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PTP says ready to develop free zone phase 3

GELANG PATAH: Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) is ready to undertake the development of the third phase of its free zone in a bid to cater to increasing demand from multinational companies (MNCs) relocating to Malaysia as well as companies wishing to set up businesses in the region.

Chief Executive Officer Marco Neelsen said the Port of Tanjung Pelepas operator has received requests from companies wishing to relocate from other countries to Malaysia and foreign companies that want to come to the country.

Neelsen said the cost of the third phase expansion might not be far off the costs of the first two phases of the PTP free zone.

"We have invested RM2.4 billion in the two phases of the PTP free zone. To date, more than 94 per cent of the developed land in phases one and two has been subleased to various local and global companies," he told participants of a media familiarisation trip to Senai Airport City as well as PTP.

To date, phases one and two have chalked up an annual turnover of 100,000 TEUs (twenty-foot equivalent units)

The free zone land comprises five phases totalling 640.62 hectares, with phases one and two accounting for about 256.98 hectares and phases three, four and five constituting 383.64 hectares.

Neelsen said the first phase might be able to take off within two to three years as the company is still at the initial planning stage, adding that PTP might consider issuing a corporate bond or sukuk as it did previously.

He said the US-China trade war might be of some benefit to Malaysia.

"PTP recorded a growth in container throughput last year, and we are likely to see a five per cent increase in total throughput volume to nine million TEUs from the 8.4 million recorded last year," he said.

Meanwhile, S&P Global Ratings said concerns over changes in the trade route would not result in a cargo swing away from Malaysia, but the opposite could be true due to certain circumstances.

"If the US market becomes less accessible to China, the latter could resort to other countries such as India and Malaysia to send packages, and it means more traffic from these countries and Chinese companies as well as MNCs would look into the Malaysian market to source for some parts of the supply chain," S&P Global Ratings Infrastructure Ratings Director Abhishek Dangra told Bernama.

Asked whether the re-routing of goods could happen in the short term, he said it is unlikely as the global supply chain is very difficult to change in a short span of time.

"Not many producers manufacture those goods (shipped to the US) in a big way, there are not many alternative ways in a scaleable way (as with the Chinese)," he said, adding that if the trade war prolongs, the impact could be seen in the medium to long term.

Commenting on the port industry in general, he said as most ports in the region do not have a cost-pass-through mechanism, they are exposed to competition.
– Bernama