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Manufacturers must be encouraged to use Malaysian ports

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ALMOST 26 per cent of Malaysian cargo is exported via Singapore and many firms still use the island republic's port to import goods into Malaysia. It is estimated that some 22 per cent of the country's imports pass through Singapore.

The question is: why do manufacturers continue using Singapore when Malaysian ports have the capability and capacity to handle the trading and transshipment of goods?

Claims that shipping via Port Klang or other Malaysian ports is expensive and inefficient no longer hold much water. Last year, some RM500 million in revenue was lost due to local shippers' continued reliance on Singapore.

Although the number of manufacturers using Malaysian ports has increased, the progress is still slower than what the authorities would like to see.

The percentage of manufacturers using Malaysian ports last year was about 75 per cent. Three years ago, the figure stood at 60 per cent.

Transport Minister Datuk Seri Dr Ling Liong Sik recently admitted that the current situation "was still not good enough".

Malaysian manufacturers must be encouraged to use our ports.

It is a means to earn revenue. In the light of the current account deficit, this is of paramount importance.

Using Malaysian ports is also a logical move. Going by the ringgit's depreciating value, manufacturers stand to save more if they use Malaysian ports.

Those in the industry claim the existing reliance on Singapore could be due to traditional factors, and not because Malaysian ports are less efficient.

Association of Forwarding Agents Port Klang president Shamsuddin Rahman feels there has been a marked improvement where Port Klang facilities are concerned.

"The facilities in Port Klang are adequate ... there is no reason why manufacturers should go elsewhere."

A large number of mother vessels, which sail directly to the desired destination, also dock at Port Klang, he added.

One problem concerns manufacturers in southern States like Malacca. Because a limited number of mother vessels dock at the Johor Port in Pasir Gudang, these manufacturers turn to Singapore.

This attitude must change. Manufacturers should work out the possibility of using the Johor Port.

"This is a nationalistic plea. Manufacturers must be encouraged to use Malaysian ports.

"If cargo is to be exported to Europe for instance, then manufacturers in the South should use the Johor Port as there are lines there. The port facilities are also in place," said Shamsuddin.

What was an issue, he said, was the fact that big shippers were often governed by trading terms drawn up with their foreign customers and suppliers.

Shamsuddin said manufacturers should be encouraged to import on a free-on-board basis and export on cost-insurance-freight terms.

Malaysian shipping lines should be given incentives to offer rebates to exporters so that the exporters can competitively quote on a CIF basis.

This is especially important to exporters who cannot dictate the terms of trade as the overseas buyers can obtain more competitive freight rates.

Banks should also be encouraged to give preferential rates on letter of credit charges for importers who are buying on FOB basis.

On delivery time at Malaysian ports, Shamsuddin admitted that it took an average of two days for cargo to be delivered from the ships to clients, whereas it took only four hours in Singapore.

The problem is mainly centred around import cargo.

With the electronic data interchange-based port community system (PKCS), however, the turnaround time will be shortened considerably.

He added: "Customs processing which used to take three to four days can now be completed in half the time. Cargo clearance time has been reduced by 60 per cent.

"With the full implementation of the PKCS, cargo clearance will only take several hours."

Klang Port Authority general manager Datin Phang Oi Choo said all facilities at Port Klang were in place.

"We have the capability and capacity to handle the volume of goods. We have good and adequate facilities."

Port Klang, Malaysia's largest port, has embarked on an expansion and modernisation plan in its bid to be one of the world's 10 busiest container ports at the turn of the century.

The Johor Port's RM10 million computerisation programme will improve port efficiency and productivity, with a 50 per cent increase in container handling by year-end.

Penang Port Sdn Bhd executive chairman Datuk Zahrain Mohd Hashim said the depreciation of the ringgit would "give us an opportunity to make Malaysian ports and products more competitive in the international market".

Malaysian ports may have the facilities but all will come to naught if manufacturers are not aware their existence.

Prime Minister Datuk Seri Dr Mahathir Mohamad himself has made several visits to Port Klang to give the port a higher profile.

Port Klang managers must, therefore, be more proactive. They must convince manufacturers, exporters and importers to use the port. The port could come up with promotional campaigns.

Port Klang must work hard to win the confidence of port users through greater efficiency, better security in terms of preventing pilferage and breakages, and smoother cargo clearance.

It is high time manufacturers helped expand the nation's maritime capabilities.

The Government is already giving all the assistance, it is now up to the private sector to play its part.

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