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Genesis of a growth triangle in Southeast Asia

Xu, X.

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Author: Xiaodong Xu

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Chapter 4

Shipping Connections and a Spatial Network

If trade flows from an abstraction of a regional network, it is the transportation system that makes the network tangible and visible. Unlike regions where roads are the main arteries of communication, trade and migration in the Singapore-Johor-Riau Islands triangle depended, and still depend, heavily on shipping. It was because there were virtually no roads in British Malaya in the 1870s, not to mention the Riau Islands.¹ This chapter deals with the dynamic maritime relations between Singapore, Johor and the Riau Islands in creating a spatial network.

Historically, regional maritime activities benefited substantially from the strategic geographical location of this area as a gateway between the South China Sea and the Indian Ocean. As early as the sixteenth century, both Chinese and indigenous *Orang Laut* were engaged in junk shipping, forming an important part of the Dutch East India Company (VOC, *Vereenigde Oostindische Compagnie*) network. Their activities were considered an important component of the intra-Asian network, in which commodities from adjacent regions were shipped and stored here for exchange. This led to the rise and prosperity of regional ports such as Muar, Batu Pahat, Kota Tinggi and Mersing in Johor, and Tanjung Pinang and Karimun in the Riau Islands,

¹ Leinbach, 'Transportation and Development of Malaya'.

although they were not comparable to modern ports in size.² The regional importance was further enhanced by the foundation of Singapore in 1819, which became the largest entrepôt in the Asia-Pacific region in the first half of the nineteenth century under the auspices of the British laissez-faire ideology of free trade.³ Although its position was severely threatened by the rise of Hong Kong in the 1840s when international shipping between China and Europe showed more preference to this newly opened British port, Singapore managed to maintain its leading position as a centre for both international and regional (trans)shipment by directing its attention to Southeast Asia. Under British administration, local legislation was provided for the licensing of various cargo and passenger vessels which plied the territorial waters of the colony. Large steamships operated by European shipping companies conducted regular passenger and freight services to Burma, colonial Indonesia, Thailand, Sarawak, North Borneo and the Federation of Malaya, whereas the indigenous sailing craft and fishing vessels of Chinese residents carried cargo between Malay and Indonesian ports.⁴

Although they were both part of the shipping network of Singapore, Johor and the Riau Islands reacted differently to the rise of Singapore because of the different political authorities in the two areas. In Johor, undeveloped inland communication made sea route the only reliable means for transport which was encouraged by the British colonial administration to such an extent that there was a busy traffic of 'prahus, sampans, larchans, pukats and tongkangs' delivering regional produce.⁵ This situation created sufficient opportunities for the rise of seaports in Johor where rivers were navigable up to the inland plantations and major towns were served by ships from Singapore.⁶ By contrast, the survival of once bustling ports in the Riau Islands was seriously threatened. The Riau Islands were intended by the Dutch colonial government to become a competitive regional port cluster in order to re-take and protect the trade and shipping of the Netherlands Indies. Great endeavours were tried such as the designation of Tanjung Pinang as a free port as early as 1829. The duty-free area was extended to the entire Riau Islands in the twentieth century.

From the differing perspectives of Singapore, Johor and the Riau Islands from the 1870 onwards, the central questions of this chapter are:

How did regional shipping activities develop? Internally, how did their mutual connection form a regional spatial network in the context of either cooperation or competition?

² JAR (1932).

³ More discussion in Huff, *The Economic Growth*. Wong, *The Trade*. Fang, *Strategy of Economic Development in Singapore*.

⁴ CSAR (1956), 200-1.

⁵ Lim, *Johor*, 59.

⁶ JAR, (1932).

1. General trend of maritime development

Although sharing relatively similar geographical conditions, the maritime development of the three regions followed very different paths that were subject to various socio-political changes during the period under study. Just as with the political development, so we have divided the shipping development into four periods.

Steady growth: 1870-1910s

In spite of the lack of detailed statistics, it is widely accepted that there has been a brisk traffic across the Straits of Johor to Singapore ever since regional history began to be recorded. Shipping in the early period was entirely managed by Chinese and European merchants and the small shipping companies they operated. Up to the turn of the twentieth century, there were a growing number of coaches and steam launches running daily to Singapore, and a telegraph line was constructed between Johor Bahru and Singapore port.⁷ Although traditional small sailing vessels still continued to ply the waters between the coast of Johor and other places in the Asia-Pacific Rim, shipping between Johor and Singapore had a dominant share showing a strong regional orientation.

Shipping development in Singapore and the Riau Islands is visualized in Figures 4.1 and 4.2. In Singapore, the total number of vessels arriving and departing increased 2.7 times from 1870 to 1891, with a growth rate of 4.9% per annum. In terms of total tonnage, the growth rates were higher at 6.2%. Differing from Singapore, where an uninterrupted and stable growth took place, the development of shipping in the Riau Islands showed another trend with more dramatic fluctuations, particularly after 1885. Measured by the number of vessels, the growth rate was much slower, around 1.5% per annum. The growth rate of total tonnage was also much higher at 4.5% per annum. It was even higher than the average growth rate of 3.7% for the whole The Netherlands Indies.⁸

The difference between their growth rates in terms of number and tonnage provides a direct means to picture the gradually enlarging gap in shipping capacity between Singapore and the Riau Islands (Table 4.1). The ratio of Singapore to the Riau Islands fluctuated between 20 and 26 in the last decades of the nineteenth century, but rose to 59 in 1905, indicating the growing deviation between the two. This can be explained by the introduction of steamers.

⁷ Great Britain, *Trade*, 77.

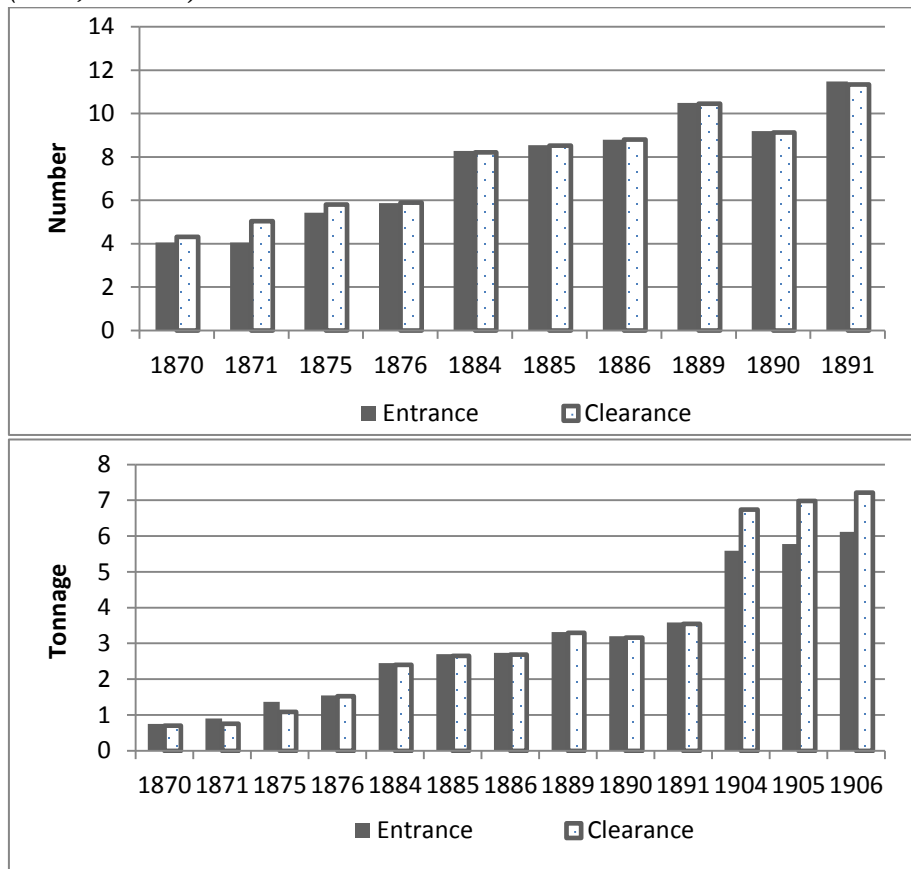
⁸ CEI, vol. 15, 18.

Table 4. 1. Ratios of total tonnage in shipping between Singapore and Riau Islands (including Indragiri), 1870-1905.

Year	1870	1871	1875	1885	1890	1905
Ratio	20	24	26	20	23	59

Source: Appendix xviii, Appendix xxvi.

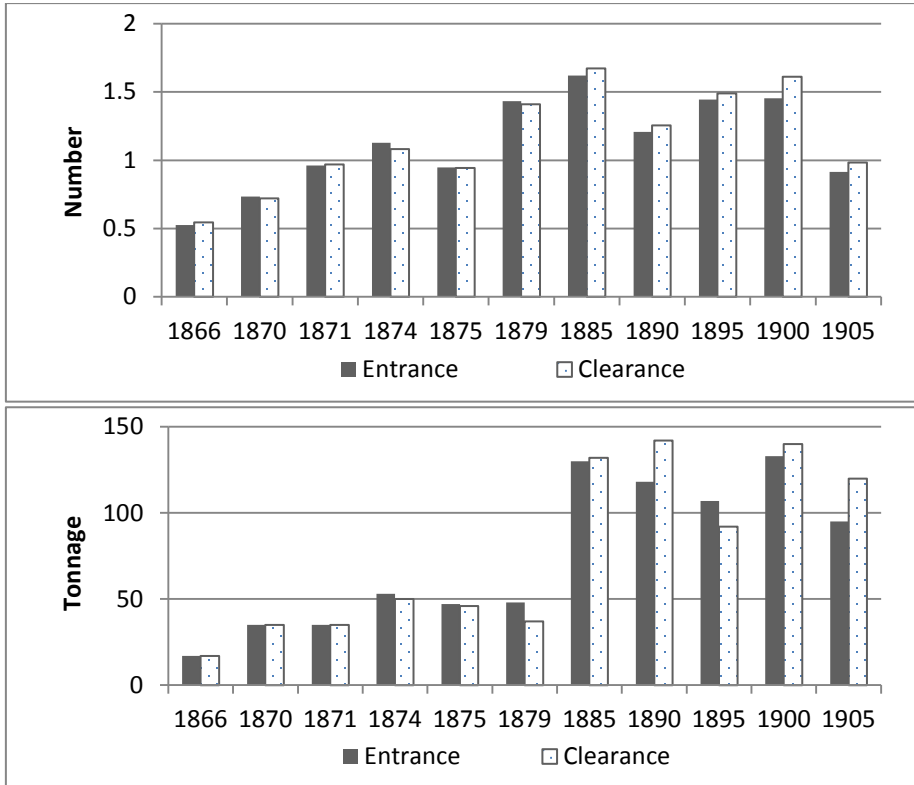
Figure 4. 1. Number and tonnage of vessels clearing into and out from Singapore, 1870-1906. (thous., mill. n.r.t.)



Source: Appendix xviii.

Figure 4. 2. Number and tonnage of vessels clearing into and out from Riau Islands (including Indragiri), 1866-1905.

(thous., mill. n.r.t.)



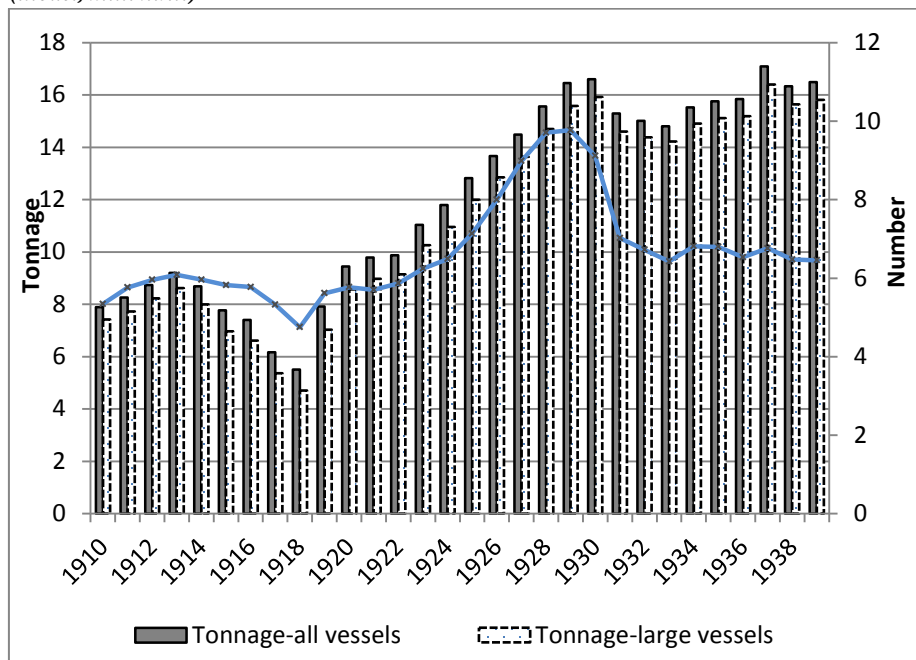
Source: Appendix xxvi.

Deviation: 1910s-1940s

Singapore's shipping in the first half of the twentieth century was recorded with an average growth rate of 2.4% per annum in terms of total tonnage. This was not a steady growth, as it was impeded by the First World War (1914-1918) and the economic depression of the 1930s. From 1913 to 1918, total tonnage of vessels clearing out from Singapore declined by nearly 50 per cent. A similar picture can also be observed in the 1930s as a result of the world economic crisis. However, even during the period between these two big events, the stable political and economic environment did not naturally result in a shipping boom. From 1918 to 1939, a moderate c.5.5% average growth rate was achieved both in number and tonnage. Technological progress was still taking place in the 1930s as large vessels gained a

dominant share among the total number of ships (Figure 4.3). This suggests a continuation of the original technological advantage of Singapore.

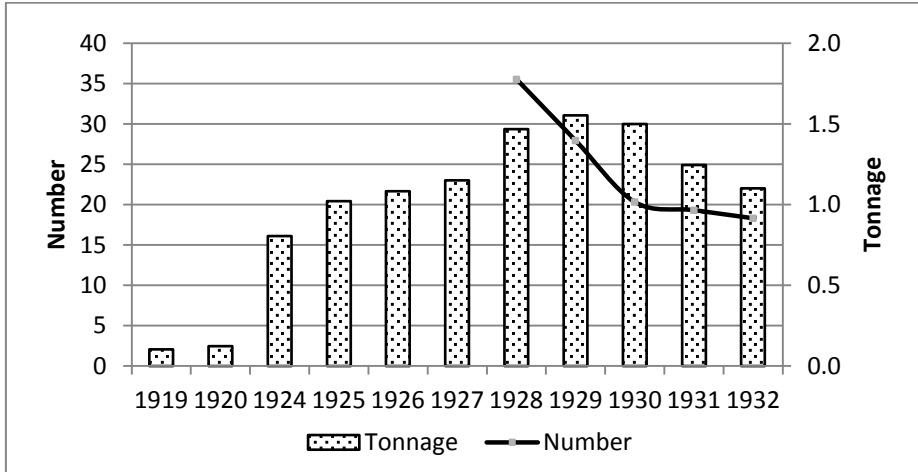
Figure 4. 3. Number and tonnage of vessels clearing out from Singapore, 1910-1938.
(*thous., mill. n.r.t.*)



Source: Appendix xx.

The story is different in both Johor and the Riau Islands. Statistics for Johor are only available for a short period, but offer a rather different impression of the expansion of international shipping compared to the earlier period. Total tonnage of ocean-going steamers rose from 401,878 tons in 1924 to 619,715 tons in 1931 at a growth rate of 6.4% per annum (Figure 4.4). The rapid development of shipping was due to the arrival of Japanese steamers coming for mineral ores. At the same time, regional shipping along the Malay coast also increased following the emergence of plantation agriculture which required marine and riverine transport in places such as Muar, Batu Pahat and Mersing, where there were insufficient road facilities and no bridges over the rivers. Although the period supported by the statistics is not long, a rapid expansion can be assumed due to the expansion of estate agriculture and Japanese mining business in the state.

Figure 4. 4. Number and tonnage of vessels clearing into and out from Johor, 1919-1932.
(thous., mill. n.r.t.)



Source: Appendix xxv.

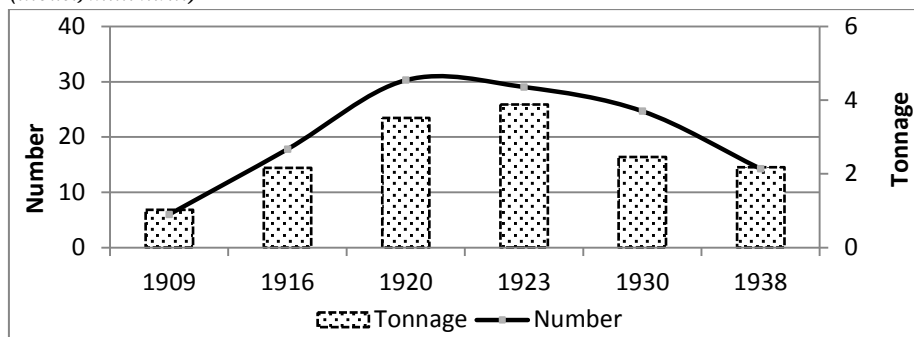
In the Riau Islands there was a sudden increase of shipping activities compared to the pre-1910 period as a result of the registration of shipment from Pulau Sambu for the oil transshipment of the BPM. The small island served as the third largest refinery centre of the BPM in the Netherlands Indies. A growth rate of 6.4% per annum was achieved between 1909 and 1938. Different from Singapore, shipping in the Riau Islands did not feel the negative influence of the First World War too much, whereas the Depression of the 1930s did result in the decline of total shipping (Figure 4.5).

In order to give the details of shipping in the Riau Islands, we are focusing on the separate activities in Pulau Sambu and Tanjung Pinang, the two most important ports in this area (Figure 4.6). The former was a purely transit port for BPM carrying international shipping, while the latter acted as a regional port in the South China Sea. Shipping in Pulau Sambu shows much similarity with that of Singapore, whereas Tanjung Pinang followed a relatively independent path. The difference between the two Riau Islands ports gave the archipelago a dual character, that, shipment of oil products to the world market exposed the Riau Islands directly to the international economy, whereas the shipment of traditional agricultural products and minerals showed the continuity of regional orientation.

With regard to the ratio of tonnage, attributed to the arrival of Japanese steamers in Johor and transshipment of Pulau Sambu, Johor and the Riau Islands experienced higher growth rates than Singapore. The gap between these two regions and Singapore gradually narrowed, but still remained quite large (Table 4.2).

Figure 4. 5. Number and tonnage of vessels clearing into and out from Riau Islands, 1909-1938.

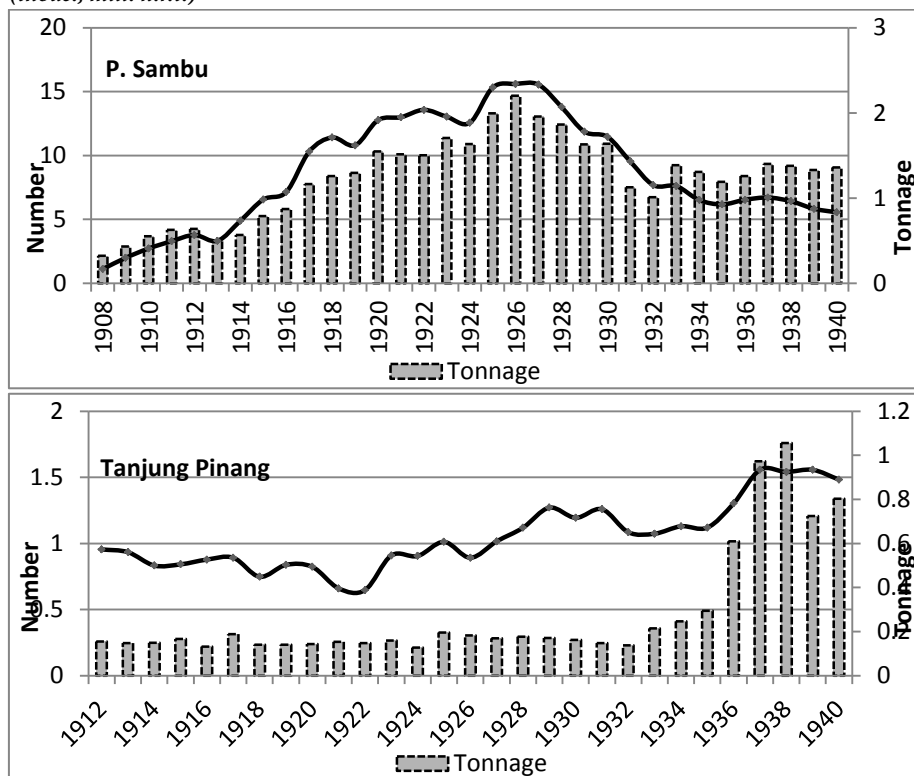
(thous., mill. n.r.t.)



Source: Appendix xxvii.

Figure 4. 6. Number and cargo-carrying capacity of vessels in Pulau Sambu and Tanjung Pinang, 1908-1940.

(thous., mill. n.r.t.)



Source: Appendix xxix.

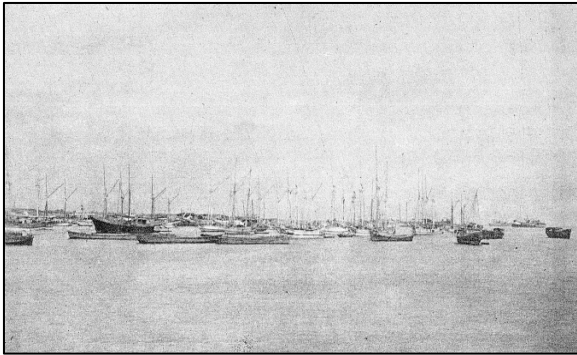
Table 4. 2. Ratios of total tonnage in shipping between Singapore and Johor, and between Singapore and Riau Islands, 1909-1938.

Year	1909	1920	1930	1938
Singapore/Johor	-	152	22	-
Singapore/The Riau Islands	15	5	14	15
Singapore/The Riau Islands (excluding Pulau Sambu)	26	10	41	41

Notes: Estimated figures of Singapore's total tonnage.

Source: Appendix xx, Appendix xxv, Appendix xxii, Appendix xxvii.

War and revolution



The Bugis fleet in the waters of Singapore during the war to carry trade due to insufficiency of steamships.

Source: SYB (1947).

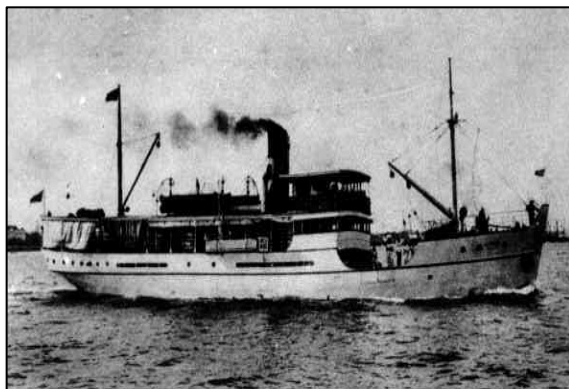
The Japanese occupation brought an interruption to the shipping movements in this area, especially east-west shipping which was completely blockaded under the Japanese policy of forbidding resources to be supplied to the Western hemisphere.⁹

Correspondingly, the British evacuated many ships operating in Malay waters or took them into the Royal

Navy or National Armed Force (NAF). In case of the Straits Steamship Company (SSC), only six of the 31 ships of the company taken by the British government managed to survive.¹⁰ This led to transport shortages plaguing Malaya during the occupation, hampering internal trade, impeding plans for industrial expansion and making it difficult to obtain supplies from overseas sources.

⁹ Yoji and Mako, *New Perspectives on the Japanese Occupation in Malaya and Singapore, 1941-1945*, 134.

¹⁰ Tregonning, *Home Port Singapore: A history of Straits Steamship Company Limited, 1890-1965*.



Steamship *Jarak* of the SSC, sailed to Batu Pahat to rescue 1,000 soldiers who had been trapped there in 1941.

Source: Tregonning, *Home Port*.

vessels which were sunk by the Allies. Nevertheless, there was still an acute shortage of shipping capacity compared to the pre-war situation.¹² This is demonstrated by comparing shipping statistics of Singapore for 1939 and 1948, when a significant reduction of some 60 per cent took place. Meanwhile, the lack of steamships to carry on trading during the war gave an opportunity for a temporary resurgence of traditional sailing vessels, especially by Bugis, although their ships were already old and damaged.¹³

Decolonization

A recovery took place immediately after the Pacific War. Guided by different governments, all three countries pursued different policies. In Johor and the Riau Islands, regional statistics are not available, so we have to infer the local pattern from national trends.¹⁴ In Singapore, total tonnage of merchant vessels clearing out increased from 21.5 million tons in 1952 to 78.3 million tons in 1971, a growth rate in excess of 6.8% per annum (Figure 4.7). In Malaysia, rapid growth can also be observed. However, in Peninsular Malaysia, immediate post-war performance did

¹¹ Kratoska, *The Japanese Occupation*, 16-161.

¹² Ibid.

¹³ CSAR (1947), 15.

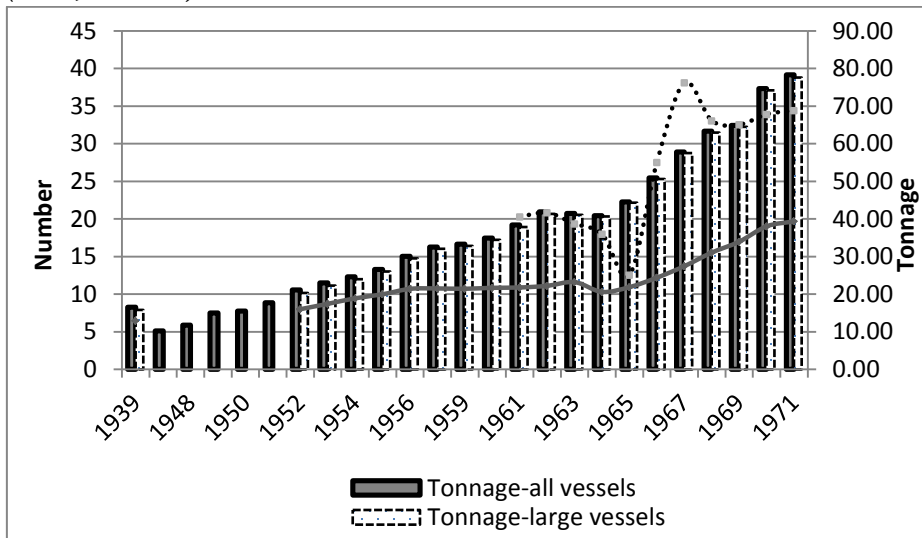
¹⁴ Between 1957 and 1962, the total shipment of Sumatra had a stable share from 38 to 40 per cent in the total shipment of Indonesia. Excluding the large ports of Palembang and Belawan, the rest of Sumatra had a share of around 16 per cent in the same period (See, SI (1963)). Thus, it is possible to observe Riau at the national level. Similarly assumed, Johor followed the same trajectory of Malaysia as it was subject to the national reconstruction plan.

The Japanese military administration took various measures and conducted salvage operations in the waters around Singapore to overcome these limitations, but transport still remained a major obstacle to economic development and the conduct of the war, and few cargo ships operated in

Malayan waters during the latter part of the occupation.¹¹ By September 1942, the Japanese claimed to have recovered 94 cargo

not show much improvement compared to the period of Japanese occupation, and the situation even deteriorated in the 1950s. Rapid expansion was only witnessed in the 1960s (Figure 4.8). Nevertheless, the performance of Malaya lagged behind Singapore. In Indonesia, two periods are defined by the cessation of service by the KPM (*Koninklijke Paketvaart-Maatschappij*) in Indonesia in December 1957 (Figure 4.9). The first period was characterized by a recovery of the KPM as indicated by a growth rate of 4.1% per annum in terms of registered tonnage and 3.4% for freight. Decolonization forced the re-establishment of national shipping from a very low point of departure through the government-owned PELNI (Indonesian National Shipping Company).¹⁵ Nevertheless, great progress was achieved by the Indonesian government in recovering the marine sector, which is indicated by the rapid increase in the number of vessels and their registered tonnage, corresponding to growth rates at 7% and 6.4% per annum respectively (Appendix xxx). Moreover, there was also a difference in the pattern of shipping of the three nations. In Singapore, more attention was paid to international shipping, whereas in Malaysia and Indonesia, government policies were more domestically focused.

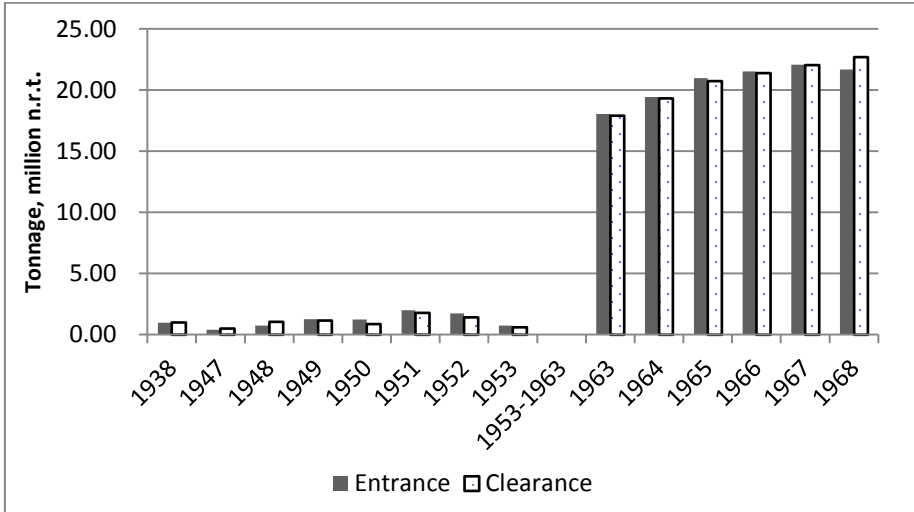
Figure 4. 7. Number and tonnage of merchant vessels clearing out from Singapore, 1939-1971. (thous., mill. n.r.t.)



Source: Appendix xx, Appendix xxi.

¹⁵ 'Inter-Island Shipping'.

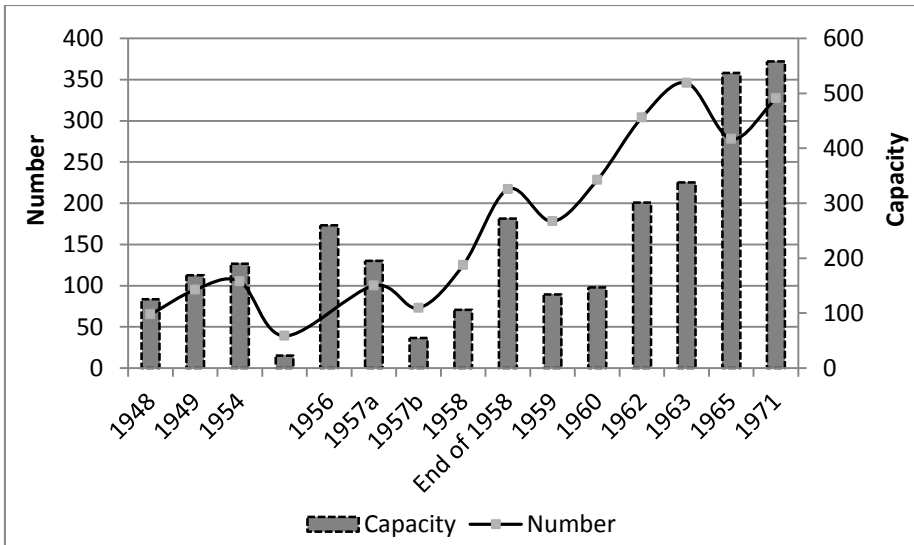
Figure 4. 8. Total tonnage of vessels in Peninsular Malaysia, 1938-1968.
(mill. n.r.t.)



Notes: 1938-1953: not including shipping between West Malaysia and Singapore
1963-1968: including shipping between West Malaysia and Singapore.

Source: Appendix xxiv.

Figure 4. 9. Registered number and tonnage of shipping in Indonesia, 1940s-1970s.
(thous., thous. n.r.t.)



Source: Appendix xxxii.

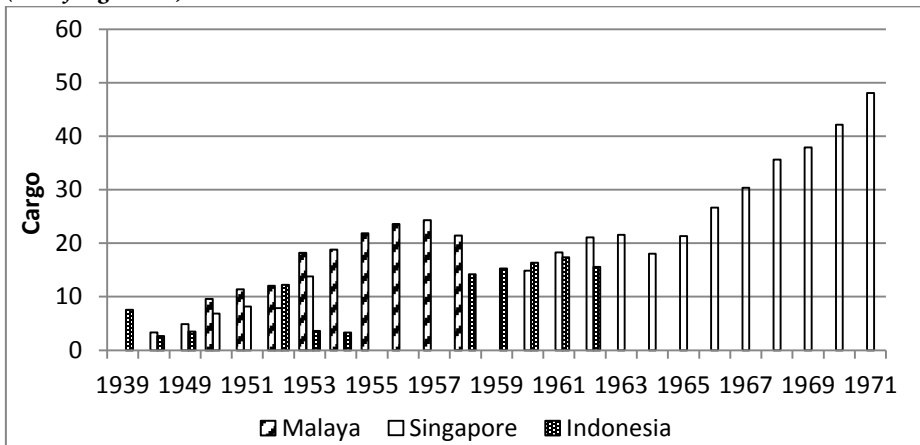
For a comparative view, we also need to take into consideration the total cargo loaded and unloaded (Figure 4.10). Cargo handled in Singapore showed a similar

pattern with the development of total tonnage: a steady recovery before the 1960s and a rapid expansion afterwards. In the entire Malaya, including both Singapore and Peninsula, cargo handled in the 1950s increased fast. By contrast, in Indonesia, growth was much slower, which reveals that both Singapore and Malaysia underwent a more favourable maritime development than Indonesia during this period.

The trends at the national level can also be applied to the regional level. For Johor, the recovery of trade reflected continued demand for shipping and other transport. A recovery of shipping could also be expected. For the Riau Islands, we have to bear in mind that the recovery and progress achieved by the Indonesian government at the time showed a strong concentration on Java. Considering the low participation of the region in the recovery (Appendix xxiii), national progress seemed to have nothing to do with the Riau Islands, although the Indonesian government was still in a difficult situation. Shipping performance in the Riau Islands hence seemed by no means promising, except in smuggling, which was always out of government control. This is further testified by Table 4.3, which shows total cargo handled at different levels. It is not difficult to spot the gap between Singapore and the rest. This gap was comparable to the situation in the nineteenth century! There was a similar pattern of shipping performance in the period of early imperialism as in the Riau Islands after the war.

Figure 4. 10. Total cargo loaded and discharged in Singapore, Malaya and Indonesia, 1939-1971.

(mill. freight tons)



Source: Appendix xxxiii.

Table 4. 3. Total cargo (excluding oil) handled in Southeast Asia in 1961. (thous. freight tons)

Region	Handled freight	Ratio to Tanjung Pinang
Singapore	18,258	429
Indonesia	17,382	408
Malaya (excluding Singapore)	6,000	14
Sumatra	7,506	18
Riau	912	2
Tanjung Pinang	426	1

Source: SI (1963).

2. Shipping connection of Singapore-Johor-Riau Islands

The mutual connections between Singapore, Johor and the Riau Islands are defined by shipping movements between their ports. Although we cannot deny the existence of shipping activities between Johor and the Riau Islands, there is reason to focus only on the Singapore-Johor connection and the Singapore-Riau Islands connection. With regard to the transport system of Singapore and Johor, the Singapore-Johor Causeway, completed in 1923, was the first land link between Peninsular Malaysia and Singapore, and strengthened the bilateral connection between Johor and Singapore.¹⁶ Regional shipping created a Singapore-Johor-Riau Islands network, while international shipping connected this network to the world shipping network. Both networks were formed by the operation of shipping companies of various ethnic origins.

1870-1910

Since the nineteenth century, the development of new maritime technology had changed the global maritime network. In Asia, numerous new ports were opened such as Hong Kong, Macassar, and Belawan in Deli in northeast Sumatra. Direct shipping routes were established with services between Indochina and France in the mid-nineteenth century, between the Netherlands Indies and the Netherlands in 1881, later between the Netherlands Indies and China, Australia and Africa.¹⁷ Under these conditions, the previous position of Singapore as an entrepôt between East Asia and Southeast Asia, was severely undermined. This resulted in a shrinkage of

¹⁶ For detailed information about the construction of the causeway, see Johore State Rly. (Construction: Causeway), CAOG10/50,

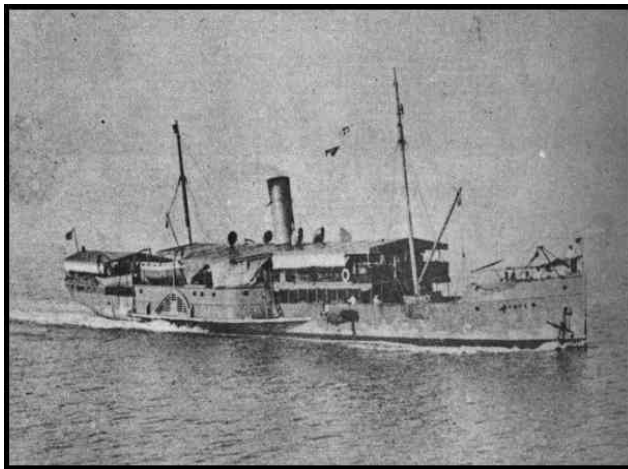
¹⁷ British Military Administration, *The Entrepôt Trade of Singapore*, 12.

Singapore's extra-Malay hinterland as these regions were connected to the rest of the world directly. By contrast, Malay states began attracting greater interest after the establishment of effective British colonial rule.¹⁸ Apart from international shipping connections of Singapore with the West, there were also local crafts and sails with small tonnage navigating between Singapore and local small ports. They strengthened Singapore's connections with the regional markets. (Table 4.4).

Table 4. 4. Steam connections between Singapore and regional destinations in 1891.

Port	Frequency	Line or steamer	Agents in Singapore
Batu Pahat	2 per week	Chinese steamers	Tay Geok Teat
Batu Pahat	2 per week	Chinese steamers	Goh Siew Swee & Co.
Muar	1 per week	'Bengkalis'	Wee Bin & Co.
The Riau Islands	Fortnightly	KPM	J. Daendels & Co.
The Riau Islands	Daily	Chinese steamers	-
Singkep	Monthly	KPM	J. Daendels & Co.

Source: STDS (1891).



Steamship *Kaka*, used in Singapore-Malacca-Muar service.

Source: Tregonning, *Home Port*.

Shipping in Johor in this period can be characterized as exclusively regional, used to carry people and commodities between Johor and Singapore. For a long time, shipping of Johor was conducted by sailing vessels. This pattern did not change until the establishment of the Johor Steam Ferry Boat Company in 1875, which introduced a new stimulus. The ferry of

¹⁸ Ibid.

this company left the Singapore side at Woodlands and arrived on the Johor side at a pier located east of Sungai Segget, which was therefore called Pier Kuala Segget. On the other side of the river, the disembarkation point nearest town was Tangga Duke.¹⁹

The expansion of this pattern of shipping arose from several new changes in this region. Politically, from the second half of the nineteenth century the Malay Peninsula saw a rapid penetration of British colonial rule which gradually brought the peninsula to the foreground, characterized by far more intensive sea and inland traffic connections. In Johor, where a significant British influence had not been felt yet, the vast inland territory was still controlled by the indigenous Malay rulers. Nevertheless, the geographical proximity of the capital, Johor Bahru, to Singapore, and the intimate personal relationship of Sultan Abu Bakar and Sultan Ibrahim with the British colonial government led to the Johor's orientation towards Singapore. For almost all produce from Johor, Singapore was the port of shipment.²⁰

Also, the expansion of the estate economy resulted in a large demand for ships to transport agricultural products from the plantations, where inland transport was still poor.²¹ Bridges were lacking across major rivers, and there was much difficulty in extending roads to the plantations in the interior. In addition, railway construction commenced piecemeal on the west coast from the 1880s to transport bulk commodities, but the railways had not yet been extended to Johor during this period.²² Therefore, this situation gave an opportunity for the rise of port cities on the west coast of the state, such as Muar and Batu Pahat, and some inland cities on the river estuaries such as Kota Tinggi. On the west coast, shipping activities also existed, but on a much smaller scale, since mining products such as tin, iron and bauxite near Mersing were not yet exploited on a large scale. There were frequent shipping services from these places to Singapore, either along the coast or on navigable rivers in the state. Therefore, in the process of British political administration and colonial extension, and as a result of the trade development, Johor showed a high dependency on Singapore, resulting in a close relationship between the two. This suggests an intensified maritime connection with Singapore and a borderless spatial network of the Singapore-Johor region in this period.

¹⁹ Lim, *Johor*, 60.

²⁰ Great Britain, *Trade*, 78.

²¹ Kirby, 'Johore', 249.

²² Shamsuddin, *Malayan Railway, 1885-1985: Locomotive Centennial*, 11.

Table 4.5. List of shipping companies operating in Riau Islands in 1898.

<i>Dutch Flag</i>
Resident Schiff Baroe, Goaan Ho Bi (Tanjung Pinang) Sailed between Tanjung Pinang and Singapore
Emily, Goaan Ho Bie (Tanjung Pinang) Sailed between Tanjung Pinang and Singapore
Sri Wang Sie, Oey Tek Seng, Goaan Ho Bie (Tanjung Pinang) Sailed between Tanjung Pinang, Lingga and Singapore
Singkep, Singkep Tin Maarschappij (Singkep) Regulated navigation between Singkep, Tanjung Pinang and Singapore
<i>Foreign Flag</i>
Alan, Raja Ali (Penjingat (the Riau Islands)) Sailed between Singapore and places in the Riau Islands
Seneng Hati, Nederlandsch-Indische Getahpertja-Maarschappij (Lingga) Sailed between Singapore and places in the Riau Islands.
Boon San I, The Yok Tiat (Singapore) Sailed between Singapore and places in the Riau Islands
Ladjoë, Oei Soei Kiat (Singapore) Sailed between Singapore, Karimun, and Tanjung Pinang
Sri Peng Gay, Oey Sim Eng (Singapore) Sailed between Singapore, Tanjung Pinggir and Pulu Bulah
Hok Hoa, Gho Thjing Kho (Singapore) Sailed between Singapore, Batam and Karimun
Soeltana, Nang Tji (Singapore) Sailed between Singapore, Batam and Karimun
Sri Babi, Oei Liong Hing (Singapore) Sailed between Singapore and Karimun
Sri Kedah, Tjia Tjoe Yoe (Singapore) Sailed between Singapore and Karimun
Bennit, Go Toh, Pong (Singapore) Operated weekly service between Singapore and Rengat (Indragiri)
Aing, Go Toh, Pong (Singapore) Operated weekly service between Singapore and Rengat (Indragiri)
Tarfalla, Gaggino, Go Toh, Pong (Singapore) Operated weekly service between Singapore and Rengat (Indragiri)
Ho Sang, Tjia Tjoe Yoe (Singapore) Operated two day-service between Singapore and Karimun

Source: KV (1898), 209.

Although the Riau Islands experienced rapid growth of both international and interinsular shipping of the Netherlands Indies as well, this network was much smaller than Singapore's. Although the Dutch colonial government intended to attract shipment to Riau without passing Singapore, the effect of Dutch measures was rather limited, since ships of the Riau Islands destined for Singapore were still in a dominant position. The share of Singapore kept growing in the decades after 1870. Shipment to Singapore had a dominant share (c. 80 per cent) in the total in the mid-nineteenth century. During the following decades, this network had gradually shrunk with ports in foreign countries disappearing from the shipping network of Riau Islands, with the exception of Singapore. The position of the entire the

Riau Islands as an entrepôt was maintained but only in the waters of the Netherlands Indies and Singapore (Table 4.5). Therefore, we perceive a gradually convergent maritime foreland and a gradually reduced hinterland of the Riau Islands as domestic shipping routes were directed to Singapore.

These shipping routes were piled by vessels of various shipping companies established by different ethnic groups. In 1866, of 178 vessels belonging to Singapore, registered under Act of Parliament – schooners, barques, brigs, junks and sailing ships – 58 belonged to Europeans, Indians and Malays, while the rest were owned by

Chinese.²³ Singapore lay at the heart of this network, connected to the world trade routes by large steamships which were completely in the hands of Europeans and through the large shipping companies based there. In 1894, a total of 45 steam ship companies were recorded in Singapore.

Among them, the SSC began with a nominal capital of £1.2 million. The Borneo Steam Ship Company was founded with a nominal capital of £12,000. Apart from British capital, there were also many other European firms operating regular services to Singapore. The German *Norddeutscher Lloyd* benefited from a decision by Bismarck, the German Chancellor, in 1884 to subsidize services in the Far East. French lines, notably the *Messageries Maritimes*, were also regularly calling at Singapore, as were Scandinavian and Italian ships.²⁴ There was one Chinese shipping company engaged in international shipping: the China Merchants Steam Navigation Company, established with Chinese capital in 1872. However, it does seem that this company was established with money from the government of Qing Dynasty rather than Singaporean Chinese private capital.

In the Netherlands Indies, steamship navigation was monopolized first by the NISM (*Nederlandsch-Indische Stoomvaart Maatschappij*, Netherlands Indies Steamship Company) and then by KPM. The relationship between these European shipping companies was dynamic and competitive. With regard to international shipping, in around 1850 the Dutch had a share of 75 per cent against 10 per cent for the British. Stepping into the twentieth century, following a series of liberal measures which encouraged free competition, the percentage fell to 35 per cent for the Dutch and rose to 50 per cent for the British, although later on the Dutch share increased to 40 per cent, and the British declined to 30 per cent.²⁵

Unlike European dominance in international shipping, regional shipping was mainly operated by Chinese and indigenous Malays.²⁶ Many of these shipping companies started with very limited use of steamships. Instead, there were a number of Chinese junks and other small ships sailing in the waters of the Malacca Straits.²⁷ Because regional ports were too small to attract European steamers and because Chinese were more familiar with regional conditions, the Chinese gradually got hold of the monopoly to regulate prices. They promoted their business and strengthened regional connections, and played a supplementary role next to the Europeans.²⁸ Among them, the firm of Gho Siew Swee & Co. or *Chop Ban Ann* had been established at this time (1860s), as general merchants and shipowners, by Goh Siew

²³ Song, *One Hundred Years' History*, 119.

²⁴ Tregonning, *Home Port*, 11.

²⁵ CEI, vol. 15, 22.

²⁶ *Ibid.*, 19.

²⁷ ARSS (1871).

²⁸ Tregonning, *Home Port*, 22.

Swee, a China-born Chinese. The business rapidly developed, and the firm became the owner of several small steamers plying between this port and the neighbouring Dutch and British possessions.²⁹ The most well-known firm was Wee Bin & Company operated by Wee Boon Teck who, until his death at age 38 in 1888, had the largest locally registered shipping fleet, with 16 ships in Singapore.

In the Riau Islands, most of the owners of these small shipping companies were Singapore-based. Very few of them were in the hand of Malays. In 1867, 52 Chinese *kangkar* (settlements in river valleys) in the Riau Islands had a total of 109 ships, among them, 59 large vessels (*sampan poekat*)³⁰, 30 sampans, and 20 other ships made by Western countries. It is worth noting that, up to the early twentieth century, another two Singaporean Chinese jointed the shipping business, operating daily small steam navigation between the Riau Islands and Singapore. One was Seah Eu Chin, who employed various junks that visited from time to time, practically the entire coast of the Malacca Straits, the islands in the Riau Archipelago, the east coast of the Malay Peninsula and Singapore.³¹ Another was called Tio Hoe Lay, who had been engaged in shipping between Pulau Tujuh and Singapore with one or two steamships.³² He was born in China in 1853 and went to the Natuna and Anambas Islands, where he got into the copra trade at the age of 25. After several years, he became the owner of the steamers *Aing Hong*, *Flevo*, *Batavier* and *Benuit*, and acted as the consignee of ships belonging to other Chinese owners.³³ These Chinese activities exemplified Singapore's intensified connections with the Riau Islands.

The relationship between the Europeans and Chinese was also dynamic. The European shipping companies did not stop their penetration into regional shipping. This can be observed by the shipping routes established by the KPM across the whole archipelago to transport passengers and government goods. The shipping routes radiating from ports in the Riau area, particularly Tanjung Pinang, strengthened connections of the Riau Islands with the outside world. However, the maritime network had also undergone great changes in this period. In general, there was a gradually intensified shipping network in this region. Up to 1891, among the 13 regulated KPM shipping routes (with branch routes), four stopped at Tanjung Pinang in the Riau Islands.³⁴ However, the extension of the KPM shipping service had a serious effect on the survival of small Chinese shipping companies. Many of them

²⁹ Song, *One Hundred Years' History*, 143-4.

³⁰ http://resourcessgd.kb.nl/SGD/18931894/PDF/SGD_18931894_0000845.pdf

³¹ Song, *One Hundred Years' History*, 19-20.

³² MvO: Riouw en onderhorigheden (1908).

³³ Song, *One Hundred Years' History*, 350.

³⁴ A`Campo, *Engines of Empire: Steamshipping and State Formation in Colonial Indonesia*, 67.

stopped operations or were annexed by European shipping companies, reflecting the vulnerability of the Chinese network.³⁵

If the expansion of the KPM in the Riau Islands reflected the competition between Europeans and Chinese, the European-Chinese relationship in British Malaya showed some cooperation. In case of the SSC, its seven directors in the year of its establishment were Tan Keong Saik, Tan Jiak Kim, Lee Cheng Yan, A. P. Adams, D. J. Mathens, J. Burkinshaw and a Dutchman, T. C. Bogaardt.³⁶ Tan Jiak Kim was on the board of directors for more than 20 years.³⁷ Moreover, one of the grandsons of Tan Tock Seng, named Lee Pek Hoon, was assistant manager of the SSC.³⁸ With regard to the vessels of the company, three out of its five ships, *Hye Leong* (406 tons), *Malacca* (404 tons) and *Billiton* (335 tons), were contributed by the Tan family, navigating along the west coast of the Malay Peninsula in the early twentieth century.

Except for spatial differences, the distinction between the Europeans and Chinese can also be observed in terms of technology. In 1891, when the KPM began its operations, Chinese shipping companies were the largest competitor in the Netherlands Indies. But this changed dramatically after several decades when European shipping companies took a leading position because of their comparative advantage in technology and capital. The rivalry between the British and the Dutch gave an opportunity for Chinese and indigenous firms to operate short-distance regional shipping neglected by the Europeans.

In the case of Singapore and the Riau Islands, this is shown by the comparatively complete statistics of numbers of ships and their tonnage (Table 4.6). Although not all data is available, an estimate can be obtained for a long-term trend based on formulas displayed in Figure 4.11. The four diagrams in Figure 4.11 show a much faster quadratic growth of tonnage of ships clearing in and out compared to the growth in number, which was a linear growth path. However, hesitation about using steamers reduced the Riau Islands' competitiveness in long-distance shipping.

Table 4.7 presents the tonnage/number ratios of Singapore and Riau in this period. It shows the regional deviation in their capacity as indicated by the prevalence of steamers. The increasing proportion of steamers used in Singapore in long-distance international navigation against the limited use of steamers in the Riau Islands, explains the gap between international shipping and regional shipping. The hesitation in using steamers in the Riau Islands was not only due to the relatively insignificant economic importance, but also by the short-route but high-risk navigation across the Singapore Straits with its shallow waters, reduced visibility and

³⁵ MvO: Riouw en onderhorigheden (1908).

³⁶ Tregonning, *Home Port*, 6.

³⁷ Song, *One Hundred Years' History*, 197-8.

³⁸ *Ibid.*, 66.

other hazards.³⁹ Many of the steamers used by Chinese shipping companies were old steamers purchased from European companies; therefore, this limited scale of shipping reflected the gap in technology between the Chinese and the Europeans.

Table 4. 6. Comparative size of European and Chinese shipping companies in Singapore in 1907.

Name	Number and tonnage	Connecting area
P. & O. Steam Navigation (European)	58 steamers 398,985 tons	Britain, Spain, Portugal, India, China, Australia, Japan, Singapore
Norddeutscher Lloyd, Bremen (European)	13 steamers 97,166 tons	Britain, the USA, Germany, Australia, Singapore
'Glen' Line of Steam Packets (European)	9 steamers 40,843 tons	Britain, South America, India, China, Japan, Malaya
KPM (European)	51 steamers 80,340 tons	Netherlands, NEI, Siam, South Pacific, Mauritius, China, Australia, Singapore
Koe Guan Co. (Chinese)	14 steamers 5,248 tons	NEI, Malaya, Singapore
Soon Keck Limited (Chinese)	2 steamers	Malaya, Singapore

Source: STDS (1907).

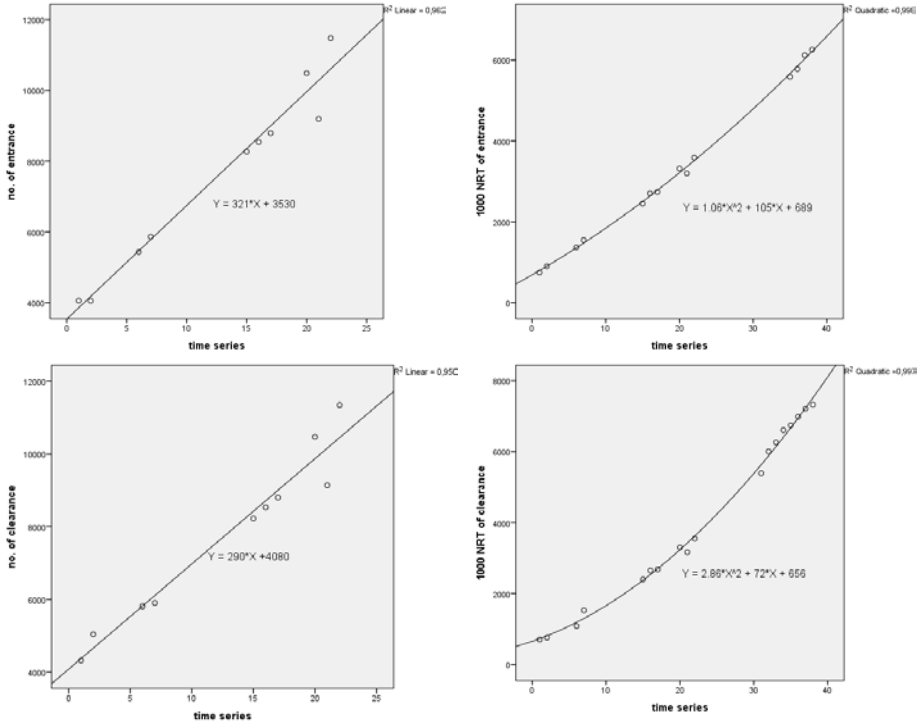
Table 4. 7. Average tonnage in Singapore and Riau, 1866-1905.

	1866	1870	1871	1874	1875	1879	1885	1890	1895	1900	1905
Riau	32	48	36	47	49	30	80	106	68	89	113
Singapore	-	173	183	-	218	-	314	-	-	347	-

Source: Appendix xviii, Appendix xxvi.

³⁹ Thompson, 'Shipping Routes—An Eastern Maze'.

Figure 4. 11. Estimated growth of number and tonnage of vessels based in Singapore, 1870-1910.



Note: in the time series, 1870=1.

To sum up, the maritime network of Singapore expanded rapidly by establishing various links with both foreland and hinterland, particularly the Malay Peninsula, including Johor, which acted exclusively as the hinterland of Singapore. This resulted in a gradually intensified bilateral connection between the two of them. By contrast, the Riau Islands performed as the hinterland of Singapore on the one hand, and served its own maritime foreland on the other. The Riau Islands-Singapore connection was strengthened by frequent small-scale shipping between them, but from Singapore’s perspective, this relationship was not the same case. The regional shipping connection between Singapore and Johor was supported by the British because of the aim of British colonial government to create a unified Malay world, whereas the Dutch colonial government wanted to direct regional shipping away from the Riau Islands to Batavia, rather than leaving it oriented towards Singapore. The dichotomy between international shipping and regional shipping resulted in Singapore showing a process of gradual internationalization, whereas Johor became more regionalized towards Singapore and the Riau Islands remained reluctant vis-à-vis Batavia. Neither Johor nor the Riau Islands had much external connection with regions outside Asia but only indirectly through Singapore and Batavia.

1910-1940s

In the twentieth century, Singapore's role as a staple port with the Malay Peninsula as its hinterland and as an entrepôt in Southeast Asia was reinforced. Demand for rubber, mining products and oil products from the world market called for Singapore to offer a higher shipping capacity, which in turn required more frequent shipping navigation between Singapore and its hinterland. In order to provide this, in 1931 and 1932 Sir Cecil Clementi, governor of the Straits Settlements, urged for a customs union in British Malaya, arguing that trade with the peninsula was a much higher proportion of the total Singapore trade. Therefore, port facilities in Singapore were considerably improved. It meant a minimum of delay or restriction to entry and export or re-export of goods delivered by both European and Asian merchant fleets for all of Southeast Asia. The development of regular shipping services to ports in outer, but adjacent, areas led to a convenient distribution of shipment to the final destination, so merchants operating their business in Singapore could easily increase their knowledge of the requirements of consuming countries and improve their ability to meet the standards required by those countries. Singapore's port could also provide identical rates of freight between European and ports in Southeast Asia. The port provided auxiliary activities such as shipbuilding, bunkering, ship's chandlery, lighterage and stevedoring and created employment for a large number of people. Modern developments in communication, including an advantageous spread in time zones, enabled Singapore to be informed of London prices in time for the next day's trading, whereas local prices could be transmitted to London in time for the opening of that day's market. As a result, Singapore remained the natural centre for collection and distribution of export goods for a considerable part of the archipelago. The volume of shipping passing through Singapore was of greatest importance, both internationally and locally.⁴⁰

However, in Johor, there was not only regional shipping, as in the nineteenth century but also emerging international shipping direct to Japan without passing Singapore. In Muar in 1919 and 1920, the share of ocean-going steamers and coasting steamers in total tonnage cleared in and out was around 65 per cent and 35 per cent respectively. Since most of the ocean-shipping was Singapore-oriented and the river steamers were used for domestic connections, their relative share indicates the strength of the relationship to Singapore. In Batu Pahat, there was average of one steamer daily calling at this port from Singapore. In Endau in 1920, the total tonnage of ships entering was 7,492 tons. However, from the late 1920s, there were Japanese steamers calling at Batu Pahat for iron transported directly to Japan. Thus the

⁴⁰ British Military Administration, *The Entrepôt Trade*, 12-5.

Johor-Singapore shipping connection was continually intensified, but Singapore was not the exclusive marine foreland of Johor.

Nevertheless, it is hard to assess whether the importance of Singapore for Johor was undermined during this period because of the extensive construction of inland traffic of both railway and road. Long before the twentieth century, several plans had already been proposed to develop the railway network to (1) suit the needs of rubber companies to transport products from the Malay states to Singapore for processing and export; and (2) to carry tin from the mines in Perak and Selangor for smelting in Penang and Singapore.⁴¹ However, these proposals were not seriously realized until the formation of the Federated Malay States Railways (FMSR) in 1901, although there had already been several fragmented railway systems along the west coast up to the end of the nineteenth century. In Johor, several individual railways were constructed for commercial use. The first railway connected Johor Bahru and Gunung Pulai, a distance of 20 miles, in 1869. Coming into the twentieth century, more serious and effective measures were taken to extend and connect existing railways. In 1900, a line linking Muar and Parit Jawa was completed, although the construction of another line connecting Johor Bahru and Segamat failed to materialize. In 1904, an agreement was signed with the FMSR for the construction of a railway line between Gemas and Johor Bahru. Railways in the southern Johor State were finally included in the Malaya network through a route to Singapore in 1909. This was initially by ferry, then by rail over the causeway which was completed in 1923, providing the final link in the Malayan road and rail transport system.⁴²

Railway construction also stimulated inland road traffic for transporting commodities and people to the railway stations. In the early 1900s, roads in Johor were extended from the coastal to the inland area, although there was still poor traffic connection between Batu Pahat, Muar and Johor Bahru other than by sea.⁴³ In 1926, 'Branches from the road strike the railway at Renggam, Kluang, Pulai, and Segamat.' 'From a point some 10 miles from Johor Bahru a new road branches off, and passing Gunong Pulai on the south strikes the west coast at Pontian Besar, and then runs along the coast to Batu Pahat via Benut.' 'The remaining road, from Kluang on the railway to Mersing, on the east coast is of interest, as it is the only road in Johor which is not at present flanked by cultivation throughout the greater portion of its length, and passes through the real virgin jungle in the heart of the country.'⁴⁴ Although the roads in Johor were poor compared to Malacca, Selangor, and Negri Sembilan, they were being improved as soon as funds would permit. And the

⁴¹ Kratoska, *The Japanese Occupation*, 21.

⁴² Shamsuddin, *Malayan Railway*, 11. See also 'Johore State Rly. (Construction: Causeway)', CAOG10/50.

⁴³ Leinbach, 'Transportation'.

⁴⁴ Kirby, 'Johore', 249.

government aimed at completing the west coast road and the Batu Pahat by-pass, followed by feeder to the railway in north Johor.⁴⁵

Both railway and road systems of Johor were connected to Singapore by the Singapore-Johor causeway which became a great boon, because it permitted the running of through-train services from Thailand to Singapore without an exceedingly annoying and uneconomic transshipment, and it also gave a great stimulus to the motor car industry, as planters from upcountry could not deliver their goods directly to the merchant houses in Singapore by road.⁴⁶ As a result of the extension of the inland road and rail system, transport by sea declined and the landing ports fell out of use. The Straits of Johor were no longer a sea lane since ships could no longer pass through and only small boats could go through the lock. Although coastal sailing vessels still called at Sungai Seggat, its importance as a port declined, since goods could be more conveniently and more cheaply transported by road and rail.⁴⁷ In general, however, the Johor-Singapore connection in this period was much stronger than ever before.

Table 4. 8. International connections of Pulau Sambu in 1919.

Shipping route	No. of vessels	Total tonnage in M ³
Arubay -> Sambu -> Colombo	1	1,009
Sambu -> Singapore -> Calcutta	2	9,578
Sambu -> Singapore	50	88,344
Sambu -> Penang	1	385
Sambu -> Siam	13	17,794
Sambu -> Saigon	9	13,375
Balikpapan - Sambu - China (Shantou, Xiamen, Fuzhou, Shanghai)	1	3,152
Sambu - Tamsui - Hong Kong	2	3,233
Sambu - Manila	1	3,233
Sambu - Australia (Adelaide, Sydney)	3	19,539
Tanjung Pinang - Singapore	189	190,925
Tanjung Pinang - Siam	1	4,112

Source: SHS (1919).

⁴⁵ Ibid., 250-1.

⁴⁶ Ibid., 251.

⁴⁷ Lim, *Johor*, 137.

A similar diversification also took place in the Riau Islands. In the Netherlands Indies, the KPM operated 134 ships, calling at all major and most minor ports in the Netherlands Indies as well as Penang, Singapore, and occasionally Bangkok. In 1940, it carried 5.1 million tons of cargo, far exceeding that of all other shipping companies in the Netherlands Indies combined. Apart from Dutch mightiness, British shipping also had a strong presence. It was represented by Anglo-Saxon Petroleum, a private company owned by Shell and Royal Dutch. It was engaged in transporting surplus oil from the Pangkalan Brandan refinery in North Sumatra to Pulau Sambu and reshipping to ports outside Indonesian waters. A large number of steamers called at this port for the transshipment of kerosene, benzene, gasoline, and fuel oil to the global world. Therefore, only around 60 per cent of the vessels, with around 55 per cent of total tonnage, were directed to Singapore from Pulau Sambu (Table 4.8).

In the Riau Islands, the share of shipment to and from Singapore declined significantly compared to the previous period when almost all shipping had been Singapore-oriented in the Riau Islands. But with respect to the whole archipelago, the majority of non-oil shipment was still directed to Singapore because of geographical proximity. In Tanjung Balai (Karimun), all vessels sailing beyond the Netherlands Indies were destined for Singapore. And in Tanjung Pinang, the only destination outside the Netherlands Indies except Singapore was Thailand. In Penuba, which was the origin of the tin exploration from Singkep, most of the vessels were directed to Bangka and Billitong, from where these products were transported further to Singapore (Appendix xxviii).

At the same time, domestic interinsular shipping navigation within the Netherlands Indies expanded. This can be exemplified by the continuous expansion of the KPM network (Table 4.9), in which Penuba and Terempa gradually became involved, though only in domestic shipping. However, their importance was too insignificant to represent a regional pattern. In Tanjung Balai (in Karimun), both international shipping to Singapore and domestic shipping within the Netherlands Indies expanded rapidly, but shipping to Singapore was larger in terms of total tonnage, whereas national shipping was more important in terms of numbers. Pulau Sambu and Tanjung Pinang were the largest ports in the Riau Islands, representing a division between international and domestic shipping. In Pulau Sambu, international shipping to Singapore expanded much faster than domestic shipping, while Tanjung Pinang showed a reverse pattern. Together with the rise of Tanjung Uban, we may assume a growing importance of domestic shipping rather than shipping to Singapore (Figure 4.12). Therefore, the shipping network of the Riau Islands during this period expanded, while Singapore still played the largest role in the shipping network. From a comparative perspective, the importance of Singapore for the Riau Islands was still as considerable as in the late nineteenth century.

Table 4. 9. KPM shipping routes passing Riau Islands in 1940

K.P.M. Line 3: Batavia – Tanjung Pandan (Billiton) – Tanjung Pinang (Riau) – Singapore

K.P.M. Line 3a: Batavia – Tanjung Pandan (Billiton) – Muntok (Bangka) – Tanjung Pinang (Riau) – Singapore

K.P.M. Line 4b: Batavia – Toboali – Koba – Pangkal Pinang – Sungai Liat – Belinyu – Jebus – Mentok – Tanjung Pinang

K.P.M. Line 4c: Mentok – Palembang – Tanjung Pinang

K.P.M. Line 4d: Tanjung Pinang – Mura Saba – Jambi

K.P.M. Line 4e: Tanjung Pinang – Prigi Raja

K.P.M. Line 5: Surabaya – Cheribon – Batavia – Mentok – Tanjung Pinang – Belawan Deli – Edi

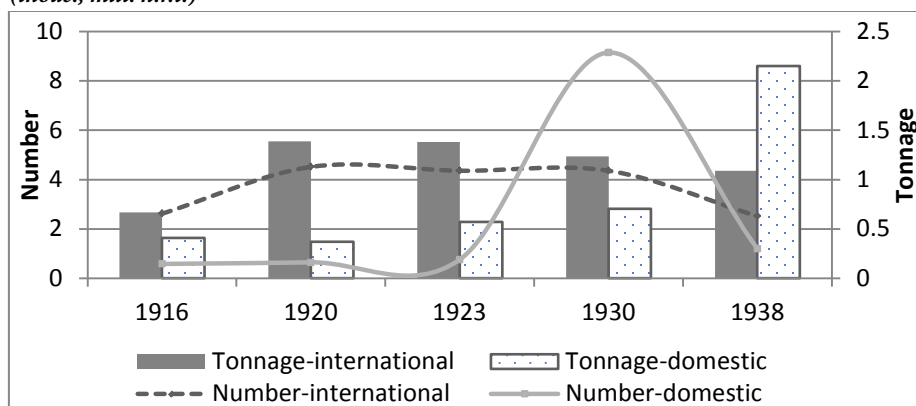
K.P.M. Line 6a: Tanjung Pinang – Tambelan – Pontianak

K.P.M. Line 6b: Tanjung Pinang – Anambas Islands – Natuna Islands

K.P.M. Line 6c: Tanjung Pinang – Tambelan – Singkawang

Source: CEI, vol. 15, 1D, 119.

Figure 4. 12. International and domestic shipping in Riau Islands, 1910s-1930s.
(thous., mill. n.r.t.)



Source: Appendix xxvii.

The dynamic shipping networks of Singapore, Johor and the Riau Islands were reflected by changing relations between different ethnic groups. In general, the more aggressive expansion of European shipping companies in this period resulted in transport dominated by Western shipping companies in British Malaya and the Netherlands Indies, whereas Chinese shipping companies gradually lost their importance and faded out because of fierce competition. In British Malaya, nine

coastal lines operated in the 1930s, six of which were Chinese-owned or operated by Chinese. However, most of the regional shipping companies had to surrender to the Europeans, especially to the SSC for the agreement of freight rates.⁴⁸ The SSC was linked to Straits Trading, the largest tin-smelting company, as well as to an increasing number of Chinese mines.⁴⁹ This also happened to a Muar-based Chinese shipping firm, the Hua Khiow Steamship Company, which owned *Najam* and *Hua Tong* (280 tons). It was acquired by the SSC in the 1930s.⁵⁰ Wee Bin & Company was acquired by Ho Hong Steamship Company (founded by Lim Peng Siang in 1914), which in turn was purchased by the SSC in 1932. The surrender of the Ho Hong Steamship Company to the SSC marked the decline in importance of Chinese shipping in the Malay Peninsula. With a total gross tonnage of 38,860 tons in 1940, the SSC symbolized British control of both international and regional shipping in Singapore.⁵¹

Similarly, in Riau's waters, very few Chinese shipping companies were still operating independently. By exploiting the subtle relationship between the British and the Dutch, who were rivals and distrustful of each other, they kept an unstable balance with the KPM, which allied with Chinese to fight their British competitors in the Netherlands Indies. Successfully, but with some difficulty, several Chinese shipping companies managed to survive in the Riau Islands where the KPM was reluctant or unable to enter. The services of previously mentioned Tio Hoe Lay were extended by his son to Sarawak, Muar and South Sumatra.⁵² Another three shipping firms were



**A tongkang sailing in the waters of the Riau Islands held by Ms. Abraham Crijnsen.
Source: KITLV/14093.**

⁴⁸ Tregonning, *Home Port*, 138.

⁴⁹ Dahles and Van den Muijzenberg, *Capital and Knowledge in Asia: Changing Power Relations*, 153-4.

⁵⁰ *Straits Times*, 31 May 1933, Page 6.

⁵¹ Tregonning, *Home Port*, 164.

⁵² *Ibid.*, 138-9.

also associated with the Chinese in Indonesia: the Tiong Hua Loen Chun Kongsii in Palembang, Lian Hua in Jambi, and the Heap Eng Moh (associated with the Oey Concern) based in Singapore. The first two each owned one steamer sailing between Singapore and Sumatra.⁵³

At the same time, the technological dichotomy still existed between Singapore and the rest, between Western shipping companies and the others. Although there is data about the exact number of vessels in Singapore, we can conclude that steamers dominated the shipping capacity. In the Riau Islands, the tonnage/number ratio fluctuated between 99 and 170, which did not exceed the level in Singapore in the 1870s (Table 4.10). The higher ratio of the Riau Islands in this period was largely due to the visit of steamers to Pulau Sambu for oil products. In Johor, these ratios were even lower and steamships were even used in transporting mining products from the state to Japan.

Table 4. 10. Ratios of tonnage/number in Johor and Riau Islands, 1909-1938.

Year	1909	1916	1920	1923	1928	1930	1932	1938
Johor	-	-	-	-	41	74	60	-
The Riau Islands	170	121	116	134	-	99	-	153

Source: Appendix xxv, Appendix xxvii.

To sum up, the internal connections of the triangle showed a process of intensification. Although Johor's growing connection to Japan and transshipment of oil from Pulau Sambu in the Riau Islands to countries diversified regional connections, from the point of view of Singapore, which paid more attention to the regional market, connections with Johor and the Riau Islands were at the same time intensified. With regard to shipping authorities, Johor-Singapore shipping was shifted to the British, whereas the Riau Islands-Singapore connection was still maintained by the Chinese. Rather than full cooperation, the mutual relationships between different shipping companies increasingly showed signs of competition.

1940s

The Japanese invasion in 1942 brought the steady growth of maritime development to a sudden end. But it is also the first time since the split of the old Johor-Riau Sultanate 130 years ago that we can describe this region as a complete political unit. There was a general decline of shipping movements and a disruption of external

⁵³ Twang, *The Chinese Business Élite*, 92.

shipping connections because of the Japanese effort to obtain natural resources and goods to wage war, and to blockade communication and supply routes that allowed the Allies to send supplies to Chinese forces.⁵⁴ On the other hand, internal mutual connections within the triangle were intensified, both by official improvement and by secret means.

Due to its previous international status, Singapore was considered as occupying an important geographical position serving a strategic military purpose for the JMA,⁵⁵ whereas Malaya and Sumatra were regarded as the core of economic development. Products were transported to Singapore from where they were shipped to Japan. These maritime activities effectively cut off outward connections of this region with the Western world, but strengthened the Japan-Malayan connection and Malayan internal connections by transport of raw materials to Japan. On 20 March 1943, the military administration announced the creation of a Southern Regions Shipping Company, which incorporated all Japanese shipping interests in Singapore, and mobilized steamships and sailing vessels in order to carry goods within the Southern Regions. In January 1944, a Malayan Marine Transport Association similarly united all local shipowners.⁵⁶ Japan also launched a programme to build ships throughout the Co-Prosperity Sphere, ordering all districts in the Southern Regions to give the highest priority to this effort, which received some 30-40 per cent of funds available for civilian enterprises in 1944.⁵⁷ And the Japanese also made great efforts to revive shipping by building wooden vessels and introducing the Syonan Shipping Kumiai system in May 1942.⁵⁸ Nevertheless, these measures could not alter the gradually loosened international shipping connections.

Internal traffic connection was by contrast relatively strengthened. With regard to land traffic, the Japanese authorities constructed a new road along the east coast of the peninsula, but maintenance of existing roads was poor. Railway service was resumed along the west coast by June 1942, but there were breaks in the line where bridges had been destroyed, and it was 1943 before a through service between Singapore and Bangkok was announced.⁵⁹ In maritime development, although shipping space was extremely scarce, the re-use of traditional Chinese sails and Bugis prahus maintained the internal marine connections. The number of wooden vessels sailing between Singapore and neighbouring islands doubled from the pre-war number.⁶⁰

⁵⁴ Yoji and Mako, *New Perspectives*, 113.

⁵⁵ *Ibid.*, 134.

⁵⁶ Kratoska, *The Japanese Occupation*, 161.

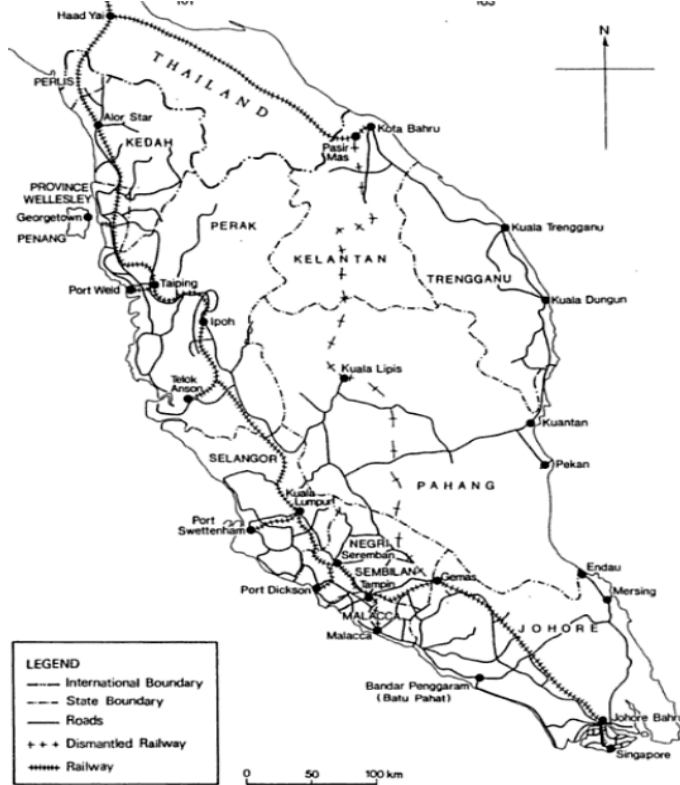
⁵⁷ *Ibid.*

⁵⁸ Twang, *The Chinese Business Élite*, 93.

⁵⁹ Kratoska, *The Japanese Occupation*, 160.

⁶⁰ Twang, *The Chinese Business Élite*, 94.

Map 6. Roads and railways of Malaya in 1945.



Source: Kratoska, *The Japanese Occupation*, 162-3.

Secret means to strengthen internal connections resulted from the navigation of small junks used in the black market. They operated more or less openly in occupied Malaya despite heavy penalties. Some black market supplies came from authorized dealers who diverted rice or sugar intended for sale under the rationing system, but the primary source was smugglers who operated along the Malayan coasts. Karimun Islands in the Riau Islands became a major transfer point for smuggled goods traded between Java, Sumatra and the peninsula, so much so that in March 1945 the Syonan Rice Import Kumiai set up a branch there to 'smooth' imports of rice. In Johor small sailboats entered the Batu Pahat River at night carrying 'rice, sugar, flour, pigs, cigarettes, wine, brandy and opium', for the most part purchased from the occupied The Netherlands Indies. There was also a considerable amount of internal smuggling,

with farmers or traders moving goods from production areas to towns where supplies were scarce and black market prices attractive.⁶¹

In total, during the Japanese occupation, a severe shrinkage of the serving area of shipping was the sole characteristic feature of the external connections of Singapore, Johor and the Riau Islands as a whole. By contrast, their internal connections reached their strongest point. Their mutual relations therefore showed a pattern of cooperation and 'co-prosperity'.

1950s-1970s

The SSC began trading again as soon as it returned to Singapore after the war, but its post-war history was full of fluctuations and decline.⁶² This happened to the KPM as well when faced with economic decolonization in Indonesia. Both Chinese and Malays now got an opportunity to play a large part in shipping because of the disappearance of Western shipping. After the war, the Japanese left behind some vessels which came into the hands of either the Republic or the Chinese. A large number of landing-craft was sold by the British colonial authorities to the Chinese. It was an important landmark in the development of Chinese shipping in this area.⁶³ There had been only a few Chinese shipping firms in Singapore in the late 1930s, while in Sumatra there were only two, each owning one single vessel. In 1949, by contrast, there were at east 20 Chinese shipping firms based in Singapore, mostly run by *totok* Chinese from Indonesia.⁶⁴

Chinese significance was reduced during the process of regional decolonization and nationalization. In Singapore, ethnic Chinese were still active in economic domains due to their dominance in the total population, but by then, their mother country was Singapore, instead of China. By contrast, both in Malaysia and Indonesia, indigenous groups received encouragement and support from the government and took the place of Chinese in all domains. Nevertheless, the implementation of these policies was not effective in the triangle, especially not in the Riau Islands. As a result, existing conditions were maintained which suggests a continuity of the colonial pattern, at least during the immediate post-war period.

Government intervention increasingly called for independence in the economic sphere. Guided by individual government policies, shipping connections between Singapore, Malaysia and Indonesia were competitive rather than cooperative. Appendix xxii provides details of the shipping movements of Singapore differentiated by nationality. Although the information is not complete, it is still obvious that the share of Indonesia and Malaysia in the total of Singapore fell gradually.

⁶¹ Kratoska, *The Japanese Occupation*, 160-70.

⁶² Tregonning, *Home Port*, 249.

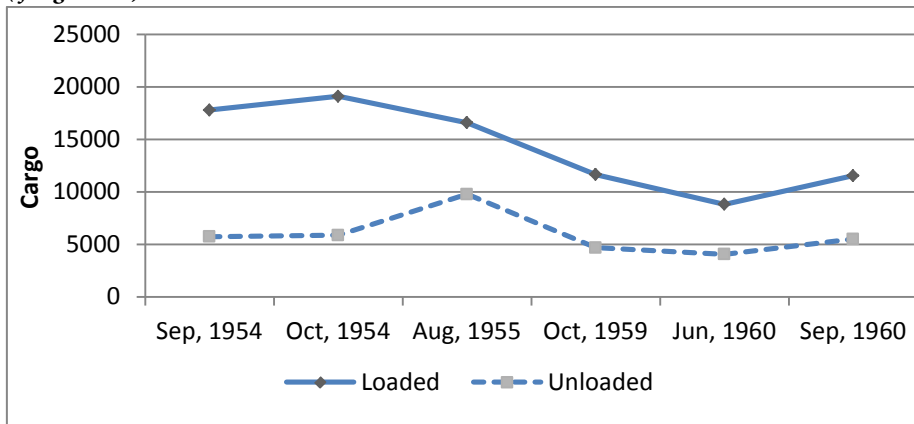
⁶³ Twang, *The Chinese Business Élite*, 210.

⁶⁴ *Ibid.*, 211-2.

In Malaysia, statistics indicate a negative growth of trade with Singapore, after the Malaysian government had announced in the Malaysia Plan its intention to construct its own port in order to bypass Singapore. The same intention was also present in Indonesia from the 1950s to divert the Riau Islands away from Singapore. This reached a peak during the process of decolonization when private capital from the former colonial mother country was confiscated by the government. The nationalization of Dutch firms resulted in a serious economic downturn. The Riau Islands-Singapore marine connection suffered a great decline during this period! In contrast to the domestic interinsular shipping of the Riau Islands which increased gradually, shipment to Singapore declined each year (Figure 4.13). Pulau Sambu and Tanjung Uban became exclusive oil ports to distribute oil products to the world market without needing Singapore. There is no doubt that this declining trend was reinforced by Indonesian-Malaysian Confrontation during the years 1963-1966 when there was a significant decrease in numbers of vessels.

Figure 4. 13. Cargo loaded and unloaded in Singapore from Riau Islands per month, 1954-1960.

(freight tons)



Source: Appendix xxiii.

More changes took place in the 1970s when the political intention to develop a national economy became more pronounced, particularly in Malaysia. The departure of Singapore from the Federation in 1965 resulted in the intention of the Malaysian government to construct its own port for international trade. The understanding behind this dated back even earlier because of the growing importance of export

industries in Malaysia, as well as trade and economy.⁶⁵ These new industries would be significant generators of industrialization throughout for the port, because Johor port could provide the necessary facilities and amenities to attract industrial throughput from Singapore port.⁶⁶ This ambitious plan was finally realized with the design of the Johor port in 1974. The government would recognize Johor port as the southern terminal point of the Peninsular Malaysia (goods) transport network.⁶⁷ Therefore, there was a hope in the government that the majority of the new industries, particularly the footloose ones, which would be located in the new industrial estates in Johor. The following government policies were announced to enhance Johor port's competitiveness, including:⁶⁸

1. Land transport development: the new rail link between Kempas and Johor port, and a road link between Johor Bahru and the port. In this respect, with the completion of the rail link to Johor port, it is recommended that for the purposes of planning for transportation infrastructure, and to tailor its future road and rail planning within this context.

2. Preferential rates to shippers. The policy was created in the hope that cargo could be delivered through Johor port rather than Singapore port and the railway system.

3. The establishment of more ancillary services necessary for port operation (like forwarding agents, insurance agents, handling agents and banks) in the Johor port area. Moreover, the government should seriously consider the possibility of designating a free trade zone near the port to allow the port to compete with Singapore port for the handling of cargo like rubber and palm oil.

4. The Johor Port Authority (JPA) should prepare a formal request to the Ministry of Transport to present its case to the Shipping Conferences to designate Johor port as a Liner Port after the completion of its Phase II expansion programme in 1985. The designation of Johor port as a liner port would enable a larger range of commodities to be shipped through the port than at present, particularly for cases of dry general cargo and containerised cargo.'

Existing connections were difficult to cut off. After the war, Singapore maintained its position as the main commercial centre of Southeast Asia and as the chief port of the Federation of Malaya. In 1950, evaluated from the perspective of total imports and exports from Malaysia, 73 per cent and 63 per cent respectively passed through Singapore.⁶⁹ Between 1957 and 1966, more than one-third of

⁶⁵ Othman and Fong, *Johore Port: An Economic Evaluation and Formulation of a Long-term Expansion Strategy*, 225.

⁶⁶ Ibid.

⁶⁷ Ibid., 192-225.

⁶⁸ Ibid., 192-3.

⁶⁹ CSAR (1950), 14.

Peninsular Malaysia's trade used Singapore for shipment. A high degree of dependence of Indonesia on Singapore is also observed from the frequent shipping activities between the two. The main reason was the comparative advantage of Singapore. First, the high frequency and wide range of shipping services at Singapore brought about a reduced cargo waiting-time and hence lower storage payments, which made Singapore more attractive. Second, Singapore's more developed banking, financial and telecommunication facilities enhanced its position in foreign trade with Peninsular Malaysia. Third, the development of container facilities and international connections attracted considerable shipments.⁷⁰

Despite the expectations of the Malaysian and Indonesian governments, maritime development of Johor and the Riau Islands was still slow to materialize. In Johor, total cargo throughputs of Johor port in 1980 amounted to 2,064,000 freight tons, ranked 5th place, and took 6.7% of the total of Malaysia. The corresponding numbers in 1985 changed to 4,327,000 tons, ranked 6th place, and 7.2% of the total.⁷¹ This reflected a certain growth in Johor. Nevertheless, insufficient port services, including cargo congestion, delays in cargo clearance, high cost of shipyards, and limited market networks, still left an opportunity for Singapore to attract a major proportion of Malaysian merchandise. To some extent, Malaysian ports, including those of Johor, became mere feeder ports to Singapore. Thus, the task ahead, the government figured, was to undertake effective action to make Malaysian ports more competitive, encouraging cargo to be shipped through them whenever possible.⁷²

Therefore, in the post-colonial period, the two-way connections within the three regions were expected to be undermined because of the underlying political ambitions. Nevertheless, a continuation of historical connections is still visible under the influence of colonial legacies. Although their mutual connections grew relatively weaker, they still formed the foundation of the next step of economic cooperation, the establishment of SIJORI.

3. Overview of shipping development and analysis of demand conditions

Sea unities through the linkages created by maritime networks have been a feature of modern history.⁷³ Locally, the boundary of rivers and sea between Singapore, Johor and the Riau Islands makes ships serve as the most reliable and efficient mode of transportation. This chapter has offered a survey of marine connections between the three regions.

⁷⁰ Devaser, *A Plan for Johore Port*, 6.

⁷¹ Rahman et al., *The Maritime Economy*, 16, Table 2.4.

⁷² *Ibid.*, 17.

⁷³ Frost, 'Asia's Maritime Networks and the Colonial Public Sphere, 1840-1920'.

In general, all regions experienced rather dramatic changes in maritime development. However, their mutual connections did not follow paths of individual development. During the colonial period, their relationship, represented by various shipping companies, generally showed a pattern of both cooperation and competition. Johor remained exclusively the hinterland of Singapore until the appearance of the Japanese, while the Riau Islands' position showed some similarity with Singapore. Internal connectedness within this region showed a gradually intensification. The region as a whole was exposed to the world economy by European steamers, while internal connections to a large extent were maintained by the Chinese. During the Japanese occupation, all suffered great setbacks. However, internal connections reached their strongest point due to the Japanese political and military efforts. After the war, political confrontation and economic blockades led to a disruption of the existing network. Internal connections were destroyed and outward connections to the world economy were strengthened on an individual basis. Due to the vulnerability and small scale of Chinese shipping companies, the Riau Islands-Singapore connection was not as strong as the Johor-Singapore connection.

This chapter together with Chapter 3 also describes the factor of demand conditions in Porter's Diamond Model. The evaluation of this factor is shown by Table 4.11. It shows two simple facts. First, Singapore possessed the greatest advantage in the spatial dimension, followed by Johor, then by the Riau Islands. Second, in the temporal dimension, the advantages in all regions underwent a cumulative process, except during the Japanese occupation.

Table 4. 11. Standardized assignments of demand conditons in Singapore, Johor and Riau Islands by period, 1870-1970.

	1870-1910			1910-1940			1942-1945			1945-1970		
	Early imperialism			High colonialism			The Pacific War			Decolonization, independence		
	S	J	R	S	J	R	S	J	R	S	J	R
<i>International trade</i>	1.2	0.4	0.8	2	1.2	1.2	0.8	0.4	0.4	4	2.8	2
<i>International shipping</i>	1.2	0.4	0.8	2	1.2	1.2	0.8	0.4	0.4	4	2.8	2
<i>Regional trade</i>	0.8	0.8	0.4	1.6	1.2	0.8	0.4	0.4	0.4	2.4	2.8	2
<i>Regional shipping</i>	0.8	0.8	0.4	1.6	1.2	0.8	0.4	0.4	0.4	2.4	2.8	2
<i>Trade agents</i>	0.8	0.4	0.4	2.4	1.2	0.8	0.4	0.4	0.4	4	2	1.2
<i>Shipping companies</i>	0.8	0.4	0.4	2	1.2	1.2	0.8	0.4	0.4	2.4	1.6	0.8
<i>Mean value</i>	0.9	0.5	0.5	1.9	1.2	1	0.6	0.4	0.4	3.2	2.5	1.7