

THE EMERGENCE OF MULTIMODALISM IN THE STRAITS OF MALACCA REGION

NAZERY KHALID
Fellow, Maritime Institute of Malaysia



Paper Outline

- Overview of multimodalism
- Multimodal development and initiatives in the Straits of Malacca region
- Challenges facing the region in developing multimodalism further
- Proposals towards fostering the development of multimodalism to facilitate greater regional trade and to enhance the competitiveness of the Straits area

Introduction

- Globalization, shipbuilding innovations and containerization changed cargo trade
- Booming trade in Straits region
- Maritime transport's role is decisive
- Demand for ports to have intermodal links to land and air-based transportation

An Overview of Multimodalism

- Ports have evolved to interface with other transport modes
- Modern ports must provide efficient transfer of cargoes
- Multimodalism involves moving goods using at least two modes of transport
- MTOs are central to multimodalism
- Multimodalism includes many activities and facilities along the logistics chain

Development of Multimodalism in the Straits of Malacca Region

- Straits region hosts large trade traffic and hub / feeder regional & global networks
- Maritime transport carries much of trade
- Increasing need for multimodal due to large MNC presence in the region
- Logistics / transport sectors' development and trade liberalization will spur growth of multimodalism in the region

Current Scenario in Multimodalism Development in the Littoral States

INDONESIA

- Transport is crucial given its geography
- Transport development uneven nationwide
- Multimodal links more pronounced in Java
- Economic downturn has hampered growth in transportation sector
- Policy adjustment to meet transportation demands i.e. privatization

Current Scenario in Multimodalism Development in the Littoral States

MALAYSIA

- Manufacture-based economy and policies have spurred transport infra & facilities
- No integrated transport planning policy
- Maritime sector development more coherent than others
- Plan focusing on multimodalism and interface amongst various transport modes

Current Scenario in Multimodalism Development in the Littoral States

SINGAPORE

- World-class infrastructure and connectivity
- Hub port & airport central to multimodal links
- Strong position to leverage on strengths towards becoming a globally integrated and multimodal and logistics hub

Regional Multimodalism Initiatives

INITIATIVES BY ASEAN

- Setting up training centers in land transportation
- Vehicle design/inspection standardization
- Studies in inland waterways & ferry links
- Urban railway system projects
- Establishment of research centers on road safety
- Free flow of private vehicles within ASEAN

Major Agreements Relating to the Establishment, Implementation and Development of Multimodalism (I)

INITIATIVES BY ASEAN

- ASEAN Plan of Action in Transport and Communications (1994-1996)
- ASEAN Framework Agreement on Multimodal Transport (Phuket – Mar 98)
- ASEAN Vision 2020 (Kuala Lumpur-Dec 97)

Major Agreements Relating to the Establishment, Implementation and Development of Multimodalism (II)

- ASEAN Framework Agreement on the Facilitation of Goods in Transit (Hanoi - Dec 98)
- Hanoi Plan of Action, signed by ASEAN Economic Ministers (Hanoi – Dec 98)

Major Agreements Relating to the Establishment, Implementation and Development of Multimodalism (III)

- ASEAN Transport Cooperation Framework Plan / Successor Plan of Action 1999-2004 (Hanoi - Sep 99)
- 6th ASEAN Transport Ministers Meeting (Bandar Seri Begawan – Oct 2000)
- ASEAN Transport Action Plan 2005-2010

Major Agreements Relating to the Establishment, Implementation and Development of Multimodalism (IV)

INITIATIVES BY UNESCAP

- To enhance the effectiveness of transport and communications through the implementation of multimodal transport
- To promote multimodalism as a viable and beneficial concept of transport

Major Agreements Relating to the Establishment, Implementation and Development of Multimodalism (IV)

INITIATIVES BY UNESCAP

- To further develop multimodal transport to improve transportation efficiency and promote economic growth
- To adopt appropriate rules and laws towards realizing multimodal transport

Major Agreements Relating to the Establishment, Implementation and Development of Multimodalism (V)

INITIATIVES BY APEC

- Survey of Transportation Systems and Services in Each APEC Economy (96)
- Formation of Intermodal Task Force (99)
- Staging of Intermodal Transport Conference (2000)
- Identification of Intermodal Skills (2000)

Multimodalism Challenges in the Straits of Malacca Region

- Reconciling policy planning with industry needs
- Enhancing maritime sector's efficiency
- Redefining the roles of ports to meet demands of multimodalism environment
- Adopting a regional strategy in developing multimodalism

Port Tasks in Pre-Containerization and Multimodal Environment

Tasks	Pre-containerization	Multimodal
Market definition	Hinterland	Global logistics flows
Customers	Shipping lines	Multimodal corporations & major logistics service providers
Marketing	Sales & advertising	Relationship marketing
Operations	Labor-intensive	Capital & resource management
Transport links	Maritime	All modes
Management skills	Port specialists	Real estate / finance / negotiations
Organization	Public utility / natural monopoly	Private ownership / substitutable node in network

Adopted from SLETMO (1999), Port Life Cycles : Policy and Strategy in the Global Economy, International Journal of Maritime Economics, Issue 1-1, Jul-Sep 1999

Conclusion

- Straits region faces intense forces in transport and maritime sectors
- Multimodalism has affected market size /reach of ports and flow of goods
- Littoral states and their ports need to adopt to new paradigm
- Multimodal transport is essential for the region to remain competitive
- Regional cooperation approach may enhance strategic roles & potentials

Conclusion

- Transport operators must shift from providing inter-port services to broader-based multimodal & logistics services
- Straits region must overcome constraints to transport networks
- The development of efficient, integrated multimodal infrastructure is essential for such a vital trade area