



MINISTER OF TRANSPORT MALAYSIA
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**PRESS STATEMENT BY
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MINISTER OF TRANSPORT MALAYSIA**

Liow: Sabah, Sarawak and Labuan exempted from Cabotage Policy

The announcement by YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister today that Sabah, Sarawak and Labuan are exempted from the Cabotage Policy effective 1 June 2017 is very well received.

Towards this end, the Ministry of Transport and I have been engaging the Sabah State Government, its industries and relevant parties in our continuous commitment to ensure the livelihood of the people of Sabah, Sarawak and Labuan.

I had in many occasions touched on a long standing debate on Cabotage Policy not being the reasons behind rising cost of many consumer goods in Sabah, Sarawak and Labuan, compared to Peninsular Malaysia. This is confirmed by many studies conducted including the Economic Planning Unit (EPU) – World Bank 2016 Study on the National Port Strategy.

Nevertheless, as a caring and responsible government, the cabinet had recently reached this decision in line with the government's effort to improve the liveability of Sabah, Sarawak and Labuan people. The exemption of the policy will cover the following aspects:

- (I) from any port in Peninsular Malaysia to any port of Sabah, Sarawak and the Federal Territory of Labuan and vice versa for cargo transport services;
- (ii) between ports in Sabah;
- (iii) between ports in Sarawak; and
- (iv) the exemption does not affect services other than freight transport services;

The Ministry of Transport and I are committed to continuously conduct engagement and discussion sessions with relevant stakeholders and take into consideration the need of the industry to ensure east Malaysia transport industry's growth.

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 its people continue to prosper as I strongly believe of the huge potentials.

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