



VITAL INDUSTRY UPDATES - 07/10/2015

Gopalpur port to resume operations next month

Gopalpur port on Odisha's southern coast, closed for two years, is scheduled to restart operations from the first week of next month. The last vessel to anchor at the port was on October 7, 2013. Operations stopped after the Phailin cyclone hit the state's southern coast on October 12, 2013. A year later, the port was hit again by another cyclonic storm, Hudhud. Battered, several portions of the port, including its breakwater, had been damaged. "We expect the repair work to be completed by the end of October," said M M Moharana, director (operations), Gopalpur Port Ltd (GPL). The progress was recently reviewed by a team led by the state's transport and commerce secretary, Sanjay Rastogi. "(We) have already started negotiation with different user companies on cargo handling," said Moharana. It will be able to accommodate 50,000-tonne vessels after it opens for traffic.

India leads Asia's dash for coal as emissions blow east

Deep in the thickly forested hills in its east, India last month started production at what it hopes will in five years be Asia's biggest coal mine.

At the open-cast mine, which involves the clearing of more than 18,000 hectares (44,500 acres) of land, noisy excavators are busy digging for coal that will feed a huge power plant being built nearby to fuel India's energy-hungry economy.

India is opening a mine a month as it races to double coal output by 2020, putting the world's third-largest polluter at the forefront of a pan-Asian dash to burn more of the dirty fossil fuel that environmentalists fear will upend international efforts to contain global warming.



Close to 200 nations are set to meet at a United Nations summit from Nov. 30 - Dec. 11 to hammer out a deal to slow man-made climate change by weaning countries off fossil fuels.

China has promised to restrict public funding for coal and Indian Prime Minister Narendra Modi is trumpeting investment in renewable energy, but in Asia's biggest economies the reality is that coal is still regarded as the easiest source of energy.

"Environment is non-negotiable but we can't live without coal. You can't wish away coal," said Anil Swarup, the top official in India's coal ministry, who is leading the push to open new mines like Magadh, in poor but resource-rich Jharkhand state.

"There is a temporary drop in demand, but no question of reducing coal output. We are well short of coal required in the country."

Asia keeps digging

China, India and Indonesia now burn 71 per cent of the world's newly mined coal according to the World Coal Association, with new European and North American consumption negligible as their countries turn to cleaner energy.

Other Asian nations are increasingly looking to coal to power their economies too, with Pakistan, the Philippines and Vietnam opening new plants, pushing the Asia/Pacific region to 80 per cent of new coal plants.

"Coal is still the most cost competitive power generation fuel, and in the end that's what matters most for emerging markets," said Frederic Neumann, Co-Head Of Asian Economic Research at HSBC in Hong Kong.

Asia's developed nations, too, are finding it hard to kick the coal habit.

Japan's use has reached a record after shrinking its nuclear industry and it plans to build another 41 new coal-fired units over the next decade.

Australia's exports of thermal coal rose 5 per cent to 205 million tonnes in the last financial year and are to increase by a further 1 million tonnes this year, driven by increased demand from Japan, South Korea and Taiwan.



The rush to burn more coal comes as the world's major economies, including leading emitters China and the United States, have agreed to start cutting greenhouse gases over the next 15 years ahead of the U.N. climate change summit in Paris.

India has rejected any absolute cuts, arguing that its per capita emissions are far below the world average and that it needs to emit more as it grows to beat poverty.

In a climate-change policy statement released last week, New Delhi promised to slow the rate at which its greenhouse gas emissions rise by a third by 2030.

Coal will remain the dominant source of its energy for decades, India said, but it pledged to invest in cleaner coal technology, modernise old power stations and plant trees to absorb up to 3 billion tonnes of carbon dioxide.

The new China?

Magadh mine is the biggest of the many New Delhi will open to hit an annual coal target of 1.5 billion tonnes by 2020, raising its production above the United States but less than half the amount China currently burns.

Some 20 km from Magadh, along a bumpy track through mud-hut villages, lies a second vast coal pit launched last year. By 2018 another two mines will open nearby - combined, the mines in this one district alone will at peak generate as much coal as Poland, the world's ninth largest producer, delivered last year.

The United Nations has agreed a goal of keeping warming below a ceiling of 2 degrees Celsius above pre-industrial levels to avoid the worst impact of climate change including more droughts, extinctions, floods and rising seas.

Sticking to that goal would require world emissions to start falling now and India's to peak within a few years, said Glen Peters at the Oslo-based Center for International Climate and Environmental Research, but India's coal drive makes that near-impossible as its extra emissions outweigh any savings from more solar and wind power.

Because of its low-quality, twice as much Indian coal is needed to produce the same amount of energy as the best Australian coal.



If India burns as much coal by 2020 as planned, its emissions could as much as double to 5.2 billion tonnes per annum - about a sixth of all the carbon dioxide released into the atmosphere last year - Peters said.

That would see India follow a similar path to China whose emissions, after growing slowly at the turn of the century, jumped when dozens of new coal power plants came on line.

"If these coal targets are met, there could be a turn (in India's emissions), with a steep increase. China is starting to stumble; India could replace that," said Peters.

He said India could replace the United States as the world's second largest emitter by 2025. "This is something no one would have expected."

Aluminium cos push for safeguard duty

The aluminium industry has shifted its stance from seeking hike in import duty to demanding safeguard duty, in line with the one imposed on steel shipments.

The three major aluminium producers Vedanta, Hindalco and Nalco under the aegis of Aluminium Association of India (AAI) will meet Revenue Secretary Hasmukh Adhia on Wednesday to build a case for safeguard duty. Earlier, the industry had sought the government to double import duty on aluminium products to 10 per cent in the wake of sharp rise in cheap imports from China.

Abhijit Pati, CEO, Vedanta Aluminium said with the domestic demand tapering in China they are now desperately looking for the export route and find India a convenient destination to off-load their surplus aluminium. "We have generated all relevant data and information for taking up our case for safeguard duty on both primary and rolled aluminium products," he said.

A staggering 55 per cent of the domestic aluminium consumption is met through imports even as the domestic industry is reeling under a mammoth debt of ₹70,000 crore, as per AAI data.

Rising costs, competition



The Indian aluminium producers are currently facing the twin onslaught of cheap imports from China and a meltdown in global prices. Since April 2011, primary aluminium prices at London Metal Exchange have dropped 42 per cent from \$2,623 (₹1,70,495) a tonne to \$1,540 (₹1,00,100) a tonne in August this year.

The cost of aluminium hot metal production (excluding interest and depreciation) has increased 29 per cent to ₹120,000 a tonne from ₹93,700 a tonne due to rise in cost of power, logistics and introduction of Renewable Power Obligation and clean energy cess. The rise in production cost and fall in selling price has hit investment of ₹1.4 lakh crore made by domestic producers to double production capacity to 4 million tonnes per annum.

Idle assets

About 50 per cent of the industry's installed capacity is lying idle, said AAI. Last month, major domestic aluminium producers met with the Mines Secretary Balvinder Kumar, Chairman of Central Board of Excise and Customs Najib Shah and Finance Minister Arun Jaitley to increase customs duty on all aluminium products to 10 per cent from 5 per cent. On September 14, the Centre imposed a safeguard duty of 20 per cent on Hot Rolled steel imports to protect the domestic steel companies from cheap imports from China, Russia, Korea and Japan.

NYK takes delivery of new coal carrier

On September 25, a new 100,000-DWT coal carrier, ordered by NYK Bulkship (Asia) Pte. Ltd, a NYK Group subsidiary based in Singapore, was delivered at Oshima Shipbuilding Co. Ltd (Saikai city, Nagasaki prefecture). A delivery and naming ceremony was held at the shipyard on the same day and attended by NYK senior managing corporate officer, Mr Masahiro Samitsu, and representatives from Chubu Electric Power Co. Inc.

Tenryu Maru is the first coal carrier to be jointly owned by a power company and a shipping company. After delivery, the ship will be assigned to transport coal mainly from Australia and Indonesia to power plants operated by Chubu Electric Power.

Tenryu Maru has been built with a wide beam and shallow draught, improving



transportation efficiency to ports having limited water depth, compared to a standard 70,000-ton Panamax bulk carrier.

In accordance with its medium-term management plan, "More Than Shipping 2018," NYK will continue its efforts to make use of creative solutions to provide stable and economical coal transport, stressed a release.

