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December 2012
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"We support the work of ports"

Nicklas Pihl, MD, Cavotec India talks about technological impact on market

CHASING THE TRANSHIPMENT RAINBOW

While India should focus on developing an efficient hub and spoke ports system, it requires more careful planning and implementation.

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Give greater control to rail user

The government has cleared a policy framework for private participation in rail connectivity and capacity augmentation of projects. This will allow the cash-strapped Indian Railways to rope in private players for building new rail lines and plants, and augment capacity, a move that may not go down well with the trade unions.

This is a positive development considering that for the first time the government has tried to address the first and last connectivity for entire freight commodity.

The private sector can look at putting up a third or a fourth line depending on feasibility and can enter into a build-operate-transfer (BOT) arrangement with the government.

This will surely bring down the transportation cost and help evacuate minerals, coal and finished products from the production centres and boost efficiency. It is a well known fact that among the major economies, India has one of the highest costs for transportation and logistics. It is time we take up to this issue head on rather than side-stepping it.

The state-run transporter has been facing issues related to safety and efficiency besides rising cost of operations. It has not increased passenger fare for the last eight years and was forced to generate revenues by increasing freight charges. This lopsided strategy has prevented it from investing in technology and modernization. In fact, the Indian Railways has repeatedly failed to meet targets thanks to the populist measures taken by successive ministers. The main focus of ministers was to add new passenger trains to appease their constituency.

The cabinet clearance will pave way for new investment and this in turn will help turn around the railways in long term.

Although the Cabinet cleared the proposal, the government will need to convince the bureaucracy as it has repeatedly blocked private participation earlier. The move to allow private container operators for instance was botched up as the railways decided to give public sector player Concor priority. Similarly, the plan to set up locomotive factories in Bihar with private participation, is yet to take off despite interest from private companies.

Even this time, the unions are opposing any attempt to hand over operation and maintenance to private players, which could deter investors looking to enter the BOT space for building new lines. However, they are not opposed to letting private players invest in infrastructure development due to poor finances.

Bureaucratic support will help ease trade union pressures. The government should seize this opportunity and try bringing in private players in this segment as early as possible. Once the sector opens up it will be easy to introduce new policy initiatives to expand private participation.

Best Regards

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CMA-CGM's Largest Containership in the World

Built by DSME (Daewoo Shipbuilding and Marine Engineering) in South Korea for French operator CMA-CGM, *CMA CGM Marco Polo* is the first in a series of three 16,000-teu vessels which will each be named after great explorers.

CGM Marco Polo - 396 metres long and 54 metres wide with a draft of 16 metres - is equipped with the latest cutting-edge environmental technology.

Cosco, China Shipping tie up to offer full north-to-south coastal service

COSCO and China Shipping (CSCL) have joined to provide full coastal service from the provinces of Shantou in the north to Guangdong in the south, linking up to Fujian in between, reports Xinhua. "This move is just the start of an intensive cooperation in domestic container shipping between CSCL and Cosco," said CSCL in a statement.

Scrap excise duty on steel used for ship building

An excise duty of 8 per cent levied on ship-building grade steel produced by Indian companies has put them at a disadvantage compared to foreign producers. Currently, high-strength ship-building steel AH32/36, DH32/36 and EH32/36 is imported duty free at about $700 (₹37,100) a tonne. It comes in largely from China, Indonesia, Germany and other European Union countries. India has a ship-building grade steel production capacity of 5 million tonnes per annum.

Panamax bulk carrier delivered to SCI

The Shipping Corporation of India Ltd (SCI) accepted delivery of a Panamax bulk carrier, *m.v. Vishva Vijay*. The vessel is the third in the series of the four Panamax bulk carriers ordered by SCI with STX (Dalian) Shipbuilding Co. Ltd., China. These vessels were ordered to replace SCI's Daewoo series Handymax bulk carriers which were built in 1986/87 and have been recently phased out. "*m.v. Vishva Vijay*" has a gross tonnage of 44,010 tonnes and deadweight of 80,312 tonnes. The vessel is dually classed with LR and IRS and has been built to comply with the latest and most stringent international regulations.

Containership deliveries to surpass 2008 record

Containership delivery will be on the rise in 2013 with shipyards set to deliver 1.7 million teu, expanding the global fleet 9.5 per cent, which surpasses levels reached in 2008, the last record high since the economic recession with 1.5 million teu delivered against this year's 1.3 million teu. According to London shipbrokers Braemar Seascope, the postpanamax segment of vessels of more than 10,000 teu will grow to total 48 ships of 650,000 teu bringing an average annual delivery in the period from 2011 to 50 units or more.

Scrapping has remained moderately high in the three quarters of 2012 compared to the highest year of demolition in 2009 at 370,000 teu. By end of the year it is estimated to reach the 300,000 teu level which represents 2 per cent of the cellular fleet as of January 1, 2012.

Lilaas wins first order for new lever technology

Lilaas AS has secured the breakthrough order for its innovative electronically-controlled L01 lever range, which was officially launched at this year's SMM exhibition in Hamburg. The company will supply its first L01 units to US-based Marine Technologies LLC, which is delivering a BridgeMate thruster control system to a Platform Support Vessel (PSV) ordered by Global Offshore at Havyard in Norway. The installation will be distinguished by the control system's mounting in the armrest of the captain's bridge chair, which will mean both azimuth and thruster control are possible while the Master is in a seated position.

Rotterdam port tariffs below 2008 level

Port dues in Rotterdam will be lowered next year to below the 2008 level. The existing discounts will be maintained, inflation will not be passed on again and the Port of Rotterdam Authority will be giving an extra 2 per cent discount on the port dues. In addition to this, €5 million of the port dues will be devoted specifically to initiatives from the business sector aimed at making the port more sustainable. This is what the Port of Rotterdam Authority decided following constructive consultation with Deltalinqs (the Ports and industries' association Rotterdam) and the VRC (Association of Rotterdam Shipbrokers and Agents).

Hans Smits, CEO of the Port Authority: "Although throughput is rising slightly, a lot of companies are having a tough time. We hope that this massive discount will help our clients and bind cargo to Rotterdam. So it works both ways. We are also sending out a positive signal by spending an extra €5 million on initiatives by the business sector to make the port more sustainable."

After Vallarpadam, more ports want cabotage relaxation

After the Government relaxed cabotage rules for containerised cargo for DPW's Vallarpadam terminal in Cochin Port, the Shipping Ministry has started receiving demands for similar relaxation from ports that handle containers, such as JN Port and Visakhapatnam.

AICTE nod must for maritime courses

All-India Council for Technical Education chairman S S Mantha has clarified that all maritime graduate and higher courses should have the twin approval of AICTE and Director-General of Shipping. Without them, students would not qualify for higher studies and jobs, he said

Wheat exports may exceed 5.5 mt

Wheat exports are likely to exceed 5.5 million tonnes (mt) this financial year. This would make India the seventh-largest exporter of the commodity. In 2011-12, it was the sixteenth-largest wheat exporter. In the first half of the current financial year, wheat exports stood at 2.43 mt.

Ukraine's move to ban wheat exports from November 15 could trigger demand for the Indian grain. Wheat exporters see a potential rise in Indian shipments, though prospects for upside in pricing are limited as the market has already factored in Ukraine's move. Meanwhile State trading firm MMTC has invited a global tender for the export of 1,00,000 tonnes of wheat stored in the government godowns.

DB Schenker establishes logistics academy in China

DB Schenker opened its own academy to train employees in China. "Our customers' expectations are constantly on the rise, and projects are becoming increasingly complex. By establishing the DB Schenker Logistics Academy China, we are aiming to develop employees over the long term and keep them at DB Schenker," said Dr. Thomas Lieb, Chairman of the Management Board and CEO of Schenker AG, when the program was launched.

Corn exports may fall by 40 per cent

India's corn exports may fall by nearly 40 per cent in the current 2012-13 crop year, crimped by an increase in domestic demand and an expected drop in output. Higher global prices helped India export a record 4.8 million tonnes of corn in 2011/12.

ClassNK releases new rule amendments

As a leading classification society, ClassNK constantly reevaluates its Rules and Guidance for the Survey and Construction of Steel Ships in order to incorporate the latest R&D results and feedback from damage investigations, as well as to address changes in international conventions and respond to requests from the maritime industry. As part of these ongoing efforts, a number of new amendments were incorporated into the ClassNK Rules. The full text of these amendments is available on the ClassNK website (http://www.classnk.or.jp) via the "Rules Amendments" section of the ClassNK My Page system.

PSA TO INVEST S$3.5BN INTO PASIR PANJANG TERMINAL

PSA Singapore Terminals, the country's container-port operator, plans to invest S$3.5 billion ($2.9 billion) to develop Phases 3 and 4 of its Pasir Panjang terminal. The planned work will include building 15 new berths, an automated container yard and unmanned, rail-mounted gantry cranes. When completed by 2020, the project will boost Singapore's total container handling capacity to 50 million 20-foot equivalent units a year, it said. The port has handled 20.88 million teu through August, according to the PSA Singapore Terminal website. The reclamation work at the Pasir Panjang Terminal and Pasir Panjang Wharves has commenced. In Singapore, PSA operates four container terminals at Tanjong Pagar, Keppel, Brani, and Pasir Panjang, with a total of 41 berths. Together, they operate as one seamless and integrated facility.

VOICES

"Some European ports are 50 per cent more efficient at loading and unloading containers than those in Asia. Asian ports need to wake up and catch up with Europe."

- Nicolas Sartini
Group senior vice-president of Asia-Europe lines, CMA CGM

"On the East Coast of India, Indian ships are carrying transshipment volumes of about 5,000 teu a month. This data shows that cabotage has nothing to do with transshipment."

- Anil Devli,
CEO, Indian National Shipowners' Association (INSA)

"The country has to lose out ₹1,600 crore annually to foreign ports as our ports are unable to handle large ships. Sufficient incentives, budgetary support and guidelines in this direction are not seen from the Government of India or the states."

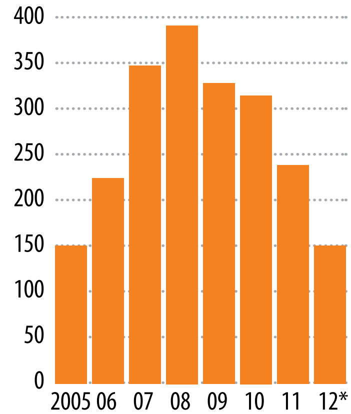
- L Radhakrishnan
Chairman, JNPT

"Piracy off the coast of Somalia has declined in recent months, but attacks in West Africa are reaching dangerous proportions. Pirates are getting quite audacious, with increasing levels of violence being used."

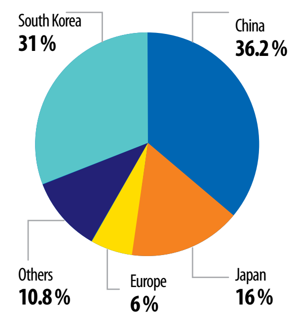
- Pottengal Mukundan
Director, International Maritime Bureau (IMB)

Global Shipbuilding

Total orders by gross tonnage (m)



Order book by compensated gross tonnage (%)**

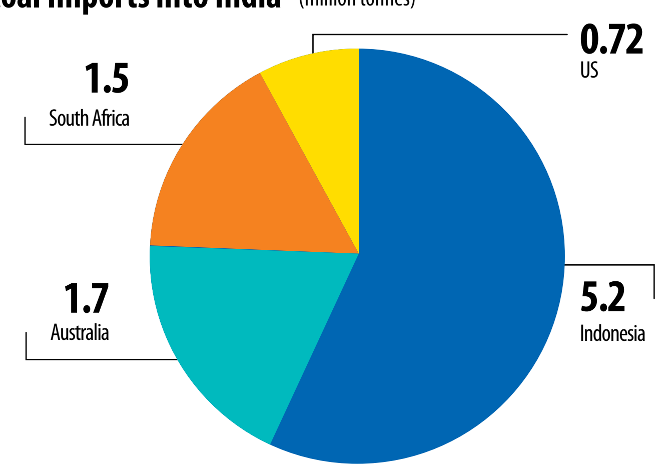


* Year to Sep
** A measure of shipbuilding capacity

World's Top 10 Rice Exporters (in million tonnes)

Country	Exports (2011)	Forecast (2012)
Thailand	10.6	6.5
Vietnam	7.0	7.2
India	4.6	10.0
Pakistan	3.4	3.7
United States	3.2	3.3
Brazil	1.3	1.2
Cambodia	0.86	0.80
Uruguay	0.84	1.00
Myanmar	0.78	0.70
Argentina	0.73	0.68

Coal Imports into India (million tonnes)



Tariff draft norms leave operators stranded

The shipping ministry has drafted yet another set of guidelines to fix tariffs at ports it controls – a move unlikely to clean up a regulatory mess marked by different regimes that has roiled a key infrastructure sector. "We want to create a friendly regulatory environment in the ports sector, particularly relating to tariff determination," said shipping secretary Pradeep Kumar Sinha.

The new norms for fixing tariffs will be applicable only to projects that are bid out after it is finalized, Sinha said. It will not apply to terminals that are already operating for several years. These terminals – about 16 – will be governed by their respective guidelines, which have become a contentious issue between the government and private terminal operators.

"We are moving ahead in this direction by drafting very simplified guidelines for fixing tariffs. In the second phase, we will try to get rid of tariff determination by any tariff regulatory authority so that ports and private operators can set rates based on market forces," Sinha said, adding that dismantling the current port tariff regulatory authority would require modifying the Major Port Trusts Act of 1963.

The ministry is not in favour of migration of operators from 2005 to 2008 guidelines and, instead, is planning a new guideline to add to the confusion. The ministry also dumped a report prepared by The Energy and Resources Institute in March to rewrite the tariff norms of 2005.

MSC joins others boosting reefer rates

GEVEVA's Mediterranean Shipping Co (MSC), the world's second-largest container carrier, has joined others by introducing a $1,500 rate increase per reefer containers on all services from January 1. Current reefer rates are "inadequate to offset the very high and increasing operating costs", said the company. CMA CGM and Maersk Line will welcome the news, said London's Containerisation International, noting that Maersk CEO Soren Skou has been pressing for shipper acceptance of rate hikes.

BSM to manage Thenamaris LNG newbuilds

Bernhard Schulte Shipmanagement (BSM) is pleased to announce that it has been awarded the ship management contracts for three TFDE 160,000 cu m capacity LNGCs belonging to Thenamaris LNG Inc. The vessels are due for delivery from Samsung Heavy Industries Co Ltd, Korea, in 2013, following which BSM will be responsible for the technical management, and supply of deck and engine personnel for the yet to be named fleet.

Amend Merchant Shipping Act immediately, recommends Supreme Court

Absolving the Centre of any responsibility towards the mysterious disappearance of 10 Indians who were aboard tugboat *Jupiter-6*, which was carrying the flag of Saint Vincent and the Grenadines, the Supreme Court recommended authorities concerned 'to take immediate steps' for amending the Merchant Shipping Act, 1958, and rules made thereafter in 2005. However, the Bench comprising Justice A K Patnaik and Justice Swatanter Kumar issued a direction to expedite payment of compensation to be paid to the legal heirs of the Indian nationals onboard *Jupiter 6*.

"In our view, it will be enough for us to recommend to respondent to expedite the proposals which have been under consideration of the government and to take immediate steps to amend the Merchant Shipping Act, 1958, and the Rules 2005," the Bench said in its order pronounced.

On August 21, 2005, *Jupiter-6* left Walvis Bay in Namibia and was towing a dead ship – Satsung – on its way to Alang in Gujarat. On September 5, 2005, the ship went missing in the high seas.

China: Key eastern ports report strong cargo rebound

Container volume through two of China's key eastern ports, Shanghai and Ningbo-Zhoushan, saw a strong recovery in September from August, and their highest cargo flows of the year, cementing the opinion that the country's export growth contraction is bottoming out as economic growth regains momentum.

The latest figures show container throughput at Shanghai, the world's busiest container port, grew 11.6 per cent year-on-year during September to 2.9 million twenty-foot equivalent units, or containers, a 5.6 percent volume growth on August.

IMB reports drop in Somali piracy, but warns against complacency

The number of ships signaling attacks by Somali pirates has fallen this year to its lowest since 2009, a report from the International Chamber of Commerce International Maritime Bureau (IMB) revealed, but IMB warns seafarers to remain vigilant in the high-risk waters around Somalia, the Gulf of Aden and the Red Sea. Meanwhile, violent attacks and hijackings are spreading in the Gulf of Guinea. Worldwide this year, pirates have killed at least six crew and taken 448 seafarers hostage. The IMB Piracy Reporting Centre recorded that 125 vessels were boarded, 24 hijacked and 26 fired upon. In addition, 58 attempted attacks were reported.

DP World to build Mumbai's Nhava Sheva terminal

DUBAI-based DP World Limited announced that it has been chosen by Jawaharlal Nehru PortTrust to build and operate a single berth facility alongside its existing terminal operation at Nhava Sheva, Mumbai. The new facility is expected to be operational in 2015 and DP World said it will be investing $200 million to build a container terminal of 330 metres quay length and 17 hectares of yard, which will have an annual handling capacity of 800,000 teu and a draft of 13.5 metres.

The new quay has been awarded for a 17-year concession period and will be equipped with four rail mounted quay cranes and 12 rubber tyre gantry cranes. "We thank the Government of India and the Jawaharlal Nehru Port Trust for awarding us this project. India is one of our most important markets and we are committed to supporting its growth over the long term," said DP World CEO Mohammed Sharaf.

DP World regional chief Anil Singh said "Timely capacity on the west coast of India is critical to our country's economic growth. JNPT is India's largest trade gateway and additional port capacity will ease congestion concerns."

Emergency towing vessels along both coasts mooted

The National Shipping Board will ask the government to position emergency towing vessels along the east and west coasts. Addressing presspersons after the board meeting, P V K Mohan, Chairman of National Shipping Board, said: "One of the key recommendations that this board is going to make is the positioning of emergency towing vessels. We had earlier got approvals for three emergency towing vessels. One has been already deployed in Mumbai and that was basically for monsoon season."

Stating that accidents are taking place round the year now, he said the Board will recommend that one emergency towing vessel be placed on each of the two coasts. "Ideally, one should be located in Mumbai and the other in Chennai," he said. Mohan said that the country has been recently witnessing some incidents of accidents taking place in Mumbai, and a few days ago in Chennai.

China, India Q4 gasoil exports seen to surge 47%

Asia's two largest economies, China and India, could see combined gasoil exports surge 33-47 per cent or 2 million-2.5 million mt year on year in the fourth quarter, up from 1.5 million-1.7 million mt in Q4 2011, amid a gloomy global economic outlook and increased refining capacity, traders said.

Indian refiners are expected to produce surplus gasoil and the bulk of regional exports in the quarter amid waning domestic demand and increased production, traders said. India's Mangalore Refinery and Petrochemicals Ltd., will export an average 120,000 mt/month of high sulfur gasoil over October-December. Privately owned Essar refinery has sold up to 170,0000 mt of spot 500 ppm sulfur gasoil for November. Private refiner Reliance is likely to export 1 million mt/month of gasoil in Q4, or up to 1.5 million mt/month if domestic demand remains sluggish, traders said.

First GL certification for Lehnkering

The first companies to be certified by Germanischer Lloyd (GL) as complying with the international Tanker Management and Self-Assessment (TMSA) safety standard are LEHNKERING Reederei GmbH and LEHNKERING Rhein-Fracht GmbH. Both are part of the IMPERIAL Shipping Group. Following the successful audit, Dr Ulrich Ellinghaus, Head of GL Systems Certification Germany, presented the certificate to Hendrik Lorenz, Director Fleet Service of the IMPERIAL Shipping Group.

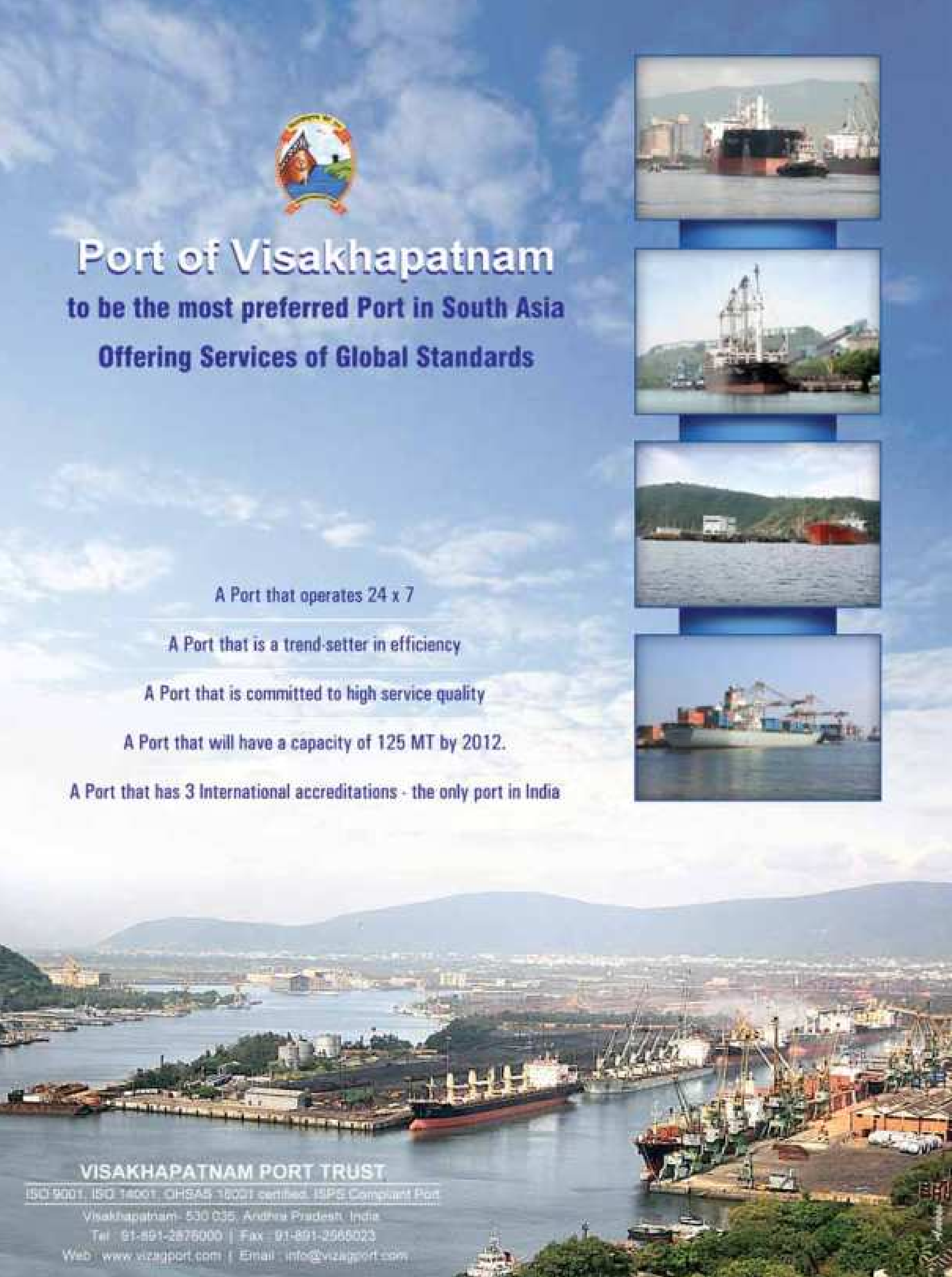
The Tanker Management & Self-Assessment was introduced by the Oil Companies International Marine Forum (OCIMF) in 2004 and has been based on a self-assessment by the tanker shipping companies. GL now has developed a corresponding certification programme that allows shipping companies to document their compliance with the standard after an independent review.

Adani Ports Q2 net profit up 57%

Adani Ports and SEZ Ltd reported a 25 per cent rise in revenues and 57 per cent in profit after tax in the second quarter ended September 30 compared with the corresponding quarter last fiscal. While revenues were ₹792 crore (₹632 crore), net profit stood at ₹430 crore (₹273 crore), according to a company statement. The company handled 20.43 million tonnes (mt) of cargo in the second quarter, up 15 per cent.

Record loading of coal by eastern railway

Eastern Railway has achieved highest ever loading of goods for any October in the last 10 years. There has been a coal loading of 3.284 million tonnes and total loading of 4.698 million tonnes in October 2012, thereby registering an appreciable improvement in coal loading by 9.36 per cent and 3.55 per cent in total loading.



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Shapoorji Pallonji plans deepwater port in Gujarat

Shapoorji Pallonji Co Ltd plans to set up an integrated deepwater port, LNG import terminal and a power plant at the coastal area of Gujarat. "It will be a deepwater port, along with a major liquefied natural gas importing terminal and a 2,000-MW power generating plant," the company's head of finance Jimmy Parakh said. He was speaking after the launch of the group's first Floating Production Storage and Offloading (FPSO) vessel here.

The LNG plant would be a joint venture with Hindustan Petroleum, he said. Meanwhile, Shapoorji Pallonji has partnered Malaysia's Bumi Armada to construct a FPSO for deployment in ONGC's D1 field at the West Coast, 200 km off Mumbai.

The FPSO, Armada Sterling, will have a joint investment of over $360 million. FPSO is designed to produce 50,000 barrels of oil per day and has a storage capacity of 750,000 barrels as well as accommodation for a crew of 70 persons. The company's Managing Director Shapoor Mistry said the FPSO is a major step towards ensuring self-sufficiency in the strategically critical area of oil and gas exploration in India. Armada Sterling has been chartered by ONGC for seven years with scope for further extensions.

SHAPOOR MISTRY, CMD SHAPOORJI PALLONJI GROUP (2ND FROM R) AND HASSAN BASMA, CEO BUMI ARMADA BERHAD (1ST FROM R) FLAGGING OFF FPSO VESSEL, "ARMADA STERLING"

Seagull covers the distance on MLC compliance

Norwegian maritime training specialist Seagull AS is extending its suite of distance training packages in anticipation of the entry into force of the International Labour Organization's (ILO) Maritime Labour Convention (MLC, 2006) in August 2013. Seagull has developed a DNV SeaSkill Certified MLC 2006 Distance Course package to help maritime personnel to comply with the MLC. The package is divided into three target groups: Shore based personnel, Senior Officers and Masters and Junior Officers and Ratings

"Seagull's package of training modules was introduced to allow all shipping companies, operators, ship managers and other shipping office staff and senior officers onboard ship to acquire knowledge and manage compliance," says Lance Savaria, Seagull Director, Sales and Marketing.

Seagull has plugged a growing gap in shipboard expertise by launching new CBT titles targeted at High Voltage electrical systems operation and maintenance. The wider adoption of electrical propulsion, variable speed drives and cold ironing have combined to make shipboard higher voltage systems (above 1,000V) increasingly commonplace in the maritime industry.

Sesa, Fomento biggest ore exporters in 2011-12

Statistics of ore exports compiled by the Goa Mineral Ore Exporters Association (GMOEA) reveal that the Sesa Goa group and the Fomento group were the biggest beneficiaries of the mining boom for the period March 2011 to March 2012. The two groups together exported over 21 million tonnes (over 59%) of the over 38 million tonnes of registered Goan ore.

Essar Shipping half yearly profit up at ₹17.91 crore

Essar Shipping Limited (ESL) reported a net profit at ₹17.91crore in H1FY13 as against a loss of ₹66.82crore in H1FY12. Revenue increased by 35 per cent to ₹1,723.13 crore in H1FY13 as against ₹1,280.11crore in H1FY12. EBITDA increased to ₹470.24 crore in H1FY13 as against ₹261.92 crore H1FY12, registering an increase of 80 per cent.

The Company sold 1983 built ships *MV Govind Prasad* and *MV Mahavir Prasad* during the quarter thereby reducing the average age of the fleet to 13.5 years. Commenting on the results A R Ramakrishnan, Managing Director, Essar Shipping Limited said, "Whilst these are challenging times for the shipping industry, the company is endeavouring to post positive performance with its focus on long-term contracts. The oilfields services business continues to maintain its strong performance and is expected to contribute positively to the business"

Maersk forecasts slowing Europe trade

A.P. Moller-Maersk, the world's largest container-shipping company, posted a higher third-quarter profit but trimmed its forecast for global demand for seaborne containers because of declining trade to Europe. The Danish shipping-to-oil group, whose Maersk Line unit has a 15 per cent share of global seaborne freight, making it a bellwether for world trade, now expects demand for containers to grow 3 per cent this year. In August, it pegged growth at 4 per cent. The global market for shipping grew 7 per cent last year, according to Drewry Shipping Consultants Ltd.

Maersk's resilience in the face of slowing global trade underscores its recent measures to focus on profitability rather than growth.

First river sea container vessel launched in India

LOTS Shipping Limited launched *MV Beypore Sultan*, India's first indigenous IRS Class, Type IV River Sea container vessel at Master Shipyard Pvt. Limited, Edakochi. This vessel has the capacity to carry 81 teu and is the first of its kind which will provide a significant cost benefit to businesses in Kerala where the vessel will be in operation.

Commenting on the launch Renjit Nelluvelil, CEO, LOTS Shipping Ltd, said, "With the introduction of this vessel we envisage a quantum increase in container traffic from the interiors which was earlier prohibitive in nature and escalated costs which reduced cost competitiveness of our exporters. We are confident that with the introduction of this vessel the business communities across minor ports will benefit the most"

"This vessel will carry containers from Mangalore to Kochi at lesser cost than being incurred by exporters / importers now. The vessel will be put to use in the Kerala coast moving containers between various ports in the west coast and ICTT, Vallarpadam. This vessel will also provide immense advantages to the environment through reduced pollution and lowered carbon emissions," added John Mathews, Managing Director Master Shipyard Pvt. Limited, an associate Company of LOTS Shipping Limited.

Krishnapatnam Port plans to set up car terminal

The Krishnapatnam Port is planning to build a car terminal by next June and is in talks with original equipment manufacturers for shipping vehicles from the proposed facility, a top official has said. "We already have the basic infrastructure in place which can be customised as per the wishes of the clients. We are in talks with OEMs (original equipment manufacturers) for shipping cars from our facility," chief executive Anil Yendluri told visiting reporters at the port in Nellore district of Andhra Pradesh. He said the car terminal could be commissioned by the first quarter of the next fiscal. A senior port official said a berth is already in place in the south block of the port having a channel depth of 18 metres, and additionally, land will be made available for developing a parking space nearby for exporters. The South-based auto manufacturers like Hyundai, Ford and Nissan presently send their export cargo from Ennore and Chennai ports. Yendluri said there are quite a few manufacturers like Toyota and Renault which are bullish on exports. He added the port is in talks with both the existing as well as prospective exporters. A liquid bulk terminal, bunkering facilities and a dedicated container freight station are among the other facilities which the port is contemplating, beyond the existing bulk handling, coal berth, edible oil terminal and container terminal, the official added. That the company's strategy has been to diversify into other commodities like foodgrain, edible oils and fertilisers. "We always had the diversification in mind, but some of the investments had to be advanced due to these developments. Thankfully, we have the backing of a strong group which is present in engineering and infrastructure," he said. The port, which is backed by private equity major 3i, posted a net profit of ₹ 70 crore

and turnover of ₹ 700 crore in FY12, handling 15.6 million tonne cargo, and Yendluri said it is aiming to grow it by 30 per cent this fiscal. In FY12, the port handled 11.7 million tonnes (mt) of coal, 1 mt of granite and 2.3 mt of fertilisers, he said adding coal alone would touch up to 16 mt this fiscal. - PTI

Oil ministry notifies eligibility for setting up LNG terminals

The petroleum ministry notified eligibility criteria for registration of LNG terminals to facilitate setting up liquefied natural gas terminals for imported LNG. The oil ministry said the "rules on eligibility conditions" were being notified to promote the setting up of LNG terminals "in an environment of equitable access and commercial transparency so as to foster higher availability of imported Liquefied Natural Gas in the country."

Among the eligibility conditions is the post-registration offer of constant carrier capacity of 20 per cent of uncommitted re-gasification capacity, or 0.5 million metric tonnes per annum (MMTPA), whichever is higher. Another condition requires furnishing a bank guarantee for an amount equal to 1 per cent of the estimated project cost of the liquified natural gas terminal, or ₹25 crore, whichever is less. Government officials said that with increasing demand for gas in the country companies are firming up plans to enable LNG import terminals. A third terminal in Gujarat is being implemented at Mundra and talks are on between infrastructure company Larsen and Toubro and state-owned Gujarat State Petroleum Corporation (GSPC) to set a fourth terminal in partnership near Okha. Mumbai-based infrastructure major Shahpoorji Pallonji Mistry has decided to set up an LNG import terminal in a joint venture with Hindustan Petroleum Corporation Ltd in Gujarat, while state-run GAIL is in the process of commissioning a 5-million tonne facility at Dabhol.

UPS eyes healthcare logistics

Global logistics major UPS is looking at China and India, as the major healthcare opportunity markets in Asia, the company stated in a release. China and India are the fastest growing healthcare markets in the region and several healthcare companies have their regional headquarters in Singapore, where UPS opened its first dedicated healthcare facility for Asia in 2011, it added based on a healthcare survey titled Pain in the (Supply) Chain. For global healthcare executives, China was the top expansion destination over the next three to five years, followed by the US, Brazil and India.

Gateway Distriparks Consolidated Net Profit in Q2 down 11 per cent

The slowdown in the global business scenario and capacity constraints at JNPT have impacted the EXIM trade in India and the profitability of GDL group in Q2. Consolidated Profit Before Tax (PBT) in Q2 was ₹41.8 crore, taking the PBT in the first half of the year to ₹91.6 crore. (Down 4.5 per cent, YoY).

Commenting on the results, Gopinath Pillai, Chairman, Gateway Distriparks Limited said, "It could have been better but for the setbacks in our Rail business due to the general economic slowdown and the imbalance in EXIM trade. Further, the delay in start-up of rail operations at Faridabad had an impact on the profitability. While this business scenario could continue in the medium term, GDL, as a group, is confident of improved performance with the commissioning of warehouses at Navi Mumbai and Kochi CFSs in Q3 and commencement of rail operations at Faridabad in Q4. Snowman is on target to more than double the present capacity within the next year".

Seven firms bid for second container berth at Vizag Port

A total of seven companies have expressed interest in setting up a second container berth at Visakhapatnam Port. The new berth would be set up in a public-private partnership mode and would involve an investment of ₹300 crore to ₹400 crore, including infrastructure cost.

Visakhapatnam Port already has a container berth, which is being operated by Visakha Container Terminal Private Limited. In view of the future demand, the port has decided to set up a second container berth at the existing terminal and invited request for qualification two months ago.

Navayuga Engineering Company, which operates Krishnapatnam Port in Nellore district, Gangavaram Port, Welspun Projects Limited, Gammon Infrastructure Projects Limited, Adani Ports and SEZ Limited, Simplex Infrastructures Limited and Visakha Container submitted the bid. However, Visakha Container has the first right of rejection.

Global slowdown affecting bunkering firms

Marine fuel suppliers are feeling the crunch from the global slowdown in trade. With more ships being kept aground, demand for bunker fuel has also been on the decline this year. This has prompted companies like Chemoil and Global Energy International to re-structure and diversify their business to stay afloat. This includes expanding their current portfolio or entering markets outside of Singapore.

Global bunker supplier Chemoil, a Singapore-listed company, has said it is facing more payment defaults and bad debts. Thomas Reilly, CEO of Chemoil, said: "This year, there have been a handful, it is more of a dangerous market. Suppliers have to be a lot more selective with who they are doing business with." Recent data from the Maritime and Port Authority of Singapore (MPA) has shown that seven bunker suppliers have given up their licences this year. According to Platts, 26 shipowners were arrested at Singapore's ports in the first quarter of this year, compared to 17 in the same period last year.

NOL posts first quarterly profit since 2010

Neptune Orient Lines Limited (NOL) said it made a net profit of $50 million in the third quarter of 2012, marking a return to quarterly profits after losses in the previous six. The Singapore-based container shipping and logistics group attributed its first positive result since 2010 to increased cost-efficiencies, stable rates, and volume growth. "Our efforts to improve the Group's competitive position are paying off," said NOL Group CEO Ng Yat Chung.

OOCL revenue growth

Orient Overseas Container Line (OOCL) reported revenues of $4.47 billion in the first nine months of the year from its box shipping business. OOCL's total container volume climbed 5.1 per cent to 3.95 million teu in the first nine months. Average revenue per teu grew 7.2 per cent between July and September. This was 7 per cent higher than last year and followed a 10.9 per cent rise to $1.59 billion in container shipping revenue in the third quarter.

Concor launches refrigerated box train from Hyderabad

The first refrigerated container train of the Container Corporation of India was flagged off from Hyderabad to Mumbai Port. This marks the start of regular reefer container train operations from Hyderabad to different ports in the country. The first consignment consisted of seven refrigerated containers containing temperature-sensitive pharmaceutical products.

In order to develop reefer movement from Hyderabad, Concor has put in place infrastructure such as plug-in points at its Inland Container Depot at Sanathnagar and high-capacity diesel generator sets in the train to ensure uninterrupted power supply during the transit to Mumbai. V Kalyana Rama, Chief General Manager, Concor, said the number of refrigerated containers will be increased and the current weekly service will be expanded to bi-weekly or more depending on the demand. He said the service also expects to attract temperature-sensitive cargo such as fruits and meat products.

In another first for India, airlines have started accepting cargo at Container Corporation of India's (Concor's) inland container depot (ICD) at Kanpur. All prior customs clearances and claim of duty drawback will now happen at the ICD facility itself. Kanpur exports about 500 tonnes a month of air cargo and imports about 115 tonnes. GMR, which operates the Delhi airport, has tied up with Concor to start bonded trucking service. A truck will pick up and drop bonded cargo between Kanpur and Delhi Airport three times a week.

The first truck carried leather goods from Suri Shoes, Mirza International, and Arvind Footwear with a load of 1.6 tonnes. These goods were linked to Cathay Pacific and Emirates Airlines at Delhi Airport. The transit time between Kanpur and Delhi is expected to be less than 12 hours. Moreover, the facility will reduce multiple handling of air cargo.

Yash Vardhan, Director – International, Concor said: "This is the first time in India that the airport, airline, inland container depots, customs and customers have joined hands to offer such a unique service at a location."

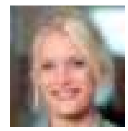
Concor has registered a net profit of ₹232.47 crore for the quarter ended September 30, registering a 32 per cent growth against the same period previous fiscal.

NEWS

Metizoft rises to major challenge offshore Brazil

Fast-growing marine design consultant Metizoft believes a new consultancy contract offers western Norway's floating offshore engineering expertise an unprecedented opportunity to tap into Brazil's expanding oil and gas drilling industry. Metizoft, based in Fosnavåg, has secured a project support contract from LMG Marin, Bergen. Naval architecture and marine engineering specialist LMG Marin won a major design contract from two Brazilian yards earlier this year, anticipating construction of 14 drillships in Brazil for delivery 2015-2019. The drillships will be deployed in waters up to 3,000 m deep offshore Brazil.

Consulting engineering firm Metizoft concentrates on project management, quality control and project support work for the shipbuilding and offshore industries, with its services backed up by tailor-made engineering processing software. It is one of the world's first companies to offer a Green Passport/ Inventory of Hazardous Materials approval and verification package for newbuilds and existing vessels. The company broadened its maritime offering in 2011 by merging with Tomrefjord-based consultants Novomar.



"We have a strong network of diverse professionals at our disposal, brought together so that customers can call in the required expertise to their project work as and when they need it."

Gry Cecilie Sydhagen
Managing Director, Metizoft

India to buy more palm oil as edible oil imports rise

India will raise palm oil purchases in coming months as its edible oil imports continue to rise but its soyoil and sunflower oil purchases will fall slightly, Hamburg-based oilseeds analysts Oil World said. India will import 7.88 million tonnes of palm oil between October 2012 to September 2013, up from 7.47 million tonnes in 2011/12, Oil World estimates. India's vegetable oil imports surged by 17 per cent crossing 10 million tonnes mark in the 2011-12 marketing year that ended last month on strong domestic demand.

Box alliance drops seven winter Asia-Mediterranean sailings

Cosco Container Lines, K Line, Yang Ming Marine Transport and Hanjin Shipping are set to reduce around 21 per cent of their alliance's total capacity on the Asia-Mediterranean trade during the 11-week time span, when 33 loops were scheduled. "We are adjusting capacity in line with lower winter demand," a K Line official said. "We may arrange similar cuts again after the lunar new year in mid-February, when demand usually softens." he added.

NYK Line narrows its losses

Nippon Yusen Kabushiki Kaisha (NYK Line) said that for the six months ended September 30, 2012 it narrowed its net loss to ¥4.1 billion ($52 million) on revenues of ¥944 billion ($11.8 billion), from a net loss of ¥12 billion ($150 million) on revenues of ¥911.1 billion (11.4 billion) for the same period last year. NYK Line said it saved money through service reductions, route rationalisations, and cost-cutting efforts including slow steaming.

Rail movement of containers to get costlier

The Indian Railways – which moves 77 million tonnes of goods via containers every year – has decided to increase haulage charges for container train operators by up to 22 per cent with effect from December. There will be another round of increase after two months. Thus, with effect from February the charges will go up by up to 31 per cent against today's levels. Haulage charges – which container train operators pay Indian Railways for using the tracks, locomotives and signalling infrastructure – account for 60-70 per cent of their operating cost.

States lukewarm to maritime boards

Five maritime states in the country, including Karnataka, are yet to wake up to the potential of harnessing their maritime resources in general and enhancing coastal security in particular. While Gujarat took the lead in setting up maritime board nearly 25 years ago, Maharashtra and Tamil Nadu have since followed suit. While Goa, Kerala, Odisha and West Bengal have not done so, Andhra Pradesh is on the verge of setting up its maritime board.Setting up the board has become mandatory in view of the directions to the states issued by Union Home and Defence Ministries in October 2010 for developing ports and maintaining coastal/maritime security.

Essar Shipping adds two vessels to its fleet

Essar Shipping (ESL) said it has added two more vessels to its operating fleet, taking its tonnage to 2 million tonnes. "These latest addition to Essar Shipping's growing fleet, *MV Kishore* and *Ashok*, are MiniCape vessels which are 253 metre long, 43 metre wide and a cargo capacity of 1,05,000 dwt," the company said in a statement.

With the induction of these vessels, the tonnage stands at 2 million tonnes. On induction of these MiniCapes, A R Ramakrishnan, Managing Director, ESL said, "Essar Shipping has taken delivery of the last two MiniCapes from the total of six ordered with STX Shipyard under the expansion programme. With the induction of these two vessels, we will now consolidate operations to achieve the planned growth in revenues and scale of operations." ESL is confident that these vessels will make trade to the Indian coast more economical and cost effective for clients in the power, steel and other core sectors, the company said. The company operates a diversified fleet of 25 vessels, including VLCCs, Capesizes, MiniCapes, Supramaxes, mini bulk carriers and tugs. A sizeable part of the capacity is deployed on long-term contracts.

Maersk plans to move away from shipping

Danish oil and shipping group A.P. Moller-Maersk will not invest significantly in its shipping business over the next five years and will focus on its oil, drilling rigs and ports, the *Financial Times* reported. "We will move away from the shipping side of things and go towards the higher profit generators and more stable businesses," Maersk Chief Executive Nils Andersen told the newspaper. "What we are going to do over the next five years, we are not going to invest significant amounts in Maersk Line. We have sufficient capacity to grow in line with the market." Maersk Line, the company's container shipping unit, has struggled with profitability due to the global economic slowdown and an oversupply of vessels that could intensify next year. The subsidiary is a barometer of world trade as its fleet carries more than 15 per cent of all sea-borne containers.

Adani, Essar to bid for Chennai's mega container terminal

The Union home ministry has allowed Essar Ports and Adani Ports to bid for the mega container terminal project in Chennai, clearing the decks for the shipping ministry to begin the process of awarding the ₹4,000-crore project.

While Adani Ports had earlier secured the clearance, when it was the lone bidder for the project in 2011, Essar Ports had to seek clearance from the ministries of home, defence and external affairs after it merged its subsidiaries with its holding company. This is the second time that the Chennai Port Trust is looking to award the project after it rejected a lone bid in 2011 by Adani Ports, which offered just 1.5 per cent revenue share to the port.

India's trade deficit with China balloons to $23 billion

India-China bilateral trade, which flourished till last year, is facing a downturn in 2012 with overall trade declining to $55.6 billion in the first ten months, while trade deficit for India has ballooned to $23 billion. According to official figures released, Indian exports to China totalled to $16.3 billion registering 13.3 per cent decline. The decline was largely due to fall of Indian iron ore exports, which constituted about 50 per cent of India's exports.

Significantly, China's exports to India also registered a downturn. According to the figures, China's exports totalled $39.3 billion in the last ten months registering a decline of 5.7 per cent.

SCI wins Lloyd's List Global CSR Award

The Shipping Corporation of India Ltd has won the coveted Lloyd's List Global Awards 2012 for Corporate Social Responsibility (CSR) which is a celebration of the best that shipping industry has to offer and according to the panel of jury, the winners are the innovators and visionaries in the industry. By dedicating 1 per cent of net profits to CSR activities, SCI has been able to support multiple projects including scholarships, training schemes, hospitals and regional flood protection work. The Award was presented by Tara Fox, Head of Corporate Partnerships at Mission to Seafarers to Capt Bikash Chaudhury, Regional Vice President, SCI London Office.

Customs' new levy to hurt vessels calling at Kochi Port

Shipping lines calling at Kochi Port may not get the benefit of some concessions now being offered by the port management to attract more vessels. This is because, Kochi Customs' decision to collect Indian Light House dues for on-deck cargo on all vessels calling at the port has effectively nullified the tariff reduction measure of the port. In fact, the Customs levy has virtually taken away the sops offered by the port management to attract vessels, shipping sources say. The port management is currently offering 86 per cent rebate in vessel-related charges to mainline vessels and 30 per cent to feeder vessels in order to attract more ships to dock at the port. The ILH dues are now being collected on the basis of the NRT (Net Register Tonnage) of vessels entering Indian ports. The new levy was a statutory requirement under the Light House Act, 1927.

Japan to give over $2 bn loan for freight corridor

Japanese Prime Minister Yoshihiko Noda conveyed this to Prime Minister Manmohan Singh at their bilateral meeting. The two prime ministers met at the Peace Palace here on the sidelines of the East Asia summit. Noda informed Manmohan Singh that "Japan will be announcing the second round of Yen loans under ODA (Official Development Assistance) for the second phase of the DFC (Dedicated Freight Corridor) and a third infrastructural project in South India, where Japanese companies have a good presence".

Monnet Ispat in talks for coal mine buy in Colombia

Monnet Ispat and Energy Ltd (MIEL), India's second-largest coal-based sponge iron producer, is set to soon acquire majority stake in a 25-million tonne (mt) coal mine in Colombia. The ₹1,960-crore MIEL wishes to feed its steel and captive power plants in India using the coal made available through the acquisition.

Monnet has been also looking at coal assets in Africa to source coking coal for its steel mills. New Delhi-based Monnet Ispat has sponge iron manufacturing facilities at Raipur and Raigarh in Chhattisgarh. It is developing a 1.5-mt integrated steel plant at Raigarh. It is implementing a 1,050-MW power plant at Angul in Odisha.

Cargotec sales up 5%, profit down

Sales in the third quarter of 2012 at Cargotec were up 5 per cent to $1.024 billion from $971 million in the same period a year earlier. Operating profit was down 29 per cent at $50 million, representing 4.9 per cent of sales instead of 7.2 per cent in the third quarter of 2011.

"Major restructuring has been launched in Cargotec, in order to improve profitability. In the future, each business area Marine, Terminals and Load Handling will include services and operate more independently than before. This operating model will also support Marine's preparations for its listing in Asia. Business areas will be named after their industry leading brands MacGregor, Kalmar and Hiab. Through these changes, we are seeking to improve our efficiency and reduce fixed costs," said Tapio Hakakari, Cargotec interim president and CEO.

Auditor General slams SLPA

The Auditor General in a latest report to Parliament recently slammed the Sri Lanka Ports Authority (SLPA) for alleged fraud, corrupt activities, financial irregularities, dubious land deals and mismanagement. The Auditor General had pointed out that the SLPA had assessed a land not belonging to it as assets and assessed such land to the value of ₹700 million using a private audit firm in the final accounts distorting the accounts disregarding the statute. Furthermore, investigations have revealed that ₹455.5 million had gone waste out of ₹6,000 million aid contract from the Japan Bank for International Cooperation for the construction of a breakwater at the Galle Port and the contract had been abandoned midway. Operations of the Galle Port had been identified by the Auditor General at a very weak level over the past three years showing a loss of ₹1,023 million.

Sweden SAAB invests ₹202 crore in Pipavav

Saab ab of Sweden has invested ₹202 crore in Pipavav Defence and Offshore. With this, SAAB will have 3.5 per cent shareholding in the Indian company with an option to increase it further at a later stage. Pipavav said that SAAB is a global leader in military hardware and will bring in advanced proprietary technology in India through the company, which will immensely benefit India's armed forces. The two will also look at exporting military hardware. It said that this is the first strategic investment made by a global defense major into an Indian company focusing on defense production

Rlys' private freight terminals biz draws Tata Steel, 21 others

Indian Railways' private freight terminals (PFTs) appear to be catching up slowly. A host of companies, including Tata Steel, Kribhco Rail Infrastructure, Concor, Sahani Logistics, India Glycols-backed Kashipur Infra Freight Terminals, Central Warehouse Corporation, and Rajasthan Spinning Mills are queuing to be operators. The Ministry now has close to 35 proposals for PFTs from 22 companies. Of this, the Railways has notified eight terminals, approved 15 and the remaining are under consideration. Setting up a PFT will require ₹100-150 crore.

Smit Lamnalco newbuilds to meet Shell Gabon renewal

Smit Lamnalco has renewed its marine support services contract with oil major Shell in Gabon, in a deal that has triggered investment in three auxiliary vessel new buildings. The five-year contract renewal extends an uninterrupted relationship between the marine support specialist and Shell Gabon dating back to the 1990s. It covers support for Shell Gabon's tanker operations at the remote Gamba Terminal, south of Port Gentil.

Singapore to represent the Asia region as new arbitration seat in BIMCO contracts

Singapore is now recognised as an official seat of arbitration to represent the Asia region. The inclusion will be made to the existing BIMCO Standard Dispute Resolution Clause which will appear in all new and revised BIMCO contracts. The adoption of the Singapore arbitration clause was unanimously approved at the recent BIMCO's Documentary Committee Meeting held in Copenhagen.

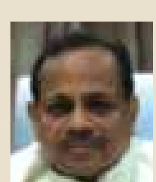
The inclusion of Singapore as a new arbitration venue also allows the Dispute Resolution Clause to now cover three strategic geographical regions, Asia, Europe and the Americas, with arbitration clauses for Singapore, London and New York. The fourth "open" option will remain in the Dispute Resolution Clause, thus allowing parties to agree on other arbitration venues and applicable laws to suit their specific local requirements.

SENNEBOGEN presents the 8130 EQ: 75% more energy efficient

A new dimension in energy efficiency – the SENNEBOGEN 8130 EQ demonstrates its credentials as a balance material handling machine through its energy efficiency and excellent value for money. The latest product development from SENNEBOGEN is consistently balanced in any situation and guarantees minimal energy and running costs in daily use, both on the scrapyard and in port material handling, thanks to the classic lever principle behaviour.

The SENNEBOGEN 8130 EQ with electric motor operates environmentally friendly and efficient, both in scrap handling and port material handling. An adjustable counterweight means that the machine always remains perfectly balanced in any position and the centre of gravity stays central. This EQ (equilibrium) principle enables the machine to constantly remain balanced. Thanks to the directly linked counterweight, minimal energy usage provides sufficient drive even for large reaches and high loads. The whole machine can be controlled using just two cylinders. A rar running parallel to the boom connects the jib to the rear counterweight and ensures effective transmission of power. During every operating movement, the counterweight is held in balance in a similar way to classic lever principle behaviour. In this way, it takes almost no energy at all to move the machine. Even for heavy loads and high reaches, only the loads attached must be moved and driven – an enormous saving in terms of effort and energy.

S S Mishra takes charge as Paradip Port Chairman



Sudhanshu Sekhara Mishra, an IRTS Officer of 1986 batch belonging to the State of Odisha has assumed the charge of Chairman of Paradip Port Trust. Before joining PPT as Chairman, he was working as Member Traffic, Inland Waterways Authority of India since August, 2011. During his twenty five years service in Indian Railways, he has worked in all the three branches of Traffic Department. As Member Traffic of IWAI, he has formulated seven different cargo specific projects with an investment potential of ₹ 2,100 crore by the private sector.

Student at Wharton runs Supply Chain Event

Satya Ridhima Parvathaneni, the 21-year-old student from Hyderabad, could do what many of her illustrious predecessors at the famed Wharton Business School have never imagined.

She conceptualised and organised the inaugural Wharton Supply Chain Conference recently at Wharton Business School; a unique event which became a symbol of the increasingly crucial role of supply chain innovation for global corporations in an unpredictable business environment.

Speakers of the world's finest firms including Google, Samsung, Amazon, IBM, PepsiCo, Boeing, Zappos.com shared the best practices and innovative strategies that make their supply chains truly outstanding. Ms Parvathaneni is a senior in the Jerome Fisher M&T programme, a highly prestigious dual degree programme in Wharton & Penn Engineering.

She is the only grand daughter of former union cabinet minister, late P Upendra.

Govt nod to ₹622 cr project at Kandla

The government approved a ₹622-crore project for import of crude oil at Kandla Port that will enhance its capacity by 12 million tonnes per annum (MTPA) to 104 MTPA. The project will be built on a build, operate and transfer basis (BOT) with a concession period of 30 years at an estimated cost of ₹621.53 crore, it said. Kandla Port is strategically placed to function as a gateway to Western and Northern India, particularly for import of crude oil.

NOT AT THE COST OF BUSINESS

Market environment need to be free from all intervention at major ports so that businesses need not suffer due to militancy, vested interests and vote bank politics.

It has already been termed as Mamata's Singur moment. Even if one is willing to overlook the 'politics' involved, it is hard to forget the similarities between the experience of Tata Motors at Singur and Haldia Bulk Terminal (HBT) at Kolkata Port. Four years ago, Tata Motors was forced to abandon its plan to set up a small car factory in Singur, which was partly attributed to the safety concerns of its employees. In October last week, HBT decided to follow the suit by quitting Haldia Port operations due to unsafe work conditions.

In both cases, the West Bengal government cannot deflect the blame. It is evident that the government miserably failed in its duty to maintain law and order situation that resulted in the abduction of HBT company officials. Though they were released later with a warning, the police failed to nab the culprits.

While it is a bit premature to predict the political fallout of the 'Haldia row,' it is a collective loss for West Bengal and Kolkata Port. HBT CEO Gurdeep Malhi hit the bull's eye when he said, sooner rather than later, Bengal will have to choose to make itself attractive and viable for investors, otherwise progress will continue to elude the state. When states are competing with each other to attract investment, repeated incidents like Haldia and Singur can damage the image of West Bengal perennially.

If analysed properly, one can find that the real problems at Haldia started due to trade unionism, political interference and cartelisation. HBT, jointly promoted by French logistics company LDA and ABG group of India, signed the cargo handling contract with the Kolkata Port Trust (KoPT) in 2009 following a global tender. Accordingly, it started mechanised cargo operations at berth 2 and 8 in 2010. However, the operations did not move as was expected by the company, resulting in accumulated losses of over ₹60 crore.

HBT won the contract by quoting the lowest price of ₹75 per tonne. HBT wanted 9 million tonnes of the 17 million tonnes of dry bulk cargo handled at Haldia but could not secure it.

On its part, HBT had alleged that KoPT gave priority to manual berths. A company called Ripley, allegedly owned by a Trinamul Congress leader, handles over 50 per cent of the non-mechanised work at Haldia at about ₹150 per tonne. In fact, HBT had to lay off 275 people in September due to its mounting losses. This precipitated into a major workers' agitation, backed the ruling party of the state. The situation was so bad that the Kolkata High Court in an interim order on October 19 had asked for deployment of temporary police guards to prevent disruptive activities.

This is a significant loss for KoPT already burdened with infrastructure problems like draft length and competition from new ports in the private sector in Odisha and Andhra Pradesh. These factors along with the global slowdown resulted in KoPT with two docks – Haldia and Kolkata –experiencing a fall in cargo volume from 57.3 million tonnes in 2007-08 to 43.2 mt in 2011-12.

Now with HBT pulling out, over 600 workers on its rolls will be rendered jobless. The state government with all its rhetoric will not be able to rehabilitate them.

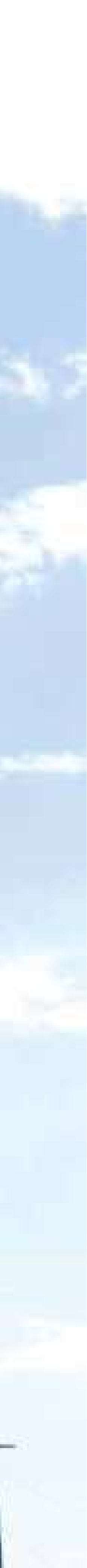
Meanwhile, Kolkata Port Trust is looking at claiming damages from HBT and planning a retender by December. But it will not be easy for KoPT to find a new partner if it cannot assure them minimum cargo and protection from militant trade unions. What we really need is a market environment free from politics so that businesses need not suffer. We need to ensure an environment of stability in major ports, where investors who put huge money should not be made to succumb to violence and hooliganism. mg

WHAT DO YOU THINK?

Can major ports ever be free from these challenges?

ramprasad@gatewaymedia.in


Finnsteve



CHASING THE TRANSSHIPMENT RAINBOW

While India should focus on developing an efficient hub and spoke ports system, it requires more careful planning and implementation.

Sreekala G

Globalisation, free trades and open market opportunities have played a major role in the development of new paradigms of international business. This has also resulted in some major changes in the way the international shipping industry functions.

International shipping industry has evolved over the years to accommodate the changes in global trade patterns. New models of transportation have been proposed to cater to the needs of the new age businesses. These changes are most visible on the Asia Pacific route with growing container volumes and ever increasing port infrastructure. And, the dynamics of business growth in this region has brought South Asia to the centre stage of the world trade. The importance of South Asia is expected to go up further with Europe and the US still reeling under economic slowdown.

While Indian economy is one of the drivers of this growth, the country as a whole has benefitted tremendously from the surging trade with other nations. In an effort to keep up with this trade momentum, the government has decided to focus more on the infrastructure segment and its development. As a result, new ports and connectivity measures are planned across the country's coastal line along with the expansion of the existing ones.

It is also important to ensure that India's efforts should be in tandem with changing transportation models in the international shipping industry. One of the challenges faced by the country is to come out with an effective model for development of ports.

In the past, the shipping transportation was characterised by direct calls at ports where goods were delivered by vessels which originally loaded the cargo from one origin to the destination without shifting the cargo enroute.

"There are four different types of container transshipment terminals in operation today. Hub-and-spoke transshipment (exchange between deep-sea and feeder vessels), Relay transshipment (between deep-sea and deep-sea), interlining transshipment (between deep-sea and deep-sea in parallel strings), and feeder to feeder exchange. Of these, hub-and-spoke model has good chance of future existence due to the arrival of very large container carriers."

Joost Smits
Systems Navigator, Delft

"Estimates suggest that 9 million teu (43 per cent) of the Indian traffic of 21 million teu will be hubbed in 2015-16. Of the hubbed traffic, 0.95 million teu (11 per cent) will be hubbed in India, implying a transshipment of 1.9 million teu. And this small number denotes a lost opportunity for the country."

A new model that evolved after the demolition of trade barriers is the transshipment or hub and spoke system which involves transfer of goods from the origin to the destination using a hub or intermediate point where the cargo pauses and it is handled.

Traditional maritime economists, port and shipping lines have considered container transshipment to be more expensive than direct call services, mainly by virtue of the extra feeder costs and container lift charges involved. However, with the steady increase in ship size, hub and spoke model has gained steam worldwide.

Due to technical requirements of new bigger ships, all ports are not in a position to receive them. For these kinds of smaller ports without much facility of cargo aggregation and deep draft, it is better to depend on feeder lines.

"One reason for the increased interest in hub and spoke networks is the trend towards bigger ships. The major world trades are now dominated by post panamax and super post panamax ships of 8,500-13,000 teu. Now it is set to touch 18,000 teu. A transshipment hub can offer substantial operating and capital cost advantages to these ships compared to multiport direct call services. The explanation for transhipment advantages relates to increased cost both at sea and in ports associated with multiport styles itineraries. This along with container handling costs and productivity advantages pertaining to pure transshipment terminals can enhance feeder ships economies of scale," says an analyst.

Once Panama canal expansion project is completed it will impact the global freight distribution. After the Panama Canal opens, it is projected that the number of containerships and bulk carrier transits will actually fall as larger ships displace smaller ones. Yet the total cargo will increase. Due to the cost, time, and supply chain implications of modal selection, shippers are generally conservative when it comes to switching transportation modes. Therefore, as a general rule, shippers will change routes and ships incrementally and carefully.

Economies of scale can profoundly reduce tonne per mile cargo costs, irrespective of cargo type or mode. As a result, ships will call at fewer ports. Simply stated, ships make money when they are sailing, and lose it when in port. If larger ships use the new locks, they will stop less frequently if they are to be profitable, according to a report prepared by Cambridge Systematics along with the Center for Transportation Research – University of Texas.

This can have significant bearing on the way trade is being handled at Indian ports. Unfortunately for India, we failed to develop such an efficient hub and spoke system. At present, we do not have a hub for our cargo. The hub is in a foreign country and our importers and exporters are paying avoidable freight and transshipment charges to foreign companies. Besides, they also bear the extra freight charges from foreign ports from where only feeder vessels are being sent to Indian ports.

THE MAJOR WORLD TRADES ARE NOW DOMINATED BY POST PANAMAX AND SUPER POST PANAMAX SHIPS OF 8,500-13,000 TEU.

"It is substantially true whether you use a mainline or a feedership, cost remains almost the same. Instead of investing heavily on medium size ports it may be prudent to have big hub ports and satisfactory feeder ports. In this model, connectivity is the key."

Port industry does not have the luxury of being able to react to changes in the market environment. We must be able to anticipate and be able to deliver terminal capacities and productivity that customer will require.

Christian Moller Laursen
Vice President and CFO of APM Terminals

AFTER THE PANAMA CANAL OPENS, IT IS PROJECTED THAT THE NUMBER OF CONTAINERSHIPS AND BULK CARRIER TRANSITS WILL ACTUALLY FALL AS LARGER SHIPS DISPLACE SMALLER ONES.

Currently, much of the country's container traffic goes through Colombo in Sri Lanka, or is fed through more distant hubs in Singapore to the east, or Dubai and Salalah to the west. Estimates suggest that 9 million teu (43 per cent) of the Indian traffic of 21 million teu will be hubbed in 2015-16. Of the hubbed traffic, 0.95 million teu (11 per cent) will be hubbed in India, implying a transshipment of 1.9 million teu. And this small number denotes a lost opportunity for the country.

To address this issue, the government is planning to build new ports in India. It is also planning to develop two hubs – Kochi (Vallarpadam) and JNPT on west coast and Visakhapatnam and Chennai on the east coast. In line with this plan, the government has relaxed cabotage rules for Vallarpadam for three years and Visakhapatnam has also submitted a request for the same.

"There is an acceptance even with the government that infrastructure is not adequate in India. There is a plan to make the port capacity almost three times of what it is today by 2020. There is a concerted effort in this direction. There is also demand for more and more ports. There is no harm in this model. But at the same time if we are happy with a hub and spoke model and we feel efficiency can be achieved through a feeder system, it will be advantageous to concentrate on that model. It is substantially true whether you use a mainline or a feedership, cost remains almost the same. Instead of investing heavily on medium size ports it may be prudent to have big hub ports and satisfactory feeder ports. In this model, connectivity is the key,'' says K Mohandas, former shipping secretary & chairman of Kerala Shipping and Inland Navigation Corporation.

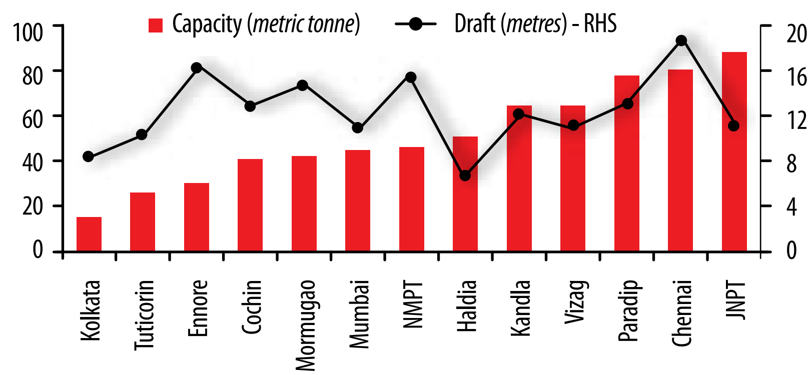
However, most ports in India do not have the deep draft facility to accommodatelarge vessels. JNPT for instance which handles over 50 per cent of the country's container volumes, has draft restriction and cannot bring mother vessels to the port. In fact, on the west coast, only Mundra can accommodate vessels to the tune of 10,000 teu and it is not considered for the 'hub' model by the government.

JNPT is now increasing its draft to 17 metres to make it a hub port and this involves huge cost. Considering the container volumes handled by JNPT it can justify this added cost. But in the case of any other port, this kind of a cost to expand existing infrastructure is not feasible. It is easier to build a Greenfield port with a natural deep draft.

Vallarpadam also does not have a deep draft and it will be difficult to go beyond 14 metres due to the high cost of dredging. Besides, it is not a natural port. On east coast also, Chennai can receive ships of the size of 4,000-5,000 teu. In fact, of the four planned hubs, only Visakhapatnam can acommodate a large ship to the tune of 18,000 teu due to its natural deep draft of 17 metres.

Again, Krishnapatnam with the deepest draft in the country (18 metre) is out of the purview of the government's hub and

Drafts at major Indian ports



MANY OF THE MAJOR PORTS IN INDIA HAVE DRAFT RESTRICTIONS AND CANNOT BRING MOTHER VESSELS.

What makes a successful hub port?

- Sufficient berthing space and cranes
- Fast handling
- Reasonable Tariffs
- Low bunker costs
- Fast refueling

"There is no saving to the trade in direct call. It is up to each line how in their network they handle cargo volumes. In India, there is also talk of designing ports for handling fourth and fifth generation ships. This phobia in India that due to the absence of a transshipment facility the trade is paying more money is incorrect."

spoke model as it is a private port. In the absence of an efficient hub, most ports in India are vying for mainline calls.

"Feederlines operate smaller vessels and they work as cargo aggregators. Small ports have space limitations, draft restrictions and reverine long channel. They also face dearth of cargo. In such a situation, it does not make sense for a mainline to make a call at such a port,'' says Capt. Sriram Ravi Chander, chief operating officer, Visakha Container Terminal (VCTPL).

According to him, a hub port can facilitate cargo aggregation and offer cross consolidation. "It can bring and distribute cargo to other locations. It can also provide value-added services like packaging and processing at lower cost,'' he says.

If a port has set up large infrastructure at high cost, it will increase the transportation cost for a small vessel if it calls at the port. Mother vessels are sought after by ports to avoid dependency on a hub port. If the distance exceeds beyond 48 hours for cargo it needs large vessels. If the distance between hub and spoke port increases more feederships need to be deployed and this involves more money. So it will benefit the entire trade if there is a hub port nearby.

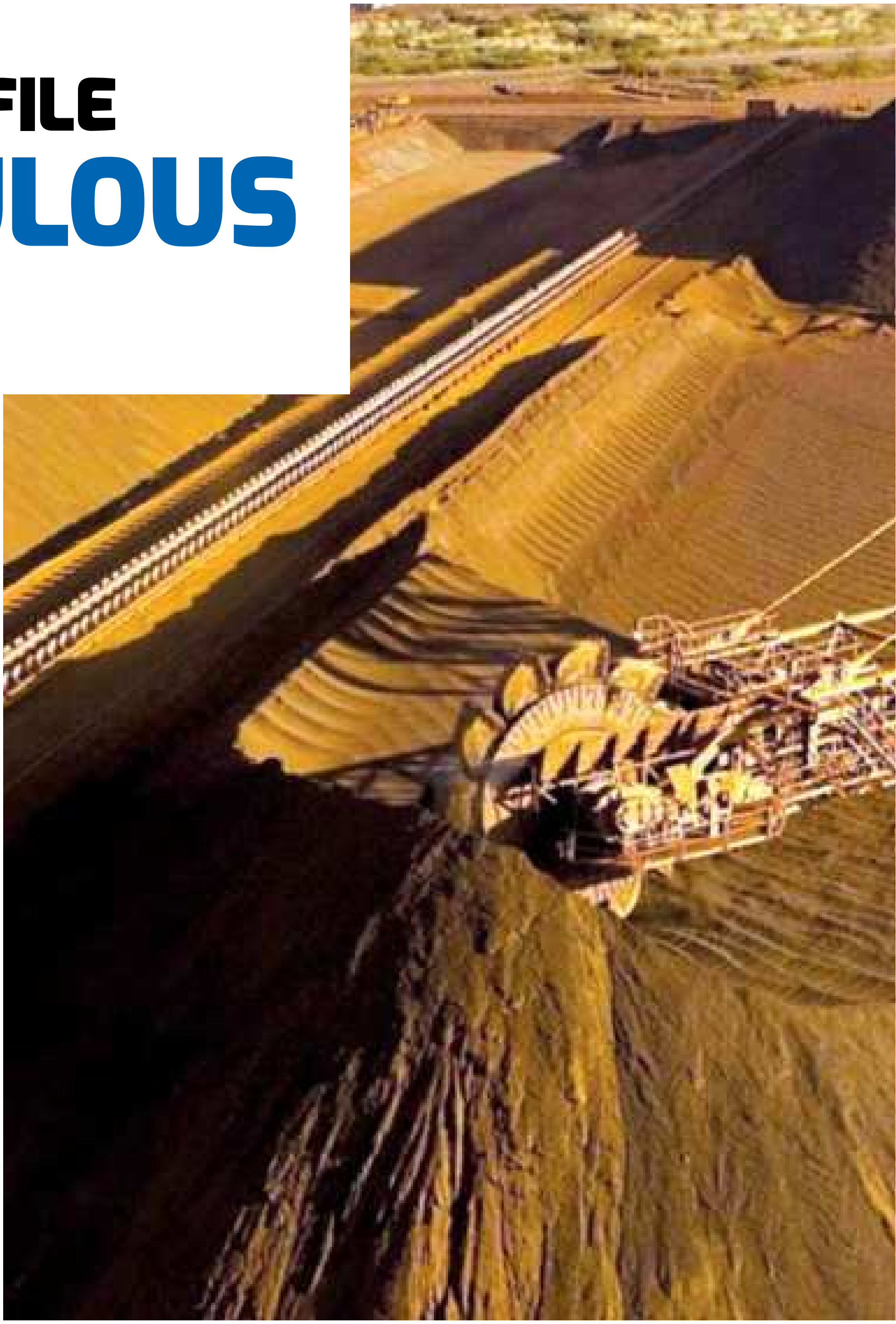
Key commercial factors considered by leading shipping lines to call at a port are size and growth outlook of cargo volumes, network cost of servicing a new port, availability and cost of feeder connectivity, inland connectivity, ability to accommodate and environment and safety records. For a mainline vessel to call at a port the cargo volume should be 1,500-5,000 teu. When large ships call at a port the freight rates will come down. This will also lead to overall development of that area as people will start set up industries as there is assured service by a liner. Economies of scale will again bring down transportation cost. JNPT for instance has a hinterland stretching up to Delhi and Rajasthan despite not having a deep draft. It is not feasible for every port to do feedering or mainline calls. There should be a network of mainline and feederline with reliable frequency.

All these lead to the conclusion that if indeed, an Indian transhipment terminal to come into reckoning, compete with Colombo, Singapore or Dubai, and claim a place for itself in the contemporary world maritime trade map, the government needs to relook at our current plans.

"It is a misconception that mainline callers are cheaper than feeders. Feeder freight is additionally paid by the trade. Or this is saved if there is a direct call. The actual reality is that the market will dictate the rates and the lines network will pay for the cost. There is no saving to the trade in direct call. It is up to each line how in their network they handle cargo volumes. In India, there is also talk of designing ports for handling 4th and fifth generation ships. This phobia in India that due to the absence of a transshipment facility the trade is paying more money is incorrect. The trade will pay the same as long as the line's network uses the transshipment or a direct facility,'' says Bill Smart, managing director, Bengal Tiger Line.

While it is true that India needs ports that can accommodate mother vessels and also transshipment facilities, we also need to focus on developing ports that can accommodate mid-size vessels. Sometimes a mother vessel calling at a port is not sufficient if the calls are not regular or frequent. If there is a large gap between mother vessel calls it can lead to low utilisation and efficiency as most equipments and facilities will remain idle. Perhaps, the need of the hour is frequent calls by vessels of uniform size – it can be a mainline or a feeder. mg

CHANGING CARGO PROFILE A NEBULOUS STORY



Ports in India have to rise up to the challenge of ever changing cargo profile due to government policies and court rulings. In order to sustain a steady growth, ports need to be flexible and fast in accommodating changes in cargo profile and volumes.

Sreekala G

Ports in India are in expansion mode. Even the government envisages huge investment and capacity addition in the next five years. National Maritime Agenda released by the Centre, earlier this year, that outlines the framework for the development of the port sector, sets a target capacity of over 3 billion tonnes by 2020, largely through private sector participation.

The sector is also expected to attract a cumulative investment of around ₹2,774 billion between 2010 and 2020 in three phases. Non-major ports are expected to account for 61 per cent of the proposed investment and the major ports for the rest.

The target however, seems ambitious in view of several impediments we face today. According to a report released by ICRA in July, the cargo growth at the ports in 2011-12 was subdued mainly due to slump in volumes of iron ore due to mining restrictions and policy issues with total throughput posting 5 per cent year-on-year increase to 930 million tonnes.

While major ports saw a 2 per cent decrease in cargo handling to 560 MT in FY12 mainly due to their higher exposure to iron ore, the non-major ports, by virtue of a more diversified cargo mix and higher efficiency standards, gained 18 per cent in terms of cargo volumes.

This resulted in a drop in overall share of major ports in total cargo handling to 60 per cent from 64 per cent in FY11, while the same for non-major ports rose

to 40 per cent in FY 12 from 36 per cent a year ago, says the ICRA report.

And, if the later indications by various state governments and court rulings are anything to go by, ports in the country will have to be flexible enough to change their strategy to adjust to an ever changing profile of cargo. Some of the policies are expected to lead to further drop in cargo volume in short term, thereby a slump in revenues as well.

In October for instance, the Supreme Court banned all mining operations and transportation of iron ore in Goa. This is likely to adversely impact iron ore exports from India during the current fiscal. This in turn will have cascading effect on cargo volumes at Western ports mainly those in Goa. Federation of Indian Mineral Industries (FIMI) had pegged iron ore exports to drop by 62 per cent to about 45 million tonnes this fiscal. In FY12, India exported 61.8 million tonnes of iron ore, showing a decline of 36.7 per cent over the previous year.

For the first quarter ended June 2012, iron ore exports have declined by 45 per cent at 11.9 million metric tonnes compared to 21.6 million metric tonnes in the corresponding quarter last year. The ban on iron exports imposed by Karnataka since July 2010 has already contributed significantly to the drop in exports of iron ore from India.

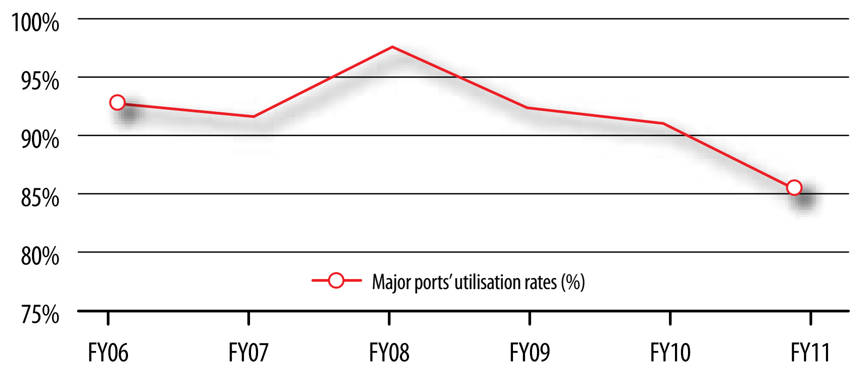
"Ports with large iron ore handling capacity have been severely impacted due to the slump in iron ore exports. Global iron ore prices are down by about over 20 per cent in 2012, due to slowdown in Chinese steel production, which in turn impacted our exports. Ports in Karnataka and Andhra Pradesh are the worst-affected by the sharp fall in iron ore traffic, followed by Odisha and West Bengal,'' says an analyst.

The situation looks even bleaker with the Odisha government imposing ₹67,900 crore penalty on 103 mines for excess production of iron ore. The state is also looking at putting a cap on production of iron ore at 52-55 million tonnes (mt) a year, a significant reduction from the peak production of 76 mt in 2010-11 estimated by the Eastern Mining Association.

An Odisha government notification said the government was forming a ministerial committee to formulate policy on the distribution of iron ore and other minerals, and will make its recommendations in three months. There will also be reservation of areas for prospecting and mining through the state-owned Orissa Mining Corporation. This kind of a move will hit many sponge iron companies in eastern India. They will be forced to depend on costly alternatives like imports.

This means, the ports, which were handling iron ore exports, will have to depend on slow imports of the same commodity.

Average utilisation rate at Indian ports



Besides, steel sector including companies like Tata Steel and Vedanta, will come under pressure. When mining ban was imposed in Karnataka, both exports and steel production declined as there was decrease in demand due to high input cost. As a result, the sector was reeling under the pressure of low prices caused by higher imports while Indian companies were forced to depend on high cost yet inferior quality iron ore. So, if mining ban continues for long in Odisha, the steel sector will definitely be under pressure to cut output, affecting the balance of import and exports of steel and raw material. Iron ore output is expected to drop by about 20 million tonnes in Odisha. As Odisha is a major exporter of iron, the restriction may hit the supply of nearly 25 million tonnes apart from raising the iron ore prices.

Ports in India play a vital role in the overall trade volume (import/export). India has 187 minor ports and 12 major ports and about 95 per cent by volume and 70 per cent by value of the country's international trade is carried on through maritime transport. So, a small change in volume or cargo profile can have significant bearing on port infrastructure and revenues.

"Port is a very dynamic sector and there are problems due to this. Cargo changes, risks changes, type of ships and the country's requirement changes frequently and we need to adapt to accommodate these changes. When we are all ready with iron ore berths, there is no iron ore in the country. Similarly, India was one of the largest producers of coal and now it is in third position though it has largest deposits. We are becoming one of the largest importers of coal. Ports have to change continuously to match the cargo requirements of the country. We have to make policies so that it should not become a hindrance to the growth of the ports or the nation," says Anil Yendluri, CEO, Krishnapatnam Port.

SICAL IRON ORE TERMINAL: THE ₹500-CRORE ASSETS NOW HAVE TURNED INTO A HIGH-RISK INVESTMENT FOR THE LENDERS.

According to him, while building or upgrading a port, one has to keep in mind these changes. "There could also be legal and procedural bottle necks. Iron ore exports have become a murky issue. It can happen with any cargo anywhere. In Tamil Nadu granite is becoming an issue. For ports it is just cargo. But we do not know the legal issues and policies involved or whether there are any violations. So keep documentation and procedures transparent to avoid subsequent legal troubles," he advises.

Sometimes, accommodating changes can be a challenge. For instance, Sical Logistics commodity trader MMTC Ltd won a public tender in 2006 to construct an iron ore terminal in Ennore Port. Though it was inaugurated in January 2011, commercial operations never took off as the Supreme Court banned iron ore mining in Karnataka in July 2011. The terminal was totally dependent on the commodity originating from the Bellary-Hospet belt for its operations. The terminal had to wait for a year to get an approval from the board of the Union government-controlled Ennore Port to approve its request to handle coal. The ₹500-crore assets now have turned into a high-risk investment for the lenders.

What makes the situation grim is that neither the judiciary nor the government is in a position to alleviate the problems related to the country's vast natural resources and its use. In a recent ruling, the Supreme Court had declared that the country's natural resources belong to the public of the country. The government is also unable to provide any support as it is fighting allegations of crony capitalism and illegal mining scams.

Despite its huge reserves, the country is already battling a severe scarcity of coal, leading to expensive import dependence. According to the coal ministry, India's total coal production was 540 mt in 2011-12, but demand was around 696 mt. Similarly, iron ore production is also expected to dip by 50 per cent. Typically, India's annual iron ore production has been around 200 mt, with half meant for exports.

While situation in India is not encouraging, the global slowdown has come as a double whammy for the Indian port sector. Economic slowdown has resulted in a decline in cargo in almost all ports. As a result, the capacity features built has not been utilised.

"Globally, it is accepted that ideal utilisation capacity of ports should be 70 per cent and in India that is about 79 per cent. But on the east coast capacity utilisation is about 68 per cent. The government expects it to go up to 80 per cent by 2020. But cargo profile change drastically and it is unpredictable. It has huge impact on port infrastructure and utilisation. Besides, there are other challenges like political environment and we should be able to handle that as well," says Santosh Mohapatra, CEO, Dhamra Port.

But there is a silver lining on this

gloomy sky. Global slowdown and drop in iron ore exports have brought down the utilisation rate at Indian Ports. If a port, overutilises its capacity there will be a long wait of ships, which is not good. "Indian ports used to have about 90 per cent capacity utilisation earlier and now that has come down to 80 per cent now. With east coast utilisation at 67 per cent it is an ideal situation,'' says Sabyasachi Hajara, chairman and managing director of Shipping Corporation of India.

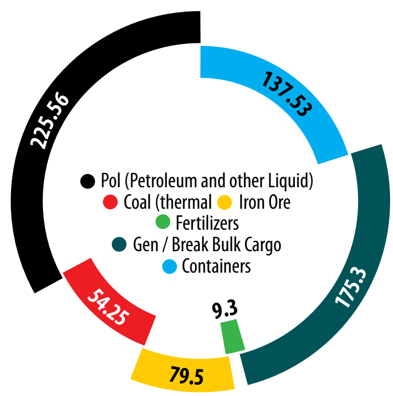
Despite the problems faced by the Indian port sector in the short term, outlook for long and medium term look good. "The long-term growth outlook for the Indian port sector continues to be strong over the medium to long term driven by the domestic requirements of coal for power and other sectors; crude oil for meeting domestic petroleum requirements and containers given the cost and logistical advantages associated with containerisation,'' says ICRA in its report.

Some near-term uncertainty may be associated with particular cargo categories like imported coal (due to international pricing-related issues and domestic tariff revision related uncertainties for the power sector) iron ore (due to unresolved policy issues) and containers (due to the weak global environment).

According to a Deloitte study, port traffic has increased 9-10 per cent CAGR (compound annual growth rate) last decade on both bulk and container side. This growth is higher than the

Commodity-wise capacity at Indian ports (*in million tonnes*)

Petroleum products make up the major chunk



"If we look at individual commodities, POL is by far the most important commodity that the major and non- major ports handle. But going ahead even in terms of volume, containers are is going to far surpass the growth in POL."

GDP growth. POL (petroleum and oil products) and coal constitute more than two-third of this trade.

"Our analysis suggests that given the right conditions, the growth will double in the next five years. In fact, it will grow at a CAGR of 16 per cent. Key composition of traffic will come from coal. Market share of minor ports is expected to play a key role in doubling in the growth in next five years. Their share is expected to grow by 40 per cent by FY17," says the study.

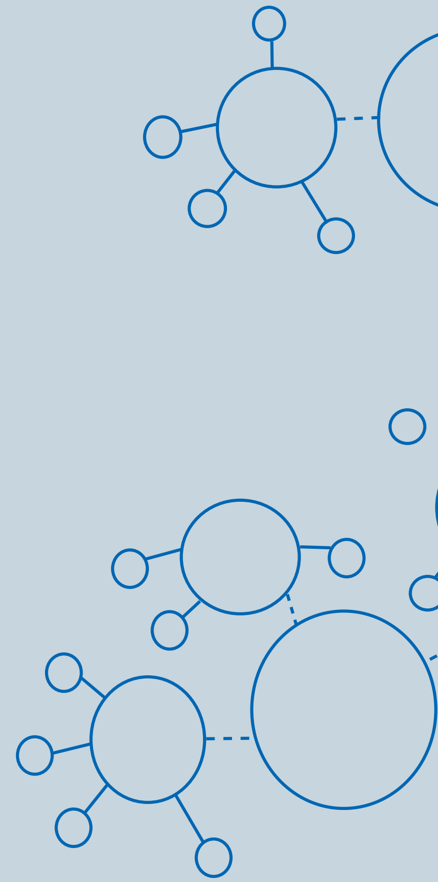
Key drivers of this growth will be the country's 'look east policy' and trade with South East Asia. Traffic has grown easily by 15-18 per cent in that last 3-4 years. We feel this will grow further. Coal imports are also expected to double from 155 million metric tonnes to over 400 million metric tonnes in five years and this will be catered to by eastern ports. Over a period of time, Deloitte feel the ban on iron ore mining will be lifted, opines the study. LNG imports will also be driver with finds of shale gas and natural gas both in the US and Russia.

While the port traffic is currently dominated by POL, experts feel in the long run, it will be replaced by containers. "If we look at individual commodities, POL is by far the most important commodity that the major and non-major ports handle. But going ahead even in terms of volume, containers are going to far surpass the growth in POL,'' says Hajara.

But in 2012-13 container traffic will be modest due to subdued global economic growth. Also, this growth in container traffic will be driven by non-major ports. Besides, port traffic growth will also be boosted by the country's GDP growth in the long term. Plans for port-based power projects and special economic zones (SEZs) near non-major ports, and improvement in infrastructure such as road and rail connectivity will drive traffic growth at non-major ports.

In essence, ports should be ready to accommodate these changes and make necessary adjustments in its existing infrastructure so that it can be part of this growth story. Faster the flexibility of a port, the better equipped it will be to handle the changing cargo profile. mg

COAL IMPORTS ARE ALSO EXPECTED TO DOUBLE FROM 155 MILLION METRIC TONNES TO OVER 400 MILLION METRIC TONNES IN FIVE YEARS



EMPOWERING GLOBAL SUPPLY CHAIN ECOSYSTEMS

There are increasingly blurred boundaries within and across the complex international organisations that companies deploy in order to efficiently plan, source, make and deliver their products – such that we are now firmly in the domain of global Supply Chain Ecosystems.

Mark Millar

On the basis that these modern-day supply chain ecosystems inevitably involve several organisations working together for a common purpose, then by nature of comprising multiple participants, modern-day supply chains must inherently involve outsourcing in one form or another.

Supply Chain Ecosystems

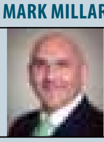
As a result of recent and rapid developments in worldwide commerce, we have seen supply chains evolve into complex international networks, which can no longer be adequately described using the linear concept of a 'chain'.

The depth and breadth of complexity, connectivity and inter-dependencies involved in today's international commerce has resulted in the emergence of 'Supply Chain Ecosystems' – globally inter-weaved, multi-layered networks of partners, suppliers, regulators, service providers and customers.

Within these ecosystems, each configuration is unique to the particular enterprise that owns that supply chain. The ecosystem's chosen participants are all coupled together for the common purpose of providing an end-to-end channel of distribution – all the way from the suppliers of materials and components, extending through manufacturing processes – whether in-sourced or outsourced – to the distributor and retailer, and ultimately to the consumer.

Each commercial enterprise forms their own distinctive supply chain ecosystem, adopting a different composition of similar participants, or in several cases, particularly within industry sectors, many of the same participants. And so it goes on, such that numerous multi-layered cross-enterprise connections generate a complex web of interdependencies, frequently spanning the globe, in order to optimise the three critical attributes that drive differentiation within the supply chain ecosystem – speed, agility and resilience.

MARK MILLAR



Industry thought leader Mark Millar has been engaged by clients as Speaker, MC, Moderator or Conference Chairman at more than 240 functions in 20 countries and is recognized by the Global Institute of Logistics as "One of the most Progressive People in World Logistics".
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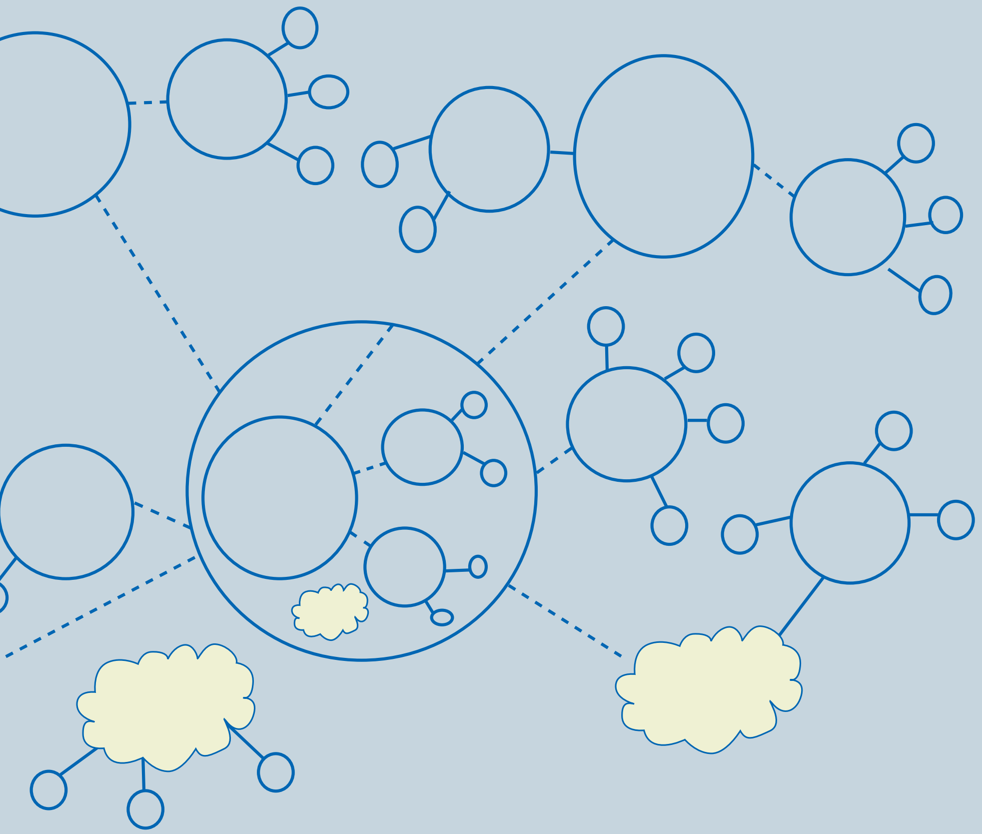


As modern supply chains increasingly resemble complex ecosystems rather than linear chains, the suppliers, manufacturers and service providers that work together to service one client's supply chain, may in fact be fiercely competing against each other to win business to provide services for a different client's supply chain.

Indeed, whilst each company has their own supply chain ecosystem over which they have control, that same company will most likely be a participant in several other supply chain ecosystems, for example for its customers and suppliers.

For global businesses, the supply chain is increasingly becoming a key source of competitive advantage and differentiation. Brands need supply chains that enable and empower them to get their product to market more efficiently and faster than the competition. Businesses are now competing on the basis of their supply chain management capabilities almost as much as their product or their brand.

In this context, organisations must develop the capabilities to effectively work with multiple partners in order to successfully operate and execute their supply chain ecosystems, thus leading to an increasing trend to supply chain outsourcing.

Supply Chain Outsourcing

Defined as 'the act of one company contracting with another company to provide services that might otherwise be performed by in-house employees', outsourcing is generally undertaken in order to benefit from using an external provider – typically through gaining economic advantages and leveraging specialist expertise.

In our globalised world, outsourcing is often confused with offshoring. However outsourcing is still outsourcing irrespective of where the outsourced services are actually performed – whether onshore or offshore. Offshoring refers to moving business activities out of the existing host organisation to another location in a different country – in many cases to an outsourced partner (Outsourced Offshore), but in some cases to a subsidiary division of the same company (Offshore).

Adopting the Tom Peter's mantra "Do what you do best and outsource the rest", organisations have taken the approach of focusing on their core competencies whilst seeking external partners to undertake activities that are non-core and that can be undertaken by third party service providers. Outsourcing partners typically have specialist expertise and the economies of scale that enable them to deliver the required results better and cheaper than could be achieved by the client using their own in-house resources.

These trends have led to industry sub-sectors of firms providing outsourcing services, including call centres, finance, payroll, telecommunications, computing and of course transportation and logistics.

In addition to leveraging the scale economies that result from servicing multiple clients, these focused service providers also nurture and develop specialist subject matter expertise, domain knowledge, streamlined processes and technology platforms that are above and beyond levels that any single organisation could develop in-house.

Therein the value proposition for outsourcing – contracting out your business processes to a specialist service provider that can perform those services more efficiently and more cost-effectively than you could do yourself, enabling your organisation to focus its precious resources on your core competencies.

We can expect further collaborative outsourcing developments that will empower efficient and effective performance in global supply chain ecosystems. mg

Nicklas Pihl
MD, Cavotec India

"We support the work of ports"

Q&A Cavotec is a global engineering group that enables industries worldwide to improve productivity, safety and sustainability. It delivers power transmission distribution and control technologies that form the link between fixed and mobile equipment in the ports and maritime sector. Cavotec India Managing Director **Nicklas Pihl** talks to **Bhagyashri Kamat** on how the technological offerings help the industry and market scenario in India.

Q What are the pressures that port and terminal operators face in matters of safety and environmental issues today?

A Port and terminal operators have consistently placed safety at the top of the agenda, and they rightly continue to do so. Where we see rapid change is the environment. Local, national and international authorities are increasingly introducing legislation to improve environmental performance at ports, terminals and out at sea.

Q Ports are considered as the single source of emissions. In which areas do you think port/terminal operators could use innovative technologies to mitigate environmental impact?

A There are a large number of ways in which ports can mitigate their environmental impact. One of the most important is offering electrical shore power connection to ships in port, enabling vessels to switch off their engines while docked.

Another key area where ports and terminals have already made substantial positive impact is the electrification of equipment that was previously diesel-run. This applies to STS cranes, reacher-stacker machines and even trucks and trains.

Several ports are also now introducing equipment that makes use of alternative energy sources such as wind and solar.

Q How is Cavotec helping port operators with its technological offerings?

A Working closely with port operators, shipping companies and the industry as a whole, Cavotec is supporting the work of ports in improving their environmental performance with a range of innovative technologies. These systems include E-RTG cranes and

Alternative Maritime Power (AMP) shore connection systems, both of which are in service at a large number of ports worldwide.

Even the Group's ground breaking automated mooring technology, MoorMaster™, offers environmental benefits in the form of reduced emissions. The system enables ships to arrive and leave port faster, it reduces the amount of times vessels are required to reposition along the quay side once moored, and it reduces the use of tugs.

Q In shore-side electricity supply, who give more preference to AMP installations – shipowners or port operators? Who takes the initiative? How is the technology being adopted across the maritime industry?

A In most cases, when all stakeholders involved in AMP projects realise the substantial, long-term benefits of the technology, they are positive towards it.

AMP projects tend to be a collaborative effort between several groups – port authorities, shipping lines, local government – and often more than one supplier. Cavotec engineers and consultants have extensive experience of managing these complex projects effectively.

Q You have a product range for maritime sector. Which of them are offered in India and how is the demand in Indian Market?

A We are offering all systems to the Indian market and there is a big interest in all of them. So far we have delivered Motorized Cable Reels for STS, Unloaders and other port equipment. We supply Medium Voltage Power Connectors to several ports in India. We have several on-going discussions on MoorMaster™ and AMP solutions with major port operators in India.

Q Tell us about MoorMaster™ automated mooring systems. How does it help in improving efficiency and productivity?

A MoorMaster™ delivers substantial efficiency gains to port operators and shipping lines by cutting mooring times to a matter of seconds; this compares to anything up to an hour with conventional mooring techniques. This means vessels can begin loading operations faster and require less time in port.

Furthermore, just one person is needed to operate the system, either from the quay side or the bridge wing.

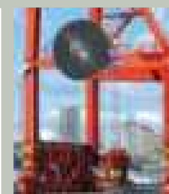
Most importantly, by removing the need for mooring lines, MoorMaster™ makes mooring operations substantially safer than traditional methods.

As mentioned earlier, the technology also helps reduce emissions from ships and tugs.

Q What is the USP of Cavotec? What kind of challenges do you face in the marketplace?

A Cavotec's USP is our open approach to developing innovative technologies and systems. Our engineers and consultants work closely with customers throughout the lifetime of a system, to deliver solutions and service tailored to the specific challenges they face.

Q How is the support element for aircraft ground support equipment (GSE) in the Indian and international airport authority?



"We supply Medium Voltage Power Connectors to several ports in India. We have several on-going discussions on MoorMaster™ and AMP solutions with major port operators in India."

A In India there is a strong force in government operated ground handling companies. They have already invested in diesel driven GSE equipment which is in use in all major airports. Cavotec is pushing for electric equipment to reduce emissions but unless the airport or airport authority demands a diesel free environment, this will be a difficult task. This is happening in the International market and we foresee that India must follow as well in order to be a major player in the aviation market.

Q Cavotec is involved in every sector namely maritime, airports, mining and general industry. How does it manage to cater to the varied demands of all sectors?

A Cavotec engineers draw on and share a substantial pool of wide-ranging expertise from our local presence in many markets, which is in turn backed by our global network.

Moreover, in some specific cases, we are finding that technologies developed for one sector can bring benefits to others. For example, we have adapted our advanced pit-systems, originally designed for airports, to serve AMP applications at ports.

Q In this era of fast-paced technology, how do you manage to adapt to the ever changing standards and at the same time remain committed to customers?

A For Cavotec, innovation is a key element of our commitment to our customers and their industries. The rapid pace of change forces us to adapt and evolve our offering to ensure we continue to deliver the level of service and technical innovation our customers have come to expect over the past forty years. We also make sure we invest in R&D and attract the best engineering talent available. mg

Engineering the new era

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Honeywell

Standing Guard: The Story of Watching Ports

Some of you may be aware, that quickly following the terrorist attacks of September 11, 2001, the US temporarily halted its maritime transportation system, preventing ships approaching US, underlining the fact that just like airplanes, ships and their cargo could also serve as weapons. Port security, an abbreviation which is often used to address the entire maritime supply chain, from the factory gate to the final destination has become a global concern with increasing incidents of terrorist activities, natural disasters and communal disturbances.

Ports are a significant potential choke point for an enormous amount of economic activity. The 361 US seaports make an immense contribution to the US trade and economy. They move about 80 per cent of all US international trade by weight, and about 95 per cent of all US overseas trade, excluding trade with Mexico and Canada.

India, on the other hand, has a long coastline, spanning 7,516.6 km, forming one of the biggest peninsulas in the world. It is serviced by 13 major ports (12 government and 1 corporate) and 187 notified minor and intermediate ports. Major ports handled over 74 per cent of all cargo traffic in 2010. Cargo handling is projected to grow at 7.7 per cent until 2013-14. Some 60 per cent of India's container traffic is handled

by Mumbai Port and Jawaharlal Nehru Port Trust in Navi Mumbai. There are also 7 shipyards under the control of the central government of India, 2 shipyards controlled by state governments, and 19 privately owned shipyards. The major ports handle hundreds of millions of tonnes of cargo, with Visakhapatnam, Kochi, Paradip Port, Chennai Port and Kandla carrying the greatest tonnage. Major ports can collectively handle 400+ million tonnes of cargo annually.

The potential for a port closure to disrupt economic activity has been made clear several times in recent years. Natural and unnatural causes can result in the closure of ports but beyond their economic role, some of the larger seaports are also major population centers and disruption or destruction can cause wide scale loss of human life itself. But because of the essential role it plays in the economy of a country, itself, closing a port can be a challenge for several reasons.

Why Port Security is Top Priority?

Volume - Ports normally see extremely large volumes of goods flowing through the maritime supply chain.

Intermodality - Goods arrive at and depart from the port not only by ship but by rail and truck.

Jurisdictional conflicts - Federal, state, and local governments all may have oversight over some portion of port activities. In addition, some ports are managed by local or regional port authorities, whereas others are managed by local or state governments or by private entities.

Quantity of stakeholders - Carriers, shippers, logistics firms, producers, labour unions, and others all work at or use the ports and all must be involved in security efforts for these to be effective.

Global nature of industry - Any serious security effort requires international cooperation from foreign governments, foreign port operators, and foreign ship owners.

Time sensitivity - Production has moved to just-in-time processes, with manufacturers relying on steady shipments of inputs.

Thus, the need to manage security is profound and advanced technologies are enabling the development of security technology and companies are engaged in inventing an array of new technologies including sensor technologies, identification and authentication technologies, screening technologies, surveillance technologies, anti-tamper technologies, and tracking and inspection technologies. Purchasers are now faced with deciding among three generations of technologies – those products that were just coming to market in late 2001, new products that integrate many of the tasks of the first generation technologies, and products now under development in national laboratories or private companies. With this multiplicity of choices – types of products and generations of products – a new market in end-to-end security provision is developing.

Leading these initiatives and combining experience with intelligence, Honeywell is a trusted name in security and process management. Honeywell International is a $30-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; turbochargers; specialty chemicals; fibers; and electronic and advanced materials. Based in Morris Township, NJ, Honeywell's shares are traded on the New York, London, Chicago and Pacific Stock Exchanges.

"With more than half a century's experience, Honeywell is setting the standard for seaports across the world providing tighter integration that allows the world's largest seaports to work with law enforcement and neighbouring facilities."

With more than half a century's experience, Honeywell is setting the standard for seaports across the world providing tighter integration that allows the world's largest seaports to work with law enforcement and neighbouring facilities. Honeywell is attuned to the security needs of sea ports because of its depth of experience in defence contracting and military-base security which gives customers the edge.

Honeywell's signature product for maritime security is its integrated security, access control, and digital video and monitoring system which minimizes the need for separate installations, reduces interface complications, and enables easy management of total cost-of-ownership. Honeywell seaport solutions are built on an open platform and they are therefore easy to implement and simpler to integrate with the systems companies already have in place.

Take for example the case of the Port of Wilmington, Delaware, one of the busiest import/export gateways on the east coast of North America, handling over 400 vessels per year and nearly 5 million tonnes of cargo. Located at the confluence of the Delaware and Christina rivers, 65 miles from the Atlantic Ocean, the port has operated continuously in maritime trade since 1923. Given the opportunity to proactively upgrade its security management systems to satisfy the new standards suggested by the Department of Homeland Security, the Diamond State Port Corporation, managers of the Port of Wilmington, released an RFP in 2004 for a design/build project using grant money provided by the Office for Domestic Preparedness (ODP). They had a very specific goal in mind: to secure 100 per cent of their perimeter. Along with complying with the Coast Guard's requirements for increased security, Diamond State also wanted to increase employee safety and prevent potential losses from remote cold-storage warehouses.

"Advantech worked with us at great lengths at the outset of the project to make sure we could cover our entire perimeter. They worked with camera locations, camera angles, different types of cameras and lenses to make sure that we could optimize a number of cameras to fall within budget, but get total perimeter coverage." Says Randall Horne, Director of Engineering & Maintenance, Port of Wilmington.

Security integrator Advantech and its partner of choice, Honeywell, were selected for the project. The Honeywell solutions allowed Advantech to leverage the existing security infrastructure to help contain costs while providing a scalable architecture that supported the evolving needs of the Port of Wilmington. The wide-area surveillance system consists of special application fixed cameras monitoring the entire perimeter of the port. HD6 ruggedized PTZ day/night cameras are also placed along the perimeter for threat interrogation and tracking. Integrated with the initial gate security surveillance system, the existing Rapid Eye DVRs were complemented with 4 TB of additional video storage utilizing the Fusion DVR platform and Video Management Software.

An additional power distribution grid was deployed providing primary and emergency power to the security system components. The port's varied perimeter landscape initially made accessing the video data a challenge; however, the team quickly came up with a solution, designing a complete fibre optic network which was placed throughout the port's campus to transmit the cameras' images data back to the video recorders for viewing. The Port of Wilmington had been selected as the first US East Coast facility to test the Transportation Worker Identification Credential (TWIC) Smart Card, which was developed to improve security, enhance commerce, and protect personal privacy.

"To provide internal theft controls, Advantech installed Honeywell's MagnaView Camera Systems designed for harsh environments."

Any security system had to take into account the unknown hurdles provided by the TWIC Smart Card which, at the time, was still untested in the field.

"The port desired single card access, yet the TSA's TWIC Smart Card had not yet been used with any card reader at that point," says Eric Schaeffer, president of Advantech. "Drivers were looking at having to use two cards, which would have made administration more difficult and costly."

Honeywell assessed the entire system in order to determine a solution. "Their technical team helped integrate the new card with the card readers and security software," says Horne. "Honeywell went beyond their scope of services and because of their expert input; we now have one system in place with one card."

As a result of the integration, drivers are now able to use the TWIC Smart Card for both purposes. Upon presenting their card to an iClass Smart Card Reader, the transportation worker's picture pops up for the gate operator to verify, alongside a live video feed from the Rapid Eye camera. If the operator does not get a match, he can override the gate's automatic response. To provide internal theft controls, Advantech installed Honeywell's MagnaView Camera Systems designed for harsh environments. Advantech also installed a single interface for the security group to monitor activities in the field.

"A system is only as good as the people who run it," pointed out Schaeffer. "If it gets too complicated, administration of the system gets sloppy." Sloppy or smart, technology makes the difference between security and disaster. The time to choose is now and that's where companies like Honeywell are taking. mg

"Rail business is bound to grow"

Vishal Sharma
CEO, GatewayRail Freight Limited

GatewayRail Freight CEO **Vishal Sharma** talks to **Ritu Gupta** about the challenges CTOs face today, delivering container logistics solutions that are seamless and the future prospects of rail business.

Q What makes GatewayRail different from other private rail operators?

A GatewayRail Freight Ltd. is India's largest private sector container train operator (CTO). We provide end-to-end container logistics solutions between the major Indian ports and factories for Export, Import and Domestic containerized cargo. The rail services are integrated with road transportation, custom clearance, transit and bonded warehousing, refrigerated container facilities and other value added services. GatewayRail operates from its three ICDs at Gurgaon, Ludhiana and Faridabad and a private freight terminal at New Mumbai under an agreement. GatewayRail owns and operates through a fleet of 21 rakes and 235 road trailers to ensure best services to its customers. The USP of Gateway Rail is the ability to provide unique and innovative solutions to the clients which is enabled by our strong network, frequent services to & from the ports and our efficient customer service.

Q Today most private rail container operators are facing losses, but GatewayRail is the first one to report profits. How has this been possible?

A This has been possible because of our people, who have delivered well on all aspects, be it Operations, Sales, Terminal etc. Apart from that it is also because of our ability to complement laden EXIM business with shipping line empties.

Q What are the challenges you face in this business?

A There are multiple challenges in this business. Firstly, there is high cross imbalance at all ports which impacts us severely due to increased empty running of trains in one direction. Secondly, industry cost structure is under tremendous stress because of too many players operating in a slowing market resulting into high competition, arbitrary price cuts and heavy discounts to gain business. Then there are issues such as global slowdown, currency volatility, high rail haulages, and congestion on rail networks etc. which affect one and all.

Q Is lack of adequate rail infrastructure a big concern?

A Definitely, rail infrastructure in India is not what it should be to explore the full potential of market. There are many challenges. Some rail network sections are single track and non-electrified, track structures are unable to carry freight trains at higher speeds, there is congestion in the network, locomotive unavailability, and long transit times etc. This is topped by the delays in projects such as Dedicated Freight Corridor (DFC).

Q How does imbalance between exports and imports affect your business and how do you handle it?

A As mentioned above, this is the most critical problem we are facing today. We try to manage it somewhat by our domestic business, but the gap is too big to be addressed only by domestic business. We feel that shipping lines will need to work together with CTOs to ensure balance in trade at all ports.

Q What about warehousing in India?

A The warehousing in India is not well developed. Firstly, there is a shortage of warehousing space and secondly, the available warehouses don't provide quality warehousing conditions. There are a very few players in the market who offer specialized warehousing solutions. In that respect, GatewayRail provides abundant state-of-the-art warehouse space to its clients (+400,000 Sqft across its locations). We offer in-transit, bonded and temperature controlled warehousing and our fully-owned, fully-equipped and expansive warehouses are CTPAT compliant (Customs Trade Partnership Against Terrorism).

Q Please do elaborate about GatewayRail's plans to link the Faridabad inland container depot (ICD) with rail tracks.

A Unfortunately, the government approvals etc. took longer than expected. However, the process is on-going and we should have the rail connectivity at Faridabad ICD by the end of 2012.

Q What is the future potential of the Indian logistic sector?

A The Indian logistics sector is bound to grow in coming years. Specifically for Rail, the containerisation is currently at 50 per cent in India which is way below the developed countries' levels of 70-80 per cent, so there is a long way to go. Having said that, there is a positive outlook in customers towards rail and they are ready to experiment it due to the advantages offered by rail vis-à-vis road. mg

DOUBLE TROUBLE

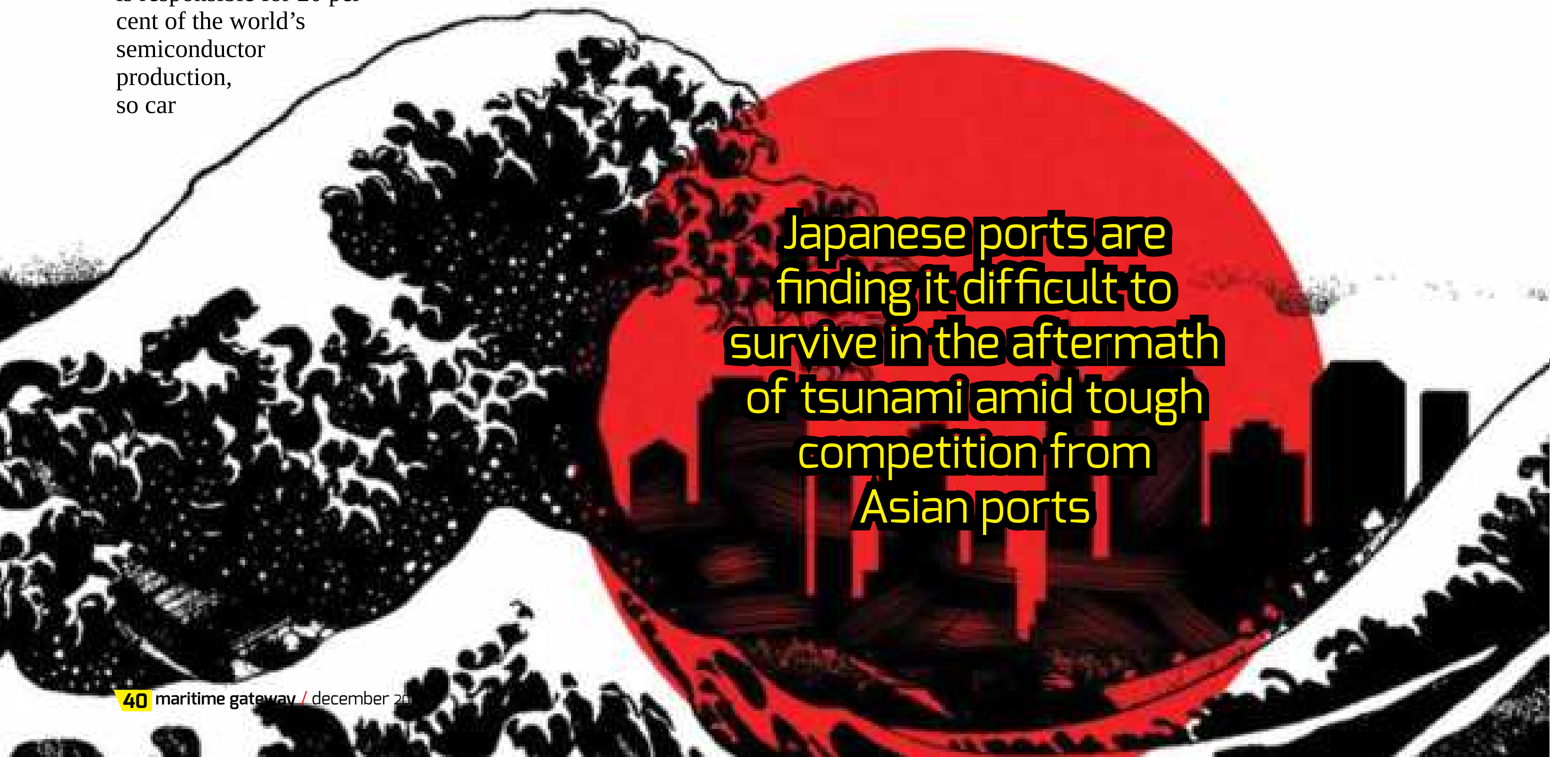
Japanese ports are finding it difficult to survive in the aftermath of tsunami amid tough competition from Asian ports

If anyone would try remembering 2011, Japan's tsunami would surely be one of the first few things that may come to the mind. Even after a year, Japan continues to grapple with the after effects of the disaster. Almost all major pillars of the economy are left shattered, and ports have been no exception to this rule. Japanese ports were not only scarred by the immediate damage caused by the roaring sea, but also had long-term adverse impacts on their business their key consumer, the automobile industry, had virtually come to a standstill for a long time post the disaster. According to many media reports, to date, exports of many Japanese cars are on the downside. The big obstacle to their exports is stalled production owing to irreversible damages to production hubs. US-based IHS Automotive – a leading provider of market information was quoted as saying by the media that worldwide automotive production could drop by 15 to 30 per cent in 2011-12 due to the Japanese disaster.

Not only the exports of cars, but also those of auto parts have been affected. For instance, before the tsunami one factory had produced around half the world's supply of a critical microchip for automobiles and its destruction affected the entire global chain. Indeed, the disaster has had lasting impacts on the worldwide automobile production, as Japan is responsible for 20 per cent of the world's semiconductor production, so car components like computers and dashboard displays often rely on Japanese suppliers. Japan also builds and exports 2.5 million engines each year, and sends 2 million transmission units to North America. The transmission for the Chevrolet Volt, for example, is built in Japan. Less exports of such auto parts and also the cars has spelt doom for the automobile industry worldwide and also for the Japanese ports, which use to handle as much as 7 per cent of the country's industrial output.

Apart from getting very less business, the ports have also been forced to spend considerable amount of money on rebuilding. The box shipping industry was seen as the most strongly affected by the disaster. "Following the disaster... activity did not return to pre-disaster levels for months for the freight transportation," says Jiyun Konomi, a Tokyo-based analyst with Nomura Securities. The closure of the ports soon after the disaster itself meant $3.4 billion lost seaborne trade each day for Japan, according to shipping trade publication Lloyd's List Intelligence. The northeast coast ports of Hachinohe, Sendai, Ishinomaki and Onahama were so severely damaged by the disaster that they did not return to operation for months. The ports were medium-sized facilities that handle mostly container freight, which includes everything from cars and steel to sporting goods and furniture. The tsunami also destroyed and grounded dozens of vessels, including three of Kawasaki Kisen Kaisha's panamax ships and another chartered by Mitsui O.S.K Lines.

The tsunami was indeed a blow to the Japanese ports industry, which was already facing numerous problems. Increasing container traffic from/to China and comparatively moderate traffic growth of Japan has made the Japanese container market less attractive to shipping lines, and resulted in their operating interest shifting from Japanese ports to other ports such as Shanghai, Hong Kong, Kaohsiung, and Busan. Even Japanese shipping lines have relocated their operating headquarters outside Japan to the world

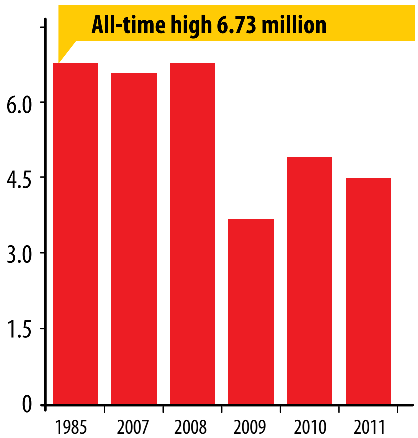


container hubs in Hong Kong, China and Singapore, for enabling companies' management to decide more effective market-oriented strategies. Japanese ports are normally considered expensive and port users are charged much higher cost than those in their Asian neighbours. For example, a study shows that the port tariff level of Osaka Port is around 20 to 60 per cent higher than those of Kaohsiung Port and Busan Port.

Particularly, shipping lines complain about the high level of terminal lease fees, which probably reflect high construction cost of port infrastructure and procurement cost of terminal superstructures such as quay gantry cranes and container yard cranes. High pilotage, towage and stevedoring charges are also sources of high costs of the Japanese ports. Performance of container cargo handling and related public services is not deemed very high in Japan. Furthermore, procedures for ship entering/leaving and customs, immigration and quarantine clearance are time-consuming and complicated. Documentations at the ports still remain at "paper" basis procedures. Shippers and consignees are required to fill in many different forms and input the same data repeatedly for respective competent authorities. What's more, mechanisation and automation of the container terminal has not been fully implemented in the Japanese container terminals mainly because of strong objection from the port labour unions. Capacity of coastal shipping is not sufficient to undertake efficient and cost-effective container feeder transportation, and it has been protected for decades under the government regulations, resulting in less competitiveness and strong dependence on subsidies from

Export Fatigue

Japanese vehicle exports* have declined...



*Includes passenger cars, trucks and buses

Sources: Japan Automobile Manufacturers Association (exports); WSJ Market Data Group

the Government. Because of its high freight, domestic container feeder service is not economically viable and needs improvement if it is to contribute to the competitiveness of Japan's overall container transportation.

In the midst of such adverse circumstances, the tsunami did hit the port industry very hard, and this can be gauged from the state of the country's largest port in terms of tonnage the Port of Nagoya. According to analysts report, Nagoya is set to continue its marginal growth even till the end of in 2012. London-based industry research analysts BMI believes that the decline in Japanese ship orders in June 2012 once again highlights the continuing drop in orders at the country's yards. The decline is attributable to both the difficult operating environment facing the shipbuilding industry and Japan's slide in the ranks of global shipbuilders in recent years.

Recently, NYK Line – a leading Japanese shipping company was forced to scrap two cape-size vessels, and this is indicative of the oversupply of vessels in the dry bulk industry and weakening demand for key commodities such as iron ore. The bankruptcy of Sanko Steamship one of the Japan's oldest shipping companies is also a reflection of the beleaguered state of the dry bulk shipping sector. Sanko shares the same fate of many other ship operators before it, and BMI believes that more bankruptcies will follow before the dry bulk shipping industry turns around. BMI also believes that the political impasse between Iran and the West over the Islamic Republic's nuclear programme, which the US and its allies maintain is geared towards the development of atomic bombs, and will continue to affect Japan's and the global crude oil shipping sector as a whole over the coming quarter. According to experts, problems in Japan's major export markets are structural rather than cyclical and point to a much slower recovery for Japan's export demand. Another collapse in external demand, as was seen in the height of the global financial crisis, presents major downside risk to their exports outlook, casting a shadow over Japanese exporters and, by extension, export volumes at Japan's ports. Industry experts aver that the support of the government and the Private Finance Initiative system, which seeks to lower overall costs by allowing for private participation from the construction phase and utilizing the expertise of private companies, would be the only way out for the Japanese port industry. mg

JAPANESE PORTS WERE NOT ONLY SCARRED BY THE IMMEDIATE DAMAGE CAUSED BY THE ROARING SEA, BUT ALSO HAD LONG-TERM ADVERSE IMPACTS ON THEIR BUSINESS

With the PPP model seems to be falling apart for port connectivity projects, cash-strapped railways needs to seriously ponder over its strategy to provide efficient port connectivity.

Ritu Gupta

Every time a senior bureaucrat visits the Chennai Port, a ray of hope is kindled among the stakeholders for the speedy implementation of its new hinterland connectivity projects that are either moving tardily or remain stalled for one reason or another. Ironically, thanks to the officious maze, the hope gets derailed soon after every visit. Indeed, the situation of the Chennai Port is quite pitiful, with the problem of poor connectivity becoming worse by the day. Industry experts aver that the port needs to focus hard on the rail network to make it viable. They cite the examples of Ennore and Karaikal ports that are thriving due to rail connectivity. “Port efficiency is not measured on how you

use cranes. If there is no hinterland connectivity, ports can't be successful... and rail connectivity is more important for ports than road connectivity," says Abhaya Agarwal, from Ernst & Young, India.

Chennai Port is in dilemma as it has single-line rail connectivity, like many of its counterparts in Cochin, Goa, Haldia, Kolkata, Tuticorin, and Visakhapatnam. The single line results in slower movement and inefficient cargo dispersal. The port is planning to add two more railway lines and a proposal in this regard has been finalised. "We are slowly shifting from road to rail mode. We will soon have four-lane rail connectivity," P C Parida, deputy chairperson of the Chennai Port, was quoted as saying by the media.

But things are not as easy as they sound. There is a long bridge between finalising a proposal and laying down the railway tracks, and it is a marathon task in India to cross this bridge, thanks to the irrational and lengthy decision making system. It is indeed well known that business still suffers in India as a result of the over saturated and poorly built rail linkages to the ports; this situation exists despite the government being well aware of the role of connectivity infrastructure for the last few decades. The ports do face a double whammy there is lack of adequate infrastructure, and whatever little exists is not well planned and it adds to more complications. At the Chennai Port itself there are long distances between railway sidings of the single line and the berths, which results in long and complicated loading/unloading operations. Although Rail Vikas Nigam Ltd the body of Railways which is tasked with constructing engineering works required by it – had envisaged taking up many new schemes for laying of new lines, no "specific scheme" for conversion of single lines to double lines was mooted. Despite the emphasis on exclusive freight corridors by the government, passenger and freight systems still share the same railway networks in most parts of the country. Rail networks at many ports are not connected to the hook points and the cargo has to be inter-carted to the sidings using dumpers, trucks and trailers. Such multiple handling of cargo only increases the handling cost and time of handling.

STOP PRESS: Union Cabinet okays private sector investment in railways

At present, Japan relies on marine transport to move the majority of the goods essential for its inhabitants' daily lives. About 99.7 per cent of all goods involved in foreign trade pass through Japan's ports and harbours; marine transport accounts for 38.7 per cent of all domestic cargo distribution on a tonne/ kilo basis. Ports and harbours serve as focal points for the industrial activities that support regional economies. They also function as marine recreation sites, as well as processing areas for sewage and other waste products. Japan's ports and harbours, therefore, play an essential role in the social and economic activities of its citizens. Tokyo Bay (six harbours, including Yokohama and Tokyo), Osaka Bay (five harbours including Kobe and Osaka) and Ise Bay (five harbours including Nagoya) are known as the Three Major Bays.

What's more, adequate and timely supply of rakes is necessary to reduce the waiting time for the movement of cargo, but an audit observed that there was a short supply of rakes at many ports, due to which the port could not meet the commitments of handling the required tonnage. Such a sad situation exists despite the government's Maritime Agenda 2020 defining the minimum required connectivity to the major ports as four-lane approach roads and double line rail connectivity.

The central outlay for road and rail connectivity for the 13 major ports is an ambitious ₹7,912 crore. Of this, ₹4,675 crore is being spent in the period 2010-12 while ₹2,511 crore has been earmarked for the 12th Five Year Plan period (2012-17). Maritime Boards in coastline states are supposed to help execute these policies and coordinate the development of private sector intermediate and minor ports. Separate budgets are to be drawn up by states to connect the non-major (intermediate and minor) ports they own.

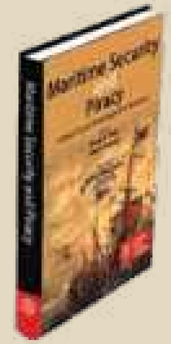
But these budgets are only mere paper tigers. According to industry experts, there is lack of central government grants and also an inability on the part of the state governments to part with funds for the projects. "While several state governments promise financial support, they can do precious little as they are themselves financially constrained," says a railway official. Because of this, the government had propounded the public private partnership (PPP) mode for the implementation of port connectivity projects. But the PPP projects have also run into rough weather for many operators. Companies were set up as special purpose vehicles (SPVs) to implement the projects after the policy came up in early 2000. But the policy proved to be another disaster, as the PPP model adopted by the railways in port connectivity did not enthuse investors, as there is a cap of 14 per cent on the rate of returns they can get. Nor did the interest rates helped encourage participation. “The rates have been rising since early March 2010 and ideally the rate of return should have been at least linked to the cost of money,” says the railway official. Moreover, projects facing time and cost overruns cannot qualify for viability gap funding (VGF), making it unexciting for operators. Under VGF, the government funds a part of the project, to attract operators. “The railway ministry’s PPP guidelines in port connectivity projects do not follow the PPP guidelines of the ministry of finance, which offers VGF,” reveals an industry expert.

Pipavav Rail Corporation Ltd (PRCL), an operational SPV formed by Gujarat Pipavav Port Ltd and the Railways, well depicts the flaws of the PPP model. Gujarat Pipavav made a traffic guarantee of 3 mt to the corporation from the third year of operations (2005-06). The parent was to pay a penalty if the promised traffic did not arrive. As luck would have it, PRCL met the target only in 2009-10, and as a result of which it received a penalty of ₹105 crore, helping it survive. The company still complains of high operation and maintenance charges and backlog in payment of dues from the railways. The Angul-Sukinda PPP in Odisha has also experienced cost and time overruns, and is struggling with hurdles such as land acquisitions.

Industry players aver that land acquisition and dealing with regulatory agencies are the two biggest challenges faced in executing port PPP projects. Happenings at the Mormugao Port are a good example to see how land acquisition can delay port connectivity projects. The port is well connected with the rest of the country by two national highways, NH-17 and NH-4A. But the road connecting the port to the highways passes through the city of Vasco da Gama, where heavy congestion has caused significant restrictions on the movement of trucks and trailers. While work on a new four lane bypass road commenced in 2001, only part of this road was completed, and for a long time the last stretch remained incomplete because the Goa government delayed the handing over of a small piece of land.

“The railways indeed needs to do a lot of brainstorming to ensure that the PPP model works,” says Ranjan Pathak of the Mumbai-based Mantrana Maritime Advisory Private Ltd. This has become even more imperative after this year’s Economic Survey, which pitched for capacity creation. The Survey said Indian Railways had a long way to go to improve its share in freight traffic compared to the US and China. Stating that due to capacity constraints, Railways is unable to offer value-added services, the survey emphasised on the need for a paradigm shift in building rail infrastructure and running rail services. A large chunk of the proposed ₹7.2 lakh crore investment proposed in the Railways’ vision 2020 document, it said, has to be done through Public-Private-Participation (PPP), given the limitation of internal and budgetary sources. “During the Twelfth Plan the railways’ focus would be on construction of six dedicated freight corridors, segregation of freight and passenger lines, providing improved connectivity to industry clusters and ports, etc,” it said, adding that in order to promote PPP in the rail sector, there is need to set up special units to handle and monitor PPP projects and give special thrust on capacity building. Indeed, it is time that the railway officials take these things seriously, otherwise not only will the port economy but the entire country as a whole would soon face a major setback. The Dedicated Freight Corridors is a step in the right direction, but much more needs to be done. “To attain the target volumes of the private container rail operators and to attract the volumes to container segment, the provision of reliable, regular and integrated services is necessary along with the last mile connectivity,” says Vishal Sharma, CEO of New Delhi-based GatewayRail. Seamless transportation of goods is indeed the need of the hour, and for this privatisation in the rail freight operations is an absolute must. It is time for the railways and its bodies like CONCOR to do away with their old fashion thinking of being the unquestionable market ruler.

BOOK REVIEW



Maritime Security and Piracy

(Global Issues, Challendes and Solutions)

By **Bimal N. Patel & Hitesh Thakkar**

Foreword By : **Admiral Nirmal Verma PVSM, AVSM, ADC Chief of the Naval Staff**

Edition : **2012**

Published by : **Eastern Book Company, Lucknow**

Price : **₹950**

The present work brings together contributions of some eminent authors and experts on various aspects of the subject covering global issues, challenges and solutions pertainig to maritime Security & Piracy. The highlight of the compilation is that these articles are gleaned from disparate sources of categories of writers such as Naval officials, officials in ministries of various governments, viewpoints and knowledge at one pace. The subject matter and its contents appeal to the global community, discussing the subject on a broad scale.

Anti-piracy efforts, laws and jurisdictions to combat piracy and conventionos held to discuss the problems and solutions of piracy are detailed in the book. Important Seychelles Piracy cases such as “Topaz” case, “Inturnal II” case, “Galate” case, “Faith” case, “Talenduic” case, “Gloria” case and “Draco” case have been mentioned, providing a reference to the case study of piracy issues.

Highlighting the scourge of the “Somalian piracy”, the book stresses on the impact of piracy on the business and trade in an elaborative way. A separate topic has been devoted to India, titled, “India: concerns & initiatives towards resolving the crisis of opiracy”, discussing the problems posed by piracy before India and what strategy India has adopted and should adopt to tackle the menance of piracy.

The compilation is an important contribution to international law, and will be immensely useful to the legal scholars, academicians, students of international law, judiciaries, naval officers and those interested in studying a genuine work on Global maritime Security and Anti-Piracy.

Contact: sales@ebc-india.com

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KOREAN SHIPBUILDERS DIVERSIFY TO STAY AFLOAT

South Korea's world-leading shipbuilding groups are moving deeper into new businesses to weather the worst shipping slump in 25 years. Many of South Korea's small shipbuilders and Chinese rivals have gone under amid a fall-off in demand for container ships and dry bulk carriers. However, Hyundai Heavy Industries, Samsung, and Daewoo Shipbuilding & Marine Engineering – the world's three biggest shipbuilders, controlling about 40 per cent of the global market – are in relatively good shape, shielded by revenues from more resilient oil and gas-related vessels.

Global ship orders dropped 53 per cent in the first nine months of this year amid oversupply. But Korean companies have fared better than Chinese and Japanese rivals as they continued to win orders for higher-margin oil drilling ships, liquefied natural gas carriers and offshore oil production facilities. South Korea won new orders worth $18.9 billion, compared with China's $10.2 billion and Japan's $2.8 billion, according to the shipbroker Clarkson.

However, even the big Korean operators are not immune to the industry's sharp downturn, with their profitability and balance sheets deteriorating fast, because specialist oil and gas kit, although high-margin, cannot replace the revenues lost from the simpler vessels that had been their bread and butter.

"Orders for energy-related vessels and offshore plants are increasing but they are not enough to fill the companies' order book with the market for conventional ships still dead," says Kim Hong-kyun, an analyst at Dongbu Securities.

The country's three leading yards are able to get through the protracted downturn with backlogs of orders that stretch into 2014, with offshore equipment and drill ships accounting for about half of their revenues compared with about 30 per cent two years ago, analysts estimate.

Although demand for offshore equipment and energy-related vessels has held up relatively well, a slump in new orders amid falling freight rates has slashed their profits, with industry leader Hyundai suffering an 83 per cent drop in second-quarter net profit.

The three companies have all missed their order targets for this year, with Hyundai Heavy achieving only 43 per cent of its $30.6 billion target in the first nine months. Net profits at Samsung and Daewoo fell 26 per cent and 33 per cent respectively in the second quarter as Daewoo won $10.5 billion of new orders in the first nine months, slightly undershooting its $11 billion target, while Samsung's $7.8 billion orders fell far short of its $12.5 billion target.

The companies are also grappling with a funding squeeze as they accelerate their shift away from conventional ships, focusing increasingly on building more time-consuming energy platforms and offshore rigs.

There could be great synergies with their offshore businesses but it would be realistically difficult for latecomers to catch up with the leading players, given the complex technologies the subsea business requires "Even the biggest yards could face a temporary glitch in cash flow because they have to wait longer to get paid for such high-value ships while customers make lower down payments," says Hong Sung-in, a researcher at the Korea Institute for Industrial Economics and Trade.

The increased financial burden has prompted the companies to issue a record Won 2.9 trillion ($2.7 billion) of bonds this year and accelerate their asset sales with Hyundai Heavy selling part of its stake in Hyundai Motor for Won 705 billion and STX Group trying to raise Won 2.5 trillion by selling its stakes in units such as STX Energy and STX OSV Holdings.

To counter the bleak industry outlook and seek long-term growth, the companies have ventured into green technology such as wind turbine construction and are keen to enter the fast-growing market for subsea oil production facilities. In the case of Hyundai, shipbuilding now represents only a third of its revenues, compared with more than 50 per cent six years ago, as the company runs seven business divisions including vessel engines, building equipment and electrical power stations.

But analysts predict that it will take a long time for such new businesses to contribute to shipbuilders' earnings. The renewable energy business has not been successful, incurring heavy losses for the shipbuilders amid weaker demand for green technology. Despite this, the companies plan to continue to invest in wind turbine production, betting on its long-term growth potential.

The shipbuilders, subsidised by the government, are also trying to develop technologies for subsea oil production facilities, with that market forecast to grow from $26 billion last year to $131 billion in 2020 as oil majors head deeper into the ocean for energy exploration. The market is dominated by western companies such as FMC Technologies of the US, France's Technip and Norway's Aker Solutions. Samsung is considering overseas acquisitions to obtain the complex technology to install equipment to extract and process oil and gas from the bottom of the ocean.

But Lee Kang-rok, an analyst at KTB Investment & Securities, is sceptical about the possibility that Korean players could become competitive in the subsea market. "There could be great synergies with their existing offshore businesses but it would be realistically difficult for latecomers like them to catch up with the leading players, given the complex technologies the subsea business requires," he says. mg

Courtesy: Financial Times

DNV: The world's fleet is going to change as we head for 2020

The ratification of IMO's Ballast Water Management Convention is not yet certain, and the global sulphur limit in 2020 is subject to a review in 2018. What is certain is the new emission control areas and the energy efficiency design requirements that will soon enter into force. Certain or uncertain – all have a profound effect on the shipping industry's uptake of new technologies. DNV's look into the coming eight years, gives a clear answer: the world's fleet composition is going to change as we head for 2020.

DNV's Shipping 2020 scenario study explores technology uptake based on market forces, regulatory changes, fuel prices, technology costs and specific shipowner requirements.

DNV published Shipping 2020 this year to communicate the results of a comprehensive scenario studying exercise covering the world fleet up to 2020. Based on expected market developments, regulatory changes, fuel prices, cost and availability of new technology and specific shipowner requirements, the model explores the technologies with the best payoff that will also ensure compliance with the relevant environmental requirements.

Economic power is shifting to Asia, impacting trade routes and the demand for vessels. Gas and oil prices are expected to decouple, and shale gas is a game changer likely to increase gas availability. Amidst these and other market forces, four different scenarios for the future are evaluated.

"With the world economy in a fragile condition, it is not only financial analysts, bankers and policy makers who want to know what the world will look like towards the end of this decade. The shipping community is, quite rightly, asking the same questions," says Tor Svensen, president of DNV Maritime and Oil and Gas. "Predicting the future is a risky business. However, our objective is to share our views on technology uptake towards 2020, and beyond, and to stimulate both discussion and correct decision-making."

The use of scrubbers may be minimal until the global SOx limit is implemented. The ECAs is not expected to drive a significant number of scrubbers. However shipowners may make room for a scrubber in ships built between now and 2019, but they are likely to defer the installation itself until the technology has matured further and the global sulphur limit is confirmed.

Delays in the ratification of the Ballast Water Management Convention are simply expected to create a larger backlog of technology orders with little variation in the phasing in time of the technology. The main peak for technology uptake comes in 2017 and will be driven to a large extent by US regulations. After 2019, retrofitting is expected to be largely completed, unless the IMO decides to relax the schedule.

The EEDI (Energy Efficient Design Index) regulation requires newbuildings in 2025 to be 30 per cent more energy efficient than today's average ship. This will drive implementation of energy efficiency measures and LNG as fuel. The question remains whether shipowners will press ahead of the EEDI schedule and start building these ships today.

Other key findings within DNV's Shipping 2020 report are:

- More than 1 in 10 new buildings in the next eight years will be delivered with gas fuelled engines.
- In 2020, the demand for marine distillates could be as high as 200-250 million tonnes annually.
- New buildings in 2020 will emit up to 35 per cent less CO_2 than today's ships.

At least 30 per cent of newbuildings will be fitted with exhaust gas recovery or selective catalytic reduction systems by 2016. mg

Sagar Port Project: Is this really possible?

The proposed major port project in Sagar in West Bengal seems to be too difficult to execute. Many feel the government should reconsider the location owing to high cost and infrastructure problems.

Sreekala G

The Central government's plan to set up a major port in West Bengal seems to be riddled with problems. While the aim is to achieve a noble objective of taking advantage of the rising trade volume on the country's east coast, a port project in Sagar Island will be hard to execute due to infrastructure bottlenecks and subsequent cost overruns. In fact, many feel the location itself needs to be reconsidered owing to draft restrictions and accessibility issues.

The Maritime Agenda of the Shipping Ministry for the decade 2010-2020 envisages setting up of two major ports – one in Andhra Pradesh and another in West Bengal. The Agenda also list out plans to develop four hub ports in the country – in Mumbai, Kochi, Chennai and Visakhapatnam. This is in line with the government's plan to create a port capacity of around 3200 MT to handle the expected traffic of about 2500 MT by 2020.

During 2011-12, total capacity of the country's ports, including 12 major and over 200 non-majors, stood at 1,247.45 MT and together they handled 971 MT cargo. Studies suggest that western ports' share of capacity is estimated to drop to 66 per cent in 2014 compared to 77 per cent in fiscal 2010 while the share of eastern ports will rise by as much as 11 percentage points in the same period to 34 per cent.

But the Maritime Agenda plans seem difficult to implement. The main issue with a port project in Sagar is related to building supporting infrastructure. A port will require a well constructed road and rail to cater to the cargo and connecting the entire region right up to the port. In the case of the proposed port, presently there is only an ordinary road used by cars and tourist buses up to a certain point. Further, Sagar is an island and will require construction of a few bridges for cargo trucks and containers to move by road and rail.

"Since a port in Sagar will require huge investments both for road construction from North East to Sagar, rail as well as constructing bridges to cross the various islands in Sundarban Area to reach the place, it is financially unviable vis-a-vis the possible cargo traffic,'' says a shipping industry expert.

PORT PROJECT IN SAGAR ISLAND WILL BE HARD TO EXECUTE DUE TO INFRASTRUCTURE BOTTLENECKS AND SUBSEQUENT COST OVERRUNS.

With India facing a serious problem of 'land for infrastructure' and the stand taken by the state and the central governments against acquiring land forcefully, it can become the biggest hindrance to the development of the Sagar port project.

The project also faces other challenges like draft. This gains importance in the backdrop of increase in ship size. Leading shipping lines worldwide are adding very large vessels to their fleet as it provides them economies of scale, energy efficiency and minimum environmental impact. There are huge savings in the operating costs per tonne of cargo and reduction in congestion at ports as cargo evacuation becomes faster with vessels sizes reaching to about 18,000 teu.

Unfortunately, India is not in a position to take advantage of this new development as our ports are unable to accommodate these large vessels due to inadequate draft. The 18,000 teu ship has a length of 400 m, while the typical berth at Indian ports is below 300 m long. "It should be the priority for the government to develop deep ports for large vessels. However, Sagar would not be a substitute for a deep sea port. It will be a riverine port, which is prone to siltation. With continuous dredging, it can have a maximum draft of 10 m and it will be inadequate to serve large vessels,'' points out a government official.

No wonder these issues put a question mark on the reliability of the technical study done by the government. Deep drafts will be available slightly further south of Sagar. This will mean an approach channel will have to be created, dredged and probably kept dredged on a regular basis in order to maintain a depth of 14 m or more.

Even the sustainability of the port is under doubt as many feel there will not be adequate cargo volumes to generate revenues. Barring bulk carriers of imported coal destined for steel and power companies in and around West Bengal, Bihar and Jharkhand, there is very little scope of any other types of vessels calling at Sagar Port.

Dhamra Port in Odisha is already catering to the growing volumes of bulk coal with only two jetties. "They plan to add six more jetties. But Rail evacuation of the cargo there is already suffering due to want of railway wagons. Hence, it is difficult to believe that Railways will allot their wagons to go all the way to Sagar Port. I really wonder if anyone has done a technically correct feasibility study in the seriousness that it deserves,'' says the industry expert.

SAGAR WOULD NOT BE A SUBSTITUTE FOR A DEEP SEA PORT. IT WILL BE A RIVERINE PORT, WHICH IS PRONE TO SILTATION. WITH CONTINUOUS DREDGING, IT CAN HAVE A MAXIMUM DRAFT OF 10 M AND IT WILL BE INADEQUATE TO SERVE LARGE VESSELS.

Even if one has to assume that the government will find a way to build road and rail infrastructure to Sagar, the cargo traffic will not be enough to justify such huge investment. This road will have to be connected right up to North East India to cater to traffic from there, which at this juncture is totally insufficient for a brand new port at Sagar. The existing NH 34 & 35 connecting from Kolkata to NE is in pathetic condition with just two lanes going through extremely congested areas of innumerable townships.

National Highway Development Authority (NHAI) has recently shelved the plan to widen these roads to four lanes due to 100 per cent encroachment, which the West Bengal State Government has refused to clear up. Hence it is very difficult for cargo destined for North East to transit via NH 34 and 35, which go through Kolkata city. Besides, considerable quantities of export cargo from West Bengal are already being shipped through West Coast ports for European destinations. West Bengal exporters will move this cargo to east coast if new deep ports that can accommodate mainline vessels come up.

India's major imports and exports are to/from areas – all of which are on the west bank of river Hooghly up to Central India. If a port is set up in Sagar this cargo will have to move from the West Bank of the Hooghly, cross over the river from west to east and go all the way south to Sagar. This looks highly unlikely as the cargo will have move to south about 250 kilometres.

The Central Government owns 12 ports. Most of the major ports are already unable to manage the severe threat in competition from private ports. Needless to mention, government ports have limitations on their efficiency.

And the most important point that emerges out of this situation is that the government lacks the expertise to plan and execute a major infrastructure project like port. Even the government official feels that the Centre should review its port development strategy. According to him, the government should look at corporatizing the existing major ports and face problems related to the stiff resistance from the trade unions squarely. The shipping industry expert also feels that all future ports should be in the private sector with the government having 'some control on their tariffs' to avoid making Exim Trade cost prohibitive.

According to experts, an ideal location for the port would be at the point as far south on the western bank of Hooghly River and as close as possible to Dhamra Port within the Bengal Border.

Mineral imports from South Africa: Rosy present, uncertain future

With the country unable to keep pace with the rising demand for natural resources, South Africa has emerged as the key supplier of coal and iron ore to India.

Despite having rich mineral deposits, India so far failed to introduce solid policies and strategic measures to utilize these resources to its economic advantage. While it is true that rising demand for natural resources is indicative of economic growth, the country is now faced with a sudden raw material shortage due to lopsided government policies and court rulings.

As a result, India is dependent on other countries for importing two key raw materials for the industry – iron ore and coal.

India mainly imports coal from Indonesia, Australia, South Africa and the US, but a government official says South Africa had emerged as the preferred supplier in recent months, due to its liberal trading regime and competitive export prices. Government estimates suggest that India's coal imports would hit the 100-million-tonne mark by the end of March next year, with 20-million tonne to be sourced from South African mines.

"The problem with coal is that only state-owned Coal India (CIL) is allowed to undertake commercial mining of the commodity in the country. But it is unable to satiate the rising demand of the commodity. The situation to a combination of logistics issues, including non-availability of wagons and CIL's failure to arrange road transportation from the mines to the nearest railheads. Besides, the government is already under trouble for alleged irregularities in the sector is unable to push any new policies," says an analyst.

THE RICHARDS BAY COAL TERMINAL (RBCT), LOCATED IN THE RICHARDS BAY HARBOUR ON THE INDIAN OCEAN COAST OF SOUTH AFRICA, IS THE LARGEST COAL EXPORT FACILITY IN AFRICA. SOUTH AFRICA'S ECONOMICALLY RECOVERABLE COAL RESERVES ARE ESTIMATED AT 55 BILLION TONNES.

CIL mined only 431 million tonnes of coal in 2010-11 against a target of 461.5 mt. Demand for coal in India is expected to grow from 649 million tonnes per annum to 730 mtpa in 2016-17 while the availability of local coal is estimated to be about 550 mt by then.

Iron ore mining in India had practically come to a standstill because of a legal ban in the wake of the unearthing of a major illegal mining scam. Even as a percentage of the ban has been lifted, stringent conditions have been placed on operations in Karnataka while the Supreme Court has banned all production and transportation of iron ore in Goa. Another key producer, Odisha has imposed penalties on companies that are into iron ore mining and has introduced stricter measures for renewing licences.

Reports suggest that during April-September this year, private steel companies in India were forced to import 600,000 tonnes of ore, of which half came from South African mines. Government calculates that by the end of the financial year, almost 50 million tonnes of iron ore for India's steel requirements would have been imported to meet the annual projected demand of 160 million tonnes. Nearly half of this imported ore will be from South Africa.

In fact, the total value of South Africa's exports of coal and iron ore amounts to slightly more than the value of its annual gold export. But the future does not look that rosy with South African mines facing labour unrest. The strikes that began in the platinum mines in August this year soon spread to gold, chrome, and then coal and iron ore mines. The walkouts have already reduced South Africa's mining production by 10.1 billion rand (US $1.16 billion) this year, according to a report released by the South African government. mg

HIGHWAYS IMPASSE TO END

The government plans to pave way for new highways to be built by allowing EPC contractors to sell their stake immediately after project completion. This move might bring back enthusiasm into the highway project.

Ritu Gupta

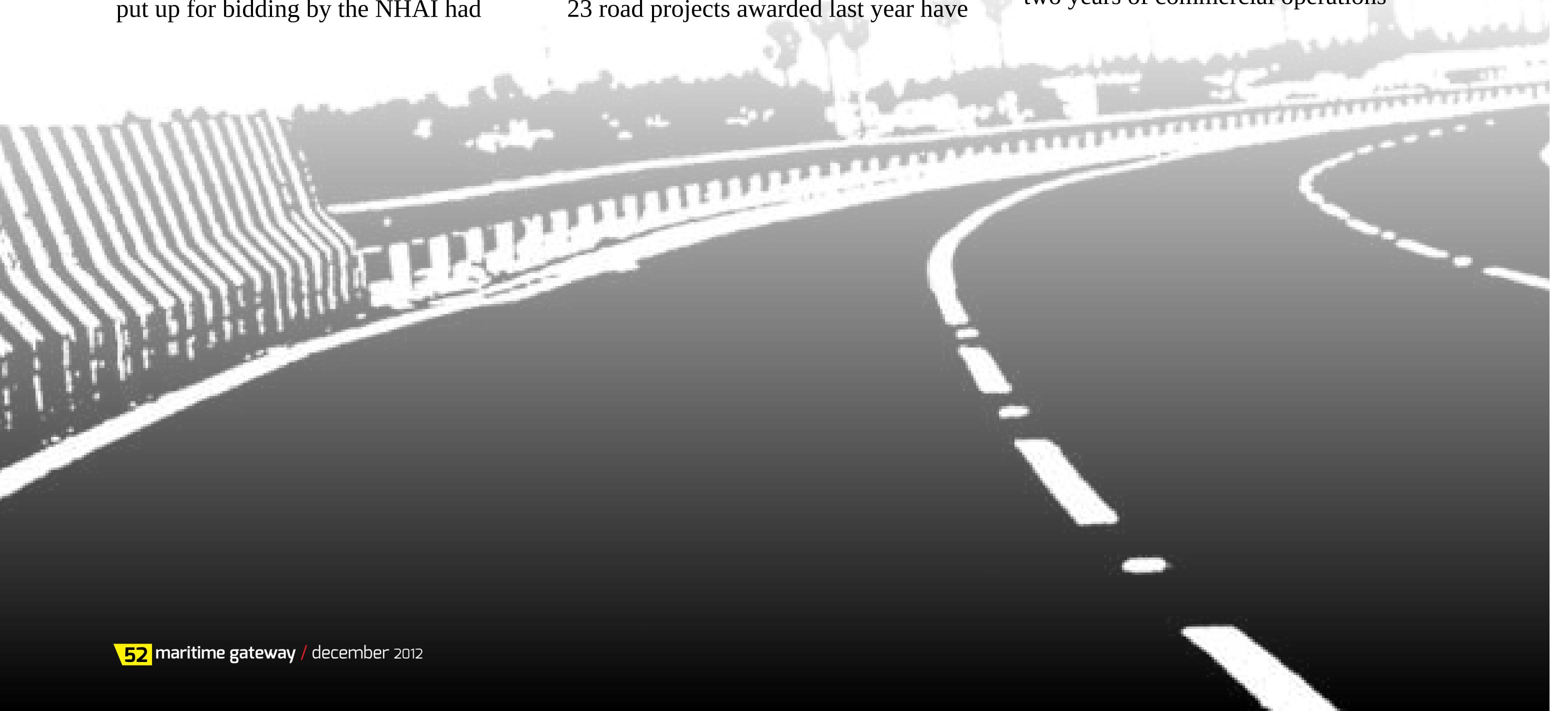
A major barrier in making highways may not exist in the near future. Deeply concerned over the acute liquidity crunch facing road builders, the Union Ministry of Road Transport and Highways and its National Highways Authority of India (NHAI) have formulated a plan to speed up the financial exit of contractors in projects taken up under the build-operate-transfer (BOT) route so that the builders have enough funds to take up new projects.

The move follows a virtual standstill in the award of new contracts as developers are strained for equity and are unable to raise fresh resources to take up new road stretches. During the last few months, a number of projects put up for bidding by the NHAI had failed to evoke a response from the developers. Many ongoing projects face uncertainties and delays in completion due to lack of funds. In case of some recently awarded projects, developers are facing hurdles in achieving financial closure.

According to sources, NHAI has highlighted the fact that both debt and equity sources are slowly drying up for new projects, leading to lacklustre response to projects. This situation is impacting government's target of awarding 9,500 km during this fiscal. With only 600-odd km road stretches awarded during the first half of the financial year, NHAI officials are conceding that they can award not more than 5,000 km till March 2013. At least 23 road projects awarded last year have missed their timeline to tie up funds. NHAI gives six months to contractors to get funds from banks and financial institutions for all BOT projects.

The move to have an immediate exit from BOT projects has ushered a new hope among the builders and developers of the highways. "Why should companies be made to stick to a project for 15-20 years when they can take up new projects? Allowing them to exit from completed projects will improve investment scenario," O B Raju, managing director (highways) of GMR was quoted as saying by the media.

As per the existing rules, for projects taken up after 2009, principal developers and promoters can exit after two years of commercial operations



date, and as a result of this developers of around a 100 projects, which run into thousands of crores do not have the option of taking up news projects.

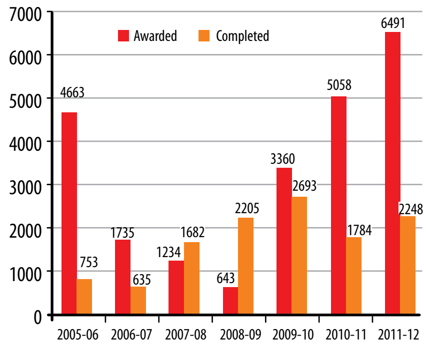
In case of projects awarded prior to 2009, promoters need to hold a minimum of 26 per cent of the SPV's shareholding at all times during the tenure of the concession.

The National Highways Builders Federation (NHBF) had recently written to the Union Ministry of Road Transport and Highways urging that developers be allowed to divest their entire stake in SPVs after achieving COD. Such a measure, the representative body of highway developers said, would unlock equity in completed projects paving way for investment in new projects.

Following this, the government formulated the new plan according to which developers can exit immediately after construction is completed in all BOT projects. Not only the post-November 2009 projects, but even earlier projects will be allowed stake transfer as soon as the projects are commercialised.

As the developers exit from the project, firms of similar net worth specialising in operation and maintenance would take over the project for the rest of the concession period. Already several international majors such as Macquarie and Morgan

Road Projects undertaken by NHAI (In km)



Stanley have evinced interest in running projects after taking them over from the developers. In addition, NHAI has also asked several banks to scout for other potential investors.

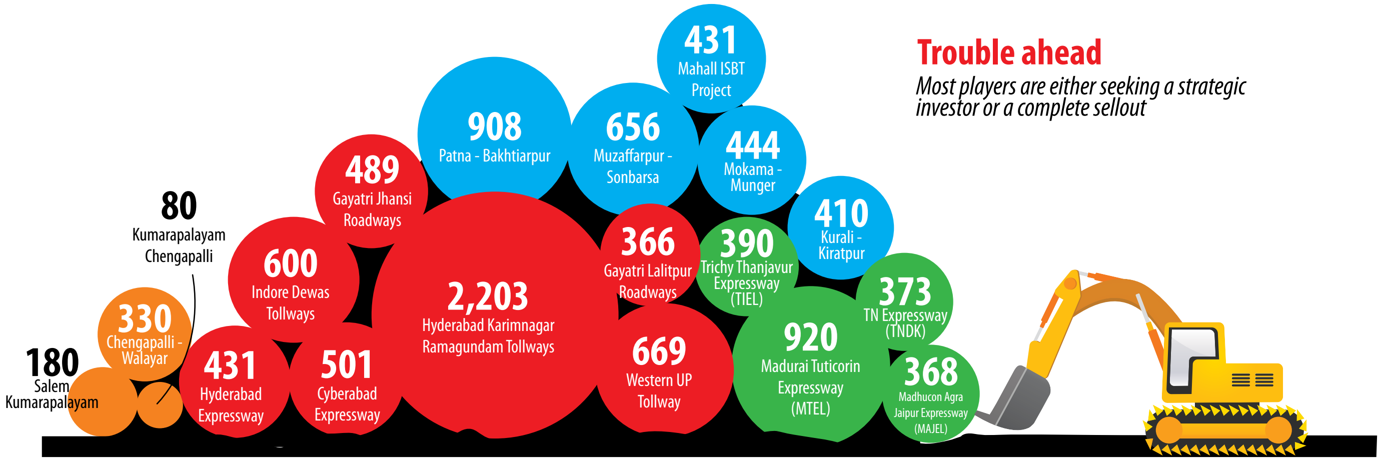
"Given that the risks and uncertainties get virtually eliminated after completion of the project, there should not be any dearth of takers for these projects," said M Murali, director general of NHBF. But the change in ownership will not be so easy. It will be allowed by NHAI only after assessing the technical and financial capability of new investors. Such a step will be taken after the prospective arrangement proposed by the investors for corridor management, either directly or through sub-contractors, is examined and put before the NHAI board for approval.

The move is a must as there is an acute liquidity crunch in the sector due to various factors. Among them are mismatch in demand and supply of financial resources due to significant rise in the number of projects awarded during last three years, sectoral limit reached by banks, poor primary market conditions making IPO/FPO route unviable, global economic downturn leading to decline in foreign direct investment inflow and growing reluctance on part of private equity investors to accept the risks and uncertainties associated with the highway sector. For providing greater impetus to the implementation of highway projects under Public Private Partnership (PPP), NHBF has also called for allowing investment from insurance and pension funds into the sector. On its part, NHAI is urging the government to encourage emerging specialisation in the highways sector so that projects not only get funds but are also maintained with equal efficiency.

"Considering the uncertainties in the policy environment and ambiguity in the MCA on termination events and legal directions, investors who are keen to invest in the projects are apprehensive.

Trouble ahead

Most players are either seeking a strategic investor or a complete sellout



The new policy is aimed at addressing these concerns," an NHAI official said. The authority also feels institutional investors interested in buying running projects if allowed can also take assistance of companies who have experience in corridor management.

The authority also gave a breather to the sector recently by deciding to spend at least ₹9,000 crore in construction of two-and-half lane highways. The cabinet is soon expected to give a go-ahead to a proposal to start construction of at least 3,000 km highways with complete government investment.

"With NHAI increasingly awarding projects under PPP model, EPC contractors have struggled to maintain their order-book growth and many have chosen to enter the PPP space by undertaking projects on BOT basis."

These stretches will be undertaken in engineering, procurement and construction (EPC) mode that would ensure projects are completed in time and there is no cost-overrun. Major EPC contractors such as L&T, Gammon, BSCPL and CNC are reportedly waiting for floating of such projects. Highway ministry sources said the contractors would be responsible for all defects and maintenance of such roads for two years from the date of completion of projects. The contract also spells out the damages to both the contractors and NHAI in case they fail to do their bit in the fixed time period.

The cabinet is also considering awarding the maintenance and tolling contract of at least 3,000 km of highways already built by NHAI. Smaller players with experience in tolling and maintenance of highways are eyeing for these projects. While private contractors will be allowed to collect toll on these stretches, NHAI hopes it can earn ₹25 crore per day from these contracts and stop toll revenue leakage. All such highway stretches would be bid out for four to nine years to private players, allowing them to charge toll from commuters during their contract tenures.

Indeed, it is crucial for the government to pay heed to the development of the road and highways sector as it is in doldrums. Apart from the liquidity crunch, the operating margins of several road contractors also have witnessed pressure because of rising commodity prices (for fixed-price contracts) and idling of capacities as execution could not begin in many new projects. With NHAI increasingly awarding projects under the public-private partnership (PPP) model, engineering, procurement and construction (EPC) contractors have struggled to maintain their order-book growth and many have chosen to enter the PPP space by undertaking projects on build-operate-transfer (BOT) basis.

The equity requirement for BOT projects, along with the weak capital markets that have made raising caspital difficult, has increased their dependence on external borrowings. Further, many of these companies have raised debt at the parent or holding company level to meet the equity requirement in BOT projects thus significantly increasing the indebtedness at the group level.

In the midst of such circumstances the decision to allow an early exist seems to be a move in the right direction to allow the authority to meet the target of building 9,500 km of national highways during this fiscal set by the Prime Minister. mg

Breaking Bad

Old ships are torn to pieces in unregulated shipbreaking yards around the world, releasing harmful chemicals. But German and Chinese experts are getting onboard with new global regulations to improve standards.

Deutsche Welle

Many products containing materials considered hazardous to the environment or human health are subject to strict environmental laws that regulate how they must be recycled after becoming redundant. Such is the case with cars and consumer electronics – but ships have regularly fallen outside of regulation. That's about to change.

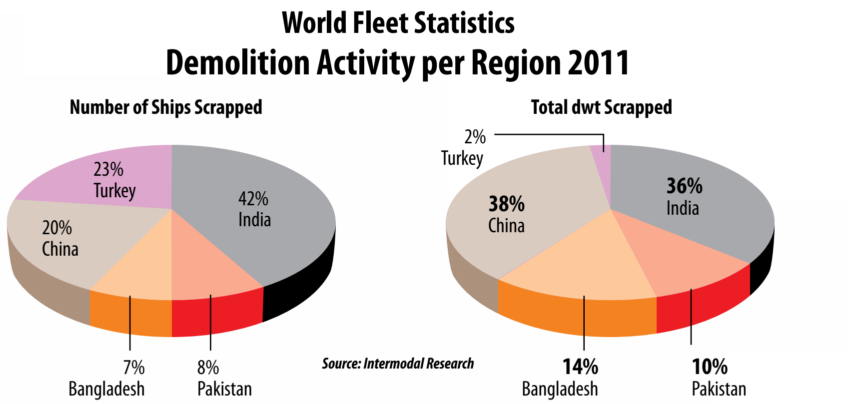
The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships requires all new vessels to carry detailed inventories of hazardous materials throughout their years of service. This is provided to the recycling facility when the ship is retired. Shipbreaking yards can be notoriously dangerous places where workers are exposed to harmful chemicals. So, the convention also calls for workers to be equipped with protective gear.

Asbestos exposure

The convention has not yet been ratified, but work is underway to get 15 states representing 40 per cent of world merchant shipping onboard. According to the more optimistic estimates, that could happen as early as 2015. The regulation, prepared by member states of the UN's International Maritime Organisation will catalog all problematic substances used during construction so that recycling yards know how to deal with retired vessels. Most ships sail for about 25 years before being dismantled.

Although ships are made mostly of steel, they contain a relatively small but critical level of hazardous substances, according to Gerhard Aulbert, an environmental engineer at the ship classification society Germanischer Lloyd. In an interview with DW, Aulbert explained that at around 5 per cent of the materials used to make a ship are hazardous. "The most concern is related to asbestos, and maybe heavy metals as well," he said.

Salvage yards will be required to provide specific plans detailing how



ships will be recycled. All signatory countries to the convention must implement and enforce laws ensuring that the regulations are followed. When the convention comes into force, ships from signatory countries can only be scrapped at yards that conform to the rules.

China sails ahead

"The Hong Kong Convention is one of the first examples (of) where really the IMO has developed regulations for the shipyards and the recycling yards," said Wolfgang Hintzsche, Marine Director of the German Ship Owners Association, noting that the current regulations for ships "end more or less at the coastline or in the ports."

China has already indicated that it plans to implement the Hong Kong Convention. Representatives from the China National Ship Recycling Association expressed pride about their country's capacities for ship recycling during a meeting of ship experts in Hamburg earlier this month.

"In China, the ship recycling industry has been developing over the past 30 years," said association president Xie Dehua. The Chinese government, he added, supports efforts by recycling yards to end the practice of beaching ships for scrapping in favor of recycling them in docks or harbours. And the Chinese recycling industry is benefitting as a result.

Cheap ship beaching

According to the association, 22 out of China's 61 salvage yards are now equipped for "green" ship recycling. And more are to follow. The downside is that China's advanced recycling infrastructure makes scrapping in the country more expensive. As long as the Hong Kong Convention isn't in force, it's easy for ship owners to sell their old vessels to ship scrap yards in India, Pakistan or Bangladesh, where standards are lower.

Activists say dirty shipbreaking practices lead to accidents that harm workers and even result in the release of asbestos, oil, toxic paint and heavy metals along shorelines.

SHIPS ARE MADE MOSTLY OF STEEL BUT CAN CONTAIN ASBESTOS, PAINT TOXINS AND HEAVY METALS AS WELL

IN GERMANY, SALVAGE CREWS USUALLY PROCESS SHIPS AT A FACILITY IN THE NORTHERN ROSTOCK PORT

Once the convention is implemented, ship owners from signatory countries will no longer be able to use unregulated shipbreaking yards, Xie said. It's one of the reasons why his organisation is lobbying the Chinese government to quickly ratify the convention.

"We do face competition from countries like India and Bangladesh," he said. "When you compare the prices, we're at a disadvantage. But now more and more countries as well as the ship owners realize their responsibility to society. We see it as a great opportunity for the Chinese recycling yards."

Slow sailing

But even if the Hong Kong Convention is implemented quickly, it will take years for all ship owners and salvage yards to fall in line, explained Aulbert from Germanischer Lloyd. It took nearly 'a generation' to educate people about how to separate different kinds of household wastes in Germany, he said, pointing to a similar situation in the ship recycling business. "It will also take nearly a generation to bring the awareness for hazardous materials to such a level that everybody is caring properly for these kind of hazardous materials."

For now, ship owners from a number of European countries, including Germany, abide by a set of self-imposed transitional measures closely modelled on the draft convention. mg

Haldia Dock Issue: Expectation Vs Reality

While Kolkata Port Trust is willing to explore amicable settlement, it will be difficult for HBT to sustain operations if cargo volumes do not surge.

Sreekala G

Almost a month after Haldia Bulk Terminals Pvt Ltd (HBT) announcing its decision to terminate operations at the Haldia Dock Complex, Kolkata Port authorities say it is open for an amicable settlement.

In October last week, HBT, a joint venture between home-grown ABG Infralogistics and French company Louis Dreyfus Armateurs, decided to pull out of its 10-year contract with Kolkata Port Trust (KoPT) to handle cargo at two berths at Haldia dock. Though the contract was valid up to April 2019, HBT had cited deteriorating law and order situation as the reason for its abrupt termination of operations.

HBT had said the safety and security of its employees was of paramount importance. "We cannot work in an environment where the authorities responsible for ensuring law and order and the success of the project have openly renounced and abandoned their responsibilities," HBT **chief executive officer Gurpreet Malhi** said. He had also indicated that with hindsight the company regretted its decision in 2009 when it bid for a tender for handling two berths in HDC. HBT started cargo handling operations in 2010.

While allegations and counter allegations fly thick and fast, **Manish Jain, Chairman Kolkata Port Trust (KoPT)** said, it was looking for the final disposal of HBT's writ in the Calcutta High Court for resuming work at Berth No 2& 8. "After which we will take decisions for allowing removal of equipment, compensation etc. as per the legal options available. While KoPT has always maintained to see the agreement continues for the entire tenure of the contract period, it is always open to work as per the amicable settlement clause enshrined in the agreement,'' he said.

MULTIPLE ISSUES AT HDC PRECIPITATED RESULTING THE DEAD LOCK. ANY LESSONS TO BE LEARNT?

But KoPT also feels that the notice for abandoning the contract legally, arbitrarily and unilaterally unfortunate as the High Court interim order on the HBT writ petition had been to resume work with assistance of the district and police administration.

HBT had installed equipment worth about ₹150 crore at the Haldia dock complex and it had sought to remove it after the decision to terminate operations. But KoPT had said it could not allow this. The port authorities were also planning to seek damages from HBT.

HBT won the bid to handle cargo at Haldia dock after it offered the lowest rate for mechanised handling of cargo in 2009. It quoted a figure of ₹75 per tonne as the joint venture was expecting robust business with Kolkata Port being a gateway to the eastern and the northern states of India as well as the landlocked countries of Nepal and Bhutan.

But the journey was not easy. HBT could not reach its expected cargo volumes. Last year, the Haldia Dock Complex handled 17 mt of cargo, and HBT could handle only around 5.5 mt. Their accumulated losses at Haldia, ever since they began operations in 2010, stand at ₹60 crore and while it registered a loss of ₹34 crore in 2011-12.

HBT issued an ultimatum to KoPT in August, saying it would be forced to terminate its operations at the dock unless it was given a larger share of business. KoPT moved the Calcutta High Court seeking to restrain HBT from withdrawing from the Haldia dock complex. Subsequently, in September, the two arrived at an agreement under the court's oversight.

According to the agreement, KoPT would allow HBT to unload all vessels carrying so-called dry bulk cargo to the Haldia dock complex. Only if the two berths weren't free would vessels be diverted to other operators, the agreement said.

However, the agreement could not resolve the problems as political interference began to affect business operations of HBT. With the company deciding to lay off 275 workers in September end due to incurring losses, trade unions backed by political parties started creating problems for the company. This ultimately resulted in the alleged kidnapping of HBT officials and their family members.

Major Ports in India were always a hotbed of labour problems in the past. However, the situation has improved during last decade. In fact, KoPT claims that during the last two years since HBT commenced their operation at Haldia in September, 2010, it did not face any man-day loss on account of labour problems although they had faced some labour problem outside the port before commencement of work.

According to KoPT official, the present labour problem at HDC was mainly due to HBT's own action of terminating their labour supply arrangement with their labour contractor in September coupled with apprehensions of job loss of workers of other service providers working at Haldia.

"As per the agreement, the liability of labour engaged by the contractor is of their own for which they have given an Indemnity as per the specific clause of the agreement entered into between HBT and KoPT," says the port chairman.

Operation of dry and break bulk cargo in many ports being labour intensive, there are always issues involving labour which are backed by various unions having alliance to political parties each having their own ideologies. HDC having witnessed involvement of a substantial private labour engagement in port operation is no exception to the above situation.

> "The problem in Haldia has been created primarily by HBT by quoting a very low rate in 2009 when iron ore fine exports were booming. HBT did not anticipate the ban on mining which has drastically reduced export of the ore. If HBT finally pulls out, there are many others who will come in but with a higher rate and KoPT will reduce their commissions suitably to counter the higher rate"

KoPT also points out that in the absence of any minimum guarantee throughput (MGT) obligation in the contract, HBT made its own calculations on estimated cargo volumes at a time when the dry cargo volume at HDC was substantial with Iron Ore constituting almost 45 per cent of nearly 21 million tonnes of dry cargo. KoPT is of the view that HBT's claim of their operation becoming unviable has no relation to any default of any process of agreement.

Perhaps, this is the root cause of the problems that has now precipitated into a big business and political issue for West Bengal. HBT expected to handle at least half of the cargo volumes at the dock and that did not materialize.

"The problem in Haldia has been created primarily by HBT by quoting a very low rate in 2009 when iron ore fine exports were booming. HBT did not anticipate the ban on mining which has drastically reduced export of the ore. If HBT finally pulls out, there are many others who will come in but with a higher rate and KoPT will reduce their commissions suitably to counter the higher rate," says an industry analyst.

Admitting that the situation has certainly created a bad image for Haldia, he feels 'time will be the best healer' if the next vendor brings about a very good productivity.

KoPT expects that HDC has the potential for handling total cargo volume of 96.10 million tonnes by 2019-20 including dry bulk cargo mainly comprising of coking coal and non coking coal in the range of 39.50 million tonnes.

Meanwhile, in an effort to resolve the impasse, the Union Shipping Ministry sent a three-member team to Haldia in November second week port on Friday to carry out an 'internal inquiry'.

The team comprising S Tripathy, Deputy Secretary (ST), Ministry of Shipping; Anuj Agrawal, public private partnership expert of the Ministry, and A Janardhana Rao, Managing Director of Indian Ports Association, is expected to submit a report soon.

Chennai Mega Conatiner Terminal project gets ready for new bidding

The mega container terminal project in Chennai may soon get a new suitor with Adani and Essar securing home ministry clearance.

The proposed mega container terminal project Chennai is set to get a new lease of life with the Union Home Ministry allowing Essar Ports and Adani Ports and Special Economic Zone to bid for it.

The project is to be developed north of the existing Bharathi Dock. It will have two new breakwaters (total length 4.5 km), and a continuous quay length of 2 km, which will ultimately have 22 metre alongside depth to handle ultra large container ships of over 15,000 twenty foot equivalent unit (TEU) capacity and a length of 400 m.

The project is proposed on a build, own and transfer basis with cost of dredging, floating crafts and navigational aids – costing ₹561 crore – to be borne by the port trust. The private operator will invest on berth and breakwater construction, reclamation of backup area, handling equipment and other landside infrastructure costing ₹3,125 crore.

This is for the second time the Chennai Port Trust is looking at awarding the project to a suitable partner. Though last year, Adani Ports (earlier known as Mundra Port and Special Economic Zone) had emerged as the lone bidder for the project, the port trust had rejected the bid on the ground that revenue share of 5 per cent offered by the company was too low. Adani Group is the country's biggest private player in the ports sector.

Companies such as the Dubai-based DP World, Port of Singapore Authority (PSA) and Larsen & Toubro, which bid in the initial stage, withdrew later due to various reasons. PSA could not participate due to the 'monopoly' clause as the company got the second container terminal and hence cannot immediately bid for a similar project in the same port while L&T is building a major shipyard near Ennore.

Essar Ports, the second largest port operator by market capitalisation had to seek clearance from the ministries of home, defence and external affairs after it merged its subsidiaries with its holding company. Essar Ports had recently sold close to 4 per cent stake in the company to Port of Antwerp for over 175 crore.

Essar Ports Once ready, the mega container terminal, with a capacity of 4 million TEU, would be the largest container terminal on the country's east coast and it will be able to handle ultra-large container vessels. India's effort to increase container capacity at major ports including those at JNPT and Ennore could not make any headway due to bidding process, litigation and rigid policies. Economic slowdown has made matters worse by debilitating bidders' efforts to raise funding.

A late starter, India's ports are nowhere close to its counterparts in Singapore, Sri Lanka and China when it comes to the handling of boxes. Cargo at Indian ports are dominated by bulk especially petroleum, oil and lubricant (POL). Estimates suggest that port traffic has recorded 9-10 per cent compounded annual growth rate in India in the past decade both on bulk and container sides. POL and coal constitute more than two-third of this trade.

In India container traffic is about 3 per cent of the total cargo volume whereas in advanced nations it is about 8 per cent. The current installed capacity in India is estimated at around 18 million teu, comprising 11.4 million teu in major ports and the balance in non-major ports. As part of the Maritime Agenda 2010-20, the government plans to increase container loading capacity at major ports to 38.91 million by 2020.

"Container terminal business is seen to be lucrative, because of the favourable growth prospects, which has attracted bidding interest from several reputed developers. However, in their zeal to win the bids, some of them have quoted very aggressive revenue share, which would have affected the project economics. While JNPT and Ennore container terminal projects were derailed by either aggressive bidding or inability of the developers to achieve financial closure, the Chennai mega terminal project saw limited interest due to large capex leading to high financial commitments, surplus capacity in the hinterland and infrastructural constraints, especially on the evacuation front, in and around the Chennai port,'' says K Ravichandran, Senior Vice President & Co-Head, Corporate Ratings, ICRA India.

He estimates the long term growth in container trade to be over 10 per cent per annum, albeit near to medium term growth could be lower on account of slowdown being witnessed in Europe, USA and Asia.

As per the government regulation, companies submit the bids to the ports and the ports then seek security clearance for the companies from the ministries of shipping, home, defence and external affairs. mg

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AET confirms its green credentials

AET – a leading global owner/operator of petroleum tankers – formally gave its commitment to the MPA Green Shipping Programme. President and CEO, Hor Weng Yew, signed-up to the initiative at a ceremony held in Singapore as part of the international bunkering conference, SIBCON.

The Green Shipping Programme was established by the Maritime and Port Authority (MPA) and is aimed at reducing the environmental impact of shipping and promoting green and clean shipping in Singapore. AET is participating in the Green Ship element of the programme which encourages shipowners to adopt energy-efficient ship designs that reduce fuel consumption and associated emissions.

SCI observes Vigilance Awareness Week 2012

The Shipping Corporation of India Ltd. observed the Vigilance Awareness Week 2012 in all its offices from October 29, 2012 to November 03, 2012. The observance of the VAW 2012 began with the reading of the Pledge. The theme VAW 2012 was "Transparency in Public Procurement" and accordingly, the SCI Vigilance Division organized various competitions such as essay writing, speech, poster/cartoon, slogan writing etc. during the week for the benefit of the SCI employees, who participated in large numbers.

ClassNK welcomes world's first specialized nickel ore carrier to Register

The world's largest classification society ClassNK announced that the world's first specialized vessel for the carriage of nickel ore has been built and registered to the NK class.

The vessel, the *Jules Garnier II*, was built by Naikai Zosen Corporation and delivered to Japanese shipping major JX Shipping Co. Ltd on 19 September 2012, and is the first vessel in the world to be recognized as a Specially Constructed Cargo Ship for the carriage of nickel ore in accordance with the IMO's IMSBC Code. The announcement followed a monthly meeting of the Society's Classification Committee, which reviewed and officially certified the vessel's registration.

ECO-Assistant receives Lloyd's List Asia Award for Environment

The trim optimisation software tool ECO-Assistant, has won the Environment Award at the Lloyd's List Asia Awards 2012. Developed by FutureShip, the maritime consulting arm of classification society Germanischer Lloyd (GL), the award celebrated ECO-Assistant's instant effect in reducing the fuel consumption and environmental impact of a vessel.

Cruise hubat

Marina Bay Cruise Centre Singapore (MBCCS) at Marina South officially opened. The purpose-built 28,000-square-metre terminal, which is operated by SATS-Creuers Cruise Services (SCCS), saw its first ship dock on 26 May this year and is set to welcome more vessels as Singapore cements its status as a regional cruise hub.

Milind Deora visits SCI

Milind Deora, who has recently taken over as Minister of State for Shipping visited SCI, Head Quarters in Mumbai. He took keen interest in the affairs pertaining to Indian Shipping while discussing with the CMD & Directors of SCI. After the discussion, he expressed his concern for the downfall faced by the Indian Shipping and also about declining share of Indian tonnage in India's EXIM trade.

ClassNK receives Classification Society Award

ClassNK was selected as the best classification society in the Middle East and Indian subcontinent by receiving the Classification Society Award at Lloyd's List Middle East & Indian Subcontinent Awards 2012. This is the first time that ClassNK has received the prestigious Classification Society Award, which is given to the classification society that contributed the most to maritime activities in the Middle East and Indian subcontinent.

DHL and Blue Dart celebrate 60 years of successful Indo-German trade relations

DHL, the world's leading logistics company, and Blue Dart, South Asia's premier integrated express package distribution company, part of the DHL Group, have celebrated 60 years of successful Indo-German trade relations, by hosting a collaborative festivity called"Germany and India 2011-2012: Infinite Opportunities". The main focus of the celebration was the 'Indo-German Urban Mela' that looked at the implications of rapid urbanisation in today's megacities, where a group set of modern multipurpose pavilions were put up for ten days in five different cities in India, including Delhi which was the final destination.

agenda

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 09-11

Sea Asia 2013

Venue: Suntec Convention Centre, Singapore

Topics Covered: Sea Asia will be conducted in Singapore for the 4th time from 9 - 11 April 2013 and will provide all the features that were so well received and even more:

- a conference programme that allows the Asian Voice and Perspectives to be projected,
- a sequence of lively, relevant and informative seminar sessions on diverse subjects,
- a bright and bustling exhibition floor containing some of the biggest brand names in the business
- a social programme that is both productive and enjoyable

Asia's remarkable forward progress in all aspects of maritime affairs, and the talented people who are driving it, needs a platform that reflects its status in the global industry; a platform which brings the international community to Asia to see for themselves.

The organisers of Sea Asia, Seatrade and the Singapore Maritime Foundation, are committed to providing such a pivotal event, which matches Asia's achievements and projects them outwards to the world.

More information: http://www.sea-asia.com

JANUARY 14-17

Basic Dry Dock Training Course

Venue: Singapore

Attend for: DM Consulting's Basic Dry Dock Training is a 4-day course that covers the fundamentals and calculations of dry docking. The course begins with the basics and safety concerns, and progresses through all phases of dry docking: preparation, docking, lay period, and undocking. The course ends with a discussion of Accidents and Incidents.

It's designed to be relevant to Dock Masters, Docking Officers, Engineers, Naval Architects, Port Engineers and others involved in the dry docking of ships and vessels.

More information: www.drydocktraining.com

JANUARY 28 - FEBRUARY 1

Maritime Week Africa

Venue: Durban, South Africa

Attend for: Maritime Week Africa is a brand new maritime event aimed at highlighting Africa's increasingly prominent role in the shipping and offshore industries. This event will be launched in January 2013, in Durban, Africa's biggest port and gateway to Africa's east coast. Featuring international speakers, the conference focuses on the crucially important heavy lift and project cargo sectors.

FEBRUARY 15-17

LOGISTICS 2013 Exhibition

Venue: Pragati Maidan, New Delhi

Attend for: A large number of multinational and Indian corporates from the Logistics sector are scheduled to have B2B Meetings during this exhibition to understand the latest developments, technological innovations and alternate solutions in logistics to enhance competitiveness and reduce cost leading to better market positioning.

More information: www.ciilogistics.in

FEBRUARY 22-23

CSCMP India 2013

Venue: Renaissance Hotel, Mumbai

Attend for: TCSCMP's India 2013 conference will provide you with the education, solutions, networking, and inspiration you need to manage your supply chain successfully in the coming years. Global supply chain thought leaders will discuss the critical processes you must master to compete in today's marketplace. If you work in supply chain management, or need to learn more about it, this is one event you can't afford to miss.

More information: http://cscmpasiapacific.org/2013%20 conference.html

MARCH 12-14

TOC Container Supply Chain

Venue: HongKong

Attend for: TOC Container Supply Chain: Asia conference and exhibition is your platform to learn, network and debate with Asia's senior supply chain and logistics executives. With a 15 year heritage, the conference combines port & terminal operations with supply chain and logistics content to bring you Asia's most comprehensive event for the container transport community.

Key themes for 2013:

- Regional and global outlook for ports, shipping and logistics
- Port and terminal design, planning, finance and operations
- Container port and logistics infrastructure development
- Liner shipping and intermodal transport
- Supply chain and logistics management for container transport

More information: http://www.tocevents-asia.com/

APRIL 04-06

SMM India 2013

Venue: Bombay exhibition grounds, Mumbai

Attend for: India's growing strength in Shipbuilding sector, coupled with the renewed drive in the industry, has set stage for the third SMM India to play host to the full spectrum of the Shipbuilding world. This leading international platform for new maritime innovation, SMM India 2013, will take place in conjunction with the 50th National Maritime Week offering undoubted result in unique collaborations that create a powerful new impetus for the sector. The event will attract more than 3,000 visitors and delegates from over 30 countries to the exhibition.

More information: www.smm-india.com

APRIL 07-12

Singapore Maritime Week 2013

Venue: Singapore

Attend for: SSingapore Maritime Week (SMW) is the leading maritime event in Singapore. Driven by the Maritime and Port Authority of Singapore (MPA), SMW gathers the international maritime community in Singapore for a week of conferences, dialogues, exhibitions and social events in celebration of all things maritime. The range of activities and events organised by MPA, the industry and research and educational institutions, as well as the cosmopolitan profile of participants, reflect the vibrancy and diversity of Singapore as a major international maritime centre.

SMW has grown in size and significance since the inaugural event in 2006, and is attracting more participants and event organisers from around the world. Participants can experience something new every year.

More information: http://www.smw.sg

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