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Implementing Trade Facilitation: Institutions and Initiatives in Malaysia

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Objective

- To inform on the institutional structure of trade facilitation in Malaysia
- Provide overview of:
 - Current initiatives relating to trade facilitation in Malaysia; and
 - Future initiatives planned for trade facilitation.



Current Institutional Structure for Trade Facilitation

- There are 3 councils related to trade facilitation and logistics under MITI, namely:
 - Trade Facilitation Action Council (TFAC);
 - Malaysian Logistics Council (MLC); and
 - Malaysian National Shippers' Council (MNSC).



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Trade Facilitation Action Council (TFAC)

- Chaired by Secretary General of MITI to enhance national competitiveness through trade facilitation and address issues related to Trading-Across-Borders.
- Terms of Reference:
 - set directions and develop strategies for trade facilitation.
 - analyse and resolve issues and factors related to Trading-Across-Borders.
 - engage the relevant stakeholders in resolving issues in Trading-Across-Borders.
 - propose recommendations to for improving Malaysia's performance, with a view towards enhancing national competitiveness.
 - monitor implementation of initiatives undertaken to facilitate trade.



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TFAC Working Groups

- There are two (2) Working Groups formed under the TFAC, namely:
 - Working Group on Trade Facilitation (WGTF):
Focuses on resolving operational issues related to trade facilitation; and
 - Focus Group on Trading Across Borders (FGTAB):
To identify best practices in Malaysia's import and export business process and supply chain and identify and develop strategies for reengineering of processes to facilitate trade.



TFAC Governance Structure



Trade Facilitation Action Council (TFAC)

(Chaired - Secretary General, MITI)

**Focus on issues and proposals for trade
facilitation and Trading Across Borders
that require policy decisions**

Working Group on Trade Facilitation

***(Focus on trade facilitation
Operational Issues in general)***

Trading Across Borders Working Group

***(Focus on new developments
for Import/Export Process
Flows and specific issues on
trading across borders)***



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Malaysian Logistics Council (MLC)

- Formed in 23 January 2007.
- Model based on the Australian Logistics Council (ALC), which is a partnership between the public and private sector. ALC however, is mainly driven by the private sector and it is headed by the private sector.
- Objective:
 - ensure growth and contribution of the logistics industry to the national economy; and
 - ensure coordinated development and promotion of the targeted logistics industry in Malaysia



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Malaysian National Shippers Council (MNSC)

- Formed in 1972, under the auspices of the Economic and Social Commission of Asia Pacific (ESCAP).
- Initially as a pro-term committee to look after the interest of shippers' in the country in order to ensure that efficient shipping services are provided at a fair rate.
- Three (3) Committees in MNSC namely:
 1. Management Committee
 2. Freight Committee
 3. Training Committee



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Focus Groups

Five (5) focus groups related to Logistics:

1. Focus Group on **Trading Across Borders (FGTAB)**
2. National Logistics Services Committee
 - Focus Group on **Maritime Transport Services**
 - Focus Group on **Land Transport Services**
 - Focus Group on **Air Transport Services**
3. Focus Group on **Integrated Logistics and Supply Chain Management**
4. Focus Group on **Studies**



Structure of the Councils

Council	Chairman	Members	Secretariat
TFAC	Secretary General of MITI	Government Agencies and Industry Associations	Investment Policy and Trade Facilitation Division, MITI
MLC	Secretary General of MITI		Logistics and Regional Operations Division, MIDA
MNSC	Deputy Minister of MITI		Services Sector Development Division, MITI



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Structure of Focus Groups

Council	Chairman	Members	Secretariat
Focus Group on Trading Across Borders	Secretary General of MITI	Government Agencies and Industry Associations	MITI
National Logistics Services Committee	Secretary General of MOT		MOT
Focus Group on Maritime Transport Services	Director General Maritime Institute of Malaysia (MIMA)		MIMA
Focus Group on Land Transport Services	Association of Malaysian Hauliers (AMH)		MOT
Focus Group on Air Transport Services	Managing Director MASkargo		MOT
Focus Group on Integrated Logistics & Supply Chain Management	Air Freight Association of Malaysia (AFAM); and Federation of Malaysia Freight Forwarders (FMFF)		LSCoM
Focus Group on Studies	Private Sector Nominee		MIDA



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Current Trade Facilitation Initiatives in Malaysia

There are several ongoing trade facilitation initiatives in Malaysia, namely:

- Initiatives related to Trading Across Borders;
- Initiatives related to Working Group on Trade Facilitation;
- National Single Window (NSW);
- Proposal for Trade Facilitation Institute of Malaysia (TFIM).





Trade Across Borders (TAB) Initiatives

- 1. Process Improvement on Import/Export Process Cycle-Time; and**
- 2. Document Reduction Study**
 - **Project to improve efficiency of logistics stakeholders**
 - **To reduce cycle time for import and export processes in Exporter/Importer Offices.**
 - **To reduce Number of Documents used.**
 - **Focus on Documents Preparation Time**
(longest time recorded in DB report)
 - **Findings to be channeled to government for improvement**





TAB Initiatives *(cont.)*

3. Identify Business Process for Import and Export:

- Streamlining of Import/Export Process Flows at Malaysia's main port – Port Klang
- To provide clear guidelines and avoid confusions
- 18 activities of import/export has been streamlined
- Published on websites for reference (<http://www.miti.gov.my>)





TAB Initiatives *(cont.)*

4. Standardisation of import/export process flow:

- Standardised process flows – easier for traders
- Port Klang's finalised process flows as guidelines for other ports.
- Consultations with other port authorities in Malaysia
 - through study visits and discussions
 - to gather feedback
 - identify industry's requirements
 - formulate action plans





TAB Initiatives *(cont.)*

5. Reduction of number of documents

Import	Export
Invoice	Invoice
Packing List	Packing List
Customs Import Declaration	Customs Export Declaration
Bill of Lading	Bill of Lading
Certificate of origin	Certificate of origin
Cargo Release Order	Cargo Release Order
Terminal Handling Receipts	Technical standard/ health certificate

- ✓ **Merging Invoice & Packing List**
- ✓ **Awareness Programs in the whole country**
- ✓ **Continuous efforts to further reduce documents**



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Consignor ①			Combined Invoice & Packing List					
			Invoice No: ④		Date: (YYYY-MM-DD) ⑤		Page No: (# of Total) ⑥	
			Order Ref or Purchase Order No: ⑦					
Consignee (Shipped To) ②			Buyer (Sold To) (if different from consignee) ③					
Notify Party (if different from Consignee) ⑧			Terms of Delivery, Incoterms (2010), Credit Ref No, Payment Details, etc ⑨					
Conveyance Details ⑩			Port of Export ⑪③					
Insurance Coverage Details ⑪①			Port of Destination ⑪④					
Transport Document Details ⑪②			Container Nos with Seal Nos ⑪⑤					
Item No ①⑥	Description of Goods ①⑦	Country of Origin ①⑧	Quantity ①⑨	UOM ②⑩	Unit Price ②①	Currency ②②	Amount ②③	
Case or Pkg No (with shipping marks) (with shipping marks) ②④	Dimensions (in cm) (Length x Width X Height) ②⑤	Volume (MTQ) ②⑥	Gross Weight (KGM) ②⑦	UN No (If any) ②⑧	Item Nos & Brief Description ②⑨			

It is hereby certified that this invoice shows the actual price of the goods described, that no other invoice has been or will be issued and that all particulars are true and correct.

for (Name of Exporter or Consignor)

③⑩

Name of Signatory/Designation

Merged Document of Invoice
And Packing List



Initiatives by Working Group on Trade Facilitation

1. Expansion of Roads at Port Klang, our major port:

- Working together with relevant Government Agencies to ensure that maintenance and repair work is done on the existing roads at Port Klang and propose for expansion of existing roads from 2 lanes to 3 lanes and a new toll-road system at Port Klang to improve traffic congestion at the port.

2. Shortage of professional haulage drivers:

- Working with a special Task Force at Ministry of Transport to develop strategies to encourage improve training of professional haulage drivers and attract more school leavers to the profession.



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Initiatives by Working Group on Trade Facilitation

3. Proposals to improve Processes of Royal Malaysian Customs:

- Auto release for customs declaration. A pilot project is being carried out at Kuala Lumpur International Airport and Port Klang.
- Preferred Traders Concept, which is a scheme that will be less stricter than Authorised Economic Operators (AEO) and will apply for local companies with high compliance to Customs regulations.
- To introduce a Database / Profiling System in the granting of auto-clearance and auto-releasing by Customs; and
- Improving Electronic Fund Transfer process flow for electronic Customs Duty payment to Customs.





Proposal for Trade Facilitation Institute of Malaysia (TFIM)

**To propose for the establishment
of a Trade Facilitation Institute of
Malaysia (TFIM) based on a few
models and structure
implemented by developing and
developed countries in giving
emphasis to trade facilitation to
simplify international trade.**



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Future TF Initiatives

1. Port Klang Net

- Port Klang*Net is a Community Cloud Computing System.
- Promotes standardisation in Procedures, Data-sets & Process- Flows.
- Standardisation is achieved by adopting message specification already in use worldwide and its best practices.
- Allows rapid exchanging of data between various computer systems via common message gateways.
- De-materialises as well as merging various forms as a result of business process re-engineering.





Future TF Initiatives *(cont.)*

2. Multimodal Transport of Goods Act

- As multimodal includes land, air and sea mode of transport, the Act is the appropriate Act to include provision to monitor & register the activities of MTO; and
- MOT targets to have the final draft of Multimodal Transport of Goods Act by the end of 2011.





Future TF Initiatives *(cont.)*

3. Electronic Non-Preferential Certificate of Origin (e-NPCO):

- Encouraging Malaysian Chambers of Commerce to setup their own electronic NPCO system to facilitate issuance and processing of NPCO's as well as encourage cross-border exchange of information to avoid instances of unauthorised CO's.



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Way forward

- Increase usage of e-commerce among the private sector logistics players;
- Simplifying and Automating both processes & procedures in Government Agencies and as well as the private sector logistics players;
- Improve training of industry players in usage of ICT;
- Reengineering of processes to take advantage of e-commerce environment and reduce time taken, cost and number of documents.





Conclusion

- **Malaysia is active in implementing trade facilitation initiatives;**
- **Partnership between public and private sector has been essential in ensuring the successful implementation of these initiatives;**
- **Crucial to trade facilitation implementation in Malaysia is the driving factor in the increased usage of ICT.**





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THANK YOU

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