

04/08/1999

Logistics industry poised for growth

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THE logistics industry in the country is poised to grow on the back of strong growth in the manufacturing sector, says TNT Malaysia's managing director Nigel Pool.

"With the manufacturing sector recording a year-on-year growth of 14 per cent in April, TNT has nothing but the highest confidence that the logistics industry will reach even far greater heights," said Pool.

He said the logistics industry in Malaysia is slowly gaining growth as many companies recognise the need for a total supply chain management. Logistics is defined as the organised movement of goods from their place of manufacture to the market. This encompasses transportation, warehousing, ports, airports and other value-added services. There have been recent announcements by Kontena Nasional Bhd and Konsortium Logistik Bhd (formerly Konsortium Perkapalan Bhd) that they will be giving more emphasis to the logistics side of their business portfolio.

Commenting on this move, Pool said new players must be able to shrink overall cycle times, reduce inventory carrying costs and reduce overall costs of transportation for customers.

Kontena Nasional, the country's leading haulage company said it will be positioning itself in the logistics market as a total physical distribution network provider.

Managing director and chief executive officer Elias Kadir had said the group was working towards securing a few contracts in this segment. Konsortium's executive chairman Mirzan Mahathir recently said "the focus is providing the customer with real benefits through helping them to better manage their inventory".

Meanwhile, a transportation and logistics analyst with SJ Securities said it is difficult to gauge the impact local companies may have on total logistics providers as the former are new players.

"It is difficult to see the local companies going head-on against foreign companies such as TNT and Federal Express," he said, adding that foreign companies already have a headstart in the industry.

"However for now, it will very much depend on the market sentiment, on how major companies respond to the services provided by local logistics companies.

"If they are more efficient than their foreign competitors, they will definitely be a success but I would give them a year to assess their growth potential," the analyst said.

Nonetheless, he said local logistics companies like Kontena Nasional should focus on their haulage business as there is less competition in that industry.

Currently there are five major haulage companies in the country with Kontena Nasional leading the pack with 30 per cent market share while the other four companies are Konsortium, DiPerdana, MISC Haulage and MultiModal Freight.

The analyst said Kontena Nasional via its (soon to be concluded) merger with Klang Port Management Sdn Bhd and Klang Container Terminal (KCT) Bhd is in a prime position to further strengthen its hold on the haulage industry.

"With Port Klang showing good growth level in terms of throughput and the potential of the Port of Tanjung Pelepas as an alternative port to

Singapore, the haulage industry is the industry to be in," the analyst concluded.

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