

SUN 23 JAN 2002

Malaysia challenges Singapore as regional shipping hub

KUALA LUMPUR: 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 Southeast Asian transit centre from Singapore to the Port of Tanjung Pelepas (PTP), in southern 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 can't be a hub for trade and shipping in the region," 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, adding that international-standard ports could be a reality in just a year's time.

The *Business Times* quoted Transport Minister Datuk Seri Dr Ling Liong Sik as saying the move by Evergreen indicated that Malaysia would 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 the sterling performance of PTP in attracting additional clients this year," he said.

Singapore is the world's second busiest container port after Hongkong. Last year it handled almost 17 million containers.

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

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

"We are in the best position to take over Singapore as an influential port with the improved productivity and working environment here," he added.

Muthiah said although it was unrealistic to compare Malaysia with Hongkong, efforts to increase facilities at PTP and Port Klang and the working environment

were good signs for further expansion.

"We not only offer lower rates but with the increase in facilities and services, we have the potential of being number one," said Muthiah.

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

"A lot of countries are very concerned with the high rate of piracy along the straits," Noel Choong, regional manager of the Piracy Reporting Centre said.

He said despite efforts by the Malaysia; and Singaporean marine police to ensure safety of vessels, piracy was still rampant due to lack of cooperation from Indonesia.

"Indonesian authorities are not putting in as much effort, probably because of ill-equipped boats," Choong said.

"They are unable to monitor their waters. That's the problem when we share the straits with others."

However, Choong said the number of piracy cases had dropped significantly last year.

"I think it's possible in the near future for us to be a regional shipping hub," he said, citing the year 1997 when there were no cases of piracy in the straits.