

Speech by Mr. T. Venkataraman - Managing Director Of Goodrich Maritime Pvt Ltd – at the INSTC (International North South Trade Conference) held at Mumbai on 12th of June 2015

Good Afternoon

Respected Session Chairman, distinguished fellow speakers, distinguished guests in the audience, Ladies & Gentlemen,

At the outset I must thank the organisers profusely the INSTC, the FFAI for having invited me not only to attend but also to speak to such a knowledgeable audience, an international flavor to this audience about a subject about which I am very passionate about and also a subject my company Goodrich Maritime is so passionate about.

The occasion here is an occasion for double gratefulness as far as Goodrich is concerned and as far as I am concerned.

The INSTC exactly 2 years ago chose our company Goodrich to participate in the dried run which was a precursor to the entire moment and that was to test out the service, the route between Nhava Sheva via Bandar Abbas to Baku. I vividly recall the zeal with which FFAI and INSTC carried out this project and I also vividly remember the enthusiasm with which the FFAI official Mr.Shankar Shinde, participated in this movement , he piloted the container along with the containers right from Bandar Abbas to Baku and unfortunately the enthusiasm was a little short lift right at the gateway port there were issues like the Iranian customs were not able to interpret the cargo correctly and what was the cargo? It was some brochures for the Embassy in Baku. The delay started from there, the purpose for which this dry run was taking place was to understand the nuances of the

CIS routing, to understand the nuances to reduce the transit time and to reduce the cost thereby.

Two years down the line unfortunately ladies & gentlemen as a CIS operator we are still not sure whether the route would be smooth , the transit time would be competitive and the cost would be competitive. So unpredictable is the nature of the availability of the vehicles. So unpredictable is the cost factor. As a CIS operator I conclude the deal and tell my shipper this is your rate but I am not able to understand what exactly is my cost till such time the cargo is finally delivered because en route the cargo undergoes through multiple custom clearances. Take the case of Bishkek. I understand via Bandar Abbas it takes not less than four border clearances and at each of these borders, there are delays, all of them accumulate and there is a big escalation of cost.

Today I am also a leading member of the NVOCC community. We the NVOCC community extend free days and extend enhanced free days but even these enhanced free days does not translate into reduced cost. The transporter still finds himself at a loss to control the entire moment within the free days. If Transport and border clearances are a factor, documentation is no different, strange are the ways of documentation here. The issue of Bill of Lading, sometimes I feel why am I issuing a Bill of Lading ? I am talking here as an agent of the NVOCC. The B/L is surrendered at the location itself i.e. the origin port and then the CMR takes over. Many a time it is a document which is at fault. Many a time it is the shipper himself who is self inflicting the problem onto himself. I am telling you out of exact experience of the delays. Sometimes it get stuck because the exact weight of the cargo is not declared, the exact number of packages is not properly declared. The nomenclature of the commodity especially in a scenario where there are multiple commodities involved in the same container that is not properly declared. Net result the delays are definitely going to be there because the clearances take time and there are also cases where there is confiscation of cargo which is missing in the CMR. Now why are these customs clearances so difficult because they are

so different at various check points. The sanctions per se, I don't know whether I am allowed to mention about Sanctions. The sanctions also does not allow many a shipper to choose the shortest transit and he has to choose a circuit of transit. Let us leave the sanctions part of it aside. The exchange rate is volatile. The visa which is so crucial for the trader to go and do business in CIS is not so easily forthcoming or it is restrained by way of purpose.

If there are disputes arising which is quite natural in an International Trade, a visa is very crucial to go promptly and resolve the disputes. Even if the visa is available there is a very weak legal system to resolve disputes, to resolve differences and a weak and an unsound bank and financial institutions.

Well I can go on and on I can even lament about the weather related delays but the earlier recession had seen a lot of optimism, a lot of enthusiasm. So let me not just talk about problems let me talk about probable solutions. Let me talk with reduced cost in mind. So now here I am putting my hands up and talking as a man who is owning an NVOCC outfit. Today to my misfortune and to the ultimate fortune of the CIS operator and the CIS shipper today the Bandar Abbas rate I think has come to 150 level. If I have to share my cost to reach the container to Bandar Abbas, I think all of you will fall out of your seats. I don't even cover with that 150 which is very correctly mentioned even mid way. Not even 50% of the linear cost is covered with that rate. Nevertheless we still extend those rates so that is the solution for the CIS operator that the sea freight rate today is being reduced to miniscule amounts. What about the free days what was earlier 7 then came 10 then came 14 believe it or not today 21 & 30 is a norm. So the sea freight leg has already been taken care in terms of reducing the cost. So I am recommending it as a CIS operator as a part of a solution.

Coming now to the lack of enough vehicles or lack of enough trailers at Bandar Abbas. I am not touching the rail aspect at all because I am told that the choice of road because of its various subsidies etc. is phenomenon. Now if there is a border delay/ there is a congestion in

the border for clearances obviously the trailers are not able to come back for the next load. So there has to be a combined effort probably like an EU how the European Union came together and rationalized common tariffs, I mean just probably you know punch the things and get going on the borders something to that effect like a CIS union has to come in to being. Once that comes into being there will not be any need for additional trailers to be implemented. The trailers that are currently deployed will come back on time for the next cargo.

Ladies and Gentlemen sometimes this particular point is escalated right upto my level i.e. the Managing Director level. Where is the cargo? Nobody knows where is the cargo. There is a lack of automated tracing system in this Era of communication technology which has risen to a great levels there is still an anticipation of a call from the driver to tell you where exactly the cargo is. I am not saying that it is a general rule but various instances where we are unable to trace where the container is and that leads a lot of acrimony between the CIS operator and the actual shipper.

I think if all these things have to take place, we should be at the political level, absolutely dissolve your territorial ambition, dissolve your border differences and come out with an absolutely unified code of conduct for all the CIS countries.

Now what are the optimism point is I would say the entire previous session was in optimism point term. Apart from what Mr.Vijay Pal and so many other speakers spoke in the previous session which means that it is going to be very competitive and easy to put a box into Moscow via Bandar Abbas rather than taking the suez canal route. Let us hope that it happens.

Other than that there are so many other optimism factors, every time Mr.Modi goes to various countries and he mesmerizes the business community, we the Logistic community in India are full of hope. Here we are going to have another good boost to the trade. If you look at the optimism pointer what is the collaboration which India has with CIS countries. We just put up a stall last month in Turkmenistan

attended well and there is a tremendous amount of response for Indian products and also we are aware of all the developments which is taking place. For e.g. the Gas pipeline and believe it or not this pipeline is going to transit Afghanistan, Pakistan and then come to India. What more can you ask for?

And additionally India cooperating to enhance the transport infrastructure in Iran, take the e.g. of Chabahar port so these are all optimism points and we look forward to a better tomorrow as far as CIS logistics is concerned. We at Goodrich, were recently awarded the Most Versatile Logistics Company. We are serious about CIS logistics for a decade, we have been serious about CIS logistics and serious enough that we don't run our dry vans alone. We have an assortment of equipment, Liquid logistics, we have our own fleet of ISO tanks, we do flexi tanks too and flat racks , open tops, we do everything. So we very much feel the pulse of CIS logistics and that is why I made this passionate speech.

Thank you.