



MARITIME INSTITUTE OF MALAYSIA

MALAYSIAN PORTS' PERSPECTIVES AND EXPERIENCE



NAZERY KHALID

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PRESENTATION OUTLINE

- ➔ Overview and trends in port development in Malaysia.
- ➔ Positioning Malaysia as a strategic regional transport corridor.
- ➔ Making Malaysia a transshipment hub.
- ➔ Enlarging Malaysia's containerized shipping share : Shipping issues and challenges.
- ➔ Time is of the essence : Port productivity.
- ➔ The case of Port Klang, Malaysia's load center and PTP, its transshipment hub.

PENINSULA MALAYSIAN PORTS



SABAH / SARAWAK PORTS



CONTAINER THROUGHPUT 2006

YEAR	Mil TEU
1996	2.564
1998	3.064
2000	4.951
2002	9.060
2004	11.341
2006	13.594

Source : MINISTRY OF TRANSPORT MALAYSIA

OVERVIEW OF MALAYSIAN PORTS

- ➡ Critical trade facilitators.
- ➡ Strategic location along busy shipping lane.
- ➡ Interaction points with other transport modes and supply chain components.
- ➡ Strategic role in the supply chain linking producers / manufacturers and consumers.
- ➡ Disparity in capacity and development.
- ➡ Make up regional 'hub and spokes' system.
- ➡ Catalysts of growth to industries and businesses.

PORT DEVELOPMENT TRENDS

- ➡ Privatization of Federal ports.
- ➡ Greater focus on containerization.
- ➡ Growing linkages with other transport modes.
- ➡ Growing emphasis on accommodating bigger vessels.
- ➡ Increasing use of IT in cargo handling, processing and tracking.
- ➡ Development of one-stop shipping, Free Trade Zone and distripark concepts.

MALAYSIA AS A STRATEGIC REGIONAL TRANSPORT CORRIDOR

- ➡ Enjoys strategic location in the region to become a transport corridor.
- ➡ Good trade and transport infrastructures to support growing trade volume, although development is uneven across the nation.
- ➡ Regional opportunities : AFTA, IMT Growth Triangle, BIMP-EAGA etc.
- ➡ Growing emphasis on supply chain management and multimodal transport.

MALAYSIA : A TRANSSHIPMENT HUB

- ➡ Growing transshipment throughput at local ports (61.7% of total in 2006).
- ➡ Benefiting from growing intra-ASEAN trade and presence of MNCs in the region.
- ➡ Benefiting from strategic location amid the regional 'hub & spokes' network.
- ➡ Offering attractive infrastructure and value-added services to attract t/shipment cargo.
- ➡ Success of PTP as a t/shipment port.

PENETRATING CONTAINER MARKET

- ➡ Malaysia handled 13.59 mil. TEUs in 2006 compared to 2.56 mil. in 1996.
- ➡ Growing Chinese trade and intra-ASEAN present great opportunities.
- ➡ More containers as result of containerization and hinterland development.
- ➡ Enhancing port competitiveness to cater to greater container throughput and to cater to bigger vessels.
- ➡ Strategic tie-ups via sister port / shipping alliance arrangements to boost cargo handling.

SHIPPING ISSUES AND CHALLENGES

- ➡ Pressure on ports to accommodate growing vessel sizes.
- ➡ Dependence on foreign seafarers.
- ➡ Competition from regional ports.
- ➡ Dependence on transshipment cargo.
- ➡ Reliance on foreign vessels to carry certain types of cargo.
- ➡ Difficulty to obtain competitive financing.

FACTORS INFLUENCING M'SIAN PORTS

Globalization and liberalization

- ➡ Globalized markets, outsourcing and changing production base have boosted trade and demand for maritime services.
- ➡ More trade means bigger investment in ports to enlarge capacity to facilitate greater trade volume.
- ➡ 'Flattening' of markets due to liberalization results in greater port connectivity.

FACTORS INFLUENCING M'SIAN PORTS

The China factor

- ➡ China trade has contributed hugely to Malaysian port throughput.
- ➡ Malaysia is China's 8th largest trade partner in 2006, exchanging US\$37 bil. worth of trade.
- ➡ Set to capitalize on China-ASEAN FTA.
- ➡ More M'sian-China shipping services expected in the near future to cater to growing trade.

FACTORS INFLUENCING M'SIAN PORTS

Trade and economic patterns

- ➡ Shift into manufacturing / trade from commodities-based economy.
- ➡ Improved trade and transport infrastructures.
- ➡ Regional initiatives in trade and transport have boosted maritime trade and port growth.
- ➡ Opening up of economies i.e. China and Vietnam's accession into WTO and trade agreements contributing to greater port throughput.

FACTORS INFLUENCING M'SIAN PORTS

Inland transport

- ➡ Improvements in inland transport infrastructures .
- ➡ Supply chain growing in capacity and sophistication.
- ➡ Improved connection with other transport modes and the supply chain arising from logistics and transport sector dynamics.

FACTORS INFLUENCING M'SIAN PORTS

ASEAN Free Trade Area (AFTA)

- ➔ Alignment and adoption of international standards in trading.
- ➔ Change in trade patterns and growth in volume. Bilateral trade has especially prospered.
- ➔ Increase in trans-border activity has spurred investment flexibility.
- ➔ Reduction of tariff for imports and promotion of export supporting measures.

ISSUES FACED BY SOME PORTS

- ➡ Huge investment and capital expenditure to build, maintain, upgrade and expand ports.
- ➡ Under-utilization of capacity and facilities.
- ➡ Low productivity and efficiency.
- ➡ Poor integration with other transport modes.
- ➡ Under-developed ancillary services.
- ➡ Low utilization of IT / EDI.
- ➡ Little gateway cargo.
- ➡ Poor overall competitiveness.

CHANGING BUSINESS APPROACH

- ➡ Achieving better integration with other transport modes.
- ➡ Adopting to the dynamics of the emergence of regional megahub ports.
- ➡ Offering more incentives to attract MLOs.
- ➡ Giving greater focus on capacity, efficiency, productivity, safety, connectivity.
- ➡ Surviving and thriving in an increasingly integrated and liberalized marketplace.

CHANGING PORT OPERATIONS

- ➡ Economies of scale in terms of speed and size of ships.
- ➡ Specialization of types of ships.
- ➡ Evolving ship routing and calling patterns.
- ➡ Physical changes in types of cargo and greater focus on containerization.
- ➡ Processing, handling, storage and delivery of cargo need to cater to greater volume at faster turnaround time.

INCREASING PORT PRODUCTIVITY

- ➡ Bigger, more sophisticated ships need adept handling.
- ➡ Need to improve facilities, capacity, productivity.
- ➡ Need to enhance linkages with other transport modes.
- ➡ Greater need for skilled workforce.
- ➡ Space constraint requires reduction of box idling time at container yards.
- ➡ More intensive use of IT, EDI.

PORT KLANG



WESTPORT TERMINAL

PORT KLANG



NORTHPORT TERMINAL

PORT KLANG

- ➡ World's 14th top container port (2006).
- ➡ Malaysia's national load center.
- ➡ Consist of 2 terminals : Northport & Westport.
- ➡ Handled 46% of national throughput in 2006.
- ➡ 56% of containers handled in 2006 were transshipment boxes.
- ➡ Features 15-meter drafts, Free Zone, distripark, EDI, handling facilities of various cargo, passenger terminals.

PORT KLANG

- ➡ Regulated by Port Klang Authority.
- ➡ Privatization began in 1986, completed 1992.
- ➡ Surrounded by Malaysia's premier commercial and industrial hub.
- ➡ Acts as a trade facilitator, moderator, development coordinator, strategic planner and training provider.
- ➡ Offers inter-terminal transfers, dedicated feeder incentive schemes, competitive tariffs.
- ➡ Links with over 500 ports in 120 nations.

PORT of TANJUNG PELEPAS



PTP

Port of Tanjung Pelepas
RELIABLE • EFFICIENT • ADVANCED



PTP Port of Tanjung Pelepas
RELIABLE • EFFICIENT • ADVANCED

PORT of TANJUNG PELEPAS

- ➡ Started operating in 1999.
- ➡ Regulated by Johor Port Authority.
- ➡ Handled 35% of national container throughput in 2006, mostly transshipment.
- ➡ Annual capacity of 6 mil. TEU.
- ➡ Stakeholders include Maersk and Evergreen.
- ➡ Offers 1,000 acres of free zones.
- ➡ Lloyd's List Maritime Asia's Container Terminal of the Year 2006.

PORT of TANJUNG PELEPAS

- ➔ Offers distripark and facilities for light-medium and heavy industries.
- ➔ Strategic location at the confluence of the world's busiest shipping lane.
- ➔ Good road and rail connectivity with Peninsula Malaysia, Singapore & Thailand.
- ➔ Sheltered bay, draft of 19 meters.
- ➔ 27 Super Post-Panamax quay cranes.
- ➔ 10 berths totaling 3.6 km.
- ➔ Container yard with 154,000 TEU capacity.

CHALLENGES FOR MALAYSIAN PORTS

- ➔ Improving, expanding and boosting competitiveness to cater to growing regional and global trade.
- ➔ Developing human resource along with infrastructure.
- ➔ Focusing more on enhancing the use of technology and boosting safety, productivity and efficiency.
- ➔ Emphasizing on integrating with other transport modes.

THE ROAD AHEAD

- ➡ Outlook for container throughput growth at Malaysian ports bullish in the near future.
- ➡ Ports must improve competitiveness and capacity to attract more MLOs / handle more boxes.
- ➡ Many factors will exert their influence on regional container trade / shipping - hence on Malaysian ports
- ➡ Plenty of opportunities in intra-Asian trade that Malaysian ports should reap.
- ➡ Regional competition will become more intense!



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