Intergovernmental Agreement on Dry Ports Prospects & Challenges

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Presentation Outline

- UNESCAP- Background
- Inter Governmental Agreement on Dry Ports- as envisaged by UNESCAP
- Asian Highway
- Trans-Asian Railway

- Benefits of the Inter Governmental Agreement
- CONCOR-An Example of Multi Modal Dry Port Operator
- Prospects of Inter Governmental Agreement
- Challenges to Inter Governmental Agreement

UNESCAP
United Nations Economic & Social Commission for Asia Pacific

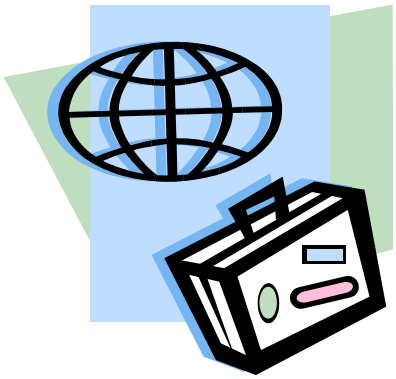
- Established in 1947
- 53 member states & 9 associate members
- Geographical stretch
  - Turkey (West)
  - Kiribati (East)
  - Russian Federation(North)
  - New Zealand (South)
- Population: 4.1 Billion approx (2/3rd world population)
- Headquarter: Bangkok, Thailand

United Nations
ESCAP

Inter Governmental Agreement on Dry Ports-UNESCAP

An agreement between the countries of Asia Pacific region which shall be open for signature/ratification/acceptance/approval /accession to member states of UNESCAP on 7th & 8th November 2013 at Bangkok, Thailand, & thereafter at UN Headquarters in New York from 11th November 2013 to 31st December 2014.

Objectives of the Agreement



- To promote & develop an international integrated intermodal transport & logistics system in Asia & with neighboring regions in view of the growing international trade in the ongoing process of globalization
- To strengthen connectivity & seamless international movement of goods, facilitate increased efficiency & reduce cost of transport as well as to extend its reach to inland areas with Asian Highway network & Trans-Asian Railway network
- Reduce adverse impact of transport on environment
- To strengthen regional relations

Salient Features of the Agreement

- The agreement consists of 17 Articles & 2 Annexures
- In Annexure I, the agreement lists out 230 Dry Ports of international importance in 27 countries in the Asia Pacific region
- Annexure II of the agreement specifies guiding principles for the development & operation of dry ports of international importance for harmonization & facilitation of intermodal transport in Asia & Pacific

Dry Ports-Locations of International Importance (Annexure I)

- Normally located in the vicinity of: existing/potential production & consumption centers with access to highways/railways
- Dry ports have transport connections to other dry ports, border posts/land customs stations, seaports, inland waterway terminals and/or airports

Guiding Principles for Development & Operation of Dry Ports (Annex II)

Development of Dry Ports mentioned in Annex I shall be guided by following principles:

1) Functions- handling, storage, regulatory inspection, receipt/dispatch, consolidation, distribution, warehousing, trans-shipment
2) Institutional, administrative & regulatory framework- ownership of Dry Ports can be public, private or PPP
3) Appropriate design, layout & capacity
4) Adequate infrastructure, equipment & facilities

Infrastructure, equipment & facilities at Dry Ports

- A secure area with a gate for dedicated entrance & exit
- Covered & open storage areas
- Warehousing facilities including customs bonded warehousing
- Customs supervision, control, inspection & storage facilities
- Cargo & container handling equipment
- Internal service roads & pavement for use in operation & stacking area
- Parking space for freight vehicles (road/rail)
- Administrative building for customs, freight forwarders, shippers, custom house agents, banks, canteen etc.
- Information & communication system for data interchange
- Equipment & container repair yard.

Asian Highway

The Intergovernmental Agreement on the Asian Highway Network (IGA) was adopted on November 18, 2003, by the Intergovernmental Meeting; the IGA includes Annex I, which identifies 55 AH routes among 32 member countries totalling approximately 140,000 km (87,500 miles), and Annex II "Classification and Design Standards". During the 60th session of the ESCAP Commission at Shanghai, China, in April 2004, the IGA treaty was signed by 23 countries. By 2013, 29 countries had ratified the agreement

Trans-Asian Railway

- Initiated in 1960s, objective of 8750 miles (14,080 km) rail link between Singapore & Istanbul with possible further connection to Europe & Africa
- TAR agreement signed on 10th Nov 2006 by 17 Asian nations as part of a UNESCAP effort, formally came into force on 11th June 2009. 24 more nations still contemplating

Tran Asian Railway

TAR Corridors

There are 4 lines or corridors that have been identified.

- Northern corridor: This connects Korea to Europe via Russia, Mangolia, China and Kazhakistan. The container traffic would originate from Pusan, Tianjin, Hong Kong, Shenzen, Nakhoda and Rajin for destinations in Europe.
- Southern corridor: This is the corridor which is of significant importance to India. It connects Yunan In China and Thailand with Europe via Turkey. The line passes through Kanchanaburi to Nam Tok, Myanmar, India, Bangladesh, India again, Pakistan, Iran and then Turkey.
- ASEAN corridor: Connecting Singapore, Malaysia, Vietnam, Cambodia, Indonesia, China, Laos, Thailand and Myanmar. This corridor would connect Singapore to China and would also link ASEAN to Europe via the Southern corridor.
- North-South corridor. Linking Northern Europe to the Persian Gulf via Russia, Iran and the Central Asian Republics.

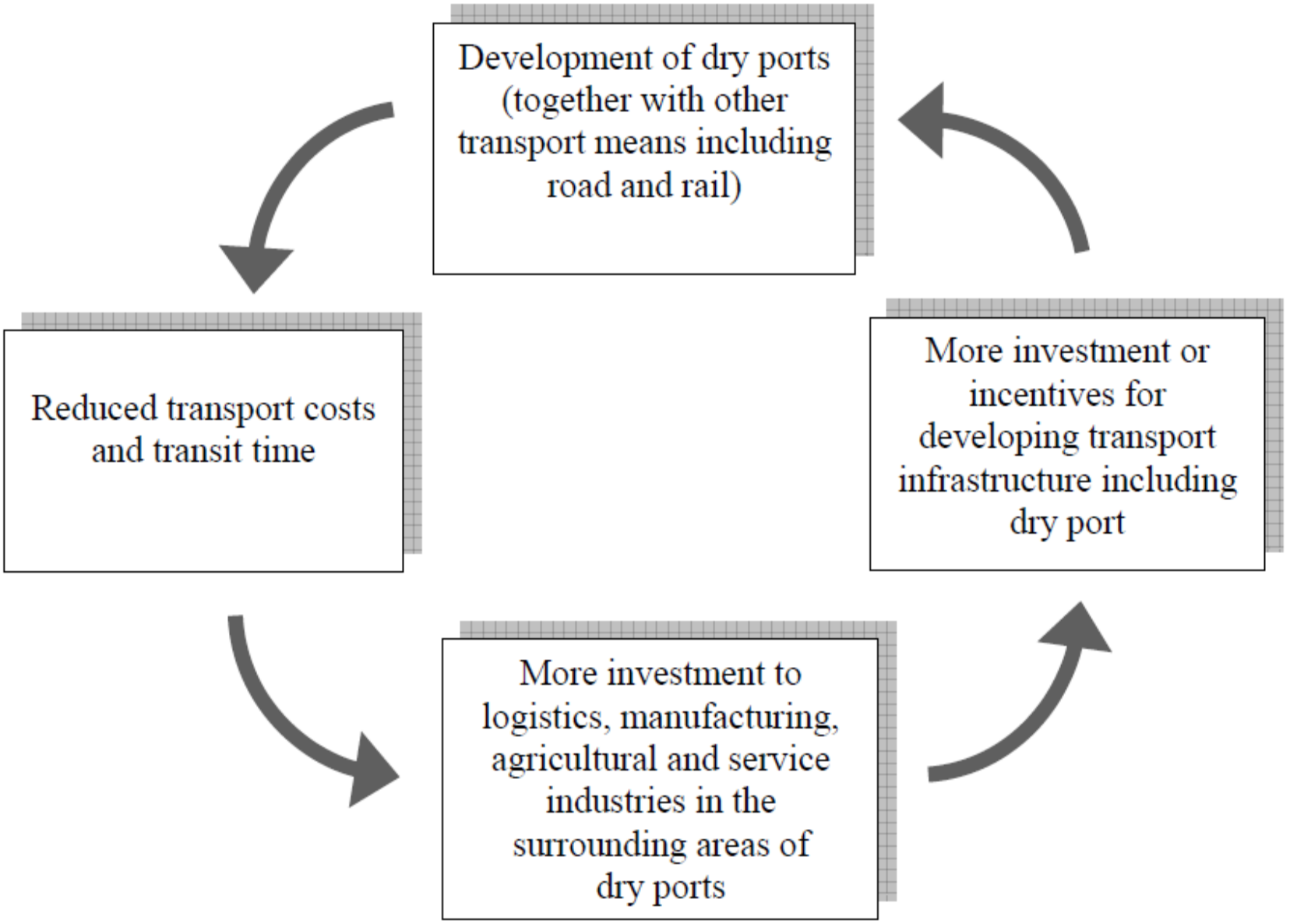
TAR Progress

- Rail services between Turkey & Iran
- Rail link between Iran-Pakistan, with break of gauge at Zahedan. Pakistan Railway uses BG 1676 mm & Iran Railway uses Standard Gauge 1435 mm.
- Rail link from China to Kazakhstan
- Rail services between India-Pakistan
- Proposed rail link between India-Bangladesh-Myanmar

Benefits of Inter Governmental Agreement on Dry Ports

- Shifting distribution function from congested seaports
- Modal shift to more efficient modes of transport
- Reduced road congestion
- Hassle free & seam less transport
- Cost reduction
- Market expansion
- Boost to EXIM traffic
- Promote healthy competition
- Quality improvement
- Development of domestic sector- Agriculture, Manufacturing, Service
- Employment opportunities
- Peaceful regional relations

Figure 1: A virtuous cycle created by establishment of dry ports



CONCOR

The Multi Modal Logistics Professionals

CONCOR - THE COMPANY

- INCORPORATED - MARCH 1988
- OPERATIONAL - NOVEMBER 1989
- HOLDING PATTERN - MOR 63%; PUBLIC INCL FIIs 37%; LISTED
- DISINVESTMENT THRICE- DURING 1994-95, 1995-96 AND 1998-99
- LISTED COMPANY - IN NSE AND BSE

CONCOR's FUNCTIONS

- Logistics support to EXIM & Domestic Industry
- Designs, Constructs, and operates Dry Ports (ICDs) & Domestic Terminals
- Coordinates pan India Containerized Rail Movements with first-last mile road bridging
- Over 30 million tonnes moved by rail over an avg lead of 1000 kms, cuts down CO_2 emissions by over **One Million tonnes per annum**
- Operates Port terminals in collaboration with International Port Operators.
- Made forays into Cold Chain, Air Cargo and Auto Car Logistics- HALCON, FHEL, AFS

Total 63 no. Terminals throughout India

Pure Dom - 15

Pure Exim - 13

Combined- 35

SERVICES PROVIDED AT CONCOR TERMINALS

- Train Handling
- Container Storage
- Customs facilitation
- Warehousing of cargo (Transit, Bonded, LCL etc)
- Associated Value Added Services
- Door to Door Solutions
- Also handle railway wagons in select locations

DETAILS OF MOVABLE ASSETS

- No of Container Rakes ~ 270
- No of Containers (Domestic) ~ 19000
- No of Gantry Cranes - 14
- No Reach Stackers - 53

Company is procuring around 1300 wagons from IR workshops every year

We are also in the process of acquiring 3000 containers, five Gantry Cranes

Rail yard- Operations (ICD-Tughlakabad)

Container Stack Yard (ICD-Dadri)

Warehouse (ICD-Dadri)

Warehouse – Inside View

Prospects of Inter Governmental Agreement on Dry Ports

- Asia's growing population & its position as a driver of world's economic growth
- The global economy was badly affected by the financial crisis during second half of 2008 which continued throughout 2009. However, by 2010, economies of Asia region recovered earlier than other regions
- The Region's continued economic dynamism is also highlighted by ADB which predicts that Asia's share of the world's GDP could grow from 27% in 2010 to 51% in 2050

Prospects of Inter Governmental Agreement on Dry Ports

- During 2008-2009 crisis, it was the developed countries where the demand collapsed resulting in emergence of new markets of developing countries
- While recognizing that the European & North-American markets will remain important in near to medium term, there is a realization that greater exploitation of the Region's internal market is possible
- In 2010, bilateral trade between China & ASEAN totalled $292.8 billion compared to $39.5 billion in 2000, while India-ASEAN trade grew from $5.9 billion to $50 billion.

Prospects of Inter Governmental Agreement on Dry Ports

- Traditionally Asia's international trade has relied on maritime transport & land transport networks of many countries are oriented towards coastal areas.
- Amongst the top 30 container ports in the world, 19 are located in Asia.
- 12 land locked countries of Asia (Nepal, Bhutan, Afghanistan, Laos, Mongolia, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Azerbaijan, Armenia, Tajikistan)
- Asian Highway & Trans Asian Railway offer a pivotal role in improving inter country & interregional transport

Prospects of Inter Governmental Agreement on Dry Ports

- Effective integration of the Asian Highway & Trans Asian Railway with connection to sea/river ports, airports & dry ports can offer seamless transport solutions for region's vibrant industry & agriculture
- Grand Vision-Under the aegis of the agreement, a single intermodal network that integrates road, rail, sea, air & river transport can be established

Challenges

- Development of rail/road infrastructure
- Balanced market mechanism
- Political commitment
- Multisectoral coordination & communications
- Trade support
- Financing of infrastructure projects
- Increased cargo volumes by railways

Infrastructure Development

	Overall Infrastructure	Road	Rail	Port	Air
World	4.3	4.0	3.1	4.3	4.7
G7	5.7	5.69	5.3	5.39	5.74
South & South West Asia	3.83	3.66	2.93	3.86	4.17

Score: 1- Underdeveloped, 7- Best Developed

Source: Kalegama & Abayasekara, Regional Economic Cooperation & Connectivity In South & South West Asia

Challenges

- Challenges are the missing links & in rail gauge mismatches
  - India/Pakistan- 1676 mm
  - Iran/Turkey- 1435 mm
  - Most of Southeast Asia- metre gauge.
- For the most part the TAR would not change national gauges; mechanized facilities would be built to move shipping containers from train to train at the breaks of gauge. This leads to time consuming interchanges to handle the break of gauge at main connecting points in the network.
- Railway Traction- 25 KV AC the world standard for new long distance and heavy duty construction since the 1950s.
- Signalling Systems
- Rules and regulations for road & rail traffic
- Language barriers

Biggest Challenge

Will & Commitment


THANK YOU