

CONTAINER SHIPPING
TOO MUCH CHASING
TOO LESS

ENVIRONMENT
SAFEGUARDING
THE SEAS

REGIONAL FOCUS
DUBAI UPBEAT ON
ROBUST GROWTH

PORT DEVELOPMENT
PORT MODEL SEES
FUTURE IN INDIA

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INTERVIEWS

**'SHIP AGENTS
GROWING AS
PARTNERS TO
CUSTOMERS'**

Frederic Fontarosa

Business Director,
Ship Agency & Maritime Logistics,
Wilhelmsen Ships Service

**ENGINEERING
TRADE GROWTH**

Aman Chadha

Chairman, EEPC India

Sailing **Against the** Tide

The shipping industry comes to grips with global trade reality but a tangible game plan can help it race against the waves.

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FROM THE PUBLISHER



Time to Build

Capacity building is needless to say the need of the hour for India. Given the lull in global trade, the lean period can indeed present itself as an opportunity for creating capacities and infrastructure and building resources for the long term.

The time is just right for India to build tonnage as the country is still a small player in the world league. Despite being the third largest economy in the world in terms of GDP, India accounts for just 1.4 per cent of the world's total DWT as measured by Indian Flag, and a mere 1.3 per cent of the total seaborne-trade globally.

According to experts, the future growth of India's maritime sector lies in tonnage owning, port infrastructure, shipbuilding and shiprepair. Shipping Secretary K Mohandas admits that direct intervention of the government is needed to work towards building tonnage and creating capacities to build more ships.

Well, India has all the right reasons to rev up tonnage owning plans at the moment – increasing demand for iron ore and coal, increasing demand for oil to cater to the energy needs and growing consumer needs of the people.



Photo: LOS Shipping

Off to a flying start: Indian shipbuilding industry needs to get set, go to reach the 2020 milestone.

The shipbuilding sector can therefore work towards equipping itself with the right resources and infrastructure. It should be able to gather momentum, armed with the incentives and a slew of support measures being proposed by the government.

With the right kind of efforts and perseverance on the part of powers that be, India's 5 per cent share of world shipbuilding by 2020 can indeed be a vision turned reality.

The call for the right kind of resources also reverberates through every forum. The need for customised curriculum in national-level training institutes is also being advocated. If the National Vocational Education Qualification Framework – being formulated by the Ministry of Labour & Employment and the NSDC, together with the Ministry of HRD – can lead to the introduction of vocational education in shipbuilding and allied sectors, the start is well made.

Best Regards

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Managing
waters

Shipping Minister launches VTS in Gujarat

Union Shipping Minister Vasan recently dedicated the Vessel Traffic Service (VTS) for the Gulf of Kutch to the nation, at Kandla Port. The concept, design and implementation of the scheme was done by the Directorate General of Lighthouses & Lightships (DGLL) team, under the Ministry of Shipping. VTS is a coordinated measure and services of a number of sensors like radars and automatic identification system (AIS) that were integrated to develop an overall scenario to advise the master of the vessel. This will help in improving waterways and harbour management, increase shipping efficiency and help regulatory authorities and security agencies in detecting unlawful activities and anti-national activities.

The minister said that VTS for the Gulf of Kutch had been a long-felt need though the completion was delayed due to difficult terrain and logistical challenges. The scheme was implemented at a cost of about ₹165 crore, with 50 per cent contribution from DGLL, 25 per cent from Gujarat State Maritime Board and 25 per cent from Kandla Port Trust. This is one of the largest systems in the world presently catering to requirements of six ports with capability of extension to 10 other ports. However, the vessel advisory is available to all the vessels plying in the entire Gulf.

Vasan informed that apart from six Port Monitor Stations, the Indian Navy has been provided with monitoring a setup at Okha and the Coast Guard at Okha and Jakhau.

With completion of the scheme, an orderly traffic in the Gulf would be ensured, which will reduce risk to human lives, severity of accidents and environmental pollution.

The Minister further informed that DGLL has been identified for establishing the nation's surveillance network and they are in the process of completing a National AIS. This network will be able to track vessels up to 25 nautical miles from the coast. DGLL is also establishing Navtex Chain to facilitate broadcasting weather and safety-related information for mariners, especially during natural disturbances. DGLL is

tasked with providing state-of-the-art aids to navigation facilities along the Indian coastline and also in the Andaman & Nicobar and Lakshadweep Islands. It maintains 181 lighthouses, 64 radar beacons, 23 DGPS stations and 25 deep navigation and wreck working buoys.

The VTS will cover
16,500 sq km
and extends over
a coastal stretch of
800 km at **22**
sites from Koteswar
near Sir Creek to Okha
on the Saurashtra
Coast, to cater the
needs of all the ports
of the Gulf of Kutch.

Easing
traffic

Ghogha-Dahej ro-ro ferry service project launched

Gujarat Chief Minister Narendra Modi recently flagged off ₹296-crore worth Ghogha-Dahej Ro Ro Ferry Service Project Terminal construction that will drastically change the pattern of passenger and vehicle traffic between Saurashtra and South Gujarat.

The circuitous road distance around the Gulf between the proposed terminals of Gogha and Dahej is 360 km. The sea distance between the terminals is approximately 31 km. The principal purpose of the project is to facilitate the establishment of a vehicular and passenger ferry service across the Gulf of Cambay.

The terminals will provide berths for ferries, facilities for loading & unloading vehicles and pedestrians and onshore terminals and administration facilities.

Ministers Saurabhbhai Patel, Parsottambhai Solanki and Gujarat Maritime Board CEO Pankaj Kumar were also present.

Quay
cranes

KPCT to handle Super Post-Panamax Ships

Krishnapatnam Port Container Terminal (KPCT) has acquired five units of Super Post-Panamax Cranes. Manufactured by Doosan, these will be operational by May 2012. The five new cranes are the largest of their kind in the world, with the latest features including twin lift spreaders and outreach of 22 rows. Energy-efficient and environment-friendly, they can handle Super Post-Panamax vessels, the world's largest container ships 22 containers wide.

In anticipation of the growth in container volumes, yard facilities at KPCT are being developed from the current 2,000 ground slots to 4,500 by the end of this year. The yard equipment is also being supplemented by four RTGs. Concurrently, deepening of the port is in progress and Krishnapatnam is the deepest port in India so far with an 18-m draft.



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Business
opportunities

Oz trade team visits VPT, VCTPL

Trade Commissioner & Consul Commercial of Australia Trade Commission-South India, Michael Carter, recently visited Visakha Container Terminal during his trip to participate in a seminar.

Carter earlier visited Visakhapatnam Port Trust. GVL Satya Kumar, Dy Chairman of VPT, apprised him of VPT growth and modernisation schedule along with few commercial aspects related to sea trade between Vizag Port and the ports of Australia. Carter lauded the initiatives taken by VPT to remain as one of the top ports of the country.

Later he visited Visakha Container Terminal. R Ravikumar, Sr Vice President updated him through a PPT on terminal infrastructure and recent additions which enhanced the terminal capacity and IT-based container planning and tracking facilities. Carter mentioned that fresh apples and other fruits can be exported in container directly to Vizag which is cost-effective rather through Chennai or any other port.



Michael Carter (left) being felicitated during his trip to VCT.

Carter also attended a meeting with CII delegates and past chairman Shiv Kumar apprised him of the business opportunities and the need for support from the Australian government to resolve sanctions on a few seafood exports from India. Carter said Australia is looking forward to business opportunities in the region and invited investors to his country.

Logistics
infrastructure

Arshiya launches FTWZ in Khurja

Arshiya International Ltd, the supply chain and logistics infrastructure solutions company, announced the operational launch of its 135-acre free trade & warehousing zone (FTWZ) in Khurja, UP near the confluence of the planned eastern and western freight corridors. The FTWZ is part of Arshiya's 315-acre mega logistics hub which also includes a 50-acre rail siding and 130-acre domestic distripark (DDP), to be operational soon. This, according to Arshiya, will be the flagship state-of-the-

art logistics infrastructure in the north to service the massive manufacturing belt. It will also enable warehousing, value optimising and distribution of exim and domestic cargo.

Arshiya's first 165-acre FTWZ in Mumbai became operational in December 2010 and is currently servicing over 200 companies across sectors such as FMCG, retail, pharmaceuticals, chemicals, manufacturing, heavy engineering and automobile.

Court
sanction

KoPT to wait on transloading project

The Kolkata Port Trust (KoPT) has decided not to proceed with the mid-stream transloading project tendering process despite receiving a breather from the Supreme Court.

"It is good news for us that the apex court denied grant of an interim stay on the order of the Orissa High Court regarding port limit. But, we want to wait till the final order," KoPT chairman M L Meena told PTI.

In its final order, the Orissa High Court on November 25, 2011, had scrapped the notifications issued by the Ministry of Shipping and KoPT for expansion of the port limits. Transloading project is very crucial for the riverine port to keep itself afloat when maintaining draft at the desired level and was becoming difficult leading to diversion and decline of cargo, KoPT officials said.

Meena said the final order of the court would help in increasing investors' confidence in the project as proposed in the PPP model. The tendering process to select the transloading partner has been stalled. A legal battle had emerged after KoPT unilaterally notified the extension of the Kolkata Port limits more than 200 km south of Haldia into the Bay of Bengal, covering an area of 28,646 sq km.

Meena in the past had said KoPT has never asked for exclusive rights on the water and said there should not be any restriction for any company or port. Dhamra Port Company Ltd (DPCL) and Subarnarekha Port authorities had opposed the KoPT's move for increasing the port limits. -PTI

Going
big

GRSE commissions inshore patrol vessel

The GRSE-built Inshore Patrol Vessel *ICGS Rajshree* was recently commissioned by Vice Admiral M P Muralidharan, Director General of Indian Coast Guard, at the fitting out jetty of GRSE in Kolkata. Rear Admiral (Retd) A K Verma, Chairman & Managing Director of GRSE, was also present. The ship is named after old Seaward Defence Boat (SDB) of Coast Guard *ICGS Rajshree* that served the nation from 1983 to 2006. The second ship in the series is targeted to be delivered within the next two months.

The ship is an improved version of fast-attack craft earlier built by GRSE for Indian Navy, with an efficient hull form developed in-house and proven after extensive model testing to achieve speed up to 34 knots. This class of ships are cost-effective, fuel-efficient, all-powerful and well-suited for patrolling, anti-smuggling, anti-poaching and rescue operations.

ICGS Rajshree is fitted with state-of-the-art main engines, water jet units, engine control and integrated bridge system integrating all communication and navigation



Vice Admiral G Mahadevan, Chief of Material, Indian Navy addressing employees of GRSE after the keel-laying.

systems. The ship is fully air-conditioned and is provided with modular accommodation for its crew with improved habitability condition. She has a complement of 5 officers and 34 enrolled personnel on board.

The keel was laid on September 27, 2010 and the ship was launched on March 21, 2011. It was fully constructed and fitted out at Rajabagan Dockyard of GRSE. Integrated construction technology was adopted during construction making it possible to deliver the ship within 16 months from keel-laying.

Keel-laying of ASW Corvette:

The keel of the fourth Anti-Submarine Warfare Corvette (ASWC) for the Indian Navy was

laid by Mh Reyazuddin, HSK-1 in the presence of Vice Admiral G Mahadevan, the chief of material, Indian Navy. CMD Rear Admiral (ret'd) A K Verma was also present.

CSR initiatives: GRSE has entered into a partnership with Bengal Engineering and Science University (BESU) to promote vocational / entrepreneurial skills for the unemployed youth of Metiabruz, Kolkata. The move is aimed to propel the local community, a predominantly a minority community, towards growth and prosperity. Vice-Chancellor of BESU inaugurated the skill development programme recently in the presence of director (personnel) of GRSE and the dean of Tata Institute of Social Science, Mumbai. About 600 youth will be trained for the financial year 2011-12.

Trade
slump

MISC to exit liner business

Malaysian shipping company MISC Bhd said it will leave the liner business owing to changes in "operating dynamics". The container shipping business has resulted in a loss of \$789 million for MISC over the past three years, the shipper said in a stock exchange filing. MISC said it would incur a one-time cost of \$400 million as a result of exiting the liner business, and this sum will be booked in its present financial year, a Reuters report says.

MISC owns 16 containerships with the biggest having the capacity to carry more than 5,000 teu and the smallest at about 1,000 teu.



Admiral M P Muralidharan, Director General of Indian Coast Guard, at the commissioning of *ICGS Rajshree* in Kolkata.



Low freight
rates

Maersk to cut Asia-Europe capacity by 9 pc

Maersk Line, the leading container shipping company, will cut 9 per cent of its vessel capacity in the Asia-Europe trade in a bid to combat low freight rates clipped by oversupply. Maersk, a unit of Danish shipping and oil group A.P. Moller-Maersk, said the capacity reduction would be facilitated by a vessel-sharing agreement with French container shipping line CMA CGM.

"Oversupply of container vessels operating on the Asia-Europe trade lane has pushed Maersk Line's container freight rates to unsustainably low levels," the company said. Shares in A.P. Moller-Maersk rose in brisk trade after the announcement and ended up 3.6 per cent at 47,480 crowns, an eight-and-a-half-month high.

Analysts said the capacity cut, which was the first major move by Maersk Line's new Chief Executive Soren Skou, could help the company push through ambitious rate increases in March. Sydbank senior analyst Jacob Pedersen said it was a significant break with Maersk Line's strategy throughout 2011 when it accepted lower rates in anticipation that rivals would withdraw capacity or go under.

"That has not happened yet to a large extent, but new alliances and therefore fewer players in the Asia-Europe trade nevertheless underpin hope for more balanced competition going forward," Pedersen said, repeating an "overweight" recommendation on Maersk shares. Pedersen said that recently announced rate increases of \$700-\$900 per 20-foot container on Asia-Europe routes, together with capacity reductions, could

significantly improve the shipping industry's earning potential for 2012. Maersk Line, which is expected to post losses for 2011 when A.P. Moller-Maersk presents annual results on February 27, threw down a challenge to rivals last year by introducing a more streamlined and frequent service without a surcharge on its key Asia-Europe routes.

That move prompted some other boxship companies, including CMA CGM and Switzerland-based Mediterranean Shipping Co (MSC), to form new alliances to counteract Maersk. "The reverse side of the coin is that deeply needed consolidation will now be postponed indefinitely to the detriment of the sector's – and Maersk Line's – long-term value creation," Pedersen said.

Maersk referred to an Alphaliner forecast that Europe to Far East container traffic growth would slow to 1.5 per cent in 2012 from an estimated 2.8 per cent in 2011, due to a weakening economic outlook in Europe. "The industry container vessel fleet, by contrast, is set to grow by 8.3 per cent in 2012."

Maersk Line said it would make the adjustment without giving up any market share gained over the past two years.

"We will defend our market share position at any cost, while focussing on growing with the market and restoring profitability," CEO Skou said. Maersk said the cooperation with privately owned CMA CGM would help it cut the cost of serving West Mediterranean markets, enable it to deploy its own vessels to areas where they were most needed and pursue further

slow-steaming, or sailing at lower-than-normal speeds. Maersk said it would also consider additional steps to reduce capacity, including redelivery of time charter tonnage, lay-ups of vessels and slow-steaming.

Maersk reiterated that it would not exercise an option for the last 10 giant Triple-E class vessels out of a total of 30 it had initially contracted last year to have built by Daewoo Shipbuilding & Marine Engineering in Korea. -Reuters

Bollard
Pull AHTS

ABG bags order worth ₹500 crore from SCI

ABG Shipyard Limited, country's largest private shipbuilding company, has bagged an order amounting to ₹500 crore (\$101.40 million) from the Shipping Corporation of India (SCI) for the construction of six 80 T Bollard Pull AHTS vessels.

ABG will construct six 80T Bollard Pull AHTS Vessels, each measuring 63.4 metres with Twin Screw diesel Engine Driven 2000 DWT. The vessels are expected to be delivered within 1-2 years with a gap of two months for each vessel. The company's total order book as of date stands at approximately ₹16,600 crore.

Dhanajay Datar, wholetime director and CFO of ABG Group, said, "This is a momentous occasion for us as it shows the confidence that SCI has in ABG and its capabilities. SCI is a leading shipping company in India and we value their alliance. We hope a win-win association with SCI for years to come."

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200-mn
tonne mark

ClassNK breaks records for class entries

ClassNK has announced its final register statistics for 2011, revealing that almost 23 million gross tonnes were added to the class society's register the past year. The announcement came following a meeting of the Society's Classification Committee, which confirmed that 781 vessels totalling 22,666,948 gross tonnes were added to the ClassNK Register during 2011. This number substantially improves upon the record set by the Society for new

registrations in 2010 by 3,016,462 gross tonnes.

The ClassNK Classification Committee also certified that the Society had a total of 7,688 vessels totalling 194,540,871 tonnes on its register at the end of 2011. This represents a net increase of more than 15 million (15,062,787) gt, or a more than 8 per cent increase over the Society's year end figures for 2010.

Reflecting on confirmation of another year of success results, ClassNK Chairman and President Noboru Ueda stated "2011 was a difficult year for the industry, with many feeling the effects of the Great East Japan Earthquake. And yet, thanks to the unceasing efforts of our staff both in Japan and overseas, together with the strong support of the maritime community, ClassNK has managed to once again outdo itself with another set of impressive figures. As a result, the Society remains in a position of dominance as the leading classification society in the world."

ClassNK Register of Ships (As of 12/31/2011)

	No. of Ships	Gross Tonnage
Total Register	7,688	194,540,871
New Registrations in 2011	781	22,666,948
Newbuildings	644	19,700,744
Existing Vessels	137	2,305,367
Net Change (Over 2010)	+341	+15,062,787

Fuel
solutions

Aegis launches marine products

Aegis Group has recently launched marine products division recently to provide solutions in bunker fuels, marine lubricants and technical services at various ports. "We are delighted to leverage our unique strength of extensive tankages across many ports to offer world-class fuels and bunkers to shipping industry which takes care of their main concerns around quality, safety and timely delivery which is so critical to this industry," said Rajiv Chohan, President – Business Development.

Aegis plans to provide support to shipowners, managers, charters and operators ensuring cost reduction and guarantees quality product and dedicated safe services.

President S O Malhotra said, "India is poised to grow in bunker market given that there has been rationalisation of duty structure by governments, and we at Aegis Group will ensure 'win-win' situation with our customers."

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Difficult
year

Exports grow 10.1 pc

India's exports growth rate recorded a marginal increase in January over the previous month with the overseas shipments expanding by 10.1 per cent year-on-year to \$25.4 billion despite weak demand in the western markets.

Pushed by expensive crude oils and vegetable oils, imports grew at a faster rate of 20.3 per cent to \$40.1 billion, leaving a trade deficit of \$14.7 billion, Commerce Secretary Rahul Khullar told reporters in New Delhi recently.

The shipments had grown by 6.7 per cent year-on-year in December 2011. According to Khullar, the problems in the US and Europe are clearly weighing down on the country's exports. From a peak of 82 per cent in July 2011, export growth has slipped to 44.25 per cent in August 2011, 36.36 per cent in September 2011 and 10.8 per cent in October last year.

But, for the cumulative April-January period, exports aggregated to \$242.8 billion showing a healthy growth of 23.5 per cent, thanks to sterling trend witnessed in the previous months of the current fiscal. "What you are looking at now, is exports for the fiscal of around \$300 billion, imports at about \$460 billion with a balance

of trade of about \$160 billion," he said.

Steady rise of 29.4 per cent in imports for the ten-month period to \$391.5 billion has left trade gap widening to \$148.7 billion.



"Imports are still buoyant because of high prices of crude oil and vegetable oil. Trade deficit is large but

my guess is that it will narrow down in the next two months. The year 2012-13 would be difficult year for exporters."

Rahul Khullar, Commerce Secretary

\$48.9 billion, respectively.

Gems and jewellery exports increased by 33 per cent to \$37 billion, readymade garments by 21.5 per cent, electronics by 13.4 per cent, drugs by 21.1 per cent, leather by 23.4 per cent and marine products by 31.6 per cent.

On the other hand, imports of petroleum products increased by 38.8 per cent to \$117.9 billion, gold and silver by 46.6 per cent to \$50 billion, machinery (25.8 per cent), electronics (22.9 per cent), coal (69 per cent), iron and steel (12 per cent) and ores and scraps (43.9 per cent).

Commenting on the fiscal year 2012-13, Khullar said that due to reasons like prevailing uncertainty in the US and Europe economy, the year would be difficult for India's exports. -PTI

Resuming
trade

India iron ore exports to recover

India's iron ore exports will recover from this year's depressed levels but will not rise above 100 million tonnes as a crackdown on illegal sales pays off.

According to Mining Secretary Vishwapati Trivedi, stricter controls of mining were helping determine the "natural level" of export in the long run from the world's third biggest supplier, whose major customer is China.

Traders have slashed forecasts for 2011-12 exports from India to 50 million tonnes, about half the last year's figure, dropping it below South Africa in export rankings. The fall came after the Supreme Court banned mining in some areas and the government hiked export taxes to crush illegal sales.

"Natural export level is actually an outcome of all this. There will be an export level which will be

SAIL is expected to boost its iron ore requirements by 68 per cent to 39 million tonnes in 2013 from 23.25 million tonnes in 2010 to meet expansion needs.

between where we were last year and where we are this year," Trivedi told Reuters.

In 2010/11, India exported 97 million tonnes of iron ore and has exported about

100 million tonnes a year for several years, mainly to China. But Trivedi said those figures may have included illegal ores.

"Natural export level would be over a set of several years when you have got everything going fine, no illegal exports, then you assess the natural levels," he said. -Reuters

Trade
balance

Lower duty sought on carpet exports to China

Concerned over high import duty imposed by China on carpets, India sought lowering the levy arguing it would help in addressing the trade imbalance between two nations. The issue was raised by Commerce and Industry Anand Sharma during a meeting with Governor of Qinghai Province of China, Luo Huining in New Delhi recently.

Sharma, according to an official present in the meeting, said import duty on carpet exports to China is high and as a result makes such items too expensive in their markets. The Governor on his part assured Sharma he will take up the import duty issue with the concerned authorities.

Huining is heading a 22-member business delegation to India to explore opportunities for importing carpets. Of India's total carpets exports worth \$653 million during 2010-11, China accounted for about 8 per cent.

Since China concentrates mainly on machine made carpets due to labour shortage, the official said there is a large demand for Indian



In the first 10 months of 2011-12, India's overall carpets exports grew by about 21 per cent yoy to \$608 million. The US and Europe together account for 60 per cent of India's carpet exports.

handmade carpets in that country. Sharma said that carpet exports to China are way below the potential for imports from India.

The official, referring to the discussion between Sharma and Huining, said that China sees carpet imports as one of the ways for bringing balance in trade between India and China.

The bilateral trade between the two countries had hit a record \$73.9 billion in 2011, but the ballooning trade deficit in Beijing's favour rose to over \$27 billion, raising concern among Indian authorities. Efforts are being made to improve market access for these Indian products in China. -PTI

High
taxes

Aircraft fuel to be imported directly

The Ministry of Civil Aviation has recently recommended the Ministry of Commerce to take steps to facilitate direct import of aircraft turbine fuel (ATF) by Indian carriers. The likely decision is in view of the growing aviation fuel prices in India from 30 to 40 per cent above the international market, due to high base price and higher tax rates.

The sales tax rates on ATF in different states in India vary between 4 to 30 per cent. The minister of civil aviation has recently written to all the chief ministers asking them to bring down the rate of sales tax on ATF.

Capacity
addition

Nissan to shore up exports

Nissan Motor India will use the capacity of new production line of 2 lakh vehicles per annum from March for exports. "The 2-lakh capacity which will be added from the second line will be mostly used for export of vehicles from India till domestic sales pick up," according to Hover Automotive India VP (operations) Manoj Kumar.

Hover Automotive India is the partner of Nissan Motor India to run the sales, marketing, service, parts, training & dealer development functions in the Indian market for the Nissan range of products.



In 2011-12, Nissan is targeting

40,000 car sales and majority are Micra, Sunny models.

Nissan Motor Managing Director & CEO Kiminobu Tokuyama said the production in the second line of

vehicle-cum-engine manufacturing factory of Renault-Nissan combine near Chennai will begin from August. Kumar said Nissan will continue to focus on domestic sales and exports will not be done at cost of domestic sales. "We are increasing the number of sales network from 51 to 100 by 2013. We are looking at 1,00,000 car sales by 2013-14."

The sub-Micra is 'rumoured' to see the light of day in mid-2013. -PTI

There are many reasons for MARG Karaikal Port to be the most preferred port of call.



The ability to handle diverse cargos is one.

MARG Karaikal Port is the only modern private multi-commodity port on the South East Coast of India with a diverse cargo mix covering coal, fertiliser, container cargo, liquid cargo, agro commodities, cement, project cargo and steel scrap among others.

The port's state-of-the-art infrastructure and most modern operational facilities offer the best solution for diverse cargo handling.

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- 2 Panamax size general cargo & container berths
- 63,000 sq.m. of covered warehousing
- Automated bagging plant for fertiliser handling
- Open storage space of around 4,50,000 m²
- 800 plus ground slots for containers
- Unloading arm for crude oil handling
- 3 Mobile Harbour Cranes - Liebherr LHM 400 with 35 CBM grabs
- 3 dedicated railway sidings within port premises
- Single window clearance, transparent paper-free 'e- port' for hassle-free transactions
- Efficient operations ensures congestion-free port
- Obtained comprehensive Quality Management System certifications: ISO 9001, 14001 and OHSAS 18001

2009	2010	2012	Future
• 2 Berths • 5.2 MMTPA • Handymax vessels	• 3 Berths • 10 MMTPA • Panamax vessels	• 5 Berths • 28 MMTPA • Capesize vessels	• 11-14 Berths • 50+ MMTPA • Heavy Capesize vessels

Corporate Office: MARG Karaikal Port, *MARG Pancham*, Block B, No. 334, Futura Tech Park, Rajiv Gandhi Salai (OMR), Sholinganallur, Chennai - 600119, India.
Email: business@karaikalport.com | www.karaikalport.com



Gulf
turmoil

India's crude imports from Iran to dip

India is likely to import less oil from Iran this fiscal year ending in March, compared with 2010-11 as pressure mounts on Asian buyers to reduce crude imports from sanction-hit Islamic Republic.

Iran is India's second largest crude oil supplier meeting about 11 per cent of the South Asian country's imports. Tehran is facing Western sanctions over its nuclear plans that many say is aimed at making a bomb. Iran says it wants to produce power.

The sanctions make it tough for importers to pay for Iran's oil. Indian purchases have been fraught with payment problems in the past 13 months after a clearing mechanism was scrapped. Indian refiners have since sought alternative supplies.

"Iran constitutes a declining but

a significant part of our energy imports," said a government source.

"We will continue to buy crude from Iran to the extent possible. But Indian companies have to make their own decision taking into account the factors in the market."

India's oil imports from Iran have declined

from **21.8 million tonnes**, or **16.43 per cent of total imports**,

to **18.5 million tonnes** or about **11 per cent**, in 2010/11.

US State Department spokeswoman Victoria Nuland said last week Washington was working closely with its partner countries to help them cut dependence on Iranian oil by finding alternative supplies.

World's top oil exporter Saudi Arabia has offered

extra oil to India, potentially to replace Iranian barrels. Up to now India has defied financial sanctions imposed by the United States and European Union to punish Iran over its disputed nuclear programme.

-Reuters

2011-12
forecast

Wheat output looks up

Country's wheat output in 2011-12 will cross the current official forecast of a record 88.31 million tonnes due to favourable weather conditions, Union Agriculture Minister Sharad Pawar said.

The bumper harvest, on top of ample stockpiles, will benefit local farmers and traders, who have struggled to make overseas sales as international prices have been lower.

Indian government has allowed exports of 2 million tonnes of wheat, easing a ban on overseas sales imposed in 2007, but shipments have only been around

500,000 tonnes. The country's January 1 wheat stocks at government warehouses were at 25.7 million tonnes, more than three times the official target for the quarter ending March 31, government sources said last month.

"There will be an improvement," Pawar said, referring to a farm ministry forecast this month that the 2011-12 wheat harvest could be at 88.31 million tonnes.

India, the world's second-biggest wheat producer, harvested a record 86.87 million tonnes of the grain in 2011. -Reuters

Economy
review

Industrial production to grow by 7.4 pc in FY 13

The country's industrial production is expected to grow by 7.4 per cent in FY 13 as against the forecast of 5.1 per cent for FY 12, Centre for Monitoring Indian Economy (CMIE) said in its monthly review. Industrial production growth stood at 8.2 per cent in FY 11.

The manufacturing sector is expected to witness a healthy growth of 6.5 per cent in FY 13, against forecast of 4.9 in FY 12, CMIE said. This growth would be driven by over 10 per cent rise in production of motor vehicles and other transport equipment, machinery, basic metals and wearing apparels.

Rising corporate salaries, increase in rural income, softening of interest rates, improvement in availability of finance, new models and expansion of dealers network could boost passenger cars production by 13.1 per cent in FY 13. Production of MUVs, two-wheelers and three-wheelers is also expected to grow by around 10 per cent. This will lead to higher demand and production in auto ancillary category.

Huge capacity additions in the industrial and infrastructural construction segment and increase in production of automobiles and machinery is also expected to generate higher demand for basic metals in FY 13, CMIE said.

The mining industry, which saw a stagnation in FY 12, is expected to grow by a healthy 5.6 per cent next year. -PTI

Cargotec
contract

Siwertell unloader for Petrokimia

Cargotec recently secured a second contract for a Siwertell ship unloader, to be delivered in the next 13 months to the Indonesian fertiliser producer PT Petrokimia Gresik. The ship unloader will be erected at its operating site in Gresik, Indonesia and will be able to handle rock phosphate, sulphur, urea and ammonium sulphate at a rated capacity of 1,000t/h.

The 4S (Siwertell sulphur safety system) is designed to minimise the risk of explosions and detect fires. Cargotec now applies the 4S to all ship unloaders aimed for sulphur unloading, both those for larger ships and road-mobile unloaders for smaller ships.

To prevent explosions and fires, the Siwertell unit is equipped with nozzles that spray water at the inlet feeder and in the conveyor transfer



points. An automatic lubrication system is installed to lubricate and cool down end bearings and intermediate bearings. There are also fire detectors along the conveying line, and when activated these automatically start the fire extinguishing system spraying water and stop the conveyors. To manage any explosion, the conveyor's steel casings are reinforced with extra-thick steel, and explosion-venting valves are fitted along the conveyors and dust collectors to relieve pressure.

Tank
cleaning

Scanjet merges with Ariston

Scanjet, the Swedish provider of tank cleaning machines, has announced the acquisition and subsequent merger with Ariston cargo and ballast control systems, now renamed Scanjet Ariston. "Joining the group means the Scanjet Ariston Multipurpose Monitoring & Control System, installed on over 550 projects worldwide, is now available to Scanjet's customer base of 3,500 installations," said Stavrin Bosnov, Sales Director of Scanjet Ariston. "We are delighted to have joined a leading global sales team". Magnus Wallin, Group CEO and architect of Scanjet's rapid growth, said: "The Ariston team, products and expertise complete the Scanjet ability to offer customers turnkey solutions from our global network of offices and service partners."

New
builds

Dutch decks for German ships

German shipbuilder Meyer Werft and Dutch deck specialist Bolidit Kunststofopassende BV will work on the latest cruise ship to be built at Meyer Werft's Papenburg shipyard. The 130,000-gt vessel, delivered this month, is fitted with some 15,500 sq m of Bolidit material for the outdoor decks.

The majority of the deck areas, as well as the stairs and steps, have been covered using Bolidit's environmentally-friendly Bolideck Future Teak, a market-leading composite decking product that replicates the look and feel of traditional teak decks, but is ecologically more responsible and offers further benefits through reduced installation times and



easier onboard maintenance.

"Completion of this newbuilding project continues an extraordinarily close working relationship between us and Meyer Werft," said Jacco van Overbeek, Bolidit's Director, Shipbuilding. "For the past 25 years all passenger vessels delivered by Meyer Werft have been equipped with Bolidit decks." The new vessel features more than 3,400 sq m of indoor deck coverings and in excess of 3,500 m of C-Rail from Bolidit. The composite rail is designed as an alternative to traditional teak handrails, offers significant weight savings, a relatively low-maintenance requirement, and is moreover, a sustainable product that reduces deforestation.



Maritime
communication

Iridium launches broadband platform

Iridium Communications Inc launched its second-generation maritime broadband platform, Iridium Pilot – the world's first when it comes to fully global maritime broadband.

Iridium Pilot will withstand the harshest maritime conditions, packaged in a small, lightweight antenna. It has a fixed, electronically steerable,

phased-array antenna, designed to maintain connectivity in rough seas. It offers broadband connectivity in addition to three independent phone lines, all of which work simultaneously, with data speeds up to 134 kbps. "Iridium Pilot will be compatible with the next-generation satellite constellation," said Joel Thompson, vice president, product management, Iridium.

Gulf of
Mexico

Wärtsilä to power LNG-fuelled offshore vessels

Wärtsilä, the marine industry's leading gas solutions provider, has been awarded a contract to deliver an integrated propulsion system for two additional LNG offshore support vessels (OSV) to Harvey Gulf International Marine. This order takes Harvey Gulf to a fleet of four LNG OSVs on order, establishing the company as the world's second largest operator of LNG-powered OSVs. Wärtsilä will deliver an integrated system that includes the dual-fuel machinery, electrical and automation package, complete propulsion, and also the LNG fuel storage and gas conditioning system. The LNG storage capacity provides for more than a week of vessel operational time.

Harvey Gulf CEO Shane J Guidry, says, "These vessels, like their two sister ships, will meet the highest emission standards that exist today – and even higher standards that haven't been created yet."

Launch
in Lanka

DIMO introduces total marine solutions

DIMO of Sri Lanka has recently launched TMS – total marine solutions from an anode to a mast light. TMS offers fleet owners and individuals products and services in ship repairing, ship building and other engineering works.

Ranjith Pandithage, Chairman, DIMO launched the new service recently whilst Dr Priyath Bandu Wickrema, Chairman - Ports Authority was the guest of honour. More than 15 leading principals participated for the launch event.

DIMO has long-standing partnership with MTU in diesel and

engines, with Goltens-Dubai in ship repairing and with UK's Clements Marine in propellers, marine shafts, stern tube assemblies and ancillary equipment.



Ranjith Pandithage, Chairman-DIMO (far right) unveiling the new logo of DIMO Total Marine Solutions.

Bulk
handling

Pelindo II turns to BMT for support



PT BMT Asia Pacific Indonesia, a subsidiary of BMT Group, the leading international maritime design, engineering and risk management consultancy, has announced its latest project with state-owned port operator, Pelindo II. BMT will deliver a technical review of bulk handling operations at Banten Port, located along the Sunda Strait between Sumatra and Java. Technical experts will assess the infrastructure and operations at Banten Port and provide guidance on how Pelindo II can develop the facilities to maximise the economic opportunities. This will include assessments of operational efficiency and the bulk materials handling system (MHS) including the design concept, system, plant selection and associated electrical, mechanical and structural concepts.

Johnny Tjea, President Director of PT BMT Asia Pacific Indonesia, comments: "Whilst the rest of the world is feeling the effects of the global financial crisis, Indonesia experienced over 6 per cent GDP growth last year making it one of the fastest growing economies in Asia. The Government has quickly recognised that investment in port infrastructure is a key ingredient to drive economic growth."

DBC Port Logistics Limited



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*Providing professional quality services at
Less than **50% of your present cost** compared to any other CFS
in Nhava Sheva.*

Loaded Container Ground Rent				
	DBC		Other CFS	
	20'	40'	20'	40'
0 to 3 Days	0	0	150	300
4 to 6 Day	50	100	300	600
7th day	50	100	400	800
8 to 9 Days	100	200	400	800
10 to 12 Days	100	200	500	1000
13 to 15 Days	100	200	700	1400
16 to 30 Days	200	400	800	1600
31st Days onward	300	600	900	1800
Pay ground rent less than 20% of other CFSs				
Avg 10 days ground rent	500	1000	3050	6100

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6 Kms from JNPT Port

70 Reefer Plug Points

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Only CFS with PHO facility

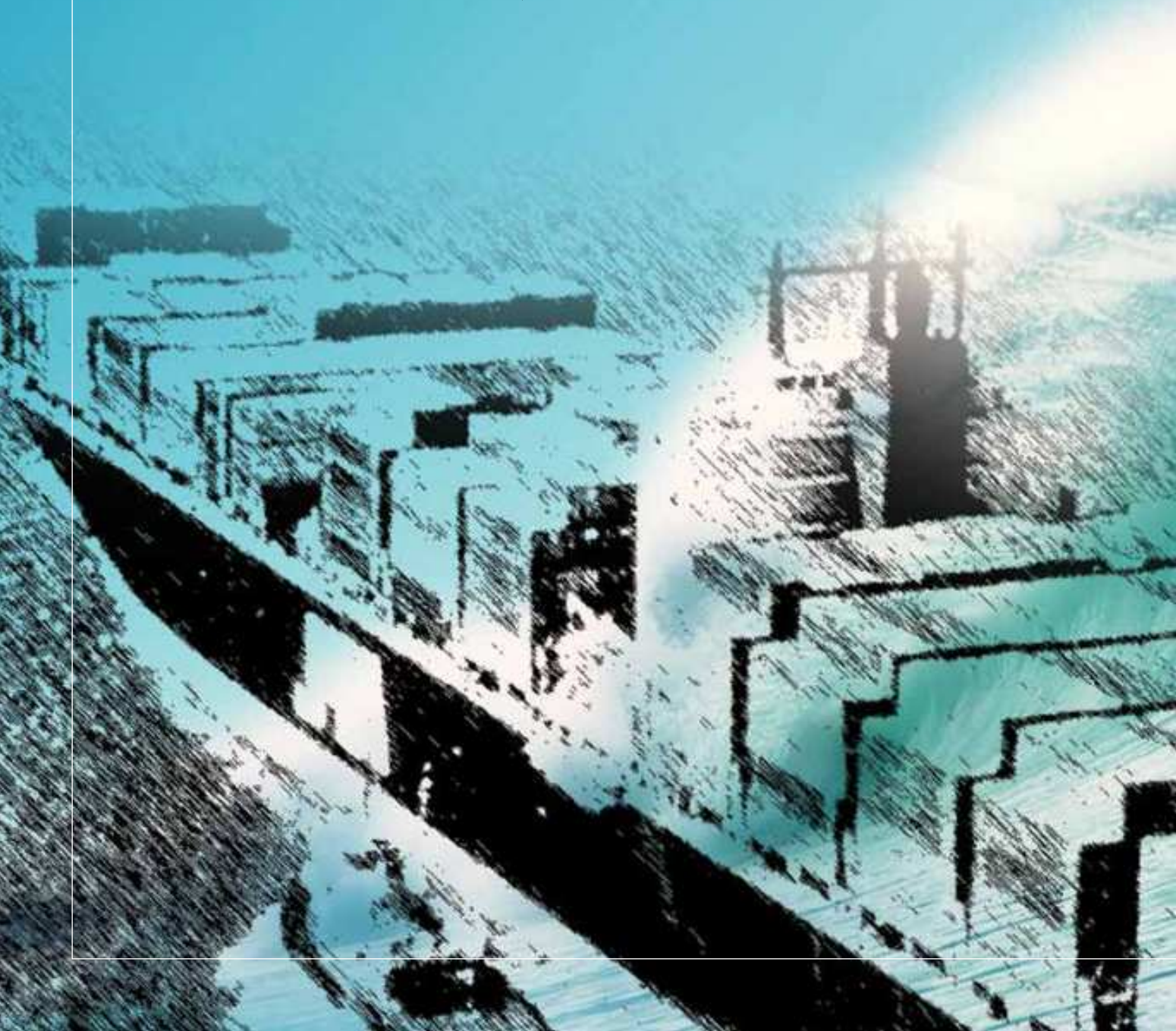
350,000 Sqfts of Warehousing

Designated area for Haz Cargo

Covered & Open Bonded Area

Best location for ODC / Project Cargo

SAILI



NG

Against the Tide

The shipping industry comes to grips with global trade reality but a tangible game plan can help it race against the waves.

by Radhika Rani G

The news trickle of a hijacked ship rescued by US and British Special Forces within a day of capture, added to the cheer of an international shipping summit gala dinner at Mumbai October last. Spyros Polemis, as the chairman of the International Chamber of Shipping representing more than 80 per cent of the world merchant fleet, raised a toast to the fraternity gathered that evening.

The Greek god of shipping with family roots in the business running over two centuries, he had earlier in the day stressed the need for navies to act robustly against piracy, especially complying with the best management practices.

That the 23 crew members, including 10 Indians – all sealed in an armoured area on the Italian bulk carrier plying in the Indian Ocean – were finally freed, lent hope to his point. The arrest of the 11 pirates, led by a message-laden bottle tossed by hostages from a porthole, thus brought a happy ending to the high drama on the mid sea.

Surprises unfold

But more dramatic events seem to follow into 2012. The shipping industry, on a rough voyage of falling fortunes in the midst of a dip in demand for its services and a string of austerity measures in the Eurozone, looked prepared to face the unexpected. But it did not anticipate events that would unsettle international rules, regimes and protocols for clear answers on incidents concerning safety of life at sea.

"What we had not foreseen," says Spyros, "was that the year would begin with the tragedy of the *Costa Concordia* and that the safety record of the industry would be put under the spotlight in the most dramatic way imaginable."

Closer home, the killing of two Indian fishermen on 'mistaken identity' as pirates off the Kollam coast in Kerala by Italian Navy marines is snowballing into a diplomatic row. The incident occurring 14 nautical miles off Alappuzha, within India's contiguous zone and not a danger band by territorial standards, begs for answers on safety and accountability of shipping, its crew and the littoral governments at large.

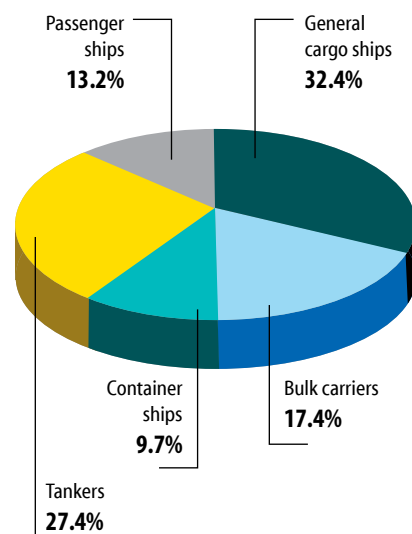
Add to this the ripple effect on ocean transport – price war, rate volatility, burgeoning tonnage and tight lending – caused by a near

10-per cent decline in global trade. And now, the impact of Iran trade sanctions on insurance coverage for Indian shipping firms. Sailing against the uncertain trade winds and delivering the result has since been the agenda of many a walk-the-talk sessions the world over.

Glut stays put

The world fleet today stands at 50,000 merchant ships, registered in over 150 nations and manned by over a million seafarers of virtually every nationality. It will, as per a Deutsch Bank report, see a 12 per cent growth in 2012.

Different sectors as percentage of total number of ships in world fleet



Source: ICS

This oversupply of vessels with far too few cargoes to carry is now a contentious issue for shipowners and charterers. Analysts have been crying loud that dry bulk freight rates are suffering as a glut outpaces commodity demand.

As per the latest update, the Baltic Exchange's sea freight index – that tracks rates for shipping dry commodities – fell for a fifth straight day as rates for both Capesize and Panamax vessels went down. A temporary lull in iron ore imports into China, which is already saddled with a huge inventory, partly explains the anomaly.

"The rates continue to bounce around near the bottom as vessel availability outweighs demand," Deutsche Bank's Justin Yagerman reiterates in the report.

Dry bulk order book for 2012 is more than 30 per cent of the existing capacity as against 7.5 per cent growth projection and tankers' is 20 per cent as against 2.5-3 per cent growth. Only in container lines, is the demand-supply ration proportional at 9 per cent.

The situation in the dry bulk is extremely bad, says Sabyasachi Hajara, CMD of Shipping Corporation of India, the premier shipping line holding one-third of Indian tonnage. The country's largest energy transporter with a fleet of 17 bulk carriers and 43 tankers, SCI faces a precarious situation as a Capesize vessel, a Panamax bulker and a Supramax, all attract a similar rate, of less than \$10,000.

So, do we seriously need a moratorium on new orders, especially on dry bulk carriers, until the crisis is over? But industry reports point out that only a fewer new orders are being placed and those delivered currently are the older ones signed during the trade boom. On the other hand, the demand for product tankers, according to Drewry, is likely to grow in Asia and Middle East regions with upcoming refinery capacity additions.

Service reshuffle

CMA CGM is reshuffling its services on the Asia-West Mediterranean trade in partnership with Maersk Line.

From early April, the new MEX 1 service, with 11 vessels of 12,500 teu, will have the rotation:

Qingdao-Pusan-Shanghai-Ningbo-Yantian-Chiwan-Nansha-Tanjung Pelepas-Port Kelang-Malta-Valencia-Barcelona-Fos-Genoa-Malta-Port Said-Khorfakkan-Port Kelang-Singapore-Qingdao.

And the new MEX 3, with 10 vessels of 9,500 teu, will call: Xiamen-Shanghai-Ningbo-Yantian-Nansha-Tanjung Pelepas-Port Kelang-Beirut-Malta-Valencia-Malaga-Tangiers-Port Said-Port Kelang-Singapore.

These two new services will replace the MEX service as well as the MEX2 (AE11) and the AE20 services operated by Maersk Line on the Asia-West Med trade.



Since shipping has always seen a cyclical pattern with periodic crests and troughs, the current distorted demand-supply equilibrium is seen as just another phase.

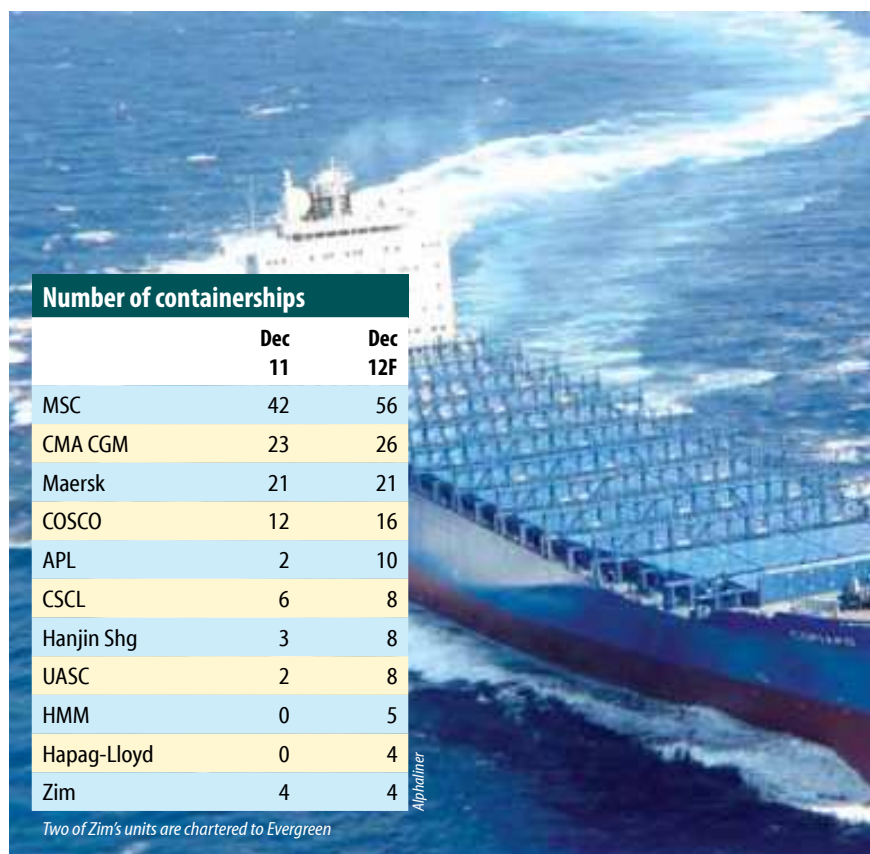
“This too (overcapacity) shall pass,” says Shipping Secretary K Mohandas. “The glut in the shipping industry will end in two years,” he predicts. “There are delivery cancellations already happening.”

Good deals

But global giants with deep pockets are seeing good opportunity in the chaos – cashing in on low shipbuilding prices and therefore economical vessels. For instance, shipping tycoon John Fredriksen of Norway is investing hundreds of millions of dollars in new ships. He has recently placed a \$610-million order – six oil tankers from STX offshore & Shipbuilding Co for \$210 million and two LNG vessels from Hyundai Samho Heavy Industries Co for \$400 million.

His new venture Frontline 2012 is reportedly placing its first order for 10 new medium-range tankers for oil products. Though Fredriksen seems to be making a big gamble with the restructured company, analysts say Frontline 2012 will reap big benefits once the slump is likely to end in 2013.

Similarly, the Swiss firm MSC



Mediterranean Shipping Company has been quietly building a fleet of giant container ships, and with its 43-strong armada today, it has dwarfed Maersk's current fleet of 21 ships above 11,500 teu.

According to Alphaliner, the gap is likely to widen as MSC plans to boost its 11,500-14,000 teu fleet

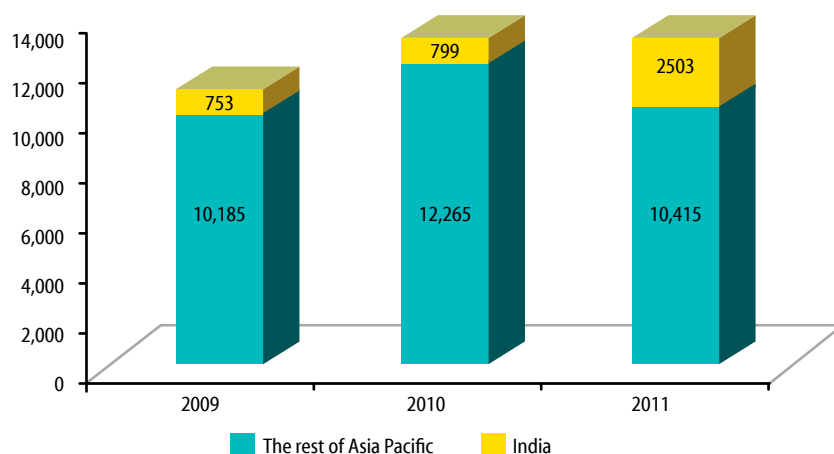
to 56 during the course of 2012. In contrast, Maersk will not receive any new ships of this size.

As per latest reports, the Danish major which had last year ordered 10 Triple-E ships of 18,000 teu capacity from South Korea's Daewoo Shipbuilding and Marine Engineering, will drop the option to order 10 more ships considering the overcapacity prevailing on the Asia-Europe trade.

To restore its profitability in the prevailing glut, the container giant has indeed cut down its capacity on the Asia-Europe trade lanes by 9 per cent. This adjustment, according to Maersk Line CEO Soren Skou, will help the firm improve vessel utilisation without giving up any market share gained over the past two years.

The largest container ship in the world is also considering additional opportunities such as redelivery of time charter tonnage, use of lay-ups and slow-steaming.

India's loan distribution in tonnage owning



Source: Standard Chartered

Meanwhile, CMA CGM is reshuffling its services on the Asia-West Mediterranean trade in partnership with Maersk Line. The reorganisation, according to the French container company, is part of its "commitment to keep providing its customers with the best quality of service on the Asia-West Med trade."

In the Far East, Kawasaki Kisen Kaisha (K-Line), the Japanese shipping major, is scrapping and redelivering some vessels to downsize the fleet and concurrently operating more flexible fleet by increasing its own tonnage and short-term charter portion. It is deploying five large container carriers between Asia and Europe this year as part of efforts to improve sales and enhance efficiency.

OOCL has announced a new China-Bangkok Service (CBS) to extend its service network between China, Thailand and Vietnam. The new service will be jointly operated by OOCL and Regional Container Lines (RCL) with three 1,200-1,300 teu containerships covering strategic ports in China, Thailand, and Vietnam.

Meanwhile, MSC and Zim have announced a new cooperation venture on the South America East

Coast-USA trade comprising of two main loops – US Gulf-South America East Coast Service and US East Coast-South America East Coast to meet customers' needs. The new joint service, according to the shipping lines, will offer comprehensive ports' coverage to partners' hubs and wider scope of direct links connecting South America East Coast and the US.

Back in India, the Ruias-led Essar Shipping is pulling back its two very large crude carriers (VLCCs) from the spot market to long-term contract in the wake of the freight market

slump. With this, the company's fleet of 25 vessels of 1.8 million dwt, will work in the long-term charter.

Bailing out

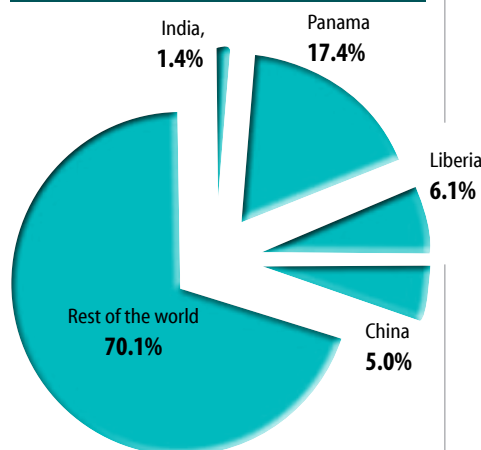
In the midst of a crisis-hit financial system, the Shipping Secretary feels there is need for bailing out Indian shipping companies by offering them sops, such as giving cargo support. "We are examining how to provide the support," Mohandas says. Foreign direct investment can flow into the sector and ships can come for flagging here.

In a survey, entitled 'The Way Ahead' done by international legal practice Norton Rose Group, the shipping sector is looking to new sources of finance in place of bank funding. While 43 per cent of respondents said they expect their primary source will continue to come from bank debt over the next two years, 31 per cent said they expect this would come from private equity and 18 per cent from export credit agencies. Another 42 per cent of respondents believe that a lack of available funding poses the greatest threat to the stability of their business and 40 per cent say the cost of borrowing is their primary concern.

"Repossessions and enforcements will increase into 2012 and insolvencies are likely to follow. However, the position in South-East Asia remains relatively positive and we believe that this region will experience the quickest recovery in the shipping sector following this extended (and still deepening) crisis," the survey notes.

All this should bode well in the short term for an industry getting 'bolts from the blue'. Calling upon the World Shipping Congress to be realistic and grounded, Spyros counsels, "The worse thing we need is fear about the future." Can't agree more! 

Percentage Distribution of World Commercial Vessels





- Fleet Owners, Operators & Logistic providers approved by IBA
- Own fleet of over 580 vehicles and growing
- Another 1000 attached vehicles and market vehicles being plied regularly
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- Door to door services from the manufacturer anywhere on the globe upto your project site/plant
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MARK MILLAR



Too Much Chasing Too Less

The container shipping industry is facing problems similar to the 2009 global financial crisis. Too much capacity chasing not enough cargo seems to be the scenario again.

At a recent conference we heard that the top 10 shipping lines have a combined 2.3 million TEU of new capacity on order, this being a large part of the projected 12-15 per cent per annum increase in the container shipping fleet during the next three years. At the same time we learned that the 'new norm' for containerised cargo volumes would be annual growth rates averaging just 7 per cent. This would suggest that the excess capacity will increase by at least 5 per cent per year through 2015.

During the second half of 2011, whilst there was a softening of

demand due to economic, financial and social challenges in Europe and the United States, we also saw additional capacity coming onto the market – and continuing to do so. Many of these new ships are the 10,000+ TEU vessels that primarily operate on the Asia-Europe trades, thus putting additional pressure on the prices in those particular sectors. Shipping lines have been furiously fighting for volumes by reducing freight rates. Drewry has reported freight rate declines of as much as 30 per cent year-on-year on the major trades.

In addition to lower volumes, rate reductions are further impacting

profitability for shipping lines, with the majority of them expected to report large losses for 2011. One industry projection is that combined year 2011 results will show over \$3 billion of losses in the global shipping sector. It seems that in many ways, recent history is repeating itself – surely one of the lessons from 2009 was that reducing the price per box does not increase the total amount of boxes to be moved!

The impact of declining freight rates is such that even shipping lines that are able to capture more volume are seeing declines in revenue and profitability. For their third quarter results, Cosco container lines

reported a 14 per cent increase in container volumes but, due to the decline in the average revenue per TEU, their revenue declined 21 per cent for the same period.

Another example is OOCL, one of the world's leading container transport and logistics service providers. Parent company Orient Overseas (International) Ltd reported third-quarter volume increase of 7 per cent to 1.32 million TEU whilst revenue decreased by 8 per cent to \$1.44 billion.

For the industry to have any chance of establishing some equilibrium in the supply and demand model within a largely commoditised sector, capacity needs to be removed from the market, at least for the short to medium term. In the absence of any carriers going out of business (yet), then the short-term prescription will be the idling of container ships.

Initially reluctant to lay up ships for fear that competitors will capitalise and steal share of volume, the lines are now taking capacity out of the market, with almost 200 container ships currently laid up, representing over 400,000 TEU of capacity. We expect to see more vessels being idled and remaining so through the first quarter, pending some visibility into volumes for the second quarter.

Encouraging intra-Asia market

Amongst the doom and gloom, the local markets in Asia could present some rays of sunshine. The intra-Asia container trade is large, with over 22 million TEU in 2011 representing 7 per cent growth over the previous year and expanding – during 2010 some 40 new short-sea shipping services were introduced just in East Asia alone.

Consumer and industrial demand is rising throughout Asia – most notably in China, India and the ASEAN nations in Southeast Asia. Indian-China trade, which back in 2001 was valued at \$2.3 billion, is

projected to grow to \$100 billion by 2015 – a 50 per cent increase over current trade levels.

The intra-Asia trade is very fragmented with many small- and medium-sized ports, numerous shipping lines, plenty of local players providing barging services and thousands of freight forwarders.

The size of the average intra-Asia vessel is currently 1,200 TEU, but as new capacity comes on-stream, larger vessels are gradually being deployed. The 2,500-3,500 TEU vessels now represent 16 per cent of the intra-Asia fleet, compared to just 2 per cent in 2006. This can create challenges for some smaller ports that may not have the appropriate infrastructure or equipment.

Indian subcontinent growth driving increased investments

As the world's second most populous country, increasing economic prosperity in India means consumption is rising along with people's incomes. Cargo movements in and out of India's 13 federal and 187 local and private ports have been steadily increasing. In the last financial year, the Indian shipping industry recorded an increase of over 20 per cent in business, which is expected to continue. India's maritime sector is set to grow to a size of \$80 billion by 2020, by which time the expected volume handled would be approximately 1.7 billion tonnes of cargo.

The government's latest National Maritime Agenda calls for massive investments – \$66 billion in the port sector and \$27 billion in the shipping sector. With these levels of port and infrastructure expansion, India will continue to be one of the biggest maritime players in the Asia region.



During the last three years, the number of carriers servicing dedicated Far East–Indian subcontinent trade has increased by 14 per cent to 24, and the number of services by 29 per cent to 18. Furthermore, the average size of vessels calling at Indian ports has increased from 2,000 TEU+ to 3,000 TEU+. Overall, the number of weekly calls to Indian subcontinent ports has grown by almost 100 per cent. – GHK Consulting

In order to respond to India's increasing levels of import-export trade, shipping lines have increased the number of services and frequency of port calls within the Indian subcontinent.

India is attracting the bigger mainline ocean vessels that carry larger volumes of cargo. The growing quantities of cargo are squeezing capacity at India's ports, putting pressure on cargo handling equipment and creating bottlenecks at congested ports. To meet growing demand, increasing efforts are being made in deepening channels, widening roads, developing new terminals, upgrading existing berths and investing in state-of-the-art cargo-handling equipment.

Two distinct markets

Overall, the intra-Asia trade is serving two distinct markets. On one dimension it is serving global trade, with end-user final demand in North America and Europe being serviced by materials, components and semi-manufactured goods that are transported around within the Asia region, until finished products are finally shipped to the developed markets.

The second dimension of the intra-Asia trade is servicing Asia itself – where final shipment of finished product is to destinations within the Asia region. This sector is experiencing strong and continuing growth, in line with the increasing economic prosperity in many Asia countries, particularly India and China – which in turn is driving demand for consumer goods.

However, there is continuing debate about the extent to which intra-Asia demand remains coupled to the developed western markets. According to Dr Jonathan Beard, Managing Director of GHK

Consulting, a leading expert on industry trends and infrastructure master planning, "Over the last decade, intra-Asia trade has grown to be one of the most important container flows. Nonetheless, it has yet to de-couple entirely from the more established transpacific and Europe-Asia trades – a significant portion of final demand still derives from outside the Asia region."

Whether decoupled or not, the fragmented nature of Asia's container shipping sector, combined with the infrastructure challenges typical of emerging markets, results in high levels of inefficiency. One study estimated that within the ASEAN region alone, the logistics costs of moving containers was \$2.25 billion a year and that efficiency improvements could result in savings of at least \$140 million.

Nevertheless, growth forecasts for Asia markets remain robust. Citigroup projects India's Gross Domestic Product (GDP) to grow by at least 7 per cent per year through 2013. Southeast Asia consumption is projected to grow at 15 per cent a year, the North Asia markets remain strong and exports from ASEAN countries to India and China have almost tripled during the last decade – all good news for container shipping within the region and reinforcing the importance of the intra-Asia market.

So whilst the US and EU markets remain soft, the increasing consumer power in Asia's emerging markets has become the underlying growth driver for the container shipping sector. We truly are in the Asia Era. 

Mark Millar

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For APM, Opportunity is Here

With a population of 1.2 billion and the world's third-largest economy, India remains significantly underrepresented as a player in global trade, and that is something APM Terminals CEO Kim Fejfer is eager to change.



"Port tariff regulations which penalize increased

throughput and productivity will not assist in developing the needed infrastructure. Private sector involvement will be a crucial component of growth if investment and regulatory environment do not act as constraints."

Kim Fejfer, CEO, APM Terminals

"The opportunities for development throughout India, one of the world's largest and fastest-growing economies, are exciting and energising and APM Terminals is committed to being a part of that growth," stated Fejfer during a conference in Mumbai recently.

Throughput at India's ports accounted for 9.7 million teu in 2011, or one-twelfth of what global container traffic averages based on economic output would suggest as necessary to meet the economy's needs. In his presentation, Fejfer estimated the infrastructure investment necessary to enable projected growth at \$20 billion.

Jawaharlal Nehru Port (JNP), serving Mumbai, is India's busiest container port, accounting for nearly 45 per cent of all Indian containerised cargo traffic. It is the 25th busiest container port in the world, with throughput of 4.3 million teu in 2011. APM Terminals Mumbai handled an estimated 1.9 million teu in 2011. Congestion and capacity issues at Indian ports have begun to affect trade growth, as existing container terminals are at 84 per cent capacity and above, and access to inland points remains inadequate.


Indian economy expanded by 7.8 per cent in 2011 to US\$1.8 trillion. It ranked 13th in imports and 21st in exports globally last year.

The Indian Government is determined to promote infrastructure growth and had projected JNP container throughput to increase to 11 million teu by 2016 and 23 million teu by 2020, as called for in the latest 10-Year Plan released by the Indian Ministry of Shipping.

In addition to Mumbai, APM Terminals also operates APM Terminals Pipavav also on the Indian west Coast in the State of Gujarat. Pipavav has been recognised as India's fastest-growing port with a throughput of an estimated 620,000 teu in 2011, and is India's first private sector port operation.

Other business interests in India encompass APM Terminals India Pvt Ltd, which operates Inland Services operations at seven locations throughout the country, including at Chennai which was recognised last month as India's "Container Freight Station of the Year" at the India Maritime Gateway Awards ceremony held as part of India Maritime Week. APM Terminals also operates global service centers at Mumbai, Chennai and Pune.

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'Ship Agents Growing as Partners to Customers'

Frederic Fontarosa, Business Director for Ship Agency & Maritime Logistics at Wilhelmsen Ships Service, one of the three largest ship agencies in the world (the other two being GAC and Inchcape), has been with the Norwegian shipping group since 1994. During a recent visit to Singapore, Fontarosa, a Frenchman, discussed with **Ramadas Rao** of *Maritime Gateway* the role of a ship agent in troubled times and the growing significance of India and China for the growth of agency business.

Q | **The Wilhelmsen Group is identified primarily as a shipowner. How does the agency business fit into the overall scheme of things?**

Originally the ship agency business was created in the early 70s to cater to Wilhelmsen ships calling in Kuwait and Hong Kong, quickly followed by Dubai. We have now grown to a point where in-house activities represent less than 3 per cent of the total agency business. Most of our customers therefore are actually third party. The agency business is a part of Wilhelmsen Ships Service, which is one of the three arms under Wilhelmsen Maritime Services. In the mid-70s a conscious and strategic decision was taken to grow the ship agency network. Around 1976 we had a handful of offices and last year we handled 54,000 port calls through our 2,200 ports in more than 70 countries.

Q | **How would you define the role of a ship agent?**

We are in charge of coordinating the commercial operations that include loading and discharging of the vessel alongside in the smoothest and fastest way. We are also responsible for making



Frederic Fontarosa

Business Director, Ship Agency & Maritime Logistics, Wilhelmsen Ships Service

sure the shipowners, the cargo owners and any relevant parties are informed of the timing of the operations and provided regular updates. We also coordinate all husbandry matters; in short, this is anything the ship needs while it is in port prior to going out to sea. This can include, but is not limited to, delivering spare parts, doing crew change, ensuring that crew is healthy while on board and ensuring that on board safety equipment is well taken care of besides coordinating bunker and water supply.

Q | Has this role changed given the sweeping transformation that has altered businesses in other sectors?

Strangely enough or not enough, shipping remains largely traditional. Of course, ships are getting bigger and ship shapes are changing; there is less crew and more technology. But the role of the ship agent has not really changed. What has changed is the way we communicate and the speed at which we communicate with our customers. Activities are also becoming more transparent in tandem with the surge in new and efficient communication channels. What has happened is that the role of the ship agent has enhanced from being a mere service provider to becoming partners to our customers. In fact, the guiding principle of our strategy, as underlined in 'Ships Agency Redefined', is mostly based on the fact that agency hasn't really changed. But there are a lot of things that we can still do to make the agency smarter and more efficient in the way it operates.

Q | Can you elaborate on how this is done?

We have decided on a simple solution to coordinate and streamline the large volume of communication that takes place between the shipowner/operator and agents. We have set up 14 customer centres and a dedicated 'global agent' who not only stays



close to the customer, but also manages and coordinates all port calls on the customer's behalf. We have established an Internet-based software called 'Virtual Agent' and have linked this to our operational system. This includes all the basic instructions given by customers and requirements in every port that the vessel calls. The reporting format is based on what the customer wants. What this does is to free the ship operator from the niggles of pre-arrival and post-departure issues and thereby help to focus on operations. So, you can say that the refined system in a way paves the way for the customer to be more efficient. This in turn results in quicker turnaround for the vessel and translates into cost savings as well.

Q | Have you been able to sustain growth in these difficult times?

We haven't suffered so much in terms of prices or share value. Long-term partnership with customers is key for us. The Wilh. Wilhelmsen Group recently celebrated its 150th anniversary and that tells you a lot about our durability. In troubled times shipping companies tend to fall back on us because they know our reputation and our ability to deliver a solid performance. Since launching the ships agency offer, we have observed steady growth.

Q | What is your strategy for opportunities and challenges in emerging markets, especially China and India?

Challenging markets have always been the area where we have been able to make the difference. These are the countries where we have

invested heavily in terms of people and have been able to grow at the fastest rate. For example, three years ago we had just two offices in India; now we have 17 and more or less over all the ports in India. We are experiencing a similar expansion in China and Indonesia where we now have about eight or nine offices. Brazil also shows great potential. The measurement of success we have is the number of port calls which has peaked the last year.

Q | How do you overcome the practice of facilitation money that seems to be ingrained in developing countries?

The Wilh. Wilhelmsen Group has an established governance policy which clearly describes our standards of business ethics for all employees. We as a company truly believe that good business ethics is also good business, because at the end of the day it is a benefit for our customers. We are responsible for informing our business partners about our code of conduct, in order to eliminate any ambiguity and the chance for corruption and our employees have undergone governance training to make sure everyone understand what it means to get "the right results the right way". In fact, some of the success of Wilhelmsen Ships Service in emerging markets is actually because we are not willing to engage in corruption. We are committed to providing the most professional and efficient service while complying with the laws and regulations of the countries in which we operate and our governing elements. That is what the customers have come to expect of us. **MG**

The crisis in Europe and the US puts a brake on exports from the dragon nation.

The Chinese belligerence in global trade was best summed up in a recent *Wall Street Journal* report by Tom Orlik titled 'Chinese exporters go hungry'. "China's exporters want a bigger slice of the global pie. But they've already eaten so much that there isn't a lot left on the table," wrote Orlik explaining the mood of Chinese continued belligerence.

Orlik goes on to argue that a bleak future awaits the Chinese in 2012 owing to the continuing crisis in Europe and high unemployment in the US. Chinese exporters can still sustain their hunger if they can bite more into the global market in addition to the existing 10 per cent they already hold. But figures speak otherwise though.

Two writers from the same journal, Andrew Peaple and Aaron Back, have come out with some interesting figures. Chinese exports have shown a 'downward trajectory' from 35.8 per cent in March 2011 to 13.4 per cent in December.

According to *WSJ*, economists expect 2 to 3 per cent gains against

the US dollar in the coming year, compared to 5.1 per cent in the previous year which virtually rules out appreciation of the yuan. Low-value goods backed by low cost of production have been the mainstay behind the success of Chinese goods in the overseas markets. Although, the *WSJ* cautioned that despite the prospect of a rising yuan and rapid wage appreciation, the Chinese cannot be written off, not just yet.

They can still be a formidable force in the foreign markets with their construction related equipments and renewable energy stuff. While European solar panel manufacturers consider China to be a threat, earth-moving equipment manufacturers like Caterpillar could expect to take a beating from China's Sany Heavy Industry.

Taking all this into account and the plummeting growth rate in the last five years from 29.6 per cent in



2002-2006, this year could witness a reversal of the Chinese story.

But, India has just experienced and seen first hand what it means when the Chinese are hungry and pushed to a corner, thanks to recession in Europe and a rising yuan. Two Indian traders, Shyamsunder Agarwal and Deepak Raheja, were kidnapped and mistreated, according to an Indian envoy, by their counterparts in the trading hub of Yiwu in the Shanghai suburb of eastern China for alleged non-payment of dues.

Slump Ahead for

Made in China



Reacting to the incident, commerce secretary Rahul Khullar said "This is a localised and a small incident. Though not good, it will barely have any impact on the trade between the two countries and will be sorted out soon."

Yiwu should not be treated as a one-off case and with the threat in mind; a statutory official advisory asked Indian businessmen to stay away from such centres, which is also home to many businessmen from our country who export the cheap materials to the Gulf and African countries.

This should also be treated as a turning point in Indo-China trade as a bulk of the trade consists of cheap toys, shoes, chappals, clocks, lamps, garments, tyres and bathroom fittings. The prices of these are far lower than similar Indian consumer goods and this has led to a 40-times growth in Indian imports from China from \$1.5 billion in 2000-01 to over \$43.5 billion in 2010-11.

Our domestic market is dominated by fancy lights and fittings from China and footwear from that country takes up 90 per cent. However, the president of Indian electrical equipment manufacturers associations, Ramesh Chandak said, "I do not foresee any dramatic impact on business." Imports of electrical equipment alone stand at ₹8,000-9,000 crore, out of the entire import figure of ₹20,000 crore from China.

The major reason why toy and other consumer markets all over India led by Karol Bagh in Delhi continue to thrive is because of cheap Chinese stuff. And the business in places like Yiwu is done without the documents that are common in international trade. Indian businessmen based there talked about hawala-driven transactions and having to rely on an Excel sheet listing items along with their prices. There is no reason why the recent kidnapping incident will not be repeated in future.

The US government named Yiwu as one of the most notorious markets of the world which blatantly flouted intellectual property rights. This is the way business is done in China and according to independent business advisors and experts on doing business in China and India, Devonshire-Ellis, the Chinese market has to be known well and procedures should be learnt by importers and exporters before they attempt to do business.

Despite the incident, Indian traders cannot ignore Yiwu, as the

Fading Growth

China's export growth, and trade surplus as percentage of GDP



* 2011 figure is an estimate.
Source: China Customs Bureau; International Monetary Fund; WSJ calculations.

place, according to the president of NIIT operations in China, Prakash Menon, "You want cheap Chinese goods, you better get to know Yiwu." That's the message.

Menon also echoes Devonshire-Ellis as he claimed that Indian businessmen should educate themselves about China where business practices were not only different from ours, but also from the West as well.

But, the Chinese government also knows too well that business engagement with India is also imperative, considering the future threats and risks highlighted by the *Wall Street Journal*.

The Chinese authorities were quick to act after the Yiwu incident as India was logistically cost-effective for exports and a huge market for items ranging from plastic materials to eyeglasses and leather goods.

China will have to re-balance priorities

According to R Jagannathan, the executive editor of *DNA*, "After two successive blow-ups – the Lehman crisis of 2008 and the euro crisis of 2011 – everyone knows that the world economy will not stabilise unless four things happen: the US consumes less and saves more, China consumes more and saves less, Germany spends more and exports less, and rest of Europe (especially the southern fringe) does the opposite."

There is also a feeling among economic think tanks the world over that cheap labour leading to lower costs of production will drive the growth in the years ahead. Many Chinese companies along with Intel and Samsung have begun to plough money into low-cost Vietnam underlying the concerns that rapid wage rise in China could somewhat slow down the marauding Dragon in the years ahead.

Long-term data published by EU indicate that the new phase could usher in rebalancing with high-wage costs in China, which could in the years ahead, pair down export incentives or totally withdraw them.

According to Boston Consulting Group, there could be a paradigm shift resulting in more precision industries within the same industries instead of China being a monopoly in low-cost items ... which they referred to as reversal trend as 'reshoring', similar to what happened with South Korea in the past.

There has to be a sort of 'time limit' for dirt cheap Chinese exports and that also includes places like Yiwu, on which a large number of small Indian traders presently depend on to feed our market. **MG**



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Engineering Trade Growth

The Engineering and Export Promotion Council of India (EEPC India) is a quasi-government organisation established in 1955 to boost engineering exports and strengthen the industrial prowess of India. Under the tutelage of the Union Ministry of Commerce & Industry, the trade and investment promotion body has evolved in the last 56 years to meet the challenges of the present times. From 42 members and export performance of \$10 million, the certified ISO:9000:2001 organisation reached a membership of over 12,000 and export performance of \$60.1 billion in 2010-11. Interestingly, 41 per cent of the engineering exports of the country come from the western region, mainly Maharashtra.

Aman Chadha, Chairman of EEPC India, the youngest so far, and member of the Board of Trade of the Ministry of Commerce & Industry, also serves on the working group constituted by the Planning Commission under the Union Commerce Secretary for devising strategies for growth of manufacturing exports in the Twelfth Five Year Plan. "Our focus for the year is to revive trade of engineering goods and to help SME engineering exporters move up the value chain," he tells in an interview with **Radhika Rani G.**



Q How is the export scenario with respect to engineering goods?

Engineering exports had dipped during the period September 2011 and November 2011 but thereafter witnessed a revival during December 2011 and January 2012. Engineering exports grew by 14.36 per cent in December 2011 and a much healthier 28.53 per cent in January 2012. Thus, engineering exports cumulatively grew by 21 per cent during the 10-month period April 2011–January 2012 to \$49.7 billion from \$41.07 billion in the period April 2010–January 2011.

The prognosis for the next fiscal year, as things stand now, is that the exporting community and the Indian engineering exporting

» **Aman Chadha**
Chairman, EEPC India

"The Twelfth Five year Plan should stress on a National Export Policy with primacy given to the manufacturing sector."

community, in particular, will be facing a challenging time in 2012-13. This is because the situation in Europe is extremely fluid, not only because of the solvency crisis in Eurozone countries but also because of the fiscal consolidation in major non-eurozone countries like Britain, which is also an important market for Indian engineering products.

Q How is EEPC working towards promoting engineering exports from India?

EEPC India is looking to promote engineering exports in non-traditional markets based on an analysis of the export potential of thrust products. Some of these are:

- **Saudi Arabia:** Electrical Engineering – India Pavilion at Saudi Elenex 2011, May 2011
- **Spain:** Textile Machinery – India

Pavilion at ITMA 2011, Sept 2011

- **Canada:** Engineering Equipments and Components – India Show, October 2011
- **Sri Lanka:** Textile Machinery – India Pavilion at Textech, 2012, March 2012
- **South Africa:** Oil and Gas – India Pavilion at Oil & Gas Africa, 2012, March 2012
- **South Korea:** Machine Tools like Metal Cuttings, Die Moulds, Metal Forming, Welding – India Pavilion at Kintex, Korea in April 2012
- **China:** Bicycle – India Pavilion at China Cycle Show in April 2012
- **China:** Textile Machinery – India Pavilion at ITMA Asia and CITME 2012 in June 2012
- **Dubai, UAE:** Auto and Auto Parts. EEPC India EEPC India will participate in form of an India Pavilion at Automechanika Middle East, May 2012
- **Dubai, UAE:** Construction Industry – India Pavilion at Big 5, November 2012
- **Dubai, UAE:** Power & Electricity – India Pavilion at Middle East Electricity, February 2013
- **Doha, Qatar:** Industrial and Heavy Machinery, Electricity, Power & Energy – India Pavilion at Project Qatar, November 2012
- **Ghana:** Energy, Transportation and Mining Technology – India Pavilion at WAMPEX 2012

All this is over and above the various promotional events that are organised in key markets like Germany and USA

EEPC India is also undertaking two detailed markey surveys on Japan and the Czech Republic

which will look at the opportunities for Indian engineering product in these two markets as also provide specific information about how to do business in these countries.

These two publications on their completion will be followed immediately by live exhibitions in form of India Shows in Japan and the Czech Republic. This strategy will be explored for other major promotional events that EEPC India will hold in the next couple of years.

Q What are the major issues that Indian exporters have been facing in recessionary times?

Well, the major issue is the lack of demand in major markets of world, particularly EU and the US. The credit freeze is affecting trade credits and that is having negative impact on global trade which is slowing down. This apart, fiscal consolidation moves in important countries as well as India is affecting competitiveness as also demand for goods in foreign markets.

Q What is your focus on SMEs, who form a large chunk of exporter base? Which are the segments where SMEs can strengthen their export potential?

Our focus is to make the SME engineering exporters move up the value chain. In order to revive engineering goods of the MSME

sector, the following strategic action is being planned so that Indian engineering exports can compete better and can attain higher growth once there is demand pick up:

- Expand the narrow base of engineering tariff lines by incentivising exports.
- Help upgrade the technology of the MSME sector which is increasing under pressure in foreign

markets from countries like China so that Indian goods move up the value chain. India is still an exporter of low value added goods

- Promote skill development in the MSME sector
- Take aggressive measures to help diversify engineering exports
- Continue with measures to lower transaction costs and more importantly cost of exporting engineering goods.

Q How does the government support your promotional activities and what are the areas where you would like government to provide more thrust?

Thorough its various schemes like MDA and MAI schemes and measures to lower transaction cost, the government provides promotional support. The government could help provide greater help with regard to technology upgradation and skill development

Q As an umbrella body to engineering exporters, how do you see your member base growing and exports picking up in the coming financial year?

Yes, we are certain that as exports pick up and the membership will grow. In 1955 when we started we had 42 members and now we have more than 12,000 members.

Q Your growth network?

EEPC India has regional offices in all the four metro cities of the country, four sub-regional offices in Ahmedabad, Bangalore, Jalandhar and Hyderabad, apart from the head office in Kolkata and a territorial office in New Delhi. We also have a global office in Singapore catering to the diverse needs of the exporters from India and to serve as a one-stop window for investors and trade partners. 


Engineering exports (machinery & instruments, iron & steel bar/rods, residual engineering items, manufactures of metals etc.) to grow at a CAGR of 27.8 per cent to reach at **\$ 125 billion** by 2013-14. In the current year, estimated exports are **\$ 76 billion**.



Dubai Upbeat on Robust Growth

Dubai is all set to cross the 4-per cent mark this year, buoyed by new economic policies and innovative strategies. *A Maritime Gateway* report.

With reports of trade sanctions on Iran flying far and wide, countries with trade links with the Persian Gulf are wary of business prospects looking up in the coming few months. But Iran has had a good neighbour in Dubai, the freewheeling commercial hub and logistics centre in the United Arab Emirates. According to reports, the trade sanctions have indeed pushed more business to Iran through Dubai.

Re-export trade, say reports, between Iran and the UAE – goods sent to the UAE for on-shipment to Iran, and Iranian goods sent to the UAE for on-shipment to other countries – totalled 31.9 billion dirhams (\$8.7 billion) in the first nine months of 2011, according to data from the UAE customs authority. Iranian re-exports rose 36 per cent from a year ago to 19.5 billion dirhams in the first half of 2011.

However, new rules from the US

and stringent norms from the UN are reversing over a century of deepening ties between Iran and Dubai. “Dubai preferred a more accommodating, business-first approach; Abu Dhabi had grave concerns about Iran’s nuclear programme, its “imperialist” ambitions in the Persian Gulf, and the growing population of Iranians residing in the UAE,” says a Reuters report.

In the midst of this embargo and uncertainty, Dubai is keen to

carry on its development process as evident from the resolute agenda at the recent Dubai Economic Outlook forum. "We have a strong commitment at the top level to remove barriers to trade and enhance public-private partnerships," said Sami Al Qamzi, Director-General of the Department of Economic Development.

"Private enterprise and a business-friendly government are at the core of Dubai's reputation as a well-diversified economy driven by high quality services, manufacturing and re-export capabilities," Al Qamzi reiterated in his address focussing on three key topics: 'Macroeconomic Outlook', 'Restructurings for Development' and 'Engines of Growth'.

"We will always be the essential backup to all our government organisations whenever there is a need. I am pleased with the business performance in Dubai," summed up Sheikh Ahmed bin Saeed Al Maktoum, the chairman of the Dubai Economic Sector Committee.

With a projected GDP growth of 3.8 per cent and inflation of 2.1 per cent in 2012, the UAE is likely to see its exports surge to \$276.1 billion, imports grow to \$219 billion and external debts swell to \$170 billion this year.

An eastward shift in economic activity and financial flows are opportunities enough for Dubai to reposition itself as a global hub for finance and trade. According to analysts, the fundamentals of

Dubai economy is expected to rise between 4.1 and 4.5 per cent this year, propelled by trade, transport and tourism. The three sectors together accounted for almost 60 per cent of Dubai's GDP in 2011.

Dubai are healthy and strong and the focus is now shifting to productive sectors.

Exports of goods and services will be the main driver of growth in 2012, said Chief Economist



Sheikh Ahmed bin Saeed Al Maktoum, chairman of the Dubai Economic Sector Committee, at the recent economic forum.

of the Department of Economic Development, Dr Mohammad Lahouel.

As for the impact of a potential debt default and Europe crisis on Dubai's economy in the wake of debt on government-related entities being estimated at \$10 billion, experts allayed fears. "There is growing trade and investment relations between Dubai and the world's fastest growing economies such as China,

Dubai launches commodity finance, storage system

Dubai Multi Commodities Centre has launched an electronic system recently for inventory-based financing of commodities and a warehouse ratings programme for lenders to weigh storage risk.

DMCC's new Tradeflow platform is designed to help owners of goods stored in warehouses in the UAE get working capital from banks, using standardised contracts as collateral.

The five-star warehouse rating system is intended to give potential financiers a better understanding of the storage risks involved when considering lending money to the owners of a variety of commodities from gold to grains.

DMCC is part of a Dubai government strategy to make the Gulf Arab emirate one of the world's major trading centres for commodities. -Reuters

India and other emerging economies. This should help Dubai to make up for declining trade and investment opportunities linked to Europe," Sean Dougherty, senior economist, Organisation for Economic Co-operation and Development, said, as reported in The Gulf News.

This year looking good for Dubai's growth, the emirate is keen to prove financial sceptics wrong on default risk, for the fourth year in a row. **MG**

Port Model Sees Future in India

The Port of Antwerp explains its USP as it sets out on road show in India to tap investment initiatives and tie-ups.

“To remain competitive and sustain growth to other parts of the global supply chain, we as a port authority had to do much more than just remain as a landlord for the port,” said Marc Van Peel, Chairman of the Port Authority of Antwerp, Belgium.

Though Peel stated that he was not there to give lessons to the Indian port policy or the private sector, he offered to explain the experience gained by them in the functioning

of the port in the last 10 years; the metamorphosis in their role from a static position as a landlord of the port to a more dynamic role encompassing more activities and stakeholders.

In their quest to be more competitive, they have had to seek ways of being a part and improve the linkages in the global supply chain. With India on the threshold of massive expansion in the

maritime sector, they felt it presented enormous opportunities both for them and India. “It is fascinating to see the optimism of the people of India – in the public, the business and the private sector about future trends,” Peel remarked during a recent conference in New Delhi.

Peel explained that to remain competitive and secure growth for the

In 2011, around 5 million tonne of goods have been shipped to and from India to Antwerp. Containers, steel and petroleum derivatives have a high share of the reciprocal flow of goods.



other ports they have had to expand their role from being just a landlord to a more holistic one, refocussing on two critical aspects in PPP – public investment in infrastructure development & dredging and attracting the right private players to the chain.

The usefulness of the port depended much on the strength or weakness of the total global supply chain of which the port was only one part. “We are only one link in the global supply chain,” he said. All the efforts would come to naught if the performance of any one link was found wanting, he clarified. They were compelled to take a lead in promoting their port. In their efforts to secure the supply chain at various levels in the global chain, they had to look beyond their immediate role; did not wait for other parts in the chain to improve, but became a ‘director’ of linking the supply chain. This implied coordinating with the various public services, such as vessel traffic and pilot services.

A port without a good hinterland connection is missing the most important reason for its existence. To this end, in their expanded role, they encouraged private parties to utilise transportation of cargo through barge, rail and even laying pipelines for their petrochemicals industry notwithstanding their primary function as a port operator. This assumes much importance owing to the heavy traffic congestion on the roads – a common predicament in Belgium and India.

The promotion of the port was another new role which they undertook – to take lead in promoting the port not only as a good cargo-handling port but as an efficient link in the global supply chain. One of the aspects of promoting the port was to be present in those parts of the world where they believed the economic future was being made for the next generation. India is one of those areas they have identified. Thus as a port authority they were not only



Marc Van Peel
Chairman, Port Authority
of Antwerp

The Busy Port

Antwerp Port, a landlord port, is one of the main European ports handling 187 million tonnes of cargo a year, primarily general, bulk, and project cargoes. The riverside port situated 80 km inland has proximity to hinterland, is the European market leader for handling steel, project cargoes, fruit, forest products, coffee and tobacco. A petrochemical industrial complex, one of the largest in the world, within the port premises enables a symbiotic relationship generating cargo for the port and giving it a logistics advantage. The port also boasts of a vast warehouse system and one of the world's most important centres for diamond trade.

The India Nation Drive

The Port of Antwerp has recently signed an MOU in Mumbai with the Association of Multimodal Transport Operators of India (AMTOI) to enable industry partners from Antwerp and India to exchange information through the digital platform “India Natie”; to work more closely in the area of multimodal transport. The MoU, the port says, will help Indian carriers and shippers to forward goods from and to the European hinterland easier through Antwerp.

establishing links in the European transport and market system, but were internationally scouting for places where it mattered most, such as India and Brazil.

From their experience in the past decade they were able to zero in four important conclusions which can be replicated to apply to Indian conditions too.

- A European main port which limits its role as an efficient cargo-handling port will not remain attractive in the future.
- A European main port which limits itself to one commodity or one big private player puts itself in a very vulnerable position. Hence the critical importance of diversifying its cargo mixes into dry bulk, liquid bulk, containers.
- A port not interested in sustainability will not survive. As the ports increase in size, complaints against the ambience such as noise and air pollution also become more vociferous. Sustainability should therefore not be seen as a luxury item, but as an integrated activity as one of the functions of the port. It is imperative to reconcile “people, planet and profit” with their day-to-day activities.

It may be noted that the port has recently released its first sustainability report – part of its “Total Plan for a More Competitive Port”, launched in 2010 in response to the global financial crisis.

In the 20th century, the emphasis of the port policy was firmly on economic development. In the 21st century, greater importance is being placed on social concerns that impact the port's activities such as environmental management which would be given a more prominent role. Stakeholder management will be further developed.

Peel's final and most telling conclusion was that any European port which had no interest in India had no future at all! Comforting thought, that! **ME**



NAZERY KHALID
Senior Fellow, Maritime Institute of Malaysia



Nazery Khalid provides an overview of the legal framework for control of marine pollution and marine environmental protection from shipping activities.

IMO – In the middle of the orbit

Merchant shipping plays a crucial role in facilitating 90 per cent of the world's trade by volume and facilitates a host of economic activities such as offshore oil & gas exploration and production, and marine tourism. The combination of globalisation, trans-border production and rapid increase in world trade – the bulk of which is carried via maritime transport which offers a cost-effective means

of transporting huge volumes of cargo – has highlighted the role and profile of ships tremendously. Huge strides made in telecommunications, containerisation, shipping design and technology have helped facilitate the transportation of big volumes and wide varieties of goods to markets far and wide and at impressive turnaround times.

Merchant shipping is a tightly regulated activity. This should not come as a surprise, given the global nature of the industry and

the multiple parties and interests involved along the maritime supply chain. As merchant ships traverse around the world's oceans and load and unload all kinds of cargos at different seaports, seaborne transport can only be efficiently managed with a set of well-documented and strictly enforced conventions, protocols, rules, regulations and standards.

These also cover curbing and reducing pollution from shipping. Pressure is growing for the shipping industry to reduce



its carbon footprint as shipping activities intensify and the marine environment comes under pressure from various pollutants emanating from ships.

The shipping industry and regulatory bodies have responded by introducing various measures and initiatives to control marine pollution and protect the marine environment from shipping activities. Central to efforts to fight marine pollution and protect the marine environment from merchant shipping activities is the International Maritime Organisation (IMO), the specialised United Nations agency responsible for the ocean governance and safe and

Key IMO conventions on pollution and environmental protection

Convention/code	Description
<i>Prevention of pollution</i>	
International Convention for the Prevention of Pollution from Ships (MARPOL 73/78)	Covers accidental and operational oil pollution as well as pollution by chemicals, goods in packaged form, sewage, garbage and air pollution.
International Convention on Prevention of Marine Pollution by Dumping of Waste and Other Matters 1972	Also known as the London Convention, it was updated in 1996 by the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea.
<i>Oil spill</i>	
International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC)	Provides a global framework for international co-operation in combating major incidents or threats of marine pollution.
Civil Liability for Oil Pollution Damage (CLC) 1969 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (FUND) 1971	CLC is also known as the Brussels Convention. It was adopted to ensure adequate compensation to persons who suffer oil pollution damage from casualties involving ships carrying oil. It places liability on owner of the ship from which the polluting oil escaped or was discharged. CLC and FUND establish a two-tier compensation plan for damage caused by oil pollution. The first tier is covered by the ship owners' insurance to a set limit of liability. Where the damage caused exceeds this limit, the tier two fund operates to provide compensation up to a maximum limit.
The International Convention on Civil Liability for Bunker Oil Pollution Damage 2001	This applies to damage caused by oil spills, when carried as fuels in ships' bunkers.
<i>Safety of merchant ships</i>	
International Convention for the Safety of Life at Sea (SOLAS) 1974	The most important of all international treaties concerning the safety of merchant ships.
International Convention for Standards, Training, Certification and Watchkeeping for Seafarers (STCW) 1978	STCW 1978 sets the standards of competence for seafarers internationally.
Convention on the International Regulations for the Prevention of Collisions at Sea (COLREG) 1972	Provides guidance in determining safe speed, the risk of collision and the conduct of vessels operating in or near traffic separation schemes.
<i>Protection of marine environment</i>	
The International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substance by Sea (HNS) 1996	This convention is modelled after the CLC 1969 and the FUND 1971, and applies to damage caused by hazardous and noxious substances.
International Convention on the Control of Harmful Anti-Fouling Systems on Ship (AFS) 2001	AFS 2001 prohibits the use of harmful organotin in anti-fouling paints used on ships and will establish a mechanism to prevent the potential future use of other harmful substances in anti-fouling systems.
International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM) 2004	BWM 2004 is divided into Articles; and an Annex which includes technical standards and requirements in the Regulations for the control and management of ships' ballast water and sediments.

Source: International Maritime Organisation

secure seas. IMO has been mandated by the United Nations Framework Convention on Climate Change (UNFCCC) to spearhead such efforts.

Since 1960s, IMO has set the standards for marine pollution control and continues to develop regulations that make for safer ships, leading to cleaner seas in the advent of technological advancement and changing shipping practices. Today, it is at the forefront of efforts to safeguard the seas from pollution.

The Marine Environment Protection Committee (MEPC), the senior technical body of the IMO on matters related to marine pollution, is crucial to the agency's work in protecting the marine environment. MEPC meets annually to discuss environmental issues related to merchant shipping. It is assisted by a number of sub-committees overlooking every facet of merchant shipping, from the construction stage to the scrapping of ships.

Initiatives, conventions and codes

Amid growing concern over the impact of climate change and rising social expectation for industries to play their part to help protect the environment, the shipping industry has responded by coming up with tighter enforcement mechanisms and a comprehensive liability and compensation regime. As a result, an



Six annexes of MARPOL 73/78

- Annex I** : Regulations for the prevention of pollution by oil
- Annex II** : Regulations for the control of pollution by noxious liquid substance in bulk
- Annex III** : Regulations for the prevention of pollution by harmful substances carried by sea in packaged forms, or in freight containers, portable tanks or road and rail wagons
- Annex IV** : Regulations for the prevention of pollution by sewage
- Annex V** : Regulations for the prevention of pollution by garbage from ships
- Annex VI** : Regulations for the prevention of air pollution from ships

extensive legal framework on curbing pollution from ships has emerged within the merchant shipping sector, with IMO at the centre.

Underscoring the growing emphasis on protecting the marine environment while facilitating shipping activities, IMO has adopted the motto 'Safe, secure and efficient shipping in clean oceans'. Although originally mandated to oversee maritime safety, the role of IMO has expanded to include safeguarding the seas and the environment from pollution. IMO's efforts in this area are in line with its vision to "reduce to the barest minimum all adverse environmental impacts from ships".

The International Convention for the Prevention of Pollution from Ships, or better known as MARPOL 73/78, is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It was formulated with the aim of minimising or eliminating the adverse impact of operations of every type of vessels on the environment by regulating the discharge of pollutants. The convention was subsequently amended by the Protocols of 1978 and 1997 and constantly updated with relevant amendments to address pollution from ships. Such pollution can come from oil spills, chemical substances carried in bulk, harmful substances in packaged form, sewage, garbage, air pollution from ships, anti-fouling paints, bio-fouling by invasive alien species in ballast



Delegates at the 61st MEPC Meeting held from 27 September to 1 October 2010 in IMO headquarters in London.

International codes and procedures aimed at preventing pollution

Codes/procedures	Description
International Safety Management (ISM) Code	Imposes strict standards on shipping companies. Became mandatory for tankers in 1998
International Code on Construction and Equipment for Ships Carrying	Dangerous Chemical in Bulk (IBC) Code Provides an international standard for the safe carriage by sea of dangerous and noxious liquid chemicals in bulk
International Code on Construction and Equipment for Ships Carrying Liquefied Gases in Bulk (IGC) Code	Provides an international standard for the safe transport by sea in bulk of liquefied gases and certain other substances
International Code for Safe Carriage of Packaged of Irradiated Nuclear Fuels, Plutonium, and High Level Radioactive Waste on Board Ships (INF) Code	Sets out how the material covered by the Code, namely irradiated nuclear fuel, plutonium and high-level radioactive wastes should be carried, including specifications for ships
Code on Noise Levels on Board Ships	Promotes noise control at a national level within the framework of internationally agreed guidelines, and the recommendation on methods of measuring noise levels at listening posts
NOx Technical Code – Technical Code on Control of Emission of Nitrous Oxides from Marine Diesel Engine	Added as Annex VI to MARPOL 73/78. Sets limits on sulphur oxide and nitrogen oxide emission from ship exhausts and prohibits deliberate emission of ozone depleting substances
Port State Control	Inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations and that the ship is manned and operated in compliance with these rules

Source: International Maritime Organisation

water and recycling of ships.

Two other conventions on shipping and environment worth elaborating are the Convention on the Control of Harmful Anti-Fouling Systems on Ships (AFS Convention) 2001, and Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) 2004.

AFS Convention bans the use of organotin compounds which act as biocides in anti-fouling paints on ships, specifically tributyltin (TBT) based anti-fouling paints which can cause harmful effects to marine species. With effect from January 1, 2008, with minor exceptions, ships are required to either remove any organotin compounds that are on their surfaces or to ensure that any organotin compounds on their external surfaces are sealed to

prevent their leaching into the water. Article 2.2 of the AFS Convention defines an anti-fouling system as 'a coating, paint, surface treatment, surface or device that is used on a ship to control or prevent attachment of unwanted organisms'. Anti-fouling systems are used to prevent the growth of algae, barnacles and other marine organisms on a ship's hull, enabling the ship to sail faster through the water, hence reducing fuel consumption.

Ballast water is carried in ships to provide stability. However, taking up of ballast water from one part of the world and discharging it in another will lead to introduction of alien invasive species that poses a threat to natural local species in the marine environment. The BWM Convention, when in force, will require all ships to adhere to ballast water management standards.

In addition to the conventions, IMO has also introduced several international codes and procedures relating to environmental protection and pollution. They guide shipowners, ship operators, port authorities, terminal operators and other players in the maritime sector in their operations to ensure that the environment is protected and to avoid pollution.

Recently, IMO has initiated several measures and initiatives to curb emission from shipping activities. They include:

- i) Promoting 'green passport' for ships by adopting guidelines for environment-friendly ship recycling, ballast water management and curbing of greenhouse gas (GHG) emission.
- ii) Designating environmentally sensitive maritime areas as Particularly Sensitive Sea Areas (PSSA) and Special Areas.
- iii) Educating industry players and the public on the need to protect the environment.
- iv) Introducing market-based mechanism in the merchant shipping sector, like in the aviation sector, to incentivise players in the sector to reduce their emissions from shipping activities.

The introduction of these conventions underscores the seriousness of IMO, its Member Governments and the shipping industry players to play their part to reduce carbon emission. The legal framework put in place has contributed immensely to improvements of ships and shipping practices that reduce emissions and pollution.

No doubt much more needs to be done and huge amount of resources will be required to inculcate a 'green culture' in the shipping industry. All stakeholders must lend unequivocal support to IMO's marine environment protection efforts, for the benefit of the oceans and future generations. Only then can IMO fully realise its motto of providing 'safe, secure and efficient shipping in clean oceans'. 

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Hoisting Up in Ports

Nearly four decades of dedication in crane manufacturing has garnered an impressive list of clients for Anupam Industries Ltd. Today it is considered as the largest crane manufacturer in India and has a total capacity of delivering products up to 40,000 tonnes per annum. Anupam manufactures a wide range of cranes to cater to various applications in steel, power, construction, cement, shipyard, fertiliser and petrochemicals and heavy & general engineering verticals. It has commissioned more than 4,500 cranes of up to 500 MT capacity and can easily execute orders of the range of \$150 million.



It has five workshops and has recently entered the port sector to produce port cranes. It set up a dedicated space at Adani Ports & Special Economic Zone for manufacturing port cranes including RMQCs, RMGCs and RTGs. To augment its port crane manufacturing even further, Anupam formed a joint venture with Mitsubishi Heavy Industries, a global player in port crane manufacturing domain. The JV is expected to commence operations in the first half of 2012 with a targeted annual production of 60 units.

Anupam-MHI will have total work force of around 2,000 people.

The JV venture company has already bagged two orders amounting to ₹100 crore for three ship-to-shore container handling cranes (RMQC) from JNPT and another significant order of around ₹200 crore for six ship unloaders from Krishnapatnam Port, which is likely to order four more unloaders amounting to another ₹135 crore.

Mehul Mehta, Managing Director, Anupam Industries Ltd and CEO of the JV – Anupam-MHI, speaks on the port cranes market and their joint venture with Mitsubishi, in a candid chat with **Jagadeesh Napa**. Excerpts:

Mehul Mehta

Managing Director, Anupam Industries Ltd
CEO, Anupam-MHI



Q | Tell us more about Anupam as a crane manufacturer and how did you choose Mitsubishi as your JV partner for manufacturing port cranes?

Traditionally, we have been an overhead crane manufacturer and are one of the largest players in this gamut. We have even gone global in this front and we are one of the respected brands globally. However, we wanted to have our presence in the entire crane manufacturing value chain and thus the seed was sown for entering into the port cranes as this is considered to be the high-end segment. We were looking for a right partner with whom we can leverage the brand, technical knowledge and expertise and get into a business venture which is respectable and recognisable globally. We did not want to restrict our search to domestic scenario and with this intention we intensified our search for the right partner at global level.

That is when we came across Mitsubishi and our synergies proved to be excellent and synchronised perfectly with our thinking. They were also looking for a production base in the Indian market and were looking for the right partner. That's how this venture came into existence.

Q | Which segments were you catering to before this joint venture?

This joint venture basically is into a different

vertical addressing the port sector. But prior to this, we had been addressing the steel, power, infrastructure and manufacturing sectors. Most of the heavyweights in these sectors are our clients. Now, our portfolio has added the port sector as well.

Q | How do you look at this market and what is its potential?

The domestic market for port cranes is around \$300-400 million and about \$5 billion globally. Our target is to settle down in the global market with a reasonable market share and of course with a respectable position. Though we are not looking at the largest market share, a reasonable market share with very good reputation is the vision.

Q | Is this a planned entry into the ports sector or just coincidental, given the huge growth and expansion plans in major ports and sprouting of new private ports?

Well, this is a highly planned step as we had been observing that the port infrastructure is highly underdeveloped in India given the growth in export-import volumes. So, even to maintain the GDP growth at 7 to 8 per cent, there is a compulsive need to modernise the port infrastructure. Our forecasts for this sector have proved right and thus we thought this is the right time to leverage this momentum of growth and went ahead with the plunge.

Q | Can you tell us more about the joint venture?

Anupam MHI is a completely independent joint venture company whereby both the parties are investing their cash and other strengths like the technical knowhow into the JV. In the initial phase, we are looking at a capex of ₹800 crore and we are very much confident in tripling the capacity in the next couple of years. We foresee a very good opportunity to settle down at triple the initial capacity in the future. 

Is Chennai Port's Congestion ICTT's Gain?

Would the newly commissioned International Container Transshipment Terminal (ICTT) at Vallarpadam at Kochi be able to gain from the recent congestion at Chennai Container Terminal? A report by our correspondent.

The state-of-the-art ICTT, set up at a colossal investment of above ₹3,000 crore during 2011, has been taking time to attain commercial viability due to inadequate container throughput at the terminal. Colombo transshipment terminal, which falls on the mainline container vessel routes and close to ICTT Kochi, is giving the new transshipment terminal stiff competition.

Lured by assured high container volumes – generated from Sri Lanka's own hinterland and

from major ports in east coast of India, mainly Kolkata Port, Vizag Container Terminal, Kakinada, Ennore, Tuticorin and Chennai Port – Colombo continues to be the most favourable transshipment hub for mainline vessels. Further examined in the present context, mainline vessels find it attractive to call at Colombo transshipment hub owing to continuous fall in transportation rates for container liners owing to the global economic slowdown. Comfortable containers availability have been helping retention of margins for the liners.

While Colombo's heightened presence continues to affect business of ICTT, New Mangalore Port in the state of Karnataka, which is near to ICTT Kochi, is also a cause of concern for the terminal. In recent years, New Mangalore Port has been handling good volumes of export containers. The port mainly handles apparel export containers originating from Bellary apparel cluster and also from other parts of Karnataka. Sizeable volumes of export containers have been drawing liners connecting Asian, European, Middle East and African destinations through the



port. Significantly, the other East coast Indian major ports have also been handling sizeable volumes of export containers for various goods. The ports have been undertaking container aggregation as they serve large parts of southern Indian and also part of eastern India hinterland. The ports have been performing the role of gateway ports as well. Ports including, Chennai, Tuticorin and Vizag have also been receiving increasing calls from mainline vessels.

One of the most significant ports among these, Chennai Container Terminal (CCT), has been facing vessel congestion due to piling up of containers at the terminal. Vessel port stays at the terminal have been averaging five days against the normal 36 hours since mid-August. The situation has not changed much since then. With pending backlog waiting to be cleared, container pileup has attained serious proportions. The situation has become more serious at the terminal especially since October as the festive season has begun. The terminal has been plagued by landside congestion both inside the port and outside with container trailer trucks in queue up to 20 km north of the port.

Slow evacuation of containers from CCT has led to delayed berthing of vessels calling at the port terminal. CCT is berthing two vessels instead of usual three, resulting in bunching of vessels. Vessel lines which have been able to go back on schedule, have been facing difficulties in getting slots. Extended vessel stays have added to the chartering cost; as a result, Chennai Feeder Operators, a forum representing container shipping lines operating at the Chennai Port, had to levy a charge on the trade for long waiting of the vessels. The charge was increased to \$200 for a TEU



container in October, from \$65 a TEU in August, to compensate the loss incurred to them due to the delay.

Chennai Container Terminal is being used by Chennai apparel cluster for exporting its shipments. The port with its container terminal plays a major role by facilitating shipment of cargo for the apparel exporters based in Chennai to export the garments to US, EU, Japan, UAE, South Africa, Australia, Canada and others. Apart from apparel, various other manufacturing industries located in Tamil Nadu, use Chennai Container Terminal for their exports.

Chennai apparel cluster is estimated to have a turnover of ₹2,500 crore. The size of the cluster is

estimated to be of 100 exporters managing a nearly ₹2,000 crore of business per year, accounting for 80 per cent of the cluster's annual turnover. Employing latest technology like Juki and Brothers sewing machine, the cluster segment stitches close to 3 lakh garments per day. There are some big export houses in the hub which are capable

of bringing out 2-3 lakh garments per month.

Option for exporters

Due to these congestion problems, the exporters who are operating from Chennai are now looking towards ICTT to ship their cargo via ICD Whitefield Bengaluru. Container Corporation of India CONCOR, therefore, has begun three weekly rake services between Kochi ICTT and Whitefield. Finished apparel products are mainly exported from Bengaluru ICD. New container rail services have also been started between ICD Tuticorin and ICTT by CONCOR. The initiative by CONCOR to start new services has been taken owing to the move count restrictions by Tuticorin Container Terminal, which is affecting transshipments by sea to Tuticorin Port.

Taking cognizance of the new situation, ICTT has taken multiple other initiatives to attract container volumes. Recently, new container rail services from Tuticorin ICD to Inland Container Transshipment Terminal Vallarpadam have also begun. ICTT has been attracting major volumes from ICD Bengaluru in last couple of months. From handling one container train a week, with volume of approximately 150-250 TEU a month, the number has increased

The second CFS, cleared by the Union Government, is being developed by the state-owned Infrastructure Kerala Limited (INKEL) and MIV Logistics Pvt Ltd on 18.5 acres of land. The first one is being developed by Gateway Distriparks (Kerala) (GDKL), the joint venture company of Gateway Distriparks and Chakiat Group. The Cochin Port Trust has earmarked 54 acres of land near the ICTT for developing CFSs.

to three fixed trains per week with additional trains on ad hoc basis, making it 14 train services per week from Bengaluru (approximately 1,200 trains per month). Cargo has also been coming to ICTT from Tirupur, Pollachi and Coimbatore, it is learnt.

With Tuticorin Container Terminal introducing a move count restriction, affecting transshipment by sea to Tuticorin, the rail services has become an alternative to the trade and shipping lines. CONCOR has been providing services to the trade with additional trains based on requirements. Sources in the shipping fraternity say that they are discussing with their regional head offices to try and make ICTT a port of call for their mainline services, especially the Indian ones.

With more mainline vessel services on the anvil at ICTT, CONCOR is also gearing up to the increased volume of containers to ICTT from Bengaluru, Coimbatore and Tuticorin as well as connect ICDs like Hyderabad and Chennai. CONCOR is also planning to expand its network from ICD locations in south, west and north India to connect ICTT at Vallarpadam. To connect ICTT to new locations, CONCOR has also begun offering new tariffs from ICD locations in Chennai, Nagpur, Tuticorin, Hyderabad, JNPT, Dronagiri and Tuglakabad.

The new connectivity initiative augurs well for ICTT as it is trying to attain satisfactory capacity utilisation. It also augurs well for exporters looking to bypass the piling up woes at CCT as of now. It can also provide an alternative gateway for exporters in southern India. According to ICTT sources, it is served by mainline vessels connections to Europe with crane productivity of 30 moves per hour and an average turnaround time of 45 minutes.

Given this scenario, it will be interesting to see how ICTT will fare in the coming years. **MG**

Bayswater again opts for Liebherr

In February, Bayswater celebrated the handover of the 2nd Liebherr Mobile Harbour Crane, type LHM 180. Bayswater Shipping & Forwarding provides transportation of cargoes between Singapore and Batam Island, Indonesia as well as barging of transshipment project cargo within Asian Ports.

After the delivery of a LHM 100 in 2007, the company decided to go for the next bigger model. With a maximum lifting capacity of 64t and a maximum outreach of 35m, the new machine is suited for the handling of large volume, heavy lift and/or oversized transshipment cargo, thus entailing the direct discharging and loading of feeder vessels to barges or from barges to feeder vessels.

"The Liebherr solution will be an integral part of Bayswater's facility plans that enable safe and efficient handling of containerised and heavy lift cargo," says Kelvin Tan, Director of Bayswater.

The decision in favour of Liebherr's solution follows a comprehensive evaluation of available mobile harbour crane systems conducted by the client. "With 10 further deliveries to various Indonesian ports, Liebherr could strengthen its position in South-East Asia substantially," says Matthias Mungenast, Liebherr Area Manager Asia/Pacific.



Martek BNWAS gets USCG approval

Martek Marine's bridge watch and alarm system (BNWAS) Navgard has become the first system to attain US Coast Guard approval.

Navgard, which is approved by all major classification societies, was launched officially in Hamburg in September 2010 as the lowest cost, easiest and quickest system to install for avoiding navigational accidents and also to serve as a bridge security system in port.

It comes with a three-year warranty, on/off and alarm logging and password protected switch off, a dual tech motion sensor to prevent false resetting and a built-in PIR Passive Infra-Red (PIR) movement detector with a 10m range. It involves a modular installation process, eliminating the requirement for more complex interfaces, as the alarms are linked directly to the control panel. The system can accommodate any bridge size and layout.

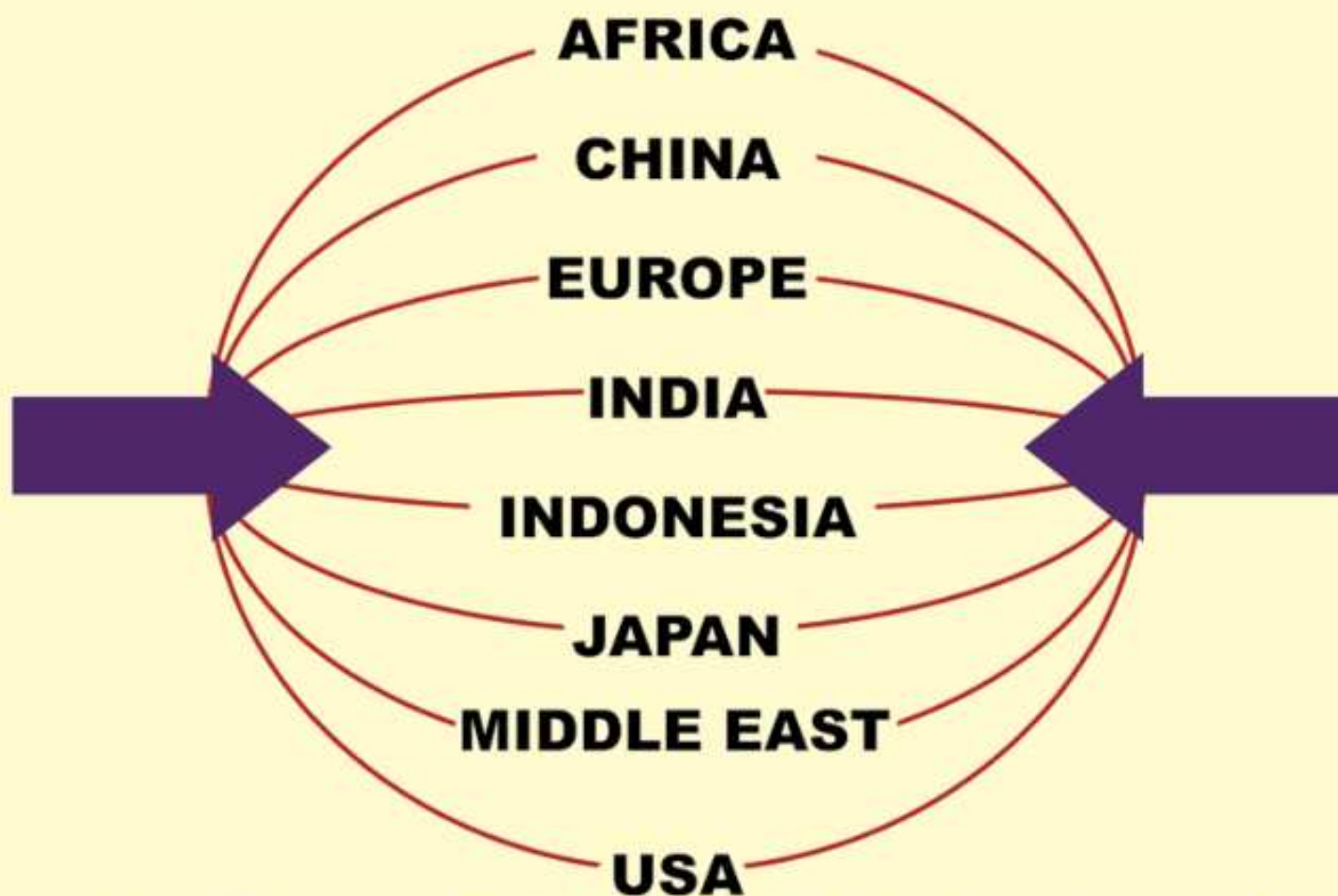
"Navgard is the first system approved by the US Coast Guard," says Steve Coulson, Martek's Sales & Marketing Director. "It gives owners, operators and crew the peace of mind that their vessel has the highest quality BNWAS installed and that it is compliant with the rigorous standards of safety and performance required by the US Coast Guard."



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International Customs Day

Award for BCHAA chief

Nailesh Gandhi (right), President of the Bombay Custom House Agents' Association, receiving the WCO Certificate of Merit from Union Finance Minister Pranab Mukherjee at Customs Day celebrations in New Delhi.

The president of the Bombay Custom House Agents' Association, Nailesh Gandhi, was recently conferred the 'WCO Certificate of Merit' by Union Finance Minister Pranab Mukherjee during a function held in New Delhi to celebrate the completion of 50th year of Customs Act 1962 and International Customs Day. The WCO certification of Merit is awarded by World Customs Organisation every year on the International Customs day on January 26 all over the world. This year The International Customs day has been coincided with celebration of 50 years of achievements under Customs Act 1962. The award was in recognition of the contribution made by Nailesh Gandhi on self-assessment, budget proposals, changes required in policies and procedures and macro policy issues.



Retail logistics

Georgia Tech visits Future Group

Anshuman Singh, MD & CEO, Future Supply Chains receiving the 'Retail Icons of the Year' citation from CMO Council, USA and CMO Asia in a glittering ceremony recently held in Mumbai.

Below: The visiting team from Georgia Tech EMIL-SCS.

Top executives at Future Supply Chain Solutions Ltd hosted a visit from Georgia Tech's Executive Master's in International Logistics & Supply Chain Strategy (EMIL-SCS), to discuss Future Group's retail logistics challenges and innovations in India. The visitors included vice-presidents, directors and senior managers at companies such as Dell, Tiffany & Co, L'Oréal and UPS from the US,



Canada, Thailand and Venezuela. The meeting was part of the EMIL-SCS program's Asia residence, an intensive two-week tour of Asia, including meetings with industry leaders in India, Thailand, Hong Kong and China.



The World of Cruises all set to enthrall visitors to Hamburg in August this year.

Cruising in Hamburg

Hamburg welcomes over 100 cruise ships and new luxury liners every year. In August 2012, visitors will be flocking to the vibrant city on the banks of the River Elbe to experience a spectacular event: the Hamburg Cruise Days. On one thrilling weekend, seven famous cruise ships will be calling in on the port, and themed islands along the dockside will let visitors experience the world of cruises on dry land. Every evening, the Blue Port lighting installation will plunge the port into a magical blue light.

The Hamburg Cruise Days take place on three days, from 17 until 19 August 2012. The event site extends along the River Elbe for several kilometres.

NEWS

Trade
ties**AMTOI, Port of Antwerp ink MoU**

The Association of Multimodal Transport Operators of India (AMTOI) and the Port of Antwerp inked a memorandum of understanding (MoU) to facilitate increasing collaboration between the multitude of logistics companies operating in India, Belgium and Europe at large.

The MoU was signed by Anand Sheth, President of AMTOI, and Marc Van Peel, Chairman of the port at a reception hosted by the port. Eddy Bruyninckx, CEO of the port, Tushar Jani, immediate past President of AMTOI, Raj Khalid, representative of the port in India and Rajeev Gupta, Chairman of Mumbai Port Trust were present.

Through this MoU both parties are expecting to bring together Indian exporters, logistics firms and shippers with Antwerp-based firms,

the Port Authority and purchasers in Europe and vice versa.

The parties have decided to start a feasibility study on setting clear goals, developing the concept of a responsive tool, investigating how to guarantee collaboration of players involved, and making it an active working instrument. AMTOI will visit Antwerp to hold talks with the companies there. Both parties will also create a virtual platform to ease communication and facilitate the contacts.

Further, they have also set out an ambitious target of creation of a physical platform (warehouse or alike) in Antwerp (the Indian Pavilion), which will be available to the members of the trade to enhance the relations between India and the Port of Antwerp, and Europe at large.

Global
reach**Gati forms JV with Japan's Kintetsu**

Gati established global footprint by entering into a 70:30 JV with \$3.5 billion MNC Kintetsu World Express of Japan. KWE is operating in 32 countries and 194 cities. KWE plans to invest ₹2.68 billion (\$54.25 million) for a 30 per cent stake in the joint venture to gain access to the growing Indian market.

Mahendra Agarwal, Founder & CEO, Gati Limited said, "The Express Distribution and Supply Chain business has been our core strength and we continue to perform in line with the industry growth. The JV with KWE will further strengthen our expertise in 3PL and express distribution in India, provide us with a global footprint and also help us capitalise on the large base of KWE's global customers".

Gati also announced the third quarter results with its net profit soaring up 71 per cent to ₹52.6 million for the second quarter ended December 31, 2011 as compared to ₹30.8 million in the corresponding quarter of the previous year.

The core business of the company – Express Distribution and Supply Chain Division (EDSC) where the company is a market leader, was up 12 per cent at ₹2,238 million from ₹2,000 million of the corresponding quarter in the previous year.

The operating profit of the division rose by 38 per cent to ₹311 million from ₹225 million of the corresponding quarter in the previous year. The EBIT margins of the Express Distribution and Supply Chain division grew to 14 per cent compared to 12 per cent of the corresponding quarter in the previous year.

Kolkata
CFS**CWC adds new yard**

The Central Warehousing Corporation inaugurated the extended container yard of over 11,270 sq m adjoining its container freight station in Kolkata.

The extended new yard was inaugurated by B K Saha, IAS (Rtd), Chairman of CWC. The CFS is equipped with state-of-the-art infrastructure facilities and equipment. The land for this new container yard was taken over from Kolkata Port Trust.



Fitch
Report

Logistics outsourcing to grow

A recently released report by Fitch, the global rating agency, revealed that logistics outsourcing in India will gather momentum in 2012. It also threw light on the share of railways in the freight transportation.

Titled '2012 Outlook: Indian Logistics Industry', the rating agency said that while small unorganised companies would continue to provide stiff competition to the organised sector, large companies with a pan-India reach could benefit over the medium term from potential regulatory changes from 2013 onward.

Fitch also said the impact of the slowdown in the country's economic growth is likely to be offset by a rise in the use of outsourced logistics. This will result in a slight increase in

revenues of third-party logistics firms providing transportation and warehousing. The report said that "Companies are expected to continue to concentrate on their core competencies, leading to the outsourcing of their logistical requirements. Operating profit margins would remain stable, as the cost of diesel is not expected to increase significantly as a percentage of revenues."

Fitch further said the railways' freight market share is not expected to increase as passenger fares would continue to be subsidised by freight hikes. It said that "Railways' inability to provide door-to-door service and lack of sufficient infrastructure continues to restrict its market share. However, road freight transport could witness an increase in market share at the expense of rail freight."

Logistics
park

CONCOR to build ₹70-crore facility

Container Corporation of India Ltd received the nod from the State Level Single Window Clearance Authority of Odisha for setting up a logistics park at Kalinga Nagar steel hub to offer multimodal transport solutions for steel industries in the cluster.

The park will come up on a 30-acre plot at an investment of ₹70 crore in the industrial hub. Once the land is acquired, the project would be commissioned within three years. The facilities include two full length railway lines, paved surface for handling containers, warehousing for domestic and export cargo, bulk and break-bulk facility, modern container and bulk handling equipment. CONCOR is also keen on setting up multimodal parks at Angul and Jharsuguda and a CFS at Paradeep.

Harvest
time

Eredene sells stake in Sattva

Eredene Capital PLC, the private equity investor in Indian infrastructure, announced its first sale of stake since it began to invest in India in 2007. Eredene sold a 10 per cent stake in Sattva CFS & Logistics Pvt Ltd in southern India for £1.1 million, representing a return multiple on the investment of 5.9 times and an internal rate of return (IRR) of 49 per cent.

The Eredene Group subsidiary originally invested £880,000 for 49 per cent of Sattva CFS, with the Sattva Business Group holding 51 per cent. Sattva Business Group will now increase its holding by buying a 10 per cent stake from the Eredene Group for £1.1 million.

Commenting on the sale, Alastair King, Chief Executive and founder



of Eredene, said: "The partial sale of the stake in Sattva CFS is the first disposal since the Eredene Group began building a portfolio of infrastructure investments in India in 2007 and we are encouraged by the return on investment that we have achieved."

Sattva CFS, located in Vichoor and servicing the busy port of Chennai, was Eredene Group's first investment in the sector in 2007. The business developed

from greenfield site to becoming dividend paying within two years. It has been consistently profitable and dividend paying since 2009.

The sale implies a total valuation for Sattva CFS of ₹85 crore (£10.9 million), slightly below the directors' valuation of ₹91.8 crore (£12.0 million) but well in excess of the investment cost valuation of ₹14 crore (£1.8 million). The Eredene Group's holding in Sattva CFS will reduce to 39 per cent following the sale.

Eredene Group has a second CFS investment with the Sattva Business Group, Sattva Conware Pvt Ltd near Ennore. The Group also has an 83 per cent stake in a port in the southern State of Tamil Nadu.

NEWS

Material
movement**Assocham echoes connectivity woes**

The Associated Chambers of Commerce and Industry of India (ASSOCHAM), in an official release, voiced concern over poor logistics infrastructure for supply of iron ore and coal for the steel industry, and said slurry pipelines should be included in the list of industries with infrastructure status to address bulk transportation needs of the sector.

"Moving iron ore and coal by pipelines in slurry form has advantages like low operating costs, higher availability and environment friendly. Existing railway lines are almost reaching a saturation point, ASSOCHAM said in the release.

"While augmenting railways infrastructure is important, slurry pipelines may eventually re-invent raw material transportation for the iron and steel industry," it said in recommendations for the National Steel Policy being formulated.

The chamber said road and rail connectivity at the Braganza Ghat section near Goa must be doubled as the port's capacity is being expanded manifold. Rail connectivity from Jaigarh port should be provided up to Kolhapur so that steel manufacturing units in Hospet Bellary region can benefit.



The ports proposed on Karnataka coast will depend on completion of Hubli-Ankola and Talguppa-Honnavar rail lines to service the steel industry. ASSOCHAM said smaller ports too need to be provided with four-lane highways so that movement of imported coking coal can be improved.

"Finished steel products need to be moved expeditiously from the plants to ports as dynamic market conditions place heavy strains on logistic systems to deliver products to consumers in the shortest possible time at economical costs."

Development of NH 63 and state highways connecting Bellary to Chitradurga, Hubli and Solapur will allow multi-axle load vehicles to speedily move freight of finished steel to south India, it said.

Logistics
unit**Amazon receives FIPB nod**

In a crucial step, Amazon, the world's largest online retailer, received clearance from the Foreign Investment Promotion Board has allowed Amazon Asia-Pacific Resources to set up a wholly owned subsidiary that will provide courier services, a key component of the backend for any online retail operation. This is an important step for Amazon as it systematically prepares for entry into one of the world's most lucrative markets. Across the Indian e-commerce industry, estimated to be worth \$10 billion (₹49,000 crore), every move by Amazon is being closely watched for signs of imminent entry into India, which still does not allow foreign direct investment in multi-brand retail. Amazon will invest ₹15 crore in this subsidiary.

Cold chain
development**Govt to set up national centre**

The Government has decided to establish National Centre for Cold Chain (NCCD) on a PPP mode to reduce wastage of food production. The NCCD will have a governing council under the chairmanship of secretary (A&C) with 22 members, covering government officials, CII, FICCI, Growers and Cold Chain equipment manufacturers/suppliers.

A sum of ₹25 crore has been allocated as one time grant for setting up a corpus fund for NCCD. The cold chain facilities will come up at major production centres.

With a production of 71.5 million tonne of fruits, 133.7 million tonne of vegetables and 17.8 million tonne of other commodities, India is the second largest producer of horticultural commodities in the world. However, a significant portion of the produce goes waste due to post harvest losses.

The NCCD aims to:

- i) Provide an enabling environment for cold chain sector and facilitate private investment for cold chain infrastructure,
- ii) Narrow down the gap in the supply and value chain from farm to fork involving pre-harvest on farm storage, specialised transport and scientific storage,
- iii) Address the issues like standards and protocols related to cold chain testing, verification, certification and accreditation as per international standards, and
- iv) Reduce the gap in skilled human resources for cold chains.

The ministry will work with Fresh and Healthy Enterprises, a fully-owned subsidiary of CONCOR, to form a special purpose vehicle. The SPV will provide end-to-end cooling logistics for fruits such as kinnow, orange, banana and mango in the first phase of the project.

Q4CY11
results

Allcargo net jumps 36 pc

Allcargo Global Logistics Ltd has announced 36-per cent jump in consolidated net profit after minority interests to ₹51 crore for the quarter ended December 31, 2011 from ₹37 crore in the year ago quarter.

Revenue rose 7 per cent to ₹998 crore from ₹933 crore in the comparable period. EBITDA of the company jumped 52 per cent to ₹117 crore from ₹77 crore, while the EBITDA margin stood at 12 per cent as against 8 per cent in the earlier corresponding period. EPS stood at ₹3.88 against ₹2.82 last year.

The company announced merger of Project Division of its wholly-

owned subsidiary into itself and constituted a Committee of Directors to look into demerger of its NVOCC business.

Commenting on the results, Shashi Kiran Shetty, Chairman and Managing Director, Allcargo Logistics Limited, said "Results are in line with our expectations. All our businesses have delivered results in the current macroeconomic scenario. We continue to invest in businesses with an objective for growth."

S Suryanarayanan, Director - Finance, Allcargo Logistics Ltd said, "We have once again delivered profitable growth across all business verticals."

Tackling food
inflation

Call for investment in farm supply chain

Finance Minister Pranab Mukherjee asked the states to encourage organised sector in supply management in view of a pending decision on allowing foreign direct investment (FDI) in multi-brand retail.

"There are no policy impediments for the presence of organised retail in food and other items of daily consumption that have exhibited inflationary spikes in the past several months. Even as we build a consensus on FDI in multi-brand

retail, it is important for the State governments to encourage the presence of organised sector in strengthening the food supply chain. There is ample space for the organised sector to co-exist with the family retail shops," Mukherjee said.

Efforts are needed to make the farm sector more competitive and sustainable to support the growing needs of a rapidly-expanding Indian economy. Food inflation remained a major problem for the Indian economy during most of 2010 and 2011 with the rate of price rise of kitchen staples remaining in double-digit for most of the period.

"We need to focus attention on Mandi governance and promote inter-state trade to reduce the gap between farm gate prices and the ultimate retail prices, and also the volatility in prices," he said and called for steps to check the wastage in perishable items.

On-road
logistics

Trimble introduces visual cargo solution

Trimble introduced Trimble trako Visual Cargo, a new cloud-based solution that provides on-road supply chain visibility to enhance efficiency for the transport and logistics industry in India. With an easy-to-use application process interface (API), shippers can seamlessly integrate visual cargo with its ERP/TMS system and vehicle location data from the Trimble trako Fleet Management solution to provide trip-based tracking of goods, transit schedule, route and safety compliance.



Visual Cargo is a service-oriented architecture (SOA) based software solution that provides on-demand visibility – from loading to delivery location – of cargo vehicles using Trimble GPS devices. It is a single, common platform for supply chain stake holders, which include consigners, consignees, transporters and vehicle owners, to track and manage the movement of goods in transit.

"Our market research and customer feedback within the Asia Pacific markets indicates that shippers and manufacturers are in critical need of an integrated on-road visibility tool. Visual Cargo enables real-time visibility of their goods in transit to ensure on-time delivery, improve turnaround time and enhance safety compliance," said Ron Konezny, general manager of Trimble's Transport & Logistics Division.



"The private sector and cooperatives should come forward to establish an efficient

agricultural value chain between the producers and consumers."

VIEW POINT

Monitoring for Effective Use

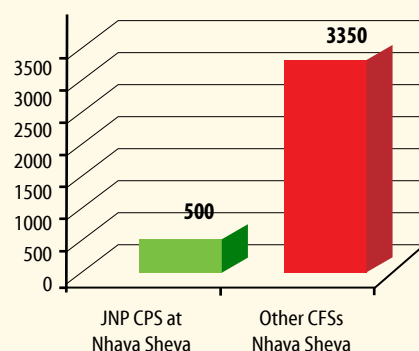
The JNP CFS reduces logistics costs and thereby offers value for money. But Customs should strictly monitor the movement of containers to consignee-nominated CFSs, say industry spokespersons. Their point of view here below:

In December 2005, JNPT port awarded the contract for operating and managing the JNP CFS to DBC Port Logistics Limited in a global bid for a period of 20+10 years. DBCPL is a flagship company of the 200-year old DBC Group and is quite strong professionally and financially.

JNP CFS has strong location advantage over any other CFS in the Nhava Sheva region and coupled with attractive tariff, offers true value for money to all the stakeholders involved in the containerised imports and exports activities in the port. The tariff set by TAMP is attractive and can reduce the CFS cost for the consignees by more than 50 per cent compared to any other CFS present in Nhava Sheva.

However, the 30 CFSs, both government and private-controlled, which are offering their services to exim trade, are not controlled by TAMP and are therefore free to fix any tariff they deem fit. At the same time, the import business is controlled by the shipping lines operating out of JNPT. Shipping lines nominate the CFS for moving their import-laden containers and in turn the CFS operators offer volume incentive to shipping lines. The incentive levels available to shipping lines against nominating specific CFS vary from ₹2,000/TEU to ₹3,500/TEU. All the CFSs recover these charges from the actual consignees. Consignees do not have any choice in such cases but to pay the charges as fixed by these CFS operators.

10 Days Ground Rent (INR)



Due to heavy charges of CFS operators, CHA/consignees have gone to Customs with their grievances. The Customs Commissioner (Imports) issued a facility notice No. 69/2011, dated May 3, 2011, that all shipping lines/steamer agents will be required to compulsorily indicate in the IGM against each line, the name/code of the CFS (the name/code will be as per Facility Notice No. 45/2011 dt March 29, 2011), opted for and intimated by the importers/CHAs for delivery of their imported cargo. However, all the shipping lines got together and came up with various other conditions which are practically impossible for consignees to match.

A World Bank Study conducted recently says that Indian logistics cost is one of the highest in the world. As per the study, the costs in developing countries are 6 to 8 per cent of the total value of goods. In China, the cost is at 10 per cent of total value of goods and in India it is around 14 per cent. As per Frost & Sullivan, the logistics cost in India is 6.2 per cent of the country's GDP.

In a scenario where JNP CFS



offers a breather to consignees with their low-cost services, shipping lines / steamer companies are not letting the consignees take the deliveries of their cargo from JNP CFS by nominating it to other expensive CFSs in Nhava Sheva wherein they get huge amount of royalty from these CFSs. Shipping lines have come up with various restrictions / conditions to allow consignees to take delivery from JNP CFS in order to avoid movement of containers to JNP CFS in spite of a notice from commissioner of Customs (Imports) for allowing delivery from consignee nominated CFS.

TAMP-controlled JNP CFS offers services like movement of import containers from the port to the CFS for custom examination, de-stuffing of import containers, bonding of import cargos and stuffing of export containers at almost one-third of the cost compared to other private CFSs in Nhava Sheva. Other private CFSs do not come under the purview of

It has 350,000 sq ft of covered warehousing space and offers products like Customs bonded warehousing, open bonded yard, hazardous, project and reefer container handling.

TAMP and hence can fix up their own tariffs. In such a competitive world where importers are struggling, the government should actually authorise TAMP to monitor all the CFSs in Nhava Sheva so that the cost of the imported goods can be brought down and importers can sustain in this competitive environment.

A simple comparison of loaded container ground rent as per the graph shows how most of the private CFSs in Nhava Sheva are charging more than six times of what JNP CFS is charging their customers. In Chennai, the Customs commissioner had issued a similar notice and to implement it well, Customs has appointed a superintendent to

monitor the movement of containers to consignee-nominated CFSs.

This model is working there but in Nhava Sheva it is still not happening because of qualitative restrictions by shipping lines and no monitoring by Customs.

Customs should appoint a few officers to monitor the IGM filed by shipping lines and to see if shipping lines are complying to consignee request on preference of the CFS or not. This will definitely give good cost advantage to Indian importers and encourage them to pass on the cost benefit to the final consumers. **MB**

The views expressed in this column are that of a section of the industry.

Uniworld ties up with GEFCO for integrated solutions

Uniworld Logistics has entered into collaboration with GEFCO, a 3.8 billion Euro subsidiary of PSA Peugeot Citroen, to create a single brand across Asia and Europe. The tie-up will offer a competitive advantage to global customers looking for a single provider to deliver integrated solution across the supply chain. GEFCO and Uniworld have complementary networks and expertise in different verticals in delivering freight management, transportation and logistics solutions. The collaboration, across the Uniworld network in Asia, will bring in GEFCO's 60 years of expertise in automotive logistics to car manufacturers and automotive suppliers in India. Another key area of focus is global accounts in both the continents.

The focus now will be mainly on automobiles, pharma and farm fresh cold chain, fashion retail, IT and ITES and engineering. The group also seeks to specialise in project cargo.

During the recently concluded celebration of 10 successful years of operation, Prem Kumar, Chairman and MD of the group unveiled the future growth path. "Uniworld Logistics," he said, "has grown beyond the market trend in the last three years with a CAGR of 18 per cent to become more than \$ 100-million company. With 30 offices spread across India and Asia, 750+ dedicated work force, 650,000 sq ft of warehouse space and a CAGR growth of 15 per cent in freight volumes and an ever increasing client base, Uniworld has created a base to take a leap in the next five years."

The future lies in innovation and there is a need to provide the best possible solution to companies who are struggling to lower or optimise their logistic cost.



RAILWAYS

Revving Up Revenue

Railways earnings go up by 10.41 per cent during April 2011-January 2012.



The latest revenue figures of the Indian Railways suggest that this state-owned behemoth is traversing steadily on the growth path. The total approximate earnings of Indian Railways on originating basis during April 1, 2011-January 31, 2012 were ₹84,155.40 crore compared to ₹76,223.07 crore during the same period last year, registering an increase of 10.41 per cent.

The total goods earnings have gone up from ₹50,916.21 crore during April 1, 2010 - January 31, 2011 to ₹56,247.30 crore during April 1, 2011-January 31, 2012, registering an increase of 10.47 per cent. The total passenger revenue earnings during this period of the financial year 2011-12 were ₹23,345.48 crore compared to ₹21,336.88 crore during the same period last year, registering an increase of 9.41 per cent.

The revenue earnings from other sources amounted to ₹2,353.55 crore during April 2011-January 2012



compared to ₹2,093.62 crore during the same period last year, an increase of 12.42 per cent.

The total approximate number of passengers booked during April 2011-January 2012 was 6,911.69 million compared to 6,577.15 million during the same period last year, showing an increase of 5.09 per cent. In the suburban and non-suburban sectors, the number of passengers booked during April 2011-January 2012 was 3,651.87 million and 3,259.82 million, compared to 3,524.86 million and 3,052.29 million during the same period last year, showing an increase of 3.60 per cent and 6.80 per cent respectively.

Commodity-wise freight revenue up by 4.59 per cent

The Railways have generated ₹49,209.21 crore of revenue earnings from commodity-wise freight traffic during April-December 2011 as compared to ₹44,789.41 crore during the corresponding period last year, registering an increase of 4.59 per cent. Railways carried 704.81 million tonnes of commodity-wise freight traffic during April-December 2011 as compared to 673.31 million tonnes carried during the corresponding period last year, registering an increase of 4.68 per cent. The Net Tonne Kilometres (NTKM) went up from 4,44,515 million during April-December 2010 to 4,66,968 million during April-December 2011, showing an increase of 4.68 per cent.

Out of the total earnings of ₹6,102.45 crore from commodity-wise freight traffic during the month of December 2011, ₹2548.54 crore came from transportation of 41.01 million tonnes of coal, followed by ₹543.64 crore from 8.94 million tonnes of iron ore for exports, steel plants and for other domestic user, ₹562.73 crore from 9.37 million tonnes of cement, ₹403.71 crore from 3.94 million tonnes of foodgrains, ₹328.89 crore from 3.52 million tonnes of petroleum oil and lubricant (POL), ₹369.32 crore from 3.10 million tonnes of pig iron and finished steel from steel plants and other points, ₹484.77 crore from 5.61 million tonnes of fertilisers, ₹100.41 crore from 1.12 million tonnes of raw material for steel plants except iron ore, ₹303.64 crore from 3.46 million tonnes by container service and ₹456.80 crore from 6.74 million tonnes of other goods. **MG**

An Emerging company in the Maritime Infrastructure space



IL&FS Maritime Infrastructure Company Ltd (IMICL) is **an IL&FS Group Company** incorporated in 2006 for building a valuable Maritime business vertical

Current Activities :

- ✓ Building a Diversified Portfolio of Maritime Infrastructure Assets of aggregate value over Rs 10,000 crores
- ✓ Developing one of India's largest ship-building and ship-repair facility along with a integrated port-based SEZ
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- ✓ Establishing coal and oil logistics

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RETAIL

FDI Reform: Change in How We Store Move & Deliver



Foreign direct investment in multi-brand retail will impact the transport and logistics sectors, both front-end and back-end. A KPMG report.

The recently proposed regulatory move permitting 51 per cent FDI in multi-brand retail and 100 per cent FDI in single-brand retail will have significant impact on the Indian transportation and logistics industry. This follows the global trend where the advent of organised retail has been a precursor to increased levels of sophistication and standardisation across the supply chain from sourcing and storage to last-mile delivery and IT enablement.

An analysis of how the early movers such as Brazil, Indonesia, Malaysia and China, which relaxed FDI norms in 1990s, have been able to improve the share of organised retail reveals that the Indian story

stands delayed, especially given that the size of the retail market here is one of the largest.

Indian would need 10-15 years to take its share of organised retail to 30 per cent+ category. This would translate into a similar timeframe for higher role of organised retail to accrue its benefits to the Indian scenario.

Expected impact

At the outset, if the policy comes into effect in its current shape, its impact will broadly be seen in two stages:

Front-end expansion: Given retail is primarily a Buy & Sell business,

A Citi report says \$15-20 billion in FDI could flow into India over the next 10 years as a result of FDI in multi-brand retail.

the initial focus of the big retailers is expected to be in developing the front-end. This would include earmarking, identifying and establishing store foot print across various formats – Hyper,

Department, Specialty and Super. This front-end expansion would primarily be witnessed in key urban centres given the ruling that FDI will only be allowed in cities with a population of over 1 million.

This focus on front-end expansion would be fuelled by the fact that FDI in the backend has been permitted for some years now resulting in an existing understanding of the back-end requirements.

Back-end integration: With store locations in place, the focus would shift to developing supply side activities with concentration on replenishment. This activity would be largely outsourced to Logistics Service Providers (LSP) covering warehousing, primary and secondary transportation, international logistics and other value-added activities to supplement the efficiency of the supply chain. Focus on this area has been emphasised by the ruling that specifies a minimum 50 per cent investment in back-end infrastructure.

A deep dive

Delving deeper into the transportation, logistics and supply chain aspects, the impact of increased FDI would be witnessed across the logistics infrastructure and services segments. From the infrastructure perspective, the advent of organised retail would result in a shift from the legacy supply chain where manufacturers and distributors have largely been responsible for last-mile storage and delivery to the estimated 12 million mom-and-pop retail outlets to a scenario where multi-store formats will take control of inventory (warehousing) and distribution activities resulting in consolidation of services.



taken back."

Anand Sharma,
Union Minister of Commerce, Industry & Textiles



"The advent of organised players will drive standardisation and consolidation in retail supply chains. These attributes will have a widespread positive influence on supply chains in parallel industries."

Manish Saigal,
Head, Transportation and Logistics, KPMG in India

This would follow the current pattern where approximately 75 per cent of the estimated \$1 billion (FY10) spend on logistics is outsourced to LSPs by the organised retail sector with this quantum of outsourced logistics spend expected to grow at around 30 per cent over the next 4-5 years. This in turn will result in a demand for mega size and modern warehouse formats with retail warehousing commanding a

larger share than the current 6 per cent of the total warehouse pie.

The increased share of organised retail would also offer significant opportunity to global LSPs. The first wave of service-related opportunity would be linked to the import of store fixtures required to set up the front-end infrastructure sourced from China and Southeast Asia.

The second and sustained wave would include merchandise imports mainly from China and Southeast Asian countries from established vendors and farmers currently supplying to the retailers in other geographies.

International retailers would also replicate their global supply chain best practices including improved storage and handling activities from the pre-harvest stage to store shelf. This will have the added benefit of addressing the currently estimated 30 per cent spoilage in fresh produce (fruits and vegetables) in the country.

In fact, though 100 per cent FDI in cold chain through the automatic route is permitted, the actual impact has been insignificant partly due to absence of FDI in multi-brand retailing. In this context, the panacea could be the combined effect of the FDI ruling with the anticipated GST roll-out that may significantly upgrade standards of storage and transportation.

Additionally, the Indian logistic landscape may also witness an influx of many more global LSPs driven by waiting-to-enter/expand retail giants who may prefer carrying forward their foreign relationships with world class LSPs to India.

In conclusion, the retail FDI ruling and the anticipated GST implementation are wings for the transformation of the transport and logistics landscape in India and will change the way India currently stores, moves and delivers for the better. **MG**

The Big Push

- Will enable Walmart, Tesco and Carrefour to set up deep discount stores in India
- At least half of the FDI should be made in back-end infrastructure such as warehousing
- The minimum FDI in any multibrand retail project should be \$100 million (₹450 crore)
- State governments can prohibit FDI in retail if they wish to
- Stores can be set up only in cities with a population of



- at least one million
- At least one-third of the sales should be made to small retailers
- At least 30 per cent of the sales should be made to small retailers, either directly

- or through wholesale units set up for this purpose
- States will be empowered to put conditions for integrating small retailers and kirana merchants in the value chain
- At least 30 per cent of the value of manufactured items procured (excluding food items) should be sourced from small and medium enterprises
- States will be empowered to set up framework for monitoring compliance with these conditions.



March 07

China Maritime 2012

Hong Kong Convention Centre, Hong Kong

The event invites industry representatives, including senior executives from international ship owning companies, ship design firms, shipbuilders and suppliers to discuss the region's shipbuilding industry.

www.bairdmaritime.com

March 07

8th Annual Gulf Ship Finance Forum

Emirates Towers, Dubai

The event will focus on 'Time for shipping investments?' and will have ship-owners, financiers, investors, ship managers, brokers, lawyers and accountants to bridge the gap between ship-owners and international capital markets.

www.marinemoney.com

March 13-14

Coaltrans India

Taj Palace Hotel, New Delhi

The largest coal industry conference will provide coal sellers, buyers and trade with an expert faculty of speakers, from the highest levels in government and industry, both from India and overseas.

www.coaltrans.com



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

April 22-27

Singapore Maritime Week

Suntec, Singapore

Driven by the Maritime and Port Authority of Singapore (MPA), SMW gathers the international maritime community for a week of conferences, dialogues, exhibitions and social events in celebration of all things maritime.

www.smw.sg

March 14-15

7th Maritime Communications & Technology

Singapore

The summit will focus on the latest developments in broadband connectivity for shipping fleet, new technological developments and their use to maximise operational efficiency and draws directors and managers of IT and Information Systems, Communications, Operations and fleet managers.

March 19 - 21

Shipping 2012

Hilton Hotel, Stamford, Connecticut

Around 2,500 delegates, speakers, sponsors, exhibitors and visitors from 50 countries are expected to gather in Stamford to actively immerse in the challenging Game Changers of the day - to work out the future of global trade.

www.shipping2012.com

April 23-26

3rd Annual Asia Green Shipping Conference

Raffles Convention Centre, Singapore

Themed 'Preparing the Asian Fleet for a New World of Environmental Limits', the summit will bring together regulators, ship owners, ship builders, designers and technologists from across the continent and beyond, to discuss the key issues of measuring and reducing the industry's carbon footprint, and measures to comply with upcoming regulations.

www.greenshipping.com

March 26-28

DIMDEX 2012

Qatar National Convention Centre, Qatar

Doha International Maritime Defence Exhibition and Conference is a specialized maritime defence exhibition in the Middle East bringing together companies representing the latest technologies to meet the maritime security challenges of the 21st century.

www.dimdex.com

March 29-30

6th Indian Ocean Ports & Logistis 2012

Le Meridien Hotel, Mauritius

The 2-day exhibition and conference will feature senior executive delegates from the world's ports, shipping and logistics companies to discuss and exhibit their latest products and services to more than 350 international participants and trade visitors.



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