

Tuticorin port has potential to be global container hub - PricewaterhouseCoopers

Tuticorin can emerge as a transshipment hub for domestic container and attract additional international containers for transshipment.

THE Tuticorin port has the potential to become an international container transshipment hub given its unique geographical location, says a feasibility study by PricewaterhouseCoopers Pvt Ltd (PwC).

The project cost for a transshipment hub will be around Rs 2,700 crore. Forty per cent of the port infrastructure, including dredging costs and breakwaters, has been allocated to bulk cargo such as coal and liquid bulk.

After the allocation, the project cost works out to about Rs 1,700 crore, says the study, which was done on behalf of the Tuticorin Hub Port Development Council.

The council is a dedicated forum of representatives from chambers of commerce, trade associations and corporates of Tuticorin to promote the Tuticorin port as a container transshipment hub.

Container traffic at the Tuticorin port is over 3 lakh TEUs (twenty foot equivalent units), and has been growing at about 17 per cent over the last five years and would soon cross the capacity of the terminal. Clearly, there is a need to bolster the port's handling capacity.

Using a spreadsheet-based allocation model, which captures the integrated trade logistics of the East-West trade route, PwC estimated the potential traffic for a container hub port for Tuticorin.

The model takes into account key variables impacting the economics of the international container industry, including latest development in various ports, to arrive at traffic forecasts.

Based on the analysis, the traffic projected for Tuticorin is 1.37 million TEUs by 2010, 2.31 million by 2015 and 3.72 million by 2020. The analysis assumes that Tuticorin will have the infrastructure to handle Post-Panamax vessels with an alongside depth of 17.5 metres, says the study.

Further, based on separate reports submitted for the Sethusamudram Ship Canal project, it is estimated that a further 16-17 per cent upside to the above traffic number would result in the implementation of the canal project, says the study.

The study was sponsored by the Tuticorin-headquartered Tamilnad Mercantile Bank Ltd. According to the study, international transshipment from neighbouring countries in South Asia and ports such as Chittagong, Karachi, Yangon and Colombo form up to 20 per cent of the port throughput for Tuticorin.

The ports competing with Tuticorin for this market are international transshipment hubs such as Jebel Ali, Salalah, Singapore, Port Klang, Tanjung Pelepas and Colombo.

Tuticorin can emerge as a transshipment hub for domestic container and attract additional international containers for transshipment. The deviation from the international sea route is an important parameter that needs to be considered, says the study. For instance, the deviation of ports such as Karachi from the East-West Trade Route is 90 hours and more than 100 hours for Chittagong.

Experts said the additional deviation involved in routing traffic through Tuticorin rather than Colombo (11.5 hours) is not significant, assuming that Tuticorin can continue to provide more efficient service and match Colombo's network, says the study.