

Newsletter for the week ended December 5, 2004

Many hands make speedy work

The government is planning to award the dredging contracts for different regions to different companies instead of awarding it to one company. This will speedup the process. The ministry is considering two options: floating global contracts to attract private dredging companies or giving the Dredging Corporation of India (DCI) the responsibility, which, in turn, could employ private dredgers. The bids may be called for either by Tuticorin Port Trust or by the special purpose vehicle floated for the project.

Green may not be the favourite colour for Sethusamudram project

A part of the Sethusamudram project to scoop out the seabed between Tamil Nadu coast and Sri Lanka to create a channel for ship navigation is worrying the green lovers and the scientists. A report by Doctors for Safer Environment, a Coimbatore-based voluntary group, has analysed various published oceanographic, meteorological and geological data to show that the project is badly designed and unsafe. Creation of the navigational channel would require the removal of about 88 million cubic metres of dredged material and such a big trench can cause a sudden tilt, drift, and a gravitational pull and instigate other violent geological processes that might drastically alter the 5 to 20 million-year-old (miocene) limestone bed of northern Sri Lanka and its islands thereabouts.

New Marine Fishing Policy

The new marine policy of the ministry of agricultural department of animal husbandry and dairying is different from its earlier ones, as it discusses the need for developing the necessary infrastructure to meet the demands of the marine industry for the next 10 years and exploring the possibilities for private sector funding through build, operate, own (BOO) and build, operate, transfer (BOT) modes. The traditional and coastal fishermen will also be brought into focus together with stakeholders in the deep sea. The policy aims to increase marine fish production so as to pave way for its exports. It also addresses the socio-economic security issues of the fishermen.

Dhamra port faces Green issues

The Rs 1,500-2,000 crore Dhamra port on the Orissa coast, promoted by International Seaport Plc, a joint venture company formed by L&T and Tata Steel, is being opposed by environmentalists on grounds that it would affect the lifestyle of the endangered Olive Ridley sea turtles and the ecology of Bhitarkanika National Park and the Gahirmatha marine sanctuary.

Tuticorin Port waits for its fuel in form of Rs 840 crore for its capital expenditure

Three major inner harbour projects at Tuticorin port of dredging the harbour basin to a depth of 14 metres and channel to 14.6 metres, (estimated to cost Rs 460 crore), constructing five more berths, (Rs 230 crore) and converting berth No 8 into a container terminal on build, operate and transfer basis (Rs 150 crore) are being delayed on account of want of clearance from the Centre. The port wants to have the proper infrastructure in place ahead of the Sethusamudram project as it expects to garner a sizeable share of the new traffic.

Chinese port capacities expand on account of commodities boom

Not satisfied with the existing trade volumes, the Chinese ports are trying to accommodate all kinds of cargo, not to be left out in any of the commodities being traded. With its economy expected to grow more than 9% this year, China needs new port capacity to support an influx of raw materials from crude oil and iron ore to soybeans and cotton. Port congestion and rail bottlenecks have become a serious obstacle to the supply of such materials. Vessels wait for days, or even weeks, to berth, sending freight rates rocketing to all-time highs earlier this year.

Global interest in Vizhinjam port makes Kerala government to trim its contribution

Malta-based Hili, UK-based Beckett Rankine, South Africa-based Port Cons International, Mumbai-based Afcons, Larsen and Toubro (Chennai), Adani Ports (Ahmedabad) and Gammon India (Mumbai) are planning to submit their tender documents for the Vizhinjam port. This has prompted the Kerala government to cut its stake to 24% of the Rs 4000 crore project. The project is on BoT (build, operate, transfer) mode running across 15 years with the Rs 1,800-crore Phase I is to be completed in five years.

Revival steps for Hindustan Shipyards

The Andhra Pradesh government has agreed to waive Rs 42 crore sales tax liability of Hindustan Shipyards Ltd. as a step towards revival of the sick unit. The Ministry of Shipping has is planning to contribute Rs 45-50 crores towards the company's rehabilitation. Privatisation of the company is not being considered.

Essar to go for Shell's LNG transportation alone

The government has set up a consortium of SCI, G.E. Shipping and Varun Shipping to transport Shell's LNG as they satisfy the DG Shipping's requirement of having a minimum of 5 years of ownership and experience in cryogenic. Though Essar Shipping does not own cryogenic, it satisfies the alternative requirement of a minimum of 10 years of hydrocarbon (product and/or crude tanker) ownership and experience. The company has expressed its desire to transport Shell's LNG from Hazira in a letter to the Shipping Ministry.

Inefficient cargo handling seen as one of the reasons for poor trade performance

Comparing the growth of Indian trade with that of China, one can clearly see that the Chinese trade growth has far outpaced that of India's trade growth. One of the reasons for this can be cited as poor handling of cargo at the ports. Depth limitations in port channels prevent berthing of larger ships, the marshalling yard space in ports is insufficient, the train services to clear cargo to hinterland is insufficient and the number of container terminals are very few to meet India's cargo volume needs.

Indian dredging sector seeks to protect the industry

The national dredging sector feels that the Government should reserve the sector for the national flag and the Indian companies must have at least 76 per cent equity stake in any dredging venture. Despite a huge potential in India for the dredging industry, the players in the dredging business are a sad lot that enough is not being done to favour the Indian dredging industry, whereas other maritime sub-sectors get the requisite sops.

River Regulatory scheme at Hooghly

Kolkata port authorities have asked Chennai-based National Institute of Ocean Technology (NIOT) to submit a proper cost estimate for the river regulatory scheme at the Hooghly river after getting varied quotations from different dredging companies. The scheme's scope includes an estimated 16 million cubic metres of capital dredging at Balari bar and construction of about 10-km long submerged dykes in the river at Jellingham, and the cost estimates from a low of Rs 350 crore to as high as Rs 900 crore.

Indian Cruise sector to get a boost

The Central Marketing Apparatus (CMA) of the National Committee on Cruise Shipping has decided to tie up with the Kenya-based Cruise Indian Ocean Association (CIOA) to promote the Indian Ocean cruise circuit in a big way. Sea Trade Cruise Review, leading publishers in the cruise industry, will be hired to make exclusive features on Indian ports and destinations. Five ports on the west coast of India – Kochi, Mumbai, Goa, New Mangalore and Tuticorin will with the CIOA for the promotion of the Indian Ocean cruise circuit.

Productivity linked rewards for port and dock workers not yet finalized

The conciliation meeting called by the Chief Labour Commissioner between the Indian Ports Association and the leaders of the five workers' federations was inconclusive with respect to the issue of productivity-linked rewards (PLR) for port and dock workers. The workers federation was keen to maintain the 20 per cent performance linked bonus, as against the proposed manner of linking the award to the performance of the port. The Shipping Ministry suggested that a profit making port would pay more than a loss making one.

Belgian firm to bid for Petronet's tankers

Belgian natural gas shipping company Exmar will bid for building and operating three tankers for Petronet LNG Ltd (PLL) to haul gas to Dahej and Kochi terminals. But the company is undecided on allowing an Indian company to partner the \$600 million project. The company is trying to market its new shipping system, which can discharge the gassified LNG directly into the pipeline grid from a single buoy mooring (SBM) facility without the requirement of a terminal.

Minor port wages revised in Kerala

The new rates of wages applicable for eight hours of work on a daily basis would be Rs 139 for workers categorised under Class A, Rs 90 for Class B, Rs 84 for Class C, Rs 78 for Class D and Rs 75 for Class E for the minor ports in Kerala. Adolescent workers must be given wages at two-thirds of what is payable to adults in the respective classes. In case payouts are made as lease rates or are based on tonnage, a rise of 33 per cent on wages prevailing as on the base date of October 29, 1996, will become applicable. Women workers must be treated on par with their male counterparts as far as remuneration is concerned. Additionally, a dearness allowance of 15 paise shall be paid for every single point rise over and above the consumer price index (1970 series) published by the Economics and Statistics Department.

Juicy Bits

- The share of Indian ships in the overseas trade is at 15.14 per cent during 2002-03, while foreign ships carried 84.6 per cent of India's overseas trade.
- According to the INSA's latest annual report, the strength of the Indian fleet increased from 616 ships of 6.18 million GRT as on March 31, 2003 to 665 ships of 7.69 million GRT as on October 1, 2004.
- Copenhagen-Malmo Port is looking to become the main Nordic/Baltic car hub
- The port of Aarhus has finally received permission to start Phase II of its container terminal development in mid-August
- Walleneius Wihelmsen Lines serves the Australian market with weekly ro-ro services linking Australia and New Zealand with Europe, South Africa and the Americas
- Singapore's state-owned PSA is buying the controlling stake of 57% of Hong Kong's Asia Container Terminals from Sun Hung Kai Properties Ltd. at an estimated \$333 million.

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Tuticorin to develop the eighth berth as a container terminal

The Tuticorin Port Trust plans to develop the eighth berth as a container terminal through private participation on a build, operate and transfer (BOT) basis, which requires an investment of Rs 150 crore. The port trust will spend around Rs 230 crore for further development of inner harbour by constructing five additional berths with supporting infrastructure. The port is expecting a rise in the throughput, beyond the existing capacity of 4 lakh to 5 lakh TEUs handled by PSA Sical.

Kochi Port gets in its kitty Rs 33 crore from the Ministry

The Union Shipping Ministry has agreed to sanction Rs 33 crore to Kochi Port to deepen and widen the navigational channel and to carry out dredging operations for the development of an international container transshipment terminal (ICTT) at Vallarpadam. The dredging work has to be carried out before the commencement of the BOT contract when RGCT would be handed over to the operators. The ICTT is proposed to be developed for receiving the biggest container vessels with capacity above 8000 TEU and will also facilitates the entry of the LNG vessels to the port.

Gujarat may get a third LNG terminal

The Gujarat State Petroleum Corporation Ltd (GSPC) is keen to take up stake in a third LNG terminal in the state. This terminal may come up at either Pipavav or Mundra. As the state is moving towards becoming a gas-based economy, the current demand for gas is estimated at 44 million standard cubic metre and is likely to increase in future. Currently, Petronet LNG is producing 5 mmscmd of gas at Dahej and the proposed Hazira terminal will be initially supplying 2.5 mmscmd. The unmet demand provides an opportunity to set up further terminals.

Mumbai water transport projects get environmental clearance

The three projects of Trans-harbour Project, connecting Sewri to Nhava Sheva, Western Sea-way connecting Borivali to Nariman Point and Sea-way Project, connecting Mahim-Worli and Nariman Point, valued at Rs 8,200 crore have passed through the environmental clearance. The projects will ease traffic congestion in the city. The Trans-harbour Project includes construction of a 22 km long bridge over a part of the Arabian Sea nudging Mumbai. Good response from investors is expected and the projects will be offered on build-own-transfer (BOT) basis.

Concor may soon lose its monopoly

The Shipping Secretary has emphasized the need for ending Concor's monopoly in container transport through railways. According to Mr. R.K. Jain, Executive Director of Rail Vikas Nigam Ltd CANAC will prepare a project report for running double stack container trains between western India ports and Delhi. A World Bank report had suggested that a dedicated diesel corridor between Mumbai and Delhi to run double stack container trains and has worked out project IRR of 11.78%.

Increased detention of Indian ships in foreign ports under the Port State Control (PSC) regulations

There is an increase in the detention of Indian ships in foreign ports under the Port State Control (PSC) regulations, which is threatening to smear the image of Indian flag vessels. More detentions indicate the falling standards of maintenance and house keeping of Indian ships. Despite several measures initiated by DG Shipping to reduce the number of such detentions, the total number of detentions, so far this year, has crossed the number of last year. This trend has kept India in the 'Black List' in the medium-risk category under Paris

MOU, 'Grey List' under Tokyo MOU, while the country continued to figure in the USCG 'Watch List' in 2004 for registering a detention ratio higher than the overall average.

Seatrade Middle East Maritime exhibition in Dubai

The development of cruise tourism in the Gulf and Indian Ocean was in focus in the maritime exhibition held in Dubai. According to Christopher Hayman, Managing Director, Seatrade Middle East Maritime exhibitions, cruise tourism could provide a major boost to India's marine industry and Indian Ocean cruises could be an effective solution for winter deployment of ships operating in northern Europe. This could also provide a boost to the Indian hospitality industry.

Kolkata port comes up second

Kolkata port is positioned second (28.04 million tonnes) among all major ports in terms of traffic handled till November of the current fiscal. Visakhapatnam port (31.95 mt) continues to retain its number one position. Kandla port (27.09 mt), which was number two earlier, has slid to the fourth position. Chennai is third with 27.71 mt. Kolkata Dock System's another significant achievement had been the highest-ever monthly container throughput of 15,527 TEUs in November.

Port workers defer strike on the issue of productivity-linked-bonus

The Indian Ports Association (IPA) and the leaders of the five federations for workers have agreed to a compromise formula for the productivity-linked-bonus (PLR) suggested by the Chief Labour Commissioner (CLC). The federations wanted the continuation of the uniform 20 per cent PLR to be paid to workers at all the major ports, as the Government had sought to revise the PLR scheme, which would result in the PLR averaging from 11 per cent to 18 per cent at different ports depending upon the productivity and performance parameters.

Wreck removal rules to be modified

In its draft rules, the Shipping Ministry had sought to deny entry to ships into the Indian territorial waters if they do not have adequate and explicit cover for wreck removal and oil pollution risks from a Protection & Indemnity (P&I) Club. For Non-Solas vessels, the burden of wreck removal and oil pollution risks would be with the owners and they must have adequate insurance coverage if not covered by a P&I Club. Currently, the international Group of P&I Clubs provide indemnity cover to about 90 per cent of the world's ocean-going tonnage while the remaining 10 per cent is covered with fixed premium companies and with hull underwriters including the GIC subsidiaries. The original plan to deny port entry to non-International Group of P&I Club tonnage would have automatically excluded the remaining 10 per cent of the tonnage exposing the rules to the charge of being discriminatory and unconstitutional. Keeping the interest of the GIC subsidiaries in mind, the Ministry is likely to modify the rules.

Paradip port may do away with the tendering process for mobile cranes

Paradip Port is thinking of having a negotiated deal for two mobile harbour cranes for its berth handling coking coal for steel plants. But clearances will have to be obtained from the Shipping Ministry and TAMP. Otherwise the port will have to invite bids from the present users of the berths. Installation of the mobile cranes will enable handling of gearless vessels in the berth.

Transchart still providing cargo support to the shipping companies

Despite the efforts of the Petroleum Ministry to free IOC from Transchart, there has been an increase in government-owned cargo through Transchart for the shipping companies. The oil industry feels that circumventing Transchart would bring down crude transportation costs. The

share of Indian ships in the overall movement of Transchart cargo has marginally increased from 34.70 per cent to 36.96 per cent during last year.

Singanallur ICD posts a healthy growth

The Inland Container Depot (ICD) at Singanallur run by Central Warehousing Corporation showed a 67 per cent in export containerized cargo volume upto October. The main reason for this growth was the volume growth in bonded trucking, which were shifted out of the Airports Authority of India (AAI) administered interim air cargo terminal at the Peelamedu airport. The switch in export air-cargo volume from AAI air cargo complex to CWC inland terminal was partly triggered by the reluctance of the customs authorities in extending the permission given to a private transporter signed up for carrying the bonded trucking of air-cargo on behalf of the specified airlines from Coimbatore.

Juicy Bits

- Mr. P.T. Vanan is the new of the New Mangalore Port Trust
- The initial public offering (IPO) of Bharati Shipyard Ltd – a book built issue of 1.25 crore equity shares of face value Rs 10 each with a price band of Rs 55-66 per share was oversubscribed by 48 times
- The Indian fleet tonnage crossed the 7.6 million GRT (gross registered tonnage) mark for the first time ever
- The Board of Dredging Corporation of India has accorded approval to subscribe to 3-crore equity shares of Rs 10 each amounting to Rs 30 crore in Sethusamudram Canal Project as one of the promoters
- The Tuticorin Port Trust has carried out a feasibility study for developing a satellite port to enhance the container handling capacity

Dredging opportunity

of Rs 2,500 crores from only from
Sethusamudram

Crores worth of opportunities waiting to be
dredged out

Right time for not just the Indian dredging
companies to make the maximum, but also for the
other maritime companies to get into this business

How? – i-maritime can tell you more.....

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Port connectivity projects to get more emphasis

Port connectivity, which forms an important decision factor for shippers and liners, is now getting its much-deserved attention from the government. While Rail Vikas Nigam Ltd (RVNL) alone is implementing rail connectivity projects worth over Rs 5,700 crore, the National Highways Authority of India and Concor are engaged in other projects that will together draw a new roadmap in the realm of port connectivity. The proposal is to run double-stack container trains between Western India and Delhi, with CANAC having been appointed to prepare the detailed project report.

International box terminal at Kochi

The Department of Shipping will seek approval from the Cabinet Committee on Economic Affairs for the revised terms recommended by the Cochin Port Trust for developing an international container transshipment terminal (ICTT) on a build, operate and transfer (BOT) basis. As per the revised terms, the port trust has agreed to defer one-fourth of the total revenue share to be paid by DPI for the first eight years. It will start paying the deferred revenue share from the ninth year of operations till the 16th year. During the period of deferment of a portion of the revenue share, DPI will pay interest half yearly to the port trust on par with the prevailing five-year G-Sec rates.

CCEA clears acquisition of 109 vessels at an estimated cost of Rs 153.85 crore

The Cabinet Committee on Economic Affairs (CCEA) approved the acquisition of 109 vessels at an estimated cost of Rs 153.85 crore for the Customs department. Of the 109 vessels, 24 will be category-I vessels with a lower speed of 25 knots but a high endurance for coastal patrolling and surveillance, 22 will be crafts placed in category-II, which will have a higher speed of 40 knots with lesser endurance. These would be useful for immediate interception of suspect vessels. 63 vessels placed in category-III will be crafts with a relatively slow speed of about 15 knots as well as low endurance. These would be useful for shallow waters, creeks and harbours. The expected life span of all the vessels to be acquired is about 15 years, which could be extended to 20 years with proper maintenance.

IL&FS IDC to vet Bepore port project

IL&FS Infrastructure Development Corporation (IDC) will be examining the technical and financial proposal submitted by Parsons Group (drawn by Pricewaterhouse Coopers) for the development of Bepore port near Kozhikode and submit the report within three months to the Ports Department. The Rs 500-crore project involves construction of six berths and increasing the draught of the basin to handle general as well as petroleum, oil and lubricant cargo. Other facilities planned include dedicated berths for handling timber and scrap cargo.

Development of Azhikkal port makes a headway

Universal Lubricants of Sharjah has been sending its technical and financial experts for discussions on the Azhikkal port project near Kasargod. The project profile is being reworked by reviewing the cargo potential and reducing the number of facilities by optimising the handling capacity in order to reduce the cost to Rs 700-800 crore from its original outlay of Rs 1,400 crore. The original proposal envisaged handling facilities for ships of up to 50,000 dwt, a dry dock, a ship repairing yard, a warehouse and an oil jetty.

CMA-CGM to add Chennai to its ports of call

CMA-CGM, the French container operator, is planning to add Chennai to the ports of call for its mainline container vessel. There should be around 300 import boxes and around 400 exports for every call, and the import containers can be reused for exports to make the proposition viable. Mainline vessels need to take a 42-hour detour from the main shipping lane to come to Chennai, which means additional chartering cost, bunkering charges and

port-related charges for the vessel. However, for the shippers at Chennai, sending and receiving boxes through mainline vessels would save transshipment cost at ports such as Colombo, Port Klang, Singapore and Hong Kong.

The pipeline mesh

Indian Oil Corporation (IOC) plans to convert the Kandla-Panipat product pipeline into a crude pipeline questioning the viability of the Vadinar-Kandla pipeline of the Petronet India Ltd. (PIL). The Vadinar-Kandla pipeline was designed to evacuate products from the Reliance refinery at Jamnagar and that of Essar Oil at Vadinar. Currently, a pipeline has been laid from the Reliance refinery to the IOC installation in Kandla. This pipeline is hooked up with the existing Kandla-Bhatinda pipelines of the IOC, and is evacuating the products of the Reliance refinery. IOC's plan to use the Kandla-Panipat section of the Kandla-Bhatinda product pipeline for transporting crude to meet the requirements of its Panipat refinery, which is under expansion, would mean the further link for the Vadinar-Kandla pipeline would go missing.

Stir in support of Steamer watchmen at Kochi

Following the ISPS Code, the employment of the Steamer watchmen was discontinued. Various CITU unions are proposing a mass blockade on 20 December, demanding justice, due to which the port operations are likely to be affected. The attempt by Assistant Labour Commissioner (Central) to settle the dispute ended in failure as neither the port authorities nor the steamer agents association turned up in the conciliation proceedings.

Ship fuelling arrangement between HPCL and Chevron

HPCL and Chevron Texaco's Fuel and Marine Marketing LLC have signed a preliminary agreement for fuelling of the latter's ships at Indian ports, which will allow HPCL to fuel all Chevron Texaco vessels berthing at Indian ports. The definitive agreement will be firmed up in the next three to six months. Fuelling of ships is a one million-tonne market and HPCL is looking for a larger share through such exclusive arrangements.

Imposition of carrier security charge

The implementation of ISPS code has its bearing on the shippers. The shipping companies have imposed a carrier security charge to recover the costs incurred on making ships compliant with the ISPS Code. The new charge will be applicable for direct as well as feeder calls, which eventually require transshipment from a hub port. Maersk and P&O Nedlloyds have already imposed the charge. While ports/terminals in India are yet to levy origin/destination terminal security charges from shipping lines, this has already come into force at ports/terminals in Europe.

Not so smooth sailing for Kulpi port

Kulpi port project, a joint venture between P&O Ports and the State Government seems to have stuck owing to P&O insisting on a minimum draft form KoPT. The port being a riverine port, such a guarantee would not be possible. Moreover, the validity of the MoU has expired and no new MoU has been signed yet. KoPT is yet to receive approval of the Shipping Ministry for sharing information essential for preparing the detail project report.

Paradip port not to get more rakes

The Railways have turned down Paradip Port Trust's (PPT) plea for allotment of more rakes for transportation of iron ore from the mines to the port. PPT wants 100 rakes as against the current 75 rakes to handle the targeted 4.5 million tonnes in the mechanical berths. The railways will place only as many rakes for movement into the port as will be required for backloading. Hence there will be much larger road transportation of the ore to the port for exports. With the increase in exports, the throughput this fiscal, is estimated to be 8 mt against 6 mt in 2003-04.

IWAI plans to revive freight-subsidy scheme

Inland Waterways Authority of India (IWAI) is planning to revive freight-subsidy scheme of offering 10 paise freight subsidy per tonne km as part of its bid to promote inland water transportation (IWT). The proposal is to raise the subsidy to 20 paise per tonne km. The inland vessel building subsidy scheme, introduced in November 2002 is still in force, which will be valid for five years. The 30 per cent subsidy under the inland vessel building subsidy scheme is made available only after the completion of construction of the vessel in a domestic yard and its registration.

Mundra port receives India's largest container quay cranes

Mundra International Container Terminal (MICT) in Gujarat, operated by P & O Ports, received India's largest container quay cranes as a part of a \$ 56-million deal between P & O Ports and Noell Crane Systems for an additional acquisition of an additional three twin-lift cranes, two diesel-powered cranes and 21 RTGs that would be deployed at the container terminals of the terminal operator in the entire South Asia and West Asian regions.

Executive Ship Management Pte Ltd. opens a liaison office at Kochi

Singapore-based Executive Ship Management Pte Ltd, one of the leading international ship managers, has opened its Kochi liaison office as a part of its strategy to reach out more number of seafarers from various parts of the country. ESM is whole-heartedly promoting and patronising the Indian seafarers in the international market. The company employs only Indians in vessels under its management as it has currently more than 50 ships in its fleet.

Foreign tie-ups seem needed to operate LNG vessels for Petronet

Owing to the lack of experience in owning, operating managing high capacity LNG tankers, the Indian shipping majors are raking in foreign expertise. SCI has decided to continue its association with the Japanese consortium of Mitsui OSK Lines-NYK Line-K Line to bid for the new shipping contract of Petronet LNG Limited (PLL). As per the tender floated by PLL, bidders should have owned and operated LNG tankers of capacities from 138,000 to 165,000 cubic metre and have full experience in both technical management and crewing of such vessels.

Juicy Bits

- The Kochi port has registered a 6.74 per cent increase in cargo handling in the first seven months of the current fiscal compared with the corresponding period last year.
- During period between April and November this year, the port has handled 9.5 million tonnes against 8.9 mt during the corresponding period last year.

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Relaxation of terms in Kochi Container terminal

Along with deferment of one-fourth of the revenue share for eight years, Dubai Ports Authority has also sought to stagger the upfront fee of Rs 40.8 crore over a period of eight years as against the original five years along with interest equivalent to five-year G-Sec rates payable annually. The rescheduling would make a difference of a mere 0.03 per cent. The Cochin port trust has relaxed the condition of a threshold traffic level of 4 lakh TEUs within a period of eight years and six months before DPI could start construction and switch operations to the International Container Transshipment Terminal.

Inland Waterways Project – an update

Inland Waterways Authority of India has invited bids for private participation in five projects on National Waterways 1 (NW1), out of the identified 17 financially viable projects for setting up terminals and cargo handling facilities. Bids for supply of seven barges of 1,000-tonne capacity for operation in NW1 would be invited some time in January/February 2005. Only after completion of the selection process for NW1, the procedure shall be started for NW2, wherein only 1 project has been found financially viable for terminal operations.

SEZ – an attractive proposition

The SEZ bill to be presented in the 2004 budget, presents a host of concessions for SEZ development. The bill proposes exemption from customs duty on import of capital goods, raw materials, consumables and office equipment. It also proposes waiver of central sales tax on sale or purchase of goods from the domestic tariff area (DTA) to a unit in SEZ or transfer of goods by a unit to another unit in the same or different SEZ. No service tax would be levied on taxable services provided in the SEZ. Further drawback or other related benefits would be provided on goods brought and services received from DTA into a SEZ.

Amendments to Merchant Shipping Act

The Merchant Shipping Act, 1958, is being amended to incorporate provisions relating to security measures to be adopted by ships and ports - international ship security certificate, ship identification number, control measures and compliance, to enable implementation of the International Code for Security of Ships and Port Facility (ISPS). The Bill proposes to make it mandatory for all employers to ensure that seafarers possess an identity document to protect the seafarers' employment prospects abroad. The implementation of additional infrastructure for the code would cost Rs 4 crore. The recurring expenditure on infrastructure, office and manpower would be Rs 58 lakh annually.

Extension for the Vizhinjam port terminal fails to attract bidders

Despite extension for submitting the tenders to December 20 from November 30, 2004 the Vizhinjam terminal project has failed to gather any response. Four companies had shown keen interest initially by holding discussions, but finally did not come forward with the bids. The Vallaradam terminal, just 250 km away and the nearness to Colombo did not present an attractive proposition for Vizhinjam.

Strike by boat owners hits fishing operations at Kerala

The fishing boat owners are demanding subsidies on fuel and fish and have gone on indefinite strike, which has severely affected the fishing operations in Kerala. While most of the inland fish varieties brought by the traditional fishermen were available in the local markets at a slightly higher price, the supply of marine varieties had stopped completely. On an average, each fishing boat would need 1,500 litres of diesel, a week and operations for around 40 weeks a year would mean an expenditure of Rs 20 lakh for diesel alone.

Port connectivity

The National Highways Authority of India (NHAI) plans to call for tenders for widening of the Tiruvottiyur-Ponneri-Panjetti (TPP) road, which connects Manali with Ennore. The widening project is part of the Rs 161 crore Ennore Expressway project, which links Chennai with the Ennore-Manali industrial belt. The Ennore Expressway project covers sea protection works between Chennai Port and Manali Oil refinery and widening the stretch to four lane from two lane besides strengthening of the stretch which links inner ring road (IRR) and national highways 5 (NH5) and widening of TPP road to four lane from two lane. The project is funded by NHAI (Rs 38.5 crore), state government (Rs 30 crore) and the Chennai Port (Rs 38.5 crore). Balance will be through credit line from banks and financial institutions, which will be paid off through toll collection.

Port assets globally gain attention

Port of Singapore's (PSA) attempt to garner a stake in the HongKong port is being thwarted by NWS Holdings Ltd. and CSX World (bought by Dubai Ports International), by exercising their rights as shareholders in ACT to pre-empt the deal. PSA had announced its intention of buying 57% of Asia Container Terminals, a container port operator in Hong Kong's main Kwai Chung Terminals, from Sun Hung Kai Properties.

SBM tender by Kochi Refineries

Surging oil and steel prices have brought about cost overruns for Kochi Refineries, forcing them to float new tenders for construction of its Rs 600-crore single buoy moor (SBM) at Puthuvypu island off Cochin Port. This would delay the project by ten months. The SBM is proposed on the same premises where CoPT plans its international bunkering terminal for which too fresh tenders are to be invited.

Dubai Port International acquires CSX

Dubai Port International's (DPI) \$1.15-billion acquisition of the CSX World Terminals' assets, including the highly profitable Container Terminal No. 3 at Hong Kong's Kwai Chung Container Port, will help DPI gain a foothold in Hong Kong and access to booming China, making it the sixth largest global port operator. The deal includes 24 shipping berths with a combined future capacity of 14.56 million TEUs.

Tuticorin port to prepay Japan bank loan by drawing from IDBI

Tuticorin port has negotiated a loan of Rs 200 crore at 6.5% for a term of seven years from IDBI to prepay the loan taken from Japan Bank for International Cooperation (JBIC) in 1999 for funding the capital dredging project at the port. The principal outstanding on the JBIC loan is estimated at Rs 252 crore on March 31 as against the original loan amount of Rs 223 crore, owing to the appreciation of yen.

Concor faces reverse situation

Concor has been running empties from NSICT and JNPT for want of matching cargo from the port area. 80% of Concor's traffic is for JNPT and NSICT. While empty wagons mean extra capacity available for users, it also means that Concor lost out on revenues for transporting 13,000 empty containers. This would also mean outgo because Concor has started paying out haulage charges to the Railways for running empty wagons for the first time since November 1 this year.

Kolkata Port Trust's steps to boost ship-breaking activities fails to incentivise

Kolkata Port Trust (KoPT) rationalized its rates from Rs 600 per tonne to Rs 120 per tonne in an effort to boost its ship-breaking activities. But it failed to attract any ship demolition. The high shipping freights have forced the ship owners to repair their ships, rather than demolish them. Moreover, stiff pollution norms and competition from Bangladesh and reduction of import duty on steel are not exactly conducive for the ship-breaking industry.

Newsletter for the week ended January 02, 2005

Chennai port may have a second box terminal

Increasing container traffic at Chennai port has led the port authorities contemplate another box terminal at the port. The throughput in the next two years is expected to touch around 7.5 lakh TEUs, which the existing terminal may not be able to cater to. But on the connectivity side, there could be a problem as there is no dedicated road available from and to the port. Another problem of a terminal coming up inside the port is the non-availability of yard space, and of wharf strength — it needs to take the loads of the quay and gantry cranes.

JNPT goes mobile

JNPT has appointed a mobile solutions company, Coruscant Tec, to develop and support an SMS-based real time container tracking solution that would enable customers to track their consignments through mobile phones. The information can be availed with a unique code number and would be similar to the one offered on the web-based track.

Container Freight rates to see upward movement

According to rate restoration initiative (RRI) announced by India-Pakistan-Bangladesh-Ceylon-consortium (IPBCC), the freight rates would go up by \$150 and \$300 for 20-feet and 40-feet container in the first quarter of 2005. On the other hand, IPBCC has reduced its congestion charge at Mumbai and JNPT to \$20 from \$55 per 20-ft container effective December 25, 2004 until January 31, 2005, following the decongestion of cargo at the said ports following increased number of railways trains provided by Concor.

Petronet can in-charter tanker

The DG Shipping has given the permission to Petronet to in-charter S S Raahi, a 1,38,000 cubic metre capacity LNG tanker, for hauling gas from Qatar to Dahej in Gujarat for ten years. This will enable PLL to seek clearance from the Reserve Bank of India (RBI) for release of foreign exchange towards payment of charter hire to the ship owning and operating company.

Non- operations costs Chennai Port Rs 15 crores

Chennai port has to incur a total cost of Rs 25 crores due to Tsunami. The cost of damage is to the extent of Rs 10 crores, the restoration would cost another Rs 10 crores and the loss on account of non-operations was to the extent of Rs 5 crores. Three vessels and a coast guard vessel have been damaged in the nature's fury. Cranes, wharf, moorings and some parts of the main channel entry were also damaged.

War risk insurance for Indian flagged ships liberalised

The Government of India has granted freedom to ship owners to place their war risk cover directly with public sector insurance companies as well as with private insurance firms operating in the country from January 1, 2005. At present, Indian ship owners have to insure their war risk compulsorily with the Government through the scheme of 'War-Risk Insurance on Marine Hulls (1976)'. The premium collected on this account is credited to the Government and the claims, if any, is paid by the Central Government. This scheme is now being discontinued, much to the chagrin of the smaller companies as they feel that they may not be in a position to negotiate for a better rate internationally.

Trippler damage at Vizag

The Indian Federation of Port and Dock Workers has alleged that the third tippler of the iron ore handling complex in the Visakhapatnam port was badly damaged and the estimated loss could be Rs 15 crore as the iron ore wagons had rammed into the tippler due to managerial

lapses and the lack of monitoring. But this would have no adverse impact on iron ore exports, as all steps would be taken to make the maximum use of the other two tipplers.

Cabinet approves Seafarers' identity documents

The Cabinet approved the Seafarers Identity Documents adopted by the ILO in a decision that will provide Indian seafarers free access to employment opportunities in the global shipping industry. It approved communicating the decision of the Government to ratify Convention No 108 to the Director-General of ILO in accordance with Article 19 of the ILO constitution.

Kandla port users convinced to use the CFS

As per the new arrangement worked out by the Tariff Authority for Major Ports, stuffing and destuffing of containers had to be stopped inside the port premises after the container freight station was commissioned in January 2004. Due to apprehensions expressed by the users on account of increased costs for transportation, Kandla Port had decided to allow the users to continue using its space till the year-end. They contended that the CWC operated facility was not capable of handling the entire container cargo, especially scrap. CWC has offered to allow the users to use their own labour and equipment so that the cost increase could be minimised and promised to ensure the safety of the cargo and the containers. Kandla Port has also offered to allow the usage of its space if the CWC facility was unable to handle the container cargo, especially scrap, which requires larger space.

Petronet extends RFQ deadline by 15 days

Petronet LNG Ltd (PLL) has granted a 15-day extension to prospective bidders to submit their request for qualification (RFQ) for the liquefied natural gas (LNG) shipping contract as well as the turnkey engineering, procurement and construction contract for the expansion of the Dahej LNG receiving terminal and a new gas receiving terminal in Kochi. As per the pre-qualification criteria set by PLL, prospective bidders should have owned and operated for the last three years LNG ships of 1,38,000 to 1,65,000 cubic metre capacity, along with a full experience in the technical management and crewing of LNG tankers.

Unshredded metallic scrap gets two more ports

Unshredded metallic scrap can now be imported through 17 ports, the latest two additions being Inland Container Depot (ICD) Ludhiana and ICD Dadri, Greater Noida. As much as 92 per cent of the metallic scrap imported are in unshredded form. This will take care of the congestion situation at JNPT. The Government has also now done away with the requirement of specifying the country of origin of the metallic scrap and waste in the pre-shipment certificate that has to be furnished to the Customs at the time of clearance of goods.

Juicy Bits

- Shares of Bharati Shipyard debuted by listing at 97% higher (Rs 130) than its issue price of Rs 66 while it ended 96% higher (Rs 129.35).
- Great Eastern Shipping, India's large fleet owner in the private sector has sold the 1996-built Aframax crude carrier, 1.05 lakh DWT carrier, Jag Larjish.