



CMEC

Centre for Maritime Economy
and Connectivity

समुद्री अर्थव्यवस्था व संयोजन केंद्र

Maritime Briefing

Union Minister MoPSW Shri Sarbananda Sonowal represented India at the Eastern Economic Forum, 2023 held in Vladivostok Russia. The Minister addressed the stakeholder's meeting for the 'Eastern Maritime Corridor' to operationalize the Chennai-Vladivostok route as an alternative trade route.






CMEC seeks to provide policy inputs to MoPSW as per the Maritime Vision 2030. This includes support for the growth and diversification of India's maritime sector & developing areas of cooperation and collaboration of the Indian Ocean nations.

Reach us at –

Centre for Maritime Economy and Connectivity (CMEC)

Research and Information Systems for Developing Countries (RIS) Core IV-B India Habitat Centre, New Delhi - 110 003

Connect with us at -   

India and USA Co-Chair special event on global Infrastructure and Economic Corridor

On September 9, 2023, Hon'able Prime Minister of India Shri Narendra Modi and U.S. President Joe Biden co-chaired a special event during the G20 Summit in New Delhi focused on the Partnership for Global Infrastructure and Investment (PGII) and the India-Middle East-Europe Economic Corridor (IMEC). The event aimed to attract investment for infrastructure development and enhance connectivity between India, the Middle East, and Europe. Leaders from several countries, including the European Union, France, Germany, Italy, Mauritius, UAE, and Saudi Arabia, along with the World Bank, participated. The IMEC, comprising Eastern and Northern Corridors with rail, ship-rail transit, and road transport networks, was a focal point, signifying a commitment to economic integration between India and Europe. A Memorandum of Understanding (MOU) on IMEC was signed by India, the USA, Saudi Arabia, UAE, the European Union, Italy, France, and Germany. IMEC consists of an eastern corridor linking India to the Gulf region and a northern corridor connecting the Gulf to Europe. This extensive network encompasses railways, ship-rail transit, and road transport routes, providing a reliable and cost-effective trade route for goods and services between India, the UAE, Saudi Arabia, Jordan, Israel, and Europe.

Indian Register of Shipping released updated rules for naval ships

The Rules for Construction and Classification of Indian Naval Ships - 2023 have been published by the Indian Register of Shipping. The most recent IMO/IACS regulations as well as rule requirements for military design elements are included in the IRS Naval Rules 2023 version. In addition, it includes rule-related requirements for the technological advancements currently being incorporated in designs of naval ships, covering materials, structures, propulsion and other engineering systems, integrated electronics and safety systems.



India and Russia strengthen Maritime Cooperation & Training

Union Minister MoPSW, Shri Sarbananda Sonowal, met with the Russian Minister Mr. Alexey. Chekunkov, in Vladivostok for the Development of the Far East and the Arctic. They discussed maritime communication and cooperation, exploring the use of transport corridors like the Northern Sea Route and the Eastern Maritime Corridor (EMC) between Vladivostok and Chennai. They also agreed to train Indian seafarers in Polar and Arctic waters at the Russian Maritime Training Institute in Vladivostok.

Ministry of Ports, Shipping, and Waterways achieves Swachhta campaign milestone

The Ministry of Ports, Shipping, and Waterways (MoPSW) has made significant progress in its Swachhta Campaign 2.0 from November 2022 to August 2023. Out of 411 public grievances, 340 have been addressed, and 456 cleanliness campaigns have enhanced sustainability. This effort has also generated revenue of ₹25,46,76,157, freed up 12,425 sq. ft of space, and identified and managed 62,612 old files. To further institutionalize cleanliness and reduce pending matters, MoPSW will implement Special Campaign 3.0 from October 2 to 31, 2023, actively involving its offices and field locations.



Freightos Baltic Global index showed a 16% increase in August

Freightos Baltic Global index saw a 16% month-over-month increase of \$1,530/FEU in August 2023, driven by early-month ex-Asia GRIs and supported by both rising volumes and more stringent capacity management measures. This rate is 73% lower than a year ago and 13% higher than in 2019. Transpacific spot rates, which started to rise in the middle of July, reached roughly \$1,900/FEU in the first few weeks of August and ended the month at \$2,029/FEU for a 33% monthly gain and a 58% increase compared to 2019.

WTO report highlights importance of Re-Globalization for global prosperity

The World Trade Organization (WTO) has released a report emphasizing the critical role of re-globalization in addressing contemporary global challenges. WTO Director-General Ngozi Okonjo-Iweala underscores the need to strengthen the international economic order, which has promoted peace and shared prosperity for decades. While geopolitical tensions threaten to fragment trading relationships, the report argues that international trade remains robust, with the expansion of digital services, environmental goods trade, and global value chains.

Maersk's debut multimodal sea-air route via Oman boosts logistics efficiency

A.P. Moller–Maersk has accomplished its inaugural multimodal sea-air route via Oman, seamlessly transporting retail and lifestyle goods from Colombo, Sri Lanka, to Cairo, Egypt. This achievement not only strengthens logistics ties but also benefits Indian cargo, frequently routed through Colombo's transshipment port. Oman's strategic seaports and airports, coupled with an extensive network, are solidifying its role as a crucial logistics hub. Maersk's innovative multimodal solution in Oman enhances supply chain flexibility and resilience, providing customers with priority products that strike a balance between market demand,

Shipping industry's path to Net Zero by 2050

The 2023 ABS Outlook report highlights key strategies for the shipping industry to achieve net-zero emissions by 2050. It emphasizes the need for accelerated investment in carbon capture technology, energy efficiency, and green fuels. To reach this goal, the report suggests a 15% reduction in fuel consumption through energy-efficient technologies, a 70% reduction in onboard CO₂ emissions via carbon capture, and the adoption of e-diesel or zero-carbon biofuels for non-compliant vessels. Retrofitting existing ships and securing future fuel supplies are vital steps in this transition.

Commentary



Chennai-Vladivostok Maritime Corridor

In the [19th edition of the India-Russia Bilateral Summit, 2018](#), both the India and Russia initiated a strategic economic dialogue to bolster their trade ties to align them with the existing robust political and defense relations between the two nations.

A key element of that congruence is the deepening of trade from ports on the Eastern coast of India to Vladivostok. This port is Russia's only multi-purpose port in its Russia Far East geography (RFE). It is the ninth largest by cargo among all Russian ports and handles containers, metal products, vehicles, pulp, and general cargo. The terminal operates through its range of 15 berths for general operations. As per its own website, the breakup of cargo handled by the port is:

- Containers 51%
- General cargo 44%
- Oil products 3%
- Motor vehicles & machinery 2%

Challenges and Opportunities for India and Russia

Due to the following factors India, has not been a key player at the port:

- Availability of options for Indian companies to source Russian market by Suez route
- The limited volume of oil and gas imports from Russia till 2021
- Lack of clarity on avenues to increase Indian exports to Russia.

One of the options for raising the volume of bilateral trade is to push for rupee–ruble trade. This concept received support at the same summit which was mentioned in the [Joint Statement](#). “The Sides expressed their support to promoting bilateral trade in national currencies”.

While the Russian government has highlighted the potential for increased cooperation by the Indian private sector, particularly in the manufacturing of spare parts in the defense sector and opportunities for joint production for third countries, to enhance economic ties, the Indian government has described Russia as an important friend on whom the country relies upon for among other things meeting the energy needs.

In sum, both leaders have expressed their commitment to the development of the RFE, with President Putin designating it as a national priority for the 21st century. This vision sits well with India's plans.

Both countries have therefore turned their attention to RFE as a focal point for strengthening economic ties. Accordingly, India was invited to invest in the RFE during the 2018 bilateral summit, signaling Russia's intent to make the region its gateway to the East, given its rich natural resources. India reciprocated by announcing a significant US\$1-billion line of credit for the development of the RFE and to facilitate the establishment of Indian companies in the region.

In September 2019, [Indian Prime Minister Narendra Modi was a special guest at the Eastern Economic Forum \(EEF\)](#) in Vladivostok, where a program for Indian involvement in the RFE was outlined through Memorandums of Agreement (MOUs). The summit saw leaders of India, Russia, and Japan together on the same stage where Prime Minister Modi, in line with President Putin's plans for the development of Russia's Far East, announced India's "Act Far-East Policy."

Challenges and opportunities for India and Russia with reference to Vladivostok

The maritime link between Vladivostok and Chennai was seen as a catalyst for this cooperation, positioning Vladivostok as India's gateway to the Northeast Asia market and fostering a confluence between the Eurasian Union and deepening the concept of an open, free, and inclusive Indo-Pacific. The cooperation in this region was envisioned to be based on a rules-based order, respect for sovereignty, territorial integrity, and non-interference in the internal affairs of countries.

A Memorandum of Intent (MoI) was signed on the 'Development of Maritime Communications between the Port of Chennai and the Port of Vladivostok.' This marked a crucial step in addressing the current lack of connectivity between India and Russia. These MOUs represented a commitment from Moscow and Delhi to engage in large-scale economic collaboration. These steps were described in a commentary as a basket of economic and geopolitical initiatives.

A Memorandum of Intent (MoI) was signed on the 'Development of Maritime Communications between the Port of Chennai and the Port of Vladivostok.' This marked a crucial step in addressing the current lack of connectivity between India and Russia. These MOUs represented a commitment from Moscow and Delhi to engage in large-scale economic collaboration. These steps were described in a commentary as a basket of economic and geopolitical initiatives.

A key attraction of Vladivostok is that it is expected to reduce transit times significantly, with goods traveling from Chennai in India, to Vladivostok in just 24 days, compared to the 40 days required through the European route.

In his speech at the Far Eastern Economic Forum, Prime Minister Modi reaffirmed India's commitment [to cooperation with the Eurasian Economic Union \(EAEU\)](#). India is currently in negotiations for a free trade agreement with the EAEU, with ongoing discussions regarding tariff reductions. Once finalized, this agreement could have significant implications for Indian exports and investments in Russia. Both India and Russia aim to increase bilateral trade to US\$30 billion by 2025. To facilitate this, the Chennai-Vladivostok maritime route has become operational, offering a direct trade link between the two countries. Additionally, the International North-South Transportation Corridor (INSTC) connects India's Mumbai Ports to Russia via Iran, providing trade connectivity to EAEU members Armenia, Belarus, and Kazakhstan, as well as access to Central Asia. These developments underscore the growing economic ties between India and Russia.

In between a study commissioned by Chennai Port noted that Metallurgical coal, crude oil, and Liquefied Natural Gas (LNG) are some of the cargo that can be imported from Russia to India on the Chennai-Vladivostok sea route.

In summary, the strategic economic dialogue, commitment to trade in national currencies, investment in the Russian Far East, and the establishment of maritime connectivity between Chennai and Vladivostok are key elements in the evolving India-Russia economic relationship, aimed at deepening ties and fostering economic growth in both countries and the wider region.