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The rail thing

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ALTHOUGH cargo transportation in Malaysia adopts the multi-modal concept - that is, the use of sea, air, road and rail - little has been said until recently about rail services.

But the fact is, Keretapi Tanah Melayu Bhd (KTMB) has been running the service in Peninsular Malaysia for decades. And because of the rapid expansion of local ports and growth of domestic and intra-Asean trade, KTMB's freight services are becoming increasingly important.

The company provides containerised freight services, conventional freight services (for bulk carriers, cement, etc), an international freight service to Thailand and Singapore, and a landbridge service as part of the highly-ambitious Trans Asia Line endorsed at the recent Asean Leaders Summit in Singapore.

It also provides rail links to freight terminals in Padang Besar, Butterworth, Ipoh, Port Klang, Segamat, Pasir Gudang, Sungai Way, Nilai, Kajang and Singapore.

The contribution of goods trains to KTMB's revenue is rising as the demand for freight services grows in tandem with the increase in manufacturing activities and exports and imports. Malaysia's containerised rail services are slowly but surely evolving into an important component of multi-modalism in the logistics and transportation sector.

The infrastructure - the rail line stretching from the southern region, through the central region, up to the northern region and across the border at Padang Besar to Bangkok - is already in place. It is now a question of upgrading the lines (as in the case of the double-tracking project from Kuala Lumpur to Ipoh) and adding locomotives and wagons.

Indeed, the impetus for such moves is getting stronger. This is due to the fast-growing container throughput at leading ports such as Johor Port, Port of Tanjung Pelepas, Port Klang (Northport and Westport) and Penang Port. It is an indicator of the global trend for containerisation.

For example, within the Ipoh Container Terminal (ICT), an inland container port covering an area of 30km radius, goods are being moved increasingly in containers or boxes 6 or 12 metres long by rail to the ports where an increasing number of large container ships come alongside for loading and unloading.

Growth in manufacturing activities not only in and around the ICT area but also in other industrial or manufacturing sites close to other towns in the peninsula mean that KTMB has to gear itself to provide not only more services but also improve on their reliability and frequency.

This is not easy considering that the national railway company is facing some constraints. For example, to cover costs it cannot just increase freight charges for that will discourage shippers, exporters and importers. Nevertheless, it is going to spend RM45 million on new equipment which is seen as something urgent, and improve on services.

The man in KTMB in charge of freight services is Abdul Radzak Malek who has considerable hands-on experience in the business of railing goods across the peninsula and now also to Thailand under the so-called landbridge service which is part of the Trans Asia Line initiated by Prime Minister Datuk Seri Dr Mahathir Mohamad.

According to Abdul Radzak, Dr Mahathir has been taking a deep interest in the landbridge service across the border, in particular the extension of the service to Cambodia.

(The Asean Leaders Summit in Singapore in November last year formally endorsed Malaysia's proposal for the Trans Asia Line and appointed Thailand to look into the financial aspect of funding the RM10 billion 5000km road-rail project extending from Singapore to Kunming in China.)

KTMB's focus is now on two areas - improving the containerised rail services within the country and between Malaysia and Thailand and countries beyond. There are good reasons for doing so as volume of containerised traffic by existing rail services is definitely growing. Last year, KTMB handled 224,761 TEUs (twenty-foot equivalent units) or boxes, up by nearly 20 per cent compared with the previous year's 187,717 TEUs.

What about the landbridge operations to Thailand? The volume is also growing gradually - 18,180 TEUs for 2000. From June (when the services started) to December 1999 it handled 6,239 boxes. Growth is limited by frequency and services.

'It is heartening of course to note that of the landbridge service, from the initial four weekly services this has increased to 20 weekly,' says Abdul Radzak.

One of KTMB's plans is to bring two dedicated services out of the ICT by as early as February so that if there is a demand it can always operate the second service at any time. But this will have to depend on how well it can synchronise its arrivals and departures with vessels arriving at the main Malaysian ports which also serve as transshipment hubs.

'With a better turnaround and greater reliability and consistency there will be a more definitive transit time so shippers and exporters will become more confident.'

This will depend also on building up volume and it invariably means going beyond the ICT's 30km radius to look for cargoes to be railed. Presently, most cargoes handled at the ICT come from within the 30km radius where most of the big factories are located.

Abdul Radzak thinks the new potential in the areas beyond the 30km radius lies in what is called refrigerated goods - fish, fruits and flowers. Last year the ICT handled close to 40,000 TEUs and this year KTMB is projecting a 30 per cent growth to about 60,000 TEUs.

The construction of the double track between Rawang and Ipoh is going to slightly affect KTMB's TEU growth, however, because of daily track closure. The project is to be undertaken by DRB-Hicom on a design-and-build basis.

The national railway company plans to overcome this temporary problem by using the northbound train service from the ICT to Penang, and using Penang Port as the exit and entry point and feeding goods down to Port Klang instead.

'We recognise this is a cumbersome way,' Abdul Radzak says, pointing out that the only alternative is by road which will be more expensive. However, according to industry sources, with the road haulage tariff still remaining unchanged for the northern region, including Penang, rates may still be competitive, if exporters or shippers choose the alternative.

Abdul Radzak says KTMB has plans to make use of the Segamat Inland Port (SIP) as an interchange for cargo from Kuantan and Kerteh on the East Coast for cargoes bound for West Coast ports. This will however be a combined truck and rail service because of the absence of rail services between Mentakab and Kuantan.

It also plans a landbridge service from Surat Thani in southern Thailand to Penang, with the feeding of the boxes down to Port Klang.

KTMB's landbridge services are currently operated by five companies - TS Transrail, Freight Management, TS Allied, PTP Landbridge and Elite Solution. Elite Solution will temporarily cease its service, and KTMB says

it has no plans to bring in new players as that would only depress rates and services may suffer as a result.

Abdul Radzak is optimistic that the Malaysia-Thailand containerised rail services will improve further, despite some reservations in certain quarters that only Thai freight forwarders appear to be benefiting from the service.

He explains the rationale behind the Malaysia-Thailand containerised rail services. 'When the services were first launched the idea was, and still is, to provide a cheaper and fast alternative instead of moving goods by sea between Port Klang and Bangkok or even from Singapore to Bangkok.'

Another idea was to build up transshipment volume at the Malaysian ports by capturing some of the Thai imports and exports via rail transportation. But there are problems such as documentation, customs procedures and vessel connections, but this is slowly being overcome.

With the Asean Free Trade Area (Afta) becoming a reality, many of the issues are expected to be addressed before or when the time comes.

But from places nearest Malaysia like Haadyai to Port Klang the cargo is mainly for transshipment and there are clear indications of this with the operating company concerned bringing in the laden boxes to Port Klang and bringing the empties back on the return trip.

KTMB also sees the potential for growth coming from multinational companies with operations on both sides of the border, and Abdul Radzak says Malaysia has become a sort of international procurement centre to them. The KTMB freight division is also talking to some Thai-based companies about railing their exports to Indonesia and Australia to Port Klang for transshipment to these points.

There is no doubt that with the development and gradual expansion of containerised rail services both within Peninsular Malaysia and between Malaysia and Thailand, this country's growing importance as a total logistics centre embracing multi-modalism is going to contribute significantly to the national economy.

Although the basic infrastructure exists, there is still a lot to be done to refine the various services, including marketing and promotions, not only within Malaysia but also to Thailand and other parts of Asean.

According to both KTMB and the industry, the government would have to put in a lot more effort and money to develop a better network of road and rail services, to improve reliability and frequency, and to provide competitive rates for all sectors of the industry.

KTMB should not perhaps for the time being set its sight too high. Within its existing ICT and other inland container ports, it can capture a more sizeable portion of the container traffic and move them not only between ports but also from points of manufacturing such as industrial estates and factories to ports of export in all the regions.

The services across the border ought to be seen as complementary yet important enough to warrant some investment, but this should be left entirely to the private sector such as its five landbridge operating companies to market and develop. But KTMB must be prepared to invest in sufficient wagons, and provide much more reliable and dependable services.

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