MALAYSIAN PORTS’ PERSPECTIVES AND EXPERIENCE

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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

- Dermaga Tanjung Lembung
- Kuala Perlis
- Teluk Ewa Jetty
- Kota Bahru
- Tumpat
- Kertih Port
- Kuantan Port
- Kemaman Port
- Mersing
- Muar
- Tanjung Pelepas
- Johor Port
- Penang Port
- Lumut Port
- Telok Intan
- Port Klang
- Port Dikcson
- Sungai Udang Port
- Malacca Port

MARITIME INSTITUTE OF MALAYSIA
## CONTAINER THROUGHPUT 2006

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Mil TEU</th>
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<tbody>
<tr>
<td>1996</td>
<td>2.564</td>
</tr>
<tr>
<td>1998</td>
<td>3.064</td>
</tr>
<tr>
<td>2000</td>
<td>4.951</td>
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<tr>
<td>2002</td>
<td>9.060</td>
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<tr>
<td>2004</td>
<td>11.341</td>
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<td>2006</td>
<td>13.594</td>
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*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.
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.
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.
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

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.
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
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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