

# The Challenges of Malaysian Dry Ports Development



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## Abstract

This paper examines the functions and challenges of dry ports development in Malaysia through 11 face-to-face interviews with dry port stakeholders. The findings reveal that Malaysian dry ports are developed to accelerate national and international business, to activate intermodalism in the nation, to promote regional economic development and to enhance seaport competitiveness. Malaysian dry ports perform the function of transport and logistics, information processing, seaports and value-added services. Challenges facing Malaysian dry ports include insufficient railway tracks, unorganized container planning on the rail deck, highly dependent on single mode of transportation, poor recognition from the seaport community, and competition from localized seaports. This paper further indicates strategies for coping with these challenges and identifies future opportunities for Malaysian dry ports development.

Key Words : Malaysian Dry Ports, Container Seaports, Extended Gateways

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## **I. Introduction**

Seaports are a subsystem of the supply chain and provide a crucial link in the transport chain that facilitates the flow of cargo. Seaports are key elements in value driven system which contribute to supply chains by creating value added services to increase the competitive advantages in the transport chain (Robinson, 2002). Modern seaports should be lean, agile, focus on service orientation, flexible and highly integrated with intermodal terminals or logistics centers to cope with the constant unchanging business environment (Paixao and Marlow, 2003). Seaports are a part of a complex system of supra system because they interact with internal and external subsystems to create an effective process within the supply chain. The complexity arises in the seaport system because it is greatly affected by changes in world trade development, supply chain and logistics tendencies, advancement in maritime transport, technological development and interactions with various players either internally or externally (Cetin and Cerit, 2010). In order to preserve competitiveness in the business, seaports may have to change the logistics and transport structure and outsource these activities. Focusing on value added logistical concepts allow seaports to become familiar with the new environment (Langen and Lugt, 2007).

Prior to containerization, the seaport system was referred to as spatial evolution whereby the system consisted of a collection of seaports in a region that would compete or cooperate with each other (Rimmer, 1967). The system focused on competition between different terminal operators, and the interaction between hinterland and foreland (Weigend, 1956; Thomas, 1957). Technological improvements in multimodal transportation and better transportation infrastructure as a result of containerization have changed the connectivity between seaports and hinterland networks (Notteboom and Rodrigue, 2005). This is referred to as a borderless seaport because it emphasizes the functional development from a seaport to a seaport network with various degrees of formal linkages with other parties (Klink, 2000). The function of container seaports as intermodal hubs allows containers to be shipped long distances across the continent to fulfil market demand (Song, 2003). The concept of intermodal logistics and distribution networks, resulting from the changes in freight and logistics processes and challenges imposed by regional populations and

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