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MMC: Malaysia ripe to become regional logistics hub

The conglomerate is working with all stakeholders to push for a possible framework

by **MOHAMAD AZLAN JAAFAR & IZZAT RATNA**

MALAYSIA is ripe to become a regional logistics hub and maximise its infrastructure and geographical advantages, but a clear national agenda and incentives structure must be put in place to transform the country into a regional leader.

MMC Corp Bhd, the country's largest owner of ports and key logistics assets, had recently made the recommendation to the government to pursue the new economic agenda.

The conglomerate is also working

with all stakeholders — inside and outside the government, including all the sector's beneficiaries — to push for a possible framework and national policies that could help achieve this national logistics grand plan.

Group MD Datuk Seri Che Khalib Mohamad Noh said MMC is talking with the government and relevant stakeholders to make Malaysia a national logistics centre for the Asean region.

He said this move is crucial, as Malaysia must expand beyond

foreign direct investment and dependence on manufacturing to provide the economic cloud to the country's growth.

Che Khalib said the national logistics agenda would give Malaysia the edge over its neighbours, due to the fact that the country sits on some of the world's busiest shipping lanes in the world — the Straits of Malacca and South China Sea — which navigates cargo worth billions of dollars.

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50% of logistics sector's potential tapped so far

FROM P1 Malaysian hub

"Our ports are located right in the shipping lane and all ships must pass through Malaysian ports regardless, which makes the country a suitable regional centre for the logistics hub.

"Since Malaysia is strategically located, we should now start to think of the country as a national logistics centre, where we can be a hub for goods to be distributed throughout the region," he said in an exclusive interview with *The Malaysian Reserve* yesterday.

The former Tenaga Nasional Bhd CEO, who had been given the role to lead MMC in the last four years, sees the country's bountiful logistics potential as an untapped segment.

"I personally believe we are

only tapping about 50% of the potential of the logistics sector," he said, adding that Malaysia also has the required infrastructure — air, sea and land — besides abundance of space for that purpose.

"Our neighbour Singapore is a port island, but they don't have the land to become a logistics hub. Malaysia has the land to build the required infrastructure, modern warehousing and related support industries," he pointed out.

Che Khalib gave the example of BMW Group Malaysia's Regional Parts Distribution Centre (PDC) at the Airport Logistics Park in Senai International Airport, Johor. The new PDC is expected to supply BMW vehicle parts to over 22 countries in the region.

He said other global giants like Amazon.com Inc and Ali-

baba Group Holding Ltd could come to Malaysia, construct similar facilities and make Malaysia the hub for their thousands of products, as well as service the 600 million potential customers in the region.

"There would be economic spin-offs and various industries would profit from the warehousing, packaging, cargo handlers and forwarding agency business. Even the banking, insurance and service sectors would benefit from these activities.

"With the new industry, more businesses would choose Malaysia to be their logistics hub and new jobs are (forecast) to be created to further underpin the booming sector," he noted.

Che Khalib, however, said

there are challenges — such as policies, incentives, structures and physical infrastructure — which need to be improved upon in order to transform Malaysia into a leader in the region.

"In terms of policies, of course there could be some approaches that we have to look at and the need to come up with suitable initiatives that are more relevant to the logistics business.

"We also need to look at how to further improve the efficiency of the banking system, customs, immigration, etc," he said, adding that these factors need revisions to improve the logistics sector's efficiency.

He is optimistic on the prospects based on positive feedback from the government, following its recommendation

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made two months ago.

"The government and the Malaysian Investment Development Authority, as well as the Ministry of Transport, are

currently looking at the said recommendations and we expect the country can become a logistics hub in the short and medium term," he remarked.

Che Khalib said MMC is proposing the setting up of a logistics consultative body that will involve all industry players.

"In order to form this

national logistics centre, we are quite confident that the body would play a significant role to encourage businesses to enter this new atmosphere."



MMC's group MD sees the country's bountiful logistics potential as an untapped segment