

**TRANSFORMING MALAYSIAN
PORTS FROM NATIONAL
GATEWAYS TO INTERNATIONAL
HUBS**

**PORT & MARITIME TRANSPORTATION
SEMINAR**

KOBE, JAPAN

18 OCTOBER 2006

SCOPE

- BRIEF OVERVIEW OF MALAYSIAN PORTS
- GOVERNMENT'S PORT DEVELOPMENT POLICY
- PORT KLANG'S JOURNEY TO BECOME HUB PORT
- PORT OF TANJUNG PELEPAS DEVELOPMENT

MAJOR PORTS

- PORT KLANG
- PORT OF TANJUNG PELEPAS
- PENANG
- PASIR GUDANG
- KUANTAN
- BINTULU

GOVERNMENT'S POLICY

- PORT KLANG AND PTP TO BE DEVELOPED AS NATIONAL LOAD CENTRES AND TRANSHIPMENT HUBS
- OTHER MAJOR PORTS TO FUNCTION AS SECONDARY / FEEDER PORTS

PORT KLANG: PERCEPTION SECONDARY HUB PORT

PORT KLANG : VISION AN INTERNATIONAL TRANSSHIPMENT HUB PORT

LIMITATIONS

**NEIGHBOURING PORT WHICH IS A PRIMARY
/ INTERNATIONAL TRANSSHIPMENT HUB
FOR MAJOR SHIPPING LINES AND
CONSORTIUMS**

PRE - 1993

MLO'S AND FEEDERS ALMOST NON-EXISTENT

- **14 MLO's handling indigenous cargo**
- **No feeders to Port Klang**
- **Feeders only to PSA**

STRATEGIES

GOVERNMENT POLICY

1993

PORT KLANG DESIGNATED AS THE
NATIONAL LOAD CENTRE
AND TRANSSHIPMENT HUB

STRATEGIES

PRIVATISATION OF OPERATIONAL FACILITIES AND SERVICES

- KCT - 1986
- KPM - 1992
- KMT - 1994 (Greenfield project with initial development by government & later privatised on BOT basis)

STRATEGIES

PORT INFRASTRUCTURE (SUPPLY DRIVEN)

- **2 Competitive Terminals with full facilities**

STRATEGIES

CONTAINER FACILITIES

CONTAINER TERMINAL	NORTHPORT	WESTPORT
Number of Berths	12	9
Length (Metres)	2711	2600
Draft (Metres)	11 – 15	11 – 16.5
Quay Cranes	24	24
<i>Panamax</i>	5	2
<i>Post Panamax</i>	16	2
<i>Super Post Panamax</i>	3	20
<i>On order (Super Post Panamax)</i>	5	-

STRATEGIES

BUILDING CARGO BASE BY REDUCING LEAKAGES (MALAYSIAN CARGO)

LEAKAGES

PORT KLANG – PSA

2000	-	16.5%
2001	-	9.9%
2002	-	9.8%
2003	-	7.4%
2004	-	9.8%
2005	-	9.6%

PENANG – PSA

2000	-	38.6
2001	-	31.3%
2002	-	28.9%
2003	-	25.5
2004	-	29.0
2005	-	34.0%

STRATEGIES

BUILDING CARGO BASE

- LOAD CENTERING
 - DEDICATED FEEDER INCENTIVE SCHEME

STRATEGIES

BUILDING CARGO BASE

- **BUILD TRANSSHIPMENT VOLUME**
 - **REGIONAL FEEDER INCENTIVE SCHEME**
 - **ASEAN / INDIA SUB-CONTINENT**

CURRENT NO. REGIONAL FEEDER INCENTIVE SCHEME SERVICES

THAILAND	-	7
INDONESIA	-	11
INDIA	-	7
VIETNAM	-	3
BANGLADESH	-	5
MYANMAR	-	6

STRATEGIES

- LIFTING OF THE CABOTAGE POLICY

**TO ALLOW FOREIGN FLAGGED SHIPS TO
CARRY LOCAL CARGO BETWEEN LOCAL
PORTS FOR LOAD CENTERING**

EG. PENANG – PORT KLANG

PASIR GUDANG – PORT KLANG

STRATEGIES

FREE ZONE

- NORTHPORT - 1/4/93
- WESTPORT - 20/6/96
- SOUTHPOINT- 19/2/2004
- PKFZ - 8/6/2005

- PAPERLESS SYSTEM 2001
- DISTRI PARK FACILITIES
- IPC

STRATEGIES

PORT KLANG FREE ZONE

- 1000 ACRES
- MANUFACTURING /
COMMERCIAL ACTIVITIES
- TO BE LAUNCHED IN NOV
2006

STRATEGIES

INLAND PORTS

- ICT
- SIP

STRATEGIES

EDI:

PORT KLANG COMMUNITY SYSTEM

- ELECTRONIC DECLARATIONS

CUSREP

CUSCAR

CUSDEC

- Simple and Paperless
Transshipment declaration

STRATEGIES LIBERALISATION OF THE HAULAGE INDUSTRY

- SINCE 1973 – 2000 ONLY 5 OPERATORS
- NOW > 80
- IMPROVED SERVICES
- IMPACT ON RECEIVAL AND DELIVERIES
-
- IMPROVED LOGISTICS/JIT

STRATEGIES

MAINTAIN PRICE COMPETITIVENESS

- **CONCESSIONARY TRANSSHIPMENT TARIFF**
- (USD 38)
- **MINIMAL TARIFF INCREASE OVER THE YEARS**
- (USD 51.35 TO USD 62 per TEU FCL)
- **OTHER TARIFF INCENTIVES**

STRATEGIES

PORT PROMOTION AND MARKETING

- VISITS TO CLIENTS
- DIALOGUES
- PROMOTIONAL TRIPS
- INTERNATIONAL AND REGIONAL TRADE FAIRS / EXHIBITIOND

CHALLENGES WE FACE

MEGA SIZE VESSELS

**OOCL SHENZHEN
(8,063 TEUS)**

CHALLENGES WE FACE

MEGA SIZE VESSELS

**CSCL EUROPE
(8,468 TEUS)**

CHALLENGES WE FACE

EXPECTATIONS OF MEGA SIZE VESSELS

- HIGHER CRANE PRODUCTIVITY
(CURRENT AVERAGE 32 - 36 MPH)
- FASTER TURN AROUND
- HIGHER CARGO EXCHANGE
- DEEPER DRAFT
- MINIMISE PORT COSTS

CHALLENGES WE FACE

MEGA SIZE VESSELS

CURRENTLY PORT KLANG IS
CHOSEN AS A PRIMARY HUB BY:

CMA

CHINA SHIPPING

HANJIN

WAN HAI LINES

PORT KLANG AS SECONDARY HUB
BY OTHERS

CHALLENGES WE FACE

LINER ALLIANCES

LINER ALLIANCES PROVIDE GLOBAL SERVICE IN PURSUIT OF RELATIVELY LOW COST BUT HIGH QUALITY OF SERVICES AND CONNECTIVITY

CHALLENGES WE FACE

RAPID GROWTH OF TRADE AT MAINLAND CHINA PORTS

AS DEMAND IS GREATER THEN
SUPPLY, SHIPPING LINES MAY OMIT
LOW REVENUE CONTRIBUTING
CARGO I.E. OMIT SECONDARY PORTS.

SITUATION EXPECTED TO IMPROVE
IN 2007 WITH NEW BUILDINGS

CHALLENGES WE FACE

DIRECT CALLS FROM CHINA PORTS
TO EUROPE / US

POTENTIAL REDUCTION
TRANSSHIPMENT VOLUME

CHALLENGES WE FACE

- **VOLATILE GLOBAL POLITICS**
- **UNCERTAINTY IN FUEL PRICES**
- **SECURITY CONCERNS / THREAT OF TERRORISM TOWARDS PORTS, SHIPPING & COMMERCIAL SEALANES**
-

CHALLENGES WE FACE

STEEP INCREASE IN SHIP CHARTER RATES RESULTING IN

- RESTRUCTURING OF SERVICES
- CONSOLIDATION
- WITHDRAWAL OF SERVICES

CHALLENGES WE FACE EMERGING REGIONAL PORTS

E.g. LAEM CHABANG
JAKARTA

- MORE DIRECT SERVICES
- REDUCE POTENTIAL
TRANSshipment AT PORT KLANG

CHALLENGES WE FACE

- PORT OF TANJUNG PELEPAS
- INTERNATIONAL TRANSSHIPMENT HUB
- GOOD LOCATION
- GOVERNMENT POLICIES?

CHALLENGES WE FACE

- PROXIMITY TO PSA
- GOOD FEEDER NETWORK
- COST EFFECTIVE TO USE FEEDERS
- LEAKAGES THROUGH CAUSEWAY/2ND LINK

HOW DO WE STAY AHEAD?

IMPROVE OPERATION EFFICIENCY

- **HUMAN CAPITAL**
- **INFORMATION MANAGEMENT**
- **CONTAINER YARD OPERATIONS**
- **EQUIPMENT UTILIZATION**
- **OPTIMIZE VESSEL OPERATIONS AND CARGO HANDLING**

HOW DO WE STAY AHEAD?

PRO BUSINESS APPROACH

WORK CLOSELY WITH SHIPPING LINES AND SHIPPERS

CUSTOM CLEARANCE - GOLDEN CLIENT SYSTEM

**SIMPLIFICATION OF DOCUMENTS –
FOR TRANSSHIPMENT ONLY STATUS LIST
TO TERMINAL OPERATORS**

HOW DO WE STAY AHEAD?

IMPROVE ANCILARY SERVICES

SHIP CHANDLING

BUNKERING

RECEPTION FACILITIES

HOW DO WE STAY AHEAD?

INCREASE TRANSSHIPMENT CARGO

- **LOOKING AT NEW MARKETS**
- **REVIEW INCENTIVE SCHEME TO FEEDERS**
- **WORKING CLOSELY WITH LOCAL SHIPPING LINES FOR LOAD CENTERING**

HOW DO WE STAY AHEAD?

**CABINET COMMITTEE ON PORT
COMPETITIVENESS**

**A SPECIAL COMMITTEE COMMISSIONED
TO STUDY AND RECOMMEND
STRATEGIES TOWARDS ENHANCING
THE COMPETITIVENESS OF
MALAYSIAN PORTS
(STATUS ONGOING)**

HOW DO WE STAY AHEAD? ADDRESS SECURITY ISSUES

- **ISPS COMPLIANT**
- **RATIFIED AS CSI PORT**
-
- **MEGAPORT INITIATIVE –
CURRENTLY WORKING WITH
US AUTHORITIES**
- **TERMINALS AND LOCAL
INDUSTRIES EMBARKING ON C-
TPAT**
- **COMPLIANCE TO ANNUAL
SECURITY ASSESSMENT**
- **COOPERATION WITH US
COASTGUARD ON EXTERNAL
SECURITY AUDITS**

HOW DO WE STAY AHEAD?

- **DEEPENING OF NORTH CHANNEL FROM 11.3 M TO 15.5M – PROJECT COMMENCED IN NOV**
- **COMMENCED 2005 TO BE COMPLETED IN 2008**
- **REDUCE STEAMING TIME BY 3 HOURS**
- **PROVIDE ALTERNATE DEEP WATER ACCESS INTO PORT**

FUTURE DEVELOPMENTS

PORT KLANG MASTER PLAN : 2006 -2010

NORTH PORT

CONVERSION OF BERTHS

REFURBISHMENT OF BERTHS

REDEVELOPMENT OF SOUTH POINT

WEST PORT

**CONSTRUCTION OF 1.8 KM BERTHS & BACK UP
FACILITIES**

FUTURE DEVELOPMENTS

- **DEEPENING OF SOUTH CHANNEL FROM 15.5 m TO 17.0 m AND WIDENING FROM 360 m TO 500 m IN 2008**
- **NEW DEEP SEA PORT FACILITIES OFF WESTPORT AND CAREY ISLAND WITH DEPTHS UP TO 20 m**

OPPORTUNITIES

INDIGENOUS CARGO BASE

YEAR 2005

GROWTH

IMPORT	1,342,901	}	3.6%
EXPORT	1,276,661		
TOTAL	2,619,562		

PERCENTAGE OUT OF TOTAL
VOLUME HANDLED IN 2005: 47.3%

OPPORTUNITIES

GROWING REGIONAL MARKETS AND INTRA ASIA TRADE

- **INCREASING EXPORTS IN THE INTRA ASIA REGION**
- **GROWING IMPORTANCE OF DEVELOPING MARKETS IN THE REGION :**
INDIAN SUBCONTINENT
PROXIMITY OF INDIAN PORTS/CHITTAGONG TO PORT KLANG

CONCLUSION

OBJECTIVE TOP 10

MANY CHALLENGES

WITHIN / WITHOUT

CONTROL / MITIGATE

CONCLUSION

COMPETITIVE POSITION

COMPETING STRONGLY

**PORT KLANG
TOTAL THROUGHPUT AND TRANSSHIPMENT**

YEAR	TOTAL TEUS	TRANSSHIPMENT TEUS	% OF TRANSSHIPMENT
1993	771,901	1,750	0.2
1994	944,386	9,126	1.0
1995	1,133,811	30,804	2.7
1996	1,409,594	144,386	10.2
1997	1,684,508	277,120	16.5
1998	1,820,018	435,854	23.9
1999	2,550,419	966,090	37.9
2000	3,206,753	1,350,484	42.1
2001	3,759,512	1,886,745	50.2
2002	4,533,212	2,448,082	54.0
2003	4,841,235	2,581,848	53.3
2004	5,243,593	2,715,095	51.8
2005	5,543,527	2,923,965	52.8

WORLD CONTAINER PORTS RANKING

1993 – 58TH

1995 – 27TH

2003 – 12TH

2005 – 14TH

THROUGHPUT HANDLED

1993 – 0.78M TEUS

2003 – 4.84M TEUS

2004 – 5.24M TEUS

2005 – 5.54M TEUS

2006 – 6.1M TEUS (EST)



PTP

Port of Tanjung Pelepas

RELIABLE • EFFICIENT • ADVANCED

16 October 2006

The Building of A Regional Transshipment Hub

 **1995 – Tanjung Pelepas,
Mangrove Swamp**

 **2006 – Tanjung Pelepas,
World-class
transshipment Hub**

PTP – Emerged as Transshipment Hub

Ultimate Location

- Intersection of East – West International trade lanes
- 45 minutes diversion time

Natural Factors

- Sheltered bay & no tide restriction
- Terminal Draft of 15-19 meters
- 12.6 km of Access channel for two-way traffic
- Turning basin of 600 m

World Class and State-of-the-art Facilities & Equipments

Facilities

- 2,880m linear quay (8 berths x 360m)
- 154,000 TEU capacity container yard
- 2,100 Reefer points
- 6 million TEU capacity

Equipment

- 24 super-post panamax cranes
 - 14 with 18 rows outreach
 - 10 with 22 rows outreach & twin pick
- 72 Rubber Tyred Gantry cranes
- Integrated IT system

Ancillary Facilities

- Container repair & maintenance
- On-dock depot
- Bunkering & other marine services
- Inspection Bays
- Operations Support Center

Facilities – Growing for the future

Facilities

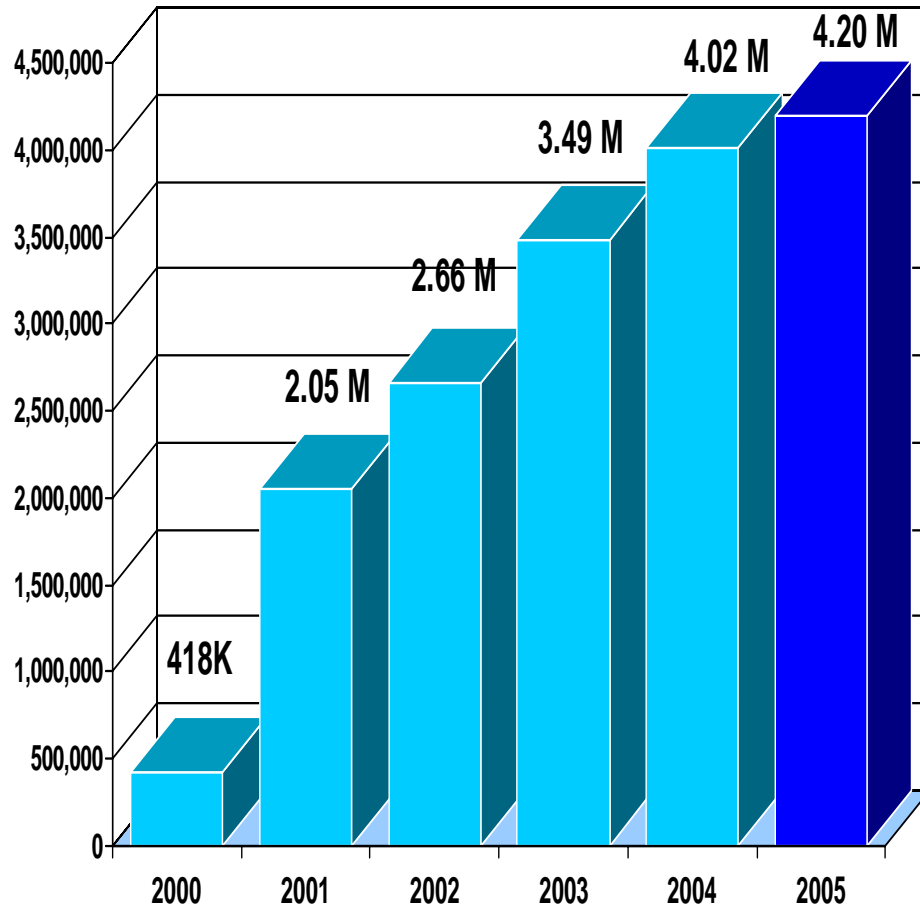
- Berth 9 & 10 under construction(720m)
completion expected Q4 2006
- 8 million TEU capacity

Equipment

- Additional 3 New Quay Cranes (Twin Lift of 40ft capable) – biggest in the region

Throughput

PTP Volumes (2000 – 2005)



Malaysia Port Volumes (2001 - 2005)

Port Name	TEU ('000)				
	2001	2002	2003	2004	2005
PTP	2,050	2,678	3,490	4,020	4,177
North Port	2,304	2,483	2,510	2,690	2,632
West Port	1,456	2,050	2,300	2,510	2,868
Johor Port	639	684	750	806	837
Penang Port	600	634	688	770	795
Bintulu	76	91	144	144	148
Kuantan	76	91	108	123	119
Total M'sia	7,479	8,900	10,000	11,000	12,000

Regional Landscape

Thai Ports
BKK : 1.32mn
LCB : 3.62mn
Total: 4.94mn

Penang Port
795,000 TEUs

Westport
2.8 million TEUs

Northport
2.6 million TEUs

Johor Port
837,000 TEUs

PTP
4.177 million TEUs

PSA Corp
20.6 million TEUs

Tanjung Priok
3.18 million TEUs



THANK YOU

MALAYSIA

