



**Ministry of Transport
Malaysia**

FREQUENTLY ASKED QUESTIONS

DOMESTIC SHIPPING LICENCING BOARD

(last updated on 5 January 2023)

TABLE OF CONTENT

<u>PART</u>	<u>TOPIC</u>	<u>PAGE</u>
1	CABOTAGE POLICY	3
2	MALAYSIA'S CABOTAGE POLICY	5
3	DSL APPLICATION FOR MALAYSIAN-FLAGGED (REGISTERED) VESSELS	10
4	DSL APPLICATION FOR FOREIGN-FLAGGED (REGISTERED) VESSELS	13
5	FREQUENT ASKED QUESTIONS (FAQ) BY APPLICANTS	24
6	ADDITIONAL INFORMATION	29

1.0 CABOTAGE POLICY

1. What is cabotage policy?

Cabotage is the principle of **reserving a nation's maritime and shipping trades, services, and activities for its own citizen** (Seafarers' Rights International, 2018).

The main thrust is to governs the transport/ shipping of goods or passengers between two places along coastal routes in the same country by a transport operator from another country.

Cabotage exists across all political, economic, and legal systems. Cabotage laws are grounded in maritime history and have existed in the laws of some UN member states for centuries. China, South Korea, Russia, Japan, Chile, Mexico, Brazil, Argentina, Australia, and Canada are among the UN member states that have cabotage.

The method cabotage policy is enforced varies by country, with associated trades, services, and activities being restricted and forbidden in various ways, and the policy is customised to the country's specific conditions.

2. What are the purposes of the cabotage policy?

Some common objectives of cabotage policy include:

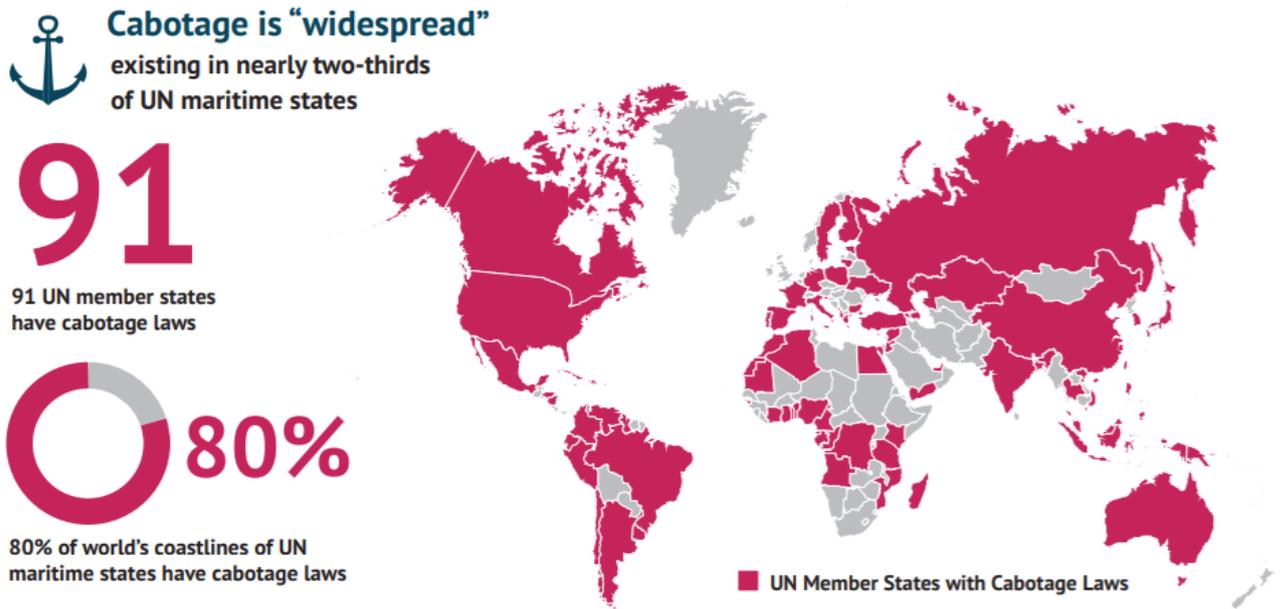
- promoting local ship ownership;
- protecting national security;
- developing local talents and capacity building in shipping;
- enhancing safety and security of ships in port;
- enhancing marine environmental protection; and
- preserving maritime knowledge and technology.

3. Which countries have imposed cabotage policy?

Approximately 80% of United Nations coastal member nations encompassing every region of the world have some form of cabotage laws governing foreign maritime activity in their domestic coastal trades (Seafarers' Rights International, 2018).

Cabotage policies exist in certain developed countries, such as the United States, Canada, Japan, and Australia, as well as major economies like China, India, Russia, and Brazil.

The ASEAN Member States with a cabotage policy include Malaysia, Indonesia, Thailand, the Philippines, and Vietnam.



The states with cabotage policy (American Maritime Partnership, 2018).

4. How are these countries' cabotage policies carried out?

While some countries, such as Malaysia, have a more liberal cabotage practice, others have stricter cabotage restrictions. For example:

- (a) in the United States, the Jones Act requires that goods shipped between domestic ports be transported on ships built, owned, and operated by US citizens or permanent residents (Kenton, 2021); and
- (b) in Indonesia, the cabotage rule requires that goods and passengers be transported only by Indonesian-flagged vessels with Indonesian crew. However, if Indonesian-flagged vessels are unavailable or insufficient, foreign-flagged vessels can execute certain activities on Indonesian seas (Medina, 2022).

2.0 MALAYSIA'S CABOTAGE POLICY

1. When did Malaysia begin enforcing its cabotage policy??

The cabotage policy has been in effect **since 1 January 1980** pursuant to amendments to the Merchant Shipping Ordinance 1952 (MSO 1952). **Only Malaysian-flagged (registered) vessels** are allowed to be utilised **for domestic shipping** per Section 65KA of MSO 1952.

2. What is domestic shipping?

Domestic shipping refers to the use of a ship:

- (a) to provide services, other than fishing, in the Federation waters or the exclusive economic zone; or
- (b) for the shipment of goods or the carriage of passengers:
 - (i) from one port or location in Malaysia to another port or location in Malaysia; or
 - (ii) from one port or location in Malaysia to another port or location in the exclusive economic zone or vice versa.

3. What is the purpose of Malaysia's cabotage policy?

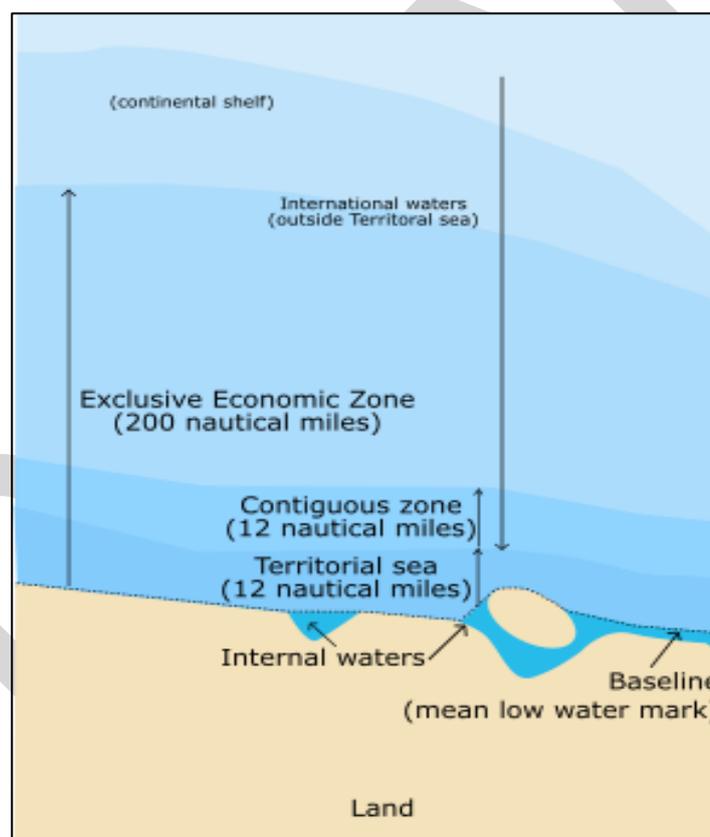
The objectives of the policy include:

- to increase the capacity and capability of domestic shipping;
- to increase technical expertise through human resource development;
- to reduce foreign exchange outflows in the form of freight payments; and
- to provide a platform for local shipping companies to progressively expand and penetrate international waters.

4. Where does Malaysia's cabotage policy apply?

The cabotage policy applies to Federation waters (i.e. the Federation's territorial waters) as well as the exclusive economic zone.

The term "territorial waters" refers to a belt of coastal waters that stretches for no more than 12 nautical miles (22 km; 14 mi) from the baseline (typically the mean low-water mark) of a coastal state. An exclusive economic zone stretches from the baseline to a maximum of 200 nautical miles (370.4 km; 230.2 mi) (Territorial Sea Act 2012, Exclusive Economic Zone Act 1984, United Nations Convention on the Law of the Sea 1982).



5. Who regulates the implementation of the cabotage policy in Malaysia?

The Domestic Shipping Licencing Board (LPPDN) is established under MSO 1952 and its primary function is to regulate and control the licencing of ships engaged in domestic shipping. LPPDN, with the approval of the Minister of Transport, can impose regulatory requirements related to domestic shipping licencing.

The LPPDN is chaired by the Secretary-General of the Ministry of Transport (MOT), and its members include government officials from relevant Ministries and Agencies, as well as industry experts.

The Domestic Shipping Licencing Unit under Maritime Division of the MOT serves as the secretariat for the LPPDN.

6. How is the cabotage policy enforced?

Subsection 65L(1) of MSO 1952 states that no vessel shall engage in domestic shipping without first obtaining a licence from the Domestic Shipping Licencing Board (LPPDN). Vessels wishing to engage in domestic shipping must therefore apply for and obtain a Domestic Shipping Licence (DSL).

However, subsection 65L(3) provides an exemption from Section 65L(1) to the following Malaysian-flagged (registered) vessels:

- under 15 tons nett (NT);
- licenced under Section 475 MSO 1952 (boat licence);
- licenced under MSO 1960 (Sabah) and (Sarawak); and
- owned/leased by the Malaysian Government, State Government, or Port Authority.

7. How to apply for DSL?

DSL applications must be submitted to the Domestic Shipping Licence Board (LPPDN) through the Electronic Domestic Shipping Licence (eDSL) system. Depending on the nationality and ownership of the vessel, eligible applicants may vary as follows:

	Scenario	Eligible Applicant
(a)	a Malaysian-flagged (registered) vessel which is owned by a company incorporated under the Companies Act 2016 with at least 51% of shareholding and composition of a company director are held by Malaysian citizens.	The Malaysian Ship Owner. The Owner is <u>not allowed</u> to appoint a third-party company/

	Scenario	Eligible Applicant
	(The company is referred to as ' Malaysian Ship Owner ').	individual to apply on its behalf.
(b)	<p>a Malaysian-flagged (registered) vessel which is owned by <u>an individual</u> with Malaysian citizenship. (The individual is referred to as 'Malaysian Individual Owner').</p>	<p>The Malaysian Individual Owner.</p> <p>The Individual Owner is <u>not allowed</u> to appoint a third-party company/ individual to apply on his/ her behalf.</p>
(c)	<p>a Malaysian-flagged (registered) vessel which is registered through Malaysia International Ship Registry (<u>MISR</u>) in Labuan and it is owned by <u>a company</u> that:</p> <ul style="list-style-type: none"> • is incorporated in Malaysia; • has an office in Malaysia; and • the majority of the shareholding of the company is not held by Malaysians. <p>The company is referred to as 'Malaysia International Ship Owner'.</p>	<p>The Malaysia International Ship Owner is <u>not eligible</u> to apply.</p> <p>Thus, an Agent* must be appointed to make DSL application.</p>
(d)	<p>a foreign-flagged (registered) vessel that is owned by <u>a company</u> incorporated under the Companies Act 2016 with at least 51% of shareholding and composition of a company directors are held by Malaysian citizens.</p>	<p>The ship owner is eligible to apply for DSL.</p> <p>Alternately, the ship owner may appoint an Agent* to make DSL application.</p>

	Scenario	Eligible Applicant
(e)	a foreign-flagged (registered) vessel that is owned by a foreign company.	An Agent* must be appointed to make DSL application.

***Note:** An **Agent** is a company incorporated under the Companies Act 2016 with at least 51% of shareholding and composition of company director are held by Malaysian citizens. The Agent must register an account at Ship Clearance System (SCS) before it can make DSL applications through eDSL system.

8. How long does it take for a DSL application to be processed?

A DSL application for a Malaysian-flagged (registered) vessel will be approved within 3 working days from the receipt of all required documents through eDSL system.

For a foreign-flagged (registered) vessel, the approval for DSL application would take no more than 10 working days.

9. Is Sunday considered a working day?

Regardless of the fact that Sunday is a working day in several states (including Johor), it is not considered a working day for DSL purposes.

10. What are the penalties if a vessel does not have a valid DSL?

Failure of a ship's owner, charterer, master, or agent to have a valid licence is an offence punishable by a fine not exceeding RM10,000 or imprisonment not exceeding one year, or both if convicted.

3.0 DSL APPLICATION FOR MALAYSIAN-FLAGGED (REGISTERED) VESSELS

1. How to register with the Electronic Domestic Shipping Licence (eDSL) system?

Before applying for Domestic Shipping Licence (DSL), the applicant (i.e the shipowner) must first update his/ her **email address and vessel details** through one of the following **Registry Offices** of Marine Department Malaysia: Penang, Klang, Kuching, Kota Kinabalu, or Labuan.

The applicant must then **register an account with eDSL** system and complete the registration.

2. How to apply for DSL?

After selecting the appropriate vessel from the list, the applicant must update/complete the **Company Profile, Vessel Profile**, and upload all **required documents** through eDSL system. The required documentation for each vessel type is listed in item 2 of the [DSL User Guide](#).

3. What if the vessel is owned by an individual?

The applicant (i.e. the individual) must fill out the Company Profile section with his or her personal details and upload a copy of his or her identity card. The aforementioned details must correspond to the vessel's ownership information as indicated on the vessel's Certificate of Registry (COR)

4. Why is the application submission not accepted by eDSL system?

An application submission would not be accepted by eDSL system under the following circumstances:

- (a) the licence renewal application is made more than two months before the existing DSL expires; or
- (b) the requirement for at least one Malaysian crew for the rating category is not met in the new application and in the three previous applications.

However, the new application would be accepted upon the fulfilment of the aforementioned criterion and Marine Department Malaysia (JLM) has been notified of the change.

5. Who are involved in the processing of DSL?

The review of the application is performed in chronological order by MOT Operator, MOT Supervisor, and MOT Approver. The flowchart of the application processing is as per Item 10 of the [DSL User Guide](#).

(note: MOT refers to Ministry of Transport)

6. How long does it take to process DSL?

An application would be approved within **3 working days** from the date of receipt of the complete application and supporting documents.

7. How long is the validity of DSL?

The validity of a DSL granted to a Malaysian-flagged (registered) vessel is either **6 months, 1 year, or 2 years**, subject to the fulfilment of criteria such as Bumiputera participation in the company, percentage of Malaysian crew, and vessel age. Further details can be referred to Item 4 of the [DSL User Guide](#).

8. How much is the DSL fees?

Upon licence approval, the applicant can pay the DSL fees through eDSL system using FPX or credit card. The payment is calculated based on the vessel's net tonnage (NT), which is specified below:

- first 15-50 NT: RM50
- next additional NT: RM0.10/ NT

9. Is there a deadline to make payment?

Yes. The DSL fees must be paid through the eDSL system **within 14 days** from the date of licence approval. Otherwise, the licence approval would expire and the applicant has to submit a new application if he/ she intends to obtain DSL.

10. Why is an application returned to the applicant (RTA)?

If MOT Operator or MOT Supervisor wishes to request additional information or if the supporting documents are not sufficient, the application would be returned to the applicants through eDSL system. The applicant has to furnish the requested information/ documents through eDSL system.

11. What may an applicant do if a technical problem arises during the DSL application process?

The applicant may seek assistance from the **eDSL Helpdesk** by submitting the inquiry/ complaint through the [eDSL portal](#). Assistance/ feedback shall be provided to the applicant within 3 working days.

4.0 DSL APPLICATION FOR FOREIGN-FLAGGED (REGISTERED) VESSELS

1. How to register with eDSL system?

Before applying for DSL, the applicant must first update the **SSM Certificate of Incorporation** and **email address** through Ship Clearance System (SCS) of Marine Department Malaysia.

The applicant must then **register an account with eDSL system** and complete the registration.

2. Who can apply DSL for a foreign-flagged (registered) vessels?

DSL application for foreign-flagged (registered) vessels must be made by a Malaysian company that is incorporated under the Companies Act 2016 with at least 51% of shareholding and composition of a company directors are held by Malaysian citizens.

3. Can a Malaysian company apply for DSL on its own behalf if the vessel is owned by a Malaysian company?

The said company can apply for DSL if it satisfies the above criteria. Alternatively, it may appoint an eligible Agent to apply for DSL.

4. How to apply for DSL?

After selecting the relevant vessel from the list, the applicant has to update/complete the **application details** and upload all the required **documents** through eDSL system. The list of required documentations for each vessel type is as per Item 2 of the [DSL User Guide](#).

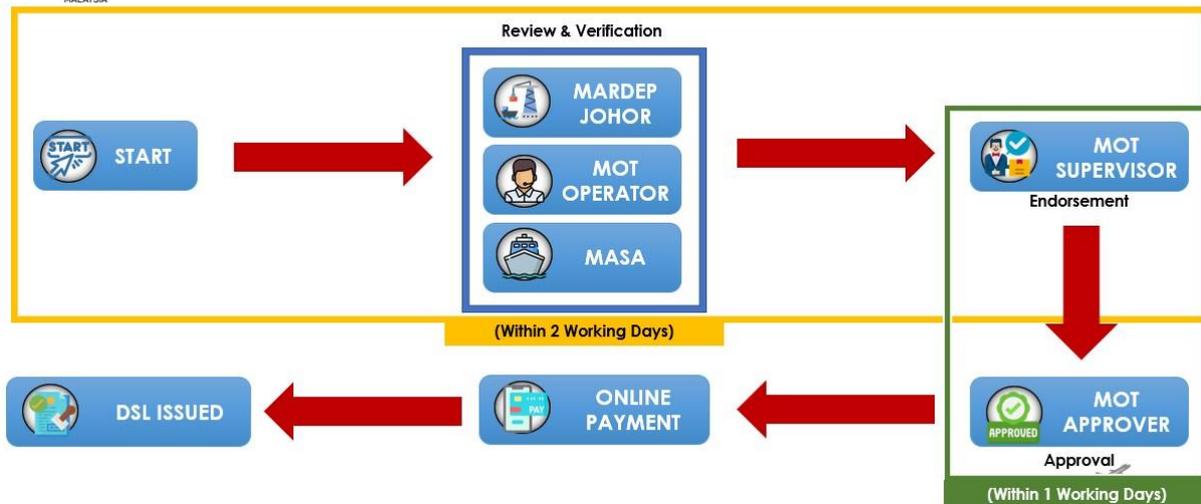
5. Who are involved in the processing of DSL?

The processing of DSL for a foreign-flagged (registered) vessel consists of three stages: review and verification, endorsement and approval.

- (a) During the first stage, the **review and verification** of the application is performed concurrently by MOT Operator, Marine Department Malaysia (JLM) and Malaysia Shipowners' Association (MASA), in which:
- MOT Operator to check on **application details** and the supporting documents;
 - JLM to check on vessel's fulfillment of the **Port State Control (PSC)** requirements (only applicable to Johor); and
 - MASA to circulate **application details** to its members within the same day (for application received before 3pm through eDSL system). This process aims to verify the availability of eligible Malaysian-flagged (registered) vessel.
 - Must be completed **within 2 working days** from the date complete application received
 - If no Malaysian-flagged (registered) vessel is offered by shipowners within the **2 working days circulation period**, MASA would issue **DSL Consent Letter (DCL)** at 3pm on the third day. The DCL is valid for 14 days only.
- (b) Upon the completion of supporting documents verification and issuance of PSC and DCL, the application would then be endorsed by MOT Supervisor and subsequently be approved by MOT Approver within 1 working day.
- (c) MOT Supervisor and MOT Approver may return the application to the Applicant through eDSL system to request for further information or additional documents.

The flowchart of application processing can be referred from Item 11 of the DSL User Guide.

PROCESS OF DSL APPLICATION (eDSL)



*note: MOT refers to Ministry of Transport;
MARDEP refers to Marine Department Malaysia (JLM)*

6. How long does it take to process DSL?

An application would be approved **as soon as 3 working days** from the date of receipt of complete application and supporting documents.

However, if an application undergoes Negotiation/ Mediation/ Appeal, it would be approved within 10 working days.

7. How long is the validity of DSL?

The validity of DSL granted to a foreign-flagged (registered) vessel is **not more than 90 days**.

8. What if the DSL expires before the project/ operation ends?

The applicant would have to submit a new application. To avoid disruption to the project/ operation, it is advisable that the application is submitted at least 14 working days prior to the expiry.

9. How much is the DSL fees?

Upon licence approval, applicant can pay the DSL fees through eDSL system using FPX or credit card. The payment charged is subject to the net registered tonnage (NT) of the vessel, as specified below:

- first 15-50 NT: RM200
- next additional NT: RM0.40/ NT

10. Is there a deadline to make payment?

Yes. The DSL fees must be paid through the eDSL system **within 14 days** from the date of licence approval. Otherwise the licence approval will expire and the applicant has to submit a new application if he/ she intends to obtain DSL.

11. Why is an application returned to the applicant (RTA)?

If MOT Operator or MOT Supervisor wishes to request additional information or if the supporting documents is not sufficient, the application would be returned to the applicants through eDSL system. The applicant has to furnish the requested information/ documents through eDSL system.

Intervention by Malaysian Shipowner

12. What is an intervention by Malaysian shipowner?

During the 2-working day review and verification stage, an intervener(s) (i.e. Malaysian shipowner(s)) may issue "Offer" which signifies his/ her intention to offer his/ her Malaysia-flagged (registered) vessel if he/ she is of the view that his/ her vessel could meet the required specification/ capacity/ availability based on the details provided by the applicant in the application.

If an "Offer" is issued after the 2 working day circulation period, the intervention is deemed not valid and would not be entertained.

	Monday (Day 1)	Tuesday (Day 2)	Wednesday (Day 3)	Next Course of Action
Case 1	DSL application is received through eDSL system.	An "Offer" is issued at 9am.	The window for "Offer" issuance is closed.	Intervener(s) and Applicant are given 2 working days for <u>negotiation</u> .
Case 2	DSL application is received through eDSL system.	-	An "Offer" is issued after the window.	The "Offer" is not entertained.

Negotiation

13. How is the process for Negotiation?

In pursuant to the intervention, a period of 2 working days is given to the **intervener(s)** (i.e. Malaysian shipowner(s)) to liaise directly with the **applicant** and furnish the latter with ship particulars as well as other relevant information. In this regard, all correspondence/ communication shall be copied to MOT and MASA.

14. Would MOT or MASA interfere the Negotiation?

No. However, both MOT and MASA must be informed of the negotiation outcome after the 2-working day deadline has passed.

15. What happens if the intervener(s) agrees with the use of foreign-flagged (registered) vessel?

The intervener(s) would retract the "Offer" and **DSL Consent Letter (DCL)** would then be issued to the applicant.

Sometimes, the intervener(s) and the applicant would make concessions during the Negotiation – for example, the intervener(s) would agree to retract the "Offer" with the condition that the proposed licence validity is shortened, which shall be reflected in the DCL.

16. What happens if the applicant/ charterer agrees with the use of Malaysian-flagged (registered) vessel?

The applicant/ charterer may instead choose to employ the Malaysian-flagged (registered) vessel offered by the intervener(s), if he/ she is convinced that the said vessel is able to meet the requirements.

In this regard, the applicant would have to **cancel the existing DSL application** (for foreign-flagged vessel) and then proceed to **submit a new DSL application for the Malaysian-flagged (registered) vessel.**

This new application would be approved within 3 working days from the date of receipt of complete application and supporting documents.

17. What happens if the applicant does not respond within the two-working day period?

If the applicant does not or refuses to respond within the two-working day Negotiation window after the last communication (between the intervener and the applicant), his/ her DSL application for foreign vessel would be deemed **null and void** after the window is closed.

18. What happens if the intervener(s) does not respond within the two-working day period?

If the intervener(s) does not or refuses to respond within the two-working day Negotiation window after the last communication (between the intervener and the applicant), the **DCL shall be issued to the applicant.**

19. What happens if there is a deadlock situation in which no agreement is reached between the two parties after the Negotiation period has ended?

In this case, either party may **request for Mediation** which shall be convened as agreed by all parties. The request must be made before the end of the Negotiation deadline day.

The secretariat shall then arrange for Mediation and it must be **convened not later than 3 working days** from the Negotiation deadline day.

Monday (Day 1)	Wednesday (Day 3)	Friday (Day 5)	Mon - Wed (Day 6 - Day 8)
DSL application is received through eDSL system.	Immediately upon the closure of window for putting an "Offer", the <u>negotiation period</u> between intervener(s) and applicant are initiated.	The deadline for negotiation expires. The applicant files a <u>request for Mediation</u> to the secretariat, any time before 11.59pm.	The secretariat to notify all the parties involved in the Mediation and the session must be convened the latest by the 8 th day.

Mediation

20. What happens after a party files a request for Mediation?

In the event that a request for Mediation is filed by the applicant or the intervener(s) (i.e. Malaysian shipowner(s)), the secretariat would then coordinate a **Mediation** which to be convened as agreed by all parties.

The Mediation must be:

- (a) **convened not later than 3 working days** from the Negotiation deadline day; and
- (b) **concluded not later than the ninth day** from the date of receipt of complete application and supporting documents.

21. Who are involved in a Mediation?

The Mediation shall involve the following parties:

Parties/ Individual	Role
Director General of Marine Department (or Deputy Director of Marine Department)	To act as the Mediator who chairs the session and makes the final decision upon evaluating the arguments/ justification presented by the intervener(s) and the applicant. Mediator's decision is guided by considerations in both technical and commercial aspects.
Intervener(s) (i.e. Malaysian shipowner(s))	To bring the relevant documents and provide information/ evidence to support their arguments. Allowed to be accompanied by their respective expert/ client (e.g. project owner, contractor or charterers).
Applicant	
MOT Officer	To observe the proceeding of the session and provide additional inputs if needed.
Secretariat	To coordinate the session – i.e. arrange the logistics and ensuring the attendance of all relevant parties. Has <u>no right to give opinion</u> and <u>does not involve in decision making</u> process. To report the Mediation outcome to Domestic Shipping Licencing Board (LPPDN).

22. How does the Mediator derive his/ her decision?

The Mediator's decision is guided by considerations in both technical and commercial aspects. He/ She may draw on his/ her expertise in the maritime/ shipping field during decision-making.

23. How long is the Mediation?

Based on the record, past mediations were typically **concluded in half a day**.

24. What if the Mediator's decision is in favour of the applicant?

The intervener(s) would have to retract the "Offer" and **DSL Consent Letter (DCL)** would then be issued to the applicant.

In relation to this, the Mediator may decide that a **conditional DCL** is to be issued. For example, the licence validity period determined by the Mediator is shorter than the period requested initially by the applicant.

25. What if the Mediator's decision is in favour of the intervener(s)?

The DSL application for foreign-flagged (registered) vessel has to be rejected by MOT Supervisor.

26. What if the applicant or the intervener(s) is dissatisfied with the Mediator's decision?

If a party – the applicant or the intervener(s) is dissatisfied with the decision made by the Mediator, he may **appeal to the Minister of Transport** by writing to the Domestic Shipping Licencing Board (LPPDN), not later than 7 working days from the date of the decision made.

Information on past mediation for the period from 2018 until 2022:

Year	No. of Offer by Intervener(s)	No. of Mediations	Outcome of Mediation	No. of DSL Issued for Foreign Vessels
2018	85	6	<ul style="list-style-type: none"> a. 2 DSL application rejected b. 2 DSL application approved with condition c. 2 DSL application approved 	1,895
2019	53	5	<ul style="list-style-type: none"> a. 1 shipowner withdrew offer b. 3 DSL application approved c. 1 application was brought up to the Transport Minister for consideration. DSL awarded to applicant 	1,799
2020	76	2	<ul style="list-style-type: none"> a. 1 DSL application approved with condition b. 1 DSL application approved 	1,601
2021	29	0	N/A	1,390
2022	19	2	<ul style="list-style-type: none"> a. 2 DSL applications withdrew by applicants 	1,456

(note: no cable repair/ laying vessel were involved in mediation since 2019)

Appeal

27. What happens if an appeal is received by the Domestic Shipping Licencing Board (LPPDN)?

The Maritime Division of MOT (i.e. the secretariat of LPPDN) would compile the information and prepare a paper to seek Minister's decision.

28. How would the applicant be notified of the Minister's decision?

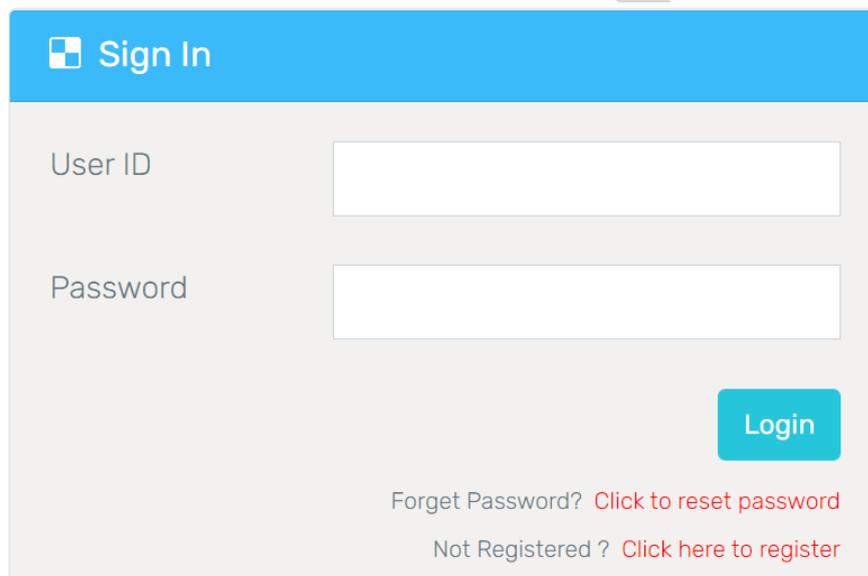
The decision made by the Minister shall be **final and indisputable**. The Maritime Division will provide a written reply to the relevant party(ies) to inform the Minister's decision.

5.0 FREQUENTLY ASKED QUESTIONS (FAQ) BY APPLICANTS

Login and Technical Issues

1. How can I reset my eDSL system password?

Applicants may reset their password by clicking “Click to reset password” at the home page eDSL portal. Please ensure that the e-mail address is as per registered at the Marine Department’s Registry Office.



Sign In

User ID

Password

Login

Forget Password? [Click to reset password](#)

Not Registered? [Click here to register](#)

2. What should I do if I need to change my e-mail address?

Applicants may change their e-mail addresses at the nearest Marine Department’s Registry Office.

3. Why isn't my vessel shown in eDSL system?

The system only displays vessels that have been registered with the Marine Department's Registry Office. Therefore, please ensure that the vessel has been registered with Marine Department’s Registry Office before proceeding with DSL application. Applicants may send the Certificate of Registry to eDSL Helpdesk for further assistance.

4. What should I do if I face technical difficulties during DSL application or submission?

Applicant may email to eDSL Helpdesk (edsl@mot.gov.my) for assistance.

Operational Matters

5. There is an error appeared when I submit a renewal application for DSL, stating that I have reached the maximum limit of 3 times. What should I do?

The DSL User Guide states that DSL approval for Malaysian-flagged (registered) vessel that does not have Malaysian crew in the rating category is **limited to three (3) DSL issuance only**. Therefore, the applicant **must hire at least one Malaysian crew** in the rating category to proceed with the DSL renewal.

6. What should I do if I sold my vessel?

The previous shipowner should apply to shorten the existing DSL's validity period through eDSL system. The new shipowner may then apply for DSL once the existing DSL has expired.

7. There are changes in crew members on board which are different from the information stated on DSL. Should the shipowner apply for licence changes?

The number of crews reflected on DSL is based on the crew list and crew information declared at JLM's SDPX system during the time of DSL application. There is no requirement for the shipowner to update crew information/ number on the current DSL.

However, if the changes show that there is no Malaysian crew in rating category, the ship owner is required to notify MOT of the changes.

8. When should I submit the application for DSL renewal?

DSL licence renewal application should be submitted 2 months before the existing licence expires.

9. My foreign-flagged (registered) vessel has been given DSL of 60-day validity and is expiring in one week. However, the said vessel is still being hired for another 25 days before the project is completed. Can I request to extend the validity of the existing DSL?

No. The applicant has to apply for a new DSL.

Policy Matters

10. If my vessel's net tonnage (NT) is less than 15, does it require DSL?

No. Subsection 65L(3) provides an exemption to Malaysian-flagged (registered) vessels under 15 NT from the requirement of DSL.

11. Does a foreign-flagged (registered) vessel require DSL if it is on an international voyage and will call at one of Malaysia's ports?

No. DSL is not required if a foreign-flagged (registered) vessel calls directly from a foreign port to one of the Malaysian ports. However, DSL is required if the vessel calls to more than one Malaysian port.

12. Does a vessel need DSL if it operates between port to anchorage/platform within the same state? (eg. Kerteh Port to Angsi)

Yes. A DSL is needed if the vessel – regardless of Malaysian-flagged or foreign-flagged is involved in the carriage of cargo or passenger, or provide services to any parties.

13. Is DSL required for a vessel which operates between one Peninsular Malaysia port to another in East Malaysia?

No. Effective 1st June 2017, exemption for DSL application is granted for both Malaysian-flagged (registered) vessels and foreign- flagged (registered) vessels which are engaged in the services of transporting cargo:

- from any port in Peninsular Malaysia to any Port in Sabah, Sarawak and WP Labuan and vice versa;
- between ports in the state of Sabah (example: from Sipitang to Tawau); or
- between ports in the state of Sarawak (for example from Miri to Bintulu).

14. My client's vessel will load cargo in Kuching, Sarawak and unload cargo in Sepangar Bay, Sabah. Is DSL required?

Yes, because it will involve the shipment of goods from one port in Malaysia to another port in Malaysia. Furthermore, an exemption for DSL application is only applicable for the transport of cargo between ports in Sabah or between ports in Sarawak – but not between a port(s) in Sarawak to another port(s) in Sabah or vice versa.

15. My client's vessel will load cargo in Bintulu and then unload the cargo in Port Dickson, followed by Klang. Is DSL required?

Yes, because it will involve the transport of cargo from one port in Malaysia (i.e. Port Dickson) to another port in Malaysia (i.e. Klang).

16. My client's foreign-flagged (registration) vessel is engaged in transshipment between Penang Port and Port of Klang. Is DSL exempted for this vessel?

No. DSL is required for foreign-flagged (registration) vessels engaged in the **transport of containerised transshipment cargo** between Penang Port and Port of Klang. Nevertheless, such DSL application is not subject to verification of Malaysian-flagged (registered) vessel availability.

17. Is foreign-flagged (registered) cruise ship exempted from DSL?

No. DSL is required for foreign-flagged (registration) vessels engaged in **cruise services**. Nevertheless, such DSL application does not subject to verification of Malaysian-flagged (registered) vessel availability.

LPPDN

6.0 ADDITIONAL INFORMATION

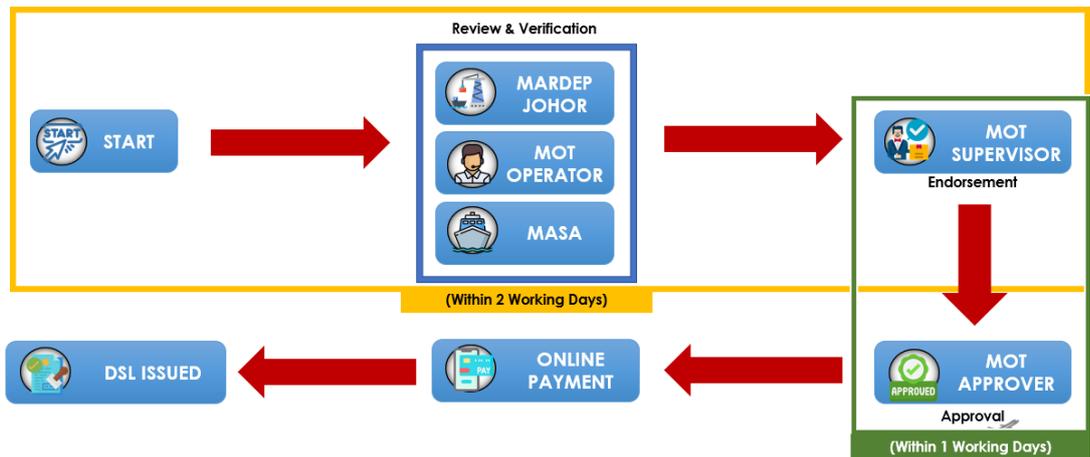
1. What are the improvements that have been made to the DSL processing procedure?

Ministry of Transport (MOT) has been committed to enhancing DSL application procedures with initiatives such as digitalised application process for efficiency and transparency, as well as a shorter processing time frame.

<p>prior to Nov 2019</p>	<p>: manual processing that may take 30 days, whereby the application would be reviewed in stages, starting from Malaysia Shipowners' Association (MASA), followed by Marine Department Malaysia (Johor) and MOT.</p> <p style="text-align: center;">DSL APPLICATION PROCESS BEFORE eDSL SYSTEM</p>
<p>1 Nov 2019</p>	<p>: the Electronic Domestic Shipping Licence (eDSL) system was launched</p>

2 Dec 2020 : time frame for intervention by Malaysian shipowner (i.e. 'Offer') is limited to **2 working days only**. The digitalised process and improved workflow shorten the processing time from **30 days to just 3 working days** or no more than 10 working days, in the event of Negotiation and Mediation.

PROCESS OF DSL APPLICATION (eDSL)



15 Mar 2021	:	DSL application guideline was uploaded to the eDSL portal
6 Oct 2021	:	Client Charter was uploaded to the eDSL portal

2. What are the differences between the previous and current processing procedure?

		Before eDSL System <i>(before 1 November 2019)</i>	eDSL System <i>(1 November 2019 onwards)</i>
1.	Application	Hardcopy forms	Digitalised forms
2.	Processing	Sequentially (must obtain clearance by each party before can proceed to the next)	Simultaneously (all parties process simultaneously within 2 working days only)
3.	Approval	Manual (Hardcopy form)	Online (Digitalised forms)
4.	Payment	Manual	Online
5.	Time Frame	Not specified	Specified*
6.	Application Status Update	Phone call or email	Online
7.	Reprint of Licence	RM50 per copy	Free, unlimited reprint
8.	Work Process Integrity	Easily manipulated	Transparent

***Note:** The time frame for each stage of processing is as follows:

- Review and verification by MASA, MARDEP Johor and MOT Operator: 2 working days
- Endorsement by MOT Supervisor and MOT Approver: 1 working day
- Negotiation: 2 working days
- Mediation (from arrangement until conclusion): 4 working days
- Appeal: a paper will be prepared to seek for Minister's decision

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