till recently. **MD**

Taking Stock Of Stack

Ports and warehouses, brimming with shipments, are crying hoarse: No takers for goods. But then, who said crisis is the end of the road. Not at least the Chinese. For them, a crisis is an opportunity riding the dangerous wind. It could be so for India too.

by **Radhika Rani G**

The shadow of economic slump is looming large, far and wide, affecting world markets like never before. This has also raised questions about some failures of neo-liberal economic models being pursued by countries. India's commerce secretary G K Pillai informed the media recently that Indian exim shipments fell 12 per cent, i.e. \$ 12.8 billion in October this year, due to weak demand in the markets. This is a drop of 12.3 per cent from \$ 14.6 billion in the same month a year ago. Meanwhile, Finance Minister P Chidambaram said the government was aiming to reach an export target of \$ 200 billion for the fiscal 2008-09, but admitted that it would fall short of \$ 40 billion or 20 per cent of the mark.

The seven key export segments textiles, apparel, gems and jewellery, diamonds, brassware, handicraft and leather are reeling under recessionary trends, which will affect the overall exports figures, says a report of the Associated Chambers of Commerce and Industry of India

(Assocham). These sectors put together constitute the highest volumes in India's total exports to economies such as the US, the European Union and ASEAN countries. "Naturally, these sectors will not be able to generate their previous export momentum," the report adds. And so, what we see is an inventory pileup in warehouses and ports.

Though the government is working to offer a special relief package, including interest rate subsidies and other tax breaks for exporters besides asking them to bring up pressing issues before it, Pillai says the worst of the financial crisis will come in March-April 2009.

Stalled shipments

In the wake of liquidity crunch and falling sales, retailers in the US are asking apparel exporters in India to postpone shipment of their booked orders by at least two months. For instance, the Tirupur-based Royal Classic Group, which has Sara Lee and Gap Inc. as its potential

customers, with an export turnover of Rs 180 crore, is delaying shipments up to early next year. Exporters say their order size has come down by 30-40 per cent including some cancellations too.

According to the Cotton Association of India, cotton exports nosedived by 95 per cent to 75,000 bales between October 1 and November 15, against 20 lakh bales exported in the same period last year. Since the International Cotton Advisory Committee has projected a 6 per cent decline in global cotton output to 24.7 million tonnes (mt) in 2008-09, this has put pressure on prices. Indian cotton is costlier by Rs 1,200 to Rs 1,300 per pound than the cotton imported from America and other countries and so this is going to impact the offtake of cotton from India.

India's over Rs 100,000-crore diamond process industry too has taken a beating as the US demand fell almost 50 per cent during the last one year. As unsold inventories are



India's Foreign Trade

Indian exports grew by 23.7% during April-October 2008, while the imports registered a rise of 36.2% compared to the corresponding period of the previous year (US\$ Million)



“Export growth in April-October 2008 stood at 21 per cent, compared to 30 per cent growth in the first six months of the current fiscal , and short of the fiscal year target of 25 per cent.”

being called up, 50,000 gem workers have been laid off for lack of work.

Iron ore exports too were hit as demand from major buyer China went down. China buys nearly 75 per cent of India's annual exports of about 100 million tonnes but sales in 2008-09 could drop 45 per cent to below 60 million tonnes, industry sources say. And so, mining companies are mooting closure of some of their mines, which means a looming fear of job losses. Already, seven lakh people lost their jobs in the textile sector.

The 2,000-crore coir industry which has 200 exporters and employs more

than five lakh workers too is in for a crisis. India's coir exports fell from Rs 605.16 crore in 2006-07 to Rs 592.88 crore in 2007-08, says the state-run Coir Board. The US accounts for 37 per cent of the total export, Europe for more than 41 per cent and the remaining 22 per cent is shared by other countries. But the exports units have become vulnerable with order cancellations and payment delays, the board says.

Inventory pileup

Meanwhile, container freight stations at ports are overflowing with unwanted shipments. It is learnt that 2000 containers are lying unclaimed

in 16 CFSs since a month. For instance, inventories of auto ancillaries and other engineering goods are piling up at Chennai port. Even the domestic sale of automobiles came down by 14.4 per cent in October as Indian consumers have postponed purchase in the face of high borrowing costs. According to data released by the Society of Indian Automobile Manufacturers (SIAM), car sales in October fell from 105,877 to 98,900, a drop of 6.6 per cent as interest rates are still hovering around 14-15 per cent.

With a fall in demand for minerals, nearly one million tonnes of iron ore has piled up in Haldia port. It is learnt that the railways are ferrying only 41 rakes of ore to the port every day as against a regular 54 rakes hitherto. Same with Paradip port too. The situation is similar in Mormugao port with only 5-7 rakes plying a month against 25 earlier.

Kochi Port too feels the pinch as hundreds of containers carrying cashew nut and seafood are coming back after being rejected by buyers

overseas on 'technical' grounds. The export volumes have dropped nearly 25 per cent as the US and European markets are no longer buying. If textiles are piling up in Tirupur godowns, woollens and cotton knitwear are piling up in warehouses in Ludhiana.

Falling freight rates

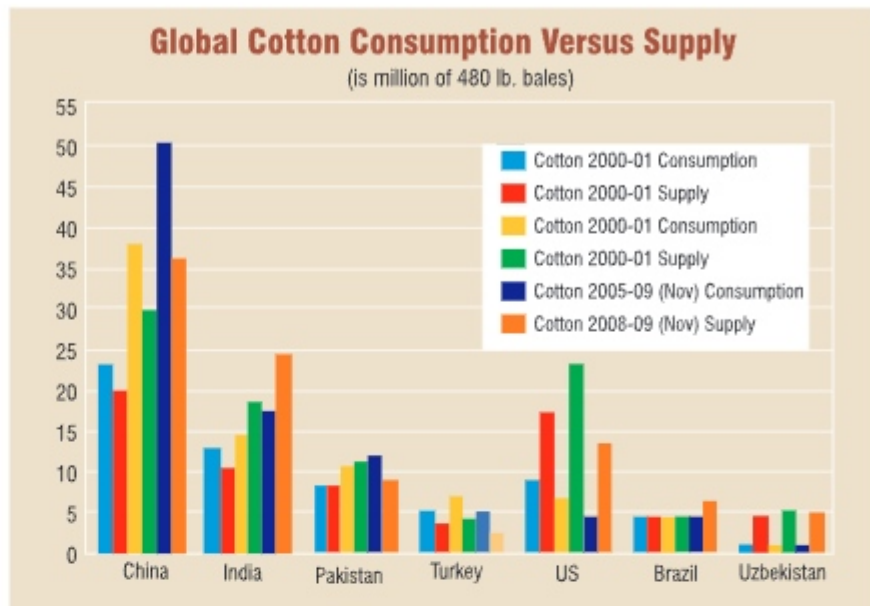
Moody's Investors Service predicts a bleak future, at least for the next one year. It has recently predicted that the Asia-Pacific shipping sector, which includes the dry bulk trade, tankers and container liners, will have a negative growth in the next 18 months.

The dipping Baltic Dry Index has spurred a fall in freight rates. For instance, freight charges of Panamax bulk carriers have come down 92 per cent in three months and dry bulk carriers are forced to wait and watch for cargo to keep them moving.

Amid such plunging demand from clients to ship cargo, some shipping lines are charging just US\$ 100, a landslide dip considering that a standard-sized shipping container on the Asia-Europe route was earlier charging US\$ 1,100 as the going rate. Industry experts foresee that the market conditions for dry bulk shipping may not improve dramatically in the near future.

The way out

The exim scenario in Asian countries, propelled by demand in the Western countries, is now in for a backlash. So, what is a feasible bail out? According to Robert Becket, professor of economics at American University in Washington DC, the only way forward for the Asian countries (and for developing countries in other regions as well) is "to pursue more internally oriented development. This means less reliance on export markets especially in the US, and more acceptance of the need for rising domestic wages in order to create a mass consumer market." So, the bottom line, as experts suggest, is to balance both



export-led growth with domestic consumption. However, to sum up on an optimistic note, much of India's growth is internally driven and we

can hopefully maintain a strong pace of growth in the coming years. So, the unwanted containers can still have takers back home! **MC**

Exports shrink for first time in 3 years

India's exports in October shrank an annual 12.1 per cent, the first year on year decline in nearly three years, as slowing output at home and troubled economies in key overseas markets slashed demand.

Overseas sales in the month plunged to \$12.82 billion from \$14.59 billion in 2007, and analysts said tight credit conditions had added to the woes of exporters.

"Two things contributed to fall in exports – one, the global slowdown, and second very tight credit conditions during the month," says D K Joshi, principal economist with domestic rating agency Crisil. Economists predicted exports may fall short of 20 per cent growth in the 2008/09 fiscal year, way below a target for the 12 months of 25 per cent expansion.

Exports recorded their last contraction in November 2005, when they fell an annual 11.4 per cent.

High borrowing costs and frozen credit as the global economic crisis spilled into Indian markets have slowed economic activity.

Growth in imports also eased sharply to 10.6 per cent in October from a scorching 43.3 per cent growth the month before as oil prices tumbled and industrial activity slowed.

Imports in October stood at \$23.36 billion, helping the trade deficit narrow slightly to \$10.54 billion in October compared with \$10.63 billion in September. P Chidambaram, who was shifted from the Finance Ministry to the internal security portfolio following the Mumbai attacks, said earlier that he was considering help for top export sectors, including textiles, vehicles and jewellery.

Exports during April to October were up 23.7 per cent at \$107.8 billion from a year earlier.

"The fall in export growth in October is an aberration which will correct in subsequent months. But we won't attain 20 per cent plus growth for this fiscal year," added Crisil's Joshi.

Oil imports still rose 22 per cent during the month from a year earlier to \$7.96 billion despite a slump in crude prices from their July peaks. For April-October, the trade deficit stood at \$73 billion, much higher than \$45.64 billion a year ago. (Reuters)

Africa Calling

African continent is providing great potential for business given the high level of economic activity, driven by government infrastructural developments and a growing middle class. Asian exporters are upbeat about the positive trend, despite the global turmoil.

by **Sadhana**

Recession in the United States and its spillover to other major economies has had the world define how to cooperate in key areas to strengthen economic growth, deal with the financial meltdown and avoid the crisis in the future. To address these issues, the Bush administration has convened the G20 summit in Washington in the second week of November. However, it is unlikely that the summit will find a quick-fix solution to tide over the crisis.

With major sectors taking a hit across the globe recently, experts are of the view that there is a possibility of six to nine months of slow growth in the US but then the Federal Reserve's policy actions are expected to kick start and give necessary lift to the economy.

Though all major economies are fighting hard to beat this financial tsunami, Africa, a continent of 54 sovereign states, is hardly facing any recession.



At the meeting of the Mining Indaba held recently in Capetown, recession and its implication on global economies was the point of debate. David Hale, founder of Hale advisors LLC and China Online discussed the after effects of US recession on Africa in his final keynote address titled, 'Can Africa decouple from a US recession?'

Though major industrialised countries like Japan and the Euro zone are going into a negative growth, Africa's economic fundamentals are strong with growth seen lower at 3.7 per cent this year and expected to lower at 3 per cent in 2009 from an average 5 per cent during the last four years.

South Africa's Finance Minister Trevor Manuel has reiterated that the country is largely cushioned from a global crisis and there is no recession. At a briefing on the global crisis held recently, he told the Parliament's finance committee that analysis by the treasury did not suggest the country faced two consecutive quarters of negative growth so as to plunge into a state of recession.

Tapping this potential, India could double its volume of bilateral trade with Africa to US\$ 50 billion by 2012 by boosting exports and improving the business environment with African countries.

Although South Africa's banking system has been largely unscathed by the present ructions, markets and the rand have been hit by risk aversion and slower world growth is expected to dampen domestic output. A re-weighting of the consumer price inflation basket due in January will also lead to a drop in inflation.

There has been a substantial increase in trade volumes between India and Africa and in the last four years it has increased to 285 per cent to US\$ 25 billion. This has raised Africa's share in India's global trade from 5.8 per cent in 2002-03 to 8 per cent in 2006-07.

To make the Indian presence more worthwhile in Africa, India must adopt a proactive approach to hike trade and enhance the line of credit to African countries.

Though Africa has performed well in all sectors as is clear from its average economic growth of 5.5 per cent over the last six years, in 2007 the growth was at 7 per cent, according to IMF projections.

One of the rising and the fastest growing sectors is the oil sector. The West African region is one of the three most important deepwater areas. The region includes oil-producing Nigeria, Angola, Gabon, Côte d'Ivoire, Equatorial Guinea, Senegal, Guinea-Bissau, Burkina Faso, São Tomé and Príncipe and Ghana. Yet the region is least explored for oil.

India and Africa can boost their relationship in seven major areas namely food processing plants, pharmaceutical machineries, textile machineries, floriculture projects, leather processing plants, port and mining fields.

India's continuing quest to improve foreign trade with Africa's 54 nations should mainly be to add new products to the export basket. Many of the Indian entrepreneurs have established their presence. ONGC Videsh Ltd., ONGC Mittal Energy Ltd., Indian Oil Corporation and GAIL have shown deep interest in oil exploration, establishment of

FACTS:

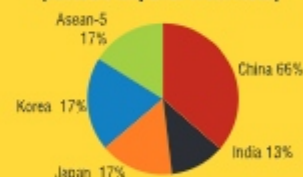
- The Exim Bank of India and Africa signed an agreement for a line of credit (LOC) of \$30 billion to be provided to finance India's exports to Africa. The LOC will facilitate and boost India's exports to member states of Exim Bank of Africa.
- During 2006-7 India's exports to Africa stood at \$8.4 billion while imports recorded \$11.4 billion.
- Exports to Africa are regionally diversified with East, Southern and West Africa accounting for \$2.5-3 billion each.
- Agriculture, education and information technology have been identified as the main growth areas.
- Under the Pan-African E-network Project, a joint initiative between the Indian government and African Union (AU), India will donate \$1 billion to connect 53 African countries through a satellite and fiber-optic networks to promote telemedicine and tele-education programmes.

Indo-African Trade Relations



Source: Ministry of Commerce & Industry (MOCI), Govt. of India (GOI)
Note: Import data do not include oil exports

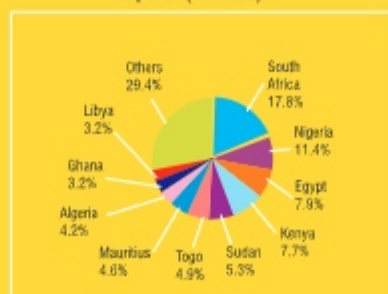
(African imports from Asia)



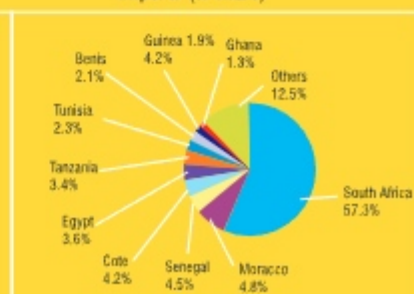
Source: Broadman (2007)
Indonesia, Malaysia, Philippines, Singapore and Thailand imports are based on partner's exports data, except for 2002 data for Thailand which were based on Africa's export data

India's Major Trade Partners in Africa, 2004-05

Exports (% share)



Imports (% share)



Source: MOCI, GOI

refineries and laying of gas pipelines. It is estimated that Nigeria, with its growing economic stature, will draw a huge global investment and is a country to watch out for in the coming years. It is poised for a considerable good time because of its socio-political and techno-economical transformation.

Emirates Shipping Line, a leading operator of container line, is likely to expand its operations in Africa soon. The liner has also lined up aggressive expansion plans in Africa to tap the growing demand for imports, especially expanding services on its route between Jebel Ali and East African ports. As the continent is free from the present global meltdown, the company feels this is the right time to tap the growing potential.

India's economic aid to Nigeria is qualitatively different as the investments place emphasis on employing locals at all levels of

activity besides investments in diversified fields across the non-oil sector. Also, most of India's investments in African countries are private-sector driven. Goldman Sachs has placed Nigeria among the top emerging countries to look out for since it enjoys the confidence of international financial institutions.

In the present scenario, it would be right for India to focus on some specific areas in the backdrop of diverse ethnicity, long military rule and a flagging democracy, non-employment and a high degree of income equality instead of their reluctant role of being reluctant suitors of Africa.

What should be the India priorities to boost African links? Technology and medical institutions should be the top priority. Public private investment should be strengthened in housing, transport, road building, power generation, water reservoirs

etc. Also, iron and steel will help Nigeria build its production capacity.

Apart from Nigeria, India could think of consolidating its positions as a leading player in countries like Angola, Côte d'Ivoire, Equatorial Guinea, Gabon and Ghana.

As the continent is free from economic woes, this is the right time for India to expand its imprint. The Indian government is also mulling export of 3 million MT of non-basmati rice to Africa after November this year.

For India to stand at the defining point despite its share in African continents' total exports is a meagre 2.2 per cent, certain barriers must be removed like prohibitive costs of shipping, shortage of shipping line, high transaction costs and delay in obtaining visas. India does have a tremendous scope to fully reach the potential of trade with the second largest continent in the world. **MC**

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Fuel Efficiency Challenges Ahead

The maritime industry in the Middle East is working overtime to meet fuel efficiency challenges. The efforts seem to have started on a positive note, with umpteen promises for the future.

by **Mona Ramavat**

The Middle East region is playing an increasingly important role in world shipping. The Arabian Gulf has now become one of the most active international maritime centres in the world. Apart from playing a pivotal role in the global energy-related transport, the Middle East with its dynamic economic growth is also driving the shipping industry in terms of record volumes of containers and increasing bulk cargo.

With this being the scenario, fuel emissions and green technology have

become rather crucial areas of concern with the Middle East maritime industry.

"We know that reducing inefficiencies is a way of cutting costs – and that is increasingly important at a time of growing stress in the global economy," said Sudipta Das, a risk advisory services partner from Ernst & Young, Kolkata, during a recent seminar on developing sustainability services in the Middle East.

Several maritime conferences that are to be held in Dubai later this year will discuss these concerns. High

level delegations would meet to examine the implications of this upsurge both for the region and for trading partners around the world.

Experts and industry players are keen to study the state of the industry across the region and the growing importance of green measures for striking a healthy balance with the environment, in accordance to the International Maritime Organisation norms. Other crucial topics to be discussed are energy and dry bulk transportation; shipbuilding and repair; finance for shipping; fuel, emissions and green technology; port construction and development; and the challenges of recruitment, training and retention of crews.

With more than 200,000 cruise passengers expected to visit Dubai this year, the experts are keen to examine the growing importance of cruise tourism as more and more countries will follow Dubai's example vis-à-vis energy conservation. The potential for growth in ports and destinations throughout the region will also be assessed. In addition, with the Gulf region becoming one of the biggest concentrations of luxury private marine activity, experts are also inclined to assessing the demand for super yachts across the region as





The world's 90,000 strong fleet of freight ships burn oil-based fuels and emit more than 1.2 billion tonnes of carbon dioxide each year. The emission is set to rise by 30 per cent by 2020, shipping experts say.

well as current and future marina demand and availability. The impact of global financial market turbulence and the economic downturn on the Middle East maritime industry will also be discussed.

"Western economies are teetering on the edge of recession, with downside risks which present challenges for the regional industry, though not as intense as for other regions," said Christopher Hayman, Managing Director of Seatrade. "Just as money is no longer finding its way easily around the global financial system, so goods flowing along the world's seaways are showing signs of slowing," he added. "New forecasts on containerised imports from Asia to Europe, for example, show we could see a fall in growth from 15 per cent in recent years to 4-5 per cent this year."

The crucial debate on shipping economics takes place at the Middle East Money and Ships conference which will also run alongside the Seatrade exhibition in December. High-level speakers from international and regional banks specialising in maritime finance along with leading regional shipping operators are expected to participate and keep the discussion going.

Another challenge for the regional industry is the impact of the ban on single-hull oil tankers trading in the waters of the United Arab Emirates after 2010. The IMO, the UN agency responsible for maritime safety and preventing pollution from ships, says all vessels more than 20 years old must be withdrawn from service while all single-hull vessels have to be replaced by double-hull ones by 2010. The Marine Affairs Department of the UAE National Transport Authority recently made it clear no single-hull tankers will be allowed to trade in the UAE after the 2010 deadline. "Marine safety is a top priority for ship registration in the UAE and vessels that do not meet our safety requirements cannot operate here," a statement said. Gulf charterers of very large crude carriers have increased the number of double-hull tankers and have steered clear of single-hulls, which are already turned away from some ports in Europe and the US. The trend has pushed up tanker rates!

According to industry experts, conversion of single-hulls is likely to grow by more than 10 per cent this year. "The phasing out of single-hull tankers as per International Maritime Organization norms will see increased conversion activity, as

shipping operators seek to convert their single-hulls to either container liners or workboats," said Director-General of Expo Centre Sharjah, Saif Mohammed Al Midfa.

Workboats are high in demand on back of huge reclamation projects in the region. Massive projects such as Dubai and Umm Al Quwain marinas, the three Palms islands, The World, Dubai Festival City, and projects that are coming up in Oman, Qatar, Kuwait and Saudi Arabia are creating huge demand for dredgers and support vessels. Thousands of these workboats are keeping more than 10 ship repair yards in the region busy.

The 'Fuelling Sustainable Development: The Energy Productivity Solution', report of McKinsey Global Institute maps developing countries' energy demand across countries, end-users, and fuel-type. It finds that under current policies, energy demand in developing countries will increase by 65 per cent in the period to 2020, representing 80 per cent of global energy demand growth.

New ports and expansions across the Gulf will also throw up many opportunities for the maritime sector. The upcoming US\$ 260 million dry dock and ship repair facility at Duqm in Oman, US\$ 586 million port at Ras Al Zour in Saudi Arabia, the US\$ 2 billion port and industrial zone in Taweelah in Abu Dhabi, and the US\$ 1 billion expansion at the Sokhna Port in Egypt will go a long way in promoting the region as the world's maritime hub. Dubai Maritime City, the world's first purpose-built maritime centre, will also support the region's maritime operators through its comprehensive ship repair and maintenance facility situated in the Industrial Quarter, which will be managed by Dubai Drydocks.

All of these efforts will ultimately contribute to the growth of the maritime industry and help combat issues related to fuel efficiency in very many direct and indirect ways. [ME](#)

Ocean Vessel's HITCHHIKERS



Ship ballast water poses serious environmental concerns as it transfers ecologically harmful organisms into native water. Despite the seriousness of the issue, maritime community has not taken any effective measures to sort out the issue. It is high time that maritime nations, especially developing countries that are the most affected, join hands with IMO to develop means to address this serious problem, says **Reza Bagheri**.

The increasing global trade through ships has resulted in some serious environmental problems. Ballasting and deballasting, which is a critical process to maintain the stability and manoeuvrability of ships, involves transfer of considerable amounts of sea water from one region to another. The

process results in transfer of foreign and invasive marine species into local water affecting the native species and ecology adversely.

Invasive species

What are invasive species? They are non-indigenous species that adversely affect the habitat they invade. When a

habitat is invaded by non-native species, they compete with native ones to survive. If they out-compete native species or if they grow and reproduce faster than native ones, invasion appears to happen. Invasion also occurs when resources such as nutrients, light, space, water and food are taken away by invasive species.

Further, a resource which was not available to native species earlier might be used by invasive species.

Prime targets

Invasive species are primarily transferred by the bulk ships which reach the ports with ballast water. Developing countries being the main exporters of bulk commodities, it is they who are more affected than other countries. Developing countries are very dependent on export of bulk commodities such as oil, ore, and grain. They are also dependent on their coastal and marine regions as the main source of income for coastal population. So, ships that are destined for developing countries loaded with ballast water should be provided with relevant technologies and necessary measures have to be taken to examine the ballast water.

Impact of invasive species Invasion alters ecological systems in a number of ways. They can cause genetic pollution, i.e. uncontrolled hybridisation, introgression and genetic swamping which leads to homogenisation or replacement of local genotypes as a result of either a numerical and/or fitness advantage of introduced plant or animal.

Economic impact: It happens in two ways: (a) Direct – the cost incurred to

ships that are destined for developing countries loaded with ballast water should be provided with relevant technologies and necessary measures have to be taken to examine the ballast water.

manage the prevention of invasion; and (b) Indirect – the cost of loss in agriculture and forestry.

Tourism and recreation: The activities related to tourism and recreation, such as fishing, hunting, hiking, could be seriously affected.

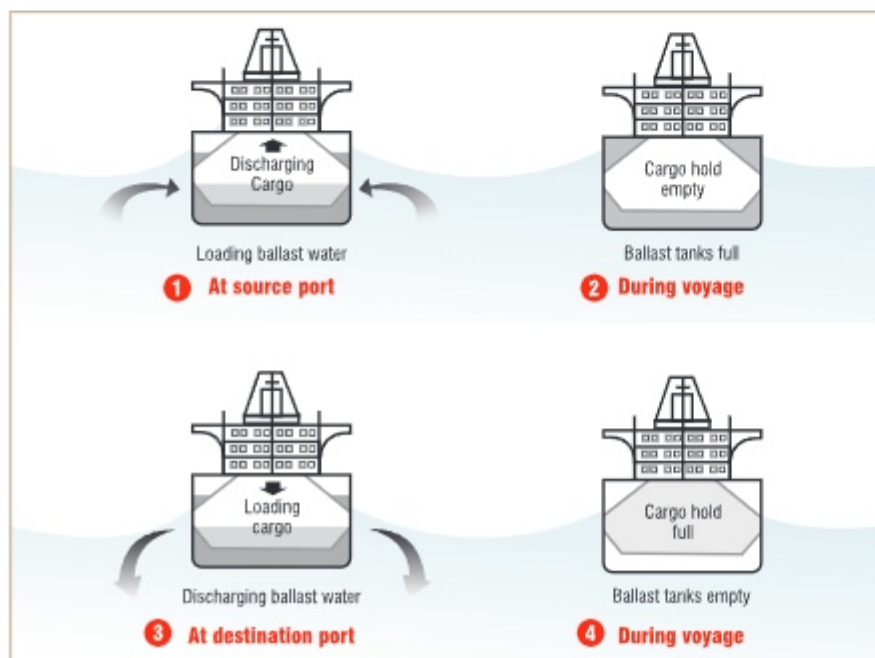
Health impact: They could have long-term public health implications. Transportation of agents from one ecosystem to another could lead to new associations between a disease and human host.

Other impacts: They could also damage commercial, agricultural, and aquacultural resources.

As they are free from the predators and competitors in their native lands, there is no hindrance for the invasive species and can spread aggressively. While it is often difficult to control them, it

becomes impossible to get rid of them.

GloBallast programme The issue of transportation of harmful organisms in ballast water of ships was first raised by IMO in 1988 and two committees – Marine Environment Protection Committee and Marine Safety Committee – were instrumental in understanding the problem. Followed by this, IMO has implemented Global Ballast Water Management Programme (GloBallast). The programme which is a cooperative initiative of the Global Environment Facility (GEF), the United Nations Development Programme (UNDP) and the International Maritime Organisation (IMO) aims at assisting maritime nations to reduce introduction of invasive species to other regions. The main objective of this programme is to assist developing countries in implementing different



What is ballast water?

According to National Research Council, "Ballast is any solid or liquid placed in a ship to increase the draft, to change the trim, to regulate the stability, or to maintain stress loads within acceptable limits." Ballast water is normally taken into empty ship to provide stability and manoeuvrability. The sea water is taken into ship's tanks through inlets that are placed under the ship's hull a few metres below sea surface. So, it is possible that organisms and sediments around the ships hull are taken into ballast tanks. They then settle down during voyage and are difficult to remove. When the vessel arrives at its destination, she will deballast i.e. pumps out the water into sea transferring the organisms from one ecosystem to another. For example, studies showed that from 159 ships arriving in "Coos Bay" from Japan, 367 foreign species were found in their ballast water. Twelve ships were sampled in Hong Kong and at least 81 species were found in their ballast water.

Commonly available treatment methods of ballast water

Physical separation methods

- Ballast water exchange
- Filtration
- Hydro-cyclones

Mechanical methods

- Ultraviolet
- Thermal
- Ultrasound
- Magnetic
- Electrical

Chemical methods

- Biocides treatment
- Chlorine treatment
- Ozone treatment
- Hydrogen peroxide treatment
- Chlorine dioxide treatment
- Glutaraldehyde treatment
- Other

Two of the most prominent treatment technologies are listed as under. Though prominent, they are not without side effects.

Peraclean® ocean treatment

This treatment is the process of using a degradable biocide using paracetic acid and hydrogen peroxide. This method is capable of eliminating aquatic organisms in the ballast water tanks and has proven effective in both saltwater and freshwater conditions. However, this treatment is known to leave toxic residues in the water which requires more than a week days to be eliminated and this poses an environmental threat to the areas where the ballast water is discharged.

Ballaclean® biological deoxygenation process

This is a process where the oxygen content in the ballast water is slowly reduced to zero percent thereby suffocating the organisms in the tanks to death. While this process looks to be effective, some species (including certain mussels and bacteria) which need only traces of oxygen for their survival can withstand these conditions. As the oxygen is eliminated slowly, it takes a long time to achieve zero oxygen state and further, it is difficult to maintain zero oxygen state for a continued stretch of time. It usually takes 2 to 3 days for the organisms to die after the zero oxygen state is achieved. Also this process releases ammonia and other substances as by-products which are harmful for the environment.



rules and regulations such as IMO guidelines for the control and management of ship's ballast water to minimise the transfer of harmful aquatic organisms and pathogens. This US\$ 10.2 million project involved six pilot countries – China (Dalian), Iran (Khark Island), India (Mumbai), Ukraine (Odessa), South Africa (Saladanha) and Brazil.

Ballast Water Management/ Sediment Management Convention

As explained before, the problem of invasive species is largely due to expanded trade, globalisation and increasing traffic over last few decades. Scientific studies have shown that rate of invasion has grown exponentially during this period. Each year about 3-10 billion tonnes of ballast water is transported from one location to another. An international convention, International Convention for the Control and Management of Ship's Ballast Water and Sediments, is adopted by IMO in 2004. The convention requires all ships to implement "Ballast Water and Sediment Management Plan". Ships have to have a ballast water record book and shall record place, amount and other details of the ballasting and deballasting procedure.

Several guidelines were also adopted on how to implement this convention and on ballast water exchange procedures and reception facilities. Unfortunately, as of July 2007 only six

countries representing 0.62 per cent of the world tonnage had become members of the Ballast Water Convention.

Under the convention, review groups are established to determine the availability of ballast water management technologies and systems. Those technologies and systems should meet requirements of standards set in the convention.

Conclusion

Despite being aware of the seriousness of the issue, few efforts have been undertaken by the maritime community to have a comprehensive approach towards solving the issue. Given the huge volume of goods transported by sea and huge investments on maritime transport infrastructure, it is a surprise that there has been little effort to bring in international coordination to find solutions.

Ships have to be installed with latest technologies of ballast water treatment to overcome invasive species on board ships. While regional cooperation and strategic partnership on fact finding and research is essential for developing countries on this front, it becomes the responsibility of all maritime nations to initiate research and development (R&D) activities and move towards comprehensive implementation of conventions and instruments in this regard. 

Reza Bagheri is an independent researcher at Port and Shipping Organisation, Iran.

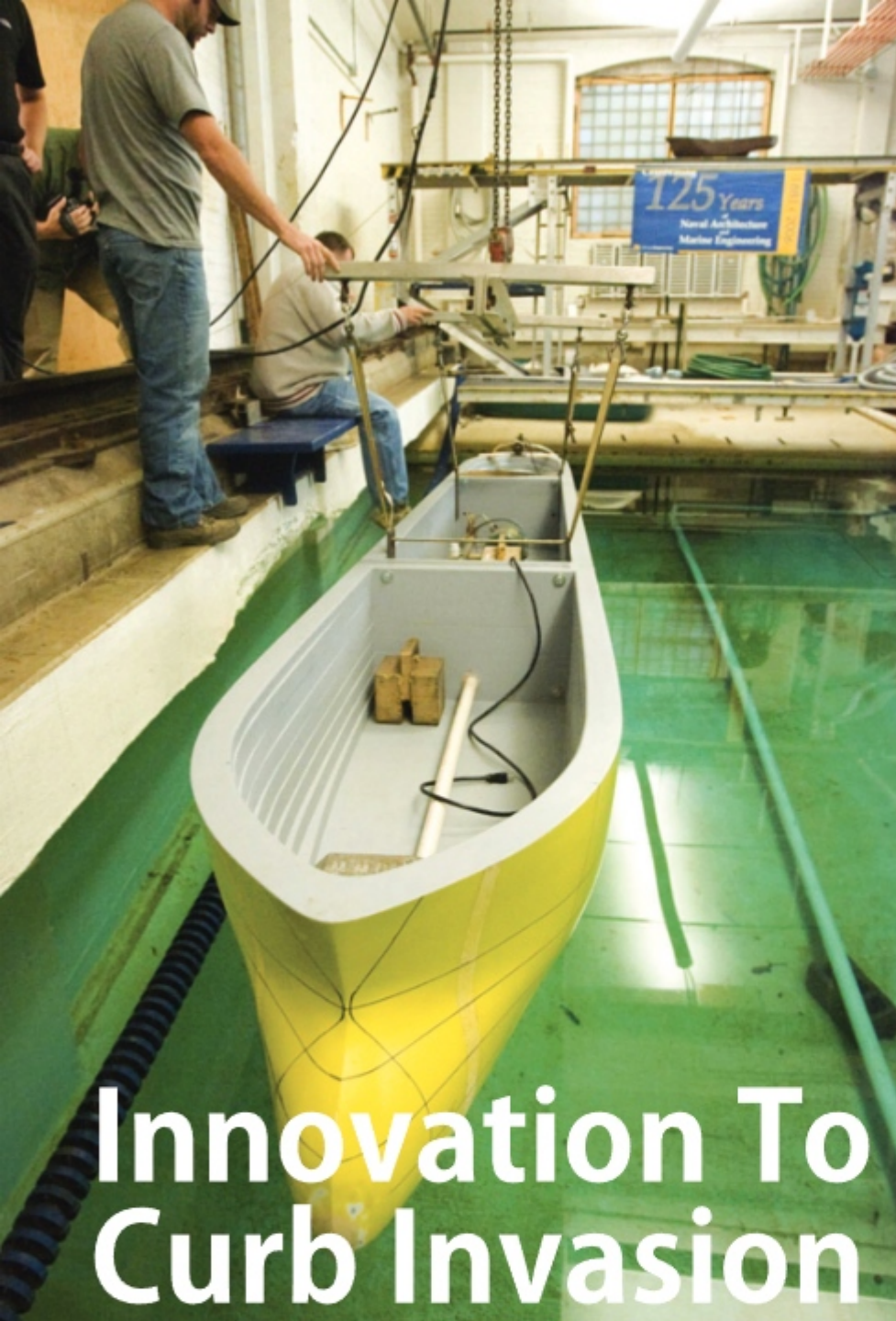
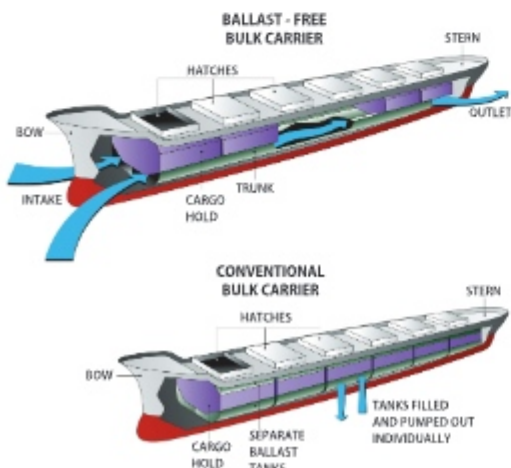


Photo source: University of Michigan

Innovation To Curb Invasion



Great Lakes region in the US is one of the most affected areas in the world due to the introduction of foreign invasive species. The US government is spending millions of dollars every year to clean the Great Lakes from this foreign contamination. The main source of such contamination being the ballast water from ocean going vessels, the government and the Great Lakes Research Institute are working on ways to eliminate the foreign contamination in the Great Lakes due to ballast water discharge.

While many technologies are used to treat the ballast water, none of them prove to be effective in the long run. Further, all the available methods have their own limitations. Researchers and scientists at University of Michigan have come out with a radical change in the ship design which they claim can totally eliminate the trouble of aquatic invasive species. They boast of a new ship design whereby the ship will not carry stagnant ballast water, but will take in the sea water continuously through slots located below water level at the bow, passes the water through a network of huge pipes located in the belly of the ship and releases it from the holes located under the stern.

Researchers involved in the project, funded by the Great Lakes Research Institute, say this would result in no storage of ballast water. At any point of time, the water used for the ballast purpose will be taken in from the local sea water thus eliminating the possibilities of transporting invasive species from one port to the other.

It is claimed that this radical design can eliminate the need to install highly expensive sterilisation equipment used to kill the invasive species. Researchers also claim that the benefits associated with this design extend further towards reduction in power consumption. As the water is released from the stern, it forces through the propellers forcing them to rotate faster, thus requiring lesser thrust from the main engines.

Many tests were carried out at the University of Michigan Marine Hydrodynamics Laboratory's towing tank with a specially designed 16-feet long prototype ship model to study the feasibility of this design. Further tests were conducted in June 2008 to test the power savings that would accrue in a voyage. Though the results of the June tests are not published, the project team says this radical design could save power to the tune of 7.3 per cent while propelling the ship.

Though this design is still in its nascent stages, it can be hoped that one day the ships built using this can put an end to the transportation of unwanted aquatic species from one part of the world to another. **MC**

Adapted from University of Michigan website www.umich.edu

ABG Infralogistics Ltd. Exim Trade Gears Up

ABG Infralogistics Ltd., the container terminal operator of Kolkata Dock System has helped Port of Kolkata to attain quicker vessel turnaround by countering tidal restrictions of the Hooghly river. Equipped with the state-of-the-art infrastructure, the country's major riverine port today attracts more vessels to its spacious quay than ever before, reports **Gateway Media Kolkata Bureau**.

Mechanisation of cargo handling can yield positive results and this has been exemplified by ABG Infralogistics Ltd., the private container terminal operator of Kolkata Dock System (KDS) under Kolkata Port Trust (KoPT).

Productivity of the port has gone up manifold ever since ABG undertook container handling operations in the year 2004 in the wake of growing industrial activity in the region. As a result, exim trade taking place from Jharkhand, Bihar, Orissa and Punjab started taking the least amount of time. A senior KoPT official says, "KDS has earned the reputation of being an efficient feeder port after ABG took up container handling operations with our support in backup equipment placement and adequate container throughput."

Officials explain that the draft of the port restricted to 7-8 metres or lower during winter has gone up with ABG help. Added to this, the optimum utilisation of ABG's mobile harbour cranes (MHCs) and measures to withstand high tide that hits the port twice a day, are enabling more number of vessels to call. The port is now getting an average of 29 vessels a month, compared to 12 to 15 vessels three years ago.

To further elaborate, the two MHCs and other port equipment such as reach stackers, and trailers have made loading and unloading of cargo to and from vessels easier. As a result, the port could create space at its backyard attracting more number of vessels. It consists of food grains, electronic goods, tea, pulses, iron and steel, wheat, timber and fertilisers.

The MCHs, which earlier had 8-10 moves an hour, are now able to register 20 plus moves an hour taking the total to 14,000 assured moves a month. ABG created a record on November 1, 2008 when the MCHs notched 502 moves for loading and unloading of cargo on vessel Yuriy Ostrovsky, up from 299



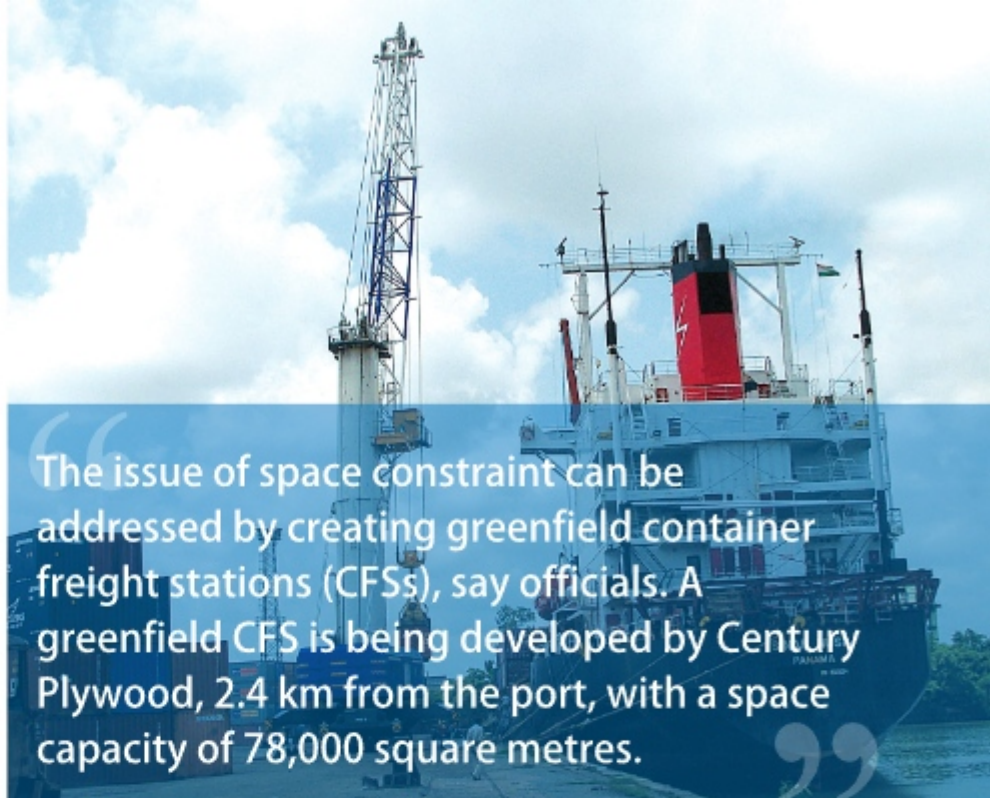
moves made on vessel CMA CGM LEA on August 1. The container throughput has also increased from 2,39,431 TEUs during 2006-07 to 2,97,287 TEUs during 2007-08. The port has also simplified tariff and documentation procedure, making itself attractive for trade.

Though bullish about its operations at berth number 4 and 8 of Netaji Subhash Dock, ABG feels that there is scope for further improvement in larger cargo throughput and yard planning. At its behest, the port has already initiated the required measures. It is keen on creating more space to address the growing container volumes and easy movement of cargo handling equipments to and from the container parking yards and the berths.

Mechanising operations

Stressing the need for better infrastructure to make the port commercially viable, a senior port official explains, "we have to reconcile to the fact that KDS is feeder in nature and its position in faster turnaround of mother vessels from transshipment ports can be consolidated by sustained mechanisation of cargo handling activities." Transshipment of containers to and from KDS usually takes place through, Singapore, Colombo, Malaysia and Thailand.

Automation would also allow the port to effectively counter tidal restrictions for vessels and reduce turnaround time. In tune with it, the port is planning to deploy more number of mobile harbour cranes. According to port sources, a couple of interested parties have come forward to undertake terminal operations through MHCs. In addition to this, the port is also planning to bring in private parties to operate reach stacker cranes and to add more rubber-tyred gantry cranes (RTGCs). It is also planning to introduce effective information technology such as port operations management systems to ensure container tracking within the port.



The issue of space constraint can be addressed by creating greenfield container freight stations (CFSs), say officials. A greenfield CFS is being developed by Century Plywood, 2.4 km from the port, with a space capacity of 78,000 square metres.

Creating space

Since the port is located within the city, with little scope for expansion, utilising the existing space and other unused tracts of land is the only solution for increasing productivity. As part of the initiative, the port recently converted unutilised space of 9000 square metres behind Netaji Subhash Dock into a container parking yard. It is planning to allot more such unutilised land for parking lots.

However, officials opine that the issue of space constraint can be addressed by creating greenfield container freight stations (CFSs). KDS has presently two off-dock CFSs owned by the Central Warehouse Corporation and Balmer Lawrie. It plans to create fresh CFS capacities through long-term lease under build, operate and transfer (BOT) model. According to officials, a greenfield CFS is being developed by Century Plywood, 2.4 km from the port, with a space capacity of 78,000 square metres. The port also plans to create space by setting up truck terminals, within the vicinity of the port and the dock system. This would reduce the transit time to and from the. It also has plans to put up scanners and customs clearance mechanism within the truck terminal for faster cargo clearance.

Deepening draft

More importantly, the port is drawing up long-term plans for the smooth functioning. It is planning to bring in more dredgers from the Dredging Corporation of India and to buy some for both capital and maintenance dredging. Apart from an ambitious investment of Rs 268.69 crore during the Eleventh Five-year Plan, the port has allocated Rs 421.05 crore more under river regulatory works for modernisation, renovation and replacement activities that are currently underway. However, a restricted draft is what needs to be addressed urgently. It may be noted that the riverine port, along its 232 km-long channel, is affected by tidal waves sweeping from the Hooghly. If the draft is 7 metres at KDS, it increases significantly to 50 metres at Sand Heads. To address the issue and to cater to the needs of maritime trade, KoPT is exploring deep draft areas southwards at Diamond Harbour, Sagar islands and Sand Heads.

As the port authorities get busy evolving ways and means to tackle problems, the country's oldest port hopes to march on with its mission of being a trade hub. 

Time To Link Up Cold Chains

Fruits and vegetables sector is losing 35 per cent of production in India and other South Asian countries. Lack of world-standard cold chain infrastructure has prompted India to go in for a National Horticulture Mission. The structural dimensions and institutional framework necessary for a multi-product highly perishable basket of fruits & vegetables seem to be engaging the attention of both private and public interest at both national and international levels, inviting MNCs and TNCs to set up cold chain support systems. But India is lagging behind developed countries in terms of cold chain infrastructure and perishable cargo exports. Its time for an integrated and holistic approach.



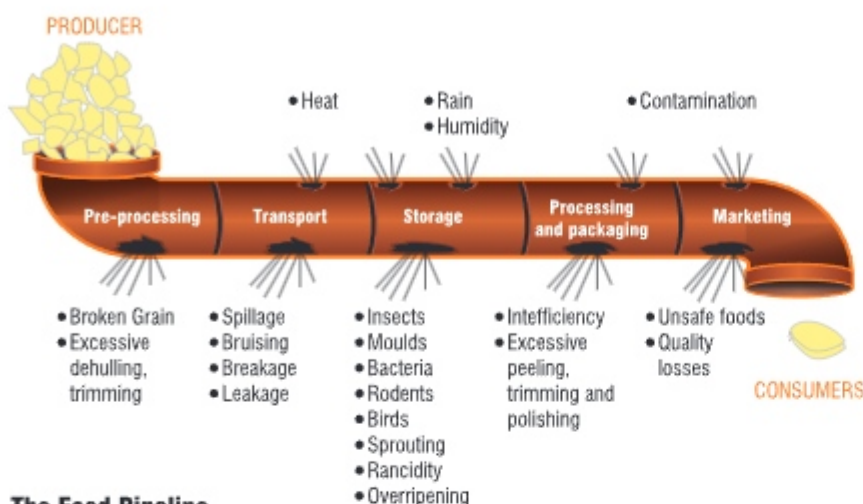
by **C Maheshwar**

By the end of the Ninth Five Year Plan, India emerged as the second largest producer of fruits and vegetables in the world. With an annual output of 46 million tonnes of fruits and 91 million tonnes of vegetables of a total worth of US\$ 25 billion India is contributing nearly 10 per cent and 13 per cent respectively to the world's production. By the end of Tenth Five Year Plan, production is expected to increase to 56 million tonnes of fruits and 108 million tonnes of vegetables. The shift in the cropping patterns, particularly in the irrigated and irrigated-dry farming systems is largely responsible for

keeping pace with the changing consumption patterns with increasing disposable incomes in the last decade. Enough attention is paid to the pre-harvest stages starting with the genetically modified seed technology and production techniques like crop rotation, soil conservation, pest control, fertilizers, irrigation etc.

Out of this, almost about 30 per cent (40 million tonnes worth US\$ 13 billion) get wasted due to various reasons and do not reach the end consumers. India wastes more fruits and vegetables than it consumes. It is estimated that every one per cent

reduction in wastage of fruits and vegetables would translate to savings of US\$ 0.13 billion. But, post-harvest issues have been grossly neglected or addressed inadequately. Every budget makes a feeble attempt to correct the anomaly by provisions, subsidies and budgetary allocations. However, a comprehensive and strategic game plan in the right direction is sadly missing. There are too many weak links and too many chinks in the so-called Indian cold chain. Unless the gaps are addressed forthwith, the Green Revolution, particularly for fruits and vegetables, will be incomplete and miles away from total success.



The Food Pipeline

Imagine the logistics exercise of mammoth proportions involved in everyday transportation of the food products from the places where they are grown to the distant locations to feed the population at every nook and corner of the country. With perishable products, this exercise became all the more formidable and challenging.

No wonder, in a developing country like India with the cold chain infrastructure hardly in place, there are such enormous losses of perishable products.

In India, horticulture sector is faced with three types of problems:

Lack of infrastructure for value-addition through proper storage, processing and proper packaging of non-perishable agricultural commodities like wheat, sugar etc. which have reasonable shelf-life

The perishable nature of these commodities that deteriorate fast without special infrastructure like refrigeration and deep freezing facilities right from their production. These include animal husbandry products like milk, poultry, fish and red meat and high value agricultural commodities like fruits, vegetables and floriculture.

What India Consumes Everyday



WHEAT

1,97,260 tonnes equal to 82 train loads of 40 wagons each



RICE

2,19,178 tonnes equal to 100 train loads of 40 wagons each



SUGAR

52,054 tonnes equal to 3,500 truck loads



COOKING OIL

30,136 tonnes equal to 3,000 tanker loads



FRUITS

86,671 tonnes equal to 9,000 truck loads



VEGETABLES

1,94,520 tonnes equal to 14,000 truck loads



MILK

2,46,757 tonnes equal to 89 Olympic size Swimming Pools



CHICKEN

13,39,726 birds equal to population of a small-sized town



COFFEE

219 tonnes equal to 15 truck loads



ONIONS

1,64,383 tonnes equal to 8,000 truck loads

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Infrastructure

Lack of a comprehensive and competitive quality system which would take the responsibility of ensuring maintenance of the product quality throughout the supply chain from farm to fork.

Impact on shelf life

Enough research has been done and many palimpsests have emerged elucidating the defects and deterioration in quality occurring in fruits and vegetables due to small temperature differences and their respective impact on the shelf life at various temperatures and loss of quality occurring due to delay in onset of cooling. This is in particular valid for Indian conditions with high ambient temperatures, where cold storages are located at considerable distances from the fields.

Operating costs

Operating costs for Indian cold storage units are a whopping over US\$ 60 per cubic metre per year compared to less than US\$ 30 in the West. Energy expenses make up about 28 per cent of the total expenses for Indian cold storages compared to 10 per cent in the West. These factors make setting up of cold storages difficult, unviable and uneconomical.

What the farmer gets

Fruits and vegetables are often thrown away or left unharvested because transporting them to the cold storages is not worth the effort. The meagre cold storage capacity which is available is beyond the reach of the common farmer. The farmer gets only 28 per cent of what the end consumer pays. Forty-two per cent is cornered by the middleman or the local dealer, 6 per cent by the wholesaler and 24 per cent by the retailer. An agro product sold by a farmer in India for US\$ 1 becomes US\$ 1.6 in case of milk, US\$ 2.2 in case of fish and US\$ 3.5 in case of fruits and vegetables by the time it reaches the end consumer.

The solution

The need of the hour is an integrated

The Problem

The breakup of these Losses which occur due to poor Post Harvest Management facilities and practices is as follows:

Poor handling	30%
Poor storage	30%
Poor transportation	30%
Presence of large number of middlemen	5%
Lack of knowledge about better preservation techniques	5%

cold chain infrastructure covering major production areas, processing units and distribution centres which call for:

Strong fleet of refrigerated transport vehicles to connect farm level storage facilities, processing units and various distribution centres

Display cabinets for marketing of frozen food products at retail outlets are to be provided.

Need to augment cold storage facilities and container handling facilities at major ports and also an air cargo complex for targeting the global market.

A grower who can meet the challenges of preserving the quality from field to dinner table will be able to expand his marketing opportunities and will be able to compete better in the market place. If a product is held up in the distribution chain, the grower is often blamed for poor handling practices. Refrigeration of the product at the grower's end is highly recommended as the grower has no control over its handling and storage after it is sold. This helps the growers get the extra shelf life time that the wholesaler and retailer might reduce with poor handling procedures. **MA**

The author is a practising marine engineer, working as manager (Training) at Fleet Management Limited, a Hong Kong based shipmanagement company in Mumbai. He is the author of Container Refrigeration, published by Seamanship Witherbys.



Cheetah On Wheels

Concor's most powerful and rugged powerpack has just arrived and shall herald a new beginning in reefer operations in the country.

Container Corporation of India Ltd. has been the pioneer in the transportation of refrigerated containers on train for the last 10 years. The operation was first started from its flagship terminal at Tughlakabad way back in 1997 based on the demand of trade. The movement of perishable cargo has since increased multi-fold especially in the recent two to three years. This business stream was shifted to inland container depot at Dadri, a model terminal of Concor in 2004-05. Since then, ICD, Dadri has been involved in constant innovations to provide better and cost effective services to reefer customers.

Indian scenario

The lead times in India are generally much longer than in European countries – road network and services leave a lot to be desired, diesel supply is at a premium and cost is of paramount importance in business.

Therefore, a new system for carrying reefers on train was needed. It was achieved by using a standard 40-foot container converted into a power pack for supplying electrical power to reefers. Each power pack has two Engine-Alternator sets out of which one works as standby. This means that 100 per cent backup is always

available. It has two separate diesel tanks carrying at least double of the fuel required for entire journey under normal circumstances. This ensures that more than adequate reserve is available in case of any unforeseen disruptions.

Innovations

The demand for transportation of train-based reefers was initially low and volumes were limited. Accordingly, power pack was developed for supplying power to 12 reefer containers. Reefer trips used to be infrequent and eight to 12

containers were transported depending upon the availability.

The Cheetah

Concor, however was not satisfied and went ahead for further improvements and cost reduction. Accordingly, it began work on developing a high-capacity power pack capable of supplying power to a full trainload of reefer containers. This exercise bore fruit on November 18 this year when ICD Dadri flagged off its first train of 44 reefer containers (plus only one power pack on standard 45 wagon train), which successfully completed its maiden journey. This power pack has been christened 'Cheetah'. It aptly describes the power and agility of the Cheetah power pack in addition to indicating its undisputed status as the leader of the pack. This type of transportation has been done for the first time in India and most likely anywhere in the world. The development of Cheetah was no mean task as it meant more than doubling the engine-alternator capacity within the same space available in 40-foot container. Many other technical constraints were also faced. However, the Concor team worked untiringly to overcome all the hurdles. It goes without saying that using larger capacity engines has resulted in phenomenal savings in diesel, which is a precious petroleum product. **ME**

Special features of 'Cheetah'

- 400 kw engines capable of supplying continuous power to 44 containers upto 50 deg C ambient temperature
- 1 Engine provided as 100% standby
- Under slung fuel tanks for space saving
- Special design of silencers for space saving
- Sound and heat insulation for quiet operation
- Use of special cables for carrying multiple circuits
- Full and efficient use of three-dimensional space of the container
- Use of Sliding doors, folding berths etc. for saving space
- Innovative routing of cables for clutter free and safe operational environment
- Spare points in distribution panel to work as standby en route

Pirates Still On A Spree

Protecting the sea from pirates is becoming tougher and trickier by the day. Even as the Security Council calls on nations to deploy naval ships and military aircraft to tackle piracy and ensure UN World Food Programme deliveries to the famished country, the Somali pirates seem to be on a hijacking spree. Already, the number of ships attacked this year has gone up from 77 to 97 (read 'Focus' in November Issue of *Maritime Gateway*).

A minor relief is that the pirates have let off a Yemeni cargo ship a.v.Amani without any ransom on December 3. Meanwhile, it is more than 70 days since m.v.Faina, the Ukrainian vessel carrying military equipment, has been hijacked. Though intense negotiations seem to have materialised, the ship is yet to see a safe release.

But a great relief came when Stolt Valor, carrying 18 Indian crew members aboard, was finally released on November 16, after two full months. The nightmare finally ended for the crew, who saw an emotional welcome back home. Recalling the terrifying days in captivity, Prabhat Kumar Goyal, captain of Stolt Valor said, "The experience was very bad. They (pirates) tortured us mentally." The Stolt vessel was released after its Japanese owners reportedly paid a ransom of \$2.5 million to the pirates. But fresh reports point to a Liberian chemical tanker MT Biscaglia taken hostage on November 28 with 25 of the 31 crew on board being Indians.

Though the Indian Navy has been active in protecting the sea lane in the Gulf of Aden, it has drawn flak for allegedly sinking a pirate ship in a retaliatory fire in November. A Thai company Sirichai Fisheries has claimed that Ekawat Nava 5, sunk by

the stealth frigate INS Tibar, was in fact a pirated ship with 16 sailors on board. However, Chief Admiral of Indian Navy Suresh Mehta has refuted the claim. "There is nothing the Indian Navy has done wrong. Sinking of the pirate craft is well within law," he told reporters in New Delhi recently.

Meanwhile, a European Union flotilla is likely to begin operations on December 15. Six warships and three maritime reconnaissance aircraft will replace a NATO naval force that has been patrolling and escorting cargo ships carrying relief aid to Somalia since the end of October.

Despite such high-level surveillance teams guarding the sea lane, things seem to be going the pirates' way, at least for now. **MG**



Warm welcome to crew members of Stolt Valor



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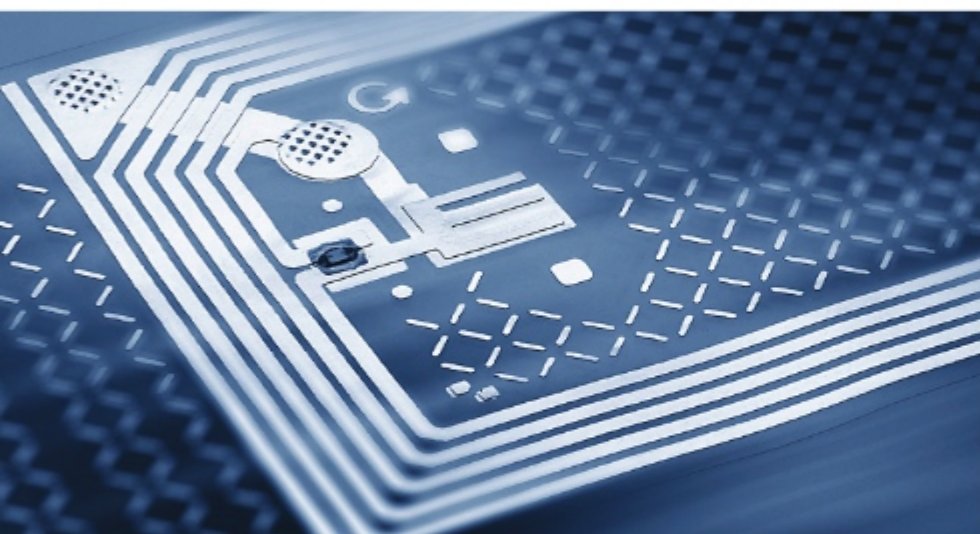
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RFID Grows Robust

As the maritime industry gears up to be a powerful driver of international commerce and economic vitality, newer Auto ID technologies show promise of ensuring greater efficiency throughout global supply chains, meeting the great expectations of the IMO in the process, says **Radhika Rani G.**



International Maritime Organization is keen to enhance the security and safety of ships and ports in the wake of threats affecting the maritime industry. As part of its comprehensive International Code for the Security of Ships and of Port Facilities (ISPS), port and vessel companies and agencies are required to implement and install reliable and cost-effective security systems. Automatic Identification Technologies have proven to be one of the enhanced security systems helping maritime managers run a stronger and efficient business.

These technologies, grouped under several classes, are being pressed into service to address critical national security concerns. According

to William Lucyshyn, researcher in military security at the University of Maryland, the maturing Auto ID technology (for instance RFID, smart buttons) can be used to track container contents and guard against tampering; micro-sensors (radiation, chemical) can be used to continuously monitor the container environments; and wireless and information technology can be used to remotely monitor loading and unloading through the sensors.

Electronic tracking

Radio Frequency Identification (RFID) technologies, grouped under the generic Auto ID systems, involve electronic tracking – they essentially transmit the identity (a unique serial number) of an object wirelessly with the help of radio waves. Consisting of

components such as tags, tag readers, edge servers, middleware, and application software, they help in logging a container's movement around the world and alerting administrators of discrepancies if any, besides aiding other operations.

For instance, Chennai port is perhaps the first port in the country to be upgraded to global standards with RFID. The technology that involves a card (a small electronic device comprising a chip with 2,000 bytes of memory and an antenna) is being used to provide access control and instant vehicle tracking mechanism. "The system furnishes security personnel with complete details about more than 3,500 vehicles entering the port every day, along with the time and location," say port officials. To start with, RFID card readers have been installed at 19 critical points and this initiative is strengthening surveillance, vehicle and manpower management, the officials inform.

Securing ports

In the aftermath of the 9/11 incident in the United States, global supply chain players have been actively pursuing security upgradation through RFID and other cargo imaging technologies. A recent programme identified to aid port operators is the Harbor Shield Technique that inspects vessels below the waterline. Designed and developed by Battelle, world's largest

non-profit independent research and development organisation involved in national security, the new technique generates rapidly accessible database of updated underprints and other attributes of virtually all merchant vessels.

Speaking exclusively to **maritime gateway**, Dr Lynn Faulkner, the programme manager for Battelle's equipment development group, says, "Harbor Shield uses powerful imaging technology to map the underwater hulls of ships." It scans the ships' bellies to detect weapons of mass destruction (WMD), limpet mines, drugs and artillery as ships enter ports and harbours at normal speed. "The underwater sensors can detect the exact location on the hull of any abnormality. The technique is a high-end solution and can substitute for divers to inspect thousands of freighter ships entering ports at a speed of 10 knots," Dr Faulkner adds.

Another integrated security (IS) solution connecting vessels, equipment, vehicles, containers and cargo through an IT infrastructure for quick movement of people and goods has been developed by Ingersoll-Rand, a marine solutions provider. Elaborating on the system's capabilities, Jim Ligotti, vice president of Ingersoll-Rand says,

"Each terminal at a port will be able to integrate its current and future security systems with the port's central database, facilitating a higher level of port security than is possible through separate systems." Data is generated through access cards with electronic codes and biometric identifiers and the system can reduce the number of security personnel required for screening.

Yet another maritime security solution recently devised to detect nuclear materials hidden in cargo containers is the Synchronous Vibrational Cargo Imaging (SVC). The powerful acoustics technology is being developed jointly by Erudite Inc., a technology innovator in cargo security and counter-terrorism technology and VeriTrainer Corp., world leader in crane-mounted maritime security solutions. "SVC aims at protecting ports by detecting nuclear materials hidden within high-density shielding materials. It is a new technique that does not require containers and port personnel to be exposed to harmful ionising radiation during detection," informs Erudite CEO John Anderson.

To improve the security and efficiency of the processes surrounding cargo container shipments through RFID tracking, Savi Technology has come up with

5 key areas of RFID use in ports

Access Control: Smart cards/RFID tags store employee information such as shift, job function, allowable vehicle access and photograph thus reducing forgery.

Container Security: 'Smart seals' ensure integrity of a container and its contents.

Container Identification & Location: Tags placed on gantries and yard vehicles record the identity of each container and its location as it is offloaded and transported within the terminal.

Activity Tracking: Monitoring the location and activities of yard vehicles improves the overall quality of data and efficiency of the operation.

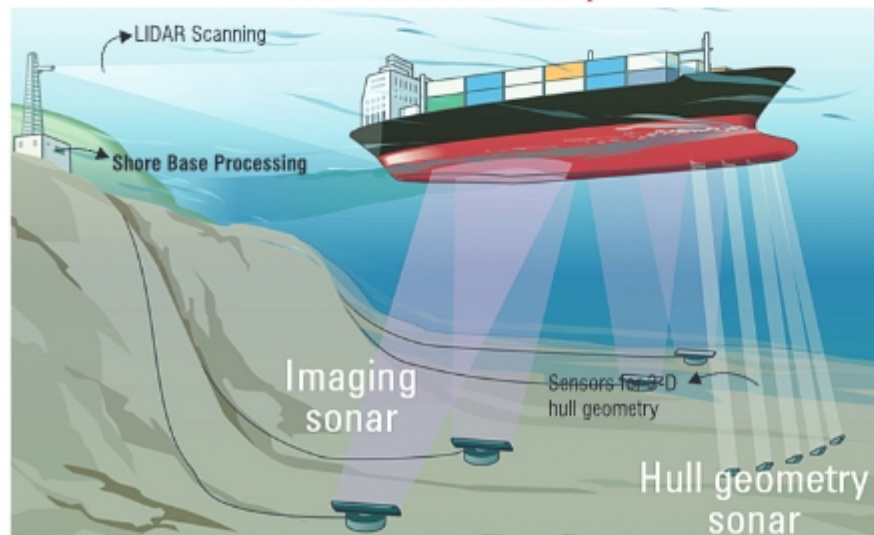
Regulatory Compliance: Auto ID data collection (AIDC) technologies permit companies to cope with data collection regulations within the supply chain and aid in 'fast tracking' of cargo.

Savi Tag ST-67 ISO Container Security Tags. The system transmits data at 433 MHz to its readers stationed within a 100-foot range. The tags record if a container door has been opened or closed, whether there has been any shock to it or and any change in humidity or temperature measurement. According to Savi's CEO Lani Fritts, shippers, third-party logistics providers (3PLs) and transportation firms can connect to the network by installing compatible equipment at their end and track the effectiveness and security of global supply chains.

GE Security's CommerceGuard Container Security Device is yet another similar RFID tracking system that transmits data to CommerceGuard readers operating at 2.4 GHz and stationed within a 100-foot range. The system, like Savi's, contains sensors designed to detect any tampering of cargo-container doors and other events.

Port authorities, Dr. Faulkner says, are coming forward to deploy such latest technologies. The IMO hopes these special measures aimed at enhancing maritime security, if enforced effectively, will help ships and ports facilities from unlawful acts. 

Harbor Shield Portal Concept





Clean & Green Strides

For Castrol, clean business is good business, and it hopes to carry the message forward as it strengthens its relationship with the Indian maritime community.

The company offers superior technical products that deliver great value to shipping customers, a win-win situation for all.

by **Sadhana**

“India remains a key market for Castrol Marine in many segments and one where we have a long shared history. This is certainly true in the shipping business,” explains Albert Chan, marketing manager of Castrol Marine. Leading marine lubricants supplier worldwide, Castrol Marine,

has taken great strides in the past year, growing its business across Asia Pacific and pioneering with new environmental products for the shipping industry.

This is especially true for India, a growing and diversified market with large shipping companies supporting

the country's own robust economic growth. The country needs commercial vessels to support its infrastructure development in key areas such as power and steel, bringing inbound supplies of materials from places like Indonesia, Mozambique and elsewhere.

Castrol Marine Lubricants

Castrol is the lubricants brand BP acquired in 2002. Other BP brands are Aral, Arco, ampm and Wild Bean Café. Castrol Marine has developed the world's first comprehensive range of high performance 'green' lubricants to help shipping companies reduce their environmental footprint and protect the world's oceans.

CAREMAX analysis services

Castrol CAREMAX has four different used oil analysis packages to meet specific vessel requirements and maintenance regimes of ship operators and managers.

- **Oil Monitor** – Advanced lubricating oil analysis
- **Stern Tube** – Specialist Stern Tube oil analysis
- **Hydraulic** – Specialist Hydraulic analysis
- **Machinery Health Monitor** – Comprehensive 'Full Service' oil analysis programme including ferrographic based assessment of machinery health and a tool to aid condition based maintenance programmes.

Castrol also moves into offshore activities such as oil exploration and drilling, another important market which Castrol supports. Therefore, Chan says, "we believe that the marine industry, in all its forms, has a very positive outlook in India."

"This has been a busy year for all at Castrol Marine. With the shipping industry facing up to numerous challenges we have taken the lead in pioneering new products to help our customers worldwide," says Chan.

Biodegradable oils

Castrol has launched the world's first comprehensive set of biodegradable marine oils for the shipping industry to protect the world's ocean and for a cleaner environment. These oils carry a much reduced impact if released accidentally into the marine environment than the conventional

ones, yet deliver superior performance. The products are supported by scientific data showing significantly better performance compared to equivalent mineral grade, he says. This also cuts the risk of environmental damage from accidental leakage, a routine occurrence in the maritime industry, particularly among older vessels.

It is estimated that over 30 million gallons of oil is leaked from ships during normal operations in ports and harbours every year – more than three times the Exxon Valdez oil spill. Machinery failure and human error are the major contributing factors.

"Shippers get the same recognised quality from Castrol – and even better results in terms of performance – yet minimise their impact from any discharge. The new range of lubricants is scientifically

proven to be far less damaging to the natural habitats and wildlife of the sea. This has been recognised in industry tests on biodegradability, toxicity and bioaccumulation."

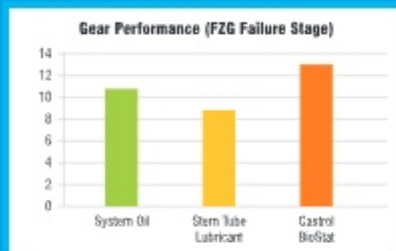
Eco-friendly fuels

On the environmental side, Castrol Marine is also ready with low BN (Base Number) oils for low sulphur fuel, in order to meet another important challenge facing the shipping community. Shipping companies operating in Sulphur Emission Control Areas (SECA) are now obliged to use lower sulphur fuel to comply with environmental rules.

Castrol Marine's new range of hydraulic, stern tube, gear oils and greases are much less toxic and more biodegradable than other products. The new lubricant product range

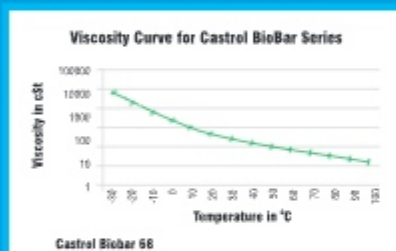
The environmentally-friendly range:

Castrol BioStat: Versatile as a stern tube and gear oil and provides high level of protection to heavily loaded bearings and gears.



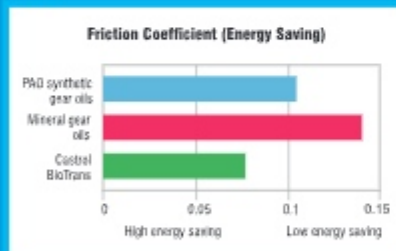
Castrol BioBar:

Lower friction coefficient and superior density pressure characteristics – more energy efficient and more effective as hydraulic fluid.



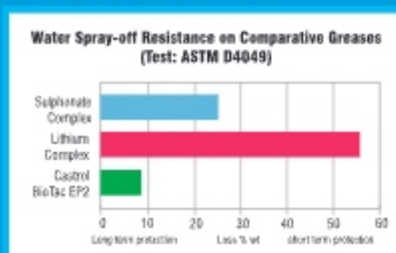
Castrol BioTrans:

Provides high levels of gear protection to maximise reliability and minimise maintenance costs.



Castrol BioTac Ep2:

Good pumpability at low temperatures (-35 to 120°C) providing excellent lubrication over a wide range of climatic conditions.



uses advanced synthetic base oil technology and fatty acids, and 30-80 per cent of them are derived from renewable sources.

The company is pioneering in other areas too. One crucial area is leadership in safety, arguably the most important consideration for any shipping company, Chan feels. The company is sharing its 'best in class' safety practices in key areas such as loading during supply. The company also stocks a wide variety of industrial oils and speciality petroleum products.

Castrol Marine offers an extensive and growing port network, which keeps continually growing, to keep customers supplied with their lubricant requirements.

Superior technical support is another value-added service and the company boasts of timely delivery of all products. It is part of the Castrol culture to go the extra mile for all customers, Chan says.

India options

In India, the company offers specialised technical services for most vessel types through qualified, trained and experienced local staff. The Indian operations are fully supported by the globe network.

The shipping industry, both in India and elsewhere, has responded enthusiastically to this high level of service, both in terms of support and leadership initiatives, such as the development of more biodegradable marine lubricants, where uptake has been better than expected.

Chan says customers have reacted positively to their environmental product range which includes stern tube oil and greases. Shipping companies are now incorporating these options in their new build programmes too, which is good news for all.

The very first customer to take the full range of Castrol's new biodegradable lubricants is now filling up its new build vessels with

Advanced Products

Marine Mineral Oils for:

- Slow Speed Crosshead Engine Oils: cylinder oils for normal and low sulphur fuel operation, system oils
- Trunk Piston Engines Oils: diesel and gas oil exploration and heavy fuel operation
- High Speed Diesel Engines Oils: For 2 and 4-stroke diesel engines

Marine Mineral Oils for Ancillary

Equipment: air compressor oils, refrigerant compressor oils, hydraulic oils, gear oils, turbine oils, straight mineral oils

Marine Mineral Oils for Ancillary

Equipment: air compressor oils, gas compressor oils, refrigerant compressor oils, turbine oils, gear oils, turbocharger oils

Speciality Products: Corrosion preventatives, marine greases

Contact Address:

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Technopolis Knowledge Park
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Chakala, Andheri East
Mumbai 400 093.
Phone: 91 022 56984100
Fax: 91 022 56984101

Castrol's biodegradable product range. The company is now regarded as something of a pioneer in terms of its clean shipping operations, Chan avers.

Chan says the company hopes to continue this work and push for greater improvement in other areas, as well as overcome challenges such as the availability of low BN oils, which remains a concern in some markets, including India.

Castrol oils are produced in the United Arab Emirates and are exported throughout the globe such as the US, the UK and Europe. They are also available throughout Central Asia.

The company has recently established branch offices in Mainland China, Hong Kong and has representatives throughout other parts of Asia. Yes, expansion is one of its many strides. [mc](#)



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The Runaway Leader

Ganesh Raj, fondly known as 'GR' in the industry circles, has been managing and leading people all through his 18 years of career in the maritime industry. Having worked in various work cultures and leadership positions, diversity of work throws constant challenges but thrills him too. Here's the 'Zen and the Art of Motorcycle Maintenance' in conversation with **Ramprasad**.

CURRICULUM VITAE

DP World, Subcontinent Regional Office,
Darabshaw House Level 1, Narottam Morarji
Road, Ballard Estate, Mumbai 400 038

Education

- BE, Mechanical, Bangalore University (1982-1986)
- PGM, Port Management, Shipping and Transport College (1988 – 1990)

Employment

- General Manager Operations Maersk, 1990 – 2001 (11 years)
- Chief Executive Officer, Chennai Container Terminal, 2001 – 2004 (3 years)
- SVP & Managing Director, Middle East & Africa, DP World, 2004 – 2005 (1 year)
- SVP & Managing Director, Sub Continent, DP World, 2006 – Present (2 years)

Hobbies

Motorbike riding (Harley Davidson), watching movies, reading - can't resist a good book.

Family

Has two children: Daughter, 12, keen on football and son, 8, plain inquisitive and full of energy. Wife ensures the balance of love and discipline at home.

Ganesh Raj

Senior Vice President & Managing Director,
DP World Subcontinent

Q: What has driven you to maritime world?

A: I was always interested in the shipping industry. I initially started off as a design engineer in a large diesel engine manufacturing company. During the late 80s I got an opportunity to join JNPT. Under Indo-Dutch bilateral agreement, there was an opportunity to go abroad and study Port Management. Like any young graduate, I was enthused by the opportunity to go abroad and study. When I came back, I was interested in pursuing a career in planning and development rather than in engineering. A lot of people discouraged me when I told them about my option.

Q: How did you take off?

During my two-year stay with JNPT, I focussed on ship and terminal planning. After that I worked with Maersk for about 11 years. I started off as a terminal manager. At that time Maersk was expanding in a large way and we started several new services. Then, the position of CEO for Chennai Terminal came up. Till then no existing terminal was privatised. It was both a challenge and an opportunity to contribute something to the place where I was born. This led me to take up the position. As there were huge expectations to be met, I faced a lot of problems during the initial days. Subsequently, I moved to DP world. We were a small group of 4-5 people as international business division of Dubai Ports Authority. We started acquiring different assets. Operations in Indian subcontinent gained importance only after P&O was acquired. That's when I moved from Dubai to India.

Q: Which was the most rewarding experience?

A: I think each one of them has its own share of excitement. What I found was there is no single formula for success. You need to constantly look at the business environment and ensure that the objects are realised.



Each of the businesses has its unique challenges. I cannot adopt a singular management style to address the issues of a terminal. Chennai requires a completely different management style from Nhava Sheva. That aspect of diversity also makes it very interesting. At the end of the day if you enjoy what you've done and the next day you get up with the enthusiasm to do the same thing – I think that is the best part of it.

Q: What kind of pressures do you face in coping with the constant shift in addressing challenges?

A: I do not feel any pressure as long as I am enjoying the work. In terms of relaxing I do a lot of bike-riding. I own a Harley-Davidson VRSC which is my dream bike. I have a few friends who share the same passion and sometimes we drive down to Lonavala. Other form of relaxation is watching good English films when in Mumbai and Tamil ones in Chennai. I like travelling a lot. We did a good riding trip of 2400 km in South Gobi desert, Mongolia. Very gruelling but enjoyable. I indulge in reading, but not fiction. Other people's perspectives interest me.

Q: People talk about your warm relations and down-to-earth approach with your staff? What is the management funda?

A: Your position is because of the job you do. But as an individual you are what you are. If two people can be good to each other, nothing technically can go wrong. It is very important to enjoy the relationship without any strings attached. Many

“ I like travelling a lot. We did a good riding trip of 2400 km in South Gobi desert, Mongolia. ”

a time we try to put a lot of demands on the relationship. That's where it tends to go wrong.

Q: Were there any instances when you felt low?

A: Yes. There were. Several times, I felt why couldn't this be better? Why had I to go through this? As Indians we are conditioned to perseverance. For example, when you drive in India you constantly expect the unexpected. But sometimes I feel our ability to tolerate should reduce a little and we need demand for more without losing the energy levels that are required.

Q: What are the things that you like in people?

A: For me, trust is a very important factor. Once it is broken it cannot be mended. I trust a person explicitly till I see a reason and that reason has to be very strong. Another thing is I have no pretence. What you see is what you get. People who come without a façade really make a real difference in matters of relationship. I feel comfortable to move around with people like that. Lastly, emotion touches me.

As technocrat turned manager, what is your advice to young managers?

It is important to follow your heart, no matter what it is. Technocrat hones his skills not on the technical competency alone but also on the ability to lead people. But more often than not many technocrats are extremely good on their technical competency but they miss out on the ability to manage and lead people. **MG**

Pre-sea Courses Beckon Youth

According to the Baltic and International Maritime Council, the world's biggest private shipping organisation, a gap in officer shortage in global shipping is likely to grow from 10,000 to 27,000 in a few years as owners buy more cargo ships. This has opened up newer prospects for students of pre-sea training, find out

Gargee Borah and Allister Mark Syiemlieh.

Maritime education and training, and within that, pre-sea training, is of vital importance as the safety and efficiency of ship operations are dependent on the professional competence and dedication to duty, of the seafarers on board. With this in mind, the pre-sea training course in India is a compulsorily residential course with workshop training, boat work, team games, swimming, physical training, parade and a host of other extracurricular activities. Students who successfully complete this course have the required standard of knowledge,



communication skills, competence, and cheerful obedience to orders of superiors, team spirit, leadership and other seaman-like qualities. The duration of the Pre-Sea Training Course for general purpose ratings (GP) is six months. The course is fully residential as per the Directorate General of Shipping norms, requiring all the trainees to reside in-house. The course covers all aspects of the sea-faring profession (Deck and Engine), which also include swimming, physical drills, workshop training, rope and mast climbing, life saving and fire fighting exercises and ship visits.

Apart from the general purpose rating course, there are other courses like Personal Survival Techniques (PST), Personal Safety and Social Responsibility (PSSR), Fire

Prevention and Fire Fighting (FPFF), Elementary First Aid (EFA), and Oil Tanker Familiarisation Course (OTFC). A student applying for a pre-sea training course should have a minimum qualification of 'Pass' in the 10th standard from a Board recognised by the government, with 'Pass' in each of the subjects of Science, English and Mathematics. Aggregate or overall percentage must not be less than 40 per cent and in the English subject minimum required is 40 per cent either in 10th or in 12th exams. Candidates with higher educational qualifications are given preference in selection by reducing the duration of pre-sea and ship-board training.

The student should also not be more than 21 years for males or 23 years for females, on the date of

Institutes providing courses in pre-sea training

Mumbai Maritime Training Institute	www.maritimetraininginstitute.com
Marine Training Academy	www.marinetrainingacademy.com
Institute of Maritime Studies, Goa	www.imsgoa.org
Chidambaram Institute of Maritime Technology	www.cmet.org
Asha International Institute of M.S. Allimt, Varanasi	www.dgshipping.com
IMI, Noida	www.admissionnews.com/collegedetails.aspx
HIMT, Chennai	www.himtmarine.com
SAMS, Chennai	www.samsindia.com
IMA, Chennai	www.ima-maritime.com
Trident College of Marine Technology, Kolkata	www.tcmtindia.com
Tamil Nadu Maritime Academy, Tuticorin	www.tn.gov.in/tma/
Euro Tech Maritime Academy, Ernakula, Kochi	www.eurotechmaritime.org
NIPM, Chennai	www.nipm.in
Sea Scan Maritime Foundation, Goa	goa.justdial.com/sea-scan-maritime-foundation
Sriram Institute of Maritime Studies, New Delhi	www.studentsguide.in/merchant-navy

Job prospects: Candidates can join Indian & foreign shipping companies as deck or engine crew. They can also be promoted to officer level with certain service & qualifications. Assured placement with foreign shipping companies is provided after the completion of the course.

Salary: Approximately Rs. 45,000 per month.



commencement of training. The government is likely to increase the maximum age limit to 25 to attract rural youth. The institutes providing pre-sea training courses also give preference to the students who possess adequate ability for communication in spoken and written English by relevant examinations or tests which may be monitored by the Directorate.

As the global shipping industry tries to meet an acute shortage of manpower to operate vessels, this is the right time for aspiring youth to join pre-sea courses. **MC**



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AMET University CEO Forum

Experts Moot Bailout

The CEOs' panel discussion on Vision of Shipping organised by Chennai-based AMET University in Chennai recently evoked a good response among the fraternity of the shipping industry. In these times of global economic downturn and piracy on the high seas bogging the industry, the panelists and the audience took a positive stand in preparing the industry to cope with the adversity. "This panel discussion aims at understanding the industry's perspective towards the recession and what the experts expect from academic institutions like AMET in these testing times," said J Ramachandran, chancellor, AMET University.

The panellists included the board of directors of the marine university and other stalwarts in the shipping industry. Prior to the discussion,

that the industry is set to grow despite the downturn. Putting aside the fears of shipowners handling ship management activities themselves, Kuboshima expressed his confidence that third-party ship management will flourish for quite a long time.

Though the issues of piracy had hit headlines of every newspaper in the world and seem to be the biggest challenge at hand, the panellists provided a rather different picture. They unanimously agreed that the biggest ever threat to the shipping industry is the recession and not piracy. It is the recession that is eating into the revenues of the industry and not the piracy, they conceded. Captain A K Bansal, Chairman, CMMI, Chennai, stressed on the fact that piracy is not a new thing to the shipping industry and collective efforts from all the countries are needed to tackle this menace.

Bjarne Foldager, managing director of AP Moller Singapore (Pte) Ltd. said the demand for seafarers is high and in these times of recession, every quality seafarer coming out of the academy will be precious to the industry. When asked about how long the recession is going to last, Foldager pointed out that it is not the question of time, it is rather the question of efficiency in dealing with the situation and avoiding repercussions.

Speaking on the quality of seafarers, Captain S Bhardwaj, vice chancellor of the university, said AMET University has achieved remarkable progress in supplying quality manpower to the shipping industry. "The favourable Indian demographics and the English-speaking ability of people have set us apart from the rest of the world in providing quality seafarers," said Captain Bhardwaj.

While the Philippines is known for supplying the largest number of deck hands in the world, India supplies the most qualitative personnel in the officer cadre that includes marine engineers and deck officers. Ramachandran emphasised that AMET is taking up many initiatives to create awareness among the youth about shipping as a career and when opted, there is no looking back. **MC**



Panelists at the AMET University CEO Forum in Chennai.

the board of directors visited the premises of the university and spent some valuable time with the budding seafarers.

All the panellists spoke in unison that the time has come to do some serious introspection and train manpower better to face the challenges ahead. The discussion revolved around third-party ship management and the issues faced by these managers. Satoru Kuboshima, president of K-Line Ship Management, Japan, said the colossal increase in the world tonnage has given rise to third-party ship management and

Capital Dredging

Tuticorin port being upgraded

Minister for Shipping and Road Transport T R Baalu commissioned a four lane road project and inaugurated capital dredging project in Tuticorin Port recently. At present, on an average 3900 vehicle-trips per day are registered at the entry gate of the Port for cargo movement. In order to facilitate faster evacuation, smooth movement of containers and cargoes like fertiliser, food grains and edible oil, the port has developed its main arterial road from western boundary to V.O.C Wharf via Green gate by widening and strengthening to four-lane at a cost of Rs 18.55 crore. The project cost was met out from Port's Internal Resources under the NMDP Phase -I. The overall length of the road is 11.725 km. Also, the existing draft of 10.7 m has been a major limiting factor for vessels calling at the Port. The channel is being deepened to 12.80 m.



Minister T R Baalu speaking at the inaugural of the project works of Tuticorin Port.

Fulfilling Dream

New office for CHENSAA



C D Gopinath inaugurating the CHENSAA office in Chennai.

The Chennai and Ennore Ports Steamer Agents Association opened a new office at George Town in Chennai recently. "Owning premises by CHENSAA had been a dream unfulfilled for a long time," remarked its chairman G Vishwanathan. The 52-year-old association hopes to continue catering to all the interests of steamer agents and act as a liaison between its members and policy makers, trade interests and other maritime players. Having grown in numbers from the time of inception in 1956 and having principal offices, agents, NVOCC, logistics personnel as its members, the association hopes to work for a common cause. Former Indian test cricketer C D Gopinath was the chief guest of the occasion.

Strengthening Bond

Concor celebrates Customer Day

Concor organised its Customer Day in New Delhi on November 21 to reinforce its bond with its esteemed customers by giving away awards for performance.

Managing Director Rakesh Mehrotra presided over the event at the Indian Habitat Centre and gave away awards to the best performers who helped Concor improve its business. A total of 23 award categories were announced and 63 awards were presented to the deserving companies. He said customer satisfaction goes a long way in building the enterprise.

The event also provided a social platform for all business colleagues and families to unwind and interact.



Concor MD Rakesh Mehrotra (second from left) and other directors Anil Gupta, Suresh Kumar, Harpreet Singh and Yashvardhan during the Customer Day celebrations in New Delhi.

Propelling Trade

ICCI awards exporters, port users



Minister T R Baalu addressing exporters and port users during the Indian Chamber of Commerce and Industry function in Tuticorin.

Union Minister of Shipping, Road Transport and Highways, T R Baalu presented the ICCI Best Exporters & Port Users Awards to Tuticorin port users. The awards, instituted by Indian Chamber of Commerce and Industry, were given away at a function in Tuticorin on November 6.

Commending the achievements of Tuticorin port, the minister said TPT has excelled in all parameters and urged port and trade officials to take it to greater heights. Tamil Nadu's Minister for Social Welfare Geetha Jeevan said the implementation of Colachel port project should not hamper the projects of Tuticorin port.

Port Trust chairman G J Rao, ICCI president T Johnson, vice-president V S A Jayaraman, deputy chairman A Subbaiah and secretary D R Kodeeswaran were also present.

Building Infrastructure

Diabetes Centre at Chennai Port

“Infrastructure in seaway transport has to be improved a lot for the benefit of Indian export and import,” Union Minister of Shipping, Road Transport and Highways T R Baalu has said. The minister was speaking on the occasion of inaugurating a conference hall and commissioning of a haemo-dialysis unit at the Diabetics Speciality Centre in Chennai Port Trust on November 8. “The Union government is ready to provide basic amenities for the workers of the Port Trust,” he said and hoped that the new diabetes care centre would help port employees get treatment for the disease. The hospital has 185 beds with a modern ICCU and laboratory services.

Tamilnadu Minister for Finance K Anbazhagan, Member of Parliament A Krishnaswamy and Joint Secretary-shipping Rajeev Gupta were present on the occasion.



Finance Minister of Tamil Nadu Prof K Anbazhagan inaugurating the diabetes care centre at Chennai Port. Port chairman K Suresh, Minister T R Baalu are all smiles.

Growing Strong

TCHAA celebrates Golden Jubilee



Union Minister of State for Textiles EVKS Elangovan addressing TCHAA in Tuticorin.

The Tuticorin Custom House Agents' Association celebrated its golden jubilee on November 8. Inaugurating the event, Minister for Textiles EVKS said rapport among customs officials, agents and clients is essential for better execution of work and TCHAA stands as a good example of this. The association, being a professional body of business entrepreneurs of Tuticorin and involved in freight forwarding, organising shipment of export and import of goods by sea, land and air, is remarkably executing its tasks, he appreciated. P Subramaniam, Additional Commissioner of Customs and A Subbiah, Deputy Chairman of Tuticorin Port Trust were guests of honour. FFFAI chairman R Radhakrishnan, association chairman J P Joe Villavarayar, and its president T Velsankar spoke. The shipping fraternity, customs and exim community were also present.

Ports & Shipping meet postponed

Bombay Chamber of Commerce and Industry's (BCCI) Indian Ports & Shipping 2008 conference on 'The Maritime Industry: Catalyst for Economic Growth' scheduled for **December 3-4**, has been postponed due to the terror attacks in Mumbai.

The revised dates, most likely in January/February 2009, subject to the convenience of the speakers, will be announced shortly, the chamber said.

DECEMBER 2008

11-12

India Maritime 2008

At The Park, Vishakapatnam

The seminar will discuss new issues in port infrastructure, ne port development, ship building, ship breaking and recycling, and conversion.

www.ibcinfa.com/index.html

14-16

Boat India 2008

At Hotel Taj Residency, Marine Drive, Cochin

The two day event will be represented by delegates and top management representatives within the boating industry all round the globe. It will serve as business networking session to the entire boating and yachting industry.

www.boatindia08.com

JANUARY 2009



19-20

Ports in India: New Scenario: Issues & Opportunities

At The Leela, Mumbai

The conference will discuss: Key Sector Trends and Impact of Slowdown, Operator Issues and Government Perspective, New MCA and PPP, Port Financing Revisited, Customer Service and Best Practices, Changing Role of Ports, New Port Development, Hubbing Opportunities and Issues, Update on Connectivity, Modernisation and Efficiency, and Promise of Technology.

www.indiainfrastructure.com



21-24

World Maritime Technology Conference (WMTc 2009)

At NCPA Marg, Nariman Point, Mumbai

Held once in 3 years, and hosted for the first time in Asia by The Institute of Marine Engineers (India), the event will bring together professionals from various countries, organisations and disciplines of marine industry to exchange ideas on the latest developments in the maritime world and seek a way forward for working together.

www.wmtc2009.com



26-28

INMEX China 2008

At Guangzhou, China

Ship building, ship repairs, marine services and engineering, offshore engineering, ports and port development are featured in this leading business event.

www.inmexchina.com

EVENTS

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

DEC 09-10

Asia Ship Finance & Leasing Forum 2008
At Renaissance Hotel, Shanghai, China

The international summit serves as an investment and marketing platform for shipowners, shipping trusts, agencies, operators, banks, financiers and lawyers.

www.asiashipfinance.com

DEC 10-11

4th Annual Ballast Water Management Conference
London, UK

Regarded as the must-attend event bringing together shipowners/operators, system developers, port operators, regulators and scientific experts to environmental challenges, the conference will focus on global and regional regulatory developments that will impact operations.

www.ballast2008.com

JAN 26-29

Managing Marine Cargo Claims
London, UK

The annual 3 day event offers shipping professionals from both the wet and dry industries valuable insights into the intricacies of marine cargo claims.

www.maritimetradeshows.com

JAN 28-29

2nd Optimising Ship Maintenance
At Hamburg, Germany

Explores the solutions available to overcome the practical challenges of implementing a maintenance management strategy and thus optimising operational efficiency.

www.adius.net/conferences

FEB 18-20

TranSec India Expo
Mumbai, Maharashtra

The meet brings leading technologists and thinkers together to discuss the security of high throughput mass transit systems and other pressing issues within the transport arena.

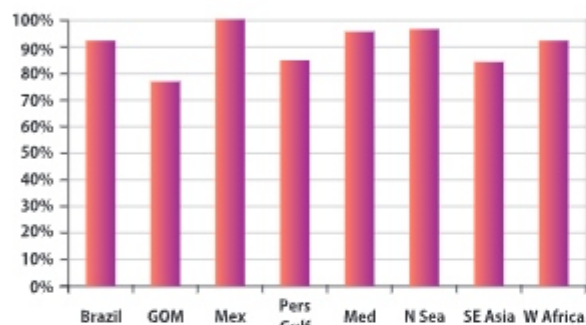
www.transec.com

Destination Port

Imported cars are turning acres of port property into parking lots as auto business is in a slump and an economy in peril. Unwanted by dealers and buyers, thousands of cars worth tens of millions of dollars are being warehoused on the crowded port property in countries like the United States. For instance, Mercedes-Benz, Toyota and Nissan are asking port authorities in Long Beach, an important exim port in California, to lease space for the orphan cars as the car industry is hit with drop in sales by 15 per cent this year. Auto dealers who place orders with manufacturers months in advance, can modify their order to receive fewer vehicles. And so, the inventory glut in ports. Yes, for now, it is Destination Port for these unwelcome vehicles.

Rig Utilisation By Region As On November 21, 2008

Rig Rentals are down by 10 per cent due to the fall in crude oil prices. A correction seems to be happening in the daily rentals market of shallow water rigs also called as jack-up rigs. Daily rentals of this kind of rigs have come down to US\$ 180,000 from US\$ 200,000 around a month ago.



Update

- Bharati Shipyard Ltd, the country's second-biggest private sector shipbuilder, has secured only one order since April for two offshore vessels worth Rs293.16 crore from Norwegian Offshore Shipping Ltd.
- The stocks of Keppel Corp, the world's largest builder of oil rigs, fell down to the lowest in more than 21 years. The marine company revealed that it was in talks with three customers to review options for new orders agreed earlier this year.

Baltic Dry Index

The Baltic Dry Index, a barometer of ocean freight rates for bulk commodities, has nosedived to its lowest level in nearly a decade. After setting a record high of 11,793 points in May, the index has plunged 93 per cent.

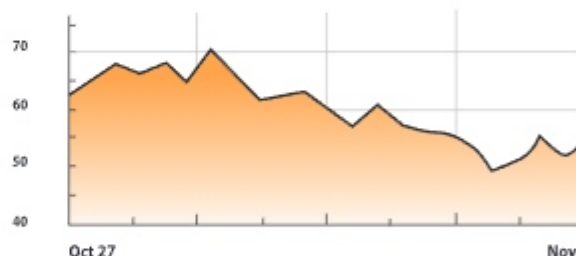


Stock Price Movement of Indian Shipping and Logistics Firms

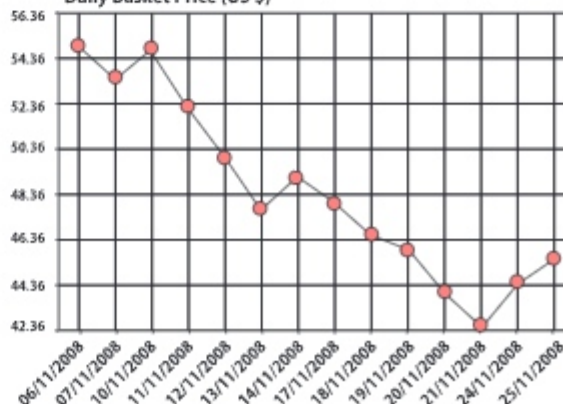
COMPARISON OF SHARE PRICES

Company	Closing Price in Rs.		Percentage Change
	24-Nov-08	22-Oct-08	
Shipping Corporation of India	75.10	119.5	-37.15
Essar Shipping Ports & Logistics	27.15	37.75	-28.08
Varun Shipping	42.60	45.75	-6.88
Great Eastern Shipping	160.30	177.05	-9.46
SKS Logistics	12.55	13.65	-8.05
Sical Logistics	25.95	33.4	-22.30
Allcargo Global Logistics	473.70	718.9	-34.10
Container Corporation of India	562.85	726.25	-22.50
Transport Corporation of India	39.50	47.75	-17.27
Gati	39.20	36.7	6.81
ABG Shipyard	98.90	169.95	-41.80
Mundra Port & SEZ	279.95	418.85	-33.16

Crude Oil Price



Daily Basket Price (US \$)





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1. Chennai Tiruvottiyur : 044-25920381/135
2. Chennai Port : 044-25382532
3. Bangalore : 080-28452078-85
4. Salem : 0427-2353521
5. Tuticorin : 0461-2340116
6. Cochin : 0484-2667463
7. Irugur : 0422-2629180
8. Tiruppur : 0421-2235772
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