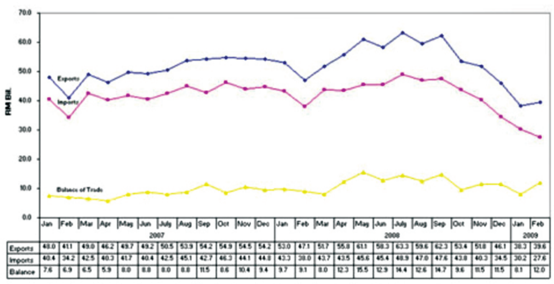
Logistics Industry in Malaysia - An Overview

NEW DEVELOPMENTS IN LOGISTICS SECTOR PROMISE TO BRING THE INDUSTRY TO GREATER HEIGHTS

Apart from terrorism and piracy, two other factors which are a major cause of worry to the logistics industry have to be uncertainties in oil prices within this past one year and the shift in the global economy to a lower gear. Worldwide, the logistics industry is facing a tough time; the local players are also not spared.

The present economic climate is indeed challenging, despite the softening of crude oil prices resulting from lower demand for crude oil. In March this year, the World Bank's Global Economic Prospects forecasted global GDP to contract by 1.7% in 2009. This will be the first decline in world output on record. IMF has revised its global growth forecast to between -0.5 to -1.0% in 2009, down from their January 2009 projections of +0.5%.

Monthly Trade Performance 2007 - February 2009



Source: MITI

In fact, both the World Bank and the IMF are projecting the world economy to slide into a deeper recession this year, with three of its major economies most badly hit. Japan is foreseen to contract the most (-5.8%), followed by Europe (-3.2%), and the US (-2.6%).

In Q4 of last year, Malaysia's GDP was growing at only 0.1%, against a growth of 4.7% in the previous quarter. According to Malaysian Institute of Economic Research (MIER), Malaysia's economy is likely to enter into a technical recession by Q2 of this year, with a forecast contraction of GDP by 2.2%.

Although intra-Asia trade is expected to remain strong this year, international trade, especially exports to Europe from the Far East, have generally been on the decline, since June last year. Monthly trade performance has dipped in the months of January and February this year, the lowest since January 2007.

Industry sources reported that the cargo throughput has rapidly deteriorated into a major global slump and recession until Q2 2009, where seaports have started to notice a recovery in volume. However, analysts are far from being optimistic that the industry is showing signs of a business turnaround due to less than favourable global economic outlook.

If the economy does not pick up within the next one or two years, most logistic industry players may experience greater difficulties. Sources in the industry say that they are now experiencing the worst effects of crashing freight rates and lower demand due to the looming global financial crisis. When oil price was at record high of US$147 (RM514.5) in July last year, the logistics industry was forced to impose fuel surcharges which made transportation of cargo from one country to another costlier. But, when crude oil prices fell, the economic slowdown was anything but favourable to stimulate further growth in the logistics industry.

Performance of major seaports

An industry player, Tan Sri G. Gnanalingam observed that, in Q1 of this year, Westports volume dropped from a high of 470,000 TEUs to 300,000 TEUs. As a whole, Port Klang, which includes both Westports and Northport, projects a steep 10% fall in cargo volume due to the bleak outlook for the economy this year although in 2008, the cargo handling volume had increased by 12% to 7.97 million TEUs from 7.11 million TEUS in 2007. This is largely due to volume growth experienced by Westports in 2008 which swelled by 15% to 4.97 million TEUs, largely attributed to the intra-Asia trade which is still growing at a healthy level.

2008 Performance of Westports

Year	Capacity (million TEUs)
2006	3.6
2007	4.3
2008	4.97

Northport, on the other hand, posted a moderate growth of 5% with slightly above three million TEUs last year compared to 2007. After a good first half of last year, its performance dipped in the second half of FY2008, with its November volume standing at 261,251 TEUs, down 7.3% against the same month last year.

2008 Performance of Northport

Year	Capacity (million TEUs)
2006	2.66
2007	2.8
2008	3.0

In 2008, Port of Tanjung Pelepas (PTP) recorded a throughput of 5.6 million TEUs, up 2% compared to 2007 container throughput of 5.5 million TEUs. This year, it is only looking at breaking even at 5.6 million TEUs, with zero growth expected. Other ports which experienced similar decline in growth rates within the first three months of this year are Shenzhen (-52%), Hong Kong (-42%), Shanghai (-42%), Laem Chabang (-38%), Jakarta (-34%) and Port of

Singapore (-32%) despite better performances last year for Tianjian (8.5 mil TEUs), Guangzhou (11 mil TEUs) and Ningbo-Zhoushan (11.2 mil TEUs) which posted nearly 20% rises in their total throughput volumes. Other ports to post double-digit jumps in their throughputs last year were Valencia, Dubai, Laem Chabang and Bremen/Bremerhaven.

However, since March this year, the total volume achieved by Westports trended upwards by 10% compared to Q1 2009. Rather than this being a sign of recovery in global market, it is believed that the increase in volume throughput is largely attributed to inventory corrections, where depleted stocks in Q4 of last year have to be replenished. In total, Westports' monthly local volume (both imports and exports), which declined from 131,000 TEUs to 83,000 TEUs has returned to 107,000 TEUs per month. Westports commands 63% share of the container volume in Port Klang, with the rest coming from Northport.

Similar trends have been reported by PTP and Penang Port. PTP, which operates the number one transhipment port in the country, experienced volume growth of 23% to 469,000 TEUs for March 2009 compared with the previous month. Meanwhile, the Butterworth container terminal saw the upturn in business registered in the export transhipment trade provided by its industrial hinterland, after experiencing a lowest throughput volume in January which showed a drop of 30% compared to October last year. Among the factors cited include greater demand from China and India, improved demand for manufactured products, re-stocking and trade credit availability.

Elsewhere, in Europe, both Rotterdam and Hamburg saw their position weakened with Rotterdam falling three notches to ninth place and Hamburg slid from ninth to eleventh in the league of top 30 container ports around the world (see Table 1).

Table 1: Top 30 Container Ports In The World in 2008 (in million TEU)

Rank 08	Rank 07	Port	Country	2008	2007	Absolute Change	% Change
1	1	Singapore	Singapore	29.92	27.94	1.98	7.1
2	2	Shanghai	China	27.98	26.15	1.83	7.0
3	3	Hong Kong	China	24.25	24.00	0.25	1.0
4	4	Shenzhen	China	21.41	21.10	0.31	1.5
5	5	Busan	South Korea	13.43	13.26	0.17	1.3
6	7	Dubai	UAE	11.83	10.65	1.18	11.0
7	11	Ningbo	China	11.23	9.36	1.87	20.0
8	12	Guangzhou	China	11	9.20	1.80	19.6
9	6	Rotterdam	Netherlands	10.8	10.79	0.01	0.1
10	10	Qingdao	China	10.32	9.46	0.86	9.1
11	9	Hamburg	Germany	9.7	9.90	-0.20	-2.0
12	8	Kaohsiung	Taiwan	9.68	10.26	-0.58	-5.6
13	14	Antwerp	Belgium	8.66	8.18	0.48	5.[illegible]
14	17	Tianjin	China	8.5	7.10	1.40	19.[illegible]
15	16	Port Klang	Malaysia	7.97	7.12	0.85	12.[illegible]
16	13	Los Angeles	US	7.85	8.36	-0.51	-6.[illegible]
17	15	Long Beach	US	6.49	7.31	-0.82	-11.[illegible]
18	18	PTP	Malaysia	5.6	5.50	0.10	1.[illegible]
19	20	Bremen	Germany	5.5	4.89	0.61	12.[illegible]
20	19	New York*	US	5.24	5.30	-0.06	-1.[illegible]
21	21	Laem Chabang	Thailand	5.13	4.64	0.49	10.[illegible]
22	22	Xiamen	China	5.03	4.63	0.40	8.[illegible]
23	23	Dalian	China	4.5	4.57	-0.07	-1.[illegible]
24	24	Tokyo	Japan	4.27	4.12	0.15	3.[illegible]
25	26	Tanjung Priok*	Indonesia	4.18	4.14	0.04	0.[illegible]
26	25	J.Nehru	India	4.18	4.06	0.12	3.[illegible]
27	30	Colombo	Sri Lanka	3.69	3.38	0.31	9.[illegible]
28	34	Valencia	Spain	3.59	3.04	0.55	18.[illegible]
29	28	Yokohama*	Japan	3.49	3.43	0.06	1.[illegible]
30	27	Gioia Tauro	Italy	3.47	3.45	0.02	0.[illegible]

*Notes: *estimated figure*

Amidst these very challenging economic conditions, industry players should heed Malaysia's Maritime Institute senior fellow, Nazery Khalid's advice to consolidate and focus on improving the infrastructure and raising efficiency levels to increase yields and provide cost-effective services to customers, as well as attract more mainline operators (MLOs) to call at their terminals. Benchmarking against the world's top five container ports in terms of volume such as Singapore, Shanghai and Hong Kong, will help local ports to compete globally. Now is the time to identify areas of weaknesses which may have been overlooked during busier times.

A number of measures have been implemented, which include the decision to set up a National Land Transport Authority which has representation from various ministries and placing the Commercial Vehicle Licensing Board (CVLB) under the Prime Minister's Department. These are but only measures undertaken to streamline the logistics industry in Malaysia, with more being contemplated by the industry players and their local regulators themselves.

Forging Ahead despite Tough Economic Conditions

Several initiatives introduced by Port Klang Authority, for example, are useful to help industry players tackle the less robust business environment in Port Klang. These include a blanket waiver for logistics companies that genuinely cannot meet the newly implemented three-day free storage period at the ports. The port authority will also propose a capital dredging project; if implemented, Port Klang Authority will be spending about RM240 million to widen the south channel from the existing width of 360m to 500m and further dredging it by some two metres from the current 15.5m to allow the passage of two container vessels of about 14,000 20-ft equivalent units (TEUs) capacity passing through the south channel simultaneously. The Port Klang Authority has also reviewed its pre-qualification criteria for its feeder incentive scheme which was suspended last year. Plans to review the port tariffs of Port Klang to make the port more competitive are also in the pipeline.

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 and to put Port Klang in a better position in terms of efficiency to welcome more and bigger ships when the economy picks up.

For local port operator, Westports, several strategies have been implemented to boost productivity levels all around the company. Consistent with its reputation as one of the world's Top Five in productivity, Westports' operations team achieved new world records for productivity when on Nov 17 last year (2008), despite heavy rain and wet conditions, recorded a speed of 665 moves per hour in the first hour of operations surpassing its previous record of 456 moves set in June 2006. Westports also achieved its second record vessel productivity by moving 4,427 TEUs within 10 hours on a new Compagnie Maritime d'Affrètement Compagnie

Générale Maritime (CMA CGM) vessel, the MV ORFEO, which can carry a total of 9,700 TEUs and is currently operating the FAL4 service, the latest service in the FAL network linking Asia and Europe. The port has surpassed its own productivity records by raising its performance bar year on year when it delivers an average crane productivity of 35 gross moves per hour. This positive initiative will ensure its survival through tough times.

Since 2007, construction work involving a RM800 million-expansion plan over a 3-year period to boost the number of berths and increase container-handling facilities extra capacity in each flight. This initiative will help to maximise the load factor and yield of each individual flight in an effort to enhance the company's revenue. The system is also able to forecast the percentage of over bookings for a particular flight based on the history and profile of its customers.

MASKargo has also recently taken the advice from the International Air Transport Association (IATA) to be the first country in the world to conduct an IATA certification that Malaysia airports are safe for air freight business. Once Malaysia obtains the certification, international bodies will be more confident in dealing with MASkargo since it means that Malaysian airports are up to standard.

In another move, MASKargo has also purchased a new Airbus 300-600 freighter, which will be used to fly to shorter destinations such as Bangkok, Jakarta and Saigon. The new aircraft, which would add another 7% cargo capacity to the MASKargo freighter network, will be a lot cheaper to fly compared to a wide-body aircraft, and would help improve flexibility and build more frequency.

MASKargo has also introduced a number of innovative products which included express handling, priority business centre, perishable centre, animal hotel, charter services, ground handling services, i-Port services (seamless connection between airport and seaport), logistics services, dangerous goods services and i-Secure (high security services) in an effort to boost sales in air cargo transportation and attract more government agencies and government-linked companies to use its services.

As part of its cost saving measures, MASKargo has also resorted in decisions to transport goods via passenger flights if the volume is not enough. Instead of stopping over in Malaysia, its flights in the China-Europe route fly directly to Tashkent and then to Europe.

Within Asean, efforts have also been drawn to liberalise the logistics services and to enhance multi-modal transport and infrastructure investment.

Challenges Facing Shipping Companies

Transportation via sea is by large the most cost-efficient mode of trade transport, accounting for almost 90% of goods in trade between countries. This makes the shipping industry particularly vulnerable to any economic recessions, especially when Malaysia's international trade has dropped substantially (see Table 2).

Up until 2008, Port Klang was still recording growth. It was one of the eight ports in the world to notch double-digit growth among the top 30 container ports in the world. According to the latest annual port traffic league, published by Containerisation International, a reputed journal on container shipping based in London, Port Klang was named the 15th busiest port of the world, up one notch from number 16 in the previous year. Also placed among the top 30 premier league was another Malaysian port, namely Port of Tanjung Pelepas in Johor, which maintained its 18th position as in 2007. It posted just below 5.8 million TEUs last year, slightly below expectation, but an increase of about 6.1% over 2007.

External Trade (RM Million)	Jan - Dec	January - February	
	2008[P]	2008[P]	2009
Total Exports	663,494	100,115	77,856
Total Imports	521,611	81,289	57,778
Balance of Trade	141,883	18,826	20,078

Major Exports (RM Million)	Jan - Dec	January - February	
	2008[P]	2008[P]	2009
Rubber	8,111	1,316	623
Palm Oil & Palm Oil Based Product	64,808	9,292	7,386
Crude Petroleum	43,698	6,966	3,299
Petroleum Products	28,635	4,363	2,565
Liquified Natural Gas	40,732	5,330	8,050
Timber & Timber Based Product [2]	22,650	3,408	2,656
Electrical & Electronic Products [2]	255,360	[illegible]	[illegible]
Articles of Apparel & Clothing Accessories [2]	12,096	1,804	1,796
Other Manufactured Goods and Articles [2]	86,133	12,249	10,33

However, due to its large exposure to import and export cargo handling, all three major ports – Westports, Northport and PTP - are anticipating slower growth this year compared to 2008. Most of its growth, albeit small, could still rely on intra-Asia transhipments as well as the import and export business.

For Westports, this year's performance is still positive because of the support from its major client, CMA CGM, the world's third largest container shipping company, which is still forecasting a double-digit growth at Westports in 2009.

Table 3: Total Cargo Throughput by Ports, Malaysia, 2008 compared to 2007

(' 000) FREIGHTWEIGHT TONNES

		Q1 2008	Q2 2008	Q3 2008	Q4 2008	Total in '000 fwt 2008	Total in '000 fwt 2007
Port Klang	Export	16,785	21,600	19,140	16,156		
	Import	19,897	18,284	22,351	18,162		
	Total	**36,682**	**39,884**	**41,491**	**34,318**	**152,375**	**135,515**
Penang	Export	2,696	2 ,770	2 ,866	2 ,437		
	Import	3,442	4 ,041	3 ,933	3 ,557		
	Total	**6,138**	**6,811**	**6,799**	**5,994**	**25,742**	**27,222**
Johor	Export	3,019	4,424	3,662	3,106		
	Import	3,792	3,391	3,295	5,083		
	Total	**6,811**	**7 ,815**	**6,957**	**8,189**	**21,957**	**28,842**
Kuantan	Export	1,434	1,332	1,491	1,317		
	Import	940	989	1,100	802		
	Total	**2,374**	**2,321**	**2,591**	**2,119**	**9,405**	**10,065**
Bintulu	Export	9,351	8,937	8,622	8,892		
	Import	1,102	1,262	1,134	1,104		
	Total	**10,453**	**10,199**	**9,756**	**9,996**	**40,404**	**38,584**

Source: All Ports & Marine Department

Another tough challenge facing shipping companies is the waning freight rates in container, dry bulk and tanker segments, which analysts say are unlikely to improve this year. The freight rates are generally down due to slumping world trade, lower iron ore demand from the world's largest steelmaker – China, and reduced oil production by the Organisation of the Petroleum Exporting Countries (Opec). Opec has cut its production by 4.2 million barrels per day (bpd), or an average drop of 15.6% in production volume from the August 2007 production level, resulting in a drop of 13% in the crude tanker segment. On average, container

Northport, on the other hand, is still the largest Malaysian port handling the country's export and import activities. Its main focus is still on growing its non-container sector such as bulk transshipment and the automotive trade.

With greater emphasis now on door-to-door delivery of cargo instead of port-to-port, seaports like Northport are fast becoming more than a place where ships call. Today, as part of the integrated logistics solutions, Northport has become a transit point of cargo, providing value-added services that adopt the multi-modal linkages to enhance

Analysts say that the intra-Asian air cargo services sector, which is still growing healthily, is expected to soar after the liberalization of skies in Asean in January this year as spelt out by the ASEAN Logistics Network Map. This could well be the silver lining for the industry and one year to look out for greater opportunities in the air freight industry especially since airlines will be able to find greater accessibility without the need to apply for traffic rights once the restrictions are removed. This will provide critical mass and connectivity, thus giving the transshipment hubs like the KL

Turnaround for KTMB?

For the past decade, since 1996, Keretapi Tanah Melayu Berhad (KTMB) has been in the red. Currently, rail has a market share of just 3%, compared to road transport which takes the lion share of 89% of the pie. This is not surprising, given existing poor level of service offered by KTMB. In more developed countries, rail enjoys 30% of the logistics demand by land – a potential that KTMB has to work hard to see it materializing.

The good news is that, since 2008, the freight division has posted RM115.2mil in revenue. A major portion of the revenue is generated from transportation services for maritime containers at RM43.9 million, especially after it started working in collaboration with its wholly-owned subsidiary, Multimodal Freight Sdn Bhd to develop a total logistics solution for maritime containers, which involves both trucking and warehousing services as part of its services to customers, mainly for the Port Klang-Ipoh-Port Klang route. On its own, KTMB would not have been as attractive as a mode of land transport compared to road transport, because of the inconvenience of having to send and pick up the cargo from the train stations. The main advantage of KTMB's partnership with Multimodal Freight is its ability to provide door-to-door service to its rail-hauled containers with just one billing. Currently, Multimodal Freight Sdn. Bhd. manages KTM Berhad's Container Depots at Padang Besar, Butterworth, Port Klang and Pasir Gudang. The container train provides service on the route between the nation's four rail-connected ports (Butterworth, Port Klang, Pasir Gudang and Tanjung Pelepas) and its inland stations or clearance depots.

The other part of its revenue for last year came from landbridge services at RM20.5 million, cement at RM26.2 million and food at RM11.7 million. Efforts are being undertaken to improve landbridge services via new competitive rates and leasing some of its locomotives to its counterpart, the State Railway of Thailand (SRT), which is experiencing some capacity shortage. KTMB had seen an uptrend of South Thai cargo to Penang Port since February this year, and to further boost its revenue, it is in the process of increasing its landbridge operators from four existing operators to six. Further bilateral transport ties with State Railway of Thailand will come in timely as intra-Asean trade picks up. The travelling time between Selangor and Bansue in Thailand, for example, took only 60 hours via rail, compared to five to seven days by sea, and three to four days by road. Currently, KTMB is operating 28 landbridge services weekly between Port Klang - Bangkok - Port Klang, Singapore - Bangkok - Singapore, Singapore - Surat Thani - Singapore and Port Klang - Haatyai - Port Klang.

With the current economic outlook, it is hard to tell whether KTMB will be able to achieve its target of RM200 million in revenue this year, a projected growth in revenue contributions from maritime containers by 41.7% to RM62.3 million, landbridge services by 26.8% to RM26 million, cement by 165.6% to RM69.6 million and food by 9.4% to 12.8 million. However, the company feels that rail, being the cheapest mode of land transportation, could increase its market share in the land transportation sector as manufacturers are now focused on cutting cost.

Better Rail Services Expected

It remains to be seen whether, with the completion of the Electrified Double Track project (EDTP) in 2014, KTMB will be able to offer better services at more competitive rates, allowing it to compete in terms of travel time, frequency, fares, reliability, quality of service and safety. At least what is certain is that the EDTP will drastically reduce the travel time from Penang to Kuala Lumpur from 9 hours to 3 hours. This will help increase the KL-Butterworth (390 km) service from 2 trips/day taking 9 hours each way to trips every hour taking just 3 hours – a saving of 6 hours. Likewise, Ipoh-Butterworth (180 km) service can be increased from 2 trips/day taking 4 hours each way to trips every hour taking just 1.5 hours – a saving of 2.5 hours.

There are a total of 2000 km of rail tracks, of which, 207 km are electrified. To date, the portion between Rawang and Ipoh involves the construction of a new track (179 km) and upgrading of the existing track to allow for a maximum design speed of 160 kph. This project also includes 41 new concrete railway bridges, culverts, 14 stations and some 40 overhead road bridges to eliminate all level crossings being built.

The second portion of the EDTP between Ipoh and Padang Besar, worth another RM12.49 billion, has just kickstarted despite the economic downturn, and will be completed by 2014. The overall length of 329km double track will help to increase the capacity and operational effectiveness of the supply chain for logistics companies in Peninsular Malaysia to complement the sea and air cargo logistics in an effort to introduce intermodalism within the logistics industry.

The other components of the project involve the construction of 41 new concrete railway bridges, culverts, 14 stations, overhead 25kV 50Hz electrification system, modern signalling and communication, Automatic Fare Collection system, land acquisitions and relocation of squatters.

Toll Hike and Petrol Prices Raises Inflation

As of 2009, there are 50,214.6 km of paved roads (including 1,471.6 km of expressways) in Malaysia. As of 1999, there are also 15,942 km of unpaved roads. The road network in Malaysia is one of the most advanced in the region, with the 966 km (600 miles) North-South Expressway (NSE) being the longest expressway in Malaysia, connecting Bukit Kayu Hitam in Kedah in the North and Johor Bahru at the southern portion of Peninsular Malaysia. The expressway links many major cities and towns, acting as the 'backbone' of the west coast of the peninsula. This has become an important part in the

Expressway (NSEds

Locally, the Malaysia Airlines Cargo Sdn Bhd (MASkargo) has reported an operating loss of RM14.1mil for Q4 for FY2008, compared with an operating loss of RM75.4mil in the preceding quarter and an operating profit of RM64.8mil in FY2007. This was after it had recorded an increase in cargo traffic revenue by 9% to RM568 million in Q2 of 2008, compared with the same period in 2007, despite an 8% reduction in capacity.

The aggressive cut in capacity had actually helped to hold up MAS' cargo load factor at 65.6% in Q4 of last year, with yield at 90.4 sen per load tonne km, compared with the load factor of 64% and yield at 91.8 sen per load tonne km in the corresponding period a year ago. Nevertheless, the capacity cut and the declining demand for air cargo services have resulted in MAS' cargo revenues for Q4 to dip by 22% y-o-y and 12% q-o-q to RM517mil last year.

The company has announced that it would focus on controlling costs and improving efficiency, besides reducing its cargo capacity to deal with the current downturn. For its current year projections, MASkargo foresees at least another 20% reduction in cargo facility, following a cut of 23% y-o-y since the fourth quarter (4Q) of financial year (FY) ended December 2008.

In China, MASkargo's station in Shanghai still sees its prospects for this year as still good, as with a monthly average volume of 4,000 tonnes of export and 2,000 tonnes of import cargo. Most of its export markets for its electronic and information technology products such as computers and mobile phones from Shanghai are to Kuala Lumpur, Penang, Singapore, Jakarta, Sydney, Melbourne and Europe. In 2007, the Shanghai MASKargo station has contributed 20% of the company's total revenue of RM2.8 billion, where it was handling some 63,000 tonnes and 30,000 tonnes of export and import cargo respectively. This is a 5% market share of a total of 2.2 millions tonnes of cargo handled at Pudong International Airport in that year. In 2008, it was also the highest contributor to the company's revenue

To keep afloat, MASkargo has started to shift its focus on the other lucrative Middle Eastern markets, apart from concentrating on the United Arab Emirates (UAE) which is the region's fast developing economy.

Meanwhile, AirAsia X also announced that it will soon commence air cargo services to and from Europe, and when the economy picks up again, this could be another area of growth for the low-cost carrier and is expected to contribute 5% to the company's revenue.

Survival of the fittest

At the end of the day, with global trade continuing to decline, it is all about the survival of the fittest for the local logistics industry.

Northport managing director and chief executive officer Datuk Basheer Hassan Abdul Kader earlier said with the company's low gearing of almost 0%, Northport could withstand the onslaught of the global economic crisis.

Westport's Executive Chairman, Tan Sri G. Gnanalingam, said that he firmly believes that Malaysia has always been a resilient and progressive country. Quoting the examples of how the country had prevailed against the 1998 financial crisis, that the country has the right ingredients for recovery. "Whilst there have been reports of factories closing down in China and Japan, simultaneously we also received news that some of the factories in Malaysia will take over the productions of these overseas factories. This includes Sony and Samsung who will be exporting more out of Malaysia," he said in a statement released by Westports Sdn Bhd. "The good sign for Malaysians is that we are both an importing and an exporting country, i.e. importing raw materials and exporting processed materials. As such in the first quarter, we saw more imports, which will result in more exports in the second quarter of the year."

Syed Sadiq Albar Syed Hamid, a director of Kalmar (M) Sdn Bhd, a subsidiary of Cargotec Corp listed on the Helsinki Stock Exchange with annual sales of around 3 billion Euros, said the company is beefing up its port equipment engineering services business as ports will likely focus on maintaining, repairing and upgrading their equipment this year. The port equipment and service provider expects ports to be prudent on capital expenditure in terms of acquiring new equipment this year, due to the global economic downturn.

Johor Port Authority (LPJ) General Manager, Nik Aziz Nik Hussain said that to date, the ports in Johor are already making good strides in wooing major shipping lines such as Maersk and Evergreen to Port of Tanjung Pelepas. Since its official opening in 2000, PTP has become an important regional transhipment hub, ranking 17th busiest container port in the world. Its location is strategic for international shipping lines.

The managing director of a renowned shipping agency, Wilhelmsen Ships Service Malaysia, Winston Loo claims that, despite the current economic downturn, shipping had always been a vital supporting service in the world's trade growth. He therefore sees that the situation would improve.

Alam chief executive officer, M. Adthisaya Ganesen said the shipping industry slowdown had marginally narrowed the gap between supply and demand of seafarers. In 2007, there was a shortage of local seafarers working on board 3,582 Malaysian-owned merchant vessels and worldwide, there was a shortage of some 20,000 seafarers. "It is almost certain that the industry will pick up fast once the economy recovers," he said.

This is what the industry hopes to see happening - and very soon!