

Westports will bid for third port, if tenders are called

KUALA LUMPUR: Westports Holdings Bhd, which is targeting a rise of 5% to 10% in container throughput growth for 2014, is keen to bid for the third port in Port Klang if there is a tender exercise for it.

"Of course, we will bid for a new port if there is a tender exercise, but I don't think it's (the third port) going to happen so soon," its CEO Ruben Emir Gnanalingam told a press conference after the company's AGM here yesterday.

The idea of a third port for Port Klang was first mooted in a study done in 2010, as part of the 2010-2013 Port Klang Development Master Plan.

In the masterplan, five locations were identified, namely Carey Island, Che Mat Zin Island, the Klang Bar Channel, the Old Klang Bar Channel, and Kampung Batu Laut.

As recent as February 2014 however, Ministry of Transport deputy Minister Datuk Seri Abd Aziz Kaprawi said feasibility studies for two sites are being done and is expected to be completed in 2015. According to him, the new port will have a handling capacity of 30 million twenty-foot equivalent units (TEUs) per year.

Ruben however explained that currently Northport and Westport have sufficient capacity to cater to the throughput demand in Port Klang for at least 10 to 15 years, adding that there is no immediate need for a new port.

"We've enough capacity for 10 to 15 years, I don't think it's necessary at the moment, but in the long run, the third location will be very crucial," he stressed.

On growth for this year, Ruben expects Westports to register a commendable growth, driven by stronger trade flows despite seeing some impact on operations from the P3 alliance.

"We're not super concerned for it although there will be lesser Asia-Europe trade," he said, adding that the first quarter results, scheduled to be announced its this Friday, will be a good indicator of full year performance.

To recap, the P3 alliance is a grouping of Maersk Line, a unit of A.P. Moller-Maersk, Switzerland-based MSC Mediterranean Shipping Company and France's CMA CGM to pool about 250 vessels to operate on three trade routes: Asia-Europe, trans-Pacific and trans-Atlantic.

The alliance is expected to reduce the number of liners calling at Westports and Northport.

Ruben said the expansion of Container Terminal 7 (CT7) has been progressing well, and is expected to be operational by the end of the year with delivery of seven ship-to-shores cranes, which will add 1.5 million twenty-foot equivalent units (TEUs) to total 11 million TEUs.

The ports' utilisation rate will drop to 70% after CT7 becomes fully operational. Ruben said the port operator will consider its next phase of expansion if the utilisation rate bounces back to 75%.

"Normally the utilisation rate will be in the range of 70% to 80%, we try to not go back to 80% (for) long," Ruben said.

He also said that the company has always been looking to raise the container tariff, which has not been revised upwards in the past 11 years, despite fuel and electricity costs going up.

"We can't do it (raise the tariff) by ourselves, we have to talk and discuss with PKA and Ministry of Transport, but this is not the right timing as they're (Ministry of Transport) have other issues (to deal with now)," he added.

Ruben said Westports has managed to maintain its profit margin at about 38% due to better economies of scale.