

Defer move to ease cabotage policy, urge shipowners

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The local shipowners represented by Malaysia Shipowners' Association, said the decision to partially liberalise the cabotage policy and allow foreign shipping lines in the domestic trade should be held back at least until the economy, now in technical recession, recovers.

"It is bad enough that the national cabotage policy will be relaxed to allow foreigners in the transshipment trade between Port Kelang and Tg. Pelepas in Peninsular Malaysia and that Kota Kinabalu in Sabah and Kuching and Bintulu in Sarawak to compete in a limited market but it will be a double whammy if the policy is relaxed immediately when the shipping market is in the doldrums," said Malaysian Shipowners' Association (MASA) chairman Nordin Mat Yusoff.

He said most of the Malaysian operators in the domestic trade are facing severe financial and operational problems as well as low freight rate and excess capacity in the market as a result of the collapse of the freight market.

The move by the government to allow foreign shipping lines to carry international transshipment cargo between Peninsular Malaysian ports of Port Klang and Tanjung Pelepas and Kuching, Bintulu and Kota Kinabalu in Sabah and Sarawak is said to have been made following a paper presented by the Ministry of Transport at the Cabinet meeting last week.

MASA, representing more than 85 per cent of the shipowners' in the country, felt let down by the government, as it had a duty of care to Malaysian shipowners and to protect national interests since cabotage is recognised even by the World Trade Organisation as an instrument of national policy.

"We feel the government should at least defer its decision to relax the cabotage immediately because the shipping markets are in the doldrums and most of the Malaysian operators serving the domestic trade are facing severe financial and operational problems as well as low freight rate and excess capacity in the market as a result of the collapse of the freight market," Nordin said.

MASA said the government must also give the market players sufficient notice of its intention to relax the cabotage policy and "not change such key national policy overnight in the mid-stream and placing local operators under dire straits and severe consequences.

"Adequate notice would at least prepare local players in the trade to take up position by reviewing their operational strategies or strengthen and build up capacity to compete instead of unceremoniously pulling the rug under our feet," said Nordin.

Several MASA members, especially those who have just ordered new ships to be deployed in the domestic trade, could face severe financial losses, the association pointed out.

"While we are perplexed with the dramatic manner the policy is being relaxed, we are also disturbed to note that there is lack of specificity in the government's decision, particularly in any details in the need for continuous monitoring and feedback mechanism on how and whether the relaxation of the cabotage policy works," said Nordin.

He felt the Ministry of Transport should hold a dialogue with the Customs and port terminal operators at the specified ports to ensure that there is no abuse or deviation following the relaxation of the cabotage policy.

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