

# 'K' Line confident of continued growth

By **KENICHI KUROYA**

"K" Line's presence in Singapore started as a ship agency in 1973, after being represented by NOL Agency. Since then, it has also expanded into warehousing and logistics functions.

Today, the group provides its customers with a complete suite of transport and logistics services to/from Singapore.

Singapore's government agencies have been working very closely with the group to facilitate its business from the start. This culminated in "K" Line's decision to set up its ship owning/operating entity in Singapore, "K" Line Pte Ltd, known as KLPL, in 2001. "K" Line was among the first few Japanese shipping companies to establish ship owning/operating function in Singapore.

Also in 2001, KLPL also registered its first Singapore Flagged vessel, *Singapore River*, with the Maritime and Port Authority of Singapore (MPA). Since then KLPL has expanded its Singapore flagged ships to nine and the vessels it operates from Singapore have also increased to 26. To-

day, KLPL employs over 130 people, while "K" Line (Singapore), agents for the group, employs more than 80 staff.

KLPL has also been actively working with MPA and SMF to attract and train young talents in the maritime industry. For instance, KLPL has pledged five scholarships worth S\$250,000 to the Maritime-ONE scholarship scheme till 2011. In addition, KLPL has also participated actively in offering internships to the Bachelor of Science (Maritime Studies) students of the Nanyang Technological University. Through these internships, students are offered an important and real-life opportunity to learn about the maritime industry.

Now, we would like to briefly visit our business today.

For the dry bulk sector, we observed China imported about 290 million tonnes of iron in the first half of 2009, which is 25 per cent more than the same period of 2008. The increase of raw material imports to China may well have been encouraged by



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price difference from varying domestic sources. In India, things are also moving as well. The steel and construction industries are recovering. This is particularly so for steel industries which are foreseeing further growth from the current 59 million tonnes production to 124 million tonnes in 2012. Thus we feel that things have started moving and we have increasing confidence in sustainable growth of dry bulk markets.

As for the tanker market, under the current severe market circumstances, we are seriously suffering the loss in operating Aframax size tankers at KLPL. In principle, all our vessels are exposed to the ongoing market, and there would be no other way to improve the bottom line except to await the upturn of the market. We must remain cautious in maintaining the established quality service level and not expand our current fleet without the real forecast of demands in Aframax tankers.

With the implementation of various incentive programmes, car sales worldwide are showing visible improvement but not significant enough to satisfy what might be viewed as an unquenchable thirst of the ship operators with

their surplus capacity. Revenue has been drastically reduced as a result of the extensive cargo shrink, and cost cutting has become the key to sustain business continuity.

"K" Line has moved quickly to perform necessary surgery on its car carrier fleet. Scrapping of older ships is a major surgical procedure and take for instance, the size of its operating fleet has been reduced down to 74 from more than 90 vessels at the end of 2008. We have also taken measures to lay up vessels, together with container vessels...

The car export business is, however, anticipated to show recovery, although the speed of recovery may not be as fast as all expect.

The group shares Singapore's vision to make the Republic a leading maritime centre and is greatly supportive of MPA and SMF's initiatives to raise the awareness of the maritime industry and to attract talents.

With Singapore's strategic location, pro-business environment and sound maritime infrastructure, we are confident that KLPL and "K" Line Group would enjoy continued growth in the region when the global economy recovers.

*The writer is chairman of K Line Pte Ltd*