

THE AUSTRALIAN

Indian Ports Global to invest in Australian, Asian, African ports, terminals

ROBIN PAGNAMENTA THE TIMES JUNE 28, 2011 10:44AM



A boat is anchored near the Gateway to India, at right, and Mumbai's Taj Mahal Hotel (left). Source: AFP

INDIA will set up a state-owned ports company to build overseas influence and acquire ports and terminals abroad, including in Australia.

Indian Ports Global, modelled loosely on Dubai's DP World, will aim to boost India's share of foreign trade and act as a bulwark against Beijing's aggressive efforts to use ports to advance Chinese trade and diplomacy.

After IPG is formed next month, it will initially control funds worth about 25 billion rupees (\$530 million) collected from India's network of 13 government-owned ports, including Madras and Mumbai. The cash will be used to acquire overseas ports and container terminals in East Asia, Africa and Australia, as well as other regions with close trade links to India.

It is intended that ownership of the ports will help Indian shipping companies to win a bigger slice of foreign trade by ensuring they gain access to freight terminals.

Anand Sharma, director of the Mumbai-based Mantrana Maritime Advisory, said: "Developing and owning ports helps to reduce the logistics costs and provides priority access for your own cargoes.

"It will help India to increase its influence overseas."

At first, IPG will operate as the investment division of the country's Shipping Ministry, but it may also raise a further INR50bn from the bond market if opportunities arise that require further funding.

India is not alone in trying to use ownership of ports to advance its power overseas.

As trade in South Asia grows more lucrative, China has been constructing deepwater ports in Sri Lanka, Pakistan, Burma and Bangladesh - projects that have irritated India, which views the region as its own sphere of influence.

About 90 per cent of India's foreign trade by volume is carried by sea and, with its economy growing at more than 8 per cent per year, Asia's third-largest economy is poised for a big expansion in freight volumes.

However, many of its large state-owned ports are operating at or close to capacity and require significant investment to cope with increased demand for their services.

India's leading ports handled 560.7m tonnes of cargo last year, up 6 per cent from 530.5mt in 2008-09.

Shipping Corporation of India, the state-owned group that is the nation's biggest shipping operator, plans to purchase more than 100 new ships during the next ten years to handle the country's growing trade volumes.

Dubai's DP World was formed out of a merger of the Dubai Ports Authority and Dubai Ports International in 2005. A year later, the new group bought P&O, at that time the world's fourth-biggest ports business.

Today, DP World operates 49 terminals, with another nine under development, in 31 countries worldwide. Its other businesses include cargo and maritime services divisions.

India's Shipping Ministry declined to comment on IPG.

×

Share this story

Facebook (<http://facebook.com/sharer.php?u=http://www.theaustralian.com.au/archive/business/indian-ports-global-to-invest-in-australian-asian-african-ports-terminals/story-e6frgaho-1226083336595&t=Indian Ports Global to invest in Australian, Asian, African ports, terminals>)

Twitter (<https://twitter.com/intent/tweet?url=http://www.theaustralian.com.au/archive/business/indian-ports-global-to-invest-in-australian-asian-african-ports-terminals/story-e6frgaho-1226083336595&text=Indian Ports Global to invest in Australian, Asian, African ports, terminals>)

LinkedIn (<http://www.linkedin.com/shareArticle?mini=true&url=http://www.theaustralian.com.au/archive/business/indian-ports-global-to-invest-in-australian-asian-african-ports-terminals/story-e6frgaho-1226083336595&title=Indian Ports Global to invest in Australian, Asian, African ports, terminals>)

Google (<https://plus.google.com/share?url=http://www.theaustralian.com.au/archive/business/indian-ports-global-to-invest-in-australian-asian-african-ports-terminals/story-e6frgaho-1226083336595>)

Email (<mailto:?body=http://www.theaustralian.com.au/archive/business/indian-ports-global-to-invest-in-australian-asian-african-ports-terminals/story-e6frgaho-1226083336595&subject=Indian Ports Global to invest in Australian, Asian, African ports, terminals>)

