

'Cabotage policy should be liberalised further'

Larry Ralon

KOTA KINABALU: The Federation of Sabah Manufacturers (FSM) on Wednesday thanked the Government for taking the first step to liberalise the cabotage policy which has been in existence for almost 30 years but said it did not go far enough.

Its President, Datuk Wong Ken Thau, said the policy has directly or indirectly affected the livelihood of the people of Sabah as well as industries all these years.

"The Federation hoped this would lead to more liberalisation in the near future," he said after chairing a meeting following the selective liberalisation of the policy at Wisma Tun Fuad Stephens, here.

It was participated by its council members comprising the presidents and chairmen of all chambers of commerce and industry, furniture association, and



Wong

timber industries association, among others.

The Government last week agreed to liberalise the policy for containerised transshipment cargoes for sectors between Sepanggar, Bintulu, Kuching and Tanjung Pelepas and vice-versa.

The selective liberalisation will allow foreign vessels to carry containerised transshipment cargoes between the above sectors without the need for a domestic shipping licence, the Ministry of Transport said in a statement.

The liberalisation gives an opportunity for importers and exporters in Sabah and Sarawak, as well as industries, to enjoy a low fare cost due to competition in the shipping transportation sector, which can be translated into cheaper price of consumer goods and industrial needs.

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The liberalisation came into effect on June 3. Before that (liberalisation) foreign vessels (foreign shipping companies) were not allowed to take in Malaysian goods that were produced in Peninsular Malaysia to bring them to Sabah.

"Likewise foreign vessels were not allowed to take goods produced in Sabah to Tanjung Pelepas or Port Kelang...these so-called domestic trade was only allowed for local vessels/Malaysian-owned shipping vessels," said Wong.

With the implementation of the liberalisation of the cabotage policy, he said foreign vessels are allowed to pick up goods from Peninsular Malaysia or Port Kelang to Sabah but "it only involves the containerised transshipment goods."

"Containerised transshipment goods means goods which transit in Port Kelang from foreign ports/countries awaiting other vessels to take them to Sabah. This means foreign vessels are allowed to pick up from Port Kelang goods which are not manufactured in Peninsular Malaysia but only that coming from overseas...so these are the goods the foreign vessels now can take to Sabah," he said.

So the liberalisation of the policy does not apply to locally-manufactured goods from the peninsula, he said, adding before and after the introduction of the liberalisation of the policy foreign vessels cannot take goods from the peninsula to Sabah.

In other words, liberalisation of the policy only covers containerised transshipment goods which come from overseas and land in Port Kelang, and not locally manufactured goods from the peninsula.

Only Malaysian flagged ships are allowed to take locally-manufactured goods from the peninsula to Sabah, he added.

"That means this liberalisation of the cabotage policy only involves a small segment... I do not think it is going to benefit us very much at this point of time, because we know the containerised transshipment goods from the peninsula to Sabah is very limited...there are not many such goods coming in to the State, actually probably less than 200 containers per month, or probably less than that," he said.

The Federation hoped the Government can have greater liberalisation on this sector, because due to the load problem "I don't think any foreign vessel would like to come in to just take such goods to Sabah or Sarawak...it is unlikely to happen, and the chances of lowering the prices of freight may probably take a longer time until we have enough containerised transshipment goods."

"So we hope the government actually can liberalise further so as to allow goods made in the peninsula to be carried by foreign vessels to Sabah...that is our hope, that the government can further relax or further open up, further liberalise, so that foreign vessels can be allowed to carry locally-manufactured goods from the peninsula to Sabah, and vice versa," he said.

He said the Federation knows it is the Government's intention to also take care of the Malaysian shipping industry and help ensure its continued survival, but hoped under the spirit of 1Malaysia the Government would not forget the industries in Sabah and the consumers here.

"Facts I get from the Malaysian Shipping Association (Masa) show the shipping industry in Malaysia has grown from four ships to 3,400 ships, but unfortunately our manufacturing sec-

tor contribution to the State's GDP (gross domestic products) has dropped from 25 per cent to only 9 per cent today," he said.

"We hope that by supporting the shipping industry there will be another formula to assist the local industries here, or make Sabah more conducive to foreign investment so as to make Sabah more cheaper for foreign investment", he said.

At the same time if the Government find it difficult to open up (allow foreign vessels to take locally-manufactured goods from the peninsula to Sabah and vice versa) because of the shipping industry, he said the Federation suggests the government to make the Port of Sepanggar the official international hub port for this region.

"By doing so I think we can attract more cargo and containers to come direct to Sabah," he said.

Secondly he said the Federation also hoped the State government can look seriously into setting up a Yayasan Sabah shipping line or for it to be involved in the shipping industry, by getting the support of a Federal grant especially under the Sabah Development Corridor (SDC).

He said they also hoped the government can look seriously into setting up a board or a monitoring body to look into the transparency of the so-called high freight charges as well as the other charges involved, so as to ensure the business and manufacturing sectors are not affected by the adjustment.

The Federation also suggests the government can look into giving a matching grant or subsidy to be created for importers and exporters in Sabah, to let the local industries get involved more actively in the export/import business in foreign countries to ensure their survival.

Wong said they have also often received complaints about the shipping vessels that have going around this sector (Sabah) as being not very efficient because they are rather old.

"This may increase the vessel maintenance and other costs. The shipping industries, if they have made more money, they should give back to the industries to make it more effective...if not we suggest they look into the policy of merging some of these shipping companies, so that they will be more efficient when unloading their cargo in our ports here," he said.

He said the Federation hoped the government will once and for all review the national cabotage policy because the time has come to review it thoroughly so that it will benefit all industries, not only the shipping industry.

"In the spirit of 1Malaysia, we hope the government can review this. Let's not make a policy that will only benefit one or two industries," he said.

The Federation also thanked Transport Minister Datuk Ong Tee Keat and others leaders at both Federal and State levels as well as all the chambers and associations for their effort in the liberalisation of the cabotage policy.

"We welcome it simply because this is the first step, after so many years we have been fighting for it. So this is a breakthrough or something like that. For the first time the government has decided to respond to our request."

"The shipping industry is also a very important industry, we accept the fact. At the same time we also need to make sure that when the government protects the shipping industry it should not also forget the other industries especially in Sabah," he said.