

Title: DP World to roll out phase I of Kochi terminal by June

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DP World, the world's third-largest container terminal operator, will complete the first phase of the Rs 3,000-crore Vallarpadam terminal project in Kochi by June and is expected to commission it by this year-end. When the International Container Transshipment Terminal (ICTT) is up and running, containerized trade from south India will no longer have to use international transshipment ports like Colombo and Singapore, bringing down cost and time for shipping lines as well as exporters and importers.

"DP World is targeting end June for completion of phase 1, while operations will commence by year end. The first phase of the project has seen an investment of Rs 1,250 crore," industry sources told ET. The project was earlier scheduled to be commercially operational by the first week of April, but has been delayed.

The Vallarpadam terminal is a public-private partnership project being developed by DP World, along with the Cochin Port Trust. "The Cochin Port Trust has invested over Rs 1,500 crore on road, rail connectivity and dredging of the channel," sources said.

The first phase has a quay length of 600 meters and a design capacity of 1 million TEUs. In the second phase, DP World will develop a further 300 meters of quay length with a capacity of 1.5 million TEUs, while in the final phase, the terminal will have a capacity of 3 million TEUs.

According to Frost & Sullivan, container capacity handled for international and domestic traffic stood at 9.1 million twenty-foot equivalent units (TEU) in 2008 and is expected to reach 21 million TEUs in 2014.

One of ICTT's main advantages is a growing immediate hinterland. South India's container market accounts for close to 2 million TEUs. The absence of a hub port in India has resulted in a significant share of containers leaving an Indian port going through a feeder, with transshipment and mainline movement causing additional delay.

"This results in a 40-50 hours delay as containers are transhipped through ports such as Colombo, Singapore (east), Dubai and Salalah (west)," said the Frost & Sullivan report. According to Mantrana Maritime Advisory director Anand Sharma, the commissioning of the terminal will allow importers and exporters in south India to receive direct calls, which will reduce their logistics cost and time.

"It will also generate opportunities for coastal feeder movement of containers, as Vallarpadam will be an alternative transshipment hub for Indian cargo. In fact, some of the east-bound feeder service from eastern India to Singapore could also get diverted to Vallarpadam," he added.

Cochin is an all-weather port, with minimal tidal variations. The new terminal will allow the handling of mega container ships like the Emma Maersk which has capacity of over 12,500 TEUs and deadweight of over 150,000 mt.

Larger vessels bring about economies of scale, and lower cost of operations for the shipping lines, which translates into lower freight rates. Once the cargo finds its way directly to India via road, or rail, it will reduce freight rates, time to take goods to the market, besides bringing down shipping lines' operational costs.