



Alam Maritim In The News

Media: The STAR

Date: Saturday August 30, 2008

## Proposal to upgrade shipping facilities welcomed

MARITIME players welcome the Government's proposal to set up a new RM2bil fund to finance the purchase of ships and upgrade of shipyards.

The fund, under Bank Pembangunan Malaysia Bhd (BPMB), is to encourage more local shipping firms to participate in freight shipment.

Brooke Dockyard & Engineering Works Corp chief executive officer Zuraimi Sabki praised the Government's initiative to spur the growth of the local maritime industry.

"As a maritime nation, we should build up our capability and capacity in building specialised vessels.

"In my view, we should concentrate more on the construction of small to medium-sized vessels such as tugboats because we have the expertise in that area," he said.

Zuraimi said the amount was not an issue, but the application process should be made easy.

Alam Maritim Resources Bhd group managing director Azmi Ahmad will consider applying for the fund as one of the financing options for its future fleet expansion.

"But we will do that only if Alam Maritim decides to construct its vessels locally. Based on my experience, shipping fund under BPMB has a higher interest rate compared to those of commercial banks for vessels constructed outside Malaysia," he said, noting that the majority of its vessels were built overseas.

Currently, he said, Alam Maritim financed the construction of its vessels via commercial offshore bank loans and sukuk bonds.

OSK Research Sdn Bhd associate director Chris Eng said the new fund would encourage the growth of the Malaysian maritime fleet as global liquidity became scarcer.

Companies that face difficulties scouring for funds can utilise this initiative. But the industry would need more than RM2bil as prices of ships have gone up tremendously.

A very large crude carrier (VLCC) now costs about RM510mil while an anchor-handling tug and supply (AHTS) vessel costs about RM48mil. The new fund can only finance four VLCCs or 41 AHTS vessels, he said.

Previously, the Government had set up two funds totalling RM2.3bil under BPMB to finance the purchase of ships.

These funds have been fully utilised by 68 shipping and eight shipyard companies.