PRESS STATEMENT

December 17, 2018

Shippers: Container Deposit Collection Affecting Ease of Doing Business

The Malaysian National Shippers' Council (MNSC) would like to register its concern on the imposition of container deposit by shipping lines on import consignments. The imposition of container deposit is an unnecessary financial burden as it affects the cash flow of shippers. The Bill of Lading, an agreement between the shipping carrier and the shipper, already provides sufficiently liability clauses that safeguard shipping lines against container damages and losses. Further, statistically there are no figures to show any increase in the incidents of missing or late return of containers that justify the imposition of this punitive measures. Therefore we strongly believe there is no justification to collect container deposits from the Malaysian consignors or forwarders. This situation is further exacerbated as shipping lines are requesting for the deposits to be deposited directly into the liners' bank accounts or payments made via bank transfer prior releasing the Delivery Order for delivery of goods.

Currently for shipments via Port Klang, the Selangor Freight Forwarders & Logistics Association (SFFLA) has established the Non-Container Deposit (NCD) scheme dedicated to guarantee the shipping lines against damages or loss of its container. MNSC applaud the initiative made by SFFLA as it benefits for all parties to reduce their cost in importing goods into Malaysia. We understand that, the scheme has attracted more than 40 participating shipping lines, freight forwarders and 272 SFFLA's members in the scheme. However, as stated in the SFFLA's press statement in December 7th, 2018, certain participating shipping lines has withdrawn from the scheme and resumed collecting container deposits.

Based on Port Klang Authority (PKA) website, Port Klang has recorded 2,175,055 Twenty-foot Equivalent Unit (TEU) containers for imports in 2017. Therefore it is estimated that shipping lines would hold more than RM2.1 billion of shippers' money for container deposits in Port Klang alone. MNSC views this situation as a potential risks for the shippers should any shipping lines winding up their office in Malaysia and leave the country with the container deposits.

MNSC, considering the low incidences of reported container missing cases and lack of assurance and procedures on the promptness of refunds, sees this as an unnecessary measure by the shipping lines. Alternatively, shipping lines should consider the adoption of the scheme established by SFFLA which guarantees the shipping lines against damages or loss of its container.

MNSC also calls on the government especially the Ministry of Transport and the port authorities to intervene to help mediate this situation. Currently liner shipping is an unregulated sector, failure to address this unfair and unilateral practice by the shipping lines will result in shipments being delayed and will increase the costs of doing business.

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Ybhg. Dato' Dr. Ir. Andy Seo
Chairman

About MNSC

The MNSC was established in 1972 and members consisted mainly from the commodity based exporters. Among the objectives of the Council are to protect, represent and promote the interest of Malaysian exporters and importers, producers, manufacturers, trade and industry associations and commodity based associations in relation to the transportation of goods. FMM has taken over the Secretariat of the Malaysia National Shippers' Council (MNSC) from the Ministry of International Trade and Industry (MITI) effective June 2015.

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