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Haulage licences for local firms only, says Nazri

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THE Entrepreneur Development Ministry will continue to issue new haulage licences to local companies to meet the growing containerised trade but for now the door is shut to foreign-owned shipping and transport related companies.

The five-member Container Hauliers Association of Malaysia (CHAM) - comprising Kontena Nasional Bhd, MISC Haulage Services Sdn Bhd, Diperdana, Konsortium Logistik Bhd and Multi Modal Freight - is set to lose more grip on the laden container haulage business as the ministry plans to balance the ratio of permits handed out from 70:30 CHAM to non-CHAM members currently to 60:40 in the future.

"We do not want anyone to monopolise or corner the market as it is not good for the industry," said Entrepreneur Development Minister Datuk Nazri Abdul Aziz.

"There is still room for expansion and there will be a timeframe to reach that ratio," he added.

At its annual general meeting recently, CHAM had said its members operate a total of 2,200 prime movers and 11,300 trailers.

Judging from the new licences issued by the Commercial Vehicle Licensing Board yesterday, preference will be given to companies which are already in the transportation business or have dealings with the ports such as freight forwarders or the port operators themselves.

"We cannot limit it to five players as the industry is big and growing," Nazri told a news conference at the ministry yesterday, after handing over haulage licences to 18 new players.

"We are expecting an increase in container traffic following the promotion of local ports by the Ministry of Transport. Prime Minister Datuk Seri Dr Mahathir Mohamad also wants Malaysian ports to be ports of call by the major international shipping companies," Nazri added.

The ministry has begun to take cognisance of the supporting role by the container haulage industry in getting more shippers to use local ports a year ago by opening up of the industry to more players.

"If we want to get more shipping lines to call at our ports, the haulage industry by virtue of its supporting role must also be efficient," Nazri said.

Until last October, members of CHAM have controlled the laden container haulage industry.

The shipping community has welcomed this new stand by the ministry as it has for years been asking the Government to open up the industry as it has claimed the five major players will be insufficient to provide satisfactory services.

The 18 new companies are Tiong Nam Transport Holdings Bhd, The Star Logistics Sdn Bhd, Pelangi Forwarding Sdn Bhd, Pengangkutan Toh Eng Sdn Bhd, Perak Freight Sdn Bhd, Century Logistics Sdn Bhd, Johan Laju Transport Sdn Bhd, Agenda Wira Sdn Bhd, Utas Lagenda Sdn Bhd, HRH Logistic Sdn Bhd and Jangkauan Galaksi Sdn Bhd.

The others are M.Zain Logistics, Integrated Logistics, Asas Kontena Services Sdn Bhd, Second Port Logistic Sdn Bhd, Gugusan Peremba Sdn Bhd and JP Sdn Bhd.

Tiong Nam, Pelangi Forwarding, Century Logistics, M.Zain are the big boys in the general cargo and forwarding business while JP and Perak Freight are linked to Johor Port and Lumut Port respectively.

A total of 340 prime movers permits and 2,380 trailers were issued by the ministry yesterday to the 18 companies and three members of Cham, Kontena Nasional, Diperdana and Multimodal Freight.

These companies received permits for between 10 to 50 prime movers and 70 to 350 trailers each. However, most of the prime movers and trailers permits were issued to Johor based companies to serve the newly opened Port of Tanjung Pelepas and Johor Port.

Johor Port linked company, JP was given the licence primarily to help it serve some small importers and exporters as some hauliers prefer to concentrate on long-haul or multinational companies.

Nazri said the companies which received the permits have the capability to operate and invest in the capital intensive business. A fleet of 10 prime movers and 70 trailers can cost up to RM5 million.

"We hope the 18 companies can live up to our expectations on their services level to help the industry," he said.

"We are opening up to non-Bumiputera companies but they must divest a 30 per cent stake to Bumiputeras. While it is good for me to give the licences to Bumiputeras, some of them who were issued licences have yet to start their operations," he pointed out.

For the new players, their operations are limited to either the Northern or Southern Zone. Southern Zone hauliers cover Malacca and Johor while the Northern Zone hauliers cover Negeri Sembilan upwards to Perlis.

For the new Northern zone players, they are having a better deal than the new haulage companies which received their licences earlier this year, whereby they are confined either to operate in the Northern Zone covering the states of Penang, Perlis and Kedah; Central Zone covering Selangor, Kuala Lumpur and Negri Sembilan; and Southern Zone within Johor.

In reply to a question, Nazri said the ministry will not issue licences to foreign companies but he did not dismiss that some of them could obtain the licences via the back door by acquiring local haulage companies.

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