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Business (1 of 3)

Business

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PKFZ To Provide Strong Economic Stimulus Via Good Infrastructure & Services


Port Klang Free Zone is the country's first fully integrated free commercial and industrial zone.

By Yong Soo Heong

PORT KLANG, Dec 28 (Bernama) -- The Port Klang Free Zone (PKFZ), designed to promote entrepot trade and mainly export-oriented manufacturing industries through its top-end infrastructure and service-oriented culture, will provide a tremendous boost to the national economy when it starts operations in about six months, Azizul Annuar, its assistant general manager for sales and marketing.

When fully developed in five years' time, PKFZ would be a significant focal point in terms of the strong economic stimulus from the many industries drawn to the zone as a result of its investor-friendly approach, he said.

The development of the free zone, Azizul said, represented a giant step in fulfilling the Malaysian government's objective of making Port Klang a regional distribution base as well as a trade and logistics centre.

It will also complement the Selangor state government's plan to make Port Klang a vibrant commercial and industrial hub.

"Our concept of giving investors the option to build their own facilities will also enhance Selangor's status as a developed state," he said, adding that the zone would not only help stimulate economic growth in Port Klang but also the coastal region of Selangor.

Promoted as the country's first fully integrated free commercial and industrial zone, PKFZ, which covers 400 hectares in all, offers prepared industrial sites (open land), light industrial units (LIUs) for factories and warehouses and office space at the PKFZ business complex.

In the past, the Port Klang Authority (PKA), which owns PKFZ and has oversight on the development of Port Klang, had created free commercial zones or FCZs in Northport and Westport, the two port terminals at Port Klang.

Within the context of a FCZ, only commercial activities such as trading, break bulking, trading, repacking, re-labeling and transit goods are allowed in Port Klang. Simple manufacturing processes including minor assembly may be allowed with the approval of the authorities.

"But with a commercial and industrial free zone at PKFZ, investors will have more flexibility in their business operations. This means that factories and logistics firms can be located in the same zone for easier co-ordination and smoother supply chain management," Azizul explained.

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PKFZ's open land offers 298.4-ha of prepared sites for long term lease while the LIUs have 512 units at 5,487 sq. ft (510 sq metres) each with a tenancy of one to three years.

Its office complex comprises four eight-storey blocks with a flexible tenancy of one to three years while other amenities include a one-stop service centre for on-site Customs, immigration and security services, and service providers such as banks, clinics and food courts.

There will also be a three-storey exhibition centre with 9,000 sq metres of display space.

"PKFZ thus becomes a central hub for investment opportunities for multinational companies, small and medium-sized industries, distribution, value-added and logistics services to operate from a strategic location with a potential reach to a vast market via Port Klang or even the KL International Airport located just about 50 km away by road," said Azizul.

In addition, it is also connected to the Malaysian national railway grid which reaches out to Thailand easily.

PKFZ, modelled after Dubai's Jebel Ali Free Zone, is designed by JAFZA International, the consulting and management division of Jebel Ali Free Zone Authority (JAFZA).

JAFZA International, which will be managing PKFZ, will offer services and facilities within PKFZ covering management, sales, marketing and operations. It will also assist with recruiting and training PKFZ personnel and offer service to customers.

JAFZA International has 20 years experience in port and free zone management and has helped governments develop free zones in Morocco and Djibouti.

For JAFZA International, its tie-up with Port Klang is in line with its plan of creating a world free zone management network from its headquarters in Dubai. It has already started promoting PKFZ in a number of countries.

On PKFZ's part, it is banking on Port Klang's trading links with 120 countries and connections to 500 ports around the world via major shipping lines.

"Investors may connect to sea, air or rail transportation quickly and conveniently to any destination in the world. PKFZ is virtually next door to Westport, one of the two ports at Port Klang," said Azizul, adding that PKFZ is now following up on the many enquiries from potential investors, including small and medium scale enterprises (SMEs).

PKFZ will also advocate paperless transactions to reduce costly paperwork, faster documentation, shorter cargo clearance time and fast information on cargo status.

"By providing a one-stop centre incorporation various regulatory bodies, we hope to eliminate bureaucratic red tape. The idea is to provide an ideal environment for businesses to grow and succeed," said Azizul.

Among the incentives for companies in PKFZ are tax exemption on statutory income and capital expenditure, double deduction on certain export and research and development expenses as well as 100 percent profit repatriation.

Tan Sri Ramon Navaratnam, former secretary-general of the transport ministry and currently a director of the Asian Strategy & Leadership Institute (ASLI), said the establishment of the PKFZ is timely in order to address current demands and concerns.

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"This is especially more so with the latest findings of the World Bank in terms of the ease of doing business, which has ranked Malaysia behind Singapore and even Thailand," he said.

Ramon said PKFZ, with its one-stop centre and host of world-class amenities and services, should be able to address concerns over Malaysia's economic competitiveness.

"We certainly need a place where business can thrive amidst good infrastructure and a minimum of bureaucracy," he stressed.

Ramon also felt that engaging foreign consultants from JAFZA International could perhaps help PKFZ to have a better global view of the business.

Encompassing an area of 806 hectares, Port Klang has played a pivotal role in Malaysia's economic development, especially with its proximity to the country's most developed area - the Klang Valley.

Based on a government directive in 1993, Port Klang is being developed as the national load centre and eventually a regional cargo trans-shipment hub for the region. This means that cargo from all other Malaysian ports, which take the role of feeder ports, are being consolidated where possible through Port Klang.

The geographical location of Port Klang makes it an ideal first port of call for ships on the East bound led and the last port of call on the West bound leg of the Far East-Europe trade route.

PKA now acts as a landlord and regulatory authority as well as trade facilitator actively involved in transforming Port Klang into a major regional trans-shipment hub.

Its priority is promoting any business that will generate additional volume for Port Klang including trans-shipment-related activities, cargo consolidation, warehousing, distribution, international procurement centres, value-adding, bonded warehouses and licensed manufacturing warehouses.

PKA also encourages port-related businesses such as the establishment of representative offices, ship agencies, ship broking, Customs brokers and main line operators offices.

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MyFuel to set up RM160m biodiesel plants in P. Klang

By Zaidi Isham Ismail
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BIODIESEL supplier and trader, MyFuel Ltd, is setting up two palm oil-based biodiesel plants worth RM160 million in Malaysia to capitalise on the strong demand for the "green" oil globally.

MyFuel has formed its Malaysian subsidiary Biodiesel SP Sdn Bhd to oversee the venture, located at a 3.2ha site in Port Klang Free Zone (PKFZ).

The two biodiesel plants have a capacity to churn out 100,000 and 250,000 tonnes per year.

Biodiesel SP group managing director George Joukador said at full production, the plants will create annual business turnover and other spinoffs estimated to exceed RM1 billion.

The plants will be built by leading regional contractor Fine Matrix Projects Sdn Bhd, with oleo process equipment supplied by European biodiesel plant builder Desmet Ballestra. It is set to be completed in June 2008.

"The extraordinary high palm prices, choppy international biodiesel market conditions and the rise in fossil fuel prices certainly pose challenges. However, they will not upset long-term prospects and viability of biodiesel," Joukador said in Kuala Lumpur yesterday.

MyFuel has obtained a 30-year lease agreement from Port Klang Free Zone Sdn Bhd. A simple groundbreaking ceremony was held last Friday to mark the start of plant construction.

Joukador said the firm has chosen PKFZ due to its reliable supply of feed stocks and for marketing of end products. The group has signed supply agreements with reputable palm oil suppliers and third party arrangements for marketing and sales activities.

As an example, MyFuel said it has signed a marketing and distribution agreement with biodiesel brand leader World Energy Alternatives, whereby all its purchases of biodiesel from the Asia Pacific region must be supplied by MyFuel.

Joukador said MyFuel is unfazed by all the controversies surrounding PKFZ at the moment because it has secured the 30-year lease and is confident that PKFZ will honour the agreement.

> **At full production, the plants will create annual business turnover and other spinoffs estimated to exceed RM1 billion.**
>
> *Joukador*