

# New PKA initiatives

## The port authority gearing up to be more competitive

ALTHOUGH the current business environment in Port Klang is less robust due to the decline in trade amid the economic slowdown, the Port Klang Authority (PKA) is busy trying to overcome the situation and be more competitive by coming up with new initiatives.

The initiatives include a blanket waiver for those that genuinely cannot meet the newly implemented three-day free storage period at the ports and a continuation of feeder incentives that had been suspended.

The port authority will also propose a capital dredging project and review port tariffs.

These proactive measures will help to sustain container handling volume of the two port operators at Port Klang, namely Northport and Westports, under the challenging economic climate.

But, more importantly, the measures will certainly put Port Klang in a better position in terms of efficiency to welcome more and bigger ships when the economy recovers.

The reduction of the free storage period at Port Klang from five days to three effective Jan 1 had caused an uproar in the port industry as some players were not ready, leading to port authorities now offering a waiver, which will cover up to five days of free storage.

According to the PKA general manager Lim Thean Shiang, although there is a "leeway" now, the port community, including importers and exporters, must understand that they should operate and strive to work within the three-day free storage period.

"This is because as soon as the economy gains momentum from the current slump, the port community will be ever ready to operate under the three-day free storage period where the waiver will be lifted," he told a press conference last week after the Port Consultative Committee meeting.



Lim Thean Shiang

The continuation of the waiver will be reviewed in July.

The next initiative that needs revamping is the feeder incentive for eligible companies which had been frozen for viability studies since last October.

The study is important so that a new set of pre-qualifications criteria for eligible companies can be formed as the current pre-qualifications are unclear.

"I have gone through the list of companies granting the incentives

prior to October and I could not find the record of any pre-qualifications criteria.

"We also could not find any statistics or data showing how the incentives aided the growth of cargo movement at Port Klang," Lim said.

A total of RM37mil has been paid to companies since the implementation of the incentive about 10 years ago.

The incentive scheme involved selected local and regional feeder

operators and landbridge operators that enjoyed various rebates at Port Klang.

The new pre-qualification criteria for companies eligible for the feeder incentives will be revealed in April. He expects it to boost cargo handling at Port Klang.

Lim said the PKA would backdate the incentive payment for eligible companies from October onwards once the study was completed.

The PKA has also decided to propose capital dredging project at the south channel in Port Klang.

The south channel which currently can accommodate one container vessel to pass through at a time, is expected to be widened to 500m from 360m and to be dredged to 17.5m from the current 15.5m.

Lim said this would allow two container vessels of about 14,000 20-ft equivalent units (TEUs) capacity to pass through the south channel simultaneously.

The projected cost of the capital dredging is around RM240mil.

Another long standing issue that is under study by the port authority is a review of port tariffs.

"The 1966 port tariffs need to be updated and we will study if there is a need to increase or even reduce the tariff to make Port Klang more competitive," Lim said.

Meanwhile, Port Klang anticipates a 10% decrease in cargo movement this year due to the global economic crisis.

This may be the steepest dive in cargo handling volume as the national maritime gateway had recorded a 12% increase in cargo volume to 7.97 million TEUs last year from 7.11 million TEUs in 2007.

Port Klang was ranked the 15th busiest port in the world last year in terms of volume from 16th position in 2007.

The PKA is a government agency that acts as a trade facilitator, regulator and landlord of Port Klang.

By Sharidan M. Ali