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PTP coup won't dent Port Klang's status as premier container hub

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PORT Klang, the country's oldest and biggest container port, should remain in the forefront despite the emergence of the Port of Tanjung Pelepas (PTP) as an important player in the transshipment business.

PTP's new-found fame is due to a partial equity sale by Seaport Terminal Sdn Bhd to Denmark-based Maersk Sealand, which is the world's largest shipping line.

Last Friday, PTP said its sole shareholder sold a 30 per cent stake in the company to Maersk Sealand and, as a result, the terminal operator will become the largest hub within Maersk Sealand's global network.

Prior to the acquisition, Maersk Sealand's main base in the region was Singapore and in Malaysia, it was Port Klang, or more specifically Westport.

Other than Westport, there are two other container terminal operators at Port Klang - Klang Container Terminal (KCT) Bhd and Klang Port Management (KPM) Sdn Bhd.

In essence, Seaport Terminal has inflicted a telling blow, with a single stroke of the pen, on Singapore and Port Klang, the two biggest port operators in South-East Asia.

It means that starting next year, PTP is guaranteed an annual volume of 2 million containers from the Maersk Sealand flagship.

Sooner or later, this is bound to raise calls for the national load centre and transshipment policy to change. However, a change in policy at this critical stage could backfire.

Port Klang, designated the national load centre since 1993, has seen its throughput grow to 2.55 million containers last year from a measly 241,182 containers in 1986.

This year, Port Klang is expected to handle some 3 million containers.

Port Klang has history on its side. It has proven time and time again that it can meet the gauntlets thrown its way, and the port is close to the industrial hinterland of the country.

The industrialised Klang Valley is merely a short distance away from the port, and it has proven the ability to "divert" container boxes that used to be shipped to Singapore.

Thus, the existing load centering and transshipment policy should remain unchanged, until market forces demand otherwise. The PTP-Maersk Sealand deal should not be used as the barometer in demanding for a change.

It would be better for PTP to quietly develop its own transshipment niche and tighten the screws on the leakage of cargo from the southern region of Peninsular Malaysia to Singapore.

The notion that PTP's coup in snatching Maersk Sealand from Singapore means the island state's hold in the transshipment flow in the region is on the wane must be taken with a pinch of salt.

Singapore, the world's second busiest port, still has a wide customer base and a reputation no port in this region can match. PSA Corp, the managers of Singapore's terminals, has taken proactive measures to counter attacks on its transshipment business.

PSA has gone into the building and management of ports in China, Brunei, India, South Korea and a host of countries in Europe to protect its bottom line and ensure that Singapore's name in the world of ports remain entrenched.

A clear indicator that PSA's diversification is bearing fruit can be

seen in the revenue this segment of the business generated. Last year it contributed S\$400 million (S\$1 = RM2.33) out of the company's total revenue of S\$2.54 billion.

These are the areas in which terminal operators in Port Klang such as KCT and KPM are looking at, to ensure their relevance in the industry.

And it may not be long before the terminal operators at Port Klang clinch similar deals which PTP's owners signed with Maersk Sealand.

Already there are strong indications that Westport will be driven to tie up with Hutchison International Terminal, which manages 18 ports in the world, to protect its own interest.

All these developments should bode well for local ports and Malaysia because they show that the efforts put in by Prime Minister Datuk Seri Dr Mahathir Mohamad and Transport Minister Datuk Dr Ling Liong Sik in promoting Malaysia as a transshipment destination has not gone unnoticed by foreign investors.

But to gloat in the hour of triumph, when only the battle and not the war has been won, may prove counter productive to the long-term growth and relationship among local port operators.

Thus, PTP's ability to gain Maersk Sealand must be acknowledged by all as a testament of the port's potential, but at the same time it should not be seen as a sign of Port Klang's incompetence.

Port Klang and PTP can mutually benefit from such deals and grow further if they continue with their good work, rather than gloat over achievements which tomorrow will be yesterday's news.

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