

Promoting Efficient and Competitive Intra-ASEAN Shipping Services – *Brunei Darussalam Country Report*

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CONTENTS

CONTENTS..... I

LIST OF TABLES I

I. NATIONAL SHIPPING POLICIES 1

A. Maritime Administration..... 1

B. Ship Registration 1

C. Regulation of Competition in Shipping 2

D. Subsidies, Grants and Tax Incentives 2

II. KEY TRADING RELATIONSHIPS..... 3

III. NATIONAL FLEET..... 4

IV. PORT PERFORMANCE AND PORT ADMINISTRATION 5

1. Muara Port 5

V. INTRA-ASEAN SHIPPING ROUTES AND THEIR CHARACTERISTICS..... 7

A. Bulk Cargo..... 7

B. General Cargo 7

LIST OF TABLES

Table 1: Facilities at Muara Container Terminal..... 5

Table 2: Facilities at Muara Conventional Terminal 6

Table 3: Feeder Shipping Lines Serving Muara Port, Brunei Darussalam 7

Table 4: Brunei Darussalam Imports from Other ASEAN Ports 8

Table 5: Brunei Darussalam Exports to Other ASEAN Ports 9

I. NATIONAL SHIPPING POLICIES

A. MARITIME ADMINISTRATION

The Ports Department and Marine Department, under the Ministry of Communications, are responsible for maritime administration in Brunei Darussalam.

The Ports Department is responsible for land-based government owned port facilities as well as the development of the port industry and the development of the port service providers and community.

The Ports Department, which operates under the aegis of the Ports Act 1984, owns, manages and operates all public ports, except the Muara Container Terminal, and provides all port services, except for stevedoring and transport services, which are provided by the private sector. The management and operation of the Muara Container Terminal, which is owned by the Ports Department, has been contracted out to PSA Muara Container Terminal Pte. Ltd. According to its mission statement, the Ports Department's mission is to make Muara Port as a hub port by providing efficient and economic shipping services through a dedicated port community. In addition, the Ports Department also owns and manages a substantial number of blocks of long storage warehouses including two blocks of warehouses in the Muara Export Zone. The Ports Department is also the authority for issuing permits for port service providers.

The public ports in Brunei Darussalam are Muara Port, Kuala Belait Port, Bangar Port Serasa Car Ferry Terminal, which is hearing completion.

The Marine Department is responsible for all water-side responsibilities, including ship registration. It operates under the aegis of the Merchant Shipping Act 1984, which was amended to the Merchant Shipping Order (2002). It not only provides support services for Muara Port but is also responsible for maritime safety and protection of the marine environment and facilitates the development of maritime industries. Thus, its main responsibilities are to provide services such as tugs, pilotage, dredging and hydrographic survey, monitoring ship traffic, controlling marine environmental pollution, assisting in maritime search and rescue, ship surveys. It also collects annual tonnage and light dues.

As part of its role in facilitating maritime sector development and supporting the Ministry of Communication's vision to make Brunei a services hub, the Marine Department has been promoting the registration of Brunei-owned vessels under Brunei Darussalam Flag. To date, 72 ships with an approximate total GRT of 483,000 tons have been registered.

B. SHIP REGISTRATION

Brunei adopts a closed registry, which means that there is a link between the registered shipping line and the flag state. Vessels registered as Brunei Darussalam ships may be owned by the following qualified owners:

- a. Citizen of Brunei Darussalam; or
- b. Bodies Corporate established under and subject to the laws of Brunei and having their principal place of business in Brunei Darussalam.

Vessels for registration are classified into two types:

- Vessels with a gross tonnage of 100 tons and above, regardless of their trading area; and
- Vessels with a gross tonnage of 15 tons and above but less than 100 tons and trading beyond the port limits.

The following Classification Societies have been appointed to conduct surveys and issuing the certificates on behalf of the Brunei Government:

- American Bureau of Shipping (ABS)
- Bureau Veritas (BV)
- Det Norske Veritas (DNV)
- Germanischer Lloyd (GL)
- Lloyds Register of Shipping (LR)
- Nipon Kaiji Kyokai (NKK)

Conditions of registration are detailed in the Merchant Shipping Order 2002 Part II (Brunei Darussalam Registry) Section 6 to 45. However the Marine Department is in the process of reviewing the Merchant Shipping Order (Registration of Ships) Regulations.

C. REGULATION OF COMPETITION IN SHIPPING

Brunei does not regulate the activities of liner shipping. Further, Brunei does not have any anti-trust laws. However, the economy is relatively open and market-oriented and efforts are being made to increase competition in accordance with the domestic situation and WTO commitments.

There are no cargo reservation and cabotage laws in Brunei Darussalam.

D. SUBSIDIES, GRANTS AND TAX INCENTIVES

There is no income tax in Brunei Darussalam. Apart from this and other minor incentives such as discounts provided by the Ministry of Communications and lower transshipment charges (50 percent of the charges on direct shipments), there are no other incentives.

II. KEY TRADING RELATIONSHIPS

Brunei Darussalam is a net importing country. Except for oil and gas and, recently, garments, Brunei Darussalam does not have a developed manufacturing sector and thus most of the goods traded are imports. Muara Port has shipping connections with major ports such as Singapore, Port Klang, Johor, Bangkok, Shanghai, Hong Kong, as well to ports in Japan and the Republic of Korea. The most frequent services to and from Muara Port are from Singapore, followed by Port Klang. Singapore is Brunei's main trading partner port for containerized cargoes (accounting for about 70 percent of its total cargoes on average) followed by Port Klang (accounting for about 20% of its cargoes) and the remainder with Hong Kong, Thailand and Indonesia.

Four shipping lines serve the Singapore-Brunei route. One calls at Brunei Darussalam two times a week, while the other three call once a week. These shipping lines are ACL, Bintangmas, Jesselton and PDZ Lines. Three shipping lines serve the Port Klang-Brunei route including Hub Lines, Johan Shipping and DDZ Lines. The Port Klang-Brunei route is considered to be less frequent and less reliable in their schedules due to the ships calling at the other ports in Malaysia before calling in Brunei Darussalam.

III. NATIONAL FLEET

There are twelve vessels registered in Brunei Darussalam that ply internationally. These are:

- LNG Carrier (8 Ships)
- Passenger Ferries (4 Ships)

In areas of domestic trade, the types of vessel that operates within the Brunei Darussalam waters are:

- Landing Craft (33 Ships)
- Mooring Launch (7 Ships)
- Supply Vessel (4 Ships)
- Car Ferry (2 Ships)
- Dumb Barge (2 Ships)
- Cargo Vessel (1 Ship)
- Government Vessel (9 Ships)

IV. PORT PERFORMANCE AND PORT ADMINISTRATION

Brunei Darussalam is heavily dependent on exports of oil and gas although the country has put in a lot of effort to promote its manufacturing sector to lessen its overdependence on these products for long-term economic sustainability. Muara Port is the main port in Brunei Darussalam providing facilities for the country's international trade needs. Muara port comprises of the Muara Conventional Terminal and the Muara Container terminal. The management and operation of the Muara Container Terminal have been contracted out to PSA Muara Container Terminal Pte. Ltd., a joint venture company between PSA Corporation of Singapore and a local company, Archipelago Port Services Pte. Ltd. The Muara Conventional Terminal is still managed and operated by the Ports Department.

The second major port is Kuala Belait Port, located in Kuala Belait. Kuala Belait Port can cater for international trade ships with a draft of up to 4 metres. The port is mainly used by consignees in the Belait District and Brunei Shell Petroleum Company Pte Ltd.

Brunei Darussalam also has a small domestic port located in Bangar, Temburong. It caters for domestic ships plying between Muara Port and Bagar.

The Ports Department is constructing a Car Ferry Terminal situated in Serasa, Muara. It is expected to be completed in March 2005. The terminal will serve car and passenger ferries plying between Muara and Menumbuk, Sabah.

All the public ports, except Bangar Port, have fully complied to the International Ship and Port Facility (ISPS) Code.

1. Muara Port

Muara Port is about 28 kilometres from the city centre, Bandar Seri Begawan. The Muara container Terminal has a berth length of 250 metres with minimum water depth of 12.5 meters. The Muara Container Terminal is equipped with two Panamax quay cranes. Facilities for the dedicated container wharf extend to an area of 92,034 square meters, with capacity to handle up to 220,000 TEUs per annum.

Table 1: Facilities at Muara Container Terminal

Wharf Apron and marshalling yard area	51,750 m ²
Front of CFS storage area	23,500 m ²
Rear of CFS parking area	8,750 m ²
CFS covered area	8,034 m ²
Reefer Points	168 points

The Muara Conventional Terminal has a linear berth of 611 meters with 12.5 meter draught and an aggregate berth of 87 meters with 5.2 meter draught. The dimensions of the back-up facilities are shown in Table 2.

Table 2: Facilities at Muara Conventional Terminal

Transit warehouses	12,950 m2
Open-sided storage warehouse	1,600 m2
CFS	2,400 m2
Long storage warehouse	16,630 m2
Open Storage Area	5 hectares
Cement silos	2x4,000 tonnes

V. INTRA-ASEAN SHIPPING ROUTES AND THEIR CHARACTERISTICS

Muara Port, including Muara Container Terminal, is served by 8 shipping lines. The following are the shipping lines providing feeder shipping services to Brunei Darussalam: ACL/PIL, Hub Lines, PDZ Lines, Johan Shipping, Jesselton Shipping, Bintang Mas and MISC. Other lines operating specialised vessels, such as Hyundai and Toyo Fiji Lines, provide direct services transporting vehicles from South Korea and Japan.

A. BULK CARGO

The bulk cargoes (consisting mainly of gas and oil exports) are destined mainly for Singapore, United States of America (in the case of oil) and Japan and South Korea (in the case of natural gas). The oil and natural gas cargoes are loaded at the Seria Single Buoy Mooring Terminal and Lumut Brunei LNG Terminal respectively.

B. GENERAL CARGO

The majority of Brunei Darussalam's intra-ASEAN general cargo movements (consisting mainly of machinery and transport equipment, manufactured goods, construction materials, chemicals and food) are either containerized, or in break bulk or shipped on roll on-roll off vessels, in the case of motor vehicles. The structure of its intra-ASEAN shipping services is quite simple, with Singapore as the main hub. As shown in Table 3 below, many of these shipping services call also an East Malaysian port.

Since Brunei Darussalam does not have sufficient domestic cargo base for general cargo and container ships, mainline shipping services to more distant destinations have found it unprofitable to call at Muara Port.

Table 3: Feeder Shipping Lines Serving Muara Port, Brunei Darussalam

Shipping Line	Route	Frequency
ACL:	Singapore – Muara – Kota Kinabalu – Singapore	weekly
	Singapore – Muara – Kota Kinabalu – Labuan - Singapore	weekly
PDZ:	Pasir Gudang – Klang – Singapore – Bintulu – Labuan – Muara	1 every 2 weeks
Johan:	Klang – Pasir Gudang – Kuching – Bintulu – Muara – Kota Kinabalu	1 every 2 weeks

Because of insufficient volume of imports from the BIMP-EAGA Region and insufficient volume of export as backload, Brunei does not have direct shipping links with other ports in the EAGA region.

Ships returning from Ports in Brunei Darussalam carry mainly empty containers, as Brunei Darussalam is a high net importer. This trade imbalance leads to shipping lines charging a higher price for their services. Indicative freight rates to and from various ASEAN ports are shown in Tables 4 and 5 below.

Table 4: Brunei Darussalam Imports from Other ASEAN Ports

		20'GP	40'GP	40'HC
Singapore	Freight	B\$800	B\$1600	B\$1700
	BAF	B\$240	B\$480	B\$480
Port Klang (Malaysia)	Freight	B\$875	B\$1475	B\$1700
	BAF	B\$80	B\$155	B\$155
Pasir Gudang (Malaysia)	Freight	B\$825	B\$1325	B\$1375
	BAF	B\$80	B\$155	B\$155
Bangkok (Thailand):	Freight	US\$950	US\$1600	US\$1650
	BAF	US\$35	US\$70	US\$70
Laem Chabang (Thailand)	Freight	US\$950	US\$1600	US\$1650
	BAF	US\$35	US\$70	US\$70
Manila (Philippines)	Freight	US\$950	US\$1600	US\$1650
	BAF	US\$35	US\$70	US\$70
Jakarta/Surabaya (Indonesia)	Freight	US\$950	US\$1600	US\$1650
	BAF	US\$35	US\$70	US\$70

Table 5: Brunei Darussalam Exports to Other ASEAN Ports

		20'GP	40'GP	40'HC
Singapore	Freight	B\$500	B\$1000	B\$1500
	BAF	B\$240	B\$480	B\$480
Port Klang (Malaysia)	Freight	B\$600	B\$1200	B\$1250
	BAF	B\$80	B\$155	B\$155
Pasir Gudang (Malaysia)	Freight	B\$600	B\$1200	B\$1250
	BAF	B\$80	B\$155	B\$155
Kota Kinabalu	Freight	B\$600	B\$1200	
	BAF	B\$240	B\$480	
Kuching	Freight	B\$450	B\$700	
	BAF	B\$35	B\$70	
Bangkok	Freight	US\$700	US\$1200	US\$1250
	BAF	US\$35	US\$70	US\$70
Laem Chabang	Freight	US\$700	US\$1200	US\$1250
	BAF	US\$35	US\$70	US\$70
Manila	Freight	US\$900	US\$1600	US\$1650
	BAF	US\$35	US\$70	US\$70
Jakarta	Freight	US\$800	US\$1350	US\$1400
	BAF	US\$35	US\$70	US\$70
Surabaya	Freight	US\$800	US\$1350	US\$1400
	BAF	US\$35	US\$70	US\$70
Ho Chi Minh City	Freight	US\$800	US\$1350	US\$1400
	BAF	US\$35	US\$70	US\$70