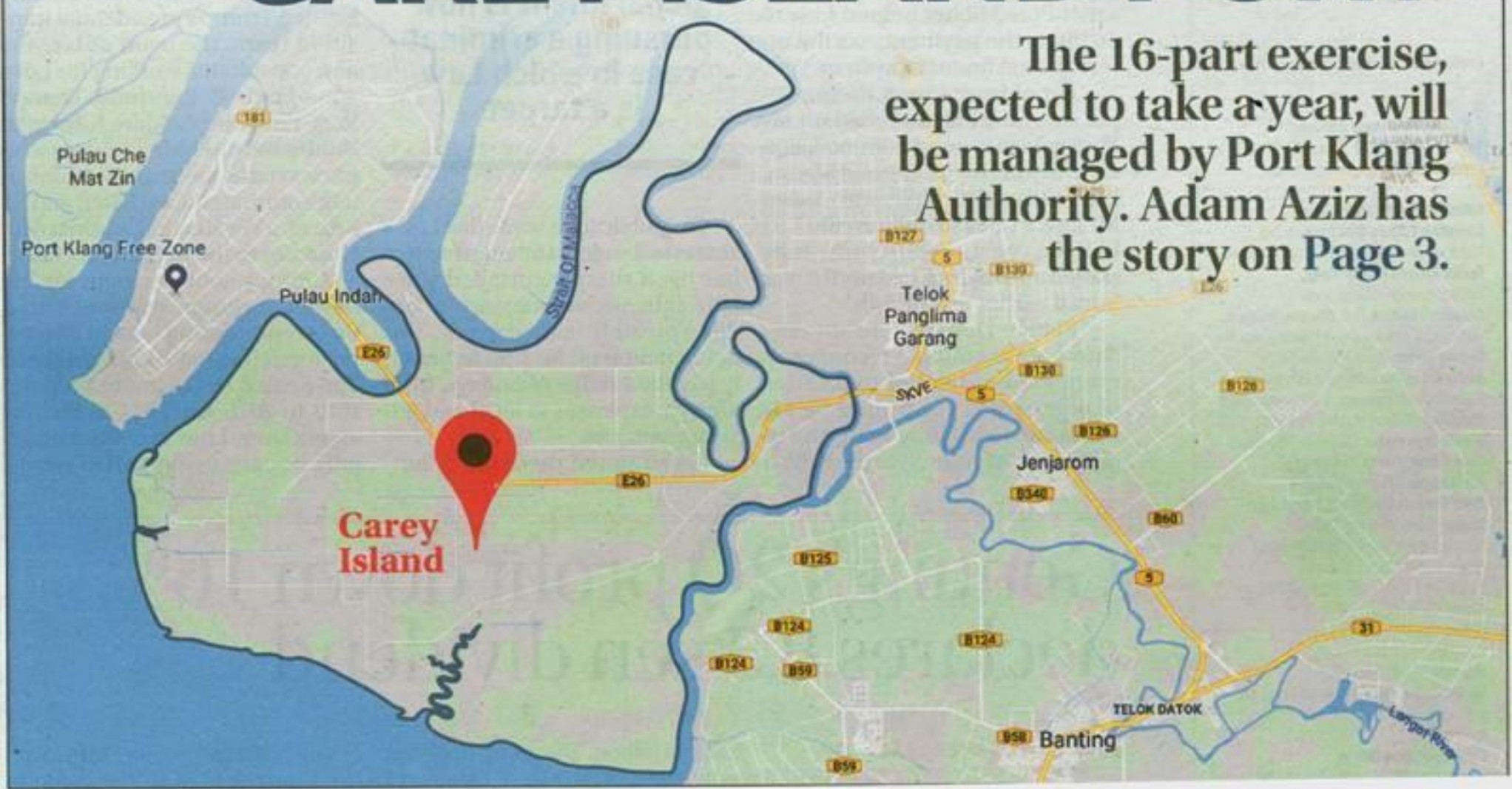


GOVT TO CONDUCT FEASIBILITY STUDY ON CAREY ISLAND PORT

The 16-part exercise, expected to take a year, will be managed by Port Klang Authority. Adam Aziz has the story on Page 3.



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THE EDGE FINANCIAL DAILY /
HOME BUSINESS / PG 3

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BY ADAM AZIZ

KUALALUMPUR: The new government will conduct its own feasibility study on the proposed development of the third port in Port Klang, on Carey Island, said Transport Minister Anthony Loke Siew Fook.

Announcing this at a press conference yesterday, Loke said the government had decided that the study will be fully managed by Port Klang Authority (PKA), which is the regulator for developments in Port Klang.

PKA, he said, will issue a request for proposal (RFP) to appoint a consultant to undertake the 16-part study.

"The process to appoint a consultant will take about three months. So we can roughly say that the study can start as soon as November or December. The study itself should take about one year," he said.

Loke said the cost of the study will be borne by PKA, and if the project is feasible, the cost will be taken up by the company to be given the concession of the port in the future.

He was, however, tight-lipped about the estimated cost of the study. "If we announce [the estimated cost], what is the point of conducting an RFP?" he said.

The Carey Island port was first proposed by the previous Barisan Nasional administration in January last year, with interested par-

ties already moving to participate in the project, estimated to cost RM140 billion.

In April 2017, MMC Corp Bhd inked a memorandum of understanding with India's Adani Ports and Special Economic Zone Ltd, and Sime Darby Property Bhd to conduct a feasibility study on the proposed development of a container terminal and an integrated maritime city on the island.

MMC is the operator of Northport which together with Westports make up the present Port Klang.

On the decision to snub the companies' own study, Loke said: "We have taken note of their interest, but at this point in time, the feasibility study shall be done by the government through PKA.

"Before this, MMC proposed to do this study, but we are of the view that the government should not be obliged to any particular company," said Loke.

"If they do the study, of course we are afraid that the study will not be an independent study. There will [also] be views that we may be obligated to award the concession to the particular company [that conducts the study]," he said.

"We hope we can do this process independently and without bias. At the end of the day, if it is viable to build a new port on Carey Island, then we will decide who to give the concession to," he added.

Pending the outcome of the study, the way forward for the development



Loke: The process to appoint a consultant will take about three months. So we can roughly say that the study can start as soon as November or December. Photo by Shahrin Yahya

of the port will be private sector-driven, said Loke.

"The feasibility study will be on 700 acres (283.28ha) for the port alone. Of course, that will include market studies, economic viability and so on," said Loke.

"But the most important thing is the technical viability — whether that area is suitable for a third port [in Klang]," he added.

"Our neighbouring country Singapore already has plans to develop a mega-port in Tuas. We cannot lose competitiveness and fail to catch up with other countries," he said.

He was referring to Singapore's plan to consolidate all existing capacities of the island nation (Pasir Panjang, Tanjong Pagar, Keppel and Brani container terminals) into a

new Tuas port which is expected, upon completion, to have an annual handling capacity of 65 million twenty-foot equivalent units (TEUs).

The Carey Island port was envisioned to have an annual capacity of 30 million TEUs — higher than the current capacity of Northport and Westports combined.

The viability of the project came into question after the previous government gave Westports the green light to undertake its RM800 million "Westports 2" expansion last year.

In July, Loke said that while the upgrade to Westports 2 had received approval in principle from the previous government, certain technical studies would still need to be conducted before the project can move forward.

On another matter, Loke explained the ministry's decision to defer Port Klang's second container tariff hike from Sept 1 this year to March 1, 2019.

"This was agreed upon by the previous minister three years ago ... I think the timing of the increase is not correct because [it comes] as we have abolished the GST (goods and services tax) and we will re-implement the SST (sales and services tax) [on Sept 1].

"In terms of cost of goods, we are afraid that it will have a negative impact. So that is why we have delayed the implementation [of the 15% tariff hike]," he said.