Symposium / Round Table
on
The Trade Logistics Connectivity

Organised by
Department of International Trade Promotion (DITP),
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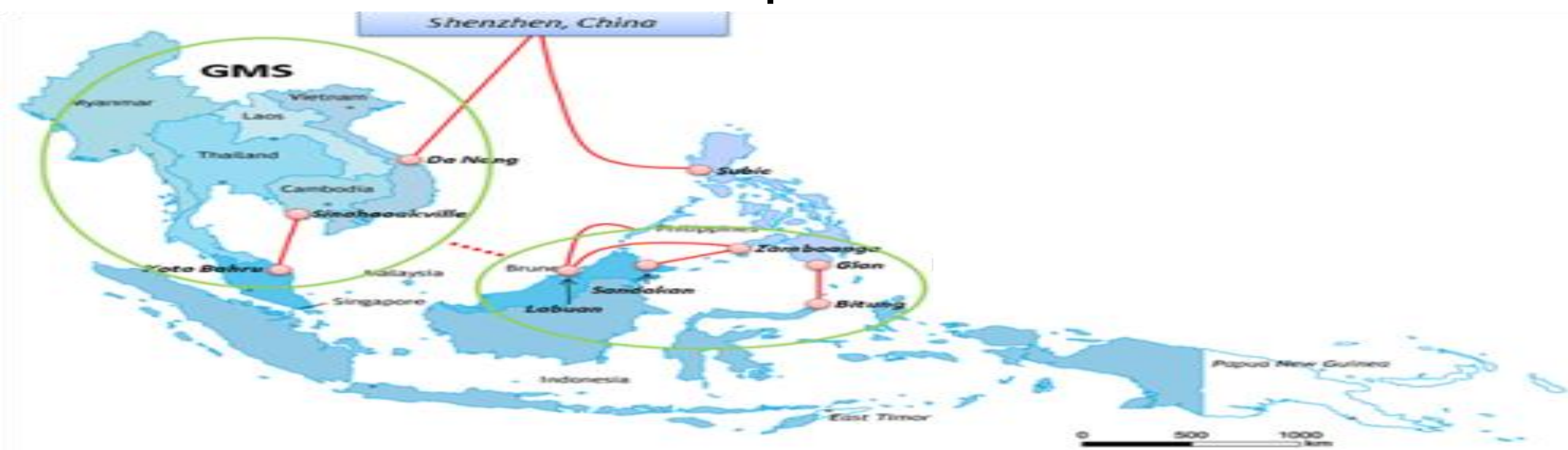

Liberalisation by Malaysian Government in 27 Service Subsectors

27 services subsectors liberalised in 2009 (up to 100% foreign equity):

1. Consultancy services related to installation of hardware
2. Software implementation services
3. Data processing services
4. Database services
5. Maintenance and repair services of computers
6. Other computer related services
7. All veterinary services
8. Welfare services delivered through residential institutions to old person and the handicapped
9. Welfare services delivered through residential institutions to children
10. Child daycare services
11. Vocational rehabilitation services for the handicapped
12. Theme park
13. Convention and exhibition centre
14. Travel agencies and tour operator services
15. Hotel and restaurant services (4&5 star hotels only)
16. Food serving services (4&5 star hotels only
17. Beverage serving services (4&5 star hotels only)
18. Class C freight transportation services (private carrier license to transport own goods)
19. Sports event promotion and organisation services
20. Regional distribution centres
21. International procurement centres
22. Technical testing and analysis services
23. Management consulting services
24. Rental/ leasing services of ships (excludes cabotage and offshore trades)
25. Rental of cargo vessels without crew
26. Maritime agency services
27. Vessel salvage and refloating services

Further Liberalisation by Malaysian Government in 18 Service Subsectors

18 additional services sub-sectors liberalized in 2012

Telecommunication – ASP	International schools
Tech & vocational schools including schools for special needs	Legal services
Private hospitals	Medical specialist services
Departmental & Speciality stores	Dental specialist services
Incineration services	Telecommunication (NSP & NPP)
Accounting/ Taxation	Skills training centres
Courier services	Private universities

ASEAN AGREEMENTS IN RELATIONS TO TRANSPORT & LOGISTICS

ASEAN Agreement on Customs

TRANSPORT & LOGISTICS

ASEAN Agreement / Protocol on ASEAN Single Window

ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT)

ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST)

ASEAN Framework Agreement on Multimodal Transport (AFAMT)

ASEAN RORO Shipping Network and Short Sea Shipping

ASEAN Open Skies Agreement

ASEAN Single Aviation Market

Intra-ASEAN TRADE – 2012

(as at 31 Dec 2013)

ASEAN MEMBER STATES	EXPORT Intra-ASEAN (US$ million)	IMPORT Intra-ASEAN (US$ million)	TOTAL Intra-ASEAN trade (US$ million)
Brunei Darussalam	1,737.1	1,603.0	3,340.1
Cambodia	990.5	4,152.5	5,142.9
Indonesia	41,831.1	53,823.4	95,654.5
Lao PDR	1,170.2	1,167.0	2,337.2
Malaysia	60,945.2	54,867.5	115,812.7
Myanmar	3,399.0	4,126.5	7,525.4
The Philippines	9,804.4	14,953.9	24,758.3
Singapore	129,802.3	79,819.0	209,621.3
Thailand	56,729.6	42,805.9	99,535.5
Viet Nam	17,445.7	20,874.6	38,320.2
ASEAN	**323,855.0**	**278,193.2**	**602,048.2**

Source: ASEAN Merchandise Trade Statistics Database

Top 10 ASEAN trade partner countries/regions, 2012
(as at 31 Dec 2013)

Trade partner country/region	Exports (US$ million)	Imports (US$ million)	Total trade (US$ million)
ASEAN	323,855.0	278,193.2	602,048.2
China	141,892.0	177,592.8	319,484.8
Japan	126,507.0	136,376.8	262,883.7
EU - 28	124,891.7	117,707.2	242,598.9
United States of America	108,035.7	91,991.5	200,027.2
Republic of Korea	55,030.3	75,999.8	131,030.1
Taiwan	35,219.2	61,032.7	96,251.9
Hong Kong	80,507.1	14,235.3	94,742.4
India	44,055.4	27,760.3	71,815.8
Australia	45,724.3	23,774.8	69,499.1
Others	168,863.0	217,182.3	386,045.3
Total	**1,254,580.7**	**1,221,846.8**	**2,476,427.4**

Source: ASEAN Merchandise Trade Statistics Database

Malaysia Trade with ASEAN countries, 2012, 2013
(as at 31 Dec 2013)

ASEAN Member States	EXPORTS (US$ million)		IMPORTS (US$ million)		BALANCE of TRADE (US$ million)	
	2012	2013	2012	2013	2012	2013
Brunei Darussalam	664.7	806.4	50.6	323.3	614.1	483.1
Cambodia	239.6	231.2	123.7	191.0	115.9	40.2
Indonesia	8,599.7	10,313.0	9,685.4	8,707.5	(1,085.8)	1,605.4
Lao PDR	12.4	22.5	0.4	1.2	12.0	21.2
Myanmar	677.9	704.2	176.6	194.5	501.3	509.7
The Philippines	3,261.9	2,910.1	1,495.5	1,477.2	1,766.4	1,432.8
Singapore	29,762.5	31,284.5	25,066.6	24,988.8	4,695.9	6,295.8
Thailand	11,721.9	12,435.5	11,112.7	12,048.7	609.2	386.8
Viet Nam	3,677.6	4,152.3	5,013.4	5,923.1	(1,335.9)	(1,770.8)
Total	**58,618.2**	**62,859.6**	**52,724.8**	**53,855.4**	**5,893.3**	**9,004.2**

Source: Dept of Statistics, Malaysia

Key National Masterplan & Transformational Programmes

A) Government Transformation Program (GTP)

The GTP was introduced by the Prime Minister in April 2009 and is led by him. The objective of GTP is two-fold – first, to transform the Government to be more effective in its delivery of services and accountable for outcomes that matter most to the rakyat; and second, to move Malaysia forward to become an advanced, united, and just society with high standards of living for all. This is in line with the national mission of achieving Vision 2020 - for Malaysia to become a fully developed nation.

B) Economic Transformation Program (ETP)

ETP was formulated as part of GTP, to elevate Malaysia into a developed-nation status by 2020. ETP's targets for 2020 will be achieved through implementation of 12 National Key Economic Areas (NKEAs), representing economic sectors which account for significant contributions to GNI.

C) Eleventh Malaysia Plan (RMK11)

RMK11 houses the aspirations of the Government Transformation Program and the New Economic Model, premised on high income, inclusiveness and sustainability. It charts the development of the nation from 2016 for the next five years, anchored on delivering the desired outcomes for all Malaysians.

D) National Physical Plan (NPP)

NPP-2 sets out the long-term strategic spatial planning policies and measures needed to implement in respect to the general direction and broad pattern of the land uses, biodiversity conservation and physical development up to the year 2020 in Peninsular Malaysia. The planning policy statements will be accompanied by necessary indicative plans, including future national sectoral planning maps, e.g. future high-speed rail network, and the national spatial framework key diagram to support and clarify the strategic spatial policies formulated.

Key National Masterplan & Transformational Programmes – Impact on Logistics Sector

A) Government Transformation Program (GTP)

- Installing container scanner at customs entry points to strengthen security at borders and entry/exit points.
- Improving road coverage to achieve 95% of national road connectivity.

B) Economic Transformation Program (ETP)

- Identified key entry point projects under the 12 NKEA that has supported the growth of the freight logistics industry
- Upgrade existing and construct new logistics infrastructure to facilitate efficient movement of goods and also to attract FDIs.

Key National Masterplan & Transformational Programmes – Impact on Logistics Sector

ELEVENTH MALAYSIA PLAN
2016-2020
ANCHORING GROWTH ON PEOPLE

C) Eleventh Malaysia Plan (RMK11)

- An master plan to drive logistics from the traditional mode into an integrated logistics network to upgrade its national competitiveness.
- Facilitate higher usage of rail freight to reduce road congestion.
- Upgrading of ports infrastructure in order to increase port competitiveness.
- Expand air cargo services through upgrading airport cargo handling facilities.

D) National Physical Plan (NPP)

- Suggested measures to develop a National Transport Policy and moving towards creating a Master Transportation Services Network Plan
- Identifying the importance of an Integrated ICT Infrastructure and Services to promote the development of freight logistics and enhancing trade facilitation.

NATIONAL PHYSICAL PLAN

Current limitations/concerns:

A) ROAD & RAIL TRANSPORT

- Development of rail freight has high potential but insufficient incentives are provided thus brushing aside the interest of freight operators.
- Licensing of Road Goods Vehicles are lengthy
- Operating warehouse requires various approvals from different agencies
- No uniform rules or standards for warehouse facilities

B) SEA TRANSPORT

- Issue of application of Domestic Shipping License.
- Issue of high capital requirements (10% or 1 million) making MISR unattractive.
- Cabotage policy for domestic carriage is still a concern.

C) AIR CARGO - limited air cargo operations

- Air cargo tonnages handled still far off from projected target
- Only 9 full freighters are operating in Malaysian airports, as compared to Singapore (17) and Hong Kong (24).
- Often feeder by road to Singapore.
- Lack of data collection from airlines and airports.

D) Trade Facilitation

- Information relating to Import/Export procedures not readily available or accessible
- Inter-agencies collaboration

Measures taken in the area of Logistics Facilitation (1)

A) **Promoting efficiency in the port logistics operation**:

1) converting all manual documentation and processes between all maritime players involved in freight logistics business into electronic transactions;
2) introducing standardised document format and operating procedures within the port community;
3) introducing electronic payment into the port community.

B) **Promoting online processing for customs clearance**:

1) Customs procedures are reconfigured (simplified) to cater for “paperless” processing, avoiding face-to-face transactions;
2) Customs to adopt express (green) lane releases for customs brokers with high compliance records.
3) Customs in the processing of replacing the current Customs Information System to a new system called the uCustoms where it incorporates the National Single Window.

Measures taken in the area of Logistics Facilitation (2)

C) Promoting "Zero-Time" for payment of Customs Duty using the Deferred payment concept:

1) Generally payment effected manually, either cheques or EFT.
2) Study shows an average of 16 hours to effect payment by brokers.
3) "Deferred payment" secured by BG can "zeroised" the time taken.

D) Inculcating electronic usage between traders and brokers/forwarders:

1) The "paper divide" slows down transaction speed along the logistics chain, with 80% information common in documents exchanged.
2) Introducing Combined Invoice & Packing List originating from source (exporters) helps linking information flow and exchange.
3) Expected to reduce total time taken by at least 50% of current time.
4) Accuracy and Re-usability of data is addressed immediately.
5) Data stored in database can be used for post-audit purposes.

Measures taken in the area of Logistics Facilitation (3)

E) **Reviewing current Institutional and Regulatory Frameworks in place:**

1) Regulating logistics activities involve more than 12 government agencies and private sector representation are highly fragmented.
2) A FG was tasked under NLTF's direction to undertake this review and providing recommendations on ways forward.

F) **Customs undertaking reform program to reflect itself as more "Customer-Centric" in delivering services:**

1) A reform program "Customer Centric Service Delivery – CCSD" was launched by PEMUDAH.
2) Many procedures were simplified and new time lines to effect customs services were introduced (*e.g. reducing 100 to 30 mins.*)
3) CCSD is an on-going program with new recommendations constantly incorporated. (*e.g. moving PE to end of process*).
4) Addressing accessibility to compliance information, MPC publish a Guidebook on Import/Export Procedures for free distribution.

Measures taken in the area of Infrastructure (1)

G) Upgrading of Seaports (Port Klang):

1) North Port is upgrading its handling capacity from 4.8 to 6 mil TEUS whilst West Ports is upgrading from 11 to 13 mil TEUS.
2) Similarly, feeder roads serving these terminals are also been upgraded with elevated roads to ensure smooth traffic flow.
3) Other ports are also undertaking similar task.

H) Widen N-S Highway and improving federal roads:

1) Widen to 4 lane at certain stretch (totally 63 km) of N-S HW has started since 2012 and expected complete end 2016.
2) Modernising R & R facilities along highways to improve user experience with a view to reduce fatality among users.
3) Federal roads cover a length of 49,935km and ongoing task of straighten and widening to improve connectivity and safety.
4) Asian Highway Network runs into 7 Malaysian Federal Roads, namely AH2, AH18, AH140, AH141, AH42, AH143 & AH150.

Measures taken in the area of Infrastructure (2)

G) Greater KL Project:

1) Klang Valley Mass Rapid Transit rail-base line started constructions in July 2011 and expected complete by end 2016 (Phase 1) and fully operational by mid - 2017.
2) Expected daily ridership of 400,000 when fully operational.

H) KLIA2 airport:

1) KLIA2 built to replace LCCT which was built as a “no-frills” airport for low cost carriers, operational since 9 May 2014.
2) KLIA2 has a 45 million passengers handling capacity which can support the present KLIA, especially on chartered and pilgrimage flights.

Way Forward for Regional ASEAN Integration in Logistics (1)

1) **Maritime Information Sharing & Exchange**
   a) Vessel information can be shared in advance (e.g. ETA/ETD, port rotation and basic cargo information).
   b) Initial assessment between willing parties (ports/terminals) can help promote such information connectivity.

2) **Logistics Information Sharing & Exchange**
   a) Advance exchange of logistics information provides leverage of efficient customer services and advance resource planning.
   b) National service providers should take proactive measures to help connect logistics providers across their borders.

Way Forward for Regional ASEAN Integration in Logistics (2)

3) Networking of Logistics Service Providers (LSPs)

a) With AFAMT agreement signed since Nov 2005, little is done to promote this agreement.
b) LSPs should take the proactive drive by creating a platform to encourage active integration and interaction between ASEAN LSPs.
c) Funding could be sought to help create an ICT-based mechanism.

4) Sharing of Regulatory & Compliance information

a) Compliance Information is crucial for seamless trade-flow in AEC.
b) Under ASW project, the ASEAN Trade Repository initiative has begun but this may not happen fast enough to cater the needs.
c) Each AMS should take proactive role in creating this Information Portal to serve the needs of both importers and exporters.

Way Forward for Regional ASEAN Integration in Logistics (3)

5) **Promote Pre-Arrival Processing among AMS**
   a) The ASEAN Agreement on Customs was signed on 30 Mar 2012 at Phnom Penh, outlining several measures to promote advance customs clearance.
   b) Usage of the ASEAN Cargo Processing Model and the ASEAN Single Window (ASW) are specifics mentioned in the agreement.
   c) Recalling the ASW Agreement and the ASW Protocol, the initiative to promote Advance Customs Clearance (pre-arrival) is clear.
   d) Under current ASW initiative, the next phase of information exchange between AMS via ASW is providing advance cargo information prior to vessel departure from origin country.
   e) Most LSPs are not well informed on this initiative. Providing adequate information may help ASEAN LSPs to adjust their business domain effectively.

THANK YOU

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