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## **MNSC Continues to Support Liberalisation of the Cabotage Policy to Ensure Export Competitiveness**

The Cabotage Policy was introduced in the 1980s as a way of promoting Port Klang as the country's main transshipment hub as it would require goods from outside the country to go through that port before being shipped to Sabah, Sarawak and Labuan. While the policy is a legitimate tool to protect the local coastal transportation, it has brought along undesirable effects as follows:

- i) Due to low volume of cargo, shippers in Sabah and Sarawak pay higher freight rates compared to Peninsular Malaysian shippers; and
- ii) The policy prevents direct transshipment of goods from Sabah and Sarawak to overseas market.

The Malaysian National Shippers' Council (MNSC) welcomed the move to liberalise the Cabotage Policy on Sabah, Sarawak and the Federal Territory of Labuan effective June 1, 2017. With the exemption, shippers particularly the SMEs in these states would no longer be bounded by the policy imposed on all cargo shipping services between Peninsular Malaysia, Sabah, Sarawak and Labuan.

MNSC continues to support the liberalisation of the Cabotage Policy which came into effect on June 1, 2017 as the move has assisted to boost competitiveness of exporters from East Malaysia who are now able to export directly to the international market. East Malaysian shippers in the past before the liberalisation of the Cabotage Policy were subjected to irregular service and exorbitant shipping charges, affecting competitiveness, when direct shipment by foreign vessels were more cost-effective. Based on feedback received from members, shipping costs has reduced not only from the charges of sending containers from East Malaysia to and from Port Klang as required by the previous policy but also from competition among foreign shipping to provide shipping services to East Malaysian exporters.

MNSC maintains that the lifting of cabotage policy has made East Malaysian ports more accessible, increase trading activities which attracts more container traffic and the policy should not be reinstated to ensure the continuous growth of shippers in East Malaysia.

### **About MNSC**

*The MNSC was established in 1972 with the objectives to protect, represent and promote the interest of Malaysian exporters and importers, producers,*



# PRESS STATEMENT

*manufacturers, trade and industry associations and commodity based associations in relation to the transportation of goods.*

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