

SHORTER FREE STORAGE PERIOD FOR CONTAINERS AT PORT KLANG

Postponement puts PKA in the spotlight

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LAST month's postponement for the third time of a new law to reduce free storage period for containers at Port Klang has raised new questions about Port Klang Authority's (PKA) role as a regulator.

Foremost among these: Why did the authority push for a plan to reduce free time on containers to three days from five into law when some players in the logistics supply chain were not ready for it?

And why was no effort made to get all players ready for the new law, after all, it was postponed not once but thrice?

One industry observer said in the past, no check was conducted by PKA on the readiness of the respective service providers involved in the total logistics chain prior to implementation.

"Even after the second postponement, there was no check system in place to ensure that all service providers were ready for the new law," he told Business Times.

It also raises questions on whose behalf PKA had acted?... that is, for the two terminal operators (Northport and Westports) or for the entire port community, when it pushed the Ministry of Transport to gazette the new law in August last year.

It is clear that the terminal operators and shipping lines will benefit most from the new legislation; the former for higher use of their container yards and the latter faster turnaround of their container equipment, which means higher revenue.

The new law was to have taken effect on July 1.

However, PKA announced on June 25 that the postponement of the new legislation by six months to January 1 2009 is to allow service providers more time to prepare for the inevitable move and to come up with a standard operating procedure.

With PKA now taking on the driver's seat to ensure adequate progress is being made by all parties, it is hoped that there will be no further postponement.

Still, there are two major challenges that

must be overcome, according to the International Shipowners Association of Malaysia (ISOA).

ISOA chairman Ooi Lean Hin said the proposed reduction in free time poses different challenges for importers and exporters.

"In the case of import consignments, achieving pre-clearance from the Customs and other government agencies (OGAs) is critical in ensuring that importers can effect delivery within the revised free time of three days for consignments that do not require physical examination," Ooi told Business Times in an interview.

"However, there is still some work required to map out the revised work procedures between the Customs and the interface parties, namely shipping agents, forwarding agents, terminal operators and the 24 OGAs to facilitate pre-clearance," he added.

In the case of exports, the milestones are more physical constraints rather than process limitations.

"For one thing, depot service standards

need to be significantly improved in order to weed out the current idling time of trucks awaiting loading or unloading of containers at depots, which is limiting the hauliers' capacity.

"Terminals need also to cut down the idling time of trucks awaiting unloading of export containers," said Ooi.

At the same time, exporters will need to allow delivery or collection of containers after office hours as the majority of exporters today only allow office hour operations, he added.

While the challenges may look daunting, most players in the logistics supply chain are more optimistic this time around that the proposed three-day free storage period policy will be implemented.

"When faced with a situation, people will adjust themselves to it. So sometimes people need a push to get things going," said an industry observer.

"The only thing was that we are almost there. We just need a bit more time to get the other things in place."

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THE Malacca Strait, one of the world's busiest waterways, saw two pirate attacks on ships in the first six months of this year, similar to the number recorded in the same period a year earlier.

The International Maritime Bureau (IMB) said the formerly worrisome Malacca Strait is an area where piracy continues to be suppressed.

"Cooperative efforts undertaken by the littoral states (of Indonesia, Malaysia and Singapore) to combat piracy are clearly taking hold and are directly attributing to the reduction of piracy in an area once plagued by attacks," said IMB director Captain Pot-tengal Mukundan in a statement, following the release of the international maritime watchdog's "Piracy and Armed Robbery Against Ships" report for the first half of 2008 last week.

Maritime pirate attacks worldwide totalled 114 between January and June this year, down from 126 in the same period a year earlier.

However, Mukundan said acts of piracy conducted in 2008 are rising quarter by quarter.

A total of 62 attacks on ships

were reported in the second quarter of this year, up from 52 in the first quarter.

Of the 114 attacks, 71 vessels were boarded, 12 were hijacked and 11 were fired upon. A total of 190 crew members were taken hostage, six kidnapped, seven killed and another seven are missing and presumed dead.

"The frequency and level of violence directed at seafarers is a cause for alarm. The abduction of crew and the increasing use of automatic weapons remain unacceptable," said Mukundan.

Africa remained the world's worst piracy hotspot with the highest recorded number of second quarter incidents of piracy taking place in Somalia at 24, followed closely by 18 incidents in Nigeria.

Mukundan said a further data

Efforts to combat piracy in Malacca Strait pay off

Locations of actual and attempted attacks
(JAN-JUNE 2003 - 2008)

	2003	2004	2005	2006	2007	2008
Indonesia	64	50	42	33	24	13
Malacca Strait	15	20	8	3	2	2
Malaysia	5	5	2	9	6	6
Gulf of Aden/Red Sea	14	4	4	9	7	19
Nigeria	18	13	7	7	19	18
Somalia	3	1	8	8	17	5

Source: ICC-IMB Piracy and Armed Robbery Against Ships Report - Second Quarter 2008

analysis revealed that out of the 24 Somali incidents, 19 occurred in the Gulf of Aden.

In the Gulf of Aden, at least eight vessels reported of being fired upon by pirates armed with rock-

et-propelled grenade launchers and automatic weapons.

In Nigeria, 12 of the 18 recorded attacks were aimed at vessels anchored at the port of Lagos.

In other parts of the world, In-

donesia ranked third on the worldwide list with 13 reported incidents of piracy.

Unlike Nigeria, and to a lesser extent Somalia, the attacks are not geographically concentrated and are scattered throughout the Indonesian archipelago.

Mukundan warned that despite the IMB's efforts to gather and study acts of piracy, a significant number of attacks continue to go unreported.

"For their own safety, we urge all shipmasters and vessel owners to report any acts of piracy to our piracy reporting centre in Kuala Lumpur.

"This first hand information will allow us to identify high-risk areas and advocate for increased protection and safety measures," he added.