

Malaysia to challenge Spore's as regional shipping hub

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MALAYSIA is set to challenge neighbouring Singapore's position as one of the region's main container ports, industry players say.

Prime Minister Datuk Seri Dr Mahathir Mohamad said last week the Government planned to expand all its ports to make the country a regional trade and shipping hub.

The announcement followed a decision by Evergreen Marine Corp to move its South-East Asian transit centre from Singapore to the Port of Tanjung Pelepas (PTP) in Johor — one of the largest in the world.

"We want to expand all our ports, not just PTP. We are as strategic as Singapore. . . . There is no reason why we cannot be a hub for trade and shipping in the region," Dr Mahathir said.

Evergreen's shift will be the second loss for Singapore after Danish global container line Maersk Sealand moved to Malaysia last year.

"If this goal of being a regional shipping hub had surfaced a little more than a year ago, I would have said it was impossible," said Walter Culas, chairman of the Airfreight Forwarders Association.

"However, PTP is now comparable with bigger and more established ports in terms of its facilities and management," he said. He added that

that international-standard ports could be a reality in just a year's time.

Transport Minister Datuk Seri Dr Ling Liong Sik had said the move by Evergreen indicated that Malaysia, with its main ports of PTP and Port Klang soon be challenging Singapore's position as the world's second largest container port.

"This will be achieved by the continuing growth of Port Klang and also the sterling performance of PTP in attracting additional clients this year," Ling said.

Singapore is the world's second busiest container port after Hong Kong. In 2001 it handled almost 17 million containers.

However, last week Singapore port operator PSA Corp Ltd reported a 3.2 per cent fall in throughput.

"We are already on par with Singapore and are very much a viable alternative to them," said V. Muthiah, president of the Federation of the Malaysian Shipping Association.

"We are in the best position to take over Singapore's role as an influential port because of the economic situation which is causing more countries to take notice of the improved productivity and working environment here," he said.

Muthiah said although it was unrealistic to compare

Malaysia with Hong Kong, government efforts to increase facilities at PTP and Port Klang as well as an improved working attitude of port workers were good signs for further expansion.

"We not only offer lower rates, but the tremendous increase in facilities and services have the potential to bring us to number one," said Muthiah.

However, both Muthiah and Culas cautioned that safety in the Straits of Malacca would have to be ensured to build customer's confidence.

"A lot of countries are very concerned with the high rate of piracy at the straits, which is their lifeline," Noel Choong, regional manager of the Piracy Reporting Centre, located in Kuala Lumpur, said.

He said despite efforts by the Malaysian and Singaporean marine police to ensure safety of vessels, piracy was still rampant due to lack of co-operation from Indonesia.

"Indonesian authorities are not putting in as much effort, but probably because of factors such as ill-equipped boats.

"They are unable to monitor their waters. That's the problem when we share the straits with other countries," he said.

However, Choong said the

number of piracy cases had dropped significantly last year.

"I would think it's very possible in the near future, security wise, for us to be a regional shipping hub," he said, citing the year 1997 when there were zero cases of piracy along the straits.

"But for there to be more defined security at the straits, there must be bilateral cooperation with Singapore and Indonesia. We must work closely together," Choong added.

An Evergreen official said the company's transit hub operations in Singapore would all be moved to the PTP but details of the deal had to be finalised.

Despite the optimistic outlook for Malaysia's future in the shipping and container industry, analysts have dismissed the notion that Singapore's transshipment business was on the wane.

An analyst said that Evergreen's shift was not likely to affect profitability per container box for the Singapore port.

"The main reason for Evergreen to move its operations to PTP would be lower cost and not better services. But (Singapore's) stance might be that it could do without such low margin business," the analyst said. — AFP