

## Liberalisation delivers the goods

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THE liberalisation of the country's container haulage industry has helped to cushion the impact of the global financial crisis on the sector, says the former chief executive of Kontena Nasional Bhd.

Azmin Che Yusoff, who is now chief operating officer with Landbridge Haulage (M) Sdn Bhd, said while liberalisation has led to intense competition from the increased number of container haulage companies, it has also resulted in haulage operators becoming more cost-efficient and sensitive to the needs of their customers.

"Prior to the liberalisation (in 2000), there were only five players in the industry and that led to complacency.

"Now, the number of container haulage companies in Malaysia has soared to over 100. As a result, increased competition has forced players to change the way they treat their customers and how they manage their day-to-day operations," he told Business Times in an interview.

For example, congestion at the country's ports during the festive season has become a thing of the past in the last five years, thanks to improved productivity.

"(As such), the liberalisation was good for the country because it taught us (hauliers) to be cost-competitive, more efficient and sensitive and responsive to customer needs.

"It also made us better prepared to deal with the impact of the (current) crisis," he added.

Nevertheless, the industry is not immune from the economic slowdown. Most local hauliers have seen a 30-40 per cent drop in revenue and a recovery is only expected from the fourth quarter of this year.

"But due to measures taken earlier, the gravity of its impact has been minimised," said Azmin.

On challenges facing the industry, Azmin said they include dumping of rates by some hauliers in order to get business - sometimes below their operating costs, difficulty in getting good drivers and high operating cost.

"This (dumping of rates) is only a temporary measure. Haulage rates have now more or less stabilised and players are now focusing on improving customer service. We are also fortunate that certain customers are not buying the idea of high rebates, but more interested in long-term, reliable and consistent services," he said.

The inefficiency in the container depot industry is another challenge.

"Even though depot operators have started charging RM5 for picking up containers with a promise of improved services, the overall efficiency remains to be desired. There is slight improvement but we still have to go through long queues to get the containers from the depots.

"That's because the depot rates in Malaysia are among the lowest in the world. Thus, the depot operators have no choice but to continue using their existing equipment and bear with high downtime," said Azmin, urging the government to regulate the depot operation business.

"Right now, the licence to operate depot operation is issued by the local authorities. But there must be a proper authority to issue the licence and monitor their performance, just like what the Commercial Vehicles Licensing Board is doing for container haulage operations," he added.

Hauliers also face the problem in getting financing and insurance coverage, said Azmin.

"Banks and insurance companies are reluctant to lend to us because the haulage industry is perceived as a high risk industry. As such, we need help from the government to solve this problem," he said.

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