

PORTALL NEWSLETTER



TABLE OF CONTENTS

FROM THE EDITOR'S DESK	1
PORTALL PCS ROADSHOWS A roaring success – getting the community in the driving seat	2
CUSTOMERS SPEAK	3
CREATIVE INCENTIVE	4
GOOD e-READS A new age dawns, Maritime industry set for a makeover	5
SOUTH CHINA SEA A simmering zone of conflict	10
PORTALL OFFERINGS	13

FROM THE EDITOR'S DESK

Dear Readers,

It's a proud moment for all of us in Portall as we launch our maiden edition of Pulse.

Bringing together the maritime ecosystem – what better name than Pulse to keep track of what you need to hear about and deliver it to your inbox every month.

India's logistic sector is at a cusp and will be a \$215 billion market by 2020, however our logistics costs are about 13-15% of our GDP which can go down drastically through standardisation and effective technology adoption and implementation.

As the maritime ecosystem in India embraces digitization, Portall is at the forefront of this change through PCS 1x. Implementing and operating PCS 1x in India is an honor and a privilege for Portall. We are now ready to on-board all 29 stakeholder categories onto PCS1x to maximize the utility and transformation power of the platform.

The vision has a buy in from the trade, now we need to overcome corporate inertia for everyone to come aboard. We had recently organized a three month awareness campaign title # allaboard and it culminated in a pan India roadshow campaign in conjunction with IPA (Indian Ports Association) and the participating port Chairmans.

In pulse you can expect to read original content news and views. The cover story this month is a glimpse of PCS roadshows.

We collaborate with thought leaders to bring you inputs on the pulse points of the day – this edition talks of the new age facing the maritime industry on one hand and of a the legal viewpoint on Trade in China.

Customers want a means to stay in touch with many new and upcoming innovations at Portall so a section of Pulse is devoted to this.

We look forward to your views and feedback after reading the launch edition and promise to evolve to suit the taste of you, dear reader.

Happy reading!

Meera

PORTALL PCS ROADSHOWs

A roaring success – getting the community in the driving seat

PCS 1x gains momentum through roadshows. As an Ease of Doing Business initiative of Govt. of India, in association with Indian Ports Association and Logistics software company M/s. Portall organized roadshows for Port Community system (PCS1x).

The objective of the roadshow campaign was to communicate and educate the individual port ecosystem about the features and benefits of PCS 1x in order to encourage active adoption by the local community.

The roadshows commenced on 28th June 2019 at Vizag and ended on 25th July 2019 at Kandla. It acted as a platform for the entire maritime community to gather and give valuable suggestions. The average turnout was between 100 to 150 at each location and we witnessed an overall turnout of over 1500 stakeholders across India.

All major port chairpersons spearheaded their respective port interactions and the apex industry trade associations worked alongside IPA and Portall to improve adoption and address additional requests from the stakeholders. IPA senior officials were present at all ports to address concerns if any. Portall teams were there to show the community the power of PCS.

It was a great medium for the stakeholders across all 13 major ports to interact with IPA and Portall. The learnings from the shows have trickled up at several head offices of shipping lines, who called back to say their local offices are now actively pushing for adoption.

Key Government agencies like Immigration, PHO, MMD, Customs, DGFT etc., were present at most ports and shared to the community the work being done on their side to integrate with PCS and to upgrade their digital presence for the good of the stakeholders.

Authored by Gaurav

CUSTOMERS SPEAK

Views and Opinions



Mr. Sunil K. Vaswani
Executive-Director
Container Shipping Lines Association
(India) - CSLA

"CSLA has been associated with PCS 1x since its inception and indeed supports its initiative.

In today's world technology is the key and PCS1x offers this platform not only for the shipping community but for the entire trade at large and helps in ease of doing business

I urge all the stakeholders to be involved in this initiative

As a suggestion, I would like PCS1x to be aligned with SCMT regulations

I would like to thank IPA and Portall for their efforts and wish them luck in the implementation "



Capt. Amit Wason
President
Maritime Association of Nationwide
Shipping Agencies (MANSA)

"I would like to put on record that IPA and Portall has taken a very good initiative of launching PCS 1x.

Under the ease of doing business this is one of the best platforms which a trade to get enabling all the stakeholders to be at the same platform, giving them better transparency, saving a lot of time.

I thank Portall for all their initiatives taken for creating awareness among the maritime stakeholder community "



CREATIVE INCENTIVE!

Explore your creative side and pen a witty tag line for the photos below and write in your submissions at info@portall.in. Do mention your name and address. We shall accept answers till 15th Nov. 2019.

The best tagline will win a Portall Tee. It will be delivered to the address provided within 3-5 working days.



GOOD e-READS

A new age dawns, Maritime industry set for a makeover

Globally, the maritime and logistics industry is undergoing a huge transformation on account of changing economies, technology and more cost-effective methods of moving cargo. This is being reflected in the Indian sector too, its growth propelled by the government's positive policies and increasing investments in infrastructure development.

It is fair to say that maritime transportation has been and still remains the backbone of global trade and has been so since the Egyptians, Greeks, Romans, Arabs, Indians, Chinese, Europeans all started sailing and improvising the sailing methods from sailboats, dhows, long boats, dragon boats, steamships to the current ULCVs, VLOCs, VLCCs, etc. Maritime transportation is a derived demand whose main purpose is to support trade, business and commerce — whether global or domestic, whether cargo or people. An estimated 89.5% of global trade is carried by sea. As per UNCTAD figures, in 2017, world seaborne trade reached a volume of 10.7 billion tons with a predicted expansion of 3.2% between 2017 and 2022.

The growth, numbers and the volume involved makes the maritime industry one of the most globalised industries in the world in terms of ownership and operations. Not just in terms of ownership, the maritime industry also provides employment for an estimated 1.65 million seafarers working in the global merchant fleet across the world. As briefly defined above, shipping is the act of carriage of cargo from point A to point B and is therefore clubbed with the logistics sector. Cargoes are carried by various types of ships all around the world such as oil tankers, dry bulk carriers, general cargo carriers, container carriers, gas carriers, chemical tankers, offshore vessels, ro-ro ships, and ferries or passenger ships.

All these ships are operated by shipping lines for commercial gain. A lot of these ships are owned by the shipping lines operating them and a lot of them are chartered by the shipping lines from ship owners. These shipping lines may be operating a liner service or a tramp service. On the liner service the majority of the business is handled by container shipping lines. There are many container shipping lines operating 'shipping services' around the various trade lanes in the world. Further, in simple terms, freight refers to cargo that is carried by a carrier, in this case a ship. There are various types of cargoes that are shipped around the world. Primarily, there is dry bulk which covers five major commodities, namely, iron ore, coal, grain, bauxite and alumina, phosphate rock and minor bulks such as forest products and the like. Then there is wet bulk that includes crude oil, petroleum products and gas which accounts for the balance.



Logistics Sector

The term logistics is said to have originated from the military and is said to have been initially used to define troop and equipment movement in various areas of military operations. It is the process involved in getting the cargo from the manufacturer's warehouse, point of origin, mine site, farm, etc to the receiver's warehouse, door, store, etc. The process of logistics actually begins way before the actual shipment takes place as it involves discussing and deciding on the delivery schedules suitable to both the buyer and the seller. Once these are decided, then the logistics services provider needs to decide on the best method of moving the cargo from the seller's door to the receiver's door. It is here that the maritime sector plays a crucial role given the fact that a bulk of the dry and wet cargo is moved between countries through the sea route.





Indian Shipping Industry

According to the Ministry of Shipping, around 95% of India's trading by volume and 70% by value is done through maritime transport. India has 12 major and 200 notified minor and intermediate ports. Under the National Perspective Plan for SagarMala, six new mega ports will be developed in the country. The Indian ports and shipping industry plays a vital role in sustaining growth in the country's trade and commerce. India is the 16th largest maritime country in the world, with a coastline of about 7,517 km. The Indian government plays an important role in supporting the ports sector. It has allowed foreign direct investment (FDI) of up to 100% under the automatic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports.

Since ports handle almost 95% of trade volumes in India, the rising trade has contributed significantly to the country's cargo traffic. Capacity at major Indian ports reached 1,477 million tonnes by 2019. Capacity at non-major ports is expected to reach 968 MMT in 2019 from 750 MMT in 2016. Given the positive outlook, proposed investments in major ports are expected to total USD 18.6 billion by 2020, while those in non-major ports would be USD 28.5 billion. India's total external trade grew to USD 838.46 billion in 2019, implying a CAGR of 5.53% since 2009. Merchandise exports during the year were USD 331.02 billion while imports reached USD 507.44 billion.



The Way Ahead

The shipping and logistics industry is in a mature phase of its lifecycle, and will continue growing in the coming years as the economy continues to expand. According to IBIS World, the industry is expected to increase at an annualised rate of 2.6% until 2022. As a whole, the industry has displayed a concerted effort to improve operating efficiencies — to flexibly and quickly deliver goods and services to customers; growth, therefore, is the result of larger firms acquiring and consolidating smaller players. In recent years, the trend of consolidation has increased due in large part to increasing external competition. Customer expectations are on the rise. As businesses and individuals grow accustomed to today's on-demand culture, shipping and logistics companies face ever growing pressure to deliver goods and better service at lower costs.

While the industry currently faces increased competition from new market entrants using similar business models, the sector has and will experience even greater pressure from the very firms that supply its demand: the manufacturing, wholesale, retail and warehousing segments. Increasingly, many customers are asking suppliers and manufacturers to deliver products only when needed — reducing inventory on hand and freeing up capital to invest elsewhere. For both 3PL and vertically integrated operations, technology has played a crucial role in developing competitive business strategies. Surges in e-commerce sales have caused an increase in demand for items that must be warehoused, packed, and delivered efficiently.

As such, larger firms within the industry have sought to acquire technology start-ups to increase their technological advantage in the marketplace. Suppliers and manufacturers must create or implement logistics software tools to optimise daily activities and handle the routing and storage of inventory to meet each customer's delivery requirements. Meanwhile, there are certain risks that need to be addressed by this industry. According to major shipping and logistics firms, the main industry-specific risks are general economic conditions, changing commodity prices, the capital-intensive nature of existing business models, increasing competition, changes in relationships with customers, and changes in technology.



Scope in India

The unfortunate fact is that even though India is one of the major shipping and logistics players in the world, such is the low level of awareness about this industry's opportunities and scope that it continues to be plagued by manpower shortage. India is not able to provide an adequate number of seafarers to man Indian flag vessels. This is mainly because not enough young people seem to find seafaring an attractive and appealing career with many of the officers preferring to sail onboard foreign flag vessels owing to favourable taxation policies. The 'Make in India' initiative offers tremendous opportunities in the maritime sector, particularly in the shipbuilding and ship repair industry. The government's shipbuilding policy provides a boost by encouraging Indian shipyards to bag foreign orders in a more aggressive manner and meet the requirements of Indian ship owners.

A cost-effective and skilled manpower base, established steel industry, technology know-how and an increased demand in domestic shipbuilding could enhance India's global shipbuilding share from 1% to 5% by 2020. A plan to manufacture LNG vessels at the Cochin Shipyard has also been approved. Other Indian shipyards have developed investment plans and accessed capital markets to play an increasing role under the 'Make in India' programme. Given the present scenario, India appears to be among the major economies in the world and will therefore require a vibrant and strong maritime industry for economic and strategic reasons. There are many factors conducive to the development of a robust and sustainable maritime sector. Therefore, it can be convincingly concluded that India is on the cusp of major maritime revolution which will play out over the next couple of years.

Authored by Nishit Doshi

SOUTH CHINA SEA

A simmering zone of conflict

Even as the world grapples with other greater issues at hand, China has continued its militarization of the South China Sea. The question revolves around how this will shape out in the future.

One of the longest running controversies in recent times has been that of South China Sea (SCS) which can be traced back to early 1940s when China announced its claim over 90% of the sea with an 11 Dash Line, now known as the 9 Dash Line. The Chinese government claims that this has been a part of China's sovereign territory since the 15th century. The Chinese claim to this part of the world encompasses massive rights over large oil reserves, 10% of the world's fisheries, and the ability to control the flow of 30% of global shipping traffic. Seven other countries lay claim to the SCS, and their claims are based in the UNCLOS treaties. Although China has signed the UNCLOS treaties, it has never completely clarified its claims and moreover, it has ignored the overlapping claims of other countries.

Within the sea, are a large amount of underwater reefs and small uninhabited islands used by either fishermen or military patrols of Vietnam, Malaysia, Brunei, Japan, Taiwan as well as the Philippines and China. In April 2012, the Chinese and Philippine naval forces amassed at a standoff at Scarborough Shoal, culminating in the Philippines being compelled into withdrawing their forces. In May 2013, China surrounded Ayungin Shoal with fishing boats, surveillance ships and navy destroyers, cutting off all supply to the island while gaining yet another stronghold in what was previously Philippine territory. At this point the Philippines sought recourse to arbitration in the International Court of Justice at The Hague.

The proceedings were widely discredited by China that refused to attend. Naturally, when the verdict was announced in 2016, China refused to adhere, claiming that the principles of natural justice had not been observed — namely, 'Audi Alteram Partem', roughly meaning that justice cannot be served unless both sides of an issue are heard. The tribunal, nonetheless, passed a ruling that China had in fact invaded Philippine territory. In the case of United Kingdom and Norway, when the court observed that the Norwegian claims were sound, the ruling was adhered to since both countries were capable of defending their claims. In the present scenario, however, the Philippines seem unlikely to be able to withstand any major attacks at their borders without any realistic backing from ASEAN or the global community.

Political claims aside, the verdict of the arbitral tribunal commented on the nature of environmental damage caused by China's indiscriminate reef reclamation, which today lies at a staggering 3,000 acres that was built at a speed peaking at 3.5 acres a day. Within two years, China had not only reclaimed seven reefs but had been successful in completely destroying their natural resources and militarising the same with airstrips in tow. From 2014 to 2016, this relentless speed of development resulted in China further pushing its expanding boundaries. In 2015, China announced that it would declare an air identification zone above the SCS, claiming it as part of Chinese airspace. This eventually prompted the United States to intervene by sending a destroyer into the territory on October 27, 2015.

The destroyer was promptly followed by two Chinese ships for a long time, but not at any time obstructed. Since then, the US has conducted various military drills alongside Philippine forces as well as independently. However, this has only led to an escalation of Chinese military presence in the region. Needless to say, it is inconvenient for the United States to be engaged in a militarised combat against China. In 2016, experts were concerned that any further increase in tensions could spark off World War III. It is apparent from the continued construction that the Chinese government is not inclined to follow the verdict set by the arbitral tribunal. Adherence to verdicts of international tribunals has openly been flouted in the case of Britain, et al versus Germany (1923) in the Kiel Canal case where even though Germany was ordered by the League of Nations to allow passage of the SS Wimbledon, it refused to do so even pursuant to the order of the tribunal.

With the United States and ASEAN voicing empty support, the Philippines largely relies on export to and tourism from China. Using the reliance of the Philippines' economy on Chinese imports, China quarantined imports from the country, leading to the Philippines once again being subverted. The United Nations held four conferences on the Law of the Sea (UNCLOS) to decide limits and extent of jurisdiction of a coastal nation upon the adjoining sea. Territorial waters extend from three to 12 nautical miles, as declared by the coastal nation, beyond the low tide line. This portion of sea belongs to the declaring nation as part of its territory. Barring the right to innocent passage in accordance with all laws of the coastal nation, the territorial waters and all its offshore resources belong exclusively to the coastal nation.

In the determination of coastal waters in bays and creeks or other water bodies, if overlapping claims are made, weightage is given to custom. If islands are located off the coast, they are included within the territory of the country. For example, the islands of Andaman, Nicobar and Lakshadweep extend Indian territorial waters up to the said islands to allow ingress and egress to the territory. Similarly, if China is allowed to claim the islands captured and built by the Chinese government over 500 nautical miles from the coast of mainland China, while encroaching upon the economic zones of the continental shelf, the situation of the SCS will remain grim as ever.

Meanwhile, the exclusive economic zone (EEZ) and the continental shelf — the area of seabed around a large land mass where the sea is relatively shallow compared with the open ocean — claims are claims relating to deep sea mining and or exploitation of other resources. EEZ ensures that even though a country may choose not to extend its territorial waters till the permitted maximum of 12 nautical miles, no other nation is permitted to exploit that territory, except by agreement or custom to the contrary. The concept of the continental shelf is governed by the UN Convention of 1982. As per this convention, the continental shelf extends till the edge of the continental plate or 200 nautical miles, whichever is farther. The states, as per the case of Libya versus Tunisia, that have a claim beyond 200 nautical miles are required to inform the Commission on Limits of the Continental Shelf; any lesser and the same may be assumed.

Considering that China has not clarified their claims and the Philippines are well within their rights to claim the 200 nautical miles of sea extending from their shores, the Philippines had commenced infrastructure and development as well as military patrol in the area which was interrupted by China. The aforesaid acknowledgement of a 200 nautical mile limit of extension to coastal nations is being defeated by China in its annexation of Ayungin Shoal which is 115 nautical miles from the Philippine coastline but 500 nautical miles away from mainland China. Although the United States has yet to sign the convention, most countries now adhere to the UNCLOS III and Part XI of the UNCLOS which came into force on July 28, 1996 as an agreement to pacify the non-signing industrial nations.

When in conflict, the agreement of Part XI shall prevail over the prior UNCLOS III. As regards clashing claims upon water bodies, two main methods of measurement are applied. One is equidistance, which is generally a parallel coastline. But where it is not feasible, the I Sector method is employed. Customs, usages and agreements also play a large role in determining any conflicts on overlap arising thereto. In this scenario however, no amicable settlement seems to be on the horizon since there is no political or military pressure exerted on China to control its belligerence. In the instance that China is permitted to declare its reclaimed reef-naval bases as sovereign territory, a large portion of the SCS would then justifiably be the territorial waters of China, thereby subjecting it to complete Chinese control.

The legal implications of allowing China to create and administer Chinese islands more than 500 miles from its coastline, while encroaching on sovereign territory of other nations, are vast but any recourse by the Philippines is severely limited in practicality. When faced with unequal power, the global justice system is not designed to be executable and as China continues to flout the verdict of this arbitral tribunal as of August 18, 2016, no effective measures of redressal are available to the Philippines. The United States, though not a signatory to the UNCLOS treaty, is now entrusted with singlehandedly providing adequate security in the SCS and therefore is prioritising the tasks and threat level as its own benefits dictate.

Today, China is a permanent member of the UN Security Council, which means that any UN action taken against China could be subject to a veto by China or its allies. And as China's 'One Belt One Road' project kicks off, it is clearly prepared to divert its imports from innumerable other sources, in pursuance of which it has surreptitiously become the loan shark of many South Asian countries. China's alternative trade routes bypassing the SCS are springing up as the other surrounding countries struggle to keep up. Chinese politics in the region also extend to strong-armed, one-sided deals favouring China and oppressing citizens while feeding corrupt regimes. While the world is shrouded with other greater issues at hand, China has continued its militarisation of the SCS. Moreover, since the invasion of Philippine-patrolled regions, China has faced no repercussions while continuing its methodical and patient annexation of the sea.

Authored by Elaisha Asher

PORTALL OFFERINGS

Constant innovation keeps us ahead of the curve

New Releases

Encryption as a service- Cloud based platform with 2 layers of encryption consisting of public key, private key for taking care of your sensitive docs such as Invoices

API Portall ready for use by stakeholders – Get connected and get information on PCS 1x real time.

Booking module- To be the first latch on to PCS 1x, with all the major shipping lines on board, it enables the forwarders book containers at ease. It is powered by INTTRA by E2open.

Product Upgrades

Empty yard- New stakeholder bought in PCS 1x. Will enable empty yard operators to improve their efficiency and keep a tab on the inventory, it also helps smooth transaction shipping lines to monitor their container.

Upcoming

E-vgm- It will simplify the process of electronic and verified gross mass declarations by shippers to carriers

Portall and Master Marine sign MoU to offer multiple operations and documentation products to the Indian maritime community



Portall cares for the earth
Further Pulse editions will be circulated electronically

We would love to hear from you, do share your thoughts



CONTACT US

PORTALL INFOSYSTEMS PVT. LTD.

301, C wing , Godrej Coliseum, GTB Nagar, Lalbaug, Everard Nagar, Sion,
Mumbai, Maharashtra 400 022

Call us at - 022- 49760050

POWERED BY

