Newsletter for the week ended September 5, 2004

Spotlight on SEZs

Jebel Ali Free Zone Authority (JAFZA), which runs one of the world's top five free trade zones in Dubai, is planning to set up a Free Trade Zone (FTZ)/Special Economic Zone (SEZ) in India, through its international arm, Jebel Ali Free Zone International, as now, FDI to the extent of 100% has been allowed by the government of India. The quantum of investment and the location is yet to be decided.

New Submarine rescue system

A group of 6 UK companies led by Rolls Royce will replace the existing submarine rescue system, by the end of 2006. This 47 million Pound, 10-year project was placed by the UK Ministry of Defence on behalf of the UK, France and Norway to support not only the project partners, but also other nations in need of help, adding to the other systems operated by Sweden, the US, Italy and Australia. Under the contract, Rolls-Royce will provide an unmanned remotely operated vehicle that will locate the stricken submarine within 56 hours to check for signs of life by tapping on the hull and making underwater phone contact, taking air quality management and providing emergency supplies to survivors.

Multipurpose berth at Haldia dock

Surge in traffic has prompted the Kolkata port authorities to propose a new multipurpose dock at an estimated cost of Rs 20 crores at Haldia within its impounded dock system. The berth will be built most probably by the dock authorities themselves. In the first five months of the current fiscal, the traffic handled by HDC has crossed the 14-million-tonne mark, which is attributed mainly to crude throughput, which has been in the region of one-m.t. a month on an average.

Kochi port in danger of losing its cargo traffic to other ports

The temporary suspension of the Venduruthy Bridge, connecting the Kochi Port to mainland, due to a dredger colliding with the bridge, has put a halt to the ICD movements of goods to the port. In order to save the port's business, the port authorities have requested the railways to make use of the Marshalling Yard near Vyttila for rail connectivity between the port and the mainland. The ICD containers could be unloaded in the yard and taken to the port by road.

Maersk at Pipavav

Maersk has picked up additional 33% stake in Gujarat Pipavav Port Ltd., taking its total stake to 45%. It has plans to invest around Rs 1,100 crores to develop the port as a regional hub and thus compete with ports of Colombo, Jebel Ali and Singapore. The existing quay length of 1,030 metres containing four terminals will have 650 metres added to it over the next 18 months. While the existing terminals handle bulk, liquid and container cargo, both the new terminals will be dedicated to container traffic where the port can receive up to 8,000 TEU vessels.

P&O Ports at Mundra

Mundra port will get four new ports, two of which are to be developed by P&O Ports and two by Gujarat Adani Port Ltd. P&O Ports will invest an additional Rs 200 crores besides the earlier investment of Rs 1000 crores. The Mundra port handles cargo from four multi-cargo berths, with an average occupancy rate of over 85%. Mundra Port is being considered as next major hub for container handling, next to JNPT. At present, Mundra Port has four multi-cargo berths and Mundra International Container Terminal has two berths to handle container traffic.

Chennai most competitive in vessel-related charges

Amongst the three contenders to transshipment ports of Chennai, Kochi and JNPT, Chennai charges the lowest vessel-related charges, highest being JNPT. According to a shipping Ministry Report, JNPT has to pay service tax to Mumbai port for using the common channel for both the ports, due to which its charges are higher. According to estimates of Indian National Shippers Association, Chennai's vessel-related charges for a 20 inch container is at $15,024, followed by $15,418 at Kochi and $22,700 at JNPT.

ONGC to promote SEZ in Kakinada

ONGC, Kakinada SeaPorts Limited (KSPL) and Infrastructure Leasing & Financial Services Limited (IL&FS) will develop a port-based special economic zone (SEZ) along with public/private sector developer(s), at Kakinada through a special purpose vehicle (SPV), duly supported by the state government. ONGC will be the lead consortium member with not less than 26 per cent equity, said a company release. KSPL has already taken certain initiatives in implementing the project such as identification of land, associated infrastructure and utility corridor besides incorporating SPV. The combined holding between ONGC and other centre and state PSUs shall not exceed 50% to preserve the private sector status of the SPV.

Ship-breaking at Kakinada raises issues

The Andhra Pradesh Government has proposed setting up of ship-breaking facilities at Kakinada reasoning that this will generate employment for the fishermen who are dependent on the old anchorage port for their livelihood. But this has not gone well with environmentalists and even the fishermen. They feel that the repercussions of a ship-breaking unit will be far more disastrous than the existing conditions in which they live. The dilapidated condition of the workers at Alang ship-breaking unit is not unknown to them and they fear that they would land up in such a state.

Royalty allowed as an expense on a case-to-case basis

Globally, royalty paid to the port is allowed to be treated as an expense while fixing the tariffs. But in India, this is allowed on a case-to-case basis. The Shipping Ministry has allowed PSA-SICAL Terminal Ltd. to treat royalty as an expense while fixing the tariff. Mr. D.T. Joseph admits the need for flexibility if one has to see good investments pouring into the port sector. TAMP had, in October 2003, slashed the rates fixed by P&O Ports by 15%, when the operator had submitted for an upward revision by 28%. The fear is that the operator may run into losses, forcing them to shut down, which may hamper further private investment in the sector.

Lifeline for some – Inland Waterways

Kerala has been an epitome for the usefulness of inland waterways system. It has not only helped the people living alongside the waterfront to transport goods, but has also helped in boosting tourism. But much needs to be done for improving the system and making it a part of the ordinary day of life. According to a study conducted by National Transportation Planning and Research Centre (NATPAC), though says Kerala has over 1,800 km of navigable stretches and provides employment to around 1.5 lakh to 2 lakh people in the operation and maintenance of boats, apart from the allied activities, the state's inland water transport sector handles only 1.4% of the total goods traffic and 1.65% of the passenger traffic in the State.

Drop in coal traffic

Low output from Talcher coal mines of Mahanadi Coalfields Ltd. has affected the operations not only at Paradip port, where the coal is loaded, but also at the southern ports of Ennore and Tuticorin, and Poompuhar Shipping, which is responsible for transportation of thermal coal from Paradip to these southern ports. The entire coal handling system comprising loading facility at Paradip and an unloading facility at Ennore, dedicated coal carriers amongst these entities now lie grossly under utilized. The additional linkage of 50,000 tonnes a month for Tamil Nadu Electricity Board through Paradip is also unutilized.

Union Shipping Ministry against IOC's own arrangements for shipment of crude

The Union Shipping Minister has been quite vociferous is reiterating that the existing system should continue for making shipping arrangements through the Chartering Wing of the Ministry of Shipping as long as IOC is a PSU, which will be in the overall interest of the Government. As per the existing policy, the import of all Government-owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and PSUs under them are to be finalised only on free-on-board (F.O.B)/ free-alongside-ship (F.A.S) basis with the shipping arrangements done through Transchart. Under F.O.B., the importer makes arrangements for hauling the cargo and the `buy F.O.B policy' was put in place by the cabinet to provide cargo support to Indian shipping and to conserve foreign exchange. The proposal has been supported by the Ministries of Finance, Commerce and Industry, and the Planning Commission.

Sethusamudram report by November-end

L&T Ramboll Consulting Engineers, formed by Larsen & Toubro Ltd., Ramboll (Denmark) and IFU (the Danish Industrialisation Fund for Developing Countries) will submit a detailed project report (DPR) on the Sethusamudram Ship Canal project by November-end at a cost of Rs 23 lakhs. Though a broad outlay of the ship canal project was earlier done by NEERI (National Environmental Engineering Research Institute), Nagpur, the DPR would provide the exact details of various requirements, including design and alignment of the canal, shore facilities required and infrastructure. A hydrographic study by NIOT (National Institute of Ocean Technology) would be done to understand the sea characteristics and its depth.

Andhra Pradesh boosting Gangavaram port

The State government is all set to speed up the development process at Gangavaram port as it is seen to spur industrial growth in Vishakhapatnam. The city, with two ports, the proposed pharma city project, the special economic zone at Atchyuthapuram will portray the Kakinada-Vizag zone as an industrial belt. 5 tmc feet of Godavari water would be available immediately and in future 25 tmc feet more would be made available after the completion of the Polavaram project.

Kakinada gets financial help from IDFC

IDFC has cleared an assistance of Rs 115 crore for Kakinada port as a part of long-term project funding. The Phase I development of Kakinada port, involving a cost of Rs 175 crore, envisages back-up area development, railway line connectivity and procurement of equipments. The project promoters, Larsen & Toubro, Konsortium Ports Pte, Mauritius and Salgaokar Mineral Industries Ltd. (SMIL) hold equity stakes of 26% each while the balance 22% is held by financial institutions.

Juicy Bits

- Bharati Shipyard Ltd. has received a repeat order for two 80-tonne anchor handling tug-cum-supply vessels (AHTSs), designed for offshore duties, from the GE Shipping Company Ltd.

- Mercator Lines has achieved a turnover of Rs 176 crore for the first five months of the current year as compared to Rs 50 crore in the corresponding period last year.

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Malaysian firm Trans Resources Corp gets mandate for the Marina project at Kochi

TransResources Corporation, a Malaysian company, will set up a marina at Mulavukad island adjacent to Kochi port in association with Tourist Resources Kerala, a state government entity. The Malaysian company plans to mobilise 30 per cent of the project cost as debt and the remaining part will be mobilized as equity of the joint venture company, floated for the purpose. TransResources Corporation will have 74 per cent of equity in the company. 3 hectares of reclaimed land will be leased for a period of 30 years for setting up the project.

Rs 190 crore SEZ near Chennai

Mahindra & Mahindra gets the nod to set up a greenfield special economic zone (SEZ) located around 30 km from Chennai, spread over 700 hectares at an estimated cost of over Rs 190 crore. The SEZ will specialise in automobile components, information technology products and apparel. This will be the second SEZ in Tamil Nadu, after an SEZ at Nangunery, which was to be set up by the Tamil Nadu Industrial Development Corporation. The corporation also has a minority stake in the present project.

Islamic Republic of Iran Shipping Line launches Mumbai-UK service

The Iranian national carrier, Islamic Republic of Iran Shipping Line (IRISL), has launched a weekly service from Nhava Sheva, near Mumbai to the UK, North Continent and West Mediterranean as it foresees a high cargo potential from Indian market to Europe. It has deployed seven of its own container ships with capacities ranging from 2,200 to 2,500 twenty-foot equivalent units (TEUs) on the India-Europe sector. IRISL is charging a rate of $1350 per TEU from India to Europe, with almost double the rate for a forty-foot equivalent unit (FEU). The new service is targeting a cargo of 1,000-1,200 TEUs from India, while the balance will come from Dubai and Iran.

Newly developed virtual jetty at Sagour Island lies idle

Ministry of Shipping, Chairmen of the Kolkata Port Trust, Inland Waterways Authority of India, exporters and importers and barge-owners from Goa and Mumbai met to discuss the ways to start up the operations at the virtual jetty at Sagour Island. The virtual jetty provided an ideal interface between the seaborne and inland trade through lighterage operations of cargoes such as thermal coal, iron ore, limestone, met coke, petcoke, manganese ore, logs and pulses. The barge operators were keen on some assured cargo as bringing the barges from the west involved high cost. The need for proper cargo handling facilities at both KDS and HDC was emphasized. A high-level committee headed by the Director of Marine Department has been set up to make the necessary recommendations in this regard.

Tea exporters face the brunt of increase in shipping cost

The member lines belonging to IPBC (India/Pakistan/Bangladesh /Ceylon) Conference, serving the trade route between the Indian sub-continent and the UK/Europe, have fixed a currency adjustment factor (CAF) at the rate of 7.3 percent of the basic freight on all shipments to Europe from September 1 and propose 6.83 percent from October 1. The tea exporters have objected to this reasoning that the basic freight rates for all destinations have been rising for some time and that the tea exports are mostly transacted on the basis of forward contracts executed prior to commencement of the tea season and shipments take place in stages throughout the season. The IPBC Conference members have countered the objection by pointing out that CAF being variable is examined on monthly basis and the revision is effected if and when the situation so warrants.

Sethusamudram project to be operated through an SPV

The Rs 2000 crore Sethusamudram project, involving the commissioning of a navigable channel from Gulf of Mannar to Bay of Bengal through the Palk Bay will be taken up though an SPV, known as Sethusamudram Corporation Ltd, headquartered in Chennai. The SPV will have an authorised capital of Rs 800 crore with a debt equity ratio at 1:1.5. The equity will held by SCI and the Tuticorin Port Trust to the extent of Rs 50 crore each, DCI, Chennai Port Trust, Ennore Port Ltd, Visakhapatnam Port Trust and Paradip Port Trust will contribute Rs 30 crore each. The balance will be subscribed by the Union Government and its other agencies.

Feasibility study on port-highway linkage in North Eastern India

The Chief Minister of West Bengal has got the center to agree to conduct a feasibility study to link the ports of the state with the national highways. The recent interest in the State by major companies has highlighted the need for good interconnectivity and other infrastructure. Sikkim government has also been roped in to develop the infrastructure connectivity in the North Eastern part of India.

Kandla SEZ not able to run in full capacity

On account of lack of air connectivity, the Kandla Special Economic Zone (KASEZ), one of the leading SEZs in the country, is lagging behind and not able to operate to its full capacity. According to the feasibility study conducted by Earnst & Young, Kandla has huge potential and the airlines will find it profitable to operate flights in this route. The 20-year old airport, at present, has a 5000-feet runway that will allow ATR aircraft traffic. It, however, requires to add at least 1000 feet more if larger planes such as Boeings or Airbuses were to operate. Recently, the government has invested around Rs 2 crore to develop the infrastructure to make the airport operational.

Another SEZ saga

The Jawaharlal Nehru Port Trust (JNPT) has turned down the CIDCO- Seaking Infrastructure Ltd (SIL) consortium’s request for 300 hectares of land to add to the Navi Mumbai Special Economic Zone (SEZ), planned to be spread over 2,460 hectares, near the Jawaharlal Nehru Port. In the first phase, 450 hectares of land will be developed at an estimated cost of around Rs 1,500 crore. Second phase of the SEZ, which according to earlier plan was to be spread over 2,050 hectares, now will have only 1,750 hectares.

Racing of the marinas

Two marinas are proposed to come up in Kerala. One is to be developed by Mumbai-based EECO (Environment & Consulting Scheme Private Limited) with its Belgian partner at Alapuzha, at an estimated cost of Rs 245 crore and the other is to be developed by the Malaysian firm Trans Resource Corporation (TRC), at Kochi at an estimated cost of Rs 60 crore. A feasibility study on Alapuzha marina by Chennai-based L&T Rambol has split the project as a Rs 142-crore first phase and Rs 103-crore second phase.

Hindustan Shipyard back in black

The Visakhapatnam-based shipbuilding major, Hindustan Shipyard Ltd (HSL), is all set to report nominal profits in the current year, expecting to achieve a turnover between Rs 310 and 330 crore for the year 2004-05. The company has a comfortable order book position to the tune of Rs 450 crore, covering shipbuilding, repairs and maintenance. The company had submitted a revival package of about Rs 500 crore to cover funding of voluntary retirement scheme (VRS), financing the working capital requirements and fund the old tax payments like minimum alternate tax and sales tax liability.

IOC assures shipowners of support to Indian flagged vessels

IOC has sought to alleviate the fears of the Indian shipowners, by assuring them of purchasing crude on FOB basis and also supporting Indian tonnage. But instead of Transchart deciding the shipping schedule, IOC wants the freedom to decide for itself. As the shipping department will be inhouse, the responsibility will be easy to pin upon, and the control will be with IOC. Since the spurt in the freight cost, the need for improving the bottomline has become even more important. The freedom to make its own shipping arrangements will enable ONGC to choose the most cost-effective shipping line.

Kochi port expanding by reclaiming land at Wellingdon Island

The growing needs of port operation as well as for the development needs of the trade, the Kochi port has proposed reclamation and development of land at the south end of Willingdon Island. The port area of the island is fully utilised for various purposes connected with port operations and, hence, additional areas have to be made available elsewhere for future needs. Work on about 60 hectares lying between the NH 47-A and the naval base was taken up in the final phase at a total cost of Rs 27 crore, which will yield around 48 hectares of usable land for smooth port operations after earmarking areas for roads and drainage facilities.

Petronet LNG Ltd plans to divert gas form Kochi to Dahej

Petronet LNG Ltd (PLL) is proposing to divert 2.5 million tonnes of LNG from RasGas, Qatar, meant for Kochi, to its Dahej terminal, expansion of which is on the anvil from the present 5 million tonnes to 7.5 million tonnes. As per the SPA with RasGas, Qatar, PLL is obliged to use Kochi, only after the development of Kochi terminal.

Tanker freight rates peak

The freight rates, especially for Very Large Crude Carriers (VLCCs), are at an all-time high and the shipping industry is gearing up to cash in on the expected flare-up in demand for oil movement during the coming winter months. The freight rate in the VLCC segment hovered between $51,000 and $54,000 per day in August. The average rate in the VLCC market was $53,290 per day in the first quarter of the current fiscal, as against $36,456 in the corresponding quarter of last fiscal. The spot rates for the Suezmax market touched an average of $39,069 per day in the first quarter of the current fiscal, against $31,834 in the corresponding quarter of last fiscal. The Baltic Handymax Index (BHI) clocked an average of 25,473 points in the first quarter of the current fiscal, against 13,149 points in the corresponding quarter of last fiscal.

Juicy Bits

- The Government is planning to set up a national maritime commission to protect the country's maritime interests in an integrated manner.
- The New Mangalore Port has registered a growth rate of 41.48 percent for first five months this fiscal compared to the last.

Chennai Port has registered a growth of 19.96 percent in throughput during April-August 2004. The increase in throughput was mainly on account of the port's effort to attract cargoes like POL, granite, timber and automobiles.

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Action back at Vizhinjam port

The new action plan for Vizhinjam port states that a company will be formed within the time frame for implementing the project. The project will be but based on build-operate-share the profit-transfer (BOST) concept, wherein the government will also participate in equity. Seven companies, including three foreign entities, have so far sent in their technical proposals for the port. The action plan also envisages taking up development works on Beypore and Azhikkal ports.

Port based SEZ at Vallarpadam cleared

Cochin Port Trust has got a go ahead for setting up a port-based Special Economic Zone (SEZ) at Vallarpadam/ Puthuvypeen over an area of about 450 hectares at an estimated cost of Rs 800-crore. The project, proposed to be developed by the Cochin Port in association with the private sector, would also have amenities for establishing international container transshipment terminal, LNG terminal and international ship-repairing yard in order to cater to the various activities likely to be generated once the port-based SEZ, first of its kind in the country for transshipment of cargo.

Reliance Industries to develop SBM at Paradip

Reliance Industries Ltd is setting up a Single Buoy Mooring (SBM) berth and a 150 km water pipeline at Paradip port at an estimated cost of Rs 500 crore. The berth will be used to market the gas findings at Dirubhai 9, 10 and 11 gas blocks and will take off soon after the completion of the digging of wells for oil and natural gas in the Orissa coast. This will be the company's third SBM after Sikka and Hazira.

Sethusamudram update

The Sethusamudram Ship Canal Project is likely to be inaugurated by January 1, 2005 and the first ship would pass through the new canal in about 18 months thereafter. The estimated cost of Rs 2,000 crore, is to be subscribed in equity to the extent of Rs 800 crore, by the promoters, namely Tuticorin Port Trust (TPT), Chennai Port Trust, Ennore Port Ltd, Visakapatnam Port Trust, Paradip Port Trust, Shipping Corporation of India (SCI) and the Dredging Corporation of India (DCI). The debt component will be Rs 1,200 crore.

JNPT to enforce restriction of import of metal scrap

JNPT has asked shipping lines not to import any further metal scrap following huge accumulation of imported containers within the port premises, giving rise to pendency problem in the port. Nearly 9,000 containers, about 50 per cent of which is in NSICT alone, are believed to be lying uncleared within the port premises. The restriction, effective from September 15, is likely to be in force for two months.

Kochi LNG Project

GAIL (India) Ltd will complete the laying of the pipeline from Kochi to Mangalore and Bangalore in one year once Petronet LNG Ltd (PLL) commences work on its terminal here. GAIL is of the opinion that PLL should enter into a tripartite agreement with it and the prospective buyers for supply of gas from the Kochi terminal. It said that the company had been marketing 60 per cent of the gas from the Dahej terminal, while IOC markets 30 per cent and BPCL sells 10 per cent.

JNPT's fourth terminal

In a bid to address the increasing traffic in container movement, JNPT has decided to build a fourth container terminal. In addition to this the existing dry bulk terminal, which is under utilized, will be converted into a container terminal, which will add 1.2 million TEUs to the existing capacity. To ensure smooth movement of the cargo, JNPT, along with National Highways Authority of India and CIDCO has formed an SPV to improve the road connectivity through a Rs 358 crore project. The proposal for the conversion of the bulk terminal to container terminal includes widening of the existing bulk berths, widening of the approaches, developing container yards in the back up area and provision of state-of-the-art facilities and equipment at an estimated cost of Rs 900 crore.

Container vessel market continues its upward journey

With the crude charter freight rates climbing newer peaks, the container vessels have not been left behind. The Howe Robinson container index is inching close to 1600. The container market is extremely volatile with the vessel prices climbing by over three times in the past one year, driven by rising charter and freight rates.

Ocean Sparkle to test coastal waters

Ocean Sparkle Ltd (OSL), a company engaged in the port management services, proposes to invest Rs 250 crore in the next two years in coastal transportation. The company proposes to acquire dredges, tugs and coastal vessels. The company plans to invest Rs 150 crore on the port services area, and Rs 100 crore in the coastal transportation project. At present, the company has a dedicated fleet of dumb steel lash barges and two tugboats for carrying out lighterage and transportation along the Eastern Coast of India. Its port management services include, pilot services, tug operations and maintenance services, jetty mooring, ship traffic and communications - at seven minor and captive ports in the country.

Congestion charges at JNPT

Jawaharlal Nehru Port Trust (JNPT) has requested container shipping lines to refrain from introducing congestion surcharge at both terminals. It further suggested that such additional costs should be shared by all concerned stake holders for facilitating deliberations and arriving at mutually acceptable solutions. The current situation at the port has not resulted in additional cost, which warrants consideration of any proposal related to congestion surcharge.

Shipping Minister's visit to Mumbai different from his predecessors

The Union Minister for Shipping has declined dinner meeting with INSA, but instead has asked SCI to fix up meetings for him with various shipowners. He will visit the Mumbai and Jawaharlal Nehru ports, and the offices of the Directorate-General of Shipping and the Shipping Corporation of India and is expected to discuss the draft policy for the maritime sector.

Import and export materials to be cleared by the newly formed Pune Custom House

In order to ease the congestion at the ports in Mumbai, the newly formed Pune Custom House Association (PCHA) will clear the import and export materials from Pune. With a capacity of handling 40,000 containers a month, the current utilization is only 25%. The industrial houses in the city currently import heavy melting, scrap and various industrial goods and plastics and export forging finished goods, machineries and garments.

Non-availability of Indian lines hits West Asia exporters

The monopoly of the foreign liners in shipping to West Asia, have led to increase in freight rates. This has hit the exporters hard, especially the tea exporters who find it difficult to cash in on the lifting of ban on imports of tea by Iran. The Shipping Corporation of India is not keen on introducing services on this route, as it will have an empty return. Besides, it has other sectors to cater to which yield better revenue streams.

Ship-breaking unit at Kakinada faces opposition on environmental grounds

The Andhra Pradesh government will finalise the ship-breaking facilities at Kakinada only after consulting the experts and all affected parties, taking into account the welfare of the fishermen community. New techniques of detoxifying the ships before breaking will be looked into. But the Andhra Pradesh Ship-breakers' Association argue that they will be taking all precautions to prevent pollution and will abide by all the relevant international laws of the industry. They found Kakinada to be a suitable coast for a ship-breaking industry.

Rise in freight rates by IPBC lines

The member lines of India-Pakistan-Bangladesh-Ceylon (IPBC) conference have increased the container freight rates from ports of Kochi, Chennai, Tuticorin, Kolkata and Haldia to the UK, North Continent, Scandinavian, and Baltic and Mediterranean ports by $150 per TEU (twenty-foot equivalent units), effective October 1. This increase is justified on grounds of increase in costs due to higher vessel charter rates and worldwide shortage of containers.

Juicy Bits

- The New Mangalore port handled a record traffic of 12.99 million tonnes (mt) as against 9.18 mt handled during the corresponding period in the last financial year, registering a growth of 41.48 per cent, the highest growth rate among all the major ports in India.
- Bharati Shipyard has filed a draft prospectus with the Securities and Exchange Board of India (SEBI) for its public issue of 1.25 crore equity shares. The proceeds of the issue will be deployed to expand the company’s shipyard at Ratnagiri in Maharashtra.
- Visakhapatnam Port Trust is maintaining the number one position by handling 19.1 million tonnes of cargo during the first five months of the current financial year.

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CFS near JNPT by Parekh Group

The Parekh Group has launched Seabird Container Freight Station at the Dronagiri Node near JNPT, spreading around 25,000 sq. mt, with a capacity to handle up to 4,000 TEUs per month. This includes 18,345 sq mt of paved open area and 9,000 sq mt of multi-storeyed covered area. The group handles around 80,000 containers per annum. The 8.5-metre high export warehouse is one of the tallest such facilities in JNPT.

Expansion plans for Mangalore SEZ

The Ministry of Commerce, Government of India has granted the extension for the Coastal Special Economic Zone at Baikampady, in Mangalore, to February 2005 as it had expired in August 2004. The MoU was signed between ONGC, Government of Karnataka and Kanara Chamber of Commerce and Industry. The ONGC would be investing Rs 25,000 crore over a period of four years in Southern part of the country in addition to the Rs 13,000 crore for the expansion of Mangalore Refinery and Petrochemicals Limited. The general purpose multi-product zone will be a part of the SEZ and ONGC has assured supply of petro-chemicals that will sustain a large base of small and medium scale industries who can use polymers for conversion and export in the zone.

Letter of Intent issued to Dubai Port International

Kochi Port has issued letter of intent (LoI) to Dubai Port International (DPI) for the development of an international container transshipment terminal at Kochi on BOT basis, which has to be accepted and returned within four weeks. The licence agreement has to be executed before November 24, 2004. The existing Rajiv Gandhi Container Terminal (RGCT) has to be handed over to DPI for operations until the international terminal is commissioned and operations are completely shifted there. During the operations of RGCT, DPI has to take over the employees of the port currently engaged at RGCT.

Old Kakinada port workers brew up trouble

Workers of the anchorage port at Kakinada blocked the port channel by anchoring over two dozen barges to prevent the entry of the ship, *MV Yag* chartered for carrying iron ore to China alleging that the deepwater port authorities were trying to divert traditional cargo reserved for the old port. They contended that the ship should first call at the old port and 40 per cent of the ore should be loaded there first as decided between the old port and the deep water port. The old port workers claim iron ore cargo to be their traditional cargo and are not keen to part with it.

Currency Adjustment Factor – is it really “adjustment”?

The Currency Adjustment Factor charged at 7.3 percent on all the basic freight by the IPBC lines is being contended by the exporters on the grounds that the benefit was not passed on to them when the rupee strengthened against the other currencies. The exporters consider this as an unjustified increase to their cost, when they are already burdened with increase in freight cost and slow movement of goods due to non-availability of containers.

Insipid response to Kandla port’s proposed container terminal

Kandla Port Trust (KPT) has been making efforts to set up a container terminal on a build, operate and transfer (BOT) basis since 1998. Luke warm response to the proposal has led to Kandla losing its leadership to JNPT and Mundra. A trustee from KPT has suggested the center to allow KPT to build the terminal on its own strength. After commissioning its eleventh cargo berth that can handle Panamax Vessels, KPT has embarked on a port expansion drive as plans have been drawn up for construction of the 12th, 13th and 14th cargo berths, all of which will be constructed to handle ships of the Post-Panamax order.

Special committee to tackle congestion at JNPT and Nhava Sheva Terminals

A special committee comprising members from the Ministries of Shipping and Commerce, JNPT, NSICT, shippers bodies, Concor, Railways and other related agencies is formed to solve the problems of congestion at JNPT and Nhava Sheva terminals, which has been the issue a these terminals for quite some time now. The congestion problem had severely affected trade. The committee is expected to bring out short-term as well as long-terms solutions.

Vallarpadam proposed to be developed as a load center

The international container transshipment terminal at Vallarpadam is proposed to be developed as a load centre to cater for large size container vessels of 8,000+ TEU capacity. The center has issued its final approval to the port to develop a port based SEZ, first of its kind in the country. The other aspects like National Highway connectivity, rail connectivity and dredging etc are being focused upon to put these infrastructural facilities in place much ahead of schedule.

Support systems to be geared up to make Kochi dream a reality

The other projects besides the international container transshipment terminal at Vallarpadam, are the LNG terminal proposed to be set by the Petronet LNG Ltd (PLL), development of the Cochin Port, international bunkering terminal of Kochi Refineries Ltd (KRL), international ship repair facilities, development of the Inland Water Way No. 3, mineral sand utilisation project, KRL Power project and road and railway development. Cochin has the location advantage with regard to round the world container line routes like Colombo. Besides, Cochin Port is connected to the various cargo sources in the country's main land by road, sea, rail, air and inland waterways. But the implementation and successful operations would depend on effective support systems.

Bandra-Worli sealink

Hindustan Construction Company will start the construction work on the Bandra-Worli sea link project with Dar Consultants as the engineers to the project, at a project cost of Rs 694 crore. The project now encompasses an eight-lane sea link that would stretch from Bandra to the Khan Abdul Gaffar road at Worli, with a cable-stayed bridge.

Crude prices drive shipping industry

Rising crude prices have not affected the demand for it. The supply has increased thereby increasing the significance of its transportation. The short supply of shipping tankers to carry this excess oil supply adds further to the revenues of shipping companies. The shipping companies expect the rising trend to continue till the end of the current fiscal.

Joint Venture for shipping LNG for Shell

Shipping Corporation of India (SCI), Great Eastern Shipping and Varun Shipping are planning a joint venture to ship liquefied natural gas (LNG) for a Rs 3,000-crore terminal being built by Shell, at Hazira, in Gujarat. This terminal has one of the biggest foreign direct investment (FDI) components in the country and is slated to produce commercial gas by early 2005. There is no commitment from Shell to these companies. Shell group owns LNG vessels and any involvement of an Indian company, will be to the extent of 26% to satisfy the norms prescribed in the LNG policy.

Regulator for administering shipping freight

At the behest of exporters, the ministry of commerce and industry has proposed a regulator for administering the shipping freight rates. There is no uniformity in the freight rates and exporters are demanding setting up of a regulator in view of the increased rates in the recent time, which is affecting overall exports.

Guidelines on LNG shipping do not find flavour with Shell

The guidelines on LNG shipping protect Indian shipping industry by making the Indian flag mandatory along with Indian ownership of at least up to 26%. It also compels to import LNG only on FOB basis. The guideline carries a huge risk for existing and would-be investors in expanding or building a new LNG terminal capacity. Shell claims that the norms do not provide any incentives for terminals, which have been modelled around supplies of short-term traded LNG for supplying emerging markets where customers are unwilling to sign long term contracts.

Congestions apart, JNPT may face the wrath of the shippers

A section of exporters operating through JNPT are thinking of slapping a legal notice on the terminal operators, claiming damages for the delay in evacuation of their cargoes. This will add further to the woes at the terminal, currently faced with severe congestion. This is despite the several de-congestion measures like stopping the scrap imports. This has repercussions at the CFS at various locations as the boxes are piling up.

Juicy Bits

- The Kolkata Port Trust hopes to end up the current fiscal with a traffic throughput of more than 45 million tonnes as compared with 41.05 mt in 2003-04. Between April and August, Kolkata Port Trust (including Haldia dock) posted a traffic throughput of 16.09 mt as compared with 14.83 mt in the same period of 2003-04, thus posting 8.5 per cent growth. During the period, Haldia dock alone handled 14.216 mt (13.049 mt) thus registering 8.94 per cent growth.
- Major ports in India registered a 10.13 per cent increase in traffic handled during first four months of the current fiscal, compared to 9.04 per cent growth shown during April-August 2002-03. The cargo handled grew to 146.74 million tonnes in April-August 2004 from 133.24 million tonnes during the same period last year.
- Container traffic showed a growth of 13.26 per cent recording 17.33 million twenty foot equivalent units (TEUs) of traffic compared to 15.33 TEUs registered last year.