Date: 23/03/16 **ATLANTIC REPORT NO 12/16**

SUB: LIQUID/DRY COMMODITIES SCENARIO/PORT AND OTHER DEVELOPMENTS –INDIA

We give below our report on the subject for your kind info and record:

A) LIQUID COMMODITIES SCENARIO

1) HIGHEST QUANTITY OF CRUDE OIL IN LAST THREE YEARS LOADED AT JN PORT'S LIQUID CARGO TERMINAL

The Shipping Corporation of India's (SCI) crude oil tanker MT Maharshi Parshuram (LoA: 237.6m) berthed at LB-01 of the BPCL-run liquid cargo terminal at JN Port at 21 hours on March 13, 2016 for loading ONGC's Mumbai region crude oil for MRPL refinery (coastal movement). A total of 70,161.536 tonnes of crude oil was loaded on to the vessel having a sailing draught of 13.7m. the vessel completed operations at 07:06 hours on March 15 and sailed at 14:30 hours on the same day. This was the highest quantity of crude oil loaded on a vessel during the last three financial years. ONGC has handled more than 1.48 million tonnes of crude oil and 0.28 million tonnes of naphtha at JN port during the current financial year till date, informed. This is an example of synergies of resources of public sector organisations for the development of the nation. With availability of higher draught and infrastructure, JN Port has become the preferred destination for high-draught vessels, the release stressed.

2) TANKER OWNERS URGED TO TAKE A LONGER OUTLOOK

Dirty tanker freight rates globally are expected to come under downward pressure this year due to a fresh influx of supply, while Iran's return to global trade remains slow and halting, the chief shipping analyst at Bimco. Before the downtrend sets in,owners need to hedge their risks by locking part of their fleet into time charters at prevailing rates. Prevailing refinery margins and landed oil storage capacity, coupled with the upcoming supply of dirty tankers, points to a softening of freight rates, The growth in demand for dirty oil tankers is not negative but it is slower than the highs of 2015. With more than 50 VLCCs expected to be delivered in 2016, it will be prudent for owners to lock in some of their tonnage now on a time charter of one-three years, despite the recent hike in spot rates, Though VLCC owners are earning more than $ 70,000 a day on the Persian Gulf-North Asia spot voyages, he said it makes sense to secure part of the fleet under time charter at recent rates of $40,000 - $ 45,000 a day as it will ensure a positive revenue stream.

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B) DRY COMMODITIES SCENARIO

1) COAL MINISTRY IDENTIFIES 14 BLOCKS FOR CBM EXTRACTION

The Coal Ministry has submitted a list of 14 blocks to be considered for coal-bed methane (CBM) extraction to the Ministry for Petroleum and Natural Gas. However, 11 of these blocks overlap either partially or fully with the existing blocks awarded to companies like ONGC and Great Eastern Energy Company Ltd. All the 14 blocks identified for CBM extraction are in the eastern region of the country. the modalities and method of award of these blocks will now be decided by the Oil Ministry. Over the last five years, there has been constant tug of war between the two Ministries as to who will be in charge of awarding the CBM blocks. Coal Ministry has now withdrawn the hurdles created earlier and we have left it to the Ministry for Petroleum and Natural Gas to award the blocks. Further the Petroleum Ministry will decide on whether the blocks will be awarded under the existing CBM Policy, approved in 1997 or the Hydrocarbon Exploration Licensing Policy cleared by the Cabinet earlier this month. One of the key aspects of the Hydrocarbon Exploration Licensing Policy is a single licence for exploring any kind of hydrocarbon. This is expected to cut red tape as now there will be one policy framework for all hydrocarbons. “One thing is clear, that the CBM has to be exploited from these coal blocks. Ideally, there can be joint extraction simultaneously of both coal and CBM. Companies with expertise in CBM extraction can always form joint ventures with coal mining companies, so capabilities of the private sector is no issue. The country has an estimated 710.39-948.73 billion cubic metre of CBM gas. Since 2001, 33 CBM blocks have been allotted in four rounds of global bidding.

2) SUGAR EXPORTS SEEN SURGING IN CURRENT FISCAL

Sugar exports are estimated to surge over 80 per cent to 20 lakh tonnes in the 2015-16 marketing year. Production is, however, set to drop by 9 per cent.Sugar mills have received contracts to export 14 lakh tonnes (lt) of the sweetener since October and are likely to ship out another 5-6 lt by the end of the season in September, according to analysts.Mills had exported 11 lakh tonnes of sugar in the entire 2014-15 marketing year (October-September), data shows.

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C) CONTAINER SERVICES

1) NEW CONTAINER WEIGHT RULE COULD RAISE SHIPPING COSTS, CONGESTION

An impending international requirement that shippers verify the weight of their goods before transport will sharply raise shipping costs on major trade lanes and trigger delays in moving cargo through ports, according to a new report. A rule that has roiled the container shipping world, Cowen and Co. said the total cost of shipping an ocean container from Los Angeles to Shanghai "could increase by approximately 14%" because of the extra time and expense that shipping lines and their customers face. Those costs may include fees for weighing shipping containers and charges for holding goods while information on the goods is collected and verified. The report said apparel importers face the biggest potential impact when the rule takes effect July 1 since they will be moving new clothing lines to stores for the fall.

D) PORT DEVELOPMENTS

1) NEW MANGALORE PORT HANDLES NEW CARGO

New Mangalore Port Trust (NMPT) has started the handling of a new cargo — sunflower seed oil cake. NMPT said here on Saturday the ship – M.V. Amber – with 10,000 tonnes of sunflower seed oil cake from Ukraine called at the port last week. This new cargo, which is used as animal feed, has been imported. NMPT said the cargo would be imported regularly through New Mangalore Port. The drives by the port administration to conduct business and trade meets at various locations in the hinterland have contributed to the movement of new cargoes through the port, the release added.

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2) FIRST SHIP TO CHITTAGONG SAILS FROM KRISHNAPATNAM PORT

Two years after India and Bangladesh agreed on cargo movement through the Bay of Bengal, the first vessel sailed from Krishnapatnam on the Indian east coast to Bangladesh's busiest port, Chittagong, on Tuesday. This paves the way for enhanced bilateral trade and brings down the cost of transportation of exim cargo and also time taken. Besides improving connectivity, this will also provide competitive freight rates. With this, Krishnapatnam has crossed another milestone since the first ever vessel MV Frauke carried two mobile harbour cranes in April 2008. Frauke was a 160 metre-long ship, which carried cranes having a capacity to lift 100 tonnes. Over the years, maritime trade has developed significantly. Under a bilateral Protocol on Inland Water Transit and Trade, inland vessels can be operated on river protocol routes between following seven ports.

E) OTHER DEVELOPMENTS

1) GULF PETROCHEM INITIATES BUNKERING AT WEST COAST PORT OF PIPAVAV

India-based Gulf Petrochem India Pvt. Ltd. (Gulf Petrochem) Monday said the company has began bunkering operations at the Gujarat port of Pipavav on India's west coast. The supplier is currently offering IFO380 and MGO ex-truck, and is awaiting approval to supply from a barge. "We should know the outcome in two month's time," a source was quoted as saying. The barge is said to be expected to have a capacity of 700 metric tonnes (mt), allowing the company to bunker vessels with 600 mt of fuel - said to be an improvement over the 200 to 250 mt deliveries currently provided by trucks at Hazira. Both Hazira and Pipavav are in the Gulf of Khambhat. "We can cut down on road transport, save a lot more on logistics... do a lot more. In January, Gulf Petrochem Group announced that the expansion of its Fujairah terminal will begin in April 2016.

F) WEATHER/STRIKE- NIL

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G) INTERNATIONAL HIGHLIGHTS

1) BOTCHED RULES TRIP UP INDIA'S SHIPPING HUB DREAM

Gifted with a 7,564km coastline, India for years has wanted a world-class shipping hub that could compete with regional star Singapore. When the time came this month to help make that dream a reality, policymakers may have botched it, say analysts. In the works for at least a decade, the Shipping Ministry's long-awaited rules announced in a March 7 notification impose conditions that will end up hindering the growth of Indian ports, according to France-based Mediterranean Shipping and Mumbai's Mantrana Maritime Advisory. "The policy gives mixed and confusing signals, It won't help make Indian ports transshipment hubs as most of them, both major and private, won't be able to meet the conditions laid out to them."

Thanks and Regards

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