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Mixed response from hauliers over cooperation

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NOT all container hauliers, especially the established ones, are buying the idea brought up by Gugusan Peremba Sdn Bhd executive director Ibrahim Ahmad, namely to cooperate and pool their resources.

Ibrahim, in bringing up this proposal, hopes to give the new players at least a chance to succeed in the capital-intensive industry.

Faced with the five established players and members of Container Hauliers Association of Malaysia (Cham), some of the 15 haulage players who have the permit to operate five to 40 prime movers may never stand up much in the highly competitive industry.

While the primary objective may be economics and bottom line for the new hauliers, the proponents said ultimately, shippers will be able to get faster and cost-efficient services.

The start-up cost for a small-to-medium container haulage company to buy prime movers, trailers, forklifts, depots, yards and computer system can amount to millions of ringgit.

That is excluding the manpower and operation cost which includes fuel, spare parts and manpower and training.

Unlike the five established hauliers - who are Cham members, and who can operate anywhere within Peninsular Malaysia - the 15 new haulage companies will not be competing at a level playing field - that their operational radius is limited to either northern Perlis, Kedah and Penang, central Kuala Lumpur, Selangor and Negri Sembilan or southern Johor.

That zone-operating radius is a handicap which can turn into opportunities where they can strike joint ventures. They can capitalise on each other's strength to provide the most efficient and cost-effective services to customers.

The cooperation can take many forms, from sharing of IT system, terminal linkage, Customs, facilities such as depots; hiring of some movers and trailers and having agreement to haul the trailers and boxes on behalf of other participating companies.

"Our combined fleet of all the 15 new hauliers is 162 prime movers and 1,084 trailers, which is even less than Multimodal Freight Sdn Bhd's fleet comprising 270 prime movers and 1,600 trailers, the smallest of Cham members," Ibrahim said.

Cham says it is not involved in the talks to cooperate with the 15 new players.

"That is a business decision on their part," Cham president Mirzan Mahathir commented when asked of his opinion on the move.

"We are not involved in the talks and I am not aware if any of the current members are involved," he said at media conference after the association's annual general meeting on June 29.

But Cham recently opened its membership door to the 15 new players, saying that it would lead the liberalisation of the industry in an orderly manner and that the Government's objective of raising service standards and meeting market demand are fulfilled.

With this, Cham hopes the interest of the new members and the five original members are well represented in the various fora.

Port of Tanjung Pelepas (PTP) chief executive officer Mohd Sidik Shaik Osman has thrown his support behind Ibrahim's proposal for the 15 new haulage players to cooperate and pool their resources together.

"Rightly said, new players can pool resources by combining equipment,

resources and operations experience for a combined and efficient haulage service.

"There will be naturally, significant issues and details to be worked out among the new players, but we believe this is now a very real possibility as a majority of the new players have already been holding one-to-one talks on efficient services."

Sidik pointed out that with the primary objective in providing an efficient and cost-competitive service in mind, it would now be timely for all talks to be put on the fast-track.

"We can work together by combining our strengths in different sectors and ironing out our weaknesses by addressing them together. With this synergy established, shippers will certainly have more feasible options.

"The open-call is certainly a timely boost given that most new players are already holding joint-venture talks," he told Business Times.

PTP, since receiving the licence in March 2000, has also been in talks with several new players in the central, northern and southern region.

These talks have been proceeding well and are focused on joint-venture possibilities.

Code-sharing will improve bottom-lines and add towards overall feasibility of operating an efficient fleet of prime movers and trailers.

But some Cham members and a newly licensed haulier point that the call to cooperate and pool resources is easier said than done.

"There are various issues such as licensing, corporate cultures, billings, systems integration," that need to be worked out.

Different corporate culture, size of the companies and funds available can be stumbling blocks. Cooperation is not much of a thing in the corporate sector in a "dog-eat-dog world". The key word is survival of the fittest as pointed by an official of one of the new haulage companies.

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