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Shipping sector feeder service to be set up

KUALA LUMPUR, Wed. - The Government has agreed in principle to the formation of a national feeder service company, with a start-up capital of RM10 million, to enhance the growth of the shipping industry.

"We are identifying those, including port authorities, who will take up equity in the company," Transport Minister Datuk Seri Dr Ling Liong Sik said.

Although he did not want to disclose who would be considered equity holders, it was learnt that Kelang Port Management Sdn Bhd and Klang Container Terminal Bhd, are strong contenders.

Dr Ling said this after attending a post-Cabinet luncheon hosted by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi at the Shangri-la Hotel today. Present were Prime Minister Datuk Seri Dr Mahathir Mohamad and members of the Cabinet.

The setting up of a national feeder service company would see more transshipment of cargo from smaller ports in the country to Port Klang, thence to be loaded onto international mainline operators.

This would help encourage more mainline operators to call at Port Klang.

Elaborating on the proposal, Dr Ling said Klang Port Authority would act as advisers to the formation of the company.

"We have agreed that ships to be used for the feeder service would be chartered as this would reduce start up costs."

He stressed the national feeder service company would not compete with existing private feeder companies but complement them.

The Government also hopes that the move would act as a catalyst for the transshipment of cargo from nearby countries like Bangladesh, India, Indonesia, Myanmar and Sri Lanka through Port Klang.

In recent years, more mainline operators have begun to call at Port Klang and this is due to improvement of the port in terms of cargo handling, equipment, storage facilities, customs clearance and other simplified procedures.

The Transport Ministry has set a target for the volume of container traffic at Port Klang, at 4.7 million TEUs by the year 2003.

Last year, there was an increase in the transshipment volume at Port Klang with 7.74 million Freight Weight Tonnes (435,854 TEUs), compared with 5.67 million FWT (277,120 TEUs) in 1997.

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