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Sime Darby units sign pact with KLB

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SIME Darby Bhd's tyre division has assigned its warehousing and distribution operations to Konsortium Logistik Bhd (KLB) to enable it to focus on its core business.

Sime Darby director of tyre manufacturing and DIMB Bhd managing director, Encik Jafar Carrim, said the group expects to increase its export of tyre products to 50 per cent of turnover from 25 per cent currently.

"This will push our logistics to the extreme. We have a capable partner in KLB. It would enable us to focus on the manufacturing aspect, which is a considerable task," Jafar said.

The doubling of the export figure, to be achieved in three years' time, is in response to a 50 per cent reduction in export tariff for tyre products between Asean member countries.

Under the Asean Free Trade Area agreement, the import tariff for tyre products will be reduced to 20 per cent from 40 per cent by January 1 next year, and to 5 per cent by 2003.

"The (Asean market) involves 500 million people who are basically consumers of the kind of tyre products we are capable of producing," Jafar said after signing two agreements between Sime Darby companies and KLB yesterday.

The first agreement was between DMIB, SimexMarketing Sdn Bhd and KLB, while the second was between Sime Tyres Marketing Sdn Bhd and the logistics company.

KLB will provide warehousing and transportation services for the Sime Darby companies for a period of three years.

The services include the collection of tyres from DMIB's store in Petaling Jaya and Sime Tyres plant in Alor Setar, the storing of these products and subsequently, their distribution to dealers in the Klang Valley, Negri Sembilan, Pahang, Kelantan and Terengganu.

The tyre companies had been managing their own logistics for more than 30 years at a cost not exceeding 2 per cent of their turnovers.

KLB executive chairman and president, Encik Mirzan Mahathir who signed the agreements on behalf of his company, said KLB will expand its capabilities to include the tyre manufacturing industry.

"We are reorganising ourselves to be totally focused on the customer by making sure that all the processes within the organisation, its people and IT systems, are lined up to deliver quickly and effectively on each request," he said.

KLB currently handles DMIB's international export activities such as vessel nomination, port and customs clearance, storage and cargo stuffing and unstuffing for tyres, mattresses and golf balls to East Malaysia, Australia, Europe, Japan and other countries.

"We want to position ourselves to be the premier logistics company in South-East Asia and South Asia," Mirzan said.

Currently, KLB services five industries - the automotive, industrial products, capital equipment projects, consumer products and oil and gas industries.

The company also hopes to capture a significant market share in the local small- to medium-sized industries (SMIs) via its SMI Logistic Enterprise Scheme.

Mirzan said the response to the scheme had been tremendous, with 150

companies out of a targetted 700 SMIs already signing up.  
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