

## TRADE, PORT AND SHIPPING IN LABUAN, 1846–1923: AN ANALYSIS OF MARITIME ECONOMIC HISTORY

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Dihantar/Received: 14 September 2025 | Penambahbaikan/Revised: 5 October 2025

Diterima/Accepted: 5 November 2025 | Terbit/ Published: 22 December 2025

DOI: <https://doi.org/10.51200/manu.v36i2.6945>

**Abstract** This study discusses the history of Labuan Island from the aspects of trade, ports and shipping from 1846 to 1923. All of these aspects were important not only for the British to make a profit purely but also to see the importance of the island in the context of maritime history in Borneo. Beginning with the rise of trade activity, the development of maritime economies was influenced by the formation of a network of trade routes in the South China Sea. The study uses a qualitative research method that focuses on primary and secondary sources in obtaining the study materials. Based on historical records it is clear that the British had tried to exploit the economic resources of the island until it became a British colony in 1846. Although British economic policy was more focused on the land-based economy, trade, ports and shipping were also British priorities on the island.

**Keywords:** Labuan Island, trade, ports, shipping, maritime

### INTRODUCTION

In general, Labuan Island is an island located on the northwest side of Borneo with a position on the line 5°18' N and 115°15'W. The position of this island is very strategic not only located in the middle of the trade route between Borneo, China, the Philippines and other Asian countries but also located in front of the entrance of Brunei Bay and facing the South China Sea. With that, this island became the focus of traders from all over the world who used the South China Sea route so that this island became a good and safe port. This island also includes nearby islands such as Malankasan Island, Small Rusukan Island and Big Rusukan Island, Kuraman Island, Daat Island and so on. Early notes, this island has been described as an island that does not have a permanent population. This island is only used as a stopover by fishermen to rest and repair their boats and nets. They also built several small huts near the coast to rest. It is also noted that this island was temporarily occupied by the East India Company (EIC) in 1775 after they were expelled from Balambangan Island by the Sulu people (Ceclia Leong, 1984: 9). At that time, the island was under the rule of the Sultanate of Brunei. This sultanate is one of the Islamic-based maritime kingdoms that



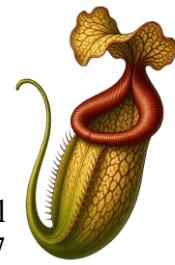
reached its heyday in the 16th century as noted by western travelers Tom Pires and Antonio Pigafetta. This is proven by Brunei's success in controlling part of the island of Borneo and the southern Philippines. But in the 17th century, this kingdom began to be challenged by several local and western powers such as the Sultanate of Sulu, Pontianak, Banjarmasin, Sambas and the Spanish power in the Philippine Islands. This situation has caused the beginning of the fall of the Sultanate of Brunei by witnessing the surrender after surrender of territory has taken place to guarantee its security and position in Borneo including the surrender of Labuan Island.

The idea of taking Labuan Island was once sparked by John Crawford (British Resident in Singapore) but James Brooke is still recognized as the earliest pioneer in taking this island by the British. This acquisition is related to the potential of the island of Labuan as a maritime network in the South China Sea, a port and shipping center, having coal and a starting point for the expansion of British power in Brunei, North Borneo and Sarawak. According to Nicholas Tarling, the British at that time thought that it was necessary to build a port on Labuan Island like the port in Singapore as a stopover to repair steamships and as a place to distribute British goods to the Borneo Islands. This is also thought to limit the expansion of Dutch influence in North Borneo (Nicholas Tarling, 1971: 68). Thus, starting in 1843, with the arrival *HMS Semarangled* by Captain Edward Belcher from London to Borneo to find a British naval base until the island was confirmed as a British protectorate by Lord Palmerston in November 1846 and officially handed over on 24 December 1846 (FO 572/6455/55: Viscount Palmerston to the Lord Commission of the Admiralty, 24 July 1846). From time to time, this island is seen to grow rapidly with the arrival of steamships, entreports, import and export activities, development of infrastructure, communication and so on. For example, on August 1, 1848, James Brooke declared this island as a free port and open to settlers. Therefore, this study will discuss how Labuan Island became a maritime network in the South China Sea in the history of British Borneo from 1846 to 1923.

## LITERATURE REVIEW

Until now there has not yet been a form of comprehensive study and writing on the history of Labuan island from the aspect of its maritime network, especially in the years 1846 to 1923. This matter is directly related to the discussion of aspects of trade, ports and shipping. If you look back at previous studies, they only looked at one aspect without discussing the existence and influence of this island as a maritime network in the Southeast Asian region. They put more emphasis on economic aspects, coal wealth, water transport, fishing industry, navigation, trade, ports and shipping at a glance. For example, the study of Anthony Reid (1988) has shown the importance of the sea in the archipelago as the main route and bridge that connects east and west trade after the end of the era of glory of the silk route in mainland Asia. The study of KG Tregonning (1958), Sabihah Osman (1985), Ranjir Singh (2003) and Cecilia Leong (1982) is one of the most important studies in Sabah history writing. This study discusses the administration of BNBC from the political, economic and social aspects of the indigenous community in North Borneo. They have also given a detailed picture of the indigenous administrative system and other aspects. However, their study only focused on the policy and administration of BNBC and its impact on the traditional government system.

In addition, studies related to the history of Labuan island are such as James Warren's study (1981) stating the potential of Labuan island which has good natural characteristics, a strategic position and is suitable for the stopover of merchant ships from Hong Kong, Manila,



Brunei, Betawi, Sulu and Singapore. Further studies by Nicholas Tarling (1978) and Maxwell Hall (2007) state how the British were able to take over the administration of Labuan in 1947 and the agreements that were signed. The study of Hanizah Idris (2006) is also important in looking at the development and development of the maritime economy, especially from the aspect of trade and ports. He also discussed the development of Labuan port as an important port during the British administration. Similarly, FW Burbidge's study (1880) presented trade relations between Labuan and Singapore and other areas, especially import and export activities. Ismail Ali (2018) recalls the history of Chimney's presence on Labuan Island. He stated that the existence of the coal mining industry between 1847-1911 at Tanjung Kubong or better known as Coal Point was very important and many said it was built to serve as a guide for ships heading to the Raffles Anchorage area. Nazli Aziz (2000) also discussed the development of infrastructure in the port of Labuan including the construction of a Lighthouse on Papan Island and other equipment. All these studies generally show the importance of Labuan island in the maritime aspect but do not relate in depth how this aspect of trade and port has built a maritime network in Southeast Asia. This study is crucial not only in understanding the strategic maritime network in Labuan, but also in documenting the evolution of modern infrastructure and helping to fill gaps in Borneo's maritime historiography that are often marginalized. Therefore, this study is very important and different from previous studies that are not only maritime history but also examine the maritime network built in the history of British Borneo.

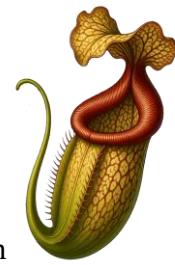
## MATERIAL & METHODS

This study uses a historical research approach and qualitative research. In this study there are two methods used to obtain research resources in accordance with the study title. First, archival research, this research is an important method used by researchers to obtain primary sources that are original or authentic materials that have not yet been published in the form of reading materials. The researcher will conduct research at the Sabah State Archives. These archival materials include government letters, old pamphlets, government documents, microfilm and annual reports.

Second, library research, researchers use library research methods to find, collect secondary sources or second sources. This refers to materials that have been written by previous researchers, whether they have been published or not. The libraries that will be the collection of researchers are at the Sabah State Library, the Universiti Malaysia Sabah Library, the Tun Fuad Stephen Research Library and the Language and Library Council Library. The researcher also looked for written materials published in several neighboring countries such as Indonesia and Brunei. These materials include articles in journals, books or book chapters, dissertations and previous theses. All of these secondary materials are important in this study either to understand the initial overview of the study, help in writing and also in making the research framework of the study.

## RESULTS

Based on the research carried out, there are three main things that need to be paid attention to in order to develop the port and trade of Labuan so that it can become a maritime network in the Southeast Asian region.



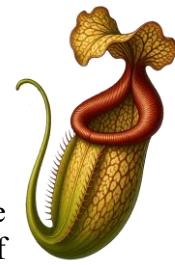
## Development of British Trade in Labuan

In principle, there were some interesting changes in trade and shipping in British Borneo in the period from 1846 to 1923. During this period, trade and shipping activities experienced changes from Asian trade to international trade. Shipping activities have also evolved from shipping that focuses on the coast to international shipping. This change caused trade relations to no longer be focused bilaterally between British Borneo and Great Britain only, but multilateral relations are growing between British Borneo and other trading partners in the world. Although trade relations with British Borneo are growing, Great Britain is still the main trading partner for the whole of British Borneo. With this change, of course it affects the type, value and quantity of commodities that are traded from time to time. In the mid-19th century until the 1890s, forest products and marine resources still dominated the types of commodities exported from British Borneo, before changing to other types of commodities by the 20th century. The British administration clearly focused on selling crops for export in an effort to introduce a free trade system in North Borneo, Sarawak and Brunei.

The change in the direction of trade and the policy of the British administration in British Borneo had a great impact on the development of trade in Labuan during the British administration. On January 22, 1848, the British took over the administration of Labuan and James Brooke was appointed as its first Governor. During his time as Governor, he declared the island a free port and named it Victoria Harbour. The administration implemented in 1848 also implemented an economic policy based on the Treaty of Friendship and Commerce Between Her Majesty and the Sultan of Borneo on May 27, 1847. In this agreement, the principles of trade that will be carried out in Labuan includes tax regulations and other applicable fees. Among the important contents of the agreement, which contains 13 articles, is about complete freedom to enter Labuan Port, traders are given the freedom to buy any goods from the surrounding areas, Europeans are allowed to handle the buying and selling process freely, freedom to bring goods imported from the region - the territory of the Sultanate of Brunei including Labuan, the regulation of various types of tax on goods and others (FO 12/5/314: Treaty of Friendship and Commerce Between Her Majesty and the Sultan of Borneo, 27 May 1848).

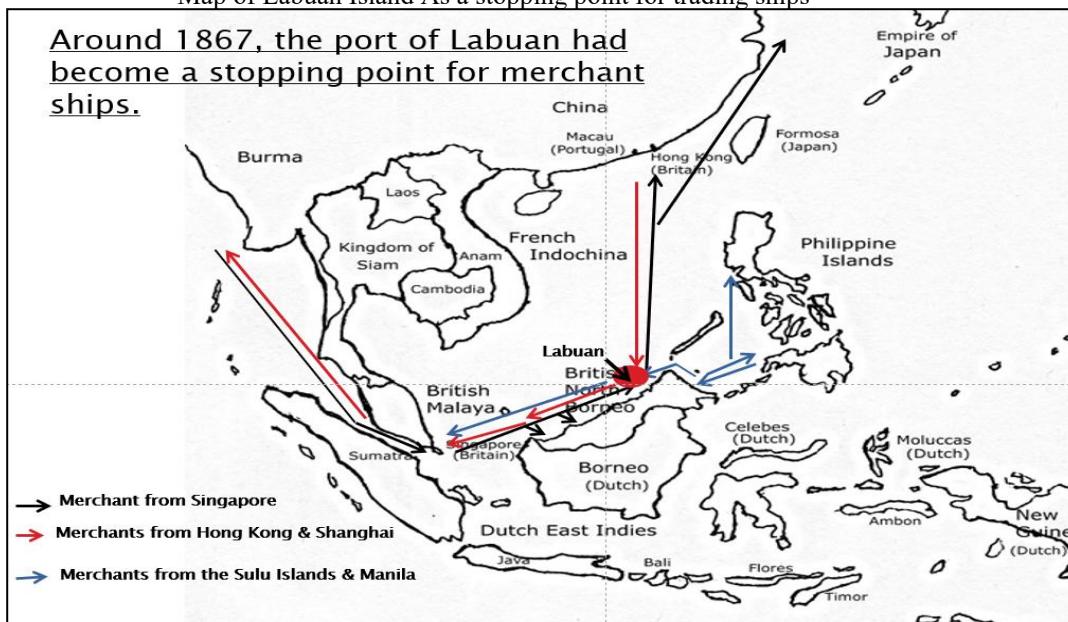
The port of Labuan has good natural features, a strategic position, safe and easy to enter and provides protection and space for all types of ships that call. With this advantage, around 1867, the port of Labuan became a stopping point for merchant ships from Hong Kong, Manila, Brunei, Betawi, Sulu and Singapore. For example, between the years 1856 to 1878, it shows that the rulers of Sulu have made the port of Labuan a place where their merchants do business apart from the port of Jolo. Among the Sulu dignitaries involved are Datu Alimuddin (Palawan), Syarif Yassin (Bengaya River), Haji Mansur (Cagayan), Israel and Ansurrudin. As early as 1851, it was reported that chiefs from Teluk Marudu had come through Labuan for trade purposes.

But trade with the Sultanate of Sulu began for the first time in 1856 with the arrival of Sulu dignitaries from Kinabatangan. At that time, Datu Alimuddin from Palawan also expressed his desire to trade with the British Governor in Labuan (James Warren, 1981: 107). Before 1878, Sulu merchants had complete control of the trade centers in Borneo, especially within their territory, despite competition from other merchants such as Chinese and Bugis merchants. This is because they have the authority to implement the trade and port policies set by the Sultan of Sulu in Jolo as the ruler at the regional level. They have trade goods obtained from the wealth of North Borneo such as tripang, pearls, bird's nests, ginger (gutta-percha), candles, opium, shark fins, turtle skins, rattan, gold, salted and dried fish, shells,



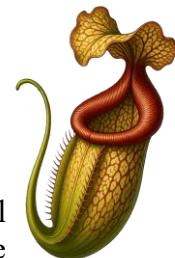
various fresh fish species, belachan and so on. All these raw materials are intended to be traded by Sulu officials directly to other ports such as the port of Labuan and the port of Singapore or sent directly from Sandakan to the port of Jolo. In addition, Chinese investors are also involved in carrying out trading activities either to meet local demand or for the international market. They bring salted fish and dried fish to the market in North Borneo, namely to tobacco plantations, rubber, mining and also to logging areas. They also use large barges filled with salted fish and dried fish from the ports of Sandakan, Kudat, Tawau and Labuan to be shipped to Singapore and Hong Kong. They also set up many temporary shops in Victoria Town, especially Chinese traders from Brunei while waiting for the permanent houses and warehouses to be completed. Chinese and Indian traders tend to relocate to Labuan when they find it difficult to expand business and trade in Brunei. Chinese and Indian traders were not happy with the actions of the Bruneian government which took their goods but never paid the debt estimated at \$30,000.

**Figure 1**  
 Map of Labuan Island As a stopping point for trading ships



Source: Illustrated by the author from the original source by James Warren, *The Sulu Zone 1768-1898: The Dynamics of External Trade, Slavery, and Ethnicity in the Transformation of a Southeast Asian Maritime State*, Singapore: Singapore University Press, 1981: page 107

Towards the 20th century, there was a rapid development in terms of the growth of foreign trading companies interested in exploiting economic resources in British Borneo such as companies from Germany, Australia, the United States, Italy and Japan. In Labuan, the discovery of coal in Tanjung Kubong has attracted the interest of several coal companies to carry out mining activities in the area. Throughout the years 1847 to 1911, several coal companies have carried out their activities. Initially this activity was undertaken by William Henry Miles with the Commander-in-Chief of Labuan, Rear Admiral Inglefield in April 1847 to 1849. This joint agreement was made under the Eastern Archipelago Company which supplied coal to the Navy of the King in the Far East. Henry Miles managed to supply a quantity of low-quality coal and fill it in the coal storage of the British ships that were already anchored on the seashore of the Island. From time to time, Labuan became the main supplier of coal for the steamships that stopped at this port and was seen to be profitable for the British. Among the companies involved in this activity are Eastern Archipelago Company,



Labuan Coal Company, The Amalgamated China Steamship and Labuan Coal and Oriental Company. However, in 1886, the coal station in Tanjung Kubong had to be closed by the Ministry of Defense due to various problems including the lack of labor. However, the discovery of coal is one of the factors that led the British to open up their pockets and expand their economic power in British Borneo.

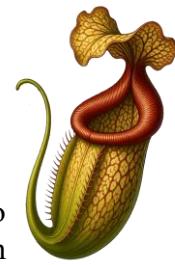
**Table 1**  
 Value of imports and exports in Labuan, 1850-1923

Years	Value of imports (\$)	Value of exports (\$)
1850	30,970	–
1855	26,935	7,934
1860	37,841	12,438
1865	104,190	58,521
1870	122,982	61,119
1875	119,362	66,191
1880	803,349	549,717
1885	409,598	272,155
1890	338,306	207,978
1895	885,889	566,621
1900	1,753,325	1,035,266
1905	1,088,164	1,301,357
1910	1,437,390	1,217,132
1915	1,364,408	1,065,770
1923	1,674,369	2,280,677

Source: Adapted from the original source by Hanizah Idris, *Port Trade in Borneo*, Kuala Lumpur: University of Malaya Publishers, 2006, p. 55

In addition, the development of trade is also of course related to import and export activities in British Borneo. This activity is seen either as a whole or according to the division of certain commodities. What is clear in reorganizing trade statistics in British Borneo from the middle of the 19th century to the beginning of the 20th century, facing difficulties because there is no uniformity in the collection of trade data. To facilitate the compilation of data, the British have categorized according to certain classes and according to commodity priority. In general, imported commodities are divided into three main classes while export commodities are divided into four main classes. Among the main imported commodities of British Borneo are cotton cloth, jelutung, white pepper, raw sago and opium. While export commodities are such as coal, oil, *cutch* and rubber. In Labuan, trade data only began to be recorded and made available in 1856. In this data, most of the import value exceeded the export value, for example in 1855 the import value was \$26,935 while the export value was only \$7,934. The years 1850 to 1880 clearly show an increase in the value of imports from \$30,970 to \$803,349 and a decline in the following years. Likewise, the value of exports increased slowly from year to year until it reached a value of \$2,280,677 in 1923, surpassing the value of imports in that year (Hanizah Idris, 2006: 50).

With the development of trade, especially import and export activities, Labuan has carried out trade relations with Singapore, Hong Kong, Borneo Coast, Sulu Islands, Manila, United Kingdom, Mainland China, Vietnam, Sarawak and Java. Singapore is an important trading area in controlling imports and exports in Labuan. Among the items that are in high demand among Chinese traders are *gutta patch*. They dominate the local trade in Labuan by renting barges and boats to bring forest products and sea products from the coast of Borneo and Sulu



to be marketed to Hong Kong and Singapore. Undoubtedly, the barter system trade was also carried out to obtain necessary merchandise such as tobacco, clothing, firearms, kitchen utensils and so on (FW Burbidge, 1880: 115). In a period of 20 years from 1869 to 1889, Labuan conducted trade in ten areas namely Singapore, Hong Kong, Borneo Waters, Sulu Islands, United Kingdom, United States, Sarawak, China, Brunei and Vietnam. However, after that, trade activities in Labuan declined as a result of the crisis of diplomatic competition between the western colonial powers and the opening of many new ports in the Sulu Sea and North Borneo.

### **Labuan Port Infrastructure Development**

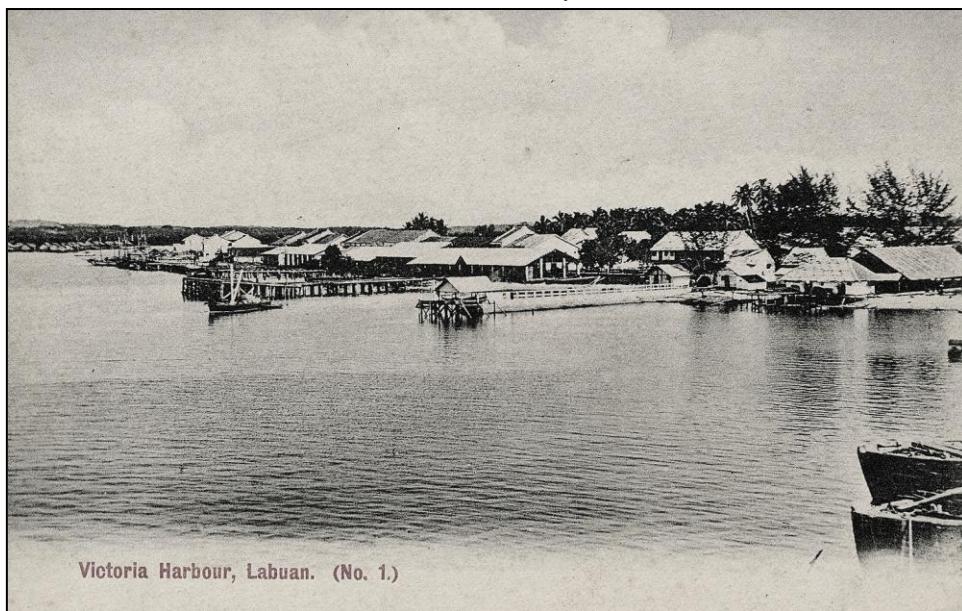
The development of Labuan Island as a stopover and shipping route, indirectly the port of Labuan continues to grow rapidly until it becomes one of the hubs of entreport and transit ports for merchant ships around the world. The ships sail from the west stopping in Singapore and Labuan before reaching their destination in Hong Kong and vice versa. This is because Labuan Island not only has a very strategic position on the South China Sea route but also has a wealth of coal resources. With this privilege, it is recorded that every year there is an increase in the number of merchant ships that dock and depart from the port of Labuan from various countries such as Britain, the United States, China, Japan, Denmark, Germany and so on. From time to time, Labuan became the entreport and transit port center for merchant ships from Singapore to Hong Kong. To maintain that role, the British tried to build and develop this port so that it became the main destination for domestic and foreign merchant ships. This is what is called a maritime network that involves the development of aspects of trade, ports and shipping.

In 1881, after North Borneo was officially administered by BNBC, the administrators tried and focused fully on developing the resources found in the area. The location of North Borneo, which is surrounded by bays that are protected from monsoon winds and large waves, is suitable for the development of a port (Hanizah Idris, 2006: 83). BNBC has established new ports other than the Labuan port such as Sandakan, Kudat, Jesselton, Lahad Datu/Silam, and Padas ports which were seen growing at that time. For example, the port of Sandakan which was very famous during the time of the Sulu Sultanate after the port of Jolo was captured and blocked by Spain, its development was continued by the BNBC with various efforts implemented to enhance the role of Sandakan as a major port city in North Borneo. Among the efforts carried out is the construction of major infrastructure such as warehouses, dockyards, wharves, places where coal supplies are stored, areas where steamships dock, boat repair places, navigation tools, buoys and beacon tools.

In the context of Labuan, there are two ports that are used, namely Labuan (Victoria) port and Raffles port. Raffles Port is located in Tanjung Kubong which does not have any shelter for anchored ships. This port only functions as a base for bunkering activities and unloading coal to ships in the early stages before the railway was built in Labuan. The port of Labuan is more developed as a transshipment port for other regions in British Borneo. However, since the end of the 19th century, this port had to face competition from other newly developed ports. But the discovery of various resources, especially coal from the nearby area of Brunei, the role of this port as a transshipment port became increasingly important. It is recorded that between 1894 and 1898 the value of Labuan's income showed an increase from \$36,962 to \$52,939.



**Figure 2**  
Labuan Port in the early 1900s



Source: Sabah State Archives

In general, the physical form of this port contains two main parts which are the base and the port. These two parts complement each other for the selection of the formation of a naval base or a commercial port. To achieve that goal, a port must have an anchorage to shelter from wind, waves and big waves. The demarcation of this port also changes according to current developments. In the early stages, the port's boundaries covered Tanjung Aras in the east to Papan Island in the south. It is located between a line 200 yards in a direction of 206° from the flagstaff near the government offices and 200 yards in a direction of 232° from the small wharf in the northwest at Beach Streets (Colony of North Borneo First Supplement to the Government Gazette, Vol. III, June 15, 1948, p. 40). After the administration of Labuan was absorbed into the administration of BNBC, the port boundaries were changed again in 1890. Through the provisions of Ordinance No.VII of 1890, the port of Labuan and Tanjung Kubong were declared as ports. Then in 1903, the boundary of Labuan port was again made which covers from Buyo Columbine Shoal to the northeast of Pulau Papan. While in the southern part from the northernmost area of Pulau Ino towards Hamilton Point with a straight line across the middle of Pulau Musa Belulang. According to Maxwell Hall, in the early 1880s a 30-yard-long jetty was found leading out to sea to handle shipping in the port of Labuan.

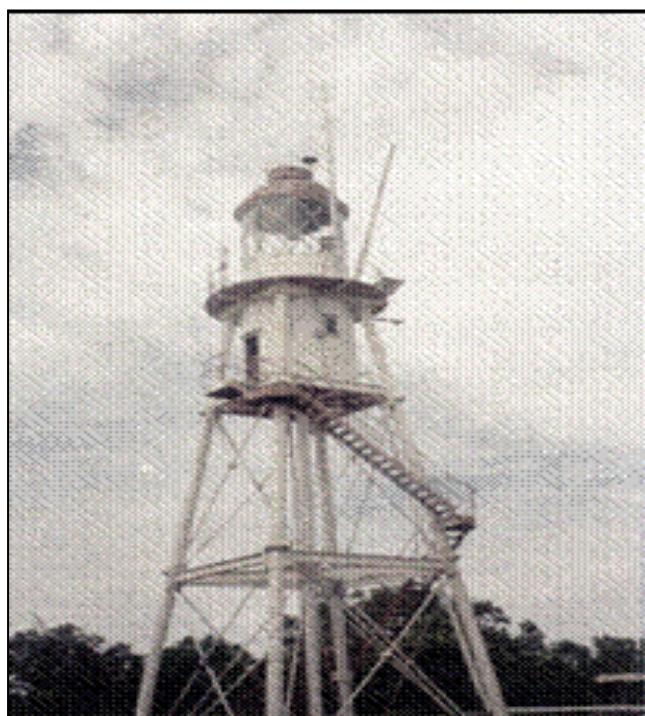
In terms of infrastructure development, it is recorded that the private sector has taken over the task while the government only manages the administration of the port. When the port of Labuan was opened to commercial trade in 1848, there were no basic facilities such as a commercial wharf built for the convenience of ships to dock. The initiative to provide infrastructure facilities at the port is carried out by coal mining companies. All merchant ships that stop at this port use a small wharf built in the northwest part of Victoria City. The small wharf located on Beach Streets was built for naval facilities but was also used for import and export loading and unloading activities after Victoria was declared a free port. In 1854, the director of the Eastern Archipelago Company (EAC) proposed the construction of a pier to allow ships to moor and receive cargo loads directly from coal wagons to avoid the problem of monsoon winds. It is also proposed to build a railway from the mine in Tanjung



Kubong to the port of Labuan with a distance of 8 miles. This development is quite slow and limited, during the first 20 years, no navigation guide was made as a guide for ships that want to enter and leave the port area. This situation causes ships to have to wait until daylight to dock and depart at this port. However, in 1888, there was an increase in the number of steamships that stopped at this port, causing the authorities to feel that the levy should be levied. This proposal exists because the government thinks that shipping does not contribute anything to the government's revenue. In a report issued on the port dius, the government plans to build a lighthouse on Pulau Papan, install beacons and buyo signs at the entrance of this port (Nazli Aziz, 2000: 156).

The Labuan Annual Report states that in the 1890s a lighthouse was built but it was not very effective and its use was not told to the public (CO 146/48 Labuan Annual Report, pg. 7). The Labuan Official Gazette reported in 1902 that a new light was installed to replace the use of red light with white light with a visibility distance of 8 miles. There were also reports from steamers that stopped by stating that they had never seen a signal light from Rajah's Light which was built on the hill at the western entrance to Brunei Bay. They only depended on fire guidance in Brunei Bay in conducting trade between Labuan and Singapore. Therefore, ship captains do not depend on the Rajah's Light and do not fully trust the fire guide. Towards the 20th century, administrative officials at the port of Labuan began to pay serious attention to the infrastructure facilities of navigation aids, especially the lighthouse. Navigational guidance tools as a guide for merchant ships are very necessary especially on Kuraman Island due to the dangerous area of coral reef barriers entering the port of Labuan and sandbars to enter Brunei Bay. They do not want to bear any risk such as accidents and delays when stopping at this port. With the lack of a perfect lighthouse it certainly affects the development of this port in competition with other ports in British Borneo.

**Figure 3**  
Lighthouse on Kuraman Island, Labuan year 1897/1913



Source: Sabah State Archives

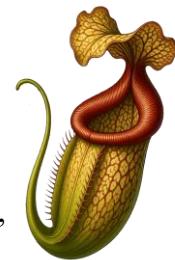


In 1900, Borneo Company Limited supported by BNBC proposed that Singapore cover the cost of building two lighthouses in the port of Labuan considering that after deducting the revenue from the port in Singapore with expenses there is still a considerable surplus. However, Singapore plans to build a new and better lighthouse at Fort Canning because it is more profitable for the British than investing in the port of Labuan. In fact, they are worried about the possibility of Labuan Island taking over Isngapura's role especially in bunkering services if a complete and perfect lighthouse is established in the port. After some consideration of various schemes for fire guidance finally Captain EJW Slade's scheme submitted in March 1899 was chosen. This scheme proposes the construction of the best and most economical lighthouse with the construction of a lighthouse on Pulau Kuraman and a lightship on Abana Shoal. The site of the lighthouse built in Kuraman is not less than 130 feet above sea level with a height of 100 feet. Apart from the construction of the lighthouse, there is also the construction and installation of other facilities such as the installation of pipes connected to the stone pier from a large water tank for coaling activities for deep sea steamships. The first ship to use his services was the British-owned 2,438-ton Abergeldie (Labuan Official Gazette, November 1904, pp. 65-66). With various types of port facilities provided, Labuan Island is not only a port of call for steamships of various sizes, especially to unload coal, but also a center for exchanging goods with the British Borneo region, Southern Philippines and Kalimantan.

### Changes in Shipping Technology

In 1846 to 1923, the type of water transport in British Borneo was undergoing a period of transition from the traditional type of water transport to a new type of water transport using steam or steam engine technology. In the west, the development of the Industrial Revolution encouraged the steamship industry and by the 20th century, the use of steamships began to take over the role of various types of traditional water transport in carrying cargo and passengers from one port to another (Hanizah Idris, 2006: 69). Among the types of traditional water transport used is the architectural concept of sailboats, boats and barges such as Bandong boats, Balok, Tegora, Pakarangan, Bidur, Gobang, lipa-lipa and others. By the 20th century, more steamships were used as the main sea transport in British Borneo in parallel with the development of international trade and shipping.

In Labuan, the rapid growth and development in terms of trade and port has brought direct changes especially in shipping technology. This is because all these aspects are interconnected with each other, which means that the rapid development of trade will certainly have a positive effect on the increase of ports and shipping. The data on the aspect of shipping in Labuan only started in 1855. The ships that stopped at this port can be divided into steamships, sailing ships, barges (*native crafts*) and boats. The port administration only estimates the number and tonnage of barges and boats in the port. There are also warships that stop at this port for the purpose of getting supplies of coal. What is clear is that there are two categories of ships or boats that stop and anchor and depart at this port, namely barges and boats and steamships. Barges and boats are widely used in local or domestic trade activities carried out by local traders along the coast of Borneo starting from Brunei Bay to the Sulu Sea with the port of Labuan. For example, the famous Sulu trading ships in the 18th and 19th centuries were like kapal garay. This ship is usually 80 feet long and 20 feet wide and is propelled using two methods, namely oars and sails. The speed of this ship is only about 10 knots (James Warren, 1987: 42). This ship is used for the purpose of sending sea products and land products from the east coast of North Borneo to the port of Jolo and other ports including Labuan. At the same time, especially in the 19th century, this ship was also



used for the purpose of piracy because it was also equipped with weapons such as cannons, pistols and arrows and had a fortress specially created on the ship.

**Figure 4**  
The Garay ship belongs to a Sulu merchant



Source: Sixto Y. This is a great article. Orosa, The Sulu Archipelago and its people, New York: World Book Company, 1931, p. 28 and also refer to James Warren, At The Edge of Southeast Asian History, Quezon City: new Day Publishers, 1987, p. 42.

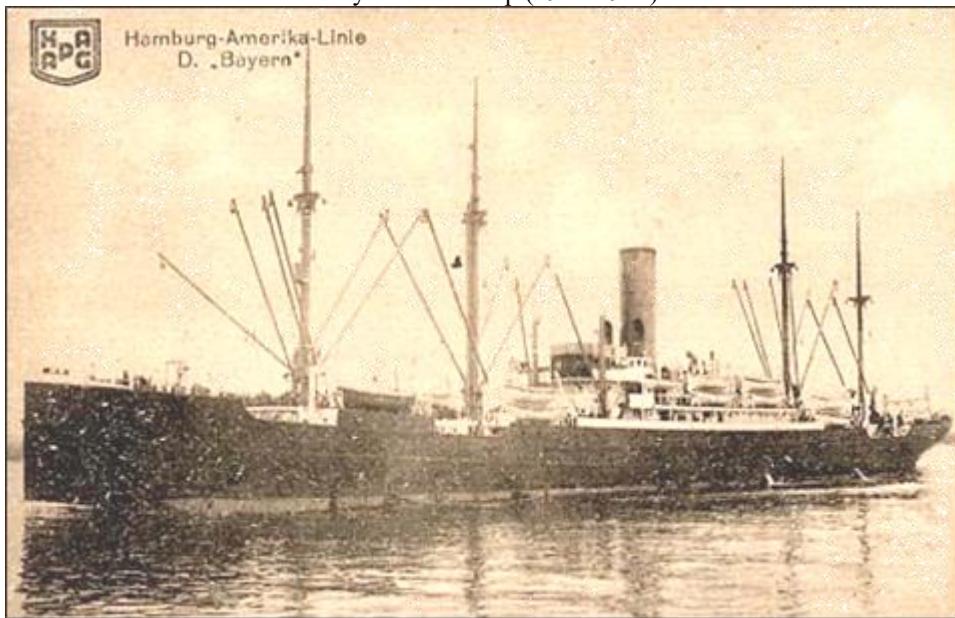
Chinese traders also used barges and boats in carrying out trading activities in small ports along the east coast of Borneo in the north, Palawan, Cagayan, Sulu, Balabac and Jolo. The estimated load of a barge and boat is 35 tons each with a total of seven to eight crew members (CO 146/545/82: Labuan Miscellaneous Blue Books of Statistics, 1876, f.102). Usually this type of ship is used to bring forest products and sea products imported by Labuan from the areas concerned and instead bring semi-finished and manufactured goods in exchange. From time to time, there is a development and increase in the amount of imports for both products. After 1856, Sulu merchants and Labuan Chinese merchants began to carry out commercial activities more actively. While after 1862, there was a change in the sailing destination of local traders on the east coast of North Borneo who started heading to Labuan due to Spanish pressure in Jolo which was not beneficial to their activities. The increase in the number of imports of forest products and sea products during this period certainly affects the number of barges and boats that enter and leave the port of Labuan. Traditional water transport such as sailing ships, boats and barges were still the main means of transport in British Borneo between 1846 and the 19th century.

In addition, the use of steam power as a generator to move ships was a revolution in marine communication as was the role of railways in land transport. These steamships were intended not only to shorten the journey between Europe to the East but also speed communication with their colonies. By the middle of the 19th century, some ships from Southampton would stop in Gibraltar, Malta, Suez, Aden, Ceylon, Penang, Singapore, Hong Kong, Amoy and the final destination in Shanghai (Nazli Aziz, 2000: 98). From Singapore to Hong Kong, these steamships will stop at the port of Labuan for the purpose of import and export trade and to obtain emergency assistance. There are also parties from Spain, France and America who have been in contact with the agents of the Singapore company regarding



the supply of coal from Labuan for their steamships sailing in the eastern ocean. This situation has actually brought busyness and rapid development in the port of Labuan with the arrival of steamships that dock and depart. For example, in 1866, there were nine nationalities of ships that were recorded as having docked and departed at the port of Labuan, namely Brunei, India, Manila, Singapore, Southeast Asia, Hong Kong, the United Kingdom, Japan and China. All these ships stopped at Labuan to get supplies of coal and also for trading purposes.

**Figure 5**  
S.S. Bayern Steamship (1921-1941)



Source: Nils Schwerdtner, German Luxury Ocean Liners: From Kaiser Willhelm to Aidastella, Stroud: Amberley Publishing Limited, 2013, p. 15

In general, steamships in British Borneo are divided into two parts, merchant ships and warships, and government ships are growing. Steamships that call at the port of Labuan can be divided into two categories, namely with cargo and with ballast. Between 1855 and 1868, the port of Labuan was visited by ships from eight countries, namely the British, the United States, the Netherlands, Germany, Brunei, Denmark, Sarawak and Spain. Most of the ships that stop at this port are ships that are traveling between Singapore and Hong Kong. The number of crew members entering this port also affects the level of consumption, especially of food on the island (Nazli Aziz, 2000: 149). For example, in 1856, the number of ships anchored with cargo was 716 and ships with ballast was 233. While the number of ships departing with cargo is 781 ships and ships with ballast as many as 200 ships. Ten years later, the number of ships docked and departed at this port continued to increase, namely ships docked with cargo as many as 897 and ships with ballast as many as 304. While ships departed with cargo as many as 912 and ships with ballast recorded as many as 309 (CO 146/545 /82: Labuan Miscellaneous Blue Books of Statistics 1855-1868). Between 1869 and 1889, the increase in ships docked at the port of Labuan was due to the opening of the Suez Canal and was influenced by the estimate of barges and boats.

With the important role of Labuan as a transshipment port in the economic development of British Borneo and the existence of coal mining activities has seen a rapid expansion of shipping activities. Among the companies involved in shipping activities in



Labuan are such as Butterfield & Swire Co., Messrs Mansfield Boogardt and Company, Behn Meyer & Co., Sabah Steamship Company, Eastern and Australian Steam Navigation Company, Adelaide Steamship Company, Oceanic Steamship Company, China Navigation Company and so forth (Annual Report of the Marine Department, 1950: 56). Records of ships docking and departing at Labuan port throughout the year 1855 to 1868 can be seen through the British report in the Labuan Miscellaneous Blue Books of Statistics 1855-1868 as shown in Table 2.

**Table 2**  
 Number of Vessels berthed and departed in the Port of Labuan, 1855-1868

Year	Anchored	Take off
1855	330	328
1856	42	40
1857	35	32
1858	21	20
1859	352	351
1860	488	487
1861	25	25
1862	17	17
1863	444	443
1864	603	603
1865	572	571
1866	523	523
1867	669	669
1868	26	27

Source: Modified from original source CO 146/545/82: Labuan  
 Miscellaneous Blue Books of Statistics 1855-1868

Based on this table it clearly shows that the number of ships that docked and departed there was a drastic increase and decrease in the total number of ships. This is because the recorded record involves the number of barges and boats. The highest number of ships docked and departed was 669 in 1868 while the lowest number was in 1862 which was only 17 ships either docked or departed. The increase in the number of ships in the port of Labuan is caused by factors such as the influence of the import and export of merchandise, the rapid development of Labuan port and the high demand for rattan, pearl shells, gutta perca and bird's nest. These two sea transports, whether barges and boats or steamships, are used to lift forest products and sea products imported by Labuan as exchange goods.

From the perspective of shipping routes in the South China Sea, the opening of Labuan port in 1846 made British Borneo an important destination for traders. Aisa's trading and shipping activities, especially between Singapore and China make the route increasingly important to be controlled by ship owners, especially Chinese and Western capitalists. In an effort to control shipping routes, ship owners need to control economic resources in British Borneo. Although the British first took certain steps to control some areas rich in economic resources, other powers including Germany and the United States also tried to exploit the products in this area. In this period of time, the shipping route can be divided into two parts, the one that has a direct relationship with the market and the second is indirectly where the cargo will be brought to a transshipment port before being re-exported to the foreign market. Because of this, the port of Labuan plays its role as a transhipment port for British Borneo. Merchant ships from Singapore usually stop at the ports of Kuching, Sarikei, Bintulu, Miri



and the final destination in Labuan before continuing their trade to Hong Kong and Shanghai, China.

There is no denying the importance of the port of Labuan in the South China Sea, especially when the trade relationship between the port of Manila and Jolo deteriorated around the 1860s. This situation caused Sulu and Chinese traders from the Sultanate of Sulu to use Labuan frequently on their voyages to Singapore. By the 20th century, there were important changes in shipping routes where international trade and shipping activities began to dominate. This means that British Borneo's shipping route is not only dependent on the route to Singapore, but more widely to Hong Kong, Japan, Australia and European countries. The existence of these routes is related to the export of new commodities such as logs, rubber and oil. With the vivacity and enthusiasm of the British to dominate the maritime economy in British Borneo has witnessed the rapid development of trade, ports and shipping especially in Labuan. The development of these three aspects has actually benefited the British to achieve high incomes in their economic dominance. For example, the total income recorded from 1882 to 1906 for the port of Labuan was \$35,655.17 (Hanizah Idris, 2006: 86). From time to time, Labuan Island eventually became so important and a focus for merchant ships to stop by to do business before continuing their voyage that it can be said to be a maritime network in the South China Sea.

## CONCLUSION

Overall, in a period of 77 years (1846-1923), British Borneo experienced changes in terms of trade, ports and shipping. This change is due to the shift in trade direction and shipping routes from Asian trade to international trade. After the opening of the port of Labuan in 1846, other coastal ports began to be developed by the British and became the starting point for the development of commercial trade in the Southeast Asian region, especially in British Brorneo. Although the British economic policy is more focused on the land-based economy, the sea-based economy is also the main focus, especially in the aspects of trade, ports and shipping. This is because all these aspects are beneficial and create substantial profits for the government's revenue. In terms of trade, the British practiced a free trade policy that could attract many local and foreign traders to come to the port of Labuan to do business such as Chinese, British, American, Indian, Sulu, German, Japanese and so on. To manage trade and port affairs, the British used an economic policy based on the Treaty of Friendship and Commerce in 1847. This agreement was very important and became the basis of trade in Labuan including taxes and other payments. It cannot be denied that the port of Labuan has good natural features, a strategic geographical position, is safe and easy to enter and provides protection and space for all types of ships that call.

From the aspect of ports and shipping, the British have tried to develop basic infrastructure and facilities at the port of Labuan for the needs of merchant ships. such as wharves, warehouses, coal storage facilities, beacons, buoys and lighthouses. The development and development that took place, eventually raised this port as a transhipment center and the main stopover for merchant ships from east to west and vice versa. The rapidity of trade activities witnessed a technological change in the type of water transport found in Labuan from the use of yachts, boats and barges to larger and faster steamships at sea. Seeing the development of trade, ports and shipping, the British tried to develop communication systems such as roads and railways in Labuan. Therefore, in fact, with the rapid development of trade, ports and shipping in Labuan until it became a



centertranshipment and the stopover center for domestic and foreign merchant ships, it is no exaggeration to say that the British succeeded in turning Labuan island into a maritime network in the South China Sea.

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## ACKNOWLEDGMENTS

This article was submitted in conjunction with the Labuan Federal Territory History and Community Talk hosted by the Arkid Negara Malaysia department on 2 March 2024 at Universiti Malaysia Sabah International Campus Labuan. Thanks to all who helped in this study especially the Department of National Archives of Malaysia, Labuan Museum, Sabah State Archives and Universiti Malaysia Sabah.

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