On an upward trajectory

Southeast Asia's three largest ports experienced contrasting years following the recent alliance reshuffles, but traffic in the region shows no sign of slowing down. **Alistair Ross** reports

In Southeast Asia, shipping is king. Due to the countless islands, unreachable by land, and because of the large stretches of coastline, the region's maritime trade is of the utmost importance. Naturally, the alliance reshuffle of 2017 was bound to stir things up.

The region's largest port, Singapore, profited greatly, with volumes rising sharply by 9% to 33.35m teu. A spokesperson at Malaysia's Port of Tanjung Pelepas (PTP) told ***CM*** that the alliance reshuffle also had a positive effect on throughput there, although the port registered only minor growth, with volumes rising by 1.2% to 8.2m teu. Conversely, at Port Klang volumes crumbled by 9% to just under 12m teu.

At Westports, the biggest operator in Port Klang, volumes fell by 9% to just over 9m teu. This came after a record-breaking previous year for the company, with a throughput in 2016 of almost 10m teu. CEO Ruben Gnanalingam said that the contrast between the two years was ultimately down to the reorganisation of the Ocean 3 alliance into the Ocean Alliance.

"Southeast Asian volumes grew from 5m teu in the Ocean 3 to around 15m teu in the Ocean Alliance," Gnanalingam explained to ***CM***. "It became too large to focus solely on Port Klang, so it had to move to a dual-hub transhipment strategy. The deal between UASC and Hapag-Lloyd also meant that we lost volume." Despite a difficult 2017, however, the company expects to push on and achieve single-digit growth this year.

PSA Singapore has established a number of partnerships with shipping lines, meaning that the reshuffle passed without huge drama. The operator shares berths with both CMA CGM and COSCO Shipping, both of which expanded their facilities last year. The most recent expansion was at the COSCO-PSA Terminal (CPT), which added a third berth in November to take its annual capacity up to 3m teu.

"These partnerships give PSA the opportunity to work even more closely with customers for their specific and customised needs in container transhipment, as well as maximising the utilisation of our terminals," a PSA spokesperson said.

Westports currently has no such agreements in place, but Gnanalingam said that the company would consider joint ventures if they provided a win-win situation for both parties. "You cannot deny the fact that the number of players is getting smaller, and some are now getting involved in ports," he said. "That's why we're not closed to the idea of selling a stake to someone."

Westports' new CT8 terminal is in operation

Joint ventures or not, Westports is pushing forward with an expansion plan. The company's policy is that once its existing terminals hit a 75% utilisation rate, the next stage of expansion will begin. The recent CT8 and CT9 terminals are a product of this strategy, between them adding 1.2 km of berth and 1 sq km of yard space, with all the corresponding equipment.

PTP is also pushing ahead with expansion plans. Berths 5 and 6 were upgraded in early 2017 and the port's channel was dredged from 18 m to 18.5 m. The facility also recently added eight super post-Panamax cranes, 29 rubber-tyred gantry (RTG) cranes and 93 prime movers, as well as refurbishing seven existing quay cranes.

POTENTIAL FOR GROWTH

The biggest opportunity for growth comes not from the long-haul services provided by the alliances, but instead from intra-regional trade. Most regions have relatively high rates of internal trade; for example, the latest figures for February 2018 showed that intra-European Union trade made up 51% of its total trade. Yet intra-regional trade in Southeast Asia hovers at around only 20% of total trade currently, and Gnanalingam expects this to grow naturally over time.

There are other factors too. In a region with a population of more than 650m and with a number of rapidly emerging economies, consumption rates are only going to grow. Additionally, with cheap manufacturing slowly leaching away from China and into countries such as Vietnam, hub ports such as Singapore, Port Klang and PTP will continue to profit.

In 1993, volumes handled at ports in and around the Strait of Malacca stood at about 13m teu. Today that figure is around 55m teu, and by 2040 it could rise to 100m teu according to PSA CEO, Chong Meng Tan. With this in mind, PSA is aiming not just to expand its capacity but also to improve its technological operations.

The Maritime and Port Authority of Singapore (MPA) recently awarded a US$1.1bn contract for the start of the second phase of development at the Tuas Terminal. The first phase of this new facility is still under way and is expected to be completed by the early 2020s. PSA will eventually move out of its current facility and into Tuas, which it describes as a highly automated "next-generation port".

"PSA is tapping into emerging technologies such as the Internet of Things, blockchain, automation, augmented and virtual reality, artificial intelligence and advanced data analytics," a company spokesperson said. "This will extend even further to the broader shipping and logistics communities, creating new value pools for stakeholders."

Westports is also updating its technological operations, recently moving from a Cosmos terminal operating system (TOS) to a CyberLogitec TOS. Gnanalingam said that the facility would be trialling various other software and systems this year, and he stressed that moving with the times was crucial.

The region's largest three facilities will continue to slug it out for volumes, but Southeast Asia's seafaring character and burgeoning economy mean that a sudden downturn in fortunes is highly unlikely for any of these ports. The real question is not how Singapore, Port Klang and PTP will fare, but rather how they can best prepare for increases in trade and take advantage of the region's high potential for growth. container

PTP has added eight new quay cranes to its fleet

FURTHER EAST…

Taiwan's state-owned terminal operator, Taiwan International Ports Corporation (TIPC), recorded minimal growth across its four major ports in 2017, with total throughput standing at slightly more than 14.91m teu.

The country's largest port, Kaohsiung, registered volumes of 10.27m teu. This was the fourth year running that the facility has hit 10m teu, and it is approaching total capacity at its six container terminals.

A project to build a seventh terminal, CT7, is under way with phase one expected to be complete by 2019, according to TIPC. The second phase of the project is expected to be complete by 2023. Once finished, the US$1.1bn expansion will be capable of handling 4.5m teu annually, making it the largest terminal in Taiwan.

Away from Kaohsiung, the Port of Taipei continues to post steady growth. The facility registered 1.56m teu in 2017 and is forecast to reach 1.63m teu in 2018. It boasts both a logistics centre and air transport, and a TIPC spokesperson told ***CM*** that it has become the new base for container distribution in northern Taiwan. ●

The Port of Taipei continues to grow