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POTENTIAL FOR M'SIA TO PROVIDE REGIONWIDE EXPRESS LOGISTICS SERVICE

By: Arshi Mohd Daud

KUALA LUMPUR, May 8 (Bernama) -- Malaysia has potential to offer full-fledged express logistics services to the region if its currently fragmented transport companies could be integrated, said a Singaporean transport industry executive.

If not for the region's currency and economic turmoil, Malaysia would have its own fully integrated logistics company, where the key logistics operation of trucking, freight forwarding and shipping companies would be consolidated under one stable, said Zulkifli Baharudin, executive director and general manager of the Singapore-based Concorde Express (CE) Logistics (Asia) Pte Ltd.

"The efforts by Konsortium Perkapalan Bhd's chairman, Mirzan Mahathir, could have resulted in a truly Malaysian logistics operation...a company that would play a very big role to Malaysia and certainly the region," Zulkifli told Bernama in a recent interview in Brussels, Belgium. He was in Belgian capital to attend the opening of TNT's new European air hub in Liege.

But the regional turmoil had forced Mirzan to sell off most of Konsortium Perkapalan's shipping interest to Malaysian Shipping Corporation Bhd (MISC).

Zulkifli felt that following the disposal of Konsortium Perkapalan's shipping interests, it would not spell the end of the Malaysian transport industry's consolidation as "sooner or later someone will discover that it make sense to integrate all the sectors to provide at least a Pan-Malaysian operation."

"What could emerge in the end of the day is a true-blue Malaysian company that have the capability to supply 100 percent logistics requirement in Malaysia and then be a regional or a global player," he added.

He pointed out that if local big corporations such as Malaysia Airlines, MISC and Keretapi Tanah Melayu Bhd could take advantage of each other's infrastructure, they could at least offer a strong regional logistics operation.

"Malaysia has solid road and air networks as well as good rail infrastructure but the integration of the these has not been fully explored," said Zulkifli, who is also a nominated Member of Parliament in Singapore.

On Malaysia Airlines, he said, "Perhaps for transparency reasons, it does not want to have a conflict of interest by getting into the forwarding business.

"But Malaysia Airlines could work with others to allow them access to its global and domestic network."

As for the large number of small distribution companies, their future survival would depend on their response to the need for mergers or strategic alliances with big local or international players.

"They cannot do it alone. Even for a pan-regional network, say for the whole of Asia Pacific, you still need 50 to 100 offices around the region, which is very hard to do unless you tap on the existing network of others."

He said as more and more of Asia's manufacturing companies are turning to be global players, this has caused multinational companies to look for global solutions in sourcing their supplies and parts.

"Therefore express delivery operators like TNT, DHL, UPS will have

bigger roles. (Fortunately) the way for them to do it is through tie ups with local companies as part of a global structure," explained Zulkifli.

In meeting the rising demand for moving "time sensitive goods" of global manufacturers, he suggested that small distribution companies form a consortium. Although there is strong enthusiasm among Malaysian companies for integration, the motivation for it was lacking since these companies had been enjoying booming business on the back of rapid economic growth domestically in the last few years.

In addition, they were discouraged by the high investment to set up a regional network and also lacked human resources with exposure to pan-regional or international cross border operations of moving goods and in handling related issues like taxation, Customs regulations and legal matters.

But Zulkifli said this laid back attitude is bound to change as the regional crisis would force these companies to integrate.

"The regional crisis could mean a very painful period for these companies but it also gives an opportunity to consolidate them," he stressed.

But he also warned that slower regional economic growth could lead to a major fall out of the industry, especially since the industry is riding high on the growth of industrialisation.

On what the government could do to help these companies ride through the crisis, Zulkifli suggested it could aid in the consolidation process through the formation of a consortium.

"It could help consolidate the large number of trucking, shipping and freight companies to take advantage of Malaysia's transport infrastructure," he said.

Concord Express has an operation in Malaysia, which is 49 percent owned by bumiputeras. Zulkifli felt that it should participate in this emerging proposed consortium.

"I do not think a foreign-based company can be dominant in Malaysia on its own," he added.

Concord Express, which offers land, air and sea freight operations, is a member of the Hi-Tech Forwarder Network with 100 offices around the world. In Singapore alone, it delivers close to 2.0 million kg goods of per month. -- BERNAMA

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