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Vikas Khadtale

vikas@itln.in

+91 9769073516



Maersk container business sinks to quarterly loss

AP Moller-Maersk, the world's biggest shipping firm, said the container business on which it is staking its future made a loss in the third quarter of the year as freight rates declined further.

A net loss of \$116 million for its container unit, against analysts' expectations of a \$174 million profit, shows the pressures as it seeks to remain the world's leading container shipping carrier amid a wave of mergers and acquisitions.

The company stuck to its forecast for annual profit to be significantly below last year's \$3.1 billion.

"This is far from a satisfactory result for us," said Soren Skou, who was appointed chief executive of the group in June and still heads the container business.

"We grew more than the market and gained some market share in the third quarter," said Skou, adding that Maersk managed to increase market share following the collapse of South Korea's Hanjin Shipping.

However, Maersk said average

freight rates fell 16 percent in the quarter to \$1,811 per 40-foot container as overcapacity hurts shipping companies. Maersk has a market share of around 15 percent but has been unable to secure better prices for shipping goods. Skou said he expected freight rates to rise as the industry tackles overcapacity.

Maersk Line, which carries about 15 per cent of seaborne freight and is thus seen as a barometer for global trade, has suffered in recent years from weak demand and excess capacity in the industry, which has pushed freight rates to record lows.

It said it expected container demand — a proxy for global trade growth — to be about two percent this year, well below the double-digit levels seen before the financial crisis.

"The current levels are the new normal. We are of the view that the global container trade will grow slightly more next year but nothing that changes the fundamental outlook of 2 to 3 percent growth," said Skou.

DMICDC'S LDB CONTAINER VISIBILITY CROSSES ONE MILLION

Logistics Data Bank (LDB), an initiative by the Delhi Mumbai Industrial Corridor Development Corporation (DMICDC), has crossed the one million mark of export-import containers tracked real time at the Jawaharlal Nehru Port Trust (JNPT).

"Container visibility through the LDB crossed the one million mark at JNPT in just over three months since it was introduced in June this year in three of the port's terminals as a near real-time tracking service for EXIM containers using RFID technology across the western corridor of India," said DMICDC in a statement.

The LDB is designed to help reduce shipping lead times, inventory levels and transaction costs and improve the accuracy of production plans.

The LDB is operated by DMICDC Logistics Data Services, a joint venture of DMICDC and Japanese IT major NEC Corporation, with 50:50 equity participation. Recently, the LDB added a Google route map view, which enables users to view the location of the 'containers in transit' on Google Maps through a more user-friendly interface.

"With over one million containers now tagged and de-tagged, the LDB project is well on the way to bringing in radical change in the Indian logistics industry providing transparency and visibility in container transportation that benefits stakeholders across industries," said Alkesh Sharma, CEO and MD of DMICDC.

