

National Seminar on ASEAN-India Maritime Transport Cooperation
31 January 2014, New Delhi

Major Discussion Points

ASEAN-India Centre at RIS in collaboration with the Indian National Shipowners' Association (INSA), Mumbai, organized a National Seminar on ASEAN-India Maritime Transport Cooperation, held on 31st January 2014 at Amaltas Hall, India Habitat Centre, New Delhi. The focus of the ASEAN-India connectivity programme is on maritime connectivity in 2014. ASEAN-India Centre (AIC) at RIS has drafted a report entitled "*ASEAN-India Maritime Connectivity Report*". One of the objectives of this seminar is to comments and suggestions from the stakeholders on ASEAN-India maritime connectivity.

Ambassador Shyam Saran, Chairman, RIS and National Security Advisory Board (NSAB) gave introductory remarks. Keynote Address was delivered by Ambassador Anil Wadhwa, Secretary (East), Ministry of External Affairs (MEA), Government of India, New Delhi. There were three technical sessions dealing with ASEAN-India FTA, RCEP, ASEAN-India Ports and Shipping Networks and the emerging challenges of ASEAN-India Maritime Transport Cooperation. The major discussions are as follows:

- In his opening address, Chairman, RIS, emphasized on the promotion of all-round connectivity as one of the priority areas for cooperation between ASEAN and India. He further added that in order to meet the ambitious targets of trade, maritime connectivity between India and ASEAN countries is very important. He raised the issue of weak maritime links between Indian ports and ports in ASEAN countries. Ambassador Saran also stated that cargo handling capacity is limited at Indian ports and therefore increasing the cargo handling capacity has to be top priority. He suggested the need to revive the maritime links between India and ASEAN countries in order to enhance the volume of trade and investment. Indian shipping carries only a limited share of India's maritime trade which is a cause of concern. There is an urgent need to modernize our ports, reduce the turnaround time for ships and expand the capacity to handle containerized cargo. Ambassador Saran said that we need more modern, efficient and containerized shipping and raise the share of Indian shipping in our maritime trade.
- Ambassador Anil Wadhwa in his keynote address told us that connectivity is going to remain as one of the foremost priorities in the ASEAN-India Strategic Partnership in the months ahead and it is therefore important to discuss, analyze and put together the various components that would help strengthen India's maritime transport capacity. He further added that maritime connectivity will play significant role in creating regional corridors for intellectual, cultural, trade and economic linkages between India and ASEAN countries. The focus of maritime connectivity with ASEAN countries is to

consolidate the economic activities between ASEAN and India. Ambassador Wadhwa informed us that improvement of Indian port sector and identifying sea routes for enhancing economic activities are the major challenges. Ambassador Wadhwa stated the example of Sittwe Port in Myanmar which will help India to strengthen economic ties with ASEAN countries. India has also been participating in the ASEAN Maritime Transport Working Group Plus Meetings since 2012 and, following the 1st ACCC-India meeting in June 2013, Ministry of External Affairs has requested the Ministry of Shipping to establish a Joint Working Group on Maritime Connectivity to look into various aspects of promoting maritime connectivity. Ambassador Wadhwa said that we need to find ways to assure trade volumes to sustain a shipping line connecting India, Myanmar, Thailand, Cambodia, Vietnam.

- In the first working session, Professor Amita Batra in her presentation stated that RCEP aims at deeper integration of the ASEAN+ 6 countries and takes into account the level of individual economies. She also added that India will be gaining more from RCEP. Integration of ASEAN+ 6 has led to increase FDI, evolution in technology, reduction in transport cost in supply chain, etc. However, she raised concerns over NTBs, income diversions, etc. Professor Batra also mentioned that the success of TPP agreement relies on involvement of like-minded and open economies. Areas covered in TPP are goods, services, IPR, investment, government procurement, dispute settlements, etc. She also stated that supply chain will be playing an important role in enhancing trade in both the agreements.
- Mr. T.S. Vishwanath in his presentation said that there are confusions among the companies related to the interpretation of MFNs and preferential tariffs. He also added that there are some differences in HS codes across the countries, which create tariff issues. Mr. Vishwanath suggested to increase the capacity of ports, better connectivity by roads and rails, create a process of free movement of goods across the countries and to have the uniformity between the HS codes so that the companies can benefit from ASEAN-India FTA.
- Dr Prabir De stated in his presentation that trade in parts and components between ASEAN and India have been growing. He said that to encourage the production networks between ASEAN and India, strong maritime and air connectivity links are pivotal. However, there are many bottlenecks in maritime sectors, such as lack of port capacity, shortfall of skilled human resources, lack of institutions, etc. According to Dr De, ASEAN and India have to build a strong ocean shipping network with an increasing fleet capacity, etc.

- In the Session II, Mr. G.S. Sahani in his presentation suggested to follow PPP model for the development of Indian ports sector. His company (Vishaka Container Terminal) is running a container terminal at the Vishakhapatnam port in Andhra Pradesh. Vishaka Container Terminal has the capacity to accommodate larger container vessel. It can link Indian east coast with ASEAN ports.
- Captain Kapil Kekre emphasized the importance of controlling transport cost since capital requirement is huge and also acts as high entry barrier for new players. ASEAN and India both have long coast line which is dotted with many ports. Capt Kekre suggested that there are ample scopes for joint ventures between the ports of ASEAN and India.
- Captain S. Narula stated that transport charges at present are very high. With low cargo volume, Indian shipping companies have been facing difficulties to manage the cost of operation. He added that his Company (Shipping Corporation of India) is likely to resume services between Chennai and Yangon if subsidy is available from the government. He raised concern over low freight rate, which make carriers less enthusiastic to serve India's east coast. He suggested serving Myanmar directly from India and not via Singapore. Capt. Narula also stated that statistics regarding Indian ports and terminals may be misleading because Indian terminals are not as same as Singapore's terminals.
- Mr. Aji Vasudevan in his presentation stated that India should have adequate number of ships. He emphasized to give attention to unit cost of transport per container. He also added that training should be low if BIMS services are restricted. He stated that improvements in maritime and ports services are very much required.
- Mr. C.B. Singh in his presentation stated that India is not using its rivers and inland waterways adequately for transportation. He argued that the rivers can be used to import goods from Myanmar and Bangladesh. According to Mr. Singh, Haldia port can be used as a hub for inland waterways transportation with neighbouring countries.
- Dr. Subrata Behera in his presentation stated that Kaladan Multimodal Transit Transport Project is undertaken because of strategic reasons. He further added that there is not much of cargo in east coast of India and hence shipping industry faces a lot of difficulties. Dr. Behera stressed upon building port infrastructure and joining inland waterways with ports so as to reduce the transportation costs.
- In the Session III, Mr. Manoj Singh in his presentation said heavy investment will be needed to develop good transportation in North East India. He also mentioned about a programme which has been undertaken by the Planning Commission to build a road in

North East India. Mr. Singh confirmed that massive railway development programmes are going on in North East India. He also informed that linking road to Kaladan project from Mizoram state capital is getting ready.

- Mr. GVL Satya Kumar in his presentation focused on the role of ports as a starting point between India and ASEAN countries. He had given an example of Myanmar exporting wood to India through Visakhapatnam port. He insisted on capital infusion in the port sector. However, he raised the concerns over intra-port connectivity, poor communication link between mills and roads and railways with the ports. He emphasized on the improvement in maritime connectivity, and further stated that vessel related discount should be offered to encourage maritime transportation.
- Mr. Umesh Grover in his presentation requested the Government of India to incentivize coastal shipping since the introduction of taxes has hurt the shipping business in India. He also emphasized on a stronger connectivity between Indian east coast and Myanmar coast and creation of hub ports in eastern and western coasts of India.
