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Challenging macro environment affects DP World's Volumes

Dubai-based port operator DP World handled 17.5 million TEU across its global portfolio of container terminals in the first quarter of 2019, recording a decline of 0.6% year-on-year on a reported basis. Gross like-for-like volumes declined by 0.7% in 1Q 2019 due to the higher year-on-year comparables and softer volumes in the United Arab Emirates (UAE) and Australia. The UAE handled 3.5 million TEU in 1Q 2019, down 8.8% year-on-year, due to the challenging macroenvironment and loss of lower-margin cargo. Growth in the Americas, Africa and Indian Subcontinent was robust with strong results in Callao (Peru), Sokhna (Egypt) and Mumbai (India). At a consolidated level, DP World terminals handled 9.2 million TEU during the first quarter of 2019, a drop of 0.8% on a reported basis and down 3% year-on-year on a like-for-like basis. Reported consolidated volume in the Americas and Australia region was boosted by the consolidation of Australia from March of 2019, according to the port operator. "As previously flagged, we have seen softer volumes in 1Q2019 due to a strong prior year performance and general caution in some markets given the current uncertainty in the macro-environment," Sultan Ahmed Bin Sulayem, Group Chairman and Chief Executive Officer, explained.

To transform into a major transshipment hub, Tuticorin port plans to build third container terminal

To transform into a major transshipment hub, the V O Chidambaranar Port in Thoothukudi — fourth-largest container port in India — is planning to build a third container terminal, The Hindu Business Line has reported. According to the report, the port trust plans to convert berth number nine into a new container terminal. The new terminal is likely to have a handling capacity of 0.6 million Twenty-Foot Equivalent Unit (TEUs). The trust has also identified berth number ten for future expansion with a handling capacity of 0.88 TEUs. "Converting the ninth berth into a third container berth is the only option to grow into a 2-million container port in 2023," the daily's report quotes J P Joe Villavarayar of Vilson Shipping, Thoothukudi, as saying. This development comes after Nitin Gadkari, Minister for Shipping, flagged off the first container mainline vessel from the port in December last year, saying this will be a gamechanger for container traffic at the port. Currently, reports say, containers to be sent from Tuticorin to countries like Malaysia, Singapore, Indonesia, Hong Kong and China are transported by feeder vessels to Colombo, where they are transferred to larger vessels. This process significantly increases transportation cost.

Maputo opens door to Middle East

The announcement by French shipping line CMA CGM that it is adding the port of Maputo to its schedule between South Africa and the Middle East, has been described as a game-changer. CMA CGM recently announced that the Noura East Africa service will be calling at Maputo as a last port of call, with a direct sailing to Jebel Ali near Dubai in the United Arab Emirates, with a transit time of 17 days. "Other ports in the Gulf, Asia and Far East can be accessed with a transhipment from Jebel Ali," said South Africa's Citrus Growers' Association (CGA). "This is a major game-changer for exports into the Middle East from Maputo. It would be a massive benefit if as many containers as possible could be shipped from Maputo to alleviate challenges in the Durban port. "Going forward," the CGA continued, "it is abundantly clear that a cold treatment facility and container depot built alongside a rail siding on the corridor would further enable exports to the Far East, specifically Japan and China, from Maputo." Members of the CGA recently visited Maputo to review changes in the port's facilities and shipping infrastructure. Maputo is a central part of the CGA's long term plan to put in place a logistics system which can cope with the demands of a fast expanding industry.

China's Belt and Road hits a speed bump in Kazakhstan

One of the most ambitious projects in China's Belt and Road Initiative aims to transform a vast plot of open land along China's border with Kazakhstan into the launch point for a river of Chinese goods flowing to Europe by rail. A depot hums with giant cranes, hoisting containers. Newly built rail lines stretch into the distance and hundreds of workers go about their jobs. The vision is taking shape. But just four years in, the project already faces slowing growth. The Khorgos Eastern Gates Special Economic Zone, as the project is formally known, is still tiny. Its annual shipping volume is equal to what a small Chinese port handles in a month. Failing to meet its growth targets would be huge setback for Beijing's grandiose ambitions for a modern-day silk road. "The infrastructure has been built," said Hicham Belmaachi, chief operating officer of Khorgos Eastern Gates, which manages the special economic zone. "But you need to power [it] with people, technology and standards. If you just leave it by itself, it can end up as a white elephant tomorrow." The Kazakh government, meanwhile, is leery about accepting Chinese financing for the project. The national rail company, Kazakhstan Temir Zholy, sold a 49% stake in the dry port operator to two Chinese companies in 2017.

UK's largest container port takes delivery of remote-controlled RTGS

One of Europe's largest container ports and the UK's biggest is the Port of Felixstowe which has taken delivery of its first remote-controlled Rubber Tyred Gantry cranes (RTGs). Hutchinson Ports which operates the Suffolk port on the North Sea can handle the world's largest container ships. Among the leading major container shipping giants calling to the port which is pivotal to UK trade are operators CMA-CGM, Maersk Line and MSC UK. In addition OOCL which operates the world's largest containerships with leadship OOCL Hong Kong which serves the Ocean Alliance-Asia-Europe service. The introduction of the RTG cranes to the Port of Felixstowe, follows the four electric-powered cranes built in China by ZPMC in Shanghai. They are the first of eight similar machines to be delivered over the next few weeks. The UK port also has two remote controlled ship-to-shore gantry cranes currently undergoing manual testing before being deployed in full remote mode. The new RTGs will serve Berths 8&9 where an additional 18,000 TEU of container storage has been created to meet growing demand at the UK's leading container port. The new cranes are electric-powered and capable of stacking containers 6-high to enable more efficient use to be made of the new yard area.

First phase of mega Singapore port project on track for 2021 launch

Singapore on Tuesday said its plans to build the world's biggest container terminal in a single location were on track, as it held a ceremony to mark a milestone in the initial construction phase of the mega-project. Tuas Terminal is set to open progressively from 2021, six years after work began, and it is expected to be capable of handling 65 million twenty-foot long shipping containers per annum when fully completed in 2040. Once completed, the terminal is slated to become the world's largest container terminal in a single location, said Quah Ley Hoon, chief executive of the Maritime and Port Authority of Singapore. "This will strengthen our Global Hub Port status, and more importantly, allow us to plug into the growing intra-Asia trade and global supply chain," Quah said. The ports authority said the first of four construction phases – which alone covers an area equivalent to 383 football fields – is on schedule to be completed in 2021. Officials and media gathered at the site on the industrial west of the island on Tuesday to witness the installation of the final caisson, a retaining structure used to build the wharf in the first phase of the multi-billion dollar scheme. Shanghai is currently the world's busiest container port handling over 40 million shipping containers in 2018, according to industry data.

China-Europe rail services a real success story as exports rocket

China's Belt and Road initiative (BRI) may have faced recent strong criticism from the EU, but that has not dented the growth in its exports to Europe. Chinese officials have claimed a 106% increase in the value of cargo travelling by rail from China to Europe, equating to some $33bn. Xiao Weiming, from the office of the leading group for promoting the BRI, told Xinhua that 14,691 trips have been made by China-Europe freight trains since 2011. Operator United Transport And Logistics Company Eurasian Rail Alliance (UTLC ERA) recorded a 54% (62,622 teu) upturn in volumes between China and Europe. While the bulk is exports from China (35,536 teu, up 69%), imports from Europe have been closing the gap, recording a 44% increase to more than 27,000 teu in Q1. The Russian-Kazakh-Belarussian-owned UTLC ERA has furthered its links between the two regions, having announced cooperation agreements with two European partners. President of UTLC ERA Alexey Grom said: "I am perfectly confident the agreements signed with our partners will contribute to the active growth of the transit transportation market, enabling UTLC ERA to strengthen its leading positions in cargo shipments on Europe-China-Europe routes."

Chittagong port working to reduce cost and time of doing business

The Chittagong Port Authority (CPA) is working to meet the target set by the government to reduce the cost and time of doing business in Bangladesh, said CPA chairman Commodore Julfiqur Aziz yesterday. He told this to reporters on the occasion of the 132nd anniversary of the Chittagong Port. CPA members Zafar Alam, Comodore Khandaker Aktar Hossain, traffic director Enamul Karim, secretary Omar Faruk and deputy secretary Azizul Moula were present. Aziz also said that to speed up the activities of the port, they were working on a flyover at Bandar Road to avoid traffic congestion and smooth operation, a bay terminal for berthing large vessels in 24 hours and a truck terminal. Completion of these projects would hasten the work at the port and boost the economy of the country, he added. The CPA chairman further said the container-handling cost was over USD 289, excluding VAT and delivery charges, in the country. However, they are trying to bring it down to USD 198 as in neighbouring India. At present, 168 hours or seven days are needed for handling a container, but they are now trying to bring in 36 hours. Once the cost and time of doing business are brought down, the country's economy will experience their positive effects.

Indian intermodal giant Concor freezes rates

In a move that is expected to encourage containerized rail movement and refuel competition across all transport modes in India, the country's largest freight rail operator will freeze hauling rates and other inland charges at current levels through the remainder of the 2019-20 fiscal year, which runs from April to March. "With an idea of bringing ease-of-doing-business and create an atmosphere of certainty to our customers, we have decided not to increase our tariff and other charges for this financial year, i.e. up to March 31, 2020, thereby maintaining price stability for [the] full financial year," Container Corporation of India (Concor) said in a trade advisory. "This [decision] will enable our customers to plan their business activities for the year." Amid sluggish demand growth, pricing predictability and consistency through a fixed, annualized inland rate scale can help local beneficial cargo owners (BCOs) and end users budget for their end-to-end transportation costs. High rail prices, combined with inherent service inefficiencies, remain a major factor prompting Indian importers and exporters to rely more on trucking. Inland pricing has also been subjected to intermittent revisions and surcharges, especially on selected, busy routes.

Chabahar port project by India in Iran is a separate exception: US

In a big relief to India, a US State Department official has clarified that the strategic Chabahar port project, being developed by India in Iran, is a separate exception and will not be impacted by US President Donald Trump's decision not to renew exemptions that let eight countries including India buy Iranian oil without facing tough American sanctions. "The exception for reconstruction assistance and economic development for Afghanistan, which includes the development and operation of Chabahar Port, is a separate exception, and is not affected by yesterday's announcement," the official said, as per reports. "President's South Asia strategy underscores our ongoing support of Afghanistan's development as well as our close partnership with India". President Trump had on Monday decided not to grant sanctions exemptions to any oil customers of Iran. The US had re-imposed sanctions on Iran last November after Trump pulled out of the landmark 2015 nuclear deal. In May 2016, India, Iran and Afghanistan had inked a pact for the establishment of a Transit and Transport Corridor among the three countries using Chabahar port as one of the regional hubs, reports added.

North Carolina ports welcomes its largest boxship

North Carolina Ports made history on April 22 by welcoming its first-ever 12,000 TEU vessel to the Port of Wilmington. The ship, Kota Pekarang, is so far the largest capacity-wise vessel to call the port. The containership is operated by Israel-based liner company ZIM in partnership with the 2M Alliance which links Asia to Wilmington. "This is proof of concept that we are big ship ready and capable of handling some of the largest container vessels calling East Coast ports today," The ship's visit to Wilmington comes on the heels of the arrival of North Carolina Ports' third neo-Panamax crane. The third crane arrived in early April as part of the organization's USD 200 million capital improvements plan aimed at expanding the Port of Wilmington's infrastructure to accommodate the 14,000 TEU vessels – the largest ships currently calling the United States East Coast. NC Ports' infrastructure improvements plan includes a wider turning basin, berth enhancements, new neo-Panamax cranes and an overhaul of Wilmington's container terminal. The terminal renovations will double the port's annual throughput capacity to 1.2 million TEUs and triple its refrigerated container capacity to 1,000 plugs.

Hong Kong Seaport Alliance set in motion ahead of regulatory clearance

The Hong Kong Seaport Alliance has been set in motion this month with an aim of maximising operational efficiencies in Hong Kong's Kwai Tsing port, even though the new alliance has not received regulatory clearance from the Competition Commission of Hong Kong. Gerry Yim, ceo of Hutchison Port Holdings (HPH), said the seaport alliance has started to implement some of its joint operations progressively since 1 April 2019. The alliance consists of four Hong Kong container terminal operators including Cosco-HIT Terminals (CHT), Hong Kong International Terminals (HIT), Asia Container Terminals (ACT), and Modern Terminals Limited (MTL). CHT, HIT and ACT, all of which HPH has interests in, own 16 berths while HPH's main competitor MTL owns seven berths, giving the alliance control of 23 berths out of a total of 24 berths in Hong Kong. "The seaport alliance is very important for Hong Kong. We hope that by increasing our overall efficiency, we can control physical costs by being able to mix and match assets and berthing windows a lot better to minimise downtime and maximise productive time of the berths," Yim said. Yim said initial cooperation amongst the alliance members include moving sister shipping lines' services from one terminal to another to create better synergies.

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P.O. Box 261036, Plot No. S 20119, Jebel Ali Free Zone (South),
Dubai. United Arab Emirates. Email: tgc@transworld.com
Phone: +9714 8035400 Fax: +9714 8860086

Geetmala Complex, Off Deonar Village,
Near Shah Industrial Estate, Govandi East, Mumbai - 400088.
Phone : +91 22 66110300 Fax : +91 22 66110419

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