



Gur-Prasad Kohli

September 15th , 2015

Southern Asia Ports, Logistics and Shipping.

Short Sea shipping for Ro-Ro cargo



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Agenda

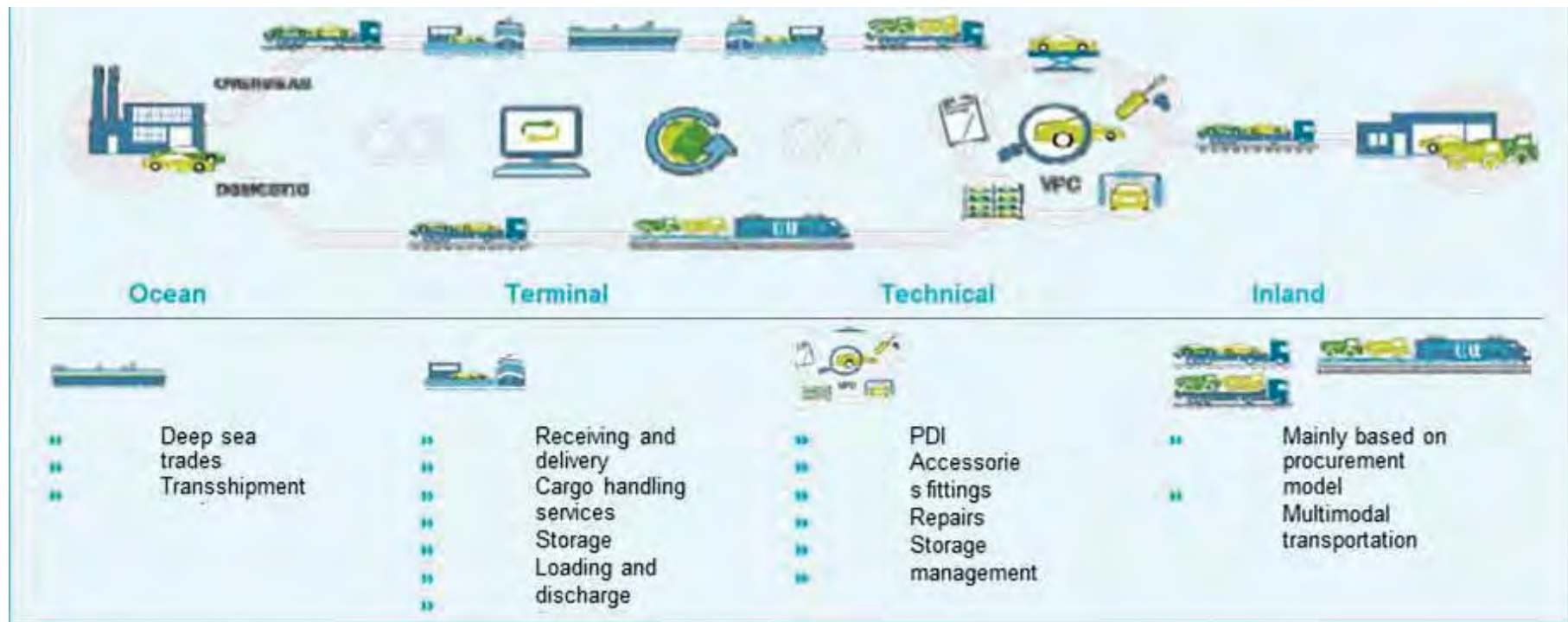


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- 1. Finished Vehicle exports from India**
 - 2. Service and Product Idea**
 - 3. There are several Challenges to get the Service going**
 - 4. Developing Factory to Dealer solutions**
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Wallenius Wilhelmsen Logistics - A global offering covering the entire outbound logistics value chain

The world leading independent global provider of outbound logistics for manufacturers of automotive and rolling equipment



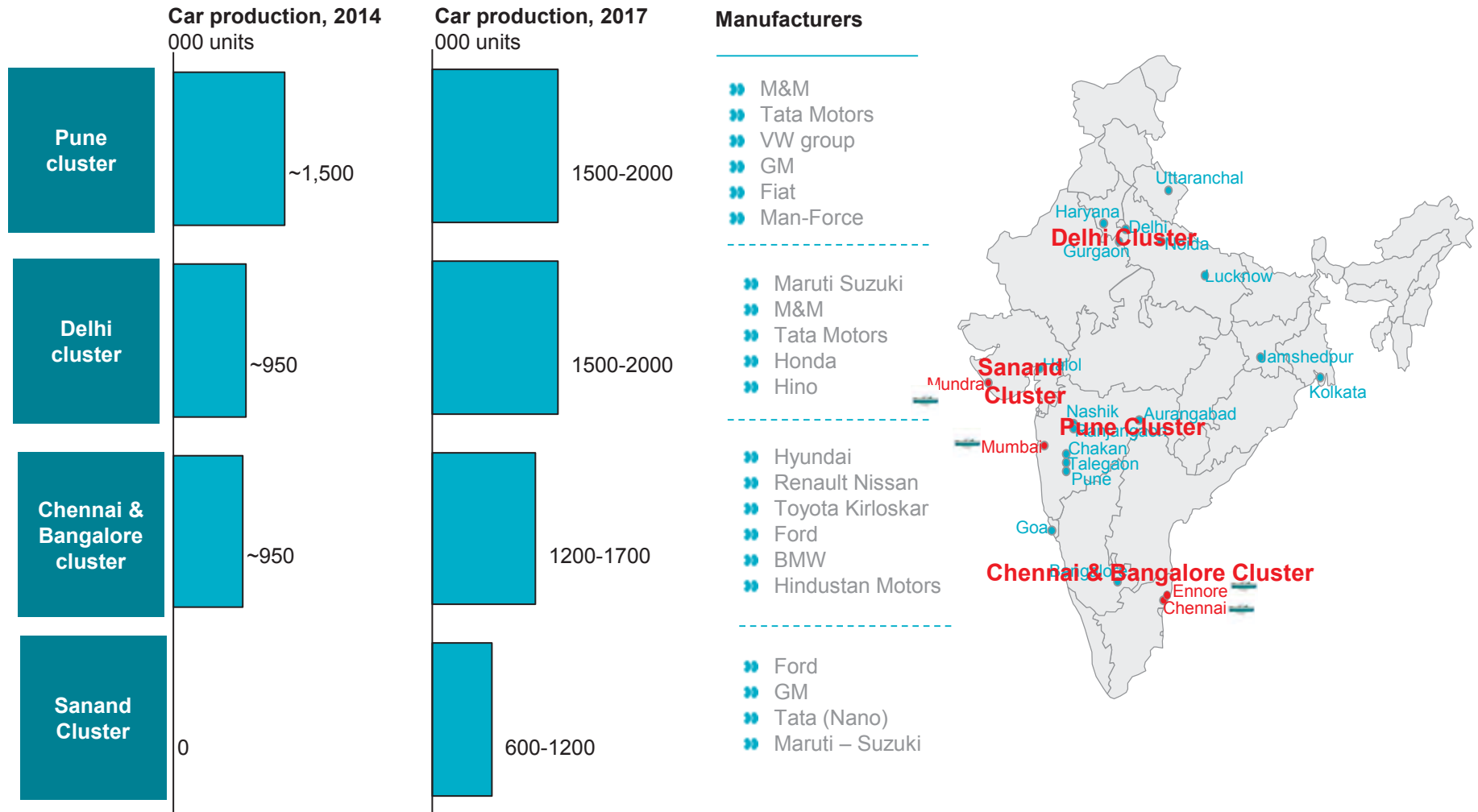
01

Finished Vehicle flow in India





There are 4 main auto manufacturing clusters, Sanand will pick up after 2015 – Similar clusters for CV/HH/ Agri





Passenger vehicles exports will be over 600,000 units in 2016 – exports by sea to Sri Lanka about 40,000 units a year

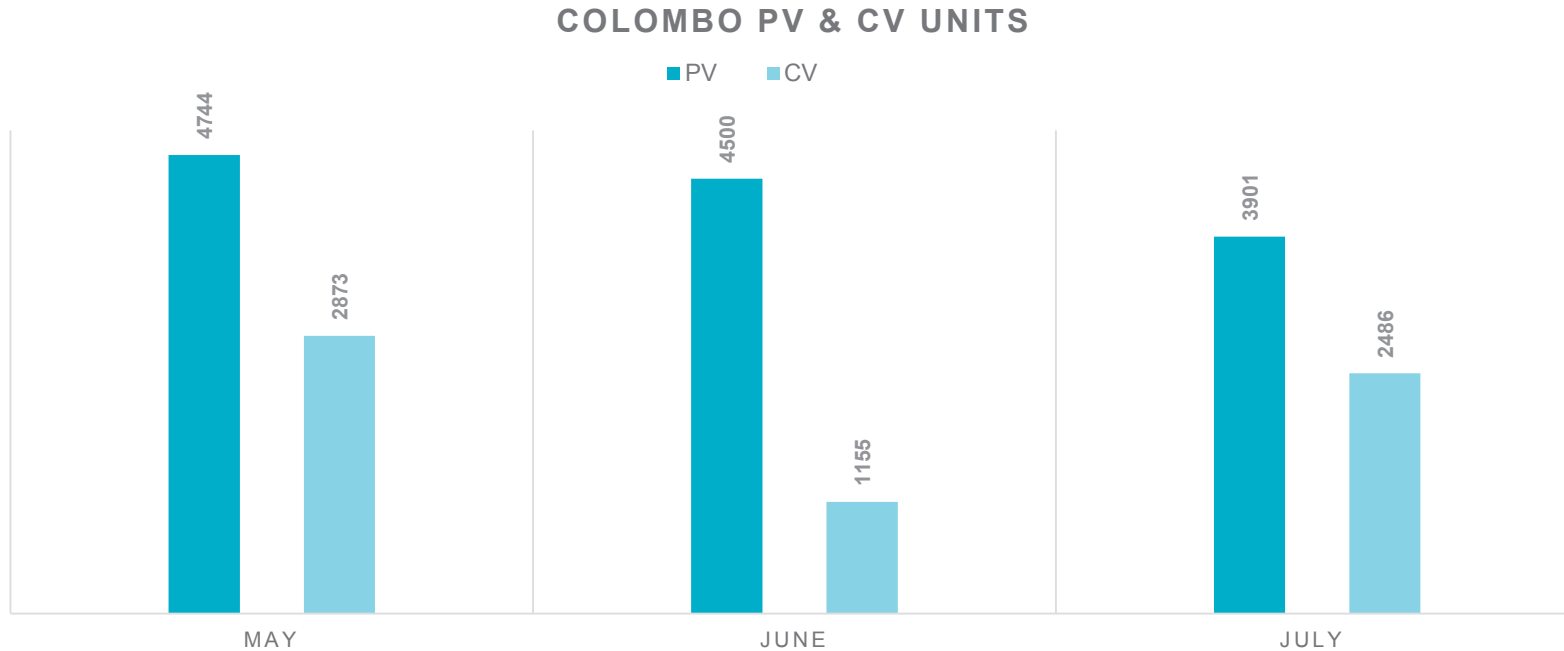
Automobile Export Trend

Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	4,46,145	4,44,326	5,08,783	5,59,414	5,96,142	6,22,470
Commercial Vehicles	45,009	74,043	92,258	80,027	77,050	85,782
Three Wheelers	1,73,214	2,69,968	3,61,753	3,03,088	3,53,392	4,07,957
Two Wheelers	11,40,058	15,31,619	19,75,111	19,56,378	20,84,000	24,57,597
Grand Total	18,04,426	23,19,956	29,37,905	28,98,907	31,10,584	35,73,806

<http://www.siamindia.com/statistics.aspx?mpgid=8&pgidtrail=15>



Commercial Vehicle exports will be over 85,000 units in 2016, of which 24000 are to Sri Lanka



In addition to exports to Sri Lanka, there is a growing number of Exports that are transshipped in Hambantota to avoid direct calls to Indian ports.

Source: Frost & Sullivan report



The Government is building good road infrastructure and the same time keen to move Cargo traffic to coastal / inland

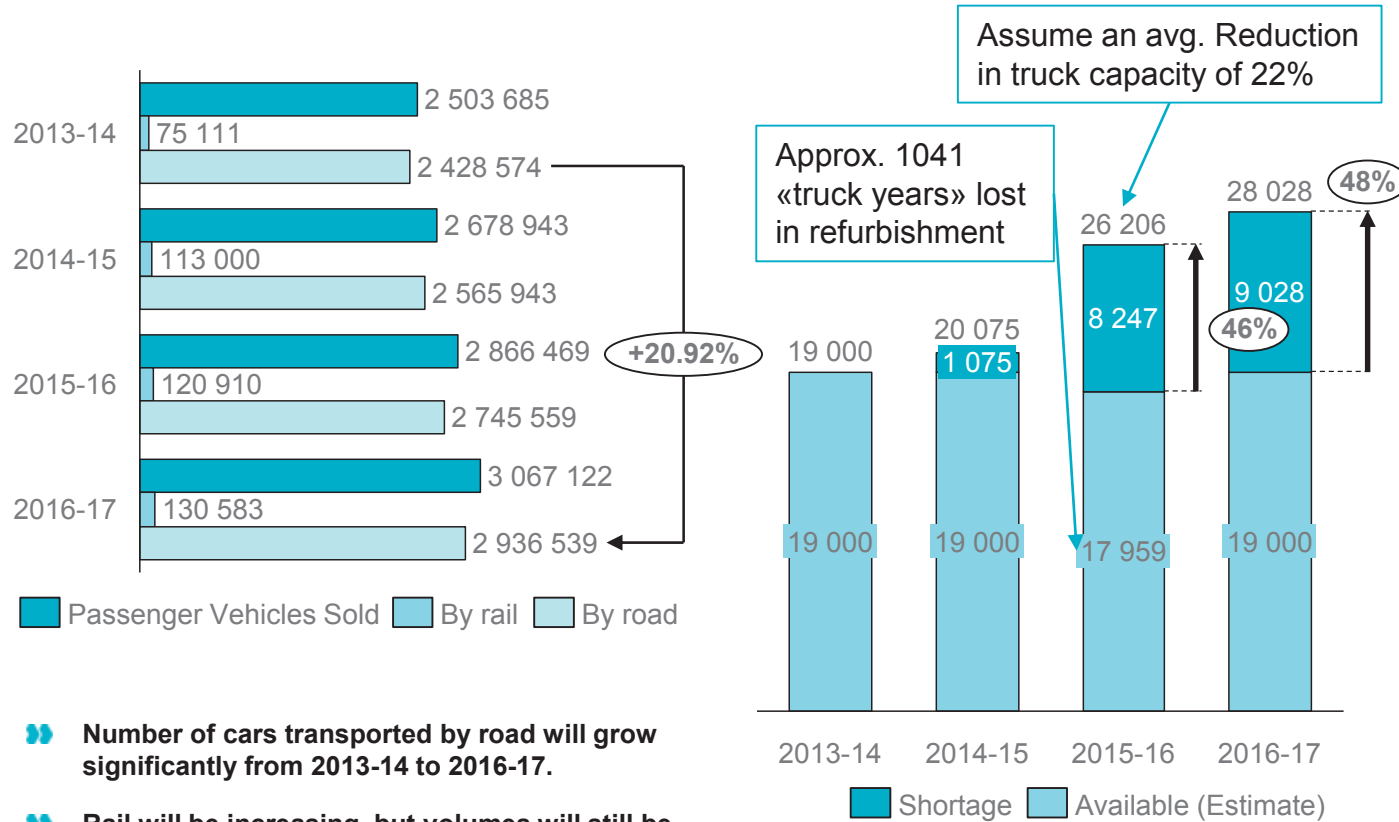


IMPLEMENTATION GUIDELINES
FOR
SCHEME FOR INCENTIVISING MODAL SHIFT OF CARGO
(SIMSC)





India may be facing a serious trucking capacity shortage if new CMV Rules are implemented



- » Number of cars transported by road will grow significantly from 2013-14 to 2016-17.
- » Rail will be increasing, but volumes will still be small compared to road as DFC is still some years ahead

(Source: SIAM and WWL predictions and calculations)

02

Service and
Product idea





Short Sea shipping will cater to both Exports from India as well as coastal movement of Ro-Ro cargo

Business Idea

- Offer coastal connections between South & West India ports for the domestic distribution of Cars, CV, ECE & Bulk Transport in Trucks
- Offer Transhipment opportunities at Hambantota for OEM exports out of India without deviating Vessels to Indian ports – 2 to 4 days deviation.

Product Idea

- Deploy a 1500 – 2500 CEU type Short sea Ro-Ro
- Operate coastal services reaching out to Kandla / Mundra / Hazira / Pipavav (one port) and Chennai via Hambantota
- Provide a Factory to Dealer solution for outbound Logistics for our customers from South to Gujarat / Rajasthan / Delhi and from North and West for exports and TS
- Service frequency twice a month
- If rules allow carry Coastal and TS/ Export in same vessel



03

There are several challenges to get the service going





Challenges for OEM to implement Coastal Ro-Ro concept as the Government envisages

The OEM seeks an end to end solution at **lower cost and greater predictability** than Trucking. Wants transit and port costs reduced.

Lead time from Factory to dealer will be increased with coastal. **The increase in lead time to be compensated by cost reduction.** Lead time Oragadam to NCR by road is 7 days. Lead time by Multi-modal will be at best 11 days.

Each Handover in a Supply chain adds **risk** of damage and cost. Factory to dealer by truck has 2 handovers. Factory to dealer by road – Coastal – road has 6 handovers.

First mile and last mile distribution needs to be smooth to reduce lead time and cost. We need a consolidating yard at both ends and easy access to port.

OEM wants a milk run – 200 cars in Kochi, 400 cars in Mumbai , 400 cars in Pipavav Every port call costs time and money

Not willing to sign long term contracts



Challenges for Line to implement Coastal Ro-Ro concept despite opportunities for coastal, intra-SAARC and TS

Bunker incentives are available only in retrospect. You pay the import duty first and then apply for a refund from ONGC..GOI has not made a decision on giving incentives for Passenger vehicles coastal movement ,

Far too many ports are vying for a share of limited cargo. Gujarat / North cluster using Mundra, Mumbai and Pipavav. Kandla and Hazira in waiting

Pune cluster using Mumbai.

Chennai / Bangalore cluster uses Chennai & Ennore / Katapulli. KPCL in waiting

Sri Lanka still uses Colombo and Hambantota for imports.

Calling several ports increases costs and impacts schedule. There is simply not enough cargo available or rates to justify a milk run. Eg Pune to Chennai or vice versa is 50% more expensive than road. DFC for rail will take larger share of traffic

OEM's want coastal to be cheaper than road and unwilling to sign long term contracts

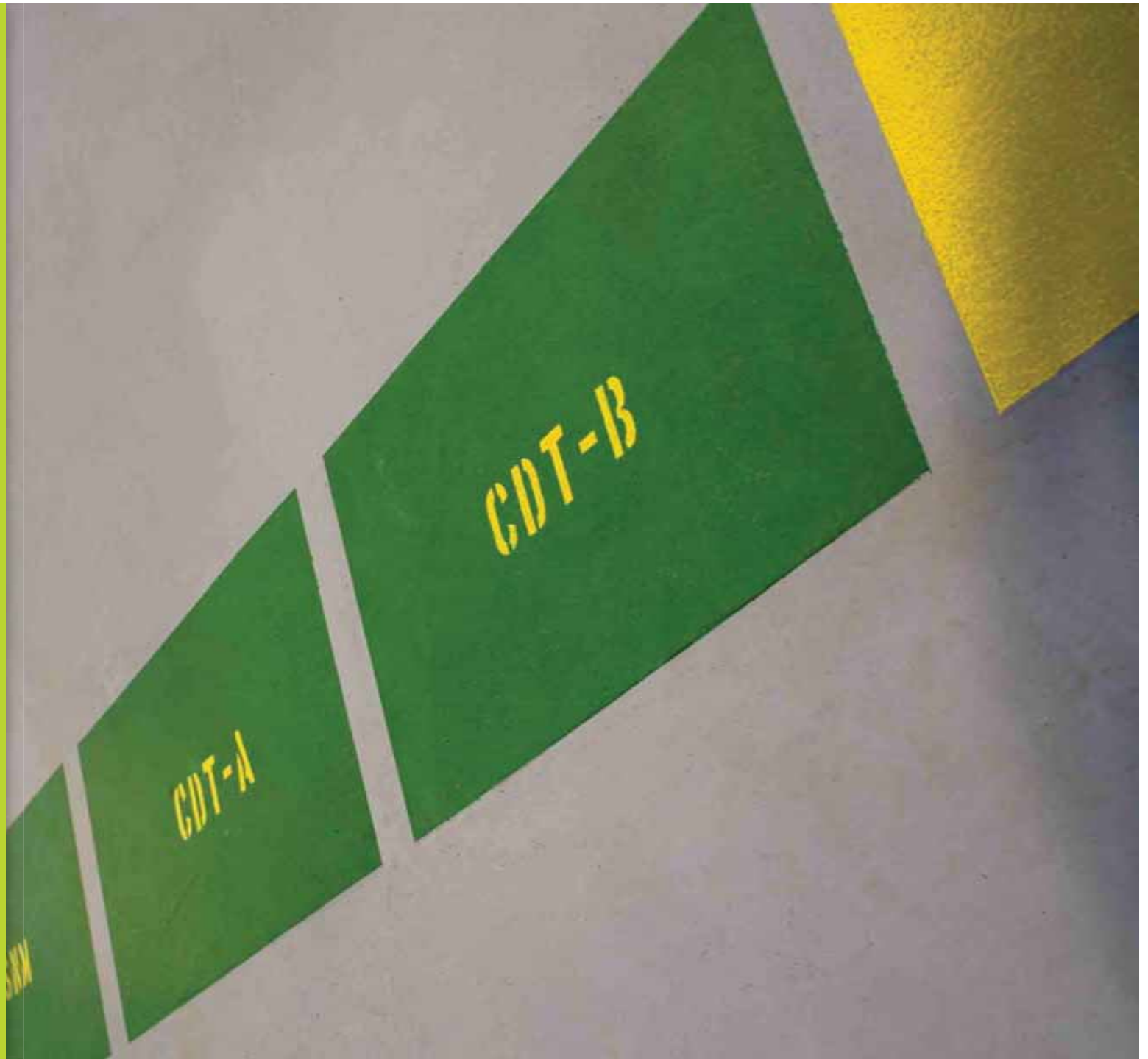


Tax Bunkers and ask us to call several ports with no Return cargo – the incentives become very high

Condition	From	To	Factory to Dealer (Road +Coastal)	Factory to Dealer (Road)	Government Incentive
Duty free bunkers , Return cargo , No Kochi call	Chennai	Ahmedabad	17840	14500	3340
	Chennai	Jodhpur	19470	15800	3670
	Chennai	Delhi	22750	17000	5750
Duty free Bunkers , No Return cargo, No Kochi call	Chennai	Ahmedabad	25500	14500	11000
	Chennai	Jodhpur	27820	15800	12020
	Chennai	Delhi	32700	17000	15700
Duty on Bunker, Return Cargo, No Kochi call	Chennai	Ahmedabad	21400	14500	6900
	Chennai	Jodhpur	24420	15800	8620
	Chennai	Delhi	26450	17000	9450
Duty on Bunker, No Return Cargo, No Kochi call	Chennai	Ahmedabad	29380	14500	14880
	Chennai	Jodhpur	31520	15800	15720
	Chennai	Delhi	36400	17000	19400
Duty on Bunker, Return Cargo, Kochi call	Chennai	Ahmedabad	27680	14500	13180
	Chennai	Jodhpur	29120	15800	13320
	Chennai	Delhi	31850	17000	14850

04

Seeing The
Whole
Picture and
developing
solutions





Our request from the Government is to simplify so that this concept can start.

- » Bunker duty exemption to stay for a Minimum 2 years after 2015**
- » TS / Export cargo can be carried on return from West coast to South with simplified documentation**
- » Simplified Customs procedure for entry / exit from port for coastal cargo**
- » Wharfage to be charged per unit rather than a percentage of ad valorem value for Commercial vehicles / construction equipment / tractors**
- » Include ECE in list of priority cargo for multi-modal. They are not lead time sensitive.**
- » Priority berthing with dedicated berths to be provided to Coastal vessels so that the schedules can be met as the leadtimes is the critical factor for the OEM for leading the market. Provide space for consolidation inside the Port.**
- » Waiver of Heavy Lift charges for heavy cargoes handled at Ports. Presently charged @ 10% of published tariffs even for RoRO vessels.**
- » Exemption of import duties on the import / operation of coastal vessel.**

from
factory
to
dealer

THE PERFECT
**HAND
OVER**

Thank you



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