

### Iran's Chabahar port opens new India-Afghan lane

The first phase of the Chabahar port on the Gulf of Oman was inaugurated December 3 by Iranian President Hassan Rouhani, opening a new strategic route connecting Iran, India and Afghanistan bypassing Pakistan, and reflecting growing convergence of interests among the three countries. The port in the Sistan-Balochistan province on the energy-rich nation's southern coast is easily accessible from India's western coast and is increasingly seen as a counter to Pakistan's Gwadar Port, which is being developed with Chinese investment and is located at distance of around 80 kms from Chabahar. An India-Iran-Afghanistan ministerial-level trilateral meeting on Chabahar also took place on the sidelines of the event where the three countries resolved to work towards integrated development of connectivity infrastructure including ports, road and rail networks to open up greater opportunities for regional market access and integration of their economies. The Chabahar port is being considered a gateway to golden opportunities for trade by India, Iran and Afghanistan with central Asian countries besides ramping up trade among the three countries in the wake of Pakistan denying transit access to New Delhi.

### Shipping goods to Central Asia via Iran to be possible by January

Having acceded to the United Nations' convention on international transport of goods, India will ship its first consignment to Russia or Turkey via Iran on January 15, cutting down the transport cost and time by half. "There is a lot of hope in the industry that this will be quite a game changer as far as Indian exports are concerned particularly to Russia and Central Asia," Central Board of Excise and Customs (CBEC) Commissioner Sandeep Kumar told reporter in New Delhi. He added that the move would also help in operationalising the International North-South Transport Corridor, which has been languishing for years. India acceded to the Transports Internationaux Routiers (TIR) convention, the global customs transit system for moving goods across international borders, on June 15 this year. The convention would formally come into effect for India six months after the date of accession, on December 16. "Maybe around January 15 or 16, given cooperation from some trading intermediaries and logistics partners, we will actually be able to use this convention to export goods to Russia or Turkey via Iran," the CBEC Commissioner (Customs and Export Promotion) said.

### DP World now in full control of Embraport

DP World, the world's fourth largest ports operator, announced on Monday the acquisition of an additional 66.67 per cent stake in a Brazil port to increase its shareholding to 100 per cent. The Dubai-based ports operator has acquired Embraport (Empresa Brasileira de Terminais Portuários) from Odebrecht Transport. While the transaction value was not disclosed, DP World said it increased its shareholding to 100 per cent and the terminal will be rebranded to DP World Santos. DP World first invested in the Embraport terminal in 2009. The purchase consideration is below five per cent of DP World's net asset value as of 2017 first half. The latest buy-out comes as the global terminal operator recorded at a consolidated level a 24.2 per cent improvement in performance on a reported basis and up 6.2 per cent year-on-year on a like-for-like basis in the first nine months. Across a portfolio of 77 terminals in 40 countries, DP World handled 52.3 million TEU during the first nine months of 2017. "We are delighted to fully consolidate our stake in DP World Santos and to underline our commitment to the Port of Santos and the future of trade in Brazil," said DP World Group Chairman and CEO Sultan Ahmed Bin Sulayem.

### Sri Lanka to hand port to Chinese firm, receive \$300 million

Sri Lanka will hand over commercial activities in its main southern port to a Chinese company on Saturday and receive around \$300 million out of a \$1.1 billion deal soon after, Ports Minister Mahinda Samarasinghe said. The deal, signed in July, will see China Merchants Port Holdings (0144.HK), handling the Chinese-built Hambantota port on a 99-year lease. "After one month, we will be getting another 10 percent (\$100 million) and in six months we will get the balance," Samarasinghe told reporters in Colombo. The Chinese firm last year agreed to pay \$1.12 billion for an 80 percent stake in Hambantota port, which is located near the main shipping route from Asia to Europe. But the deal triggered protests by opposition groups and trade unions, saying they feared China would take control of the port. Government and diplomatic sources told Reuters that the United States, India and Japan had also raised concerns that China might use the port as a naval base. Both sides then agreed to redraw the deal and the Chinese firm will now hold 70-percent-stake in a joint venture with the state-run Sri Lanka Ports Authority (SLPA), part of a plan to convert \$6 billion of loans that Sri Lanka owes China into equity.

### Tanker market to ride out another year of OPEC cuts

Aimed at rebalancing the oil market, the Organization of Petroleum Exporting Countries (OPEC), joined by non-member countries led by Russia, agreed to extend the oil production cuts until the end of 2018. OPEC said that due to the uncertainties associated mainly with supply and, to some extent, demands growth it is intended that in June 2018, the opportunity of further adjustment actions will be considered based on prevailing market conditions and the progress achieved towards rebalancing of the oil market at that time. To remind, in November 2016, OPEC countries decided to cut production to 1.2 million barrels a day for six months, effective from 1 January 2017. Additional measures have been introduced since to keep the production at reduced levels. Considerable progress has been made in restoring the market balance, however, OPEC believes that more needs to be done for fully-fledged recovery. "This morning, at the Meeting of the OPEC Conference, we discussed the current oil market situation and the outlook for 2018, and deliberated on the extension of the current production agreement to continue the improving direction of the market," Khalid A. Al-Falih, Saudi Arabia's Minister of Energy and President of the OPEC Conference, said.

### Containership Fleet Breaks 21Mn TEU Mark

The cellular containership fleet has reached a new high of 21 million TEU in November, according to Alphaliner. However, the fleet growth was somewhat slower than expected over the past two years as it took 22 months for the fleet to pass the 20 million TEU threshold. As disclosed, this is the slowest growth rate since 2000, taking into account that the average growth rate over the past 15 years came at 1 million TEU every 12-13 months. Alphaliner ascribed the slowdown to the increased scrapping of ships which removed 501,000 TEU from the fleet as vessel deliveries brought in 413,000 TEU resulting in marginal shrinking of the fleet. The trend seems to be reversing as fleet growth started to pick up since March 2017. Some 700,000 TEU has been added to the fleet over the past eight months, with 930,000 TEU delivered and only 230,000 TEU dismantled during the period in question, Alphaliner said. Moving ahead, the faster pace of global fleet growth is expected to breach the 22 million TEU mark within the next 12 months amid anticipated deliveries of 80 ships of 10,000-21,000 TEU during the coming year, and subdued scrapping activity.

### Russia's Novorossiysk port aims to become a major Black Sea hub

The port is constructing a new berth with an annual capacity of 250,000 TEU and a depth of 15 metres, and larger ships should be able to call by the middle of next year, IHS Media reported citing the remarks of Dmitry Kutateladze, development director of Ruscon, one of Russia's largest transportation companies, in the trade publication RZD-Partner. He said the terminal would handle calls from mainline service originating in Asia, noting that one issue that will have to be addressed is the imbalance between imports and exports that means many exports will be of empty containers. Despite that, the project is moving ahead as feeder service consolidates and shipowners look for ways to deploy large tonnage to the Black Sea. Novorossiysk is the second-busiest port in the Black Sea after Constanta, Romania, Mr Kutateladze said. Traffic at Novorossiysk grew 5.1 per cent year over year in 2016 to 612,410 TEU, while traffic at Constanta increased 3.2 per cent to 711,339 TEU. In the first eight months of this year, Novorossiysk's traffic surged 16.8 per cent to 489,330 TEU. Traffic results for Constanta will be available at the end of the year.

### Cooperation between the Port of Riga and India became stronger

Ansis Zeltins, CEO of the Freeport of Riga, together with representatives of the sector, went on an official visit to India within the framework of the delegation headed by Prime Minister Manmohan Singh in order to participate in a range of events related to the strengthening of business and international relations. At a transport and logistics conference in Mumbai, representatives presented the logistics sector of Latvia and its advantages in Eurasian transit corridors, as well as familiarised Indian entrepreneurs with the opportunities of using the Latvian transit corridor for delivering cargo to Northern Europe, reported BC port's press service. During the visit to Mumbai, the Latvian delegation visited the largest container cargo terminal in India, JNPT, and became acquainted with its operations. This terminal currently handles 4.7 million containers per year and mainly specialises in the processing of cargo intended for the domestic market of India and the handling of Indian cargo. During the visit to India, Zeltins met with representatives of Indian logistics companies and discussed perspectives of cooperation in the creation of logistics centres and multi-functional warehouses in the Port of Riga.

### UAE and Jamaica elected to IMO Council

The United Arab Emirates (UAE) and Jamaica were the big 'winners' in the IMO Council election during meetings of the International Maritime Organization in London this week. They joined the 40-member executive body of the IMO for the two-year period 2018-19, replacing Argentina and Bangladesh. The 10 Council members elected under Category A – 'States with the largest interest in providing international shipping services' - remained unchanged as: China, Greece, Italy, Japan, Norway, Panama, Republic of Korea, Russian Federation, United Kingdom, United States. Two new states were elected under Category B – 'other States with the largest interest in international seaborne trade' – Australia, which moved up from Category C, and new candidate the UAE. Remaining Category B members are Brazil, Canada, France, Germany, India, Netherlands, Spain and Sweden, with Argentina and Bangladesh displaced.

### Carrier response differs on ending rate slide in slack season

There is confusion on demand prospects for December and January, with one carrier source telling London's Loadstar that Asia-Europe ships were "running full" while another said carriers were "grabbing anything at any price". Meanwhile, Drewry Maritime Research said this week spot rates on the route "remained weak on softening demand" while noting that year-on-year rates were 21 per cent lower. Elsewhere, recording no change in rates this week from Asia to North Europe at \$1,100 per FEU, said Platts Global, noting that carriers had not yet blanked winter sailings. Fresh transpacific rate increases boosted spot rates last week from Asia to the US, which rose 7.3 per cent to \$1,177 per FEU on the SCFI. US east coast rates enjoyed a 13.1 per cent increase on the week to \$1,901 following reports of robust demand. Transpacific carriers will be keen to hold onto these gains and add more GRIs in the first quarter of next year ahead of the traditional annual contract talks in April/May.