

Penang Port taps southern Thailand's booming economy



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BY SHAHEERA AZNAM SHAH

PENANG Port is on an expansion mode. The oldest and longest established port in Malaysia is rolling out a five-year plan, partly to capture the growing business coming from southern Thailand.

Penang Port Sdn Bhd (PPSB), which runs the port, has earmarked RM320 million for the five-year plan, with a big portion of the capital expenditure (capex) expected to go towards purchasing new equipment. There are also plans to reclaim land.

"In 2017, we had ordered three new rubber-tyred gantry (RTG) cranes as part of our new expansion plan and to extent our footprint," PPSPB CEO Sasedharan Vasudevan told *The Malaysian Reserve* in a recent interview.

One key factor in the plan is the latest developments across the border. Over the years, Penang Port has served as the main gateway for shippers in the northern states of Malaysia and also the southern provinces of Thailand. The same holds true today.

Located strategically a mere two hours away from Bukit Kayu Hitam's customs point, Penang Port is set to catch the projected spill over from the booming investments now taking place in the south of Thailand. The border checkpoint at Bukit Kayu Hitam is soon expected to operate 24 hours to facilitate the cargo movement.

In 2017, the railway's cargo terminal at Padang Besar was upgraded in a RM23.5 million project to give a boost to the logistics industry.

The longer hours at Bukit Kayu Hitam checkpoint and the railway cargo terminal upgrade is expected to spur cross-border trade, with a potential to increase capacity to 400,000 TEUs per annum from the present 270,000 TEUs.

"We receive quite a major portion of cargo from southern Thailand as its businesses have been booming. The cargo from the south Thailand region accounted for more than a quarter of our total containers handled," he said.

He estimated that container segment makes up 70% of Penang Port's business, with about 38% of it coming from southern Thailand. The other businesses include general and liquid cargo, marine services and the cruise terminal.

In 2015, Thailand announced a seven-year investment promotion strategy with the goal of nurturing the investments in the border provinces of southern Thailand and attracting international investment.

Sasedharan said that Thailand's estab-

lishment of the Rubber City Project in its Southern Industrial Estate in Songkhla province has also led to the increase in cargo shipment.

"Over the past few years, Thailand has emerged as an attractive investment destina-

tion, particularly in the southern region.

"New investments are constantly pouring in. Several multi-national companies have set up factories there. We see the potential to generate more than 6-7% growth in containers per annum," he said.

Shippers in Thailand see the geographical advantages of Penang Port. Via rail or road, the distance between Hat Yai and Penang is around 230 km, or about a four-hour drive. However, hauliers will take 12 to 13 hours to drive from Hat Yai to Thailand's main ports like Bangkok Port and Laem Chabang Port. The Songkhla Port does not cater to big ships due its limited water draft and handling capacity.

"Thus, it is only logical for them to load and ship the containers in Penang. Penang serves the Thai shippers' requirement in terms of meeting their logistical demands," he said.

Penang Port is fully equipped to handle all types of cargo such as containers, liquid, dry bulk and break bulk.

History

Going back into history, Penang's port of the north was acquired by the British as they needed a port to act as a collecting centre for the produce of the Malay Archipelago and also as a place for ships plying the India-China trade route to replenish their stocks of fresh food and water. In 1786, Captain Francis Light, an English trader of the East India Company, formally took possession of the Penang Island and renamed it to the Prince of Wales Island.

The port was administered and operated by two public authorities: Federal Malay States Railway at Prai Wharf and Penang Harbour Board at Swettenham Pier. In 1956, Penang Port Commission came into the picture.

Fast forward, the port was corporatised in 1994 under Penang Port Sdn Bhd, a wholly-owned company of the Ministry of Finance, and then privatised in 2014. It is now part of MMC Port Holdings Sdn Bhd, a unit of MMC Corp Bhd.

Today, Penang Port serves nearly 30 shipping lines and agents. These lines provide the connectivity to the world that Penang Port requires as a gateway port to its hinterland of North Malaysia and Southern Thailand, in particular.



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The Port of the North MILESTONES

The need for a port as collecting centre for the produce of the Malay Archipelago and also as a place for ships plying India - China trade route to replenish their stocks of fresh food and water was a primary reason for British acquisition of **Penang Port**

1786

Captain Francis Light, an English trader of the East India Company formally took possession of the island and renames it to the Prince of Wales Island. Port of Penang was administrated and operated by two public authorities:

- Federal Malay States Railway at Prai Wharf.
- Penang Harbour Board at Swettenham Pier.



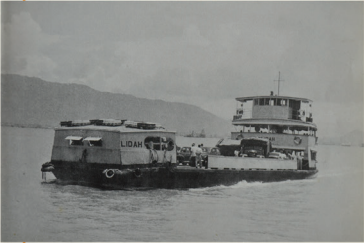
1894

The first regular ferry service in Penang was commenced by the late Quah Beng Kee and his brothers. Operated between Kedah Pier on Penang Island and various landing places in Province Wellesly on the mainland.



1924

The Penang Harbour Board took over the ferry service and soon thereafter, implemented facilities for conveying motor vehicles.



1945

After the war, the British Military Administration recommenced the ferry service with four tank landing crafts and Bagan was brought back from Sumatra.



1946

The Penang Harbour Board took over the fleet and the four landing crafts were modified and reconstructed to provide seating accommodation for passengers.



1956

The Penang Port Commission came into force. The Commission took over all the undertakings of the Penang Harbour Board, including the ferry service and the Prai Wharf undertaking of the Malayan Railway Administration.



1959

The ferry terminals were constructed and a new fleet of five 'end loading' vessels were put into operation under the modernised service. The new vessels had two decks, the upper deck for pedestrians and the lower deck for vehicles.



1965

A sixth ferry was introduced to cope with the increasing number of passengers and by 1968, the number of vehicles carried reached 1,699,400.



1986

Butterworth Wharves or also known as Butterworth Deep Water Wharves commenced its operations with a total cost of RM57 million.



1971 & 1974

Two vessels added to the fleet. The number of vehicles and pedestrians carried increased to 4,638,900 and 19,160,000 respectively.



1978

Two container berths became available and Penang was the first port in Malaysia to provide roll-on-roll-off facilities to container ships. Owing to poor equipment performance, straddle carrier operations were gradually phased out and replaced by transtainer operations which have proven to be more efficient.



1979

The turn around time of vessels improved significantly with introduction of the transtainers and container gantry crane.



THE PROGRESS OF PENANG PORT TO DATE



There are total of 6 ferries plying the channel between Butterworth-Georgetown :

- Pulau Undan (1975)
- Pulau Talang (1975)
- Pulau Angsa (1980)
- Pulau Kapas (1981)
- Pulau Pinang (2002)
- Pulau Payar (2002)



Penang Port corporatised in 1994 under Penang Port Sdn Bhd (a wholly owned company of Ministry of Finance) and privatised in 2014.



Penang Port grew tremendously in container handling since privatised in 2014 when it handled 1,265,712 TEUs. It jumped to 1,317,352 TEUs in 2015, and 1,437,172 TEUs in 2016.



All container operations have been shifted and handled at North Butterworth Container Terminal (NBCT) with a storage capacity of up to 2 million TEUs.



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Apart from daily ferry cruises between the island and mainland, Penang Port also operates cruise terminal, Swettenham Pier Cruise Terminal.