



Sagar Sandesh

Guiding Spirit to Shipping Industry

Maritime Tabloid English Weekly E-Paper

In association with R L Institute of Nautical Sciences, Madurai, Tamil Nadu. | RNI No. TNENG/2012/41759 | Wednesday, February 28, 2018 | Voyage 7 Wave 4



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Acute scarcity of Indian mainline vessels, a dampener on coastal movement: Mr Arul Augustine Joseph, Director, UNICORN Maritimes India



Mr. Arul Augustine Joseph, Director, UNICORN Maritimes India Pvt Ltd

Mr Arul Augustine Joseph, Director, UNICORN Maritimes India Private Limited is part of the Unicorn group a leading steamer agent based in Chennai. The group had recently pioneered a National Award Scheme for the Officers and Engineers of the Merchant Navy.

At a glittering function held in the city last October, the group had honored the doyens of the industry from all over the country. Amidst his busy schedule **Mr Arul Augustine Joseph** agreed to talk to *Sagar Sandesh* on major issues concerning the Shipping and Port Industry.

Brief summary of the Interview

The global shipping industry which went through bouts of recession during the last eight years saw the consolidation phase through merger of shipping lines last year. While the advantages of the exercise cannot be immediately assessed it could lead to competitive freight rates and increase in container volumes.

In comparison the bulk cargo industry witnessed less volatility in the shipping market and is expected grow steadily till 2019.

He agrees with the leaders of the industry in southern India that railway infrastructure from central Indian cities

to east coast ports should be strengthened like the infrastructure the railways had created between north Indian cities and west coast ports in Gujarat and JNPT.

The recent government decision seeking to remove the restrictions on foreign flag vessels claim to coastal traffic could go a long way in stepping up coastal shipping in the country.

On the competition the Chennai port faced from the private ports situated in the vicinity he said the port suffered a serious set-back when the Madras High court banned the handling of coal cargo. Since then some bulk cargos have also left the port. The sad part is that some shipping lines have shifted their operations to nearby ports.

The delay in completion of the elevated corridor project from Chennai port to Madhavoyal has cost the Chennai port dearly. Now the project is expected to be completed in three years and benefits would definitely accrue to the port thereafter. Chennai port should restart bunkering in the anchorage taking advantage of the calm seas in the area. Cruise shipping is another area which can earn revenue to the port. The port should also seek legal remedy to restore coal handling.

Exclusive interview to Sagar Sandesh

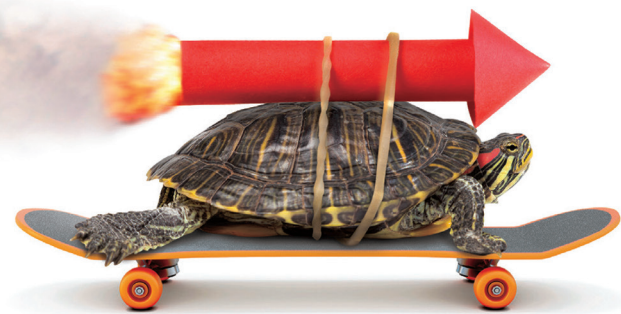
Sagar Sandesh: What is the shape of the shipping industry after mergers in Global Shipping Companies? Has it recovered from the 8 year old recession? Has the freight rate started going up on the back of increased container volumes? Expected trend of the industry in the coming years?

Mr. Arul Augustine Joseph: Shipping Companies faced unpleasant market trends and situations in 2015 and 2016 globally. Mergers and alliances are considered to

be channels of survival statistics which might also help them gain competitive advantage in business globally. Global Shipping witnessed major mergers in 2017 and advantages of mergers amongst shipping lines and companies are yet to be discovered in 2018. The results are expected to be realized in the coming years only. Mergers and alliances can also sustain competitive rates and increased container volumes in near future.

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Editor speaks...

The reason for the failure to have developed coastal shipping has been quite obvious to the industry and to all stakeholders. With so much of talk on promoting coastal shipping, nothing considerable seems to have happened. The government of India is considering permitting foreign vessels to handle coastal cargo, as Mr. Arul Augustine Joseph, Director, UNICORN Maritimes India Pvt Ltd has pointed out. True, it will be a way out of the situation with foreign vessels handling coastal cargo, leading to reduction in logistics cost. The sooner the action takes place, the better will it be, it is felt. Again, all experts like Mr. Arul have repeatedly underscored the poor rail and road connectivity with the East coast ports, compared with the ports on the West Coast. The government also is seized of the significance of the enhancing the rail and road connectivity with regards to the East Coast ports and some action is expected of the government, soon.

With various steps taken by the Govt of India, we should hope that coastal shipping will soon witness its dawn and promote huge shipping businesses

Indian Major Ports have handled 61.6 Million Tons of cargo in January 2018, up 13 per cent year on year

according to Indian Port Association.

It is a rare case indeed that Colombo Dockyard gets Japanese shipbuilding order. In terms of contract value and vessel length, the project is the largest ever undertaken by the Colombo Dockyard.

The Directorate General of Shipping has rightly drawn attention of all the stakeholders to the incidents of piracy and robbery in the Gulf of Guinea and it has urged all of them to take extra vigilant steps while calling ports or transiting the hazardous region. It appears piracy cannot be totally eliminated so long it remains for some the way of life to sustain themselves.

India's concern for renewable energy is deep and it takes all possible steps to go green as early as possible. Solar Alliance Summit is an indication of India's genuine commitment to promoting renewable energy.

Apart from the regular port stories, what is worthy of attention is South Korean auto major investing huge money in Andhra Pradesh in a Greenfield plant. Welcome news. Particularly because it creates job opportunities. Sad that Tamil Nadu does not seem to have attracted the South Korean automajor.

Hope rest of the stories will make an interesting reading.

with warm Regards

Acute scarcity of Indian mainline... From Page -1



Mergers and alliances are considered to be channels of survival statistics: Mr. AAJ

SS: What has been the trend in the bulk cargo industry?

AAJ: Bulk cargo industry business is seen less volatile taking into consideration their turn over in the past year, present and future. Freight rates on cargoes such as coal, iron ore etc did not witness much suffocation. 2018 trend for bulk cargoes forecast is a leaden growth and this trend is expected to prevail till the 2019.

SS: While the Ports and Container Terminals in the West Coast Ports especially in Gujarat and JNPT are over worked, the capacity continues to be grossly under-utilized in the ports situated in the East Coast. The imbalance is growing rapidly over the years and what are your views on this development?

AAJ: First and foremost aspect of this development in Indian coasts is that that Major Ports especially in some East Coast Ports are pre-eminently located in the heart of their respective cities and were built centuries ago. This can provide strategic advantage and also operational disadvantage taking into consideration present market conditions.

With increase in draft and capacities at most of the East Coast Major ports and terminals, we can anticipate increase in the container cargo volumes. However connectivity such as roads and rail is well

equipped and efficient at West Coast ports when compared to the ones in the East Coast.

Vital projects with regards to road and rail connectivity which were stalled are now being re-considered and work to complete the same is in the progress at East Coast Ports. If such ambitious projects are completed at rapid speed then the imbalance regarding cargoes volumes between both Indian Coasts might be balanced. This is what the trade desires also.

SS: Why coastal shipping has not picked up despite several concessions offered by the Ministry?

AAJ: Govt of India is taking significant measures to boost Coastal Shipping. The current cabotage regulation has made the mode of transportation difficult to flourish. The Cabotage law stipulates that Indian Flag vessels to be given first preference over the coastal cargo. Foreign flag vessels shall be allowed to handle coastal cargo only when Indian Flag vessels are not available.

According to the trade acute scarcity of Indian mainline vessels has acted as a dampener on coastal movement. The saving grace is the latest news that Govt of India is considering permitting foreign flag vessels in Indian coastal waters. This will considerably reduce the logistics cost and boost coastal shipping.

The proposal also aims to reduce shipping rates and transportation time. Trans-Shipments business from the east coast will witness major boom. Since Indian Shipping Trade utilizes in a big way Colombo, Oman, Singapore and Dubai ports for shipments which eventually added costs and transit time. Statistics reveal that 60 per cent of India's exports and imports containers are transshipped through these ports. With various steps taken by the Govt of India, we should hope that coastal shipping will soon witness its dawn and promote huge shipping businesses.

(To be continued)

Major Ports handle 61million tons of cargo

NEW DELHI
Sagar Sandesh News Bureau

Indian Major Ports have handled 61.6 Million Tons of cargo in January 2018, up 13 per cent year on year according to Indian Port Association.

The major growth drivers were Coal (+40 per cent yoy) and POL (+17 per cent yoy) while Iron Ore (-25 per cent yoy) witnessed a decline in January 2018

Kandla (+31.5 per cent yoy), Paradip (+27.5 per cent yoy) and Kolkata (+22 per cent yoy) witnessed healthy growth in volume, whereas volume at Mormugao (-31 per cent yoy) and Chennai (-2 per cent yoy) declined

Coal handled at Indian Major Ports up 40 percent yoy in January 2018

Coal traffic in January 2018 grew 40 per cent yoy to 15.2MT on account of a 35 per cent yoy jump in thermal coal volume to 10.3MT led by winter restocking coupled with low coal stock position at power plants. Moreover, coking coal volume

also grew 51 per cent yoy to 4.9MT.

Volume growth at Paradip (+39 per cent yoy), Kolkata (+113 per cent yoy), Kandla (+94 per cent yoy) and Vizag (+113 per cent yoy) was offset by drop in volume at Mumbai (-54 per cent yoy).

In YTFY18, coal traffic at Indian Major Ports grew by 1.5 per cent yoy to 119.6MT, as coking coal volume was up 8 per cent yoy at 42.6MT while thermal coal volume declined 1.8 per cent yoy to 77MT.

In YTFY18, coal volume at Eastern ports grew by 4.6 per cent yoy (73.5 per cent share in major ports' coal volume), with growth at Paradip (+11 per cent yoy), Kolkata (+9 per cent yoy) and Vizag (15 per cent yoy) being offset by declines at VOC (-17 per cent yoy) and Ennore (-1 per cent yoy) ports. As thermal plants in Tamil Nadu had switched over to wind and solar energy, power off take from thermal plants had considerably decreased during this period.

Western ports' coal volume declined 6.3 per cent yoy in

YTFY18 on account of declines at Kandla (-19 per cent yoy),

Mumbai (-6 per cent yoy) & New Mangalore (-9 per cent yoy) offsetting growth at Mormugao (+14 per cent yoy).

Container traffic at Indian Major Ports up 11 per cent yoy in January 2018

Container traffic in January 2018 was up 11 per cent yoy to 0.78mn TEUs, driven by volume growth at JNPT (+14 per cent yoy), Cochin (+21 per cent yoy) and Kandla, offset by decline at Chennai (-6 per cent yoy).

In YTFY18, Container traffic at Indian Major Ports is up 7.5 per cent yoy to 7.6mn TEUs. JNPT (+7 per cent yoy; 53 per cent share in major ports container volume), Cochin (+12 per cent yoy; 6 per cent share) are the major growth drivers.

West coast major ports container volume grew 9.5 per cent yoy to 4.7mn TEUs (62 per cent share in major ports container volume) in YTFY18, while East coast container volume grew 4 per cent yoy to 2.85mn TEUs.

www.porttoport.in

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Acute scarcity of Indian mainline vessels, a dampener on coastal movement:

Mr Arul Augustine Joseph, Director, UNICORN Maritimes India



Mr Arul Augustine Joseph, Director, UNICORN Maritimes India

(Contd)

Sagar Sandesh: How is the Chennai Port bracing up for the competition from Private ports in the vicinity like Katupalli and Krishnapatnam?

Arul Augustine Joseph: With recent developments and competition from private ports such as Katupalli Krishnapatnam, Karaikal, Chennai port is expected to deliver firm fight to maintain its market advantage.

On the other hand the fact remains that comparing Major port with a Private port is inappropriate, since Operational and hierarchy systems of governance varies between a major and a private port.

Chennai port faced its biggest loss when the coal and dusty cargo handling was banned as per the direction of the Madras High Court. Coal handling used to contribute major share in Chennai Port's revenue. Following the departure of coal many major bulk cargoes also left the port It is sad to noted that some of the major shipping lines have also shifted their operations to Katupalli and Krishnapatnam port. Nevertheless Chennai Port is making all its efforts to fight the challenges and hopefully those efforts should reap its benefits in near future.

SS: EMRIP is ready, Maduravayal Elevated Corridor will be ready in three years. The Chennai Ports Gate for DPD cargo is being extended to CONCOR'S Tondiarpet Yard. Containers from Chennai port will move to Puducherry port soon avoiding congested roads. Will all these infra projects have a bearing on the volumes of Chennai port?

AAJ: Ennore Manali Road Improvement Program (EMRIP) is a productive project. Its productivity will be consumed in full capacity before long. Anticipating increase in container volumes in Katupalli , Ennore and also from Chennai Port , EMRIP will host as vital medium to cater the upcoming future demand.

Chennai Port Maduravayal Elevated Corridor project is a zealous project for Chennai Port. If the project could

have been commissioned as per schedule, it could have given a quantum business advantage for Chennai Port and also introduction of new customers.

The Maduravayal Corridor will not only reduce road transport time as well as cost but also costs to the shipper. Since project has run into rough weather and expected to be completed only after three years, the benefits to Chennai port can be anticipated thereafter.

Chennai and Puducherry Port 'Satellite Port' proposal was signed on 14th March 2017. Physical business prospects are however yet to be assessed. There is need for a satellite Port only when there is limited land availability, draft inadequacy, de-congest the container traffic.

Given market conditions, the following aspects need to be taken into consideration such as customers interests, Shipping lines feasibility, storage capacities and cargo volumes movements etc.

Chennai port is well equipped with 2 world class container terminals, but their volumes are drastically dripping and, customers and lines are increasingly shifting to neighboring ports ,

The container traffic evacuation problems in the port have considerably eased during the last one year and the drafts has been increased to cater large sized ships. Hence the satellite port project along with Puducherry port might face teething problems in the beginning in securing business but could flourish if economical and promising business concepts are worked out.



Chennai Port

SS: As a person from the EXIM trade based in Chennai what are your suggestions to make the Chennai Port vibrant in the East coast?

AAJ: Being associated with Chennai port for more than 4 decades, we have seen the glorious period of Chennai port which then used to be the market leader among major ports in India. As time passed with several ups and downs, it is to be noted that Chennai Port is surviving after all the odds, challenges and competitions. As a dedicated port customer and well wisher following are my suggestions to Chennai Port:

Chennai port was the first port in the country to introduce anchorage bunkering. During the initial stages it catered to few vessels by supplying bunkers at Anchorage but now the bunker traffic has come to a stand-still.

Chennai Port anchorage is considered one of the strategic points for bunkering taking into consideration the calm nature of the sea.

Bunkering can fetch profitable revenues to the port where investment from the port requires none. Countries like Singapore, Sri Lanka and Fujairah serve us a perfect example of revenue earned from bunkering vessels. Chennai Port should re-consider and plan efforts to develop more bunkering operations at anchorage.

Chennai port under the guidance of the Shipping Ministry should form a Task Force The Task force should comprise of the Port's highest authority, Customs, Immigration and most important sections from the trade (i.e. importers, exporters, ship agents, charterers, etc) . This committee should meet once in fortnight and important proposals and solutions to be decided and reported to the MOS.

Chennai Port should market with customers directly. Marketing strategies should be on par with the private ports. Processing customers' proposals should be executed at the earliest and not to exceed beyond 7 working days. Customer should sense 'Ease of doing of Business' concept with Chennai port.

With development and the modernization of new passenger terminal, Chennai port should market for Passenger / Cruise ships. Chennai port is located in strategic position where connectivity for tourist bound locations is easily accessible.

Chennai port should find ways and means to handle coal cargoes again. Though Madras High court had pronounced judgment on this matter, Chennai Port should consult its legal advisors and find possibilities to handle coal cargo again.

SS: Three decades ago there was one Chennai port to cater to the requirements for the three southern states. But now there are three major ports around Chennai sharing the same hinterland. How difficult is it to attract traffic?

AAJ: Under the Govt of India Sagarmala' project, Chennai port is sharing its business with other major and minor ports. My personal views are as follows regarding the situation:

- Competition and Efficiency will be valued.
- Customer satisfaction and choices can be reviewed.
- Competitive rates can be introduced.
- Manufacturing and factory units will be restored

near such ports. In the past it used to come up near ports like Kolkata, Mumbai and Chennai but has drifted deep into heartland. Port based manufacturing reduces logistics costs drastically. In the absence of new ports under 'Sagarmala' and if only one port prevails then exporters and importers would suffer high logistics costs via rail or road taking present connectivity issues. More ports merrier for the trade.

Example: In India, every street has 2 to 3 Tea shops. How come all Tea Shops run successful?



SHIPPING - 4

Seafarers pay deal and cargo lashing ...



LOGISTICS - 8

India aspires for Infrastructure in rural ...



EXIM - 9

Second India-Korea Business Summit held in Delhi



PORT - 10

VOC Port all set to become a mainline ...