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Port Klang Free Zone taking big strides forward

Pace of investments picks up in the last four months

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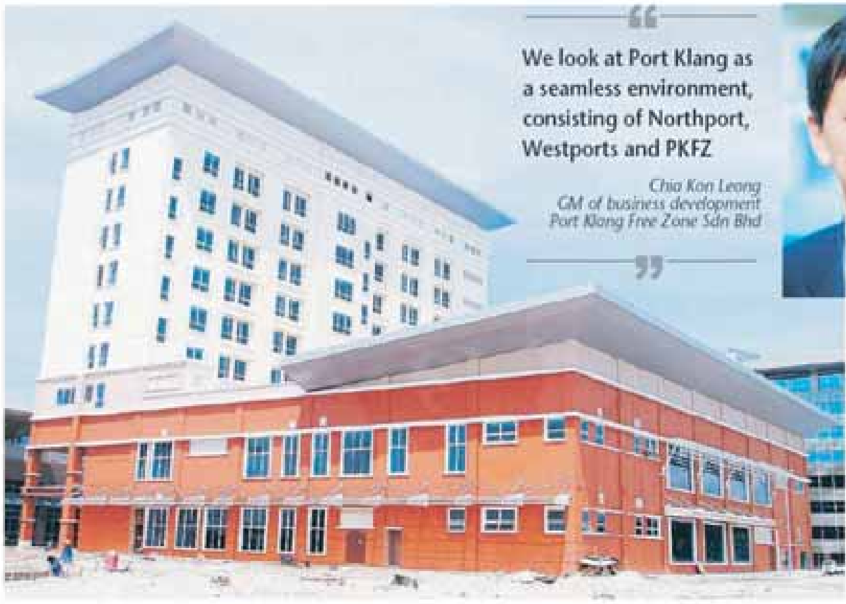

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Chia Kon Leong
GM of business development
Port Klang Free Zone Sdn Bhd

READY SOON: Hotel and expo centre at Port Klang Free Trade Zone

THE Port Klang Free Zone (PKFZ) in Pulau Indah, a project that had drawn criticism from the public over its ballooning cost overruns, has made significant progress in the last four months, having attracted 39 companies into the zone with total investments of RM729 million.

"The pace of investments into PKFZ has accelerated in the past four months.

"We believe the pick-up rate will be faster from the second year of operations," Port Klang Free Zone Sdn Bhd (PKFZSB) general manager of business development, Chia Kon Leong, said last Friday.

Chia is part of a new management team of locals appointed by the Port Klang Authority (PKA), which owns PKFZ, to manage and market the RM4.6 billion free zone, following the pull-out of Dubai-based Jafza International from the project in July this year.

It was reported that the fallout between PKA and Jafza was partly due to the latter's slow progress in attracting investments into PKFZ since the project's soft launch in November last year.

Asked when PKFZ can expect to recoup its RM4.6 billion project costs, Chia said it is considered a national project.

"The prospects of getting RM5 billion to RM6 billion worth of investments coming, creating 25,000 to 30,000 employment opportunities (upon full development) and sustaining the competitiveness of Port Klang so that main line operators will continue to call and shippers do not have to pay higher freight charges ... how do you quantify all these to equate it with the RM4.6 billion (spent to develop PKFZ)?" he asked.

He likened the project to the KL International Airport (KLIA) in Sepang.

"Who built KLIA? Who runs KLIA today? Is Malaysia Airports Holdings Bhd going to pay back what the Government spent to build the airport? So can we be given the same condition? It should be looked at in the same way," he said.

Covering 405ha, PKFZ offers 298.4ha of open land for long-term, 512 pre-built light industrial units and 4,628sq ft of office space in its business complex.

Chia said so far 12 companies have agreed to take up 31.19ha, representing 12 per cent of the open land in the zone. They have an option to lease another 37.67ha, or 15 per cent of the open land within the next 12 months.

"Aker Kvaerner from Norway is now the biggest investor in PKFZ, investing about RM400 million and leasing 28ha of the open land to build its factory.

"As for the light industrial units, 20 tenants have taken up 25 units for trading, light manufacturing and logistics businesses," he added.

The types of investments PKFZ is looking at are in the fields of trading, manufacturing and logistics in all sectors including automotive, heavy industries, oil and gas, electronics, food, among others.

Talks are being held with 55 other potential investors with investments worth RM610 million, including three logistics companies.

"We are talking to three companies which have plans to set up a logistics hub within the free zone to do warehousing, distribution, container storage and full container loads (FCLs) or less than container loads (LCLs) activities.

"They comprise an international shipping line, a regional shipping line and a full service logistics provider," he said.

To facilitate and fast-track the development of logistics services, PKFZ has set up a common user container freight station (CFS) in the zone similar to that of Northport and Westports.

"This CFS is not intended to compete with Northport or Westports for business but rather to facilitate trade. We look at Port Klang as a seamless environment, consisting of Northport, Westports and PKFZ.

"We will be working closely together to complement each other in order to grow the cake," said Chia.

He also allayed fears of a price war among free trade zone operators in the country.

"In terms of rates offered among free zones in Port Klang, we have not dropped one sen from what they (Westports and Northport) are offering. If there's any competition, let's compete on service," he said.

Meanwhile, Chia said PKFZ remains unfazed over the recent negative media coverage of the project, although he admits that it faces an uphill battle to get people to see that it will not be a white elephant.

PKFZ aims to be self-sustaining in 2010 when it is targeted to generate a revenue of RM40 million and an operating surplus of RM22 million.

Operator of hotel, expo centre identified

PORT Klang Free Zone Sdn Bhd (PKFZSB), the manager and marketer of the RM4.6 billion free zone in Pulau Indah, said it has identified a local hotel group to manage and operate the four-star hotel and exhibition centre in the zone.

The 135-room hotel and exhibition centre is expected to be completed by the end of next month and open for business before the end of the first quar-ter next year.

"The company is a local but reputable hotel operator.

"We should be announcing its name soon," Port Klang Free Zone Sdn Bhd general manager of business development Chia Kon Leong said.

Apart from the hotel and exhibition centre, PKFZ offers 298.4ha of open land for long-term, 512 pre-built light industrial units and 4,628sq ft of office space in its business complex.

Chia said the PKFZ project will be fully completed by the end of this year to coincide with the completion of the main access road into the zone.

The flyover bridge to neighbouring Westports, meanwhile, will be completed by the first quarter of next year.