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## IJM: Kuantan Port upgrade crucial

BY A JALIL HAMID AND SHAREN KAUR - 6 APRIL 2016 @ 11:02 AM

KUALA LUMPUR: IJM Corp Bhd, the country's most valuable construction firm, said the RM4 billion investment to expand Kuantan Port is crucial for the berthing of vessels of up to 200,000 deadweight tonnage (DWT).

Bigger vessels mean more business for IJM Corp, which is ramping up its construction, infrastructure and manufacturing activities.

Chief executive officer and managing director Datuk Soam Heng Choon said the expansion includes building a new deepwater terminal that will attract top economies like the United States, China, Japan, Europe and India.

Soam, a civil engineer by training, said Kuantan Port's advantage lies in its strategic location facing the South China Sea, in the middle of the busiest shipping lanes in the world.

"To the shipping community, this translates into significant cost savings and reduction in sailing time. We expect more business from China," he told *the New Straits Times* in an exclusive interview, here, recently.

IJM Corp owns 60 per cent of Kuantan Port Consortium (KPC) Sdn Bhd, with the rest owned by Guangxi Beibu International Port Group (GBIPG).

KPC has a 30-year concession since 1998 to manage, operate and develop Kuantan Port. It entered into a new agreement on June 1, last year for the new deepwater terminal for 30 years until 2045 and for another 30 years until 2075, subject to government approval.

KPC is spending more than RM3 billion to double the capacity while the government is constructing a 4.7km breakwater at the port, one of the longest in the world, and upgrading external infrastructure for around RM1 billion.

He said the new deepwater terminal should worry Singapore, one of the world's busiest ports in terms of total shipping tonnage, as some traffic may be diverted to Malaysia.

Soam said KPC is targeting shipments from China because of the short four- to five-day travel time.

When the commodity business improves, there will be more shipments from Australia, where Kuantan Port will be the transit point before moving on to China, he added.

"That is why the Chinese authority sees it as strategic to invest in Kuantan and use this port. The government feels we need Chinese participation and that is why we are also developing the Malaysia-China Kuantan Industrial Park (MCKIP)."

IJM Corp has 40 per cent stake in Kuantan Pahang Holdings Sdn Bhd which, in turn, owns 51 per cent of the 607ha MCKIP in Gebeng.

GBIPG owns the balance shareholding in MCKIP and has committed to source more than US\$20 billion (RM78.5 billion) worth of investments to this new growth area by 2020.

"Of the total land size, 287ha have been taken up for development. A modern integrated steel plant is being constructed there and the initial investment is more than US\$1 billion," said Soam.

The plant will produce high carbon steel and H-shaped steel, with an annual production capacity of 3.5 million tonnes.

China has been Malaysia's largest trading partner since 2009, while Malaysia is China's largest trading partner in Asean.

In 2014, total trade between China and Malaysia stood at US \$102 billion and was slightly higher last year. The target is to grow bilateral trade to US\$160 billion by next year.

The expansion of Kuantan Port would contribute to those numbers as there will be a quicker and direct route between Malaysia and ports in China's eastern region and the rest of the world.

Currently, sailing from Kuantan Port to Singapore takes a day, while to Hong Kong and China, about four to five days. It takes nine days to sail to Taiwan, 11 days to Tokyo, 21 days to the Middle East, 25 days to Europe, 28 days to the Mediterranean and 30 days to the west coast of the US.



*Kuantan Port's advantage lies in its strategic location facing the South China Sea. Kuantan Port Authority website pix*



*An artist's impression of the port expansion plan. Kuantan Port Authority website pix*

