



UNECE

ROYAL GOVERNMENT OF CAMBODIA

National Workshop on Advancing Trade Facilitation

“Business Process Analysis for Trade Facilitation: Operationalising the Rectangular Strategy for Growth ”

Effective public private partnerships for successful trade facilitation reforms - MALAYSIA



Phnom Pehn, Cambodia

June 1-2 2010

The Cost of Trade Documentation

Globally, it is estimated that the cost of trade documentation is approximately 5%-10% of the cost of goods produced.



- Time
- Processes
- Accuracy of Data
- Duplication of Work
- Efficiency and Effectiveness



Impact to Malaysian Economy

Malaysia's Total Trade for 2009 - MYR988.24 billion
(USD298.1 billion) (www.matrade.gov.my)



**5% - 10 % equates to as cost of
Trade Documentation**

Approximately USD15-30 billion

The Need for Trade Facilitation

Points to think about

GOVERNMENT OR PRIVATE SECTOR ?

The Dilemma

- Government doing business ?
- Private sector producing national policies ?
- Confidentiality ?
- National Interest ?

Appointment

1989

The Government of Malaysia entrusted the task of establishing the National Trade Facilitation Project to National Chamber of Commerce and Industry Malaysia (NCCIM)

The Government of Malaysia assigned Ministry of International Trade & Industry (MITI) as the custodian of this project

The Beginning

- **Electronic Data Interchange (Malaysia) Sdn Bhd**
 - **Port Klang Community System**



Birth of
Electronic Data Interchange (Malaysia) Sdn Bhd
(now known as Dagang Net Technologies Sdn Bhd)



National Chamber of Commerce & Industry

- The Government of Malaysia emphasized that this is to be a PFI (Privately Funded Initiative) and PPP (Public Private Partnership).
- The task of NCCIM was then to establish a consortium of private sector organizations to for this initiative.
- The original consortium established consisted of private sector organizations and individual citizens.

Today's Shareholders (Investors)



- TIME Engineering Berhad
(Major Shareholder – Public Listed)



- Bank Islam Berhad
(Islamic Bank)



- Juasa Holding
(Malay Language Newspapers Publications)



- National Chamber of Commerce
and Industry

The Government Partnership

- Concession of 15 years to charge for services
- Charges controlled and monitored by MITI in consultation with trade and logistics associations.
- No financial assistance or contribution

Advantages of Public Private Partnership

- Primary benefactor – Private Sector and the Government
- Ownership – Private Sector and the Government
- Government – more savings, higher profits, higher taxes collected.
- Private sector moves faster than Government
- Driven by business – not tied down by treaties, politics etc
- Testing ground

Port Klang Community System (PKCS)



Objectives of PKCS

- Joint Responsibility
 - Government
 - Private Sector
 - Service Provider
- Introduction & Awareness
- Policies and Procedures
- “Testing” ground

Members of PKCS

GOVERNMENT	PRIVATE SECTOR	SERVICE PROVIDER
<ul style="list-style-type: none">• Ministry of International Trade and Industry (MITI)• Royal Malaysian Customs• Ministry of Transport• Port Klang Authority• Economic Planning Unit• Manpower and Planning Unit	<ul style="list-style-type: none">• National Chambers of Commerce and Industry• Forwarding and Freight Associations• Shipping Associations• Association of Banks• Manufacturing Associations• Port Operators	<ul style="list-style-type: none">• Electronic Data Interchange (M) Sdn Bhd

Adoption

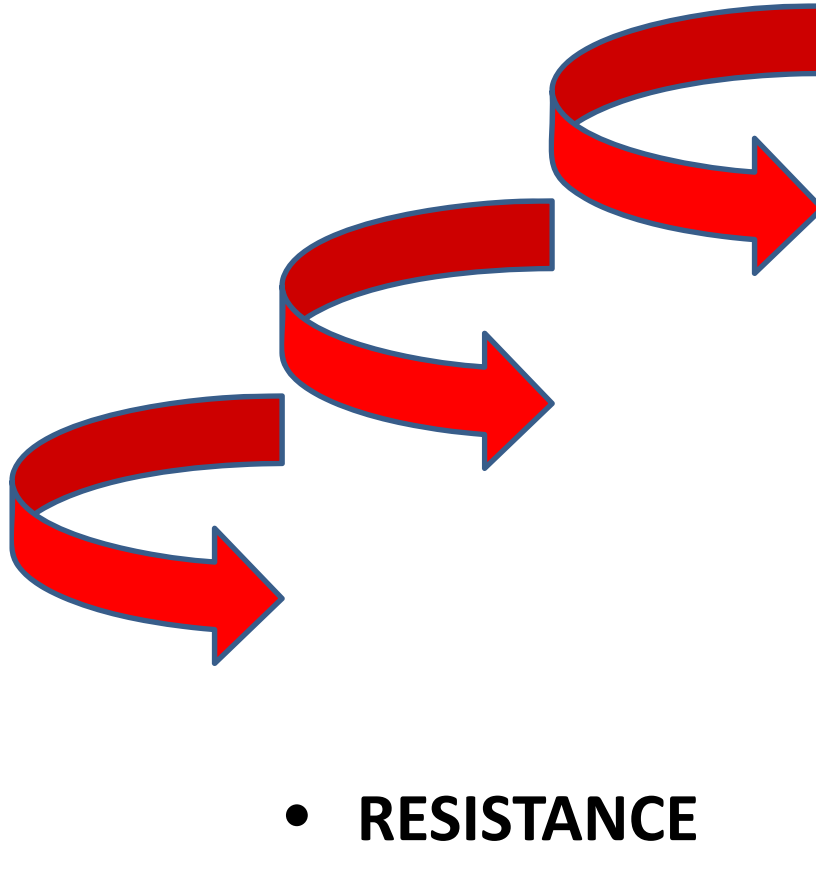
- Subang Air Community System (SACS)
- Kuala Lumpur International Airport Community System (KLIACS)
- Johor Port Community System (JPCS)
- Penang Port Community System (PPCS)
- Nation-wide

The Challenge

The Concern

- Loss of specialized requirements.
 - Loss of authority.
 - Loss of power.
 - Loss of job.

Mindset



• **RESISTANCE**

- Too visionary
 - Complex
 - Confusion
 - Fear



From 1989....

- **1989** – Establishment of Electronic Data Interchange (M) Sdn Bhd
 - **1989*1992** – Synchronization of Ministries
- **1992** – Introduction of ADS (Aligned Document System) Plastic & PC
- **1994*2009** – Introduction of Electronic Trade Services
 - In Phases
 - Nationwide
- All Permit Issuing Agencies / Other Government Agencies



Unavoidable areas of concern

- Additional investment – PCs, software etc.
- Parallel requirement – both electronic and paper base.
- “Big bang” implementation.
- Technology and standards chase.

Normally left out

- Accessibility – telephone lines, internet access etc.
- Electricity.
- Building developers.

How to Survive ?

- Fixed and / or reducing rates
- Stagnated market
- Single digit growth = directly proportionate to the trade volume growth
- Technology refresh
- Increasing cost for resources

The Benefits

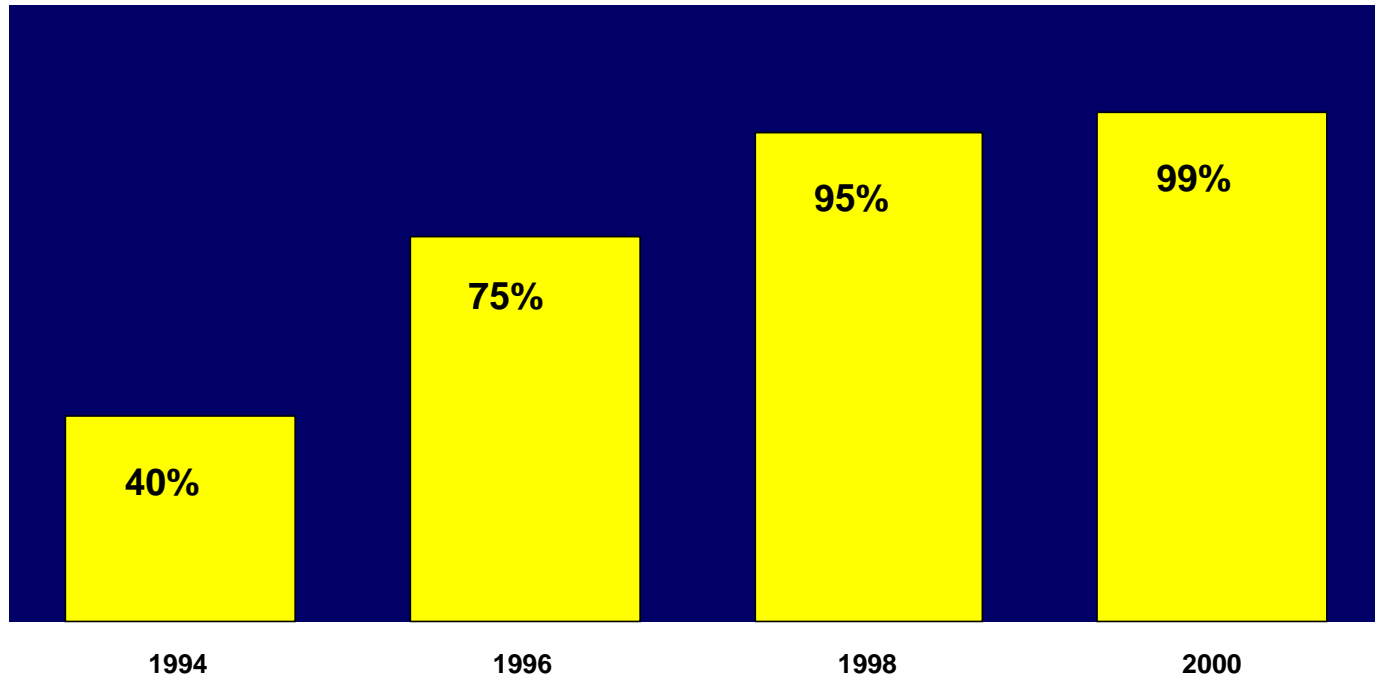
Benefits

- Higher profit, lower cost.
- Enhance IT literacy.
- Increase demand for IT skill sets.
- Creates / Enhance supporting IT industry and services.
- Enhances transparency rating.
- Spurs new innovations and creativity.

ESTABLISH STRONG VALUE STORY

Examples of Benefits

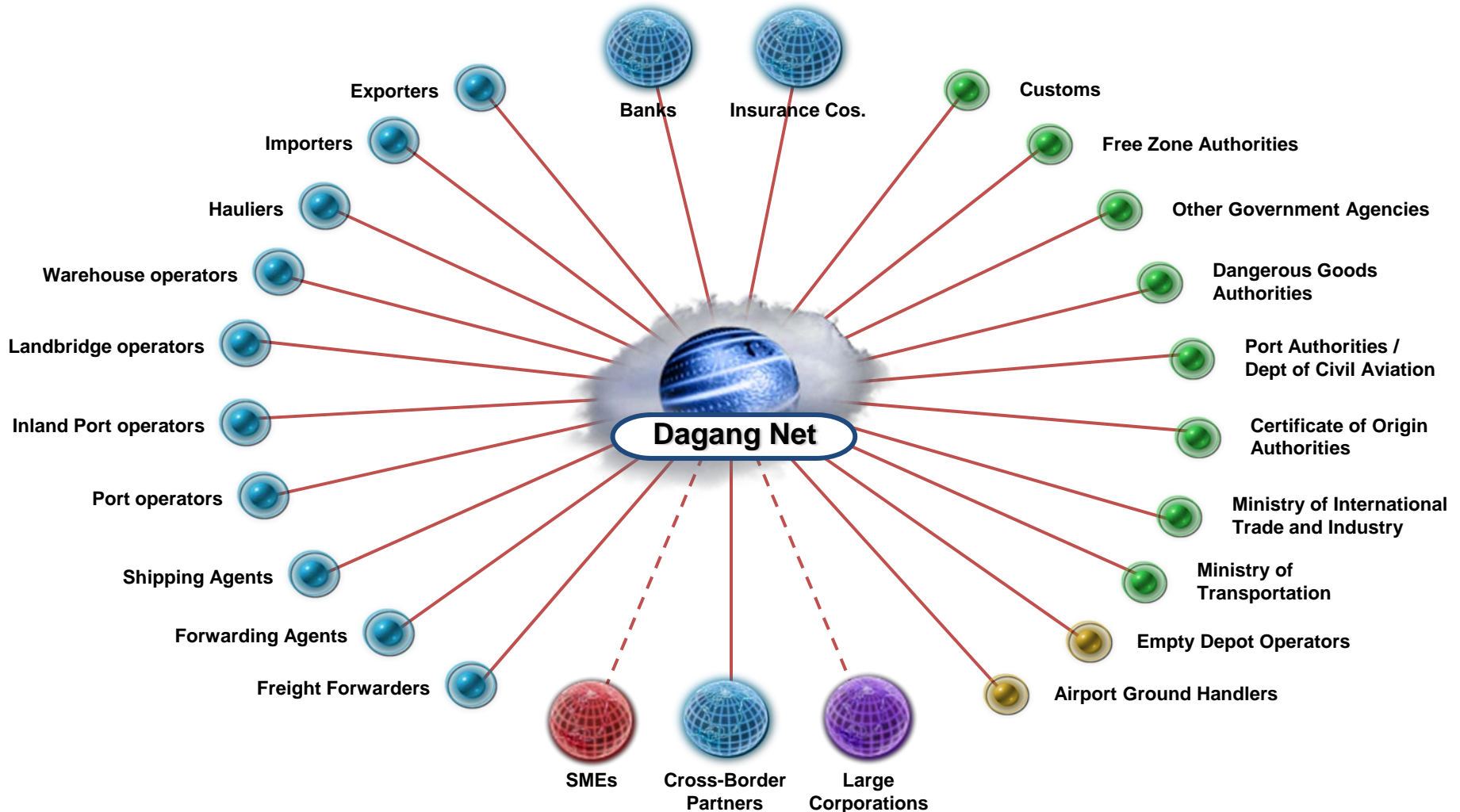
IT LITERACY IN PORT KLANG BETWEEN 1994-2000



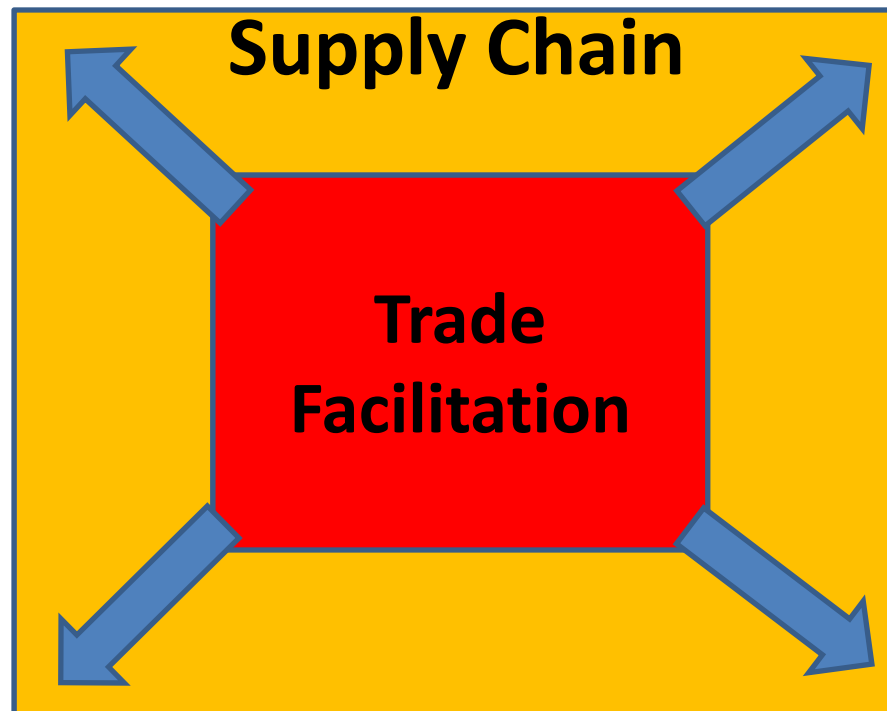
Example of Benefits

- Estimated more than RM100 million is saved annually
 - On labour, time and paper costs by Customs, forwarding & shipping agents in Port Klang.
- Reduced the level of human intervention significantly
 - By replacing a lengthy and tedious paper-based system, PKCS has eliminated redundancies and errors, and streamlined processes to enhance the effectiveness, efficiency and productivity of the cargo clearance process.

Single Access, Multiple Connectivity



Expansion of Trade Facilitation



WIN – WIN - WIN

Everyone Wins

- **Government**

- Enhances standings in global trade
- Improves attractiveness for foreign investment
- Enhances national revenue

- **Service Provider**

- On-going services for increasing demand
- Unlimited possibilities for expansion

Everyone Wins

- **Private Sector**
 - Lower Cost, Higher Profits
 - New demands for technology and related services
 - Enhances employee skill sets and education level
 - Creates new business opportunities
 - Enhances existing business environment

THANK YOU

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ALVIN C. K. MAH

alvin@timegroup.com.my