

September 16th, 2011

Thiru Debendranath Sarangi, IAS,

Chief Secretary

Government of Tamil Nadu

Secretariat, Chennai-600 009

**Subject: Proposal related to Improvement of Infrastructure in Chennai Region**

**With Reference to the Letter of Japanese Chamber of Commerce & Industry, Chennai**

**Dated December 22, 2009**

Dear Sir,

We would like to express sincere appreciation to Tamil Nadu States Government for its active supports in improving infrastructures in Chennai region. This strong government initiative has enabled the rapid expansion of Japanese direct investment to this one of largest economic and trade centers in India. In less than two years, a number for members of Japanese Chamber of Commerce in Chennai has increased by more than 40% and has reached 117 as of July 2011. There is accelerated enthusiasm among Japanese industry bodies to further enhance their investment especially after new States Government has recently renewed its commitment for further development of the region under the leadership of Honorable Chief Minister Ms. Jayalalithaa.

In the attempt to make our continued expansion of business smoothly implemented and to have other companies join to establish solid industry basis in this region, Japanese Chamber of Commerce and Industry, Chennai officially submitted a proposal document to former States Government to request the improvement of access roads to ports and has been having a dialogue with Government officials to monitor the progress of the improvement.

Due to the complexity of the ownership of the road projects (majority of the projects are jointly run by NHAI and port authorities.), the outcome of our dialogue with former States Government for two and half year has not been as visible as we had originally expected.

During this time period, many Japanese companies has initiated or expanded their business by managing huge logistical challenges. Just for instance, Renault Nissan Automotive Pvt. Ltd. in Oragadam has started production in May 2010 and started exporting its product from Ennore port since October 2010. They are now shipping around 8,000 units of cars every month from Ennore Port toward global market such as Europe, Middle East and Africa. Due to the insufficient road conditions and capacities, they are forced to spend around 5 hours on average for transportation of their product from factory side to Ennore port for the distance of 80 kilometers.

Toshiba JSW Turbine & Generator Pvt. Ltd. is constructing its plant for manufacturing steam turbine and generator in Manali New Town and will be in full operation in October this year. They will use the same logistical routes as Renault Nissan based on the agreement with former State Government (signed in July 2009), which is to upgrade relevant roads and bridges to comply with physical requirement of super heavy equipment that they manufacture.

Toyota Kirloskar Motor Pvt. Ltd. situated in Bangalore, Karnataka State, has recently boosted production capacity up to 150,000 units per annum by opening the second plant. It is planning to double the capacity in 2013. In addition to the logistical increase for component parts importation, they are predicting the start of exportation of the car through Chennai area in the near future.

Combined with many other business expansion projects going on or forthcoming in Chennai region, we would like to reiterate the importance of expediting the improvement of infrastructure of this region and we sincerely seek strong support from Tamil Nadu States Government to move it forward.

Areas of specific focus are as follows.

1) Improvement of existing roads to Ennore Port (see attachment for detail)

Roads in this category are **a. North part of Inner Ring Road(6-7 in the attachment)**, **b. TPP Road(7-8)** and **c. NCTPS Road(8-9)**.

Though some preliminary preparation like ground leveling is becoming partially visible, progress in the past years is not at the level of the original expectation.

2) New access roads to Ennore Port

Projects expected to realize new express access to Ennore Port by detouring the traffic in the city center are **a. Outer Ring Road: Phase I (12-18-13 )& II(13-15-19)** and **b. Northern Port Access Road(3-20-4/8-20)**.

3) Other Priority Roads in Chennai Region

Roads and project in this group are **a. Manali Oil Refinery Road(7-10)**, **b. Ennore Expressway(10-11)** and **c. Elevated Corridor Project to Chennai Port(1-5-11)**. With No.10 gate of Chennai port open for 24 hours now, these projects become even more vital to manage increased traffic smoothly.

4) Ennore Port related issues

These are critical roadblocks in regards to the Ennore Port. Though we appreciate they may not be necessarily under the total control of State Government, we seek your strong support to encourage related government bodies to take positive steps to resolve the issues at the earliest occasion.

a. **Completion of the berth for car shipment** has been dragged out due to repeated dredging problems.

Nissan has been forced to move the cars from loading area to the berth created for chemical products which is 1.8 km away in the ocean from the expected wharf since its inception of the exportation in October 2010.

b. **Port Charge** offered by Ennore Port is higher than other major ports either in India or in China / ASEAN regions. This is hampering global competitiveness of the products of the users which, in turn, affects the long term business for the port. We would appreciate special consideration on their investment cost recovery scheme and timetable (which is said to be the reasons for high port charge) so that the users of the port can enjoy reasonable charges competitive to global standard.

5) Inter States Projects leading up to future **South India Industrial Corridor** development

We highly appreciate strong leadership of Tamil Nadu State Government in taking actions involving relevant government bodies to promote following projects.

This is vital for Chennai region to become a strategic center for South India Industrial Corridor development connecting Chennai and Bangalore. We believe this South India Industrial Corridor grows to one of biggest global industrial and trade centers.

a. Early completion of **Chennai – Bangalore Expressway project by NHAI**

b. Introduction of the **efficient operation controlling system for Railway operation between Chennai and Bangalore**

Lastly, we are encouraged by the fact that Japanese government is also keen to collaborate with Tamil Nadu State Government in infrastructural development in Chennai area as one of most promising strategic regions in the world. We are looking forward to seeing the accelerated development based on strong leadership by two governments. Thus we would like to discuss and monitor the progress of the road construction in the working group which is held quarterly basis under the framework between the two governments.

We once again thank you for your strong guidance and support for us to grow in this world fastest growing area and we appreciate your further support to keep this expansion going. We are looking forward to working for continued success in this region together with Tamil Nadu State Government.

Sincerely Yours.

(Hiroshi Makigawa)

President, Japanese Chamber of Commerce & Industry, Chennai

(Itaru Ishibashi)

Chairman, JCCI Chennai Roads and Ports Infrastructure Committee

(Shinya Fujii)

Director General, Japan External Trade Organization (JETRO), Chennai

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Enclosures: Road Progress Monitoring Sheet

Copy to:

1. Principal Secretary to Government, Industries Department
2. Principal Secretary to Government, Highways & Minor Ports Department
3. Principal Secretary to Government, Finance Department
4. Principal Secretary to Government, Municipal Administration and Water Supply Department
5. Chairman, Chennai Port Trust
6. Chairman cum Managing Director, Ennore Port Limited
7. Executive Vice Chairman, Guidance Bureau
8. Project Director, National Highways Authority of India, Chennai
9. Managing Director, Tamil Nadu Road Development Company Ltd.
10. The Chief Engineer (General), P.W.D.