

Newsletter for the week July 5, 2004 to July 11, 2004

Shipping ministry unveils norms for chartering LNG tankers

The Shipping Ministry has stipulated that LNG promoters must compulsorily haul their LNG cargoes into India only on Indian flagged LNG carriers, which are either wholly-owned by an Indian entity or have an Indian partner holding not less than 26 per cent stake in the company. The owners of the LNG carrier will have to submit an "unconditional and irrevocable undertaking" to the Director-General to convert the foreign flag LNG ship into an India flag carrier within one year of the introduction of tonnage tax. The LNG should employ a minimum of two Indian officers - one each on the engineering side and the deck side - as well as two trainee officers/cadets, one each on the engineering side and deck side respectively. The LNG promoter can bring the cargo on vessels hired on spot basis subject to the condition that the total cargo carried on such spot vessels should not exceed 10 per cent of the total annual imports during a financial year, calculated separately for each project/re-gasification terminal.

Tonnage tax, at last

Though it was widely expected that the tonnage tax regime would come through, the uncertainty about the timing was keeping the shipping companies and the investors at the edge. The hope, but, was higher from the industry regarding specific measures, specially, the recommendations of the Sagarmala project. The non-mention of any specifics, on the whole disappointed the entire maritime community, including the investors. The service tax, however, is likely to affect the port sector.

Tonnage tax- the carrot doesn't come without the stick

The government has laid down stiff measures for companies adopting tonnage tax structure. A company owning at least one qualifying ship with a minimum tonnage of 15 tonnes and having a valid certificate will be eligible to join the tonnage tax scheme. There is a lock-in period of 10 years, and if a company opts out of the tonnage tax system, then it will be barred from opting this system for the next 10 years. The tonnage tax will have to be paid even if there are losses in a year. The company will have to transfer an amount that is not less than 20% of its book profits in a year into a Tonnage Tax Reserve Account to be utilised for the exclusive purpose of acquiring new ships within a period of 8 years. The company will have to comply with a minimum training requirement in accordance with the guidelines to be issued by the Director General of Shipping. The company will be expelled if the training requirements are not met for any five consecutive years.

Dredging companies left out of tonnage tax

The tonnage tax system is not available to the dredging companies as the dredgers are excluded from the purview of the tonnage tax scheme along with fishing vessels, factory ships, pleasure crafts, harbour and river ferries and offshore installations. The scheme also excludes a sea going ship or vessel if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land as well as a qualifying ship that is used as a fishing vessel for a period of more than 30 days during a previous year. With the withdrawal of the concessional regime accorded under Section 33 AC, the dredging companies are back to the corporate tax regime without any choice.

Cargomar Group introduces two services

Recognising the need for a total logistics solution provider that can create links in international transport business and supply chain management, Cargomar Group, a Kochi-based logistics solutions provider, has introduced two services - Motherlines Inc and Motherlines Shipping LLC to provide customised solutions to clients to the trade between Asia and North America. Taking advantage of its presence in 25 countries, these new services will cover over 100 destinations across the globe working with local transporters, warehouses and custom brokers.

A separate company to be floated for Vizhinjam project

A registered company will be floated for the development of the proposed international container transshipment terminal at Vizhinjam to mobilise funds, including from non-resident Indians. The Vizhinjam project estimated to cost Rs 4,500 crores, with Rs 1,300 crores in the first phase, had elicited keen interest from port authorities in Malta, London, France, Germany, the Netherlands and South Africa. Four foreign firms had submitted expressions of interest. The plan is to reclaim about 150 acres from the sea for the implementation of the project.

Safmarine to cover ports across India and Bangladesh

Safmarine, a multi-trade shipping line proposes to offer broad coverage of ports on both the east and west coasts of India and Bangladesh, in addition to its calls at Jeddah, Jebel Ali, Port Qasim and Nhava Sheva providing services to shippers in West Asia, Pakistan and India. The shipping line has also introduced certain changes in the existing services so that it can serve the north Indian trade better through the Pipavav port (Gujarat) and there are two sailings per week in Europe, India and Pakistan, which will result in improved transit time with consequent fastest shipments for all types of containerised cargo to Europe.

Marina project at Alapuzha may include a 3-Star hotel

Taking advantage of the tourist attraction at Kerala, the marina project at Alapuzha, developed by Environment Scheme Consultant Pvt Limited, with Belgian collaboration, will include even a 3-star hotel. Besides the hotel, a club-house and an amusement park are also proposed at the 3.5 km long water promenade to draw more mileage from the tourism potential of south Kerala. Yachting, sailing and water-sports in the proposed marina not only goes well with Alapuzha's buoyant foreign tourist business, but also with its essential cultural core of testosterone-driven snake-boat races.

Customs Association at Chennai for refund of ground rent charges

Chennai Custom House Agents Association has approached the Tariff Authority for Major Ports (TAMP) to help them get refund of ground rent charges collected by the Chennai Container Terminal Ltd during the recent strike period in the terminal though P&O has not given any assurance to the trade whether the rent will be refunded. Due to congestion in the terminal, export containers loaded from outstation and local container freight stations (CFS) are queuing up inside the port and outside the harbour, which has increased the turnaround time for trailers.

Yet another congestion situation at JNPT

More than 11,000 containers are at present jostling for space in both the terminals of JNPT and P&O, with further traffic trying to land at the port. With the cluttered terminals hardly offering any room for fresh movement of boxes, several ships had to shut off part of their import and export consignments at the port. Concor seems to be the main culprit for this state of affairs, by

supplying only 9 to 10 rakes per day, instead of the requisite 16 rakes. The worst sufferers are the traders who have to face the penalties of higher ground charges.

SCI may increase its VLCC fleet to 4

Besides the current order of 2 VLCCs from Hyundai, SCI is considering acquisition of 2 more VLCCs. There is also a proposal to acquire six (petroleum) product tankers of MR size, i.e., in the range of 45,000 dwt to 60,000 dwt. At present, the shipping line has 11 product tankers totalling 0.42 million dwt - four each of LRI and MR types and three smaller vessels.

Regulations for seafarers' recruitment agencies

The shipping ministry is in the process of framing the guidelines for setting up recruitment agencies for seafarers, regarding the qualifications required to run such agencies, thus preventing cases of frauds and fly-by-night operators. The policy will make it mandatory for these recruitment agencies to submit compliance reports periodically to the statutory maritime authority. The Government was earlier in charge of recruitment of seafarers. In 2002, the sector was thrown open to the private sector, paving the way for the Seamen's Employment Office (SEO) to assume the task of regulating the recruitment agencies.

FACT announces discontinuation of barge services of ABC & Sons

FACT has discontinued transportation of liquid ammonia through barges by a Mumbai-based company, ABC & Sons, owing to high costs involved in it. At present the cost of transporting liquid ammonia from Udyogamandal Division to Ambalamedu in Cochin Division is at Rs 2,017 per tonne whereas by road it would be around Rs 150 per tonne, which makes a savings for the company of around Rs 27 crores, on a volume of 1.85 lakh tonnes a year.

Tea shippers ask SCI for services to West Asia

Tea shippers expect huge export volumes to countries in West Asia and Pakistan. The route is currently serviced by Maersk and P&O. SCI may not currently be in apposition to compete with these foreign lines as the volumes do not justify the launch of a new service on this route. Besides, there is no return consignment, which prove expensive to the company.

Clean cargoes at Chennai

Chennai port has started handling clean cargoes such as raw sugar and maize in bulk. Dharani Sugars and Chemicals imported raw sugar through Chennai port, after seeing the clean atmosphere and handling systems of clean cargoes. The company is planning to import about one lakh tonnes of raw sugar through Chennai port. The handling of raw sugar proves that the port is not polluted, and will attract other sugar companies to bring their cargo to the port.

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Tuticorin port getting major tourism boost

The Shipping Ministry has included Tuticorin port in the Western circuit of cruise service, along with Mumbai, Goa, New Mangalore and Kochi ports, for the growth of tourism. The port is strategically located close to the East-West international sea route, has historical heritage and places of tourist attraction in its hinterland, is well-protected by two Rubble Mound breakwaters and is sheltered from storms and cyclonic winds. The port is also clean, which is a prerequisite for cruise vessels. A passenger terminal has been set up at the port with seating arrangements for 300 passengers, separate enclosure for arriving/departing passengers, separate enclosure for the Customs and Immigration departments, cafeteria, money-changing facilities and duty-free shop.

Tuticorin port woos mainline cargo

The new concessional marine charges package introduced by Tuticorin port has attracted the container vessel operators on the mainline. At present, one direct mainline vessel is operated on a weekly basis to US East coast ports, one direct mainline vessel to Europe (extended up to the US West coast and designated as round-the-world service), five feeder vessels to Colombo, one vessel to Male a week and one weekly service each to Salalah, Far East ports and Gulf countries are being operated.

Vallarpadam terminal proposal gets a green signal

The Finance Minister announced in the budget session the government's commitment for the transshipment container terminal at Vallarpadam. This proposal was submitted by Dubai Ports Authority and is pending with the Shipping Ministry, which is likely to be cleared soon. With the implementation of this project, Kochi will become a regional hub for transshipment cargo.

Ship-breakers cry foul over the budget

The Ship-breakers association is a disappointed lot as they felt they have been ignored in the budget. The centre has turned a deaf ear towards the plea for reducing the customs duties on the ships brought for recycling. To make the matters worse, the import duty on rolling steel has been reduced from 15% to 10%, intensifying the competition for the ship-breakers.

Foreign ship owners may not yet convert to Indian flags

The tonnage tax regime may not yet lure the foreign companies to convert to Indian flag, despite the 100% FDI that is permissible. But the strict implementation of cabotage laws along the Indian coast could compel foreign shipping companies to flag their vessels through India. Moreover, the foreign shipping companies will have to position themselves for a period of 10 years, in line with the tonnage tax requirement. The major shipping lines like Maersk, APL, NOL among others in the global container business have set up offices in India through their subsidiaries without flagging their vessels in India.

Vallarpadam project goes online

The documents for the Vallarpadam container terminal project are now with the shipping minister's office and the letter of indemnity (LOI) will be signed soon. The work will commence within 70 days of the signing of the LOI, as per the tender conditions. Meanwhile, the total cargo handled at the Kochi port during the first quarter has increased by around three lakh tonnes in the

current fiscal, attributed mainly by the increase in crude oil cargo. The passenger traffic has however, dwindled, which is expected to improve after the monsoons.

LNG Terminal at Kochi tied to LNG sale

The 2.5 million tonnes per annum (mmtpa) LNG terminal project at Kochi by Petronet LNG Limited (PLL) will be implemented only if the company is assured of selling at least 60% of its proposed import of liquefied natural gas (LNG). The project was conceived on the back of the proposed expansion of Kayamkulam power plant of the National Thermal Power Corporation (NTPC), who has gone for international competitive bidding for procurement of natural gas and LNG for the project.

Revival package for Hindustan Shipyards

The Shipping ministry will implement a comprehensive revival package for Hindustan Shipyards Ltd. in a phased manner. At the outset, the company will be provided with funds for voluntary retirement scheme (VRS) and working capital for completion of projects on hand during the fiscal. The state government has agreed to waive the entire Rs 45 crore commercial taxes due from HSL.

Importers of LNG may get the c.i.f. way

The new guidelines issued by the Director-General of Shipping on July 5 for chartering LNG tankers may drive importers to buy the cargo on cost, insurance and freight (c.i.f) basis to circumvent the restrictions imposed by the maritime regulator, as private parties importing LNG are not restricted by law to buy only on f.o.b. basis. But the mandatory owning of 26% by an Indian partner, the seafarer training requirements and the transfer of technology clause may prove restrictive to the importers. This may force them to adopt the c.i.f. way in order to avoid obtaining the in-chartering permission.

SCI asks for more freedom

The present bureaucratic set up at SCI prevents it from taking advantage of the lower prices in the second hand market of vessels, resulting in a gap of at least three years between the proposal put forth first and the actual go ahead of the proposal. The company first hand market at present takes a long time to deliver as the ship yards world over are having their order books overflowing. The company has hence asked for operational autonomy to enable it to take speedier decisions.

Kakinada port gains more attention

Kakinada Seaports Ltd., the operator at Kakinada deep water port, is taking up a Rs 80-crore joint infrastructure project with the intensification of oil and gas exploration in the Krishna-Godavari basin. The major players operating in the basin, such as ONGC, Cairns Energy, Reliance, Gujarat State Petroleum Corporation (GSPC) and Transocean, have shifted their port operations to Kakinada from Visakhapatnam as it is the nearest port. Two jetties are planned exclusively for these companies.

Falta SEZ out of red

Set up in the 1980s, the Falta Special Economic Zone (FSEZ) on the bank of the Hooghly river, about 55 km from Kolkata completed recorded earnings of Rs 1.8 crore, and a profit of Rs 80 lakh. This was with only 50% capacity utilization. With an additional investment of Rs 2 crores, the jetty can handle 2 lakh tonnes of cargo with upgraded facilities. The FSEZ jetty is preferable to Kolkata Dock System at the back of lower costs.

Dubai Ports proposal cleared for Kochi terminal project

The Shipping Ministry has cleared the highest revenue share bid of 33.30% submitted by Dubai Ports International (DPI) for the Rs 1,000-crore contract for building and operating an international container transshipment terminal (ICTT) at Kochi Port. As per the tender conditions, DPI will be allowed to operate the existing Rajiv Gandhi Container Terminal (RGCT) at the Kochi Port for a maximum of 10 years before shifting operations to the new site at Vallarpadam island.

Major ports see modest growth rate in cargo traffic in the first quarter

Cargo traffic at major Indian ports witnessed a 7.53% increase during the first quarter ended June 2004 compared to the previous corresponding quarter, handling 857.82 lakh tonnes of cargo (short of the targeted 878.59 lakh tonnes) during April-June 2004, against 797.74 lakh tonnes during the June 2003 quarter. The ports of New Mangalore, Mumbai and Tuticorin surpassed their targets. Ennore, the country's first corporatised port, and Mormugao were the only ones that saw a decline in cargo traffic during June 2004 compared to the previous corresponding quarter.

Not all say "cheese" to tonnage tax

The mandatory clause for all shipping companies under the new tax structure to plough back a minimum of 20 per cent of their book profit to acquire ships has not boded well with some shipping players. Had this clause been made obligatory, the increase in tonnage may be marginal. This clause ensures addition to tonnage and based on this the tonnage likely to be added between 2004 and 2027 from the reserve account under tonnage tax alone would be about 1.03 million GRT.

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International Bunkering Terminal at Kochi proposed

The Kochi Port Trust has invited offers from interested parties to grant licence to set up and operate International Bunkering Terminal to vessels calling at the port and those passing through international waters. The estimated cost for the first phase is at Rs 45 crore, including the cost of constructing berthing facilities as well as the operating costs and for the second phase, it is at Rs 150 crore. At present, the major bunker stops in the international trunk trade routes are Singapore in the East, Fujairah in the Persian Gulf, Rotterdam at Europe, Houston in the US, and Durban in Africa. Though Colombo is a prime bunkering terminal in the Indian Ocean, the bunkering traffic has tremendously come down there on account of various factors such as the disturbing political situation and lack of sufficient infrastructure development. Many of the vessels have diverted their operations to either Singapore or Fujairah. Kochi can use this as an opportunity to take advantage of its location in being a prominent Indian Ocean port situated close to the busiest maritime highway connecting Europe and West Asia to the Far East and Australia.

The fine print not yet clear for tonnage tax

The representatives from the shipping industry seek clarifications in the tonnage tax system. First is the type of ships that qualify for the tonnage tax. As per the restriction, companies could charter up to 49% of their respective tonnages and if this is exceeded, the companies would not be qualified for tonnage tax during that year and in case it does so for two consecutive years, it would be debarred from the purview of tonnage tax and would have to pay corporate tax of 35 per cent. This could affect smaller shipping companies. Further there is a confusion whether interest accrued on the reserve fund would come under the purview of tonnage tax. Another issue is of the book profit on the sale of vessels, which is not included in tonnage tax and this would attract the hefty corporate tax rate.

Strike at Chennai leads to more aggressive and positive steps by Chennai port

The Chennai Port Trust plans to develop a container terminal, which can handle up to two lakh TEUs. The Port Trust also may revisit the lease agreement between Chennai Port and the P & O Ports, which operates Chennai Container Terminal Ltd., to include efficiency parameters and accountability on the terminal operator. Another major plan is to develop a world-class container terminal at Ennore Port with a 700-metre frontage, 15 metre depth and 50 acres of back-up area, which can handle up to six million TEUs.

Concor with APL for CFS at Dadri

Concor and American President Lines are forming a joint venture company, Trident Terminals Pvt Ltd., with APL having 51% stake for the purpose of operating a private container freight station (CFS) at its Dadri inland container depot (ICD) located at Greater Noida in Uttar Pradesh. This will be the third CFS to be developed by Concor at Dadri in joint venture with a private shipping entity after Maersk named Star Track Terminals Pvt Ltd and the Transworld Group. All the three CFS will be strategically located near Concor's railhead at ICD, Dadri. The total project cost of each of these CFSs is estimated to be around Rs 16 crore. The Dadri ICD is a mega terminal, connected by six railway lines and designed to handle eventually one million TEUs.

Congestion surcharge at Chennai container terminal increased

The container feeder operators, Advance Container Lines, Bengal Tiger Line, Orient Express Line, RCL Feeder Line, Samudera Shipping Line, Sea Consortium, Sea Services and Simatech Shipping have increased the congestion surcharge for all vessels discharging or sailing from

Chennai on or after July 15 to \$50 a twenty-foot equivalent unit (TEU) from \$15 a TEU for operations at the Chennai container terminal to recover the increased operating cost. The Immediate Congestion Surcharge will be fully removed when container vessels' turnaround at Chennai port returns to the previous level of 24-hours for a consecutive period of two weeks.

Three players shortlisted for Conware

American Presidential Lines (APL), P&O and Gateway Distriparks, among the 12 bidders, have been shortlisted for the bidding process for the 100% stake sale of Punjab State Container Warehousing Corporation (Conware) by the Punjab state government. Conware had set up a Container Freight Station (CFS) for terminal services like container handling services and the allied activities relating to the warehousing of international cargo at Drongiri near JNPT on a 27.5 acre plot at a project cost of Rs 90 crore. Conware also has a custom-bonded warehouse at its two covered godowns of 6,000 square metres each.

SCI to review its tanker purchase plan

SCI needed to replace two of its ageing lightering tankers, for which it wanted to place an order for two Long Range 1 tankers, which have to be customized to suit its needs. But the shipyards world over are running more than full capacity, and are reluctant to take up this order, which is of a lower value and tonnage.

Kolkata Dock System in talks with barge suppliers from Western India

The Saugor Island has a virtual jetty, which can handle bigger vessels, which cannot fit at the Hooghly river. But the non-availability of suitable barges from the local suppliers left the virtual jetty non-operational. The barge owners of Goa and Maharashtra have barges that are very large, MS type, capable of operating even in the sea. The port intends to charter these barges and make them available for operation.

Funds from a Korean bank and ANZ for SCI

SCI's two VLCCs of 3,00,000 dead weight tonnes (dwt) each will be funded by Korean Exim Bank to the extent of \$70 million and ANZ Investment Bank to the extent of \$34.32 million. The loan has to be repaid in 34 quarterly instalments after the vessels are delivered. The interest rate on the Korean Exim Bank loan is linked to the Commercial Interest Reference Rate (CIRR) fixed by the Korean Government bank on the 15th of every month. \$26.08 million is being raised internally from the company.

Commercial trade between India and Iraq to start

Exporters such as BHEL, L&T, Siemens and Man Industries are looking forward export to Iraq. Steel pipes, various specialised steel products, construction equipment and engineering goods are on the priority list. In the absence of direct liner services between India and Iraq, all Iraq-bound containers are currently being transhipped through Middle-Eastern ports. Till now aid cargo in form of engineering equipment and construction material, yarn, pipes, sugar, tea, garments and wheat have gone to Iraq. Commercial cargo is expected to pick up.

Morocco to have a permanent shipping line with India

Though Morocco and India have a maritime agreement in place it is mainly confined to tanker and bulk carriers. India and Morocco have \$392 million bilateral trade. Having a permanent shipping

line between Casablanca and Mumbai will boost Indo-Moroccan trade. At present rock phosphate and phosphoric acid are being imported from Morocco in tankers and bulk carriers.

JNPT and P&O at odds over payment issues

JNPT and P&O ports have begun arbitration proceedings over certain payment issues. JNPT has contested payment of annual royalties and bank guarantees which, according to the concession agreement, increases over the years. JNPT's contention was that payments made to Central Industrial Security Force, which provides security to the entire port premises, including to NSICT cargo, P&O ports should also share the cost. Another issue was that of NSICT charging higher charges on rail-bound containers when it handles trains that carry boxes both to NSICT and JNPT terminals, while JNPT charges lower rates on similar cargo.

JNPT's fourth terminal to cost Rs 3,500 crores

The fourth terminal at JNPT with 3-4 million twenty foot equivalent (TEUs) capacity and 1.7 kilometre quay or terminal length, is expected to cost Rs 3,500 crore. A plan to have a marine chemical terminal with a quay length of 1.5 kilometre and a handling capacity of 15 million tonnes of liquid cargo, at an estimated cost of Rs 800 crore is in the offing, which is to be developed as an extension of the Bharat Petroleum Corporation jetty for handling liquid cargo. Once operational, these terminals will have the largest capacity to handle container terminals among all the ports.

Vizag Seaport to levy an interim tariff

Vizag Seaport Ltd (VSL), a consortium led by Gammon India Ltd, has got an approval from the Tariff Authority for Major Ports to levy an interim tariff at 75% of the rates prescribed in the scale of rates of the Visakhapatnam Port Trust (VPT) for operating two multi-purpose cargo berths at the port. This will be valid for three months subject to the VSL filing a comprehensive tariff proposal for fixation of final rates by July 26. VSL has an agreement with Visakhapatnam Port Trust for constructing, operating, managing and maintaining two multi purpose berths in the northern arm of the inner harbour at VPT for handling coal, limestone, rock phosphate, sulphur and other bulk cargo/general cargo on a build, operate and transfer basis.

Lack of equipment hits operations at Kochi port

The absence of new equipment as well as lack of maintenance in the existing ones has resulted in the slowdown of delivery of raw cashew to the processing factories in Kollam, who are the importers. This has affected the productivity of other container vessels berthing in the Rajiv Gandhi Container Terminal.

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Special discount on marine hull insurance restored

The Insurance Regulatory and Development Authority (IRDA) has decided to restore the special discount of 5 per cent on marine hull portfolio, following the representations made by the Indian National Ship Owners' Association (INSA) opposing the IRDA circular on June 8 which had mentioned that owner's discount would stand restricted to 10 per cent wherever applicable as per marine hull tariff instead of 15 per cent towards discount to owners and commission to agents. The presence of a tariff regime in marine hull portfolio of insurance business had deprived the ship owners of getting the most competitive rates, terms and conditions that were available to their competitors in the international markets.

Ports contemplate restructuring their debt portfolio

Taking advantage of the low interest regime, the major port trusts are tapping the public sector banks for refinancing their debts, which were funded entirely through budgetary resources or through internal generation. The current cost of debt to these ports is around 11%. But the banks have expressed their reservations, as there is no explicit sovereign guarantee for the port trust borrowings and the banks would have to assume the credit risks on their own balance sheets. Besides, the port assets are considered to be sovereign assets, on which lien cannot be created.

Maersk-Concor consortium finally gets the approval to settle in at JNPT

The final approval from the Union Shipping Ministry for Maersk-Concor consortium to set up the container terminal at JNPT, came through. The management of JNPT has issued a Letter of Intent to the Maersk-Concor team on Thursday asking it to submit an additional bid security of Rs 18 crore within two weeks and to sign the concession and licence agreement with the port trust within eight weeks. Once operational, Maersk will shift its container business from NSICT (of P&O Ports), which will mean a shift of 20% of the container business from NSICT.

Iron ore exports by MMTC via Chennai to increase

The commissioning of a temporary iron ore handling at Ennore port, will bring about additional exports of iron ore annually by 3 million tonnes by MMTC. The need for this facility at Ennore was felt on account of congestion of iron ore vessels at Chennai, which had a wait period of about 50-60 days. MMTC developed a semi-mechanical iron ore loading facility with adequate stacking capacity to load cargo into geared vessels. The anchorage for loading vessels is within port's protected breakwaters and feeder barges are directly fed through a conveyor system that extends 225 metres into the sea.

GE Shipping may opt for a third VLCC

The high tanker freight rates, an expected world demand of 1.7 million barrels per day in 2004, a tight US natural gas market and the decline of the US dollar that makes oil purchases in local currencies less expensive are some of the key factors that make it attractive for companies to invest in VLCCs. With ONGC all set to commence five of the nine new platforms in the current fiscal, GE Shipping expects a healthy market in this segment. Last fiscal year saw the company invest Rs 1000 crores in tanker fleet acquisition.

First man-made marina at Alapuzha

The contract for 240-crores marina project at Alapuzha, has been awarded to Mumbai-based Environment and Consultancy Private Ltd, who has roped in a Belgian technology partner to pioneer the project. The firm will have a 30-year lease, but operational period of the BOT (build operate and transfer) provisions will be for five years. The developer would be the conservator of the port and at the end of the concession period all immovable assets would revert to the government.

Sethusamudram project may be through an SPV

The government may float a special purpose vehicle (SPV) for constructing the Rs 1,500 crore Sethusamundram canal, which will link the east and west ports of the country. All major ports on the east coast of the country, except Kolkata, are likely to be equity partners. With the government's share of investment at 30-50%, the other stakeholders will be the ports of Paradip, Chennai, Tuticorin, Ennore and Visakhapatnam. The SPV can recover investment through levy of user charges on ships taking the canal route. The Sethusamundram project will enable sea traffic from the east coast to reach west without having to go around Sri Lanka. It will enable ports on the east coast to attract more ships.

Another strike at ports

The container congestion seems to have become a way of life with shippers. After the one resolved at Chennai port, now the shippers at Cochin port are facing the problem of their shipments being held. This time the strike is by the container carrier owners to protest against their containers being held up on the roads and fined for carrying goods beyond the limit. They argue that if they stuck to the weight limits, containers would be half-filled which would prove costly to the customers.

AMP to increase stake in Gujarat Pipavav port

AMP of Australia is contemplating increasing its stake from 4% to 8% in Gujarat Pipavav Port Ltd. (GPPL), which is building a modern deepwater port and container terminal on the Saurashtra coast. The stake is likely to be through the Infrastructure Fund of India, an A\$100-million, seven-year offshore fund co-promoted with Asian Development Bank to invest in unlisted infrastructure companies in India. The first phase of the container terminal with a capacity to handle 5 lakh TEUs is expected to be ready by the end of 2004. GPPL will expand handling capacity and container yard area in the second phase that will be completed by 2007.

Terminal operators apprehensive about international operators operating in Indian ports

The awarding of JNPT container terminal contract to Maersk-Concor consortium has evoked varied responses. The common apprehension seems to be that the terminal, when ready for operation, will actually be used as captive facility despite the stipulation in the agreement to run it as a common user facility. Besides the recent experience at Chennai about the handling of the labour issues and the pendency problems at NSICT for several months. The need for a proper policy framework for dealing with the private terminal operators at the major ports has been pressed for.

Inadequate railway facilities hampers coking coal traffic at Paradip

The increased number of steel plants in Orissa will bring about an increase in the demand for coking coal. However the lack of connecting infrastructure may not be able to fulfil the demand. The need is not only for creating additional capacity, particularly on the Cuttack-Paradip section, but also proper coordination of operations among various zonal railways. The total coking coal

import through the port in the current year is estimated to be at 2.8/2.9 mt compared to last year's 2.2 mt.

Ports can take a call for ships without ISPS code

Indian ports will have the freedom to decide on a case-to-case basis whether to allow entry to ships that are non-compliant with the International Maritime Organisation's (IMO) International Ship and Port Facility Security (ISPS) Code if the ships are unable to meet the ISPS Code requirement only because of certain technical reasons and the credentials of non-compliant ships are otherwise genuine.

Vizag port reactively ropes in oil companies to nominate VLCCs

Emphasising its ability to handle ship-to-ship discharge, Visakhapatnam Port Trust (VPT) has started asking various oil companies for nominating the VLCCs. This is in reaction to the IOC's lost cargo to Kakinada deep water port. The anxiety of the port authorities heightened when HPCL also preferred Kakinada to Vizag. The crude was brought in by VLCC at Kakinada and then later transhipped into daughter vessels for discharge at Visakhapatnam port.

Multipurpose berth project at Goa completed

MECON has successfully executed, in 14 months, the detail design, engineering, construction, supervision and project management for two multipurpose berths - 5A and 6A - at the Mormugao port for South West Port Ltd. at a total cost of Rs 33.43 crores. MECON also did the designing and construction of two approach bridges each 19 metres long and 10.6 metre wide, within the stipulated period at an additional cost of Rs 1.2 crore. MECON has now been given the phase II consultancy work, covering detail engineering for the material handling system with auxiliary facilities for the berths to handle seven million tonnes of traffic annually.

Congestion at JNPT irks shippers

The NSICT terminal is overflowing with uncleared containers, with the pendency soaring to 14,000 TEUs. In many cases, some vessels have had to leave the port without being able to drop the import containers at the terminal. To worsen the matters, there are rumours that Concor had further constricted wagon supply, as the NSICT operator had come out openly against its entry into terminal operations. The lack of any commitment from NSICT has led to uncertainty for the exporters in planning their exports.

