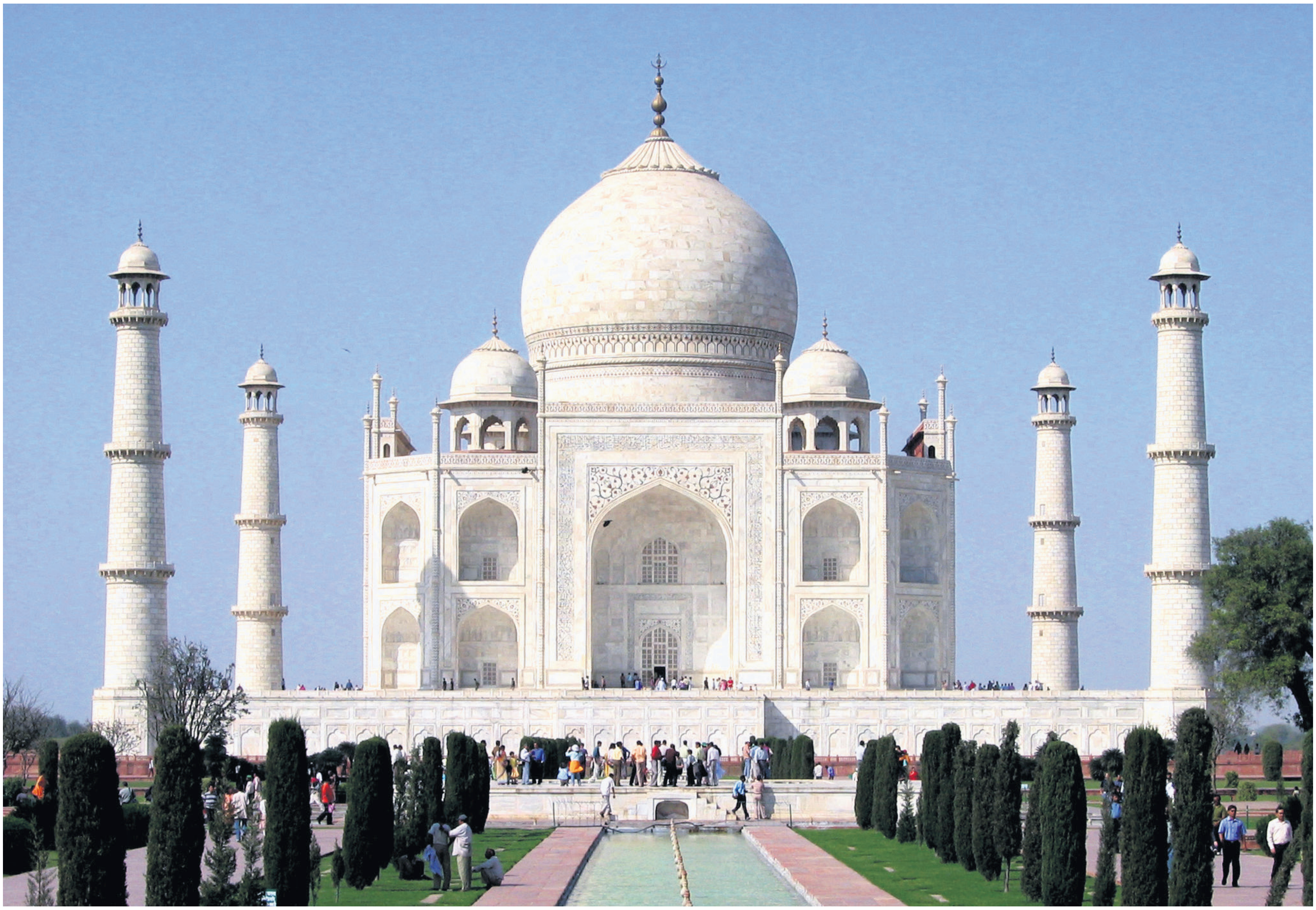

# Insider Views on India

India's infrastructure is challenged, but import/export opportunities abound. The numbers speak for themselves.

For exports, India has become one of Asia's biggest exporters in recent years of refined petroleum products, accounting for around 20% of its total exports. India also exports engineering goods (19%), chemical and pharmaceutical products (14%), gems and jewelry (14%), agricultural and allied products (10%), and textiles and clothing (10%). The UAE is India's top export partner (12.1% of the total exports), followed by the US (12%), Singapore (4.5%), China (4.5%), Hong Kong (4%), and Netherlands (3.5%).

India is heavily dependent on crude oil imports, with petroleum crude accounting for about 34% of the total inward shipments. The country also imports: gold and silver (12% of the total imports), machinery (10%), electronic goods (7%) and pearls, precious and semi-precious stones (5%). India's main import partners are China (10.7% of the total shipments), United Arab Emirates (8%), Saudi Arabia (7%), Switzerland (7%), and the US (5%).

While Southeast Asia has experienced significant economic growth over the past 10 years, it is a region at a crossroads. Its continued growth relies on deeper regional cooperation and integration from a policy perspective, and market-driven intervention by businesses that aspire to expand their footprint across the national borders. The top five South Asean countries that lead the way are Singapore, Thailand, Vietnam, Indonesia and Malaysia.

Wen-Parker Logistics India has geared itself to handle domestic and foreign companies by strategically opening six offices across India. "We can offer bonded warehousing in all six locations of Delhi, Mumbai, Bangalore, Chennai, Cochin and Hyderabad," reports Vikas Khullar, managing director (South Asia Region). "We also offer Delivered Duty Unpaid (DDU) and Delivered Duty Paid (DDP) services across India. We have invested in technology to create an ease in all operations activities and also make the shipment visible to our customers from the time it is handled from origin up to the delivery."

Khullar notes that the most frequently outsourced activities required by Indian industry are warehousing, inbound and outbound transportation, custom clearing and forwarding. "Activities such as packaging, fleet management and consolidation are gaining attention and growing in popularity," he adds. "More and more companies are planning to use 3PL services in the future as an integrated set of services rather than for just movement of material. The motivation for doing so comes due to the benefits of logistics cost reduction, ability to focus on the core business, and improving supply chain efficiency."

In India, Wen-Parker works with most of the top US apparels brands. Khullar notes, however, that India's manufacturing exports are fast losing price competitiveness, primarily because of poor logistics infrastructure compounded by a weak trade facilitation regime.

"India's over-dependence on road freight means that the cost of logistics as a percentage of GDP remains as high as 13-14%, compared with 7-8% in developed countries," he says. "Low exports incentives can't fully compensate for the additional cost incurred on account of inefficient trade infrastructure."

To boost garment exports, India's revenue department has started the process to operationalizing the Rs 5,500-crore Rebate of State Levies (ROSL) scheme, under which exporters will be compensated for state levies. "Presently, exporters get only duty drawback on the central levies imposed during the process of manufacturing of goods for exports," Khullar explains. "A first move of its kind, the Cabinet had cleared the ROSL on export of garments to refund the state levies that were not refunded so far."

**Infrastructure Challenges**

India's 4,660-mile coastline is serviced by 13 major ports and 187 notified minor and intermediate ports, nearly all of which are government-owned and controlled. "These ports were set up many years ago and need to be upgraded at considerable cost," Khullar says. "Existing ports are inadequate to meet the current requirements for quick turnaround and handling of increased volumes, causing delays in the feeding and evacuation of cargo and consequently lowering the efficiency and productivity of


vessels."

Some ports are not designed to cater to large or ultra large vessels, which have to be parked at a distance and cargo fed or evacuated through smaller vessels.

In addition, road networks and cargo-handling equipment and machinery within the port area, are inefficient and inadequate, resulting in poor hinterland connectivity to rail, road, highways, coastal shipping and inland waterways. Inadequate navigational aids, facilities and IT systems – along with insufficient dredging capacity, lack of technical expertise and a lack of equipment for handling large volumes mean that turnaround time at ports in India remains abysmal.

The government has adopted measures to develop the port sector. This includes the introduction of the Maritime Agenda aimed at bringing Indian ports on par with international ports in terms of performance and capacity. Around 352 ports have been identified to be implemented as major ports. The goal is for total port capacity to be increased to 3,200 million metric tons to handle 2,500 million metric tons of cargo by 2020.

But Khullar notes, "India's first container trans-shipment terminal at Vallarpadam in Cochin port continues to be dogged by procedural ambiguities so much that its operator has still not been able to bring a mainline vessel to call there for trans-shipment."

Air cargo has its own set of issues. The six international and 87 domestic airports handle 0.22 million metric tons of domestic cargo and 0.468 million metric tons of international cargo, which is very low in terms of world standards.

"This is because the air cargo is used only when sea trade could not be used either due to time or space constraint," Khullar states. "This poses a serious limitation in procurement, especially when companies are looking at adopting global sourcing strategies to reduce costs and enhance product quality."

To make air cargo more attractive and efficient, the government has initiated some major steps that include the introduction of 'open sky' policy, integrated cargo management system at four metro airports, provision of centers for perishable cargo and synchronization of working hours for city side operation for export and import activities.

India's top export commodities using air freight include pharmaceuticals, gems and jewelry, textiles, automotive components and leather goods. Perishable commodities continue to be a major chunk of export cargo shipped from the international airports that has direct connectivity to select overseas nations in South, South East Asia, and West Asia.

"Assorted vegetables, flowers and fruits besides fish constitute substantial percentage of the export cargo lifted to overseas destinations every day," he says. – Karen E. Thuermer

# Update on India's Mundra Port

CMA CGM, and Adani Ports and Special Economic Zone (APSEZ), India's leading port infrastructure developer and part of the Adani Group, have signed a joint venture agreement to operate a new container terminal (CT4) at Mundra Port for next 15 years with an option to extend it twice for 10 more years.

"This is a notable milestone for us, as with the commissioning of this terminal, Mundra port will become India's largest container-handling port," said Karan Adani, CEO, APSEZ. "This strategic partnership with CMA CGM in the Container Terminals business brings significant value to Mundra port. With this new development, Mundra port is perfectly primed to set the bar even higher on the crucial parameters of efficiency, productivity and faster turnaround times for larger vessels, which will directly translate into competitive advantages for our customers."

The two partners have completed the CT4 project three months ahead of schedule making Mundra Port the largest container-handling port in India. The port was already the country's number one multi-purpose port facility. CT4 will be the only container terminal on the west coast of India where the world's largest container ships can call.

CT4 has four units of 65 tonnes capacity of Rail Mounted Quay Cranes capable of handling 18,000 TEU vessels and Super Post and Ultra Large Container Vessels and an annual capacity of 1.3 million TEUs.

The terminal spans over 66 acres, with a 2,132-foot long quay and a draft of 54 feet. The yard equipment will include twelve 41 tonne lift rubber tired container gantry cranes which will accommodate seven rows of containers and one operational lane.

For CMA CGM, CT4 is its first port investment in India, and demonstrates its ambition to further increase its presence in this strategic and fast-developing country. CMA CGM is present in India since 1984. With 29 offices, it is calling 13 ports in India, and offers to its Indian customers 11 direct weekly shipping services connecting India to Europe, Africa, North America, South America, Asia, Australia and the Middle East.

CMA CGM's investment in Mundra is a testimony to the company's confidence in opportunities in India. India's economic growth rate is expected to be one of the fastest among large economies in 2017, according to recent data from the International Monetary Fund. CMA CGM expects trade between India and the world to likely grow and generate opportunities for exporters and importers.

In India, CMA CGM Group offers a wide range of shipping and intermodal solutions covering accessibility to and from 51 inland locations, 6 gateway ports and 7 feeder ports in the country. The company offers connections to its port terminals through dedicated block trains and other intermodal options. This new investment adds to the 34 container terminals that CMA CGM has today in its portfolio, and is a key step in its strategy to further expand its position in port operations.

APSEZ continues to rapidly expand its container terminals footprint across India's coastline and further augments APSEZ's existing three container handling facilities at Mundra, Hazira and Kattupalli, an under construction transshipment hub in Vizinjham in Kerala and two other under construction terminals at Ennore in Tamil Nadu and Dhamra in Odisha. It will allow Adani Ports to fulfill its stated vision of handling 200 million metric tonnes of cargo well before the year 2020.

# News Roundup Logistics

Gov. John Bel Edwards joined President/CEO Michael Doss of Graphic Packaging International Inc. and CEO Scott Sureddin of DHL Supply Chain, North America, to announce that the companies will make a combined $274 million capital investment in Northeast Louisiana and develop a 1.27 million-sq. ft. folding carton plant and logistics center in Monroe. In West Monroe, Graphic Packaging will continue to reinvest in its paper manufacturing location, including upgrades to the mill's paper machines. The company's West Monroe operations will supply paperboard for the new packaging and logistics center in Monroe, where DHL will build the 1.27 million-sq. ft. center consisting of a 793,000-sq. ft. distribution facility and a 480,000-sq. ft. carton converting facility.

Carmichael International Service, a customs brokerage and trade compliance specialist, has announced its expansion into Detroit, MI with a new full-service office. Detroit marks the company's 13th location in the US and will give Carmichael a physical presence on the Northern US border. Detroit was chosen for its strategic position within automotive manufacturing sector and high percentage of transborder cargo moves. The newly opened office will run multiple weekday and weekend shifts to meet customer's unique needs for round-the-clock shipments in the region.

Werner Enterprises was selected for the 2017 Distinguished Service Award by the Military Officers Association of America (MOAA) for its outstanding efforts in support of military veterans and veteran spouses through its Operation Freedom hiring program.

ANJI Automotive Logistics, China's largest automotive logistics provider, and CEVA Logistics have signed definitive agreements to renew and grow their 50/50 joint venture partnership for an additional 15 years and expand ANJI-CEVA's business scope to non-automotive contract logistics in China, including Hong Kong.

Kerry Logistics Network Limited announced the opening of a new office in Warsaw, Poland. This addition will support the 3PL's continual expansion in Europe. Its focus will be international freight forwarding. The company also participated in the commencement ceremony of the first eastbound freight train from London to Yiwu. The project is not only a significant step forward in the Group's development strategy in line with the 'One Belt One Road' Initiative, but also a strategic move advancing the Group's further expansion into the rail freight and multimodal services.

Panalpina board of directors have re-elect the ex-CEO of Cargolux, Dirk Reich, as a new board member at its annual general meeting on May 3, 2017. Reich succeeds Roger Schmid. Reich stepped down as CEO of Cargolux at the end of July 2016, citing personal reasons. He subsequently established R+R International Aviation AG, which advises on aviation, logistics and e-commerce in China. Reich has previously sat on the management board of Kuehne + Nagel. He is a representative of Bundesvereinigung Logistics in China and is a member of the advisory board of the Institute of Logistics Management at the University of St. Gallen and on the board of directors at LSG Lufthansa Service Holding AG.

SEKO Logistics has named John Eastland as president of its Aerospace & Aviation industry vertical, based in Washington, DC. He was formerly vice president, Domestic Product at Hellmann Worldwide Logistics, and earlier in his career held senior management positions at PGL, Estes Forwarding Worldwide and Allstates WorldCargo in the United States.

SEKO Logistics created a dedicated Aerospace & Aviation industry vertical at the start of 2016 to reflect its fast growth in the sector, and stated its intention to create global centers of excellence and core competencies to deliver value-added services and technology solutions for customers, as well as opportunities to drive cost out of their supply chains. The first of these new locations opened in Farnborough, a major centre for the UK aerospace industry.