British North Borneo Company

Six decades of chartered company rule, 1881–1941

The Royal Charter of 1881

In 1881, the British Crown granted a Royal Charter to the British North Borneo Chartered Company, authorising it to administer the territory of North Borneo. This was a form of indirect colonial rule — the Company was a private commercial enterprise that simultaneously exercised governmental powers. Under the Charter, North Borneo was administered as a distinct territory, separate from the Malay States and from Sarawak.

Company Rule and Its Legacy

The Chartered Company governed North Borneo for sixty years, developing the territory's infrastructure and economy — primarily for the benefit of the Company's shareholders. Tobacco, timber, and rubber were the main exports. The indigenous peoples, while subjected to new taxation and land policies, largely maintained their customary governance structures in the interior.

The Significance for Sovereignty

The nature of Chartered Company rule is legally significant. Because the Company — not the British Crown — was the governing authority, North Borneo's relationship with Britain was different from that of a Crown Colony. When the Company's assets were ceded to the Crown in 1946, the question of what rights and obligations were transferred, and to whom, remains a key element of the legal arguments around Sabah's sovereignty.

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