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Does Malaysia need more ports?

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TWO interesting port developments took place in the second week of March - one was given wide publicity while the other, a low-key event.

Both generated a lot of interest within the shipping communities in Malaysia and Singapore.

Prime Minister Datuk Seri Dr Mahathir Mohamad performed the ground-breaking ceremony for the RM1.5 billion industrial and port project near Kuala Perlis on March 15 while earlier in the week, Kelantan Menteri Besar Datuk Nik Abdul Aziz Nik Mat signed an agreement with Hongkew Holdings Sdn Bhd to build a RM200 million port at Tumpat.

This of course raises the question as to whether Malaysia needs more ports?

Depending on who was asked, answers could vary from a resounding 'no' - if a shipping line or Port Klang official was asked - to 'yes', if the answer were to come from state officials from Perlis or Kelantan.

Klang Port Authority general manager M. Rajasingam said the development of more common user ports in the country is going against the national load centring policy in Port Klang.

"These new ports may act as nothing but feeder ports to a third country. There are already enough ports to serve the country's needs. They are Penang, Port Klang, Johor and Kuantan ports, and other private terminals at Lumut, Kemaman and Malacca.

"The question is whether the new private ports will have sufficient cargo to induce ships to call. I may be wrong, but the companies undertaking these new projects must have carried out studies and are convinced of the feasibility of the projects," Rajasingam said.

He added that under special circumstances, companies such as power utilities and steel plants, which import a lot of raw materials such as coal and iron billets and scrap, may want to build their own jetties.

"In such cases such facilities make economic sense," Rajasingam said.

Meanwhile, a Transport Ministry official said the port project developer may be looking beyond just serving the state's needs.

"They may want to promote it as the staging base for the proposed landbridge along the Malaysia-Thai border. That landbridge will save sailing time around Peninsular Malaysia and Singapore."

A shipping manager was more blunt in his views.

"Look, Perlis is a small state, does it really need a port when Penang Port can serve the northern region's needs?" he asked, and added that "Malaysia will be wasting its resources, money and manpower, and very likely such new projects will turn out to be white elephants."

But when it comes to a privatized project, there is a question of profits versus national interest.

"Wouldn't the 900km North-South Expressway linking Bukit Kayu Hitam to Johor Baru be able to serve shippers' needs?" a shipping official asked.

Apart from Penang, the other ports on the west coast of the peninsula are Lumut Port, Port Klang and Malacca Port.

"Johor Port is expanding at Tanjung Pelepas while on the East Coast we have Kuantan, Kemaman, Pasir Gudang and now even at Tumpat," he said.

Developed by Kuala Lumpur-based Pashacorp Sdn Bhd, phase one of the Perlis port is expected to be ready by the year 2000 and will cover a 680ha site near the Kuala Sungai Baru-Sungai Padang area.

The port will have four container berths, a sludge plant, two liquid and

dry berths, an oil and gas jetty, an oil and gas farm, a dolphin berth, a container yard, an administration complex and a warehouse.

Other facilities to be built during the second and third phases include a ferry wharf, a fish market, a public recreation area and a commercial zone.

The Tumpat Port will be built on an 88ha site and can accommodate six 20,000-tonne vessels at any one time. Work on the port is expected to be completed in two years, after which vessels from countries like Thailand, Cambodia and Vietnam can call.

While ports are important trade gateways, state officials must be reminded that a port is not the single most important piece of infrastructure for a state.

The Ministry of Transport may not have much say on the development of state ports except in designating landing points, but the states must be reminded of the national load centring policy in Port Klang.

Without being designated as an official landing point, the port cannot promote international trade without the presence of the Customs Department.

If every state in Peninsular Malaysia intends to build a port or two and promotes direct shipments, it will defeat the very policy the Federal Government is pushing.

As Port Klang is making progress under the load centring policy, the development of these new ports may derail this, the shipping manager said.

The success of both the Hong Kong Port and Singapore Port can be attributed to the volume of cargo they handle. The two ports are able to offer benefits and incentives to users arising from economies of scale.

State officials may argue that they support the load centring policy but in reality it is the shipping lines which have the final say on which port they will call at.

"It does not make sense for us to call at every port in Malaysia. Logistically, we are working on a hub and feeder ports system and not every line can call at every feeder port.

"If Malaysia does not control the mushrooming of ports ... I may not be wrong in saying that this will benefit Singapore in the end," a foreign shipping official said.

"What the state officials and ministry should look at is perhaps the promotion and growth of inland or dry ports as staging areas. The Ipoh Cargo Terminal is a good example of a workable concept."

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