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Malaysian Industrial Development Authority sees cargo tripling by 2020

MALAYSIA's sea freight is projected to more than triple to 751 million tonnes by 2020, from 252.6 million tonnes in 2005, according to the 2006 report from the Malaysian Industrial Development Authority (Mida).

As reported in the Malaysia Business Times, the report said airfreight is expected to increase to 2.36 million tonnes by 2020, from 1.01 million tonnes in 2005, while rail freight is to expand to 18.6 million tonnes from 4.03 million tonnes.

About 95 per cent of the country's trade is transported by sea and the rest by air, rail and road. The logistics industry is valued at some US\$320 billion per year and is expected to grow at 3-10 per cent annually.

Mida said the contribution of the logistics industry is partly reflected under transportation, storage and communications services and is projected to grow to RM79.6 billion (US\$22.7 billion) by 2020, contributing 12.1 per cent to GDP. It contributed RM23.2 billion, or 8.8 per cent, of the GDP in 2005.

But Mida also described the industry as highly fragmented with 22,000 companies, while the regulatory requirements cut across many ministries and agencies. Over dependence on foreign logistics service providers, however, has also resulted in the widening of deficit in the services account in the country's balance of payments from RM6.5 billion in 1996 to RM15.7 billion in 2005.

"There is a need for the industry to move from low-cost logistics to efficient and higher value-added logistics by benchmarking with international standards," it said.

Manufacturing companies, in outsourcing their international transport requirements, are increasingly looking towards suppliers of logistic services as integrated services, which would take care of their needs on a door-to-door basis.

Mida also described the shipbuilding and ship repairing industry as one of the core sectors in the marine transportation with exports of floating structures totalling RM3.3 billion between January and November 2006 compared with RM2.2 billion in 2005.

Major export destinations were Singapore (RM1.2 billion), Vietnam (RM1.2 billion) and Thailand (RM264.4 million).

Source: Asian Shipper