

It's now the Shipping Association of Malaysia

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THE International Shipowners Association has rebranded itself into Shipping Association of Malaysia (SAM) in a move to allow local players in the logistics industry to become members.

The rebranded version of the association was approved by the Registrar of Societies on May 14.

"It is the objective of the association to eventually unite all organisations involved in the maritime sector under a single association, rendering it a much stronger and unified voice," SAM chairman Ooi Lean Hin said.

He said rather than diminishing

foreign shipowners' voice, the association will have a stronger voice with more members of the logistics industry under its umbrella. Currently, its members are foreign shipowners.

SAM expects to double its membership with the rebranding and is expected to attract new members from shipping agencies, domestic carriers, box operators and barge operators.

The broader and enlarged membership is expected to allow it to organise initiatives in the development and the promotion of the maritime industry in Malaysia, which includes the development of human resource requirements in the industry.

Ooi said SAM expects its current 25 members, who are shipowners, to carry 2.7 million twenty-foot equivalent units (TEUs) this year.

"The first five months has seen a decline of 20 per cent and we expect the same number for the full year," Ooi told reporters in Selangor last Wednesday.

Total throughput forecast for 2009 is 3.4 million TEUs.

The decline in import and export activities, coupled with overcapacity in the container ship segment has led to some 533 ships idling as at early June. This represents a 10 per cent excess in world capacity at 1.3 million TEUs.

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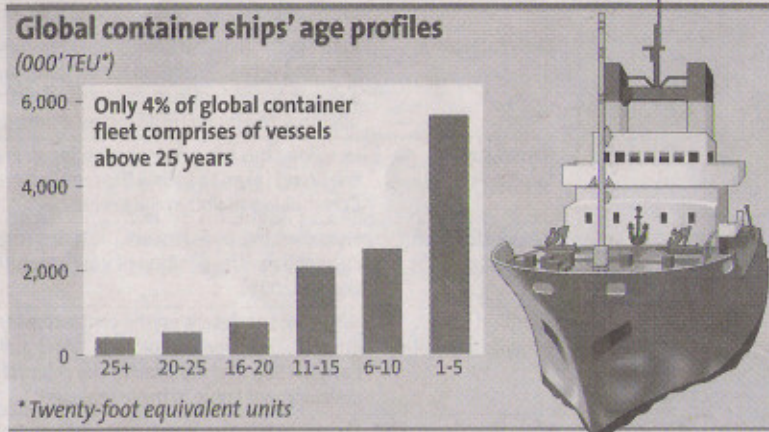
SAM sees demand fall with contraction of 20% throughput volume

SHAH ALAM: The Shipping Association Malaysia (SAM) expects a 20% contraction of throughput volume this year due to the fall in demand and overcapacity.

Chairman Ooi Lean Hin said the projection was in line with the current global containerised volume decrease.

"So far, we have seen similar percentage decrease at 20% year-to-date in Malaysia compared with the same period last year," he told a press conference on its rebranding exercise that saw the association unveiled its new name, SAM, from the International Shipowners' Association of Malaysia.

Ooi said the maritime landscape would see the survival of the fittest for shipping companies in the next 12 to 18 months where the issue of excess capacity was still a looming problem of the industry.



Source: Howe Robinson

According to SAM vice-chairman Abdul Aziz Toha, the total number of idling ships as at early this month stood at 533 ships with an estimated total capacity of 1.3 million twenty-

foot equivalent units.

"That also translates to about 10% excess of the global capacity," he said. That would be further compounded with new deliveries that

would be expected to flood the market this year.

Ooi said cancellations of shipbuilding orders would not be that easy but deferral of deliveries would be a likely solution.

AmResearch in its recent sector update said it remained sceptical of significant improvement in the container sector any time soon.

"Container vessel delivery is backloaded, with bulk of deliveries in the second half of this year continuing to next year, adding capacity by 27% over next two years.

"And globally such fleets are very young with limited scrapping potential - leaving little scope for supply-glut mitigation."

On its rebranding objective, Ooi said it would allow SAM to reach a wider spectrum of the maritime industry while streamlining its focus to better represent its members in

the prevailing operating environment.

Previously, the association membership had been restricted, under its constitution, to ship owners which are represented by either the shipowners' local offices or their local agents.

"With the major revamp of the rules and objectives of the association, SAM expects to attract new members from local shipping agencies, domestic carriers, box operators and barge operators.

"It is the objective of SAM to eventually unite all organisations in the maritime sector under a single association rendering a much stronger and unified voice," said Ooi.

He added that SAM expected to double its current membership of 25 members by year-end. - **By Sharidan M. Ali**