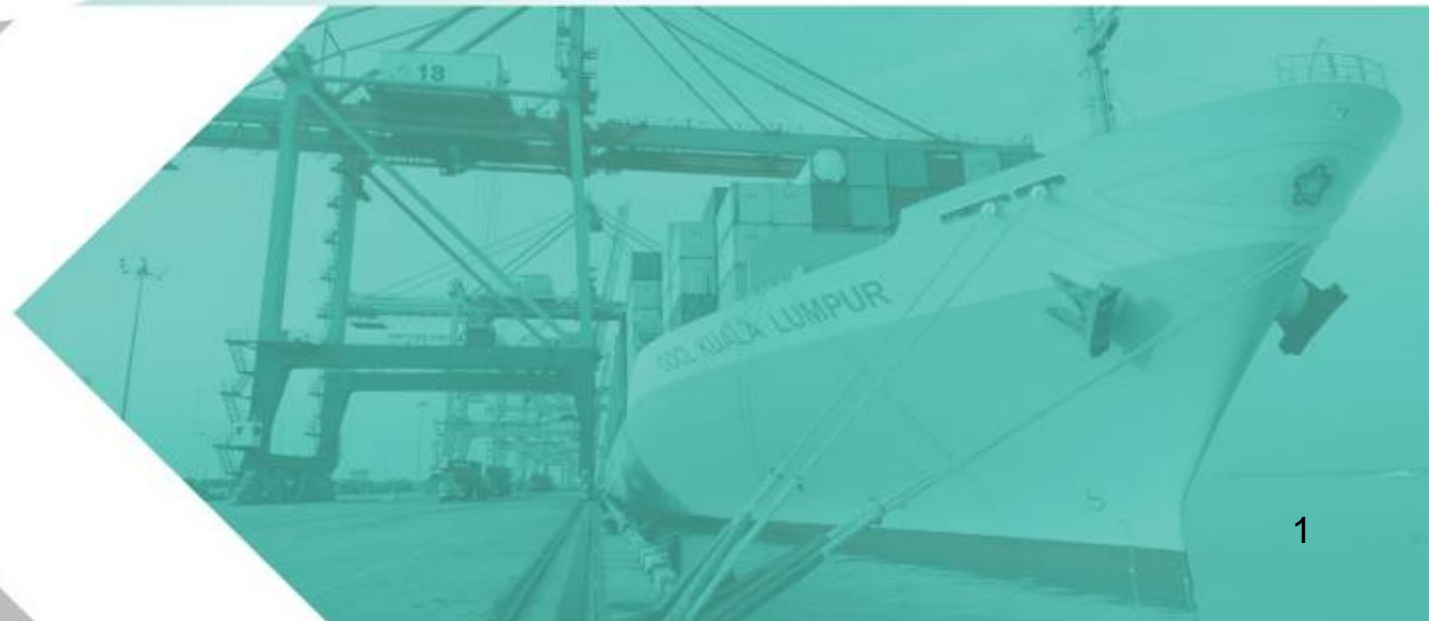


**SUSTAINING PORT KLANG'S GROWTH IN A
COMPETITIVE MARKET AND PLACING IT AS THE
PREFERRED LOGISTICS HUB FOR ASIAN REGION**

BY

CAPTAIN DAVID PADMAN
GENERAL MANAGER
PORT KLANG AUTHORITY

FEBRUARY 2016



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION

❖ ASIA

- OCCUPIES 30% OF EARTH'S LAND MASS
- COMPRISES OF 50 COUNTRIES
- 60% OF WORLD POPULATION IS IN ASIA (4.2 BILLION)
- 2010 – 2035 : 1/3 OF THE GLOBAL ECONOMIC GROWTH STEMS FROM ASIA



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



World Ranking	Port Name	Total TEU (Million)
1	Shanghai	36.5
2	Singapore	30.9
3	Shenzen	24.1
4	Ningbo-Zhoushan	20.6
5	Hong Kong	20.1
6	Busan	19.5
7	Qingdao	16.7
8	Guangzhou	16.5
9	Dubai	15.3
10	Tianjin	14.2
11	Rotterdam	12.2
12	Port Klang	11.9
13	Kaohsiung	10.3
14	Dalian	10.2
15	Hamburg	9.8
16	Antwerp	9.6
17	Port Tanjung Pelepas	9.2



PORT KLANG'S TOTAL TRADE BY REGION (TEUS) 2015

REGION	IMPORT	EXPORT	TRANSSHIPMENT	TOTAL
ASEAN	657,129	696,858	2,077,614	3,431,601
FAR EAST	846,317	527,325	1,628,470	3,001,812
SOUTH ASIA	140,937	189,174	967,569	1,297,680
EUROPE-WEST	124,541	106,113	732,426	963,080
MIDDLE EAST	53,084	96,506	586,639	736,229
AUSTRALASIA / OCEANIA	68,250	109,336	441,787	619,373
OTHERS	7,163	20,809	503,802	529,774
AMERICA NORTH	32,469	76,232	120,406	229,104
EUROPE-EAST	10,980	27,546	217,982	217,982
AMERICA SOUTH	13,588	21,248	102,246	137,084
C'WEALTH IND. STATES	2,193	2,622	44,458	49,273
AMERICA CENTRAL	384	5,326	2,787	8,497
CARRIBEAN	46	1,469	3,212	3,212

Port Klang's Top 10 Trading Partners (TEUS) 2015

1	China	2,033,474
2	India	767,821
3	Thailand	622,412
4	Indonesia	587,097
5	Vietnam	548,800
6	Australia	509,536
7	UAE	392,738
8	Bangladesh	337,091
9	South Korea	281,174
10	Singapore	277,175

SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



CRITERIA TO SUSTAIN GROWTH

1. STRATEGIC LOCATION / WATERSIDE AND LANDSIDE ACCESS

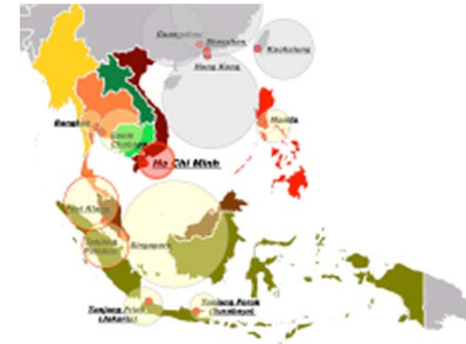
- Ideally located
- Accessible via road, rail and land

2. CARGO BASE

- Ability to generate cargo

3. PORT INFRASTRUCTURE AND FACILITIES

- State of the art infrastructure and facilities
- Able to handle containerized and non – containerized cargo



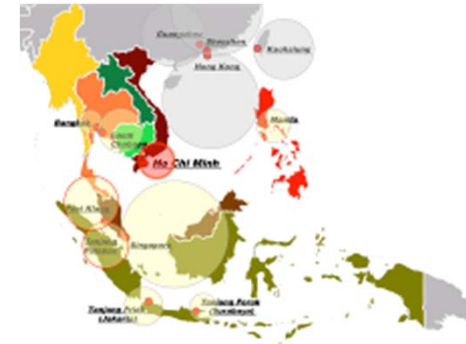
SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



CRITERIA TO SUSTAIN GROWTH

4. **TERMINAL AND STORAGE AREA**
 - Fast turnaround time for cargo
 - Better utilization of storage area

5. **PORT EFFICIENCY AND PRODUCTIVITY**
 - Fast turnaround of vessels
 - Investment in latest equipment



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



CRITERIA TO SUSTAIN GROWTH

6. COMMERCIAL ENVIRONMENT

➤ **ELECTRONIC PLATFORM**

- technology upgrade

➤ **PORT TARIFF AND INCENTIVES**

- *consolidated, transparent and competitive*

➤ **SAFETY AND SECURITY**

- *comply to international standards*

➤ **PERSONNEL**

- highly skilled workforce



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



CHALLENGES

1. COMPETITION AMONGST LOCAL AND REGIONAL PORTS

- Local competition on pricing
- Regional competition on pricing, services and productivity

2. SHIP TRENDS

- To reduce cost and attain better profit margin
- Selected hub port as port choice
- Supply driven port facilities



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



CHALLENGES

3. COMPETITION FROM SHIPPING LINES AND INTERNATIONAL TERMINAL OPERATORS

- Mergers and alliances
- Increase fleet capacity and access supply
 - ✓ slot sharing and re-routing services
- Competition from Global Terminal Operators
- Shipping lines venturing into port operations



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION

CHALLENGES

4. ECONOMIC OUTLOOK

- Malaysia's GDP growth
 - ✓ Revised from 5% to 4.0%
- Weakening of the Ringgit Malaysia
 - ✓ Against other major currency
- Introduction of Goods and Services Tax
- Drop in global oil price



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



POSITIONING

❖ **PORT KLANG HAS STRATEGIZED TO POSITION ITSELF AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION**

➤ **IMPROVE COMPETITIVENESS**

➤ **COST LEADERSHIP STRATEGY**

➤ **DIFFERENTIATION STRATEGY**

➤ **CREATE AND PROVIDE SPECIFIC SERVICES IN NICHE MARKET**



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

- **ATTRACTING MLO'S AND OTHER SHIPPING LINES THAT MAY BRING VALUE ADDING CONTRIBUTIONS TO OUR PORTS AND ECONOMY**
 - **Dynamic pricing strategy to meet competition**
 - **Improve operational efficiency / productivity**
 - **To optimize resource allocation and utilization**
 - **Improve incentive schemes for feeders and MLOs**
 - **To attract more MLO calls and transshipment business**



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION

INITIATIVES TAKEN BY PORT KLANG

- **MINIMIZING LEAKAGES OF INDIGENOUS CONTAINER THROUGH NEIGHBORING PORT BY WAY OF ENCOURAGING MORE FEEDER SHIPS TO MALAYSIAN PORTS**
 - Issue governmental directive to use local ports
 - Provide incentives to ship owners and shippers for using local ports
 - To identify and monitor cross boarder trade cargo leakages from Malaysia to neighbouring ports



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

- **SETTING UP AND PROMOTING PORT-RELATED AND ANCILLARY SERVICES TO SUPPORT THE LOCAL PORTS AND SHIPPING INDUSTRY**
 - **Identify and establish port-related and ancillary services to meet the specialized needs of each local port**
 - **Attract shipping agents and trading houses to set up operations in Malaysia**



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

- **PROVIDING LOGISTICS SUPPORT MECHANISM IN A COMPREHENSIVE AND EFFECTIVE MANNER ALONG THE LOGISTICS CHAIN**
 - Identify international players and form alliances with them
 - Improve landbridge services linking ports with economic / industrial areas
 - Streamline the logistics chain to make it more efficient and cost effective and to minimize bottlenecks and to reduce costs
 - Form a national logistic council as a singular point of reference



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

- **CONCENTRATING ON AND ENHANCING THE CORE COMPETENCIES OF EACH PORT TO AVOID COUNTER-PRODUCTIVE RIVALRY AMONG THEM**
 - **Identify niche markets and concentrate resources to capitalize on the segmentized markets and leverage on core strengths**
 - **Encourage cooperation between local ports to optimize and strengthen their competitive edge**



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

- **MINIMIZING BUREAUCRATIC BOTTLENECKS BY STREAMLINING THE FUNCTIONS OF VARIOUS AGENCIES INVOLVED IN PORT-RELATED MATTERS TO REDUCING WAITING TIME**
 - **Establish a one-stop agency to make quick decisions on port and trade-related matters**
 - **Set up a web-based EDI with a competitive pricing structure and extend its reach to all users along the supply chain**



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

- **IMPROVING CONNECTIVITY WITH OTHER PORTS AND UNDERTAKE BUSINESS DEVELOPMENT IN A MORE SYSTEMATIC FASHION**
 - Forge Sister port alliances with international ports to attract more business and ships
 - Aggressively and systematically promote cargo from new ports via special promotional incentives and continuously explore new markets
 - One Road and One Belt



SUSTAINING PORT KLANG'S GROWTH IN A COMPETITIVE MARKET AND PLACING IT AS THE PREFERRED LOGISTICS HUB FOR ASIAN REGION



INITIATIVES TAKEN BY PORT KLANG

➤ CREATING RESERVE LAND BANK AS PORT RESERVE

- Reserve land bank as port reserve for future expansion and development.
- Reserve land bank for port related activity to generate cargo throughput for the ports and as part of the logistics service.
 - ✓ Port Klang Free Zone at Port Klang is an example of Free Commercial and Industrial area to generate cargo throughput for the Port



PORT KLANG'S PERFORMANCE JAN-DEC 2012



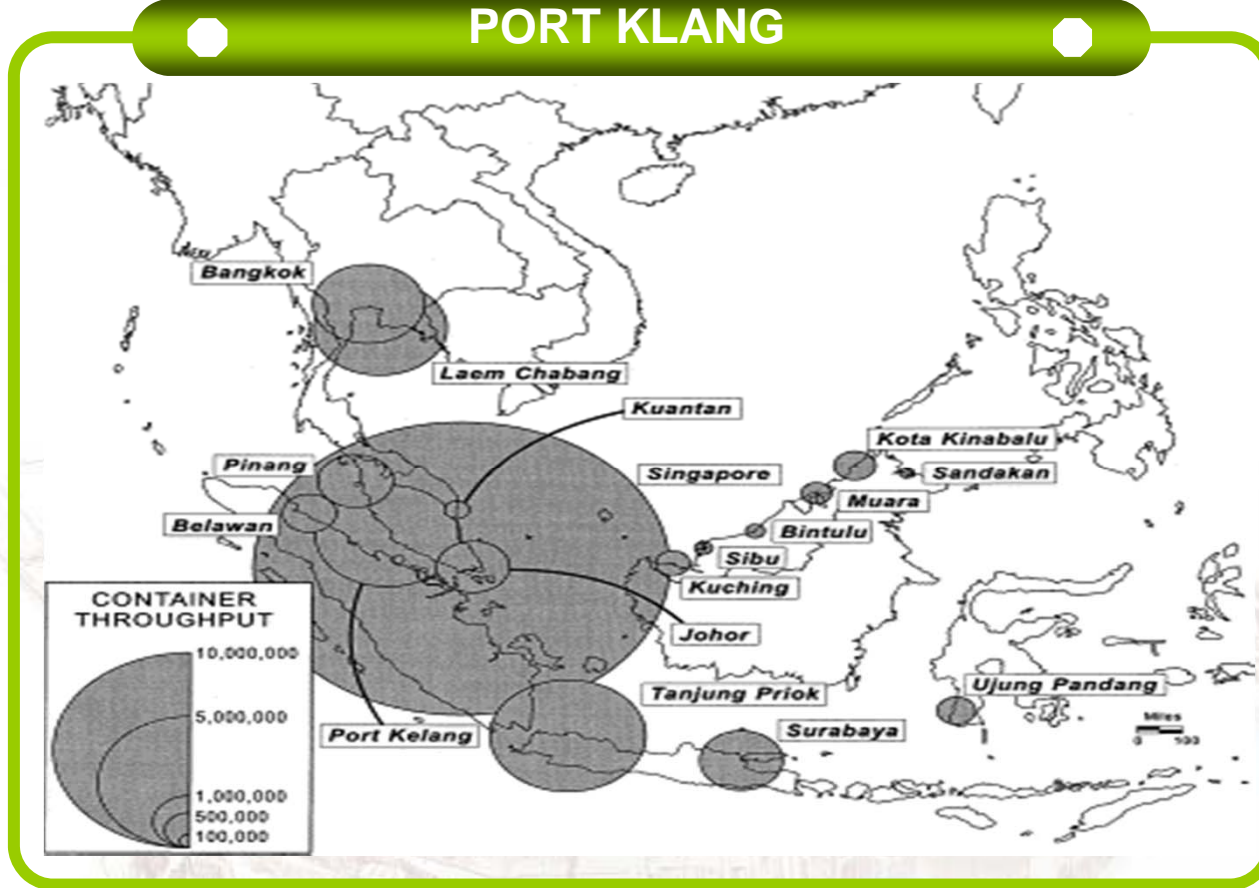
	2014	2015	GROWTH
CONTAINER (TEUS)	10.94 MIL	11.88 MIL	8.6%
CONVENTIONAL (FWT)	25.97 MIL	24.29 MIL	-6.4%
TOTAL (FWT)	217.29 MIL	219.84 MIL	1.2%



A SUPPLY DRIVEN PORT IN THE 21ST CENTURY



PORT KLANG





Thank You



Port Klang Authority

Mail Bag Service 202, Jalan Pelabuhan Utara, 42005 Port Klang, Selangor Darul Ehsan