

WESTPORTS – THE LEADING LIGHTS

MAJLIS PECAH TANAH

By Ganeshwaran Kana



The past two weeks have been eventful for the Malaysian port scene. Johor Corp. launched container operations at the Tanjung Langsat Port, while Tanco Holdings Bhd. obtained approval from the Malaysian Marine Department to develop a smart artificial intelligence (AI) container port in Port Dickson, Negri Sembilan. Westports Holdings Bhd., on the other hand, held the ground-breaking ceremony for its Westports 2 project, some seven years after the idea was hatched under the previous chairman and founder, the late Tan Sri G. Gnanalingam.

Had government approvals accelerated, the project would have kicked off earlier. Westports 2 will involve the expansion of Container Terminal 10 (CT10) to Container Terminal 17 (CT17), creating a new free trade zone covering 550 acres. The project will cost nearly RM40 billion, including all replacement and maintenance capital expenditure (capex). Phase one of Westports 2 will see the development of CT10-CT13 between 2024 and 2038 at an initial development capex of RM6.3 billion. Phase two for CT14-CT17 will take place from 2036 to 2053, costing RM6.3 billion.

Currently, there are only nine container terminals at Westports. The latest development at Malaysia's largest listed port operator, takes place as the Selangor state government is planning to build a RM28 billion mega port in Carey Island. The Carey Island port is planned to have a container throughput capacity of 30 million 20ft equivalent units (TEUs) a year. It will be carried out over four phases and is expected to be completed by 2060.

Westports Executive Chairman and Group Managing Director Datuk Ruben Emir Gnanalingam, however, does not see the Carey Island port as a threat. In an interview with StarBiz 7, Ruben says Westports has no more space for bulk or non-containerised cargo such as dry and break bulk. "Our space for liquid cargo will also be full in two years. In fact, Port Klang has no space for bulk cargo. So, the Carey Island port will fill in the need," he says.

Port Klang consists of three ports, namely, Westport, Northport and Southpoint. Northport (M) Bhd., a member of Tan Sri Syed Mokhtar Al-Bukhary's MMC Group owns Southpoint and Northport. Southpoint handles conventional cargo handling, while Northport manages container and conventional cargo. Ruben says it is only rational for the Carey Island port to focus on container cargo once the Westports 2 project is completed, likely in 2053.

"This is only because of one reason. The Carey Island port will be a lot more expensive than Westports 2 to build. This is due to the fact that there is nothing special about the land. There's no breakwater, it is an open sea and there is no geographic advantage for the land. As a result, the cost will be very high," he explains. Ruben, however, says that the Carey Island port development is unavoidable. "Once (expansion of) ports in Singapore, Tanjung Pelepas and Westports are finished, Carey Island will be the next future area of growth."

On Westports 2, Ruben says the expansion is needed to capture the immense growth potential for containerised cargo in the



Datuk Ruben Emir Gnanalingam

region. In the last 30 years, the demand for containerised cargo has leapt from 13 million TEUS to about 60 million TEUS currently. "We believe the trajectory will continue to grow over the next 30 years, potentially double from the level today. Such growth is possible because South-East Asia is one of the fastest growing regions in the world and many industries are moving into the region."

"The affluence of the region's population is also improving and people's consumption will keep increasing, raising the demand for trade that benefits the ports," says Ruben. Rising demand aside, Ruben says Westports have focused on continuously improving its efficiency for its clients. He further adds that Westports are better than other ports in Malaysia in terms of price and efficiency. "Westports' efficiency is about the same as Singapore, in terms of how fast we turn around the vessels. In some cases, we are actually faster than them."

"We have one operational advantage compared to them; we are smaller. The bigger (volume) you are, the more complex it is. "Westports, when it was smaller, was more efficient than it is today. When you want to compare ports, you need to compare ports of similar sizes," he says. In 2023, Westports handled a record container volume of 10.88 million TEUS. Singapore's container throughput in the same year also reached a new high of 39.01 million TEUS.

When asked about client breakdown, Ruben says Westports has over 20 large customers with long-term contracts of three to five years. "When we started (in the 1990s), the number of our customers was about 100. Now it is about 20, because of industry consolidation. The number of customers does not matter, the volume of cargo matters. The 20 large customers take up about 90% of our container cargo."

Earlier, Westports had guided for a low single-digit container volume growth rate for this year. As for 2025, Ruben also expects a "single-digit" growth rate. "It is our practice to under-promise and we try to over-deliver. This has been the practice since my father's leadership," he says. On tariff hike for Westports which is expected next year, Ruben says it is best for the transport ministry to confirm the rate of hike.

In the previous hike, the ministry only allowed a 30% tariff increase, despite Westports proposing a 50% hike about a decade ago. The 30% tariff hike was implemented in two rounds, the first 15% in 2015 and another 15% hike in 2019. Moving forward, Ruben says Westports' growth strategy will revolve around automation, digitalisation and sustainability to improve productivity.

He notes that the group has been testing autonomous manless trucks at the port for almost a year, but the high costs have prevented the deployment. "When the cost is right, we will deploy



them. Automation should drive our cost down."When asked if Westports is considering using AI at its facilities, Ruben merely said, "I don't know what it is. I've been running the port for many years and investing in technologies, there is no such thing as an AI port."

"You put the word AI on anything today, you can push up the valuation," he says. Ruben, however, highlights that Westports has an anti-greenwashing policy in place beginning this year. "So, we are not allowed to hype things up. For example, we have two electric trucks. I won't tell you they are making us more green because they are not. Their carbon emissions are higher than diesel powered trucks. This is because electricity comes from coal. If you count the emissions the electricity trucks are producing, it is actually 50% higher than diesel trucks."

Concerns aside, Westports is stepping up its efforts to help address climate change. It is looking to reduce its electricity usage from Tenaga Nasional Bhd. by 10% to 15% via setting up two solar power plants at its port. A 7MW plant is already operational. The other 6MW is expected to be operational next year. ■

Ganeshwaran Kana is a writer for The Star.

Source:
StarBiz
The Star
5.10.2024



Ganeshwaran Kana

Your title doesn't make you a leader

These are the 6 things that do:



BOSS

- Demands
- Relies on Authority
- Issues Ultimatums
- Uses People
- Takes Credit
- Places the Blame
- Says "Go"
- My way is the only way



LEADER

- Coaches
- Role Models Behavior
- Generates Enthusiasm
- Develops People
- Gives Credit
- Accepts Blame
- Says "Let's Go"
- I've got your back