

The worst is still not over

Expect freight rates to fall further in 2016 and shipping lines will continue to be under pressure before any improvement happens which is expected only after the Chinese new year

MG Bureau



What have been the major developments in 2015 and what is your outlook for 2016?

This year has been fairly good for Transworld Singapore. We had kept certain targets to be completed by 2016 and I am glad that we are quite ahead of time and have completed them in 2015. The year has been challenging to the extent of rates going down. But as we look forward I feel 2016 will be worst than 2015 because the rates are expected to slide further. The tonnage (ships) that are coming out are quite a lot. We have already seen a lot of ships laid up in 2009 and I feel the scenario is being repeated today again. At least until Chinese New Year I don't see anything getting better. Up to first quarter of 2016 I don't see anything improve over what it is today. It may further go down before any improvement actually happens. I am looking at 2016 to be worst than 2009.

You have been trying to venture into more regional markets like Bangladesh and Myanmar. How are the plans working out for you?

We were earlier present in six

countries, this year we have entered into two countries and in the new year we are looking to further expand our global footprint, which means Transworld GLS will have expanded into 10 more countries with 40 offices and manpower of about 500 people. Transworld Group is currently present in around 28 countries, servicing around 100 ports out of which we operate through our own offices at 10 ports while at some locations we operate through our agents. Much of our land side plan has been almost completed.

As regards to BLPL we had a target to reach 25,000 teu in 2016, but it has been achieved this year itself. In the past few years we have put a lot of thrust in the reefers sector and today we have more than 3,000 forty footer reefer containers. Last year we have started tank containers and project/ODC cargo as well. We had a clear focus on our goals which we have been able to achieve in spite of the dip in freight rates and difficult market conditions. We are present almost pan Asia and are planning to foray into Japan in the new year. In North Asia we are already present in China, Korea, Taiwan and the only missing link was Japan. Otherwise, we are present in the whole of Indian subcontinent, Southeast Asia and North Asia. Next year we are also going to focus on the Middle East and upto East Africa.

How has been your experience with Indian ports?

We are very closely cooperating with PSA and I am glad to say that Kolkata inroad especially on the east coast has been a joint effort between PSA and Transworld. We are the single largest operator at Kolkata, Haldia and Paradip, connecting them to Singapore, Malaysia. We are

one of the pioneers at the Kakinada Port, which is a joint effort between Transworld, PSA and Bothras. Our services at this port as a feeder operator should start in January 2016 because even the liners and port authorities are very keen to get going. The next big project for PSA will be Nhava Sheva which JNPT wants to start.

How do you see container trade picking up in Myanmar and Bangladesh?

Myanmar has gone through a bit of low time because of the elections that happened there. We expect Myanmar to be the sunrise for the whole Asia. We have been there for about 15 years and also offer agency services to MSC and Hapag Lloyd. We are also the single largest agency company in Myanmar. The elections have opened the door for greater stability and there is a clear message that this is a smooth transition and democracy is there to stay. We are watching the market very keenly and exports have opened up. Garments are being exported to US, Canada and Europe.

How is the intra-Asia trade and what has been the impact of the slowdown in the Chinese economy?

Intra-Asia trade has not been bad, the problem has been China. What China is going through is a different problem actually, which is the reason you see so many ships idling because the freight is all from China and Asia and the filling of cargo is from this region. East to west we have all the cargo flowing and West to East there is very little cargo. The devaluation of currency in China and decline in its economy is taking a toll on the world economy. Overall the shipping lines are under pressure because as a feeder whenever we meet them they ask for reduction in rates. 