



## **SABAH PORTS SDN BHD'S STATEMENT ON CONGESTION SURCHARGE AT KK PORT**

Sabah Ports Sdn Bhd (SPSB) expresses deep regret over the sudden decision by several shipping lines to implement a surcharge on containers bound for Kota Kinabalu at Sapangar Bay Container Port (SBCP). SPSB appeals to the shipping lines to reconsider this surcharge to prevent additional costs for Sabah consumers and the adverse effects on local trade.

While acknowledging the challenges at SBCP, SPSB emphasises that these setbacks may be part of the process towards achieving long-term objectives. SPSB has outlined immediate steps to address the congestion, and with clear strategies in place, assures that container backlogs will be cleared by the end of the month.

The high utilization rate at SBCP's yard primarily results from extended storage of containers, exacerbated by insufficient storage depots in Sabah. Despite ongoing circulars from SPSB urging timely container clearance, industry dynamics have led to port users preferring to retain their containers at the yard. SPSB recognises the impracticality of this situation and emphasises the critical need for industry collaboration to alleviate yard congestion.

To promptly address this issue, SPSB will implement stricter protocols to streamline the receiving of export containers into the container yard. SPSB urgently calls for cooperation from traders, agents, and forwarders to promptly remove import containers to alleviate congestion and free up reefer points.

SPSB will further increase its operational manpower by reassigning a number of container terminal drivers to SBCP specifically tasked to clear container backlogs. It is estimated that with the added manpower and enhanced protocols, the current backlog of import boxes will be cleared within a week.

SPSB wishes to reiterate that the suggestion for Ro-Ro operations to return to Kota Kinabalu Port permanently is not possible. KK Port is no longer gazetted as port land and is actively being developed for commercial cruise-reealty development to enhance the city's tourism potential . As such, the relocation cannot be considered as a long-term solution in view of future prospects.

However, as an alternate option, SPSB will consider for Ro-Ro operations to be temporarily handled at KK Port until more yard space is available at SBCP. Despite KK Port having greatly reduced in land size, and is surrounded by ongoing developments, this move will provide significant relief to SBCP's yard capacity and berth availability. Sabah Ports Authority (SPA) and SPSB have already identified several areas near KK Port as potential staging areas. A close collaboration between SPA, SPSB, Ro-Ro operators, and cargo clearance authorities is essential to ensure a coordinated approach among all agencies involved.



SPSB wishes to further address the inaccurate remark that two out of four berths have been inoperational. SBCP's outer berth was specifically designed to handle container cargoes and the two berths mentioned are, in fact, inner berths that primarily cater to smaller vessels. One of the inner berth has already been blocked for the SBCP expansion while the other berth remains operational. During incidences of vessel bunching (arrival of multiple vessels within a short period of time), berth availability is further impacted, preventing the port from taking on more ships

SPSB wishes to express sincere apologies to its port users and all affected parties and reaffirms its commitment to fulfilling its responsibilities as a port operator. Ensuring operational efficiency remains an utmost priority, as reflected in the significant investments and initiatives SPSB has undertaken. Since taking over the port operations from SPA in 2004, SPSB has invested close to RM1 billion to develop the ports, with many initiatives specifically targeted towards upgrading the capability of SBCP to cater for future demands.

SPSB has been relentless in seizing opportunities to develop SBCP and leverage its geographical strength, which is why SPSB has taken great strides to ensure that the SBCP expansion, the partnership with DP World, and the acquisition of more port land at Sapangar continue to remain as priorities.

We urge all parties to consider the efforts made and understand the complexities of port operations, with many influencing factors, beyond the port itself. It is crucial for the stakeholders and port community to work in unison for what is best for Sabah's future. Our doors are open for constructive dialogue and collaboration to find effective solutions. Without collective solidarity, we risk external parties dictating the path forward.

As SPSB takes proactive measures to swiftly address operational challenges and meet clearance timelines, we respectfully urge shipping lines not to proceed with the surcharge implementation. SPSB remains dedicated to implementing its outlined strategies and restore operations to normal by the end of July.



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