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Cham officials clarify the opening up of haulage mart

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THE Container Hauliers Association of Malaysia's (Cham) annual general meeting recently saw several of its senior officials clarify why the haulage industry was opened up to the 50 or so new players in the market.

They traced back events to 1999 when the Port of Tanjung Pelepas (PTP) was initiating operations and asking for discounts to match the prices offered to Johor Port in Pasir Gudang.

The Cham members, it seems, were more than willing to offer the discounts to assist the development of the ports in the nation, but not to the extent required by the port for it would cause its five members to incur losses as all the infrastructure and depots had already been built in Pasir Gudang.

The five members of Cham - Kontena Nasional Bhd, Konsortium Logistik Bhd, Diperdana Hldgs Bhd, MISC Haulage Sdn Bhd and Multimodal Freight Sdn Bhd - had been accused previously of not being able to handle the volume of containers coming into the country.

The Cham members had always maintained that the handling of containers was a chain operation, where if one aspect of the chain like the freight forwarders or the port made a mistake, the whole operation will be affected.

Cham maintained that the blame was collective and not to be borne solely by its members.

The officials told Business Times that the discounts gave rise to the opening up of the haulage market, the excuse being that Cham's members were not cooperative in the building of the nation.

A Cham official said that there was actually no such problem with regards to the discounts.

Cham was more than willing to cut its profits for the development of the nation, but was not willing to incur a loss for the port to enjoy the same benefits as Johor port.

"The distance from PTP to Pasir Gudang is 80km. Were we supposed to absorb the difference and run at a loss in the process? We are all prudent businessmen, and it is not ethical to request such discounts from us," the official said.

Cham's stand in its refusal to grant discounts because of losses involved would pave the way for the opening up of the haulage market, with accusations on the association's inefficiency and inability to handle the nation's containers.

Cham executive chairman and president Mirzan Mahathir told reporters at a press conference that the association agreed that perhaps new players in a group of five was fair but the stark difference from 5 to 55 was never foreseen by the members.

The allegations against Cham were made after the association application for 600 prime mover licences were refused, whereas one for 50 was granted instead. No reason was given for the refusal of prime mover licences. Certain quarters close to Cham added that if the association made a fuss and retaliated, the chances of the five players getting additional licences in the future will be in doubt.

The opening up of the market, sources in the industry say, is good, as it promotes competition within the industry.

However, the method by which the authorities went about opening up the market was ethically questionable.

The new players in the market have not exactly been able to break the dominance as most of the 50 or so companies have only been awarded 15 to 20 prime mover licences.

The new players only have a market share of some 20 per cent of the total market, while the Cham members control the remaining 80 per cent.

The new players have been facing difficulty in getting additional prime mover licences.

Some will be more than happy to be issued with 100 licences to satisfy the market demand. However, the authorities are slow to react to such request.

The approval period takes somewhere between six months and one year, a source in the industry said.

Cham members at their AGM refuted the allegations thrown against them and they feel they were being made the scape goats in the industry where problems could arise from a variety of sources, like the lack of information and the lack of finance.

However, with the current economic slowdown, Cham members have predicted difficult times for the haulage industry for the next 6 to 12 months.

Mirzan also maintained Cham's earlier stand that the haulage market is saturated, and that the association can handle the amount of containers in the country.

Although the ports are showing growth, most of the increases are in transshipments where the container hauliers are not required to carry the containers.

Mirzan added that Cham members, who have a total of 2,700 prime movers and 15,000 trailers, were ready to face the expected downturn, and although effected by the opening up of the market, were ready to stand their ground as the main hauliers in the country.

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