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No more cabotage from June 1

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Policy remains in force for moving cargo within Sabah, Sarawak and Labuan



Top planners: Najib and Liow discussing the upgrading plans for the Sandakan airport. Looking on are (from left) Deputy Chief Minister Tan Sri Joseph Pairin Kitingan and Chief Minister Datuk Seri Musa Aman.

SANDAKAN: Beginning June 1, goods shipped from Peninsular Malaysia to Sabah, Sarawak and Labuan will no longer need to be done via Malaysia-flagged vessels.

Prime Minister Datuk Seri Najib Tun Razak said the two states and Labuan would be exempted from the cabotage policy.

“However, the policy will still be applicable to cargo shipping operations within Sabah, Sarawak and Labuan,” said Najib when launching an Ekspresi Negaraku patriotism event at the Sandakan municipal field here yesterday.

The 30-year-old cabotage policy limits the shipment of goods from the peninsula to Sabah, Sarawak and Labuan to only Malaysian-registered vessels. It has been blamed for the higher costs of goods in Sabah, Sarawak and Labuan.

Najib said the change to the policy was made following calls from various leaders of both states.

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.

In a statement, Transport Minister Datuk Seri Liow Tiong Lai said the

removal of the cabotage policy was an effort by the Government to improve the livability of the people in Sabah, Sarawak and Labuan.

Describing Najib’s announcement as “well received”, Liow said the exemption would cover shipment of goods between any port in the peninsula and any port in Sabah, Sarawak and Labuan, between ports within Sabah and between ports within Sarawak.

“The exemption does not affect services other than freight transport,” he said.

The ministry, said Liow, would continue to engage with the relevant stakeholders to understand the transport industry’s needs and to ensure the growth of Sabah, Sarawak and Labuan.

“I wish to reiterate that the welfare of the people of Sabah, Sarawak and Labuan is of paramount importance to the Federal Government, similar to other parts of Malaysia.

“It is my wish to see Sabah, Sarawak, Labuan and the people continue to prosper,” he said.

Liow said while the cabotage policy has been blamed for the rising cost of consumer goods in Sabah, Sarawak and Labuan, this has been proven wrong by the Economic Planning Unit-World Bank study on the National Port Strategy in 2016.