Portek's full spectrum

Larry Lam, chairman of Portek International Ltd, discusses with Sid Cass the company's progress and global strategy and his intention to significantly expand its presence in Latin America, where in equipment terms it is arguably already the region's strongest player in a variety of ways

A provider of equipment, services and solutions to global ports, Portek has gone from strength to strength since Larry Lam founded the company in Singapore twenty years ago, despite the competitive environment in which it operates. "Today, we are at the point where our skills and experience encompass not only port equipment and engineering, such as modernisation, modification, mobilisation and maintenance, but also port management, port IT, terminal planning and simulation solutions," says Lam.

In 2000, Lam devised a long-term strategy of assembling a global network of small to medium-sized feeder terminals – especially in emerging markets – rather than focusing on mature, large-scale hub operations. Today, Portek is well on the way to fulfilling his goal, and is continuously adding to its portfolio. Starting with two terminals in Indonesia, the company now has facilities in Algeria and Malta, as well as the ports of Owendo and Port Gentil in Gabon, West Africa.

Larry Lam, chairman of Portek International Ltd

What prompted Portek to branch out into global terminals?

It was really a natural extension of our business. We are a totally independent systems integrator and solutions provider and we have the advantage of being trusted by our clients, as we have no need to represent or recommend proprietary brand names of equipment.

We are all-rounders. We are modernisers, equipment modifiers and mobilisers and we work closely with clients at all times. Whatever they want, we are able to assist, advise and deliver quickly, without them needing to spend countless hours re-inventing the wheel in their quest for increased efficiency, cost savings, productivity and profitability.

Over the years, we were increasingly being asked by our terminal clients if we were interested in going beyond merely advising, providing and maintaining equipment, to actually becoming involved as risk-takers in joint venture projects to operate their terminals. In 2000, since we understood the ports and terminals business so well, we finally agreed to give it a try, and we have continued to do so ever since.

Reputation and 'by invitation' play large parts in our terminal involvement. Having been our equipment clients for some years, the owners know and trust us, and are pleased if we get involved on a more formal basis in running their terminals for the next 20 or 30 years.

However, in today's market, terminal involvement is not possible without a bidding process of some kind. In the case of our most recent acquisition in Gabon, for example, there were two other open bidders apart from ourselves – one from Belgium and one from the UK. In the case of Malta, we were also competing openly against several other bidders

Our niche market lies with today's smaller facilities, because we believe they will become the medium or big ports of tomorrow. Also, the industry's 'big boys' are not that interested in the less than 100,000 teu facilities, which are of great interest to us.

Portek has a 30-year concession for Malta's original port, now named Valletta Gateway Terminals

Can you summarise your international terminals progress to date?

In Tanjung Priok, Indonesia's largest port, we are involved in two medium-sized terminals. Despite this, we work closely with Hutchison Port Holdings (HPH) in terms of equipment supplies – in fact we are its preferred contractor as we have no competitive conflict with it or with the other terminals in the port. The issues that do involve us tend to be 'Indonesian' issues, such as tariffs and the unions, for example – issues that are common to all of us and which need mutual cooperation.

These medium-sized terminals in the Port are quite limited in their capacity. Unlike HPH, they can only do about 300,000 teu annually from feeder and smaller vessels, often with only a few hundred boxes per ship call, which the larger terminals are probably quite happy to get rid of.

We currently manage Terminal 300 (T300), which in 2007 handled around 280,000 teu and which is equipped with two Panamax gantries, eight RTGs and four mobile harbour cranes. It comprises a 258 m quay with a 3.5 ha container yard and reefer facilities. Although the terminal has a 12 m depth alongside, it is limited to handling one vessel at a time.

At Terminal 009 (T009), through our subsidiary PT Serbaguna Terminal, we have a concession to operate the terminal's equipment. In 2007 the 350,000 teu capacity terminal handled around 150,000 teu, which was down from previous years as it is still suffering from the P&O/Maersk merger – Maersk deploys larger vessels which moved out of our smaller facility. The terminal is equipped with four Panamax gantries and eleven RTGs, and comprises two berths on a 400 m quay with an 8 ha container yard. Unfortunately, T009 has a draft limitation of 9.5 m, when it really needs 12 m.

In Malta we have a 30-year concession for the island's original port, which is now named Valletta Gateway Terminals. Prior to Freeport, the terminal handled around 70,000 teu that has now gone to Freeport. The traffic that has remained is general and ro-ro. The terminal is very busy, particularly with ro-ro traffic from Italy. Ro-ro has certain advantages over containers because trailers are much faster on the door-to-door short-sea route, and it is proving to be a popular alternative to box vessels for an increasing number of shippers.

However, some container traffic has started coming back to our terminal – mainly domestic boxes, but of late transhipment box volumes have been increasing, especially following the installation of our quay cranes. We forecast that within the next two or three years the Malta facility will be handling upwards of 200,000 teu a year, as well as the general and ro-ro traffic.

In June 2006 we put in four RTGs and later the first container gantry, and now we are putting in the second. The

In Havana, Cuba, Portek was engaged to repair three gantry cranes that had been damaged in a hurricane

cranes are refurbished ones from Europe and are ideal as they can be mobilised in a short time, compared with the 18 months or so for new units. The terminal comprises the 606 m Deep Water Quay and the 632 m Laboratory and Magazine wharves, with 12.5 m depth alongside and an 8.5 ha container yard.

In Algeria, the Bejaia Mediterranean Terminal (BMT) is a joint venture with Enterprise Portuaire de Bejaia, the Algerian port authority. This project was also 'fast-tracked' immediately after we signed the 20-year concession agreement at the beginning of 2005. We started by putting in two quay cranes and five RTGs and reconstructing the berth and yards. Within six months – in July 2005 – it started operating as a 300,000 teu capacity container terminal. It is currently the only container terminal in the whole of Algeria and the only facility equipped with quay cranes.

Within two years, BMT's traffic has grown from under 40,000 teu to over 100,000 teu a year, and the government is using it as an example of a successful public/private partnership for the country's other ports and terminals to follow. Although we are mainly focused on containers in BMT, the rest of the Port also handles significant quantities of general and bulk cargoes.

In November 2007 we were the first Singapore-based company to be granted a concession to operate ports or terminals in West Africa. This is a 25-year concession to administer and manage the ports of Owendo and Gentil in Gabon. Port Owendo is a multi-purpose port situated near the country's capital of Libreville, while Port Gentil lies some 160 km south of Libreville and handles much of Gabon's oil exploration and production activities.

We injected initial capital of €3m (US$4.7m), which will be followed by more than €50m (US$78m) of investment in the first ten years of the concession period, for new quay infrastructure, maintenance and refurbishment, as well as IT and security systems. Our challenge is to ensure that services undergo a smooth transition, and at the same time introduce new equipment and systems. The second priority will be to provide productivity improvements.

Where do you see the most exciting opportunities for the future?

We not only see further opportunities in the African continent, but we believe that our next strategic thrust will definitely be into the Latin American market. Not many people realise that in equipment terms we are already the region's strongest player in a variety of ways.

Of interest is the fact that we are supplying used quay cranes from North America to South America, and from Asia to Central America, for facilities that need a quick build-up of equipment. In fact, we are involved in increasing numbers of cases like this, with shipping lines constantly rearranging their loops and needing ports and terminals able to handle their requirements, often at very short notice.

We are currently very active on the equipment side in Panama, Mexico, Cuba, Ecuador, Colombia and the Bahamas. We have delivered two cranes to Ensenada, two to Progreso and two from MIT Panama to Manzanillo, Mexico for SSA Marine. In addition, we have also been involved in terminal modernisation projects on both sides of the Panama Canal since 2000.

In Buenaventura, Colombia, we have been involved in crane repairs. A quay crane boom collapsed and we repaired the damage, and more recently we refurbished a mobile harbour crane. In Havana, Cuba, we were engaged to repair three gantry cranes that had been damaged in a hurricane and put them back to work in the shortest possible time.

Given our experience and involvements in the region, we are constantly on the look-out for joint venture port and terminal projects, and as the opportunities arise we will look at each one carefully. I am certain that any small to medium-sized facilities looking to enter into a joint venture will find us a good partner to deal with in transforming their facility. Due to commercial confidentiality I cannot say more, but I can tell you that we hope to make a significant regional announcement in the near future. ■