

# No more FMFF deposits

## Importers, exporters will deal directly with shipping lines from Dec 1

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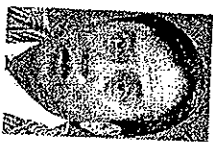
**PORT KLANG:** Members of the Federation of Malaysian Freight Forwarders (FMFF) will no longer provide container deposits and letters of indemnity to shipping lines on behalf of their customers effective Dec 1 as they feel the practice is uncalled for and has become a burden to running their business.

FMFF president Alvin Chua said importers and exporters were hereby advised that they would have to provide the container deposits or letters of indemnity directly to the shipping lines.

"And FMFF members will not be responsible for any delay or incidental charges from the non-release of delivery orders by shipping lines, non-vessel operating common carriers and freight forwarders due to the failure to provide container deposits or letters of indemnity," he told reporters after an EGM yesterday.

Since early 2009, shipping lines had demanded deposits from customers for the use of their containers, on top of the fees for carrying the goods, as a security for any damage to the containers.

And freight forwarders and logis-



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- ALVIN CHUA

tics companies had been providing the deposits upfront on behalf of their customers to ensure a smooth transport of goods.

But the practice had caused an uproar among FMFF members, according to Chua, as the deposits of between RM500 and RM1,000 per import container had disrupted many FMFF members' cash-flow positions. Malaysia handles about seven million import containers annually, about half via Port Klang.

"We have to put up deposits of

thousands of ringgit monthly, and refunds of the container deposits are only made between one and three months. This has increased our costs of doing business," he said.

"This deposit practice is only implemented in certain Third World countries where the infrastructure of handling goods is poor and may damage the container.

But why impose this in Malaysia where we have world-class infrastructure? Furthermore, only less than 5% of import containers are considered damaged in the course of handling goods in this country.

"In addition, there is a statement bill of lading that stated that any damage to the container will be the responsibility of the customers," he said.

The bill of lading is a legal document between the shipper of a particular goods and the carrier detailing the type, quantity and destination of the goods being carried.

Chua said this decision was the outcome of the EGM and the position taken was the culmination after all the endeavours and efforts to engage the stakeholders and government authorities to find a workable and acceptable solution to this issue.

"This practice has made the cost of doing business in the country expensive and it will affect the competitiveness of Malaysia as a trading nation.

"We have taken the matter to the relevant authority, namely Port Klang Authority (PKA), but unfortunately this issue of the land side charges was not in its jurisdiction," he said.

Nevertheless, Chua said, in the case of Port Klang, the Selangor Freight Forwarders and Logistics Association (SFFLA) had given a letter of guarantee to PKA for any claims made against the participating members.

So far, this guarantee scheme has attracted about 200 participating members from SFFLA and five shipping lines.

These lines will no longer require container deposits.

FMFF was registered in September 1987 as a national association representing the freight forwarders in the logistics industry.

Besides SFFLA, other members of FMFF include the Johor Freight Forwarders Association, Penang Freight Forwarders Association, Sarawak Forwarding Agents Association, Kota Kinabalu Forwarding Agencies Association and Labuan Freight Forwarders Association.