

17/07/2000

A question of how much, how and where

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DURING the 1990s, we were all subject to discussions on whether Batam Island would take off as an alternative to, or substitute for, Singapore.

The appropriate answer in the new millennium for all Malaysians must surely be that it is better to have PTP than Batam.

Let this be the forerunner of this discussion.

When the Government designated Port Klang as the national load centre in 1993, the PTP project had already been approved in order to cater to the increasing traffic and volume in the southern region of the country.

Pasir Gudang, the existing port, was fast reaching saturation point and it was essential for the Government to find an alternative and sanction the development of a new port or face the inevitable outflow of Malaysian cargo.

The second issue is that nobody will debate if Johor Baru becomes an international airport destination despite the fact that Penang also has an international airport.

And would the existence of either of these destinations prevent us from developing Kuantan as an international or regional hub for tourists.

We can agree with this because we are the users of air travel and want convenience and ease of connectivity. However, when the topic is cargo and ports, we merely become involved armchair critics.

The third issue is that landed costs are prohibitively high.

The cost of sending a box by road from Penang to Johor Baru is the same as the sea freight from Port Klang to Europe or the US.

As a result, ports are vital. An estimated 95 per cent of total world trade travels by sea.

All the aircraft in the world cannot carry more than 3 per cent of the world's cargo and air freight is notoriously expensive.

The other 2 per cent of cargo moves by rail to land-locked countries.

In 1994, prior to the establishment of Westport, the gross capacity of Malaysian ports was 2 million boxes.

In Singapore during the same period, annual growth alone stood at 2 million boxes. Today, Port Klang's capacity exceeds 3.5 million and we are nearing the 3 million mark in terms of volume.

Growth is dependent on the availability of facilities and capacity to handle increased volumes.

The containerisation of cargo began 25 years ago and had many detractors.

Today, about 65 per cent of cargo worldwide is containerised, and this figure reaches as high as 80 per cent in some countries.

On the converse, the figure in India stands at only 9 per cent and the waiting time for ships to berth can be up to 10 days.

Container volume today is about 195 million boxes and by the year 2005, this will mean a volume of between 8 and 10 million boxes.

Given a scenario of ideal growth, Port Klang and PTP can comfortably share this volume, although Port Klang will have the edge due to its bigger hinterland cargo.

As such, Port Klang can grow to 5 million boxes and PTP between 3 and 5 million boxes. Singapore will still handle about 30 million instead of 36 million boxes.

Any review of ports and their capacities must be done in conjunction with a review of their role.

Ports are needed for any or all of the following:

- (a) Import and export of cargo i.e. local area needs.
- (b) Transshipment hubs i.e. as transit connections for the regional cargo.
- (c) Ship transfer and ship relay connectivity.
- (d) Value-added distripark facilities.
- (e) Empty boxes depots, repair and cleaning points.

The name of the game will still be the same, i.e. time taken, costs and productivity. In this shrinking world, location will become meaningless compared with costs and productivity.

The centres of the world for shipping will be anywhere where there is water plus fast turnaround.

Productivity, efficiency and economics will drive ships to these centres, regardless of where the ports are located.

Just as 50 per cent of the companies on the Fortune 500 list change every decade, the face of the earth has also seen a change of destinations for shipping lines worldwide.

In Europe today, the traditional hubs of Amsterdam and Rotterdam have been supplemented by ports such as Malta and Gioia Tauro.

In the UK, Liverpool and Southampton are the 20th century ports whereas Felixstowe and Thamesport belong to the new millennium.

West Asia, too, has seen the growth of new ports, most obviously with Dubai, but also Khorfakkan, Abu Dhabi, Bandar Sa-alam, Aden and Salalah.

India used to depend on Bombay, Chennai and Colombo, but today has new ports near Mumbai (formerly Bombay), Gujerat and Tuticorin.

China depended on Hong Kong and now has Chiwan, Shanghai, Tientsin and Dalian.

Shanghai is fast becoming a 5 million-TEU port despite the unassailable number one position held by Hong Kong.

A lot of the world's logistics remains illogical. A great deal of Malaysian cargo still goes to Amsterdam before reaching Rome.

North Indian cargo goes to Dubai for transshipment to Japan, while cargo from South India goes to Singapore before going back to Europe.

Cargo from Bangladesh and Myanmar (formerly Burma) also goes to Singapore before coming back to Penang or Port Klang.

This state of affairs has not only been entrenched through historical practice but also through capacity of feeder connections.

As such, the next five years will see the relocation of cargo concentration and the emergence of new ports. Unless we prepare ourselves for that eventuality, we will all remain students of history.

A review of our Prime Minister Datuk Seri Dr Mahathir Mohamad's programme will reveal that his ideas seem difficult to accept when first announced.

Proton, the highways and the Multimedia Super Corridor are all illustrations of this. Five years later, we are all grateful for his foresight and his hurry to implement.

The West Coast of US is growing fast because of the Pacific Rim's trade growth.

Much of the cargo from South Asia and South-East Asia goes to the US through the Pacific Ocean.

From there, it travels by train or road to the northEast of the US, i.e. Chicago, Detroit and Boston.

Soon a review of logistics costs will reveal that it would be cheaper to ship through the Atlantic to Boston and New York.

In the 1970s, the main airline hub for South-East Asia was Bangkok. I remember when we flew to Bangkok and Copenhagen before we reached London after a three-day journey.

In the 1980s Singapore became the hub, and the journey to London could be made in 24 hours.

Today, we have 14 direct flights from Kuala Lumpur to London every week, and the time taken has been slashed to 14 hours.

Given the changing scenario and environment we live in, the key question is not whether we need to develop PTP, Kuantan or Penang as major ports but what shipping lines need in terms of volume of cargo, berth capacity and port productivity.

Furthermore, we need to answer cargo owners' needs in terms of speed and freight costs by sea or by land.

Most of all, the new millennium will belong to the service industries - financial services, recreational facilities, logistics services and, of course, Internet services.

With such growth and activity, our only issue of importance is how much of this can we handle.

Will it be 2 per cent or 5 per cent? The questions that remain will be how much, how and where.

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