

Newsletter for the week ended August 7, 2005

Concor's inland container depot near Bhopal

Concor will be setting up its 56th ICD or dry port in India at Mandideep in Madhya Pradesh. The new dry port will be equipped with a single-window clearance facility. The rail link with the new dry port will be ready by July 31 and the customs notification will be issued soon. The new port is expected to handle at least 2,000 export-import containers each month and will cover a radius of 500 km. Concor is expecting a good inflow from Jhansi, Kanpur and other Uttar Pradesh units. Mandideep is well connected with ports like Kandla (Gujarat), Mumbai, and Vizag by rail and the industrial town exports and imports goods worth Rs 1,000 crore, including medicines, cotton yarn, raw cotton, de-oiled cake, graphite electrodes, heavy engineering material, electric transformers, tyres, tubes, etc.

Concor plans to reduce cost by 15%

During the last quarter, Concor had increased tariffs by 4 per cent, despite a rise in payments to the railways by 13 per cent due to a revision in freight. It plans to cut costs by about 10-15 per cent from the next quarter. As truck freight had shot up by nearly 10 per cent during the same period, transportation of containers via rail was more economical. With competitive freights, Concor could meet the competition from road container traffic head-on and also improve its share. At present, Concor's share in total container traffic is about 30 per cent.

Shipping rates for commodities decline to a record 28%

The cost of shipping commodities such as iron ore and coal dropped a record 28%, reaching its lowest since March 2003, because of this year's expansion in the global fleet of dry-bulk ships. According to Simpson, Spence & Young, a shipbroker based in London, the world capacity of dry-bulk ships is set to grow in 2005 by a record 20.6 million dwt. Supplies are set to rise by 18 million deadweight tons in 2006. Demand for vessels fell as China ran down supplies of iron ore.

Vizhinjam port – a long winding story

The last date for submitting bids by prospective investors for development of the proposed international container transshipment terminal at Vizhinjam has been extended again to August 17. This time the downpour at Mumbai has been mentioned as the cause for the extension. The last date was initially fixed as June 8 and this had to be extended by another seven weeks to July 30 at the request of some of the investors. They wanted more time to assess the project on the ground that it was a greenfield venture and involved the complex dynamics of international container transshipment business.

Possible congestion at JNPT, NSICT

JN Port - NSICT terminals are facing a threat of another major congestion with rains and floods disrupting rail links between the port and inland container depots (ICDs). As Concor could not operate for a few days, more than 10,000 containers bound for ICDs have been piled up at the JN Port and NSICT terminals. Heavy rains damaged rail tracks at several places, particularly between Panvel and Diva, forcing the railways to suspend services. Heavy rains have also made movements of containers by road difficult.

Far Shipping launches service between Chennai, Jebel Ali

Far Shipping Lines Pte Ltd, a Chinese shipping company, has launched its first direct service from the city to Persian Gulf between Chennai and Jebel Ali. It will deploy a 1,000-TEU (twenty foot equivalent unit) vessel (Budi Aman) to operate this service. A.S. Shipping is the local agent for Far Shipping. The service will benefit exporters of mango pulp, tyres and granites. Prior to the launch of this service, export and import containers were transhipped at Colombo port.

Kailash Shipping facility declared Customs Area

Kailash Shipping Services Ltd facility in Kadapakkam village, Manali in North Chennai has been declared as Customs Area to examine and clear cargo imported in full containerised load (FCL) containers. These boxes are those allowed to be moved from the Chennai port to container freight stations (other than less than container load and passengers' unaccompanied baggage) and examination, stuffing/loading of export cargo into containers under the Customs supervision and sealing of the same by the Customs and Customs seal. This facility is having 10,000 sq. ft covered shed for handling import cargo and another covered shed of 10,000 sq ft for storing export cargo, and an open paved area of 2.10 lakh sq ft for both stuffed and empty containers.

Capital dredging at Vizag port to begin soon

Capital dredging to the extent of 3.2 lakh cubic metres to deepen the inner harbour of the Visakhapatnam port will be started soon. Once the dredging is complete, the Visakhapatnam port authorities will be able to bring Panamax bulk carriers into the inner harbour. This will be possible because the draft within the inner harbour and in the turning basin will rise from around 10 metres to 11 metres by May 2006 and subsequently to 12.5 metres by 2007 and ultimately to 14 metres by 2008.

Ban on fishing at Gangavaram

Traditional fishermen of Gangavaram and Dibbapalem have been ordered by the District Collector to stop fishing to facilitate the construction of a private port. The ban will affect fishermen from the five villages in the vicinity — Dibbapalem, Gangavaram, Peddapalipalem, Jalaripalipalem and Chinnapalipalem. The district administration and the local MLA are exerting pressure on the fishermen to shift to Appikonda, which is not at all suitable for fishing. Besides, it is full of reefs and the effluents from the NTPC-Simhadri plant are polluting the waters there and reducing the catch.

Kolkata port to invite Eols for night navigation

The creation of facilities for night navigation along the Hooghly river will be in three parts. First, installing shore lights between the Kolkata Dock System and Diamond Harbour stretch of the river; second, installing buoy lights between Diamond Harbour and Sagar Island stretch and finally, installing VTMS (vessel traffic management system) at three locations, namely, Hugli Point, Falta and Panchpara, all along the river. With this, the average turnaround time would vastly improve as the waiting period of ships either at the Sandheads, the mouth of the Hooghly river, or in the dock would substantially drop.

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Shipbuilding gets a boost

The shipping ministry plans to extend the shipbuilding subsidy scheme by another five years to 2012. Currently, 30 per cent subsidy on the bid price is available to the shipyards on domestic orders obtained through a global tender process for the construction of sea-going vessels as defined under the Merchant Shipping Act, 1958, which means, the vessel must be a merchant vessel of at least 80 metres length. For the export orders obtained through a global tender process or otherwise for the construction of any type of vessel, 30 per cent subsidy on the bid price, or negotiated price as the case may be, is payable to the yard.

Concor to lose its monopoly

The railway ministry is drafting a policy for the entry of private companies into container transportation by rail by doing away with the concessions given to the Container Corporation of India (Concor) to ensure a level-playing field for new private players in the container transportation business. The railways give various concessions by offering rebates on freight for its flat wagons. The potential private players can manage to get a rebate only if they invest in wagons. Even under this Wagon Investment Scheme, the magnitude of rebate is lower at 10 per cent for a fixed period of 10 years.

Indian flag's share of the global trade continue to decline

The share of Indian ships in India's overseas has been in the range of around 15% last year and this year it is expected to go down further. This is despite an 15% increase in the Indian shipping tonnage after the tonnage tax sop was offered to bring the Indian shipping companies on par with their global counterparts. The reason is being for decline in market share is being attributed to a number of Indian flag vessels chartered outside India. Shipowners attribute this decline to the mismatch in requirement by Indian charterers. Indian charterers need single hull vessels, while most companies are now acquiring double hull vessels in tune with global requirements.

Navy orders keep Garden Reach shipyard busy

The Indian Navy has placed order for 11 crafts and anti-submarine vessels including the landing ship tank and four frontline warships with Garden Reach Shipbuilders & Engineers Limited (GRSE) worth around Rs 5000 crore. GRSE would deliver four fast attack craft to the Indian Navy by February 2006 and the landing ship tank by June 2007.

Concor to move cargo via barges at JNPT

Container Corporation of India Ltd (Concor) will launch barge operations to clear the container backlog at Jawaharlal Nehru Port Trust (JNPT) as the rail link to the port has been damaged due to floods. Concor will operate five barges from JNPT to Mumbai Port Trust (MbPT) for moving 500 TEU of import and export cargo per day to clear the backlog created following the torrential rains in Maharashtra. There will be at least two special Concor rakes running daily from Mumbai port to clear these cargo in addition to six trains at JNPT.

Transport operators at Paradip port call off strike

After almost six weeks of strike, the road transport operators engaged in ferrying iron ore from the mines to Paradip port for exports have withdrawn their strike following a settlement with exporters at a lower rate of Rs 1,000 per tonne compared to Rs 1,700/1,800 per tonne paid by exporters previously. This settlement was not difficult to reach as the international prices of iron ore had slumped. Moreover, the restrictions clamped on various local authorities on the movement of iron ore trucks, particularly at night too have hit transportation.

Concor to impose exigency surcharge on ICD boxes

Concor is planning to impose an exigency surcharge of Rs 300 on all inland container depot (ICD) containers handled at Jawaharlal Nehru Port Trust (JNPT) from August 22 to December 31.

On account of the damage caused by the heavy rains in Maharashtra, Concor had made alternate arrangement by sea and road to evacuate cargo backlog at JN Port. This additional cost will be shared and distributed among all ICD containers by way of exigency surcharge.

Single Point Mooring project at Puthuvypeen

Single Point Mooring (SPM) project of Kochi Refineries Limited (KRL) at Puthuvypeen is expected to take off this month at a total cost of Rs 623 crore. The SPM project is crucial for KRL to reduce the cost of transportation of crude. KRL receives crude from Bombay High and imports at the Crude Oil Terminal (COT) of the Cochin Port Trust and uses tankers of up to 70,000 million tonnes due to draft limitation of the Cochin channel. This results in higher transportation costs for KRL, especially when the crude is sourced from far away places.

Government intervention sought to solve congestion issue at JNPT

The importers and exporters whose consignments are stuck in the Jawaharlal Nehru port, including the Nhava Sheva International Container Terminal, want the Union Government to intervene immediately to solve the congestion issue caused on account of the heavy rains in Mumbai. According to one estimate, 14,000 import containers bound ICDs (inland container depots) are lying uncleared in the terminals of the Jawaharlal Nehru port. To complicate the matter further, an additional 1,000 boxes with imports are believed to be arriving every day at the port for dispatch to various ICDs. An estimated 5,000 export containers, all bound for the same port, too are awaiting despatches from various north Indian ICDs. There is a proposal to reduce the congestion at the Jawaharlal Nehru port by undertaking barge movement of boxes to the Mumbai port. However, such an exercise, it is pointed out, is unlikely to yield dramatic results as not more than two rakes, equivalent of 180 TEUs, could be cleared every day in the process.

Kochi port resorts to environmentally friendly disposal of the dredged material

The Cochin Port Trust is considering a comprehensive project to convert the dredged materials in the port channels into organic manure aimed at earning additional revenue as well as minimising the dredging cost. The silt in the port channels is actually full of organic materials and not really clay or sand as in the case of other ports. This can therefore be converted into manure. At present, the dredged materials are dumped in the sea about 15 km away from the port. Converting into manure will help in doing away with the cost related to dumping and at the same time earn revenue as the manure can be sold.

Juicy Bits

- The Ministry for Shipping, Road Transport and Highways has given clearance to Star Cruises, a cruise liner, to operate on the Mumbai-Lakshadweep (Kadmat Island) and Mumbai-Goa routes. Cruise operations are expected to start by October this year.
- Mumbai port is considering of developing an alternate helibase at the dock premises for assisting oil companies in their exploration activities as they are now depending only on the helibase at Juhu
- Varun Shipping Company International Pte Ltd, Singapore, has signed an Memorandum of Understanding (MoU) for the acquisition of three LPG carriers. The company will own nineteen vessels, including eleven LPG carriers, post acquisition.
- The pre-bid meeting for the development of a second container terminal in Chennai will be held on September 1, 2005.
- The Pakistan Government is pressing forward with the privatisation of Karachi Shipyard, the country's only facility, and has appointed financial advisers for necessary recommendations.

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Revision of 1975 Shipping Protocol between India and Pakistan

India and Pakistan have decided to revise the Shipping Services Protocol of 1975, which disallows carrying of cargo from a third country between their respective ports. At present, as per Article 5 of the Protocol, vessels of either nations going to each other's ports can load cargo belonging only to them, and not of any another country. Shipping officials of India and Pakistan are also likely to review Article 3 of the Protocol, which allows only merchant navy ships bearing the flags of either country to ply between their respective ports. Once revised, other vessels would also be allowed to ply.

Goa Shipyard going global

Goa Shipyard Ltd (GSL), a SouthGoa-based PSU, is looking forward for export orders to Mozambique, Mauritius, Thailand and some SAARC countries. GSL is also planning diversification of its products such as manufacture of stern gear, fin stabiliser and steering gear with foreign collaboration. The yard has drawn up an extensive plan to modernise the infrastructure and skills to meet the future requirement of Indian Navy and Coast Guard. As part of its modernisation programme, a new CNC machine was installed to enhance the capacity of steel preparation shop. Its CAD/CAM centre is equipped with world-class structural and outfitting software and hardware along with other important peripherals.

Carriers seek Indian flag for ships

Indian shipping companies are seeking Indian flag status for vessels bought under the Bare Boat Cum Demise (BBCD) route in a bid to enhance their shipping tonnage. The shipping ministry has asked INSA (Indian National Shipowners Association) to give its recommendations. A few years back, an Indian shipping company deliberately defaulted on its last installment for a vessel bought under BBCD, so as to enable it to be taken back. This instance destroys the basic purpose of enhancing the tonnage under Indian flag.

Cruise terminal at Mumbai port

Mumbai Port Trust (MbPT) is planning to construct an exclusive greenfield cruise terminal, at an estimated cost of Rs 168 crore on build, operate and transfer (Bot) basis in the next two years. The port is currently facing severe berthing issues for vessels. According to the port officials, the terminal would be a "finger jetty," which would handle vessels at both sides. The facility would have a convention centre, a car parking area and an entertainment park. Fifteen international cruise liners are expected to call Mumbai port in the 'cruise year,' beginning from August 2005 to May 2006.

Update on Vizhinjam project

A group of city-based organisations has decided to form a company to support the Vizhinjam project. The objective is to work with the State Government and the public to ensure that the Vizhinjam project takes-off. The company will be called People's Port Ltd and will have experts in shipping and port management on its board of directors. Members of the public can acquire a stake in the company. The idea is to set up a consortium with public-private participation - on the lines of the Cochin International Airport Ltd. Besides non-resident Indians, several large construction companies and port equipment suppliers have expressed an interest in being part of such a consortium.

NMDP being finalized

The Department of Shipping is in the process of finalising the National Maritime Development Programme (NMDP) by identifying specific projects and schemes to give a concrete shape to the vision laid down in the Maritime Policy Document. Declaration of port channels as National Sea Waterways in a phased manner, beginning with major ports and their development and maintenance through Central Government funding, is envisaged in the draft Policy for the Maritime Sector. The monitoring would be carried out at three levels: at an interval of four hours under the first level at the dredging location, every eight hours under the second level at two locations and under the third level at shore at an interval of 24 hours.

Paradip port scouting for new sources for coal shipment

A fall in the production of coal in the Talcher mines of Mahanadi Coalfields Ltd and the consequent drop in its coastal shipment has forced the Paradip Port Trust to look for new sources of supply. The shortfall will be about one lakh tonnes a month or more than a million tonnes a year. The Port authorities are worried that the volume may magnify leading to substantial loss of revenue.

Iron ore shipment through Haldia port picks up

After a lull of several months, the iron ore shipment through Haldia has again picked up. On an average, five railway rakes and 200 trucks loaded with iron ore for exports arrive at the Haldia dock every day. At this rate, the dock, as the spokesman hoped, might end up the current fiscal with more than six million tonnes (mt) of iron ore throughput. Last year (2004-05), the throughput was 5.37 mt. Other items whose throughputs so far posted growth included petroleum products (imports) at 1.66 mt (1.28 mt), thermal coal (coastal shipment) at 1.47 mt (1.1 mt) and coking coal (imports) at 2.19 mt (1.94 mt). There has been a drop, marginal though, in throughput of crude import at 4.68 mt (4.71 mt).