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Port Klang Free Zone

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Subsidy for Port Klang inter-terminal box transfers extended

THE Government has decided to extend the subsidy for inter-terminal transfers (ITT) of containers between Westports and Northport in Port Klang for another three months.

The Government, through the Port Klang Authority (PKA), had planned to stop the subsidy starting yesterday.

Newly-appointed PKA chairman Datuk Chor Chee Heung said the extension of time was granted following appeals from the two terminal operators and shipping lines.

“Over the next three months, the two terminal operators and the International Shipowners Association of Malaysia (Isoam) are expected to hand in their proposals on how best to solve the subsidy issue,” he told *Business Times*.

“Don’t forget that other than the ITT subsidy, the Government also gives other incentives including that to feeder operators linking Port Klang to regional ports,” he said.

Last year, the ITT subsidies amounted to RM1.749 million.

The ITT subsidy was initiated 13 years ago by the Government to attract transshipment cargo to Port Klang. The ITT charges involve the transfer of containers, either by rail or road, between Northport and Westports to secure onward transshipment connections provided

either by mainline or feeder vessels.

PKA general manager Datin Paduka O.C. Phang had said that the subsidy has helped Northport and Westports to attract shipping lines to tranship via Port Klang and it was time for the two terminal operators to work with their customers (shipping lines) to absorb the ITT costs.

Chor concurs, saying that the rationalisation of shipping companies’ services on a global basis has led to a reduction in ITT activities between Northport and Westports.

However, PKA’s planned withdrawal of ITT subsidy had drawn negative reaction from Northport and Westports as well as shipping lines who said they would have to reevaluate the viability to use Port Klang as a transshipment hub should it be enforced.

It is understood that the Isoam had sent a letter to PKA and a copy to the Transport Minister, voicing their objections to PKA’s decision to stop the subsidy.

The current ITT subsidy is RM80 per 20ft container and RM160 per 40ft container. However, its removal is expected to see shipping lines paying as much as RM120 to transfer a 20-foot container and RM240 for a 40-foot container by rail between Northport and Westports.

— *By Kang Siew Li*