

### Deutsche Bahn, IPCL may form joint venture in India

Germany's Deutsche Bahn Engineering & Consulting is in talks with Indian Port Rail Corporation Ltd (IPCL) to form a joint venture (JV) to develop rail connectivity for Indian ports. India and Germany were working together on projects worth Rs1 trillion being implemented by IPCL, according to India's shipping minister Nitin Gadkari. India has envisaged Rs8 trillion of investment until 2035 under the Sagarmala program, which involves construction of new ports to harness the country's 7,517km coastline and setting up of as many as 142 cargo terminals at major ports. "Indian ports have enough funds. The idea is to set up a JV with Deutsche Bahn for setting up railway port connectivity projects," said a person aware of the JV plans.

### India-Eurasia road almost ready, container dry run soon

Inching closer to making the International North South Transportation Corridor (INSTC) a reality — connecting India with Russia and Europe via Iran — a dry run of container movement via the green corridor (smooth customs facilitation) will be conducted during the next fortnight, marking the 70th anniversary of Indo-Russian diplomatic ties. INSTC will substantially reduce time taken and cost for transport of goods between India and Eurasia once fully functional and increase economic activities between India and resource-rich Russia as well as markets of Europe. The INSTC has moved closer to implementation after India decided to join international customs convention TIR following cabinet approval.

### Shippers implement back-up measures to deal with new shipping alliances

There is a growing anxiety that shipping lines do not seem to be "on top of" managing the commencement of the new groupings, and consequently shippers and forwarders have been drawing up contingency plans. UK freight forwarder Westbound Shipping Services described the "mind-boggling transition" for carriers of their fleets and equipment into their new alliance homes, reported The Loadstar. It said: "Many schedules still published are incorrect, as many vessels have been taken out of service. This upholds the demand for space and in turn the recent rate stabilisation." In addition, the rescheduling is leading to a reduction in capacity for North European exports to Asia, which is having a major impact on shippers' businesses. One major UK importer said his logistics team was considering using the overland rail route from China to Europe in the event that the situation becomes chaotic as some fear. "We have been testing the rail services - loading 15-20 containers over the last six months or so, and as a product it has gone very smoothly.

### First UK to China container train departs from DP World London hub

The first ever UK to China export train has departed from DP World London Gateway's rail terminal in South Essex, with containers full of British goods. The train will make the 7,500 mile, three-week-long journey bound for Yiwu in the Zhe Jiang province in eastern China. This inaugural export train bound for China departed just under three months after the first ever import train from China arrived in the UK. The service is part of China's One Belt, One Road programme - reviving the ancient Silk Road trading routes to the West. After passing through the channel tunnel into France and Belgium, the DB Cargo locomotive will call in Duisburg, Germany before InterRail pull the cargo through Poland, Belarus, Russia and Kazakhstan before the train crosses to Yiwu, China. Container operator OneTwoThree Logistics is overseeing the transportation and booking of cargo for the UK/China rail freight trains, in conjunction with Yiwu Timex Industrial Investment Co., which is running the service with China Railway Container.

### U.S. trade deficit falls as exports hit two-year high

The U.S. trade deficit fell more than expected in February as exports increased to a two-year high and slowing domestic demand weighed on imports. The US Commerce Department said the trade gap declined 9.6 percent to \$43.6 billion. January's trade deficit was revised slightly down to \$48.2 billion from \$48.5 billion. Economists had forecast the trade gap falling to \$44.8 billion in February. When adjusted for inflation, the deficit decreased to \$59.7 billion, with exports of goods the highest on record as an earlier drag from a strong dollar fades. The real trade deficit was \$65.1 billion in January. Most economists expect trade will likely be a small drag on gross domestic product in the first quarter after subtracting 1.82 percentage points from fourth-quarter growth.

### 2017 a Year of small comeback for container carriers, says Drewry

2017 should be a year of small profits for most container carriers but there will be very little room for error, according to shipping consultancy Drewry. The short-term outlook for the container shipping lines looks good as the worst seems to have passed, Drewry said. Drewry initially expected industry operating losses to be in the realm of around USD 5 billion in 2016. However, given a better than expected fourth-quarter, when carriers collectively just about broke-even, combined with favourable revisions to both Drewry's loaded container and average revenue per TEU estimates, Drewry believes industry operating losses in 2016 were closer to USD 3.5bn. The freight rates are continuing to slowly climb off the floor and the demand is recovering in 2017.

### Growing cargo volume far surpasses Chittagong port capacity

Bangladesh's biggest seaport fails to keep pace with growing containerised cargoes as its holding capacity and other transportation logistics did not expand proportionately. Official sources said the capacity of Chittagong port has expanded around 8,000 Twenty-foot-Equivalent Units (TEUs) in five years while the number of cargo-handling equipment remained almost the same. In a marked contrast, the container traffic increased by nearly 1.0 million TEUs to 2.3 million TEUs over a period of five years, starting from January 2012. Port-insiders said the seaport has an annual capacity of 1.7 million TEUs. This mismatch might cause disruption to supply chains, leading to rise in consumer goods prices. The economy as a whole may also suffer.

### Shipping container price spike points to global trade growth

Prices for shipping containers, the metal boxes that carry 90 percent of the world's manufactured goods, have risen to their highest since October 2015, a clear indicator that seaborne trade is increasing and should grow further this year. The Harpex Shipping Index, which tracks weekly shipping container rates, has climbed 40 percent this year to 439 points. Container charterers say that lead times to order container have risen, to over a month in some cases, as not enough are available to meet demand. The tight market for the standardized boxes is a result of carriers cutting over-capacity and follows some bankruptcies. But the gains also point to a recovery in global trading after years of lacklustre growth.

### India and Bangladesh agree cruise, cargo initiatives

Indian Prime Minister Narendra Modi has approved a memorandum of understanding (MOU) that aims to boost cruise passenger services along the coastal routes between India and Bangladesh. "The operationalization of this MOU will promote people to people contact and cooperation between the two countries in respect of economic, social and cultural advancement," said Modi in a statement. "It will also generate employment opportunities for the people of India and Bangladesh." The agreement comes during a visit to India by Bangladesh Prime Minister Sheikh Hasina. An MoU was also approved for dredging of the Ashuganj-Zakiganj stretch of the Kushiara River and the Sirajganj-Daikhawa stretch of Jamuna River.

### India's Act East policy to boost connectivity: Jaitley

Finance Minister Arun Jaitley expressed hope that India's Act East policy will help improve connectivity and relations amongst South East and East Asian countries. "Improved access to gateway ports, particularly in Bangladesh and Myanmar, may help unleash the latent potential of agro and forest-based industries in India's North East region," he said at the South Asia Sub-Regional Economic Cooperation (SASEC) programme. The seven-member countries — Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka and Myanmar — have also launched the SASEC Vision that aims to expand trade and commerce to regional and global markets, which can generate around \$70 billion in incremental GDP annually and 20 million total jobs by 2025.

### Adani to open new terminal at Kamarajar port by June

Adani Ports and Special Economic Zone Ltd will open its new container terminal at Kamarajar port in Ennore by May/June - after a delay of six months due to heavy damage to terminal equipment caused by cyclone Vardah on 6 December 2016. Equipment in the terminal, which was ready for commissioning on 15 December 2016, had to be completely repaired. The private operator could have lost Rs 5-6 crore a month due to the delay and Kamarajar Port which gets a 37 per cent revenue share would also have to take a hit as it cannot claim any compensation as it was an 'act of God,' according to sources.

### Indian cabinet clears setting of rail tariff regulator

In a move set to attract investments, the Indian cabinet approved the setting up of a regulator for the railways—the Rail Development Authority (RDA). The long-awaited regulator will perform four primary functions—tariff determination; ensuring fair play and level playing field for stakeholder investment; setting efficiency and performance standards; and dissemination of information, Frank Noronha, spokesperson of the Union government said after a cabinet meeting. In Budget 2017, the National Democratic Alliance government made a record allocation of Rs1.3 trillion for the Indian Railways, with gross budgetary support of Rs55,000 crore. The regulator, to be headed by a chairman and comprising three members, will have a five-year term and be empowered to engage experts.