

26/06/1998

## Container trade falls in first half 1998

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LOCAL container hauliers are feeling the heat from the economic slump at home as container volume continues to plummet during the first half of 1998.

Container Hauliers Association of Malaysia (Cham) president Mirzan Mahathir said between January and March this year, container trade going through Klang, Penang and Pasir Gudang ports dropped by 7 per cent to 377,817 TEUs (20-foot equivalent units) from 406,178 TEUs in the previous corresponding period.

"For the months of April and May this year, container trade dropped by 10.5 per cent and 12 per cent respectively compared with a year ago. These figures show a worsening container trade picture," he told reporters after the association's Eight Annual General Meeting (AGM) in Kuala Lumpur yesterday.

He said it is hoped that exports will pick up again in the second half of this year "because theoretically speaking, we (Malaysia) have become more competitive as a result of the depreciating ringgit".

"However, we have yet to see this happening, partly because the first half of the year is usually a slow period," he said.

"It also takes some time for manufacturers to procure new contracts based on new prices. So I would assume that they have done so in the last six months and thus, to take delivery of their goods in the second half of the year," he added.

Mirzan said declining imports is a source of major concern to local container hauliers these days. Between January and March this year, imports had declined substantially to almost 23 per cent compared with a year ago.

And for the months of April and May, imports dropped by 25.2 per cent and 29.7 per cent respectively.

"This shows that consumer demand for imported goods has dried up because in local terms, they have become more expensive. I would imagine that capital goods are also no longer being imported as manufacturers defer their expansion plans," he said.

Nonetheless, he added, exports continued to grow by 5.7 per cent for the first quarter of this year, but not it was enough to fill the gap formed by declining imports.

As of 31 May this year, there were 2,111 prime movers and 10,672 trailers on the road. Mirzan said this ratio of prime movers to trailers "is healthy".

He also said looking at the current economic scenario, it is unlikely that Port Klang would achieve its goal of becoming the fifth or sixth largest port in the world this year. "We may not be able to reach the two million-mark in TEUs this year ... it is a shrinking market."

It is learnt that Port Klang must achieve more than three million in TEUs in order to become the fifth or sixth largest port in the world.

Mirzan said Port Klang continues to be the dominant container port with 62 per cent market share of container throughput compared with 23.6 per cent for Penang port and 14.4 per cent for Pasir Gudang port.

"Nonetheless, both Penang and Pasir Gudang ports actually gained market share because they are very much export-oriented ports," he added.

Acknowledging that the current economic situation is "difficult", Mirzan said members of the association must therefore cooperate.

"Of course, we will be competing against each other as we have always done, but we hope the kind of competition that we engage in does not affect the long-term viability of the industry.

"What is important for us is to continue to provide good service to customers in the long term," he said.

Asked whether members of the association are still facing a shortage of manpower as was raised during the previous year's AGM, Mirzan said: "The picture has changed quite dramatically over the past year".

"Since the last AGM, the economy is facing a contraction. As a consequence, the pressure on manpower has diminished significantly," he added.

On the proposed new tariff for container haulage, Mirzan said the association is "continuing to work on it and expects to finalise it sometime this year".

"We've been working with Universiti Teknologi Malaysia on coming up with a new tariff structure which is reflective of our costs.

"But things change dramatically these days. For example, the cost of a prime mover has increased by about 50 per cent so we always have to relook at our proposal.

"All the same, we are going to be very diligent about this because it is something that once put forward, it will be set in stone so we don't want to rush into it," he said.

On Cham's request that the Commercial Vehicles Licensing Board (CVLB) amend Section 43(2) of the CVLB Act 1987 to make the consignee/consignors liable for overweight containers, Mirzan said the Government has been "responsive".

"I can't comment on what the status of it is, but I've been assured that the Entrepreneur Development Ministry has taken into account our views when they review the laws," he said.

To date, Cham comprises five members namely Kontena Nasional Sdn Bhd, Konsortium Perkapalan Bhd, Di Perdana Corp Bhd, MISC Haulage Services Sdn Bhd and Multimodal Freight Sdn Bhd.

"Under current circumstances, we have an overcapacity issue. Our equipment are underutilised and thus, to invite additional competition at this stage I think would be detrimental to the whole (container haulage) industry," he said.

At yesterday's AGM, Mirzan was re-elected the association's president. Encik Ali Mohd Nor was re-elected deputy president and Encik Elias Kadir and Encik Mohd Hussin Ismail were re-elected vice-president.

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