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[ATLANTIC REPORT NO 05/16](#)

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) NAGARJUNA REFINERY PROJECT HITS ANOTHER SNAG

Nagarjuna Oil Corporation (NOC) is in the process of setting up a six-million-tonne-a-year refinery in Cuddalore, Tamil Nadu. Nagarjuna Refinery, which holds a 47 per cent stake in NOC, had announced last September that Netoil was carrying out a confirmatory due diligence ahead of acquiring the stake. Nagarjuna Refinery has informed the BSE today that the board of directors of the company have unanimously resolved not to pursue the transaction with Netoil. The refinery about 100 km south of Chennai on the east coast was touted as the largest private sector investment in Tamil Nadu. It was to have been commissioned in 2002, but continuous delays and cost over-run have contributed to the project with the possibility of being commissioned in 2017.

2) INDIAN STATE-RUN REFINERS PROPOSE GRASSROOTS REFINING COMPLEX

Public-sector refining firms Indian Oil Corp. Ltd. (IOCL), Bharat Petroleum Corp. Ltd. (BPCL), and Hindustan Petroleum Corp. Ltd. (HPCL) are planning a joint investment for construction of a grassroots mega refinery to be built along the coast of India's Maharashtra state. The proposed 60 million-tonne/year refinery would be built in two phases and, once completed, produce gasoline, diesel, LPG, and jet fuel, as well as other feedstock for Maharashtra's petrochemical industry, Phase 1 of the refinery would include a crude processing capacity of 40 million tpy, with an additional 20 million tpy of capacity to be commissioned following completion of Phase 2. To expedite the project, MPNG and the government of Maharashtra have agreed to work closely in early identification of land for the refinery, as well in finalizing other details of the project



B) DRY COMMODITIES SCENARIO

1) IRON ORE PRICES SEEN UNDER MORE PRESSURE AS CHINA CUTS STEEL CAPACITY

Iron ore prices that have been battered by global oversupply may face additional pressure as China's central government steps up efforts to cut back steel capacity in the world's top producer. The State Council's plan to reduce the industry's capacity by 100 million to 150 million metric tons may result in actual steel output dropping by 55 million to 95 million tons. Iron ore has been in retreat for the past three years as rising low-cost production from the world's largest miners coincided with shrinking demand for steel in China, spurring a global glut. In China, steel mills have reported mounting losses as prices dropped and opposition to record exports climbed.

2) INDIA LIKELY TO IMPORT A RECORD VOLUME OF WHEAT OVER THE YEAR

India will likely import a record volume of wheat over the year due to the effects of unfavourable weather conditions and dwindling stocks. India has been facing dry conditions for this year's wheat crop because of the second consecutive below-average monsoon. Periodic heat spells since planting have also added extra stress to the crop. Wheat stocks are also falling. To protect food security and sustain the price support programme, the Food Corporation of India (FCI) buys and stores a lot of wheat, but the total amount held by it has declined each year since 2012.

C) CONTAINER SERVICES

1) IRAN CONTAINER SHIPS SET FOR EUROPE SAILINGS AFTER 5 YEARS

Iran's biggest shipping line hopes to start calling again at European ports, with plans for a bi-weekly service connecting India, Iran and Europe as early as next month, according to people familiar with the matter. The service would be the first time in five years that ships from the company, Islamic Republic of Iran Shipping Lines, would tie up at European ports. The plan comes just two weeks after the lifting of broad economic sanctions against Iran, part of an international deal to curtail Tehran's nuclear ambitions. Since sanctions have lifted, Iranian officials have announced a host of deals with European companies, including an agreement earlier this week to buy Airbus Group SE jetliners. Also this week, Total SA agreed to start buying Iranian crude again.



D) PORT DEVELOPMENTS

1) KRISHNAPATNAM PORT DEVELOPMENTS

Krishnapatnam port company Ltd said that it has signed a memorandum of understanding (MoU) with Petrogas Pvt. Ltd. and the Government of Andhra Pradesh for setting up a LNG Regasification Terminal. Petrogas will commit a direct investment of USD 45 Millions at Krishnapatnam, SPS Nellore District, Andhra Pradesh in the fields of LNG Regasification Terminal and allied industries. The LNG Terminal will use a state-of-the-art Floating Storage and Regasification Unit (FSRU) with a minimum capacity of 5 million tonnes per annum (mtpa) which shall be doubled to 10 million MT in another three years time.

2) HAZIRA PORT DEVELOPMENTS

There will be 4th Liquid berth's construction underway by Adani Hazira Port. It may take 2016 second half to be operational. AHPPL is also constructing a berth for project/break bulk cargo. It will expected to be ready and became operational around May end – 2016. Also a liquid berth and respective Pipelines are under construction at EBTL Hazira for liquid products. Hopefully, it will also get ready by end of February – 2016 - We will keep you updated accordingly.

3) VIZAG INTERNATIONAL FLEET REVIEW

The Indian Navy will be conducting an International Fleet Review Live Streaming from 04 – 08 February 2016, off Visakhapatnam. Navies of 46 countries to take part in International Fleet Review 2016. The IFR-16 is proposed to be done at a much larger scale than ever done before. The first edition of IFR was held in 2001. the second IFR planned almost after one and a half decade, is expected to be way more massive, since 52 countries have already confirmed their participation. The geopolitical goal is to create friendly relations with global leaders and create maritime bond with friendly nations. The list of participating global navies include – Peru, Chile, Colombia, Brazil, along with the United States of America, China, Canada, Russia, the United Kingdom, Australia, France, South Africa, Japan and South Korea. This is the eleventh Fleet Review but only our second International edition. While showcasing our navy to the nation and our sovereign, we also celebrate the time enshrines principles of friendship across the oceans that are intrinsic to our seafaring community,”



E) OTHER DEVELOPMENTS

1) CALL TO BRING DOWN HANDLING CHARGES AT PORTS

The handling charges at Indian ports are too high which have to be brought down substantially. Similarly, there is an urgent need to improve the port infrastructure to make it easier for the industry and the ex-im trade. Every effort should be made to bring down the handling charges at ports and make our ports more efficient." the government should support shipbuilding in a big way and should also follow Chinese and Koreans to give a boost to the industry. exports from the east coast should increase and containerisation should also pick up pace. Concor is taking up eight major facilities on the east coast, including one at Visakhapatnam, a logistics park, and seven more on the west coast.

2) LNG SHIPPING RATES TO REMAIN UNDER PRESSURE IN 2016

LNG shipping earnings will remain under pressure in 2016 as accelerating fleet growth and changing trade patterns will weaken supply-demand conditions, according to the latest edition of the LNG Forecaster report published by global shipping consultancy. LNG vessel fleet growth is forecast to double this year to 12%, compared to 6% in 2015. Meanwhile, as new sources of LNG supply kick in from projects coming online in Australia, demand for spot cargoes from the Middle East are expected to weaken which will adversely affect overall tonne mile demand for LNG shipping. The final quarter of 2015 was disappointing for LNG shipowners, despite a seasonal uplift in demand for winter fuels. Drewry estimates that average spot rates in the quarter were \$30,000 per day for East of Suez shipments, which was unchanged from the third quarter and 57% down on the previous year.

F) WEATHER/STRIKE- NIL



G) INTERNATIONAL HIGHLIGHTS

1) ADANI'S COAL MINE PROJECT IN AUSTRALIA GETS GREEN NOD

Indian mining giant Adani's plan to build one of the world's largest coal mines in Australia moved closer to realisation today after the Queensland state gave environmental approval to the 16.5 billion dollars controversy-hit project but with about 140 conditions. Queensland state's Department of Environment and Heritage Protection (EHP) said it has issued a final environmental authority (EA) for Adani's Carmichael Mine project in the Galilee Basin. The project is located near the fragile Great Barrier Reef. The Department said the conditions include nine provisions relating to the black throated finch, an endangered species, as required by a court. The environmental group had contended that the mine would affect groundwater, climate change and biodiversity, including black-throated finches. The project has already secured clearance from the federal government. Responding to the latest approval.

2) BANGLADESH TO SOON GRANT INDIA ACCESS TO CHITTAGONG PORT

Addressing a long pending demand by India, Bangladesh will “soon” grant India direct access to its Chittagong port even as both sides work on forward linkages. Bangladesh is working on a Standard Operating Procedure (SOP) which will ensure India direct access to the port, which is significant in boosting bilateral and intra-regional trade. India had been asking for a direct access to the Chittagong Port for nearly five years. Once approved, this will help Indian industry and exporters save millions of dollars by sending direct shipments to Bangladesh and by using the Chittagong port as a transit hub to access other Southeast Asian destinations. Last year, both neighbours had signed an MoU on use of Chittagong and Mongla ports. India and Bangladesh are also working on a joint maritime cooperation — a first in the history of bilateral ties.

Thanks and Regards

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