



# Chapter 6

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## Trade Facilitation in Malaysia

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This chapter should be cited as:

Devadason, E.S. (2023), 'Trade Facilitation in Malaysia' in Buban, S., D.A. Narjoko, R. Shreshta, and D.T.T Ha (eds.), *Follow up ASEAN Seamless Trade Facilitation Indicators*. Jakarta: ERIA, pp.110-141.

# 1. Introduction

Within the context of economic integration in the Association of Southeast Asian Nations (ASEAN), a key component of the ASEAN Economic Community (AEC) is the ASEAN Single Window (ASW) for trade facilitation (TF). It is a regional initiative that connects and integrates the National Single Windows (NSWs) of the ASEAN Member States (AMS) to expedite cargo clearance. The ASW initiative, agreed by ASEAN leaders at the 9<sup>th</sup> ASEAN Summit in 2003, culminated in the signing of the (ASW) Agreement in the 11<sup>th</sup> ASEAN Summit in 2005, and followed by the signing of the (ASW) Protocol to establish and implement the ASW in 2006.

In addition to the key TF initiative of the ASW mentioned above, there are other reforms in TF of the AMS<sup>1</sup> which include the following areas: publication and availability of information (for example enquiry points); advance rulings (ARs); appeal or review; disciplines on fees and charges imposed on or in connection with importation and exportation; release and clearance of goods (including, inter alia, pre-arrival processing (PAP), risk management, post-clearance audit (PCA), authorised economic operators (AEOs), and expedited shipments; border agency cooperation; formalities connected with importation and exportation and transit (for the single window, temporary admission of goods); freedom of transit; and customs cooperation.

To implement the above ASEAN commitments, the AMS can also utilise the assistance and support of the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO) (Tham, 2017), which entered into force on 22 February 2017. This Agreement contains provisions for expediting the movement, release, and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on TF and customs compliance issues and contains provisions for technical assistance and capacity building in this area.

Despite the above initiatives, the rate of implementation of TF measures within the region is uneven due to the different state of readiness and capabilities of the AMS (Tham, 2017). As TF is considered a key factor for reducing trade costs and increasing international trade efficiency in ASEAN, this chapter focuses specifically on the Malaysian case to examine the TF initiatives and the extent of progress in the country.

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<sup>1</sup> [http://mytraderepository.customs.gov.my/en/Pages/bp\\_fac.aspx](http://mytraderepository.customs.gov.my/en/Pages/bp_fac.aspx)

The chapter is organised as follows. The next section, Section 2, traces the development of the NSW and TF initiatives in Malaysia to set the background of the study. Section 3 compares the survey findings of the Economic Research Institute for ASEAN and East Asia (ERIA) for the ASEAN Seamless Trade Facilitation Indicators (ASTFI) I (see also Narjoko et al., 2021) and ASTFI II to identify the progress in the TF environment of Malaysia between 2018 and 2021. Section 4 concludes the study on TF by highlighting the major improvements and the remaining challenges in adopting the relevant initiatives. It also forwards some key recommendations for moving forward the TF eco-system in the country.

## 2. Trade Facilitation: The Malaysian Context

### 2.1 National Single Window and National Trade Repository

Malaysia developed a single gateway for trade through the National Single Window (NSW), which has been in operation since 2009. It is an initiative of the Malaysian Government, led by the Ministry of Finance (MOF).<sup>2</sup> The NSW is aimed at reducing the cost of doing business through simplifying clearance procedures and facilitating the electronic exchange of trade-related data for the TF system. Approximately 80% of the country's trade is processed by the NSW (Azhar, 2021).

As a one-stop TF system that links members of its trading community (comprising manufacturers, importers and exporters, forwarders, shipping agents, terminal and port operators, banks, port authorities, PIAs and Customs), the NSW for TF comprises six core eServices: ePCO (for the issuance of preferential certificates of origin), ePermit, ePermitSTA (for sensitive trade items or dual-use items including nuclear materials, sensors, and telecommunications security under the purview of the Strategic Trade Act 2010 or STA 2010), eManifest (for port users to electronically submit cargo manifests and vessel information), eDeclare, and ePayment.

The progressive development of the NSW's architecture also involved the NSW-ASW integration. Hence, the NSW is integrated with the ASW, and the exchange of documents with NSWs of other AMS is fully operational (live exchange in the production environment). The document that is currently being exchanged through the ASW is the e-ATIGA Form D Certificate of Origin.<sup>3</sup> The RMCD is an agency under the MOF and is the NSW technical lead agency, and the Ministry of International Trade and Industry (MITI) is the ASW lead agency for Malaysia.

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<sup>2</sup> Malaysia's National Single Window (<https://www.miti.gov.my/index.php/pages/view/1149>)

<sup>3</sup> On 1 January 2018, Malaysia transitioned into live operation of the e-ATIGA Form D Certificate of Origin exchange – preferential treatment under ATIGA based on the e-ATIGA Form D transmitted through the ASW-NSW system.

Further to the above developments, the RMCD introduced a new system to replace the custom clearance function of the NSW, called uCustoms<sup>4</sup> in 2017. The uCustoms system, which was supposed to be deployed in phases at all Customs offices nationwide, has currently been put on a temporary halt to allow for a review of technical issues and re-assessment of the system features considering the current needs and regulations. This is to ensure that the new system will be able to fully support end-to-end document exchange under the single window environment.

Malaysia has also developed a National Trade Repository (MNTR) aimed at harmonising the regional disciplines on transparency to trade. It is a single platform for accessing trade-related information of AMS, providing comprehensive information on the ASEAN Trade Repository (ATR). The ATR, in turn, provides links to relevant pages in the MNTR. It contains information<sup>5</sup> on the trade and customs laws and procedures of all AMS and trade-related information, which are: tariff nomenclature; most favoured nation (MFN) tariffs, preferential tariffs offered under the agreement and other agreements of ASEAN with its dialogue partners; rules of origin (ROO); non-tariff measures (NTMs); national trade and customs laws and rules; procedures and documentary requirements; ARs; best practices in TF applied by each AMS; and list of authorised traders of AMS (Intaravitak and Munadi, 2009).

## 2.2 Trade facilitation initiatives and progress

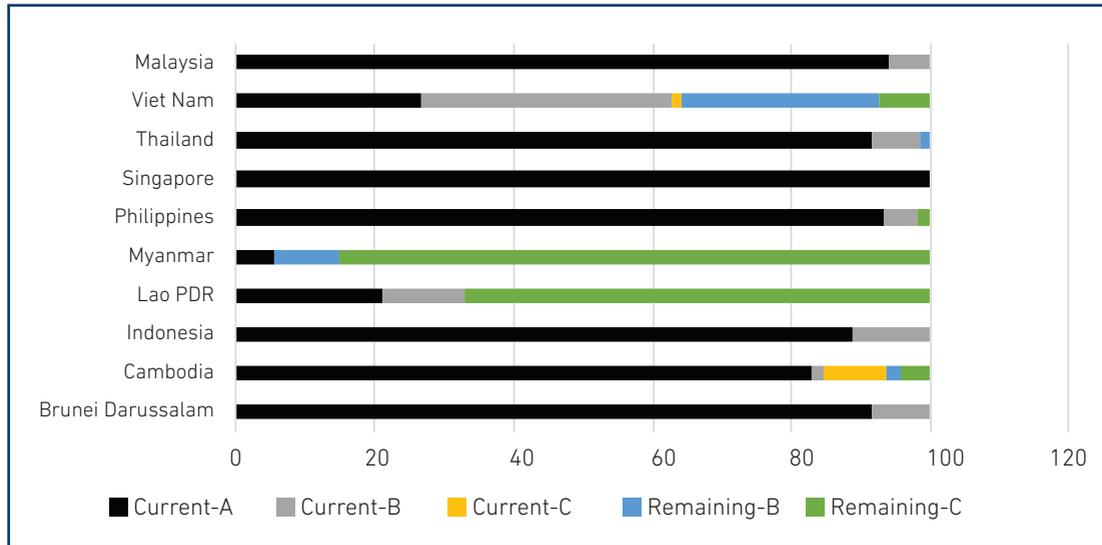
Malaysia ratified the WTO TFA on 26 May 2015. The current rate of implementation<sup>6</sup> commitments of Malaysia under the agreement stands at 100% (like that of Singapore Indonesia and Brunei), as shown in Figure 6.1 (see also Appendix Figure 1 for the rate of implementation by measure). Worth noting here is that Malaysia fully implemented Articles 7.8 (expedited shipments) and 11.9 (advanced filing and processing of transit documents and data prior to the arrival of goods) on 1 June 2021, ahead of the notified deadline of 22 February 2022 (WTO, 2021).

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<sup>4</sup> The 'u' in uCustoms stands for 'ubiquitous,' which conveys the idea that the new system is always accessible through all sorts of connected devices.

<sup>5</sup> The categorised information in the MNTR is defined in Article 13 of the ASEAN Trade in Goods Agreement (ATIGA).

<sup>6</sup> The percentage of implementation is calculated as the count of each of the 238 notifiable article items (set out in the 12 Articles of Section 1 of the TFA) according to each category of commitment and the implementation date notified by Malaysia.

**Figure 6.1. Malaysia and ASEAN - Implementation Progress on Trade Facilitation (%)**

Notes: Current – current rate of implementation commitments; Remaining – rate of future implementation commitments. Category A = developing members will implement the measure by 22 February 2017 and least developed countries by 22 February 2018; Category B = members will need additional time to implement the measure; and Category C = members will need additional time and capacity building support to implement the measure.

Source: WTO (2022), <https://tfadatabase.org/implementation/progress-by-member>

At the national level, to drive seamless cross-border trade through digitalisation, Malaysia has built cross-border logistics facilities (Digital Free Trade Zone (DFTZ), 2017) to boost the country's 2016 eCommerce roadmap. This initiative, a collaboration between the Malaysian Digital Economy Corporation (MDEC)<sup>7</sup> and the RMCD, caters for the high volumes of small parcels and buyers' expectations for quick fulfilment in cross-border e-commerce. The DFTZ comprises three components: an e-fulfilment hub, e-service platform, and satellite services hub. According to the MITI, as of 2018, about 2,072 Malaysian small and medium-sized enterprises (SMEs) were on the ecommerce platforms in the DFTZ (Tham, 2018).

The National Logistics and Trade Facilitation Masterplan (2015–2020), under the supervision of the Ministry of Transport (MOT) and launched in 2015, was developed to provide strategic directions to further improve the productivity and competitiveness of the logistics industry as well as trade facilitation in line with Malaysia's aspiration to be 'The Preferred Logistics Gateway to Asia'. It outlines five strategic shifts and 21 action items for implementation. Basically, it underscores improvements in the cargo clearance system, paperless trading, and security of trade documents as one of the strategic shifts of the plan.

<sup>7</sup> The catalytic partner for DFTZ during the initial stage is China's Alibaba Group and the Electronic World Trade Platform (eWTP) to boost international e-commerce trade between China and Malaysia.

That said, the implementation of the Logistics and Trade Facilitation Masterplan has faced several challenges, which include limited compliance with standards, clearance coordination challenges, and cargo security concerns. More recently, the domestic logistics industry has been cited as facing constraints, such as inadequate infrastructure and limited internet connectivity, the low adoption of digitalisation, and burdensome regulations (MIDA, 2020).

The logistics and transport industry are classified and regulated through a polycentric system of governance. Therefore, it has impacted Malaysia's logistics performance, as the country's Logistics Performance Index (LPI) dropped drastically from 27th position (score of 3.48) to 41st position (score of 3.22) out of 160 countries between 2007 and 2018 (World Bank, 2022). In 2018, the lowest score of 2.9 was recorded for customs, which relates to the efficiency of the clearance process (speed, simplicity, and predictability of formalities). Despite the relatively higher scores for the ability to track and trace consignments, and the timeliness of shipments in reaching destinations within the scheduled or expected delivery times, the ranking of the country slipped from 28 to 47 and 26 to 53 for the two dimensions, respectively.

According to the Organisation of Economic Co-operation and Development (OECD, 2022), Malaysia's performance in TF, at 1.418 in 2019 on average, had in fact improved since 2017 in the areas of involvement of the trade community (1.57), ARs (2.00), appeal procedures (1.63), fees and charges (1.77), streamlining of procedures (1.61), internal border agency cooperation (0.90), and cross-border agency cooperation (0.80) (see Figure 6.2). Having said that, the OECD suggested further areas of improvement in some of those areas given their trade flow increase and cost reduction potentials. These include the following:

- Information availability – provide a dedicated interactive page for professional users/companies;
- Involvement of the trade community – improve the inclusiveness of consultations with the private sector through notice-and-comment frameworks and drafts for comments;
- ARs – publish information on ARs of significant general interest; and
- Formalities – (i) documents – reduce the number of documents required for import and export and the time necessary to prepare such documents; (ii) automation – integrate the electronic payment system with the automated declaration/cargo processing systems and support PAP in electronic format; (iii) procedures – complete the development of the Single Window currently under elaboration, complete the development of PAP of import documentation, expand the use of AEO programmes, and expand the application of PCAs and simplify procedures in terms of the associated time and costs.

**Figure 6.2. Malaysia's Trade Facilitation Performance, 2019**



Note: The 11 TF indicators take values from 0 to 2, where 2 designates the best performance that can be achieved. The variables in the Trade Facilitation Indicators dataset are coded with 0, 1, or 2.

Source: OECD (2022), [http://www.compareyourcountry.org/trade-facilitation/en/0/1\\_1/all/default](http://www.compareyourcountry.org/trade-facilitation/en/0/1_1/all/default)

## 2.3. Trade facilitation efforts since COVID-19

Several (temporary) TF measures have been implemented since the COVID-19 pandemic. They include the following:

- To beef up clearance efficiency for customs and the Malaysian Quarantine and Inspection Services (MAQIS), the RMCD has set up a special lane to process reefer containers and perishable goods, facilitate the declaration of the K1 form (import), and expedite the release of reefer containers process (*The Star*, 2021).
- In March 2020, Malaysia exempted import and excise duties for manufacturers of hand sanitisers that use raw materials (undenatured ethyl alcohol and denatured ethyl alcohol) and subsequently suspended the standard requirements and provided special exemptions to clear non-essential goods at affected ports (Shankar, 2020).
- A NTM in the form of an export prohibition (temporary ban) on face masks to meet local demand was implemented on 7 March 2020 (ITC, 2021).

## 3. ASEAN Seamless Trade Facilitation Indicators II: Survey Results

### 3.1. Stakeholder engagement

Five ministries (including nine agencies; see Appendix Table 1), namely, MITI, RMCD, MOT, Ministry of Agriculture and Food Industries (MAFI), and Ministry of Health (MOH), responded to the ASTFI II questionnaire on seven TF components (see Appendix Table 2) of the survey instrument: (A) Transparency and information on laws, regulations, and procedures; (B) Communication with and active engagement of the private sector; (C) Release and clearance formalities; (D) Import/export formalities; (E) Cross-border coordination and transit facilitation; (F) Transport facilitation; and (G) E-commerce. The feedback from the ministries was further verified by the through a validation workshop conducted over three sessions on 18, 19, and 31 March 2021.

Worth mentioning here is that the RMCD, the lead agency for TF, does not regulate the exports and imports of commodities. Where the importation of any goods is subject to permits, licenses, and/or approvals, they shall be applied to and produced by the respective PIAs. Only two key regulations come under the purview of Customs, which are (i) Customs (Prohibition of Import) Order 2017; and (ii) Customs (Prohibition of Export) Order 2017.

The results for both the ASFTI I and ASFTI II surveys are comparable as the same methodology for scoring the TF indicators was employed in both surveys, and the same set of respondents was surveyed in both years, except for the MOF in the ASTFI II. This, however, does not pose a problem for the scoring as the information required from the MOF, related to e-commerce, was jointly discussed with MITI and feedback was given by MITI.

### 3.2. Key findings

The overall findings for Malaysia suggest improvements for five components of TF (components A, C, D, E, and F) between 2018 and 2021, except for e-commerce (component G). The following discussion details the progress in the TF environment for specific indicators (see Appendix Table 2) of the seven components.

*(A) Transparency and information on laws, regulations, and procedures*

Malaysia fared well for all indicators of transparency and information on laws, regulations, and procedures. The previous incomplete information from the 'Customs Website/Trade Portal and Information (SVA1) indicator' related to transit and transshipment procedures in the ASTFI I has now been addressed in the ASTFI II. Based on the response received from the questionnaire and consultation validation meeting with the RMCD, the information related to transit and transshipment is now available in Section 35A–35N of the Customs Act 1967 via the Customs (Amendment) Act 2019 (Amendment Act).<sup>8</sup> The Amendment Act significantly overhauls the legislative provisions regulating transit and transshipment activities and includes provisions for regional transit. Detailed procedures for transit and transshipment are also spelled out in the Amendment Act. Amongst others, the Amendment Act introduces provisions to safeguard goods moved under transit and transshipment, requirements for the owners of goods in transit or transshipment or their agents to be immediately liable to pay duties leviable when transit/transshipment procedures are interrupted, as well as heavy penalties for a breach of the transit and transshipment procedures.

The RCMD also has various information channels, apart from its own website, including social media platforms, namely Facebook, Twitter, and Instagram (see Appendix Table 3). Both the local language and the English language are used in the different information channels. Further, on the RMCD website, there is a form for the public to address complaints and a Customs Consultation (Call) Centre for making general enquiries. If information related to transit and transshipment is needed, the public can seek information/advice via the RMCD website and the Customs Call Centre.

Besides the RMCD, information on export and import formalities (SVA2) is also complete for all remaining ministries/agencies. For example, MITI maintains separate websites (see Appendix Table 3) containing the following information: (i) strategic items – legislations (Strategic Trade Act 2010 [Act 708]; Strategic Trade Regulations 2010 [P.U. (A) 482/2010]; and Strategic Trade (Strategic Items) (Amendment) Order 2018), list of commodities, exporting documents and documentary requirements for export permits; and (ii) motor vehicles, iron and steel and heavy machinery – legislations, list of commodities, exporting/importing documents, and documentary requirements for licensing and (export/import) permits.

*(B) Communication with and active engagement of the private sector*

As that of Component A, Malaysia maintained its progress in engaging the private sector between 2018 and 2021 as it has in place an equivalent mechanism for the National Trade Facilitation Committee (NTFC; SVB1), and it has available structures for stakeholder consultations that also cater to micro, small, and medium-sized enterprises (MSMEs; SBV2).

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<sup>8</sup> The 2019 Customs Regulations.

The Trade Facilitation Cluster Working Group (TFCWG), established in 2015 under the National Logistics Task Force (NLTF), is the NTFC of Malaysia. The working group<sup>9</sup> was established under the National Logistics and Trade Facilitation Master Plan (2015–2020). It is coordinated by MITI, is co-chaired by MITI and the RMCD, and comprises members from both the government and private sector. Various efforts have been undertaken by the TFCWG to strengthen Malaysia's position as a preferred regional logistics hub in line with the emergence of digital trade and the maritime ports sector. To ensure certainty of implementation, initiatives proposed under the masterplan have also been incorporated in the Eleventh Malaysia Plan (11MP, 2016–2020). The five initiatives/strategies under the 11MP related to developing the logistics industry and facilitating trade are: strengthening institutional and regulatory framework; enhancing trade facilitation mechanism; building freight infrastructure efficiency and capacity; deploying technology in the logistics chain; and strengthening the capabilities of logistics service providers (EPU, 2021).

On the issue of stakeholder consultations on trade-related measures, the RMCD organises roundtable discussions on an ad hoc basis, and it also participates in formal consultations involving other agencies, such as the Malaysian Investment Development Authority (MIDA). The RMCD has several different types of consultations: Biannual formal consultations at the national and state levels, known as the Customs-Private Sector Consultative Panel; Informal frequent discussions held regularly to discuss new issues and new policies;<sup>10</sup> Joint Development Area (relating to oil and gas) meetings; and Consultations relating to sales and services tax (SST) – (i) technical consultation quarterly meetings between RMCD officers and private sector/accounting firms; and (ii) hand-holding sessions with the SST ambassador at the premises of associates.

MITI also conducts stakeholder consultations through the following working groups – Technical Working Group on Trading Across Borders (TWGTAB) (working group under PEMUDAH,<sup>11</sup> 2007, a special task force to facilitate business) and the TFCWG (NTFC). The consultations are held regularly, once every two months. In addition, focus group engagements are convened whenever there are urgent issues to be addressed. Likewise, the Department of Quarantine and Malaysian Inspection Services (MAQIS) has its formal consultative mechanisms, which are the Coordination Committee for Quarantine, and the Inspection and Trade Facilitation Committee, conducted twice a year, apart from additional public consultations (when necessary).

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<sup>9</sup> Commencing in 2021, TFCWG, as the NTFC, is also overseeing the implementation of TF strategies under the National Trade Blueprint 2021–2025.

<sup>10</sup> The government circular on National Policy on the Development and Implementation of Regulations 2013 provides legal mandate for public consultations on new regulations.

<sup>11</sup> PEMUDAH consists of public and private sector membership that collaborates on policy, process, and regulatory improvement in Malaysia.

As in the case of MITI, the MOH and the Department of Veterinary Services (DVS) also engage various stakeholders and conduct regular consultations to discuss issues on food safety, and animal and animal products, respectively. Stakeholders are also actively involved during the meetings of various committees on standards and regulations development. Based on the standard procedures for the enactment or amendment of legislation, public engagements are carried out prior to the gazette<sup>12</sup> of new/review of regulations. For the Food Safety and Quality Division (FSQD) of the MOH, dialogues with the food industry are convened as necessary to facilitate the industry in complying with new legislation/amendments. In addition, the Steering Committee for Food Safety under the National Food Safety and Nutrition Council convenes at least once a year and provides a platform for engagement with representatives from government agencies, industry associations, SME Corporation Malaysia,<sup>13</sup> consumer associations, and academia in monitoring the implementation of the 2010–2020 Food Safety Action Plan and in supporting the National Food Safety policy. The 2010–2020 Food Safety Action Plan includes sections on information technology (IT), data collection, and dissemination and cooperation between agencies, amongst others. Apart from the National Food Safety and Nutrition Council, the Malaysian National Codex Committee, established in 1985, is another consultative forum on food safety.

Whilst most of the above agencies conduct regular meetings with their stakeholders, some agencies, such as the Department of Fisheries (DOF) and the Department of Agriculture (DOA), hold such meetings only on an ad hoc basis. Having said that, the DOF has a formal consultation mechanism for this purpose, the *Majlis Perundingan Industri*. The National Pharmaceutical Regulatory Agency (NPRA) and the Pharmacy Enforcement Division (PED) both have regular dialogue sessions with their stakeholders, and both agencies use a unified public consultation platform to gather feedback from the industry on new guidelines related to the pharmaceutical industry, which is then followed with public closure reports. Interestingly, all agencies are inclusive in their stakeholder consultations, as the MSMEs are invited to these discussions.

Other working groups on TF initiatives that focus on enhancing the efficiency and effectiveness of work procedures, especially to enhance supply chain activities by collaborating as smart partnerships with the private sector, include the Working Group on Efficiency Issues and smart partnerships between Customs and the Malaysia Productivity Corporation (MPC) and Invest KL.

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<sup>12</sup> Refers to the official notification (publication) of public notices issued by the Government.

<sup>13</sup> SME Corporation Malaysia (SME Corp. Malaysia) is the central coordinating agency under the Ministry of Entrepreneur Development and Cooperatives that coordinates the implementation of development programmes for small and medium-sized enterprises (SMEs) across all related ministries and agencies.

These working groups and partnerships have addressed the following issues, amongst others: Administer ARs effectively to ensure that they are issued in a reasonable and time-bound manner; and expedite the approval process for scrap/waste disposal<sup>14</sup> by Licensed Manufacturing Warehouse (LMW).

*(C) Release and clearance formalities*

Overall, marginal improvements were observed for release and clearance formalities between 2018 and 2021. The two indicators within component C that saw progress over the review period are self-certification (SVC11) and simplified/expedited clearance (SVC12). The reason being the ASEAN-Wide Self-certification (AWSC) became fully operational on 20 September 2020 and the RMCD allowed expedited shipment/clearance procedures for goods entering through air-cargo facilities, using air courier service. For the land border, Malaysia and Thailand have an agreement of expedited clearance, especially for the transport of perishable goods from Thailand to Singapore through Malaysia. There is, however, no provision of de minimis<sup>15</sup> shipment value for goods entering through land and sea.

Malaysia maintained its progress from ASTFI 1 to ASTFI II for advance rulings (ARs) (SVC1), best practice risk management (SVC3), electronic payment (SVC5), appeal and review mechanism (SVC6), post-clearance audit (PCA) (SVC7) and temporary admission (SVC13).

Except for the ARs on origin, the ARs on classification and valuation have been implemented since April 2007.<sup>16</sup> The procedures and decisions for both ARs are published on the Customs website. The standard operating procedures and guides for ARs on origin were completed prior to the ASTFI II. However, the Revised Customs Act 1967 (Customs (Amendment) Act 2019) introduced on 9 July 2019 includes a new chapter on the origin of goods,<sup>17</sup> which is related to preferential and non-

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<sup>14</sup> Mohd et al. (2018) report that the application for approval to dispose scrap by a LMW takes about two months to complete. The MPC therefore has recommended Customs to implement an efficient application process approval for scrap disposal by considering a risk-based categorisation of scrap.

<sup>15</sup> The exemption for packages under de minimis is a privilege extended only for air cargo in the Malaysian context, and the value is fixed at RM500 (US\$115, subject to the conversion rate) for imports.

<sup>16</sup> The scoring for ARs is based only on classification and valuation.

<sup>17</sup> The amendment act introduces a new chapter (Part XA) that regulates various aspects relating to the origin of goods, including the appointment of issuing authorities, application for preferential and non-preferential certificate of origin, registration for producing a declaration of origin, responsibility of the importer, producer, and exporter, eligibility criteria to claim preferential tariffs, and verification of origin-related documents and information.

preferential tariff treatment,<sup>18</sup> and the relevant sections of the act still need to undergo domestic legal review. The implementation of ARs on origin however can only commence once the domestic legal review is completed. It is worth noting here that an online Customs Rulings Database containing ARs has been made available to traders, but requests for ARs still need to be made in writing.

The RMCD and most of the major agencies perform risk management,<sup>19</sup> with less than 100% inspection (with no specific target) according to risk assessment, such as critical goods and high-risk companies. The following are the inspection practices adopted by the other major agencies:

- MAQIS is the Competent Authority to conduct inspections at the border in Peninsular Malaysia and the Federal Territory of Labuan with a target rate of 10%–20% of consignments, depending on the risk factors (type of cargo, history of the trader, import source) or specific directives (for example, outbreak of diseases). For plants, MAQIS conducts inspections based on international standards established by the International Plant Protection Convention. Specifically, the International Standards for Phytosanitary Measures ISPM 23, 31, and 32 are applicable for the inspection of plants, whilst random inspections based on physical/clinical symptoms are carried out on live animals and fish. Risks of commodities and pest interception are considered by MAQIS during inspections to enable profiling of commodities with low risks to be established. Meanwhile, for Sabah and Sarawak, the Competent Authority for inspection at the entry points are their respective DOA and DVS.
- The FSQD of the MOH sets a 1% target inspection rate for incoming consignments under the Annual National Monitoring Programme for Imported Food. Sampling<sup>20</sup> is also carried out according to contravention history, current food crisis incidences, information from international bodies/other countries, and current trends in food safety.
- Within the MOH, the PED stations its officers at the entry point to assist the RMCD in the release and clearance process of related commodities by engaging in screening and random physical inspections.

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<sup>18</sup> Preferential rules pertain to whether the goods qualify for free or reduced duty rates under bilateral, multilateral, or international trade agreements to which a country is party. Non-preferential rules relate to important aspects of the treatment of imported goods.

<sup>19</sup> Risk management is done by the Customs Verification Initiative Unit of the RMCD, and the target approach is based on selective criteria. The Customs Verification Initiative tags targeted declaration in the system by giving instruction for assessment officers to act accordingly.

<sup>20</sup> The FSQD imposes a risk-based approach inspection at the entry points. The risk attributed to food is prescribed with different levels of examination. The levels of examination vary from Level 1, where food is automatically released without inspection, to Level 6, where food is automatically rejected. Sampling activity is carried out through a risk-based approach for Level 3 Examination (Monitoring) and Level 4 Examination (Surveillance). Subsequently, if the food products have been found to contravene food safety, enforcement action will be taken, and the next consignment will be detained three times consecutively under Level 5 Examination (Hold, Test, and Release).

- In the case of medical devices, it is noted that the border control mechanism is under development<sup>21</sup> and Malaysia has completed the ratification of the ASEAN Agreement on Medical Devices Directive (AMDD)<sup>22</sup>, and has ratified all articles in AMDD. The Medical Device Authority (MDA) and the NPRA have decided to revise the dossier requirement for the ancillary component of combination product to facilitate the stakeholders.

In the case of electronic payment that was introduced in 1996, RMCD and all agencies<sup>23</sup> accept duties, taxes, and fees electronically. This is also applied to importers for bottled drinking water and natural mineral water. The payment must be made electronically on the Food Safety System Malaysia (FoSIM) platform. E-payment is also accepted by NPRA through the QUEST3+ online registration system, as well as cheques, bank draft and credit/debit card payment over the counter except for some activities whereby the module has not been developed.<sup>24</sup> Other agencies, such as the DVS and DOA, also accept cash, cheques, and payments made over the counter. E-payment, however, is not allowed for the following: (i) Payment to PED for import and export authorisation for dangerous drugs and psychotropic substances,<sup>25</sup> which need to be applied and paid manually in accordance with the related international conventions (see Appendix Table 3); and (ii) Payment for export permits to DOF for species listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, for which cash payment must be made over the counter.

In terms of the appeal and review mechanism, the RMCD allows traders to request for the Customs Authority to review their decisions and, if necessary, to seek redress in a judicial appeals court. In the case of the PCA, the RMCD, MDA, and MAQIS conduct such audits<sup>26</sup>. The mechanisms of the former three are detailed below: (a) The RMCD conducts PCA for selected traders/declaring agents via both a risk management framework as well as random selection; (b) The MDA conducts PCA on importers based on random selection and the post-market status in accordance with the existing risk management framework; and (c) MAQIS conducts a post-border audit on selected importers.

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<sup>21</sup> There is only random inspection/audit at the company/establishment site (manufacturer, authorised representative, importer, distributor) on regulatory control.

<sup>22</sup> Malaysia signed the AMDD on 21 November 2014.

<sup>23</sup> MITI regulates the export (including transit, transshipment and brokering) of strategic items (military and dual use) as stated in the Strategic Trade (Strategic Items) (Amendment) Order 2018 but does not impose any fees on its services. MITI also clarified in the validation workshop that it does not collect any fees for the certificate of origin (CoO). Likewise, the FSQD regulates imports of food products, but it does not impose import permits for the importation of food, hence no payment is required.

<sup>24</sup> E-payment for now is not allowed as the module has not been developed by the NPRA, but they are progressing towards e-payment for lot release certificates.

<sup>25</sup> Digital copies are prohibited under the Dangerous Drugs Act 1952 and its Regulations, and the Poison Act 1952 and Poisons (Psychotropic Substances) Regulation 1989.

<sup>26</sup> MITI does the evaluation on the exports of strategic items, such as on the end-user.

For agricultural products (including fruits and vegetables; not limited to plants), some post-entry requirements must be complied with, such as sampling, pest interception, and lab analysis. The criterion to sample is set by the departments in charge of relevant policies, such as the DOA, DVS, Fisheries Development Authority (LKIM) DOF and Federal Agricultural Marketing Authority (FAMA), as well as other agencies as stated in the export/import permits issued by MAQIS. The process involves sampling during the inspection at the entry point. The jurisdiction of MAQIS is confined to three areas, which are entry points, quarantine stations, and quarantine premises.<sup>27</sup>

The FSQD, PED, and NPRA also conduct audits after importation. The FQSD monitors compliance and verifies the adequacy of relabelling process in the domestic market, and in the importer's warehouse. Similarly, the licensing of imported bottled drinking water and natural mineral water also requires audit verification at the importer's warehouse. The PED conducts routine inspections, yearly, of licence holders (including the importers) under the Poisons Act 1952, whilst the NPRA conducts Lot Release activity on imported biological products, such as vaccines and plasma-derived medicinal products. Lot Release activity involves review of Batch Release Certificates from the country of origin, review on Lot Summary Protocol (manufacturing and quality control data on vaccine/plasma product lot), as well as cold chain inspections and physical appearance testing to ensure the safety, quality, and effectiveness of the products received. Cold chain inspection is conducted at the warehouse after custom clearance at the entry point. The objective of the cold chain inspection is to ensure the products are transported within the required storage temperature throughout the delivery journey, from the country of origin to Malaysia. If all the Lot Release requirements are fulfilled, a Lot Release Certificate is then issued to the product registration holder to allow the distribution of the imported batch to the market.

Importantly, the RMCD allows for the temporary admission of certain goods under the ATA Convention, with total conditional relief from duties and taxes. The Malaysian International Chamber of Commerce and Industry is the authorised body to issue the ATA Carnet.

While progress has been made in the six indicators of release and clearance formalities, Malaysia did not record changes for other indicators, namely SVC2, SVC4, SVC8, SVC9, and SVC10, between 2018 and 2021. Some observations made in the ASFTI II regarding the afore-mentioned indicators include the following:

⊕ In the case of PAP,<sup>28</sup> the regime is operational in the main and major seaports and airports, Port

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<sup>27</sup> Planting materials, live animals, and fish, which require quarantine, are placed for a period in quarantine stations or quarantine premises for further pests and diseases observation, where testing is carried out to ensure they are pest and disease-free.

Klang, Penang Port, Johor Port, and Kuala Lumpur International Airport.

- ➔ The RMCD allows for the automatic release of goods with pending duty/taxes (deferred payment) through the AEO system. This does not apply to goods subject to OGA or PIA approvals.
- ➔ The RMCD publishes dwell time information on an ad hoc basis, and it is published separately for pre-clearance, customs clearance, and post clearance. The dwell time publication was published and distributed in two exit Conferences held in 2014 and 2015 with the Asian Development Bank (ADB), Regional Office for Capacity Building, and World Customs Organisation (WCO). The latest dwell time information was published in the 8<sup>th</sup> Time Release Study (TRS).
- ➔ The RMCD conducts a TRS annually, albeit by different scopes, and bi-annually using the same scope. The results of the TRS study are then published by scope. (The RMCD has conducted 15<sup>29</sup> TRS studies since 2003 covering various scopes and modes.)
- ➔ The RMCD maintains an AEO programme and has concluded three mutual recognition arrangements (MRAs), with Japan (1<sup>st</sup> MRA on AEO programme), Hong Kong and the Republic of Korea. As of August 2022, a total of 114 companies (199 operators) have been accredited under the AEO programme.<sup>30</sup> Bilateral AEO MRAs with Thailand, Singapore, China, Australia, New Zealand, and the United States (US) are under negotiations.

#### *(D) Import/export formalities and coordination*

Like that of Component C, significant progress was recorded for documentation requirements (SVD1) and acceptance of copies (SVD2) of the import/export formalities and coordination component between the ASTFI I and ASTFI II.

All traders can now attach digital copies of required documents to their declaration submission for selected products at selected ports. For example, the PED accepts all forms of digital copies (including plain copies and certified copies for licenses, and list of products under license) as it can verify the authenticity of the certificates from its system. Beyond digital copies, some agencies accept other forms of documentation. The DOA accepts originals and certified true copies of sanitary and phytosanitary (SPS) certificates and photocopies of supporting documents. In the case of the DVS, it only started to accept e-Cert after being approached by Vet Hygiene Solutions of New Zealand in 2018 to move ahead with digital copies. As for MAQIS, it accepts originals, digital copies, and plain copies subject to the various departments' policies and the ministry's directive. For documentary requirements, the RMCD accepts originals, certified copies (with verification

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<sup>28</sup> PAP is not relevant or rather not practical for the land modality of transportation (for example, Malaysia-Singapore) as the time taken is rather short, less than 30 minutes.

<sup>29</sup> Updated based on discussion with RMCD on 24 August 2022.

<sup>30</sup> Updated based on discussion with RMCD on 24 August 2022.

from traders), and digital copies. The FSQD MOH, however, requires an original copy for import documents, such as the health certificate (HC) and certificate of analysis. In certain situations, the FSQD MOH accepts certified true copies by the agency holding the original copies (in this case, MAQIS) and digital copies subject to additional documents. As for imported bottled drinking water and natural mineral water, the FSQD MOH accepts certified true copies of licenses issued by the FSQD MOH.

That said, Malaysia maintained its progress for the NSW in the ASTFI II. This is not surprising since Malaysia is one of the early adopters of the NSW (2009) in ASEAN, which covers imports, exports, transit, and trans-shipment. Except for licenses, permits for exports and imports,<sup>31</sup> certificates of origin, and import declarations and manifests can be submitted online through the NSW. As of July 2020, there were 29 PIAs from 11 ministries participating in the NSW (see Appendix Table 4). In the ASTFI I, there were 28 agencies, but now, the DOF is no longer a participating agency as the issuance of permits is made by the MAQIS on its behalf.

Worth noting here is that not all the agencies' systems, particularly those under the MOH and MAFI, are interfaced/integrated into the NSW. Generally, licensing, HCs, and product registration documents are submitted through separate systems at the FSQD, PED, NPRA, and MDA. For example, the HC for food export is currently being applied electronically using the recently launched (March 2021) FoSIM platform (see Appendix Table 3); however, for the purpose of issuance of the HC electronically, the XML is yet to be integrated with the NSW.

The integration process of some national systems with the NSW and subsequently the ASW is still ongoing, as the process is somewhat sequential and involves ASEAN regional coordination and decisions. For example, the e-Phyto system for e-SPS (sanitary and phytosanitary) certificates has been developed but has not been integrated with the NSW. In the case of the DVS,<sup>32</sup> the department is in the process of developing a platform for the exchange of digital documentation (veterinary/ animal health certificates) through the NSW. At the regional level, the AMS are in the process of developing e-Food Safety in accordance with the agreed Message Implementation Guide on e-Food Safety.

Finally, there has been no progress for border agency customs-immigration-quarantine coordination between 2018 and 2021. Though it is operating and functional but not in all border areas and agencies in Malaysia. Worth noting here is that the RMCD's SMK was not designed to accept uploaded documents: it is stated in section 100 under the Customs Act 1967; therefore, the

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<sup>31</sup> DOA and MOH (Dangerous Drugs and Psychotropic Substances) use a separate system for import permits.

<sup>32</sup> The DVS regulates the imports of live animals, products of animal origin, and animal feed/pet food.

system does not allow for digital copies, but the request can be done by email or manually at Port Klang. Most of the agencies require original copies or certified true copies. MITI accepts digital copies for ePCO, and a combination of copies for eSTA (strategic goods) and ePermit (vehicles, etc). Paper documents (originals only) need to be produced on demand by the RMCD.

#### *(E) Cross-border coordination and transit facilitation*

In the case of cross-border coordination and transit facilitation, significant progress between the ASTFI I and ASTFI II was recorded for the computerised system for transit (SVE3) under the ASEAN Customs Transit System (ACTS), which was piloted in 2017 and the land operations launched in November 2020. The ACTS is fully operational, and a guarantee mechanism has been established. There are six participating AMS – Malaysia, Singapore, Thailand, Viet Nam, Cambodia, and Lao PDR.

No change was observed for the remaining indicators of this component between 2018 and 2021. Notably, there is border agency institutional coordination where the RMCD is one of the implementing agencies under the Cross-Border Transport of the Malaysia and Thailand Agreement (2018). The MOT is also involved in this coordination. The DOA is also engaged in border agency coordination with border countries: plant quarantine under DOA Malaysia – DOA Thailand; and DOA Malaysia – Agri-food and Veterinary Authority of Singapore. Border-crossing operational coordination is also in place with the neighbouring countries (Thailand and Singapore), whereby the RMCD conducts cross-border coordination with the neighbouring countries and the alignment of working hours (6:00 a.m. to midnight, Malaysian time) between neighbouring country authorities. In addition, there is extensive operational cross-border coordination (joint controls) by MAQIS and MOH.

As for transit facilitation, Malaysia provides simplified procedures for authorised transit traders at the Bukit Kayu Hitam border with Thailand and in Johor (Bangunan Sultan Iskandar and Kompleks Sultan Abdul Bakar) with Singapore. The simplified procedures are as determined by the contracting parties (Malaysia and its two neighbours).

#### *(F) Transport facilitation*

Overall, progress was lowest for transport facilitation between 2018 and 2021, mainly due to land transport facilitation related to the operationalisation of the ASEAN Framework Agreement on the Facilitation of Inter-state Transport (AFAFIST) and the ASEAN Framework Agreement on Multimodal Transport (AFAMT) (SVF4). For land transport facilitation, Malaysia has ratified all nine protocols of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAGIT – signed on 16 December 1998), where the last protocol ratified was Protocol 2 (Designation of Frontier Posts) on 25 April 2019. Malaysia is in the midst of amending its domestic legislations to

accommodate the ASEAN transport facilitation agreements, namely, the AFAFGIT, AFAFIST (signed on 10 December 2009) and AFAMT (signed on 17 November 2005).<sup>33</sup>

Malaysia is involved in the implementation of ACTS for Malaysia, Singapore, and Thailand. The issuance of the ASEAN Goods Vehicle Border Permit was implemented in the ACTS pilot phase by the three pilot countries. In the pilot phase, DHL Global Forwarding Singapore successfully carried out cross-border transit operations from Singapore to Thailand through Malaysia on 23 October and 28 October 2020. The live operation of ACTS was conducted at the end of 2020 and as mentioned above, it is now fully operational. More recently, another live ACTS transit movement, along both the north–south and east–west corridors, was successfully initiated in Malaysia on 10 February 2021, which arrived safely inland in Cambodia on 13 February 2021, passing through Thailand in transit (ACTS, 2021). Malaysia has a dual involvement in the ACTS as a transit and departure country.

Regarding the Electronic Data Interchange (EDI; SVF2) and Port Community, there is an operational port community system in Port Klang, with an EDI platform in place between the port operator and some port users for major ports (Port Klang and ports in Johor) and for all port users for the main ports. For example, PKNet (1 January 2013) and *eGateway* (6 April 2020) are the digital solutions implemented to improve the efficiency of maritime transport chains in Port Klang and the ports in Johor (Pasar Gudang Port and Port of Tanjung Pelepas), respectively (see Appendix Table 3).

#### *(G) E-commerce*

Malaysia maintained its progress in e-commerce in 2018 to 2021. The legal framework for e-identification and authorisation has been established and is operational at the national level. Appendix Table 3 lists the 19 laws and regulations on e-commerce in the MNTR. Similarly, the legal framework for the domestic and cross-border e-commerce dispute settlement mechanism is operational, including the online dispute resolution system to facilitate the resolution of claims over e-commerce transactions. The Tribunal for Consumer Claims under the Ministry of Domestic Trade and Consumer Affairs has jurisdiction on all claims under the Consumer Protection Act 1999, including for e-commerce transactions.

In terms of revenue, the MOF, together with the RMCD, is jointly conducting a study to decide on the appropriate Revenue Framework for Cross Border E-Commerce Trade. The main objective of the study is to impose duty/taxes (indirect tax/consumption tax) on low value imported items. The study is also considering the appropriate revenue collection models on e-transactions, which are the vendor collection model and the account-based revenue collection model. The study was completed in the fourth quarter of 2021.

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<sup>33</sup> Updated based on discussion with MOT on 8 September 2022.

## 4. Conclusions and Recommendations

Overall, Malaysia has fared well in the four components of TF: (A) transparency and information on laws, regulations, and procedures; (B) communication with and active engagement of the private sector; (C) release and clearance formalities; and (D) import/export formalities.

First, engagement in good regulatory practice is evident through the dissemination and transparency of information related to the relevant laws, regulations, and procedures, and the engagement of stakeholders in obtaining feedback for new guidelines prior to its implementation. Some developments in this regard include the following: (i) Previously, the transit and transshipment procedures were only for internal use of the RMCD, but now the policies and procedures have been made known publicly, through the Customs (Amendment) Act 2019 (Amendment Act); and (ii) Most agencies have well-defined structures/mechanisms for stakeholder consultation, and they involve all (registered) traders (including MSMEs) through regular consultations and ad hoc meetings.

Second, there are clear synergies between border inspection/controls and a comprehensive risk management framework to facilitate trade. One example is food safety and the adoption of clear methods for border inspections. The related action plans provide for more coordinated management of border clearance procedures to avoid overlap of food safety control responsibilities amongst the various regulatory agencies, whilst the risk-based inspections that have been adopted ensure effective food safety controls whilst expediting trade in low-risk products.

Third, at the national level, the expansion of AEO operators to cover more logistic services and warehouse operators is another key development. It is indeed important to include all economic operators to enhance security along all points of the supply chain.

However, the following three components deserve attention: (E) cross-border coordination and transit facilitation, (F) transport facilitation, and (G) e-commerce. That said, a major feat for Malaysia is that the ACTS is now fully operational. Evidently, there has been a 27% reduction of costs for the cross-border movement of goods using the ACTS, particularly for the case of moving goods from Malaysia to Cambodia via Thailand (Subramaniam, 2021).

Notwithstanding the above achievements, transport logistics infrastructure bottlenecks have affected the overall logistics and supply chain productivity. Seamless logistics, therefore, needs attention to ensure better air and sea connectivity, as well as to reduce choke points along the logistics supply chain.

The following are some key recommendations (specific to general) for improving the trade facilitation journey in Malaysia based on the findings obtained.

- ✓ *Inter-agency coordination*: Malaysia was ranked 12th (15th in 2019) with 81.5 points amongst 190 global economies in the World Bank Doing Business 2020 Report. The report acknowledged the formation of a regulatory reform committee to ensure the coordination of efforts across agencies. Yet, there should still be some consolidation or service-level agreement for import approval processes at the entry points to address inter-agency delays, particularly between the MOH and MAFI. At present, the approvals for the importation of certain products, such as fresh produce and animal-based products, involve multiple agencies (DOA, DVS, and DOF).
- ✓ *Customs clearance system*: The technical problems related to the uCustoms platform should be rectified, and a system should be implemented to improve the customs clearance process.
- ✓ *ARs*: Although the RMCD has a Customs Rulings Database that provides information on the ARs, much needs to be done. First, Customs should move ahead with allowing online applications for ARs to ensure the timely and correct receipt and routing of requests. Customs could also use the automated system to track the processing of AR requests. Second, the legal and policy framework needs to be completed so that the AR on the origin of goods can be implemented.
- ✓ *Transport facilitation*: Protocols require the government to enact new laws, rules, or regulations or to amend existing ones, and these domestic reforms take time to be implemented. Since all protocols of the AFAFGIT have been ratified, including Protocol 2, which is a critical component of the ACTS (Umezaki, 2019), the enactment of the relevant laws and regulations needs to be expedited to ensure full operationalisation of the AFAFGIT.

The general recommendations from the study are summarised hereon: (a) *AEO*: Concluding bilateral AEO MRAs with non-ASEAN Regional Comprehensive Economic Partnership members, such as China and Australia (which are already in the pipeline), is important for contributing to the goal of TF and supply chain security from a broader regional architecture. (b) *E-commerce*: (i) A tax on e-commerce transactions is needed to widen the tax base, provide additional revenue to the government, and eliminate any prevailing discrimination between local and foreign businesses; (ii) there should be diversification of the private e-commerce players in the eWTP, which is currently dominated by Alibaba; and (iii) the cabotage policy needs to be reviewed as e-commerce also rides on the back of submarine cables. The suggestion to remove submarine cable activities from the Malaysian definition of cabotage to attract higher-value digital investments and remain digitally connected (Ariff, 2021) should be given due consideration.

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<sup>34</sup> The ASEAN AEO MRA on a pathfinder basis is already ongoing, entailing a comparison of feasibility studies on the AEO programmes.

<sup>35</sup> The Malaysian cabotage law covers maritime services, which include sub-marine cable deployment and repair. This means that when the best ship available for a cable repair is a foreign ship, a Domestic Shipping Licence Exemption is required.

**Table A6.1. Respondents for the ASTFI I and ASTFI II**

No.	Ministry/Agency	
	ASTFI I	ASTFI II
1	E-Commerce:  Ministry of International Trade and Industry <i>National E-Commerce Council</i> <i>ASEAN Coordinating Committee on eCommerce</i> <i>via the ASEAN Work Programme on</i> <i>eCommerce</i>	E-Commerce:  Ministry of International Trade and Industry <i>Digital Economy Division</i>
2	Customs:  Royal Malaysian Customs Department	Customs:  Royal Malaysian Customs Department
3	Transport:  Ministry of Transport	Transport:  Ministry of Transport
4	Other Major Agencies:  Ministry of Agriculture and Food Industries <i>Department of Veterinary Services</i> <i>Department of Quarantine and Malaysian</i> <i>Inspection Services</i> <i>Department of Fisheries</i> <i>Department of Agriculture</i>  Ministry of Health <i>Food Safety and Quality Division</i> <i>Pharmacy Enforcement Division</i> <i>National Pharmaceutical Control Agency</i> <i>Medical Device Authority</i>	Other Major Agencies:  Ministry of Agriculture and Food Industries <i>Department of Veterinary Services</i> <i>Department of Quarantine and Malaysian</i> <i>Inspection Services</i> <i>Department of Fisheries</i> <i>Department of Agriculture</i>  Ministry of Health <i>Food Safety and Quality Division</i> <i>Pharmacy Enforcement Division</i> <i>National Pharmaceutical Control Agency</i> <i>Medical Device Authority</i>

Sources: ERIA, ASTFI I (2018) Survey; Narjoko et al. (2021); and ASTFII Survey (2021).

**Table A6.2. Trade Facilitation Indicators for the ASTFI I and ASTFI II**

<b>A</b>	<b>Transparency and information on laws, regulations, and procedures</b>
SVA1	Customs Website/Trade Portal and Information
SVA2	Information on Export and Import Formalities of Regulatory Agencies
SVA3	National Trade Repository and ASEAN Trade Repository
SVA4	Implementation of Interactive Information Channels/Customs Contact Centre
<b>B</b>	<b>Communication with and active engagement of the private sector</b>
SVB1	National Trade Facilitation Committee, and Equivalent Title and Mechanisms
SVB2	Stakeholder, including Micro, Small, and Medium-sized Enterprises, Consultations on Rules and Regulation on Trade-related Measures including Non-Tariff Measures
<b>C</b>	<b>Release and clearance formalities</b>
SVC1	Advance Rulings for Classification and Valuation
SVC2	Pre-Arrival Processing
SVC3	Best Practice Risk Management
SVC4	Separation of Release from Final Determination and Payment of Customs Duties
SVC5	Electronic Payment
SVC6	Appeal and Review Mechanism
SVC7	Post-Clearance Audit
SVC8	Dwell Time Publication
SVC9	Time Release Study Publication
SVC10	Trade Facilitation Measures for Trusted Traders or Authorised Economic Operators
SVC11	Self-Certification
SVC12	Simplified or Expedited Clearance
SVC13	Temporary Admission
<b>D</b>	<b>Import/export formalities</b>
SVD1	Documentation Requirements
SVD2	Acceptance of Copies
SVD3	National Single Window
SVD4	ASEAN Single Window
SVD5	Border Agency (Customs, Immigration, Quarantine) Coordination (Domestic)
<b>E</b>	<b>Cross-border coordination and transit facilitation</b>
SVE1	Border Agency Institutional Coordination (with bordering countries)
SVE2	Border-Crossing Operational Coordination with the Neighbouring Countries
SVE3	Computerised System for Transit
SVE4	Transit Guarantee Mechanism
SVE5	Simplified Procedures for Authorised Transit Traders

<b>F</b>	<b>Transport facilitation</b>
SVF1	Procedures for Issuance of ASEAN Goods Vehicle Cross Border Permits
SVF2	Electronic Data Interchange and Port Community
SVF3	Land Transport Facilitation: Operationalisation of Protocol 1, Protocol 2, and Protocol 4
SVF4	Land Transport Facilitation: Operationalisation of the ASEAN Framework Agreement on the Facilitation of Inter-State Transport and the ASEAN Framework Agreement on Multimodal Transport
<b>G</b>	<b>E-commerce</b>
SVG1	Legal Framework and Operationalisation for Inter-Operable, Mutually Recognised, Secure, Reliable and User-Friendly E-Identification and Authorisation
SVG2	Revenue Collection Framework for Cross-Border E-Commerce Trade
SVG3	Legal Framework for Domestic and Cross-Border E-Commerce Dispute Settlement

**Table A6.3. Trade Facilitation Regulations, Mechanisms, Initiatives and Best Practices**

<b>Ministry/ Agency</b>	<b>Regulation/Mechanism/Initiative/Best Practice</b>
MITI	<p>Information Channels:</p> <ul style="list-style-type: none"> <li>- Strategic Trade Act (STA, 2010) <a href="https://www.miti.gov.my/index.php/pages/view/sta2010?mid=105">https://www.miti.gov.my/index.php/pages/view/sta2010?mid=105</a></li> <li>- Approved permit <a href="https://www.miti.gov.my/index.php/pages/view/3796?mid=84">https://www.miti.gov.my/index.php/pages/view/3796?mid=84</a></li> </ul> <p>ASEAN-Wide Self Certification (AWSC), 20/9/2020 <a href="https://www.miti.gov.my/index.php/pages/view/3911?mid=95#tab_379_674">https://www.miti.gov.my/index.php/pages/view/3911?mid=95#tab_379_674</a></p> <p>Malaysia National Trade Repository (MNTR) <a href="http://mytraderepository.customs.gov.my/en/Pages/an_pg.aspx">http://mytraderepository.customs.gov.my/en/Pages/an_pg.aspx</a></p> <p>National Trade Facilitation Committee (NTFC)</p> <ul style="list-style-type: none"> <li>- Trade Facilitation Cluster Working Group (TFCWG), 2015 <a href="https://unctad.org/system/files/non-official-document/TFC_MY_EN.pdf">https://unctad.org/system/files/non-official-document/TFC_MY_EN.pdf</a></li> </ul> <p>National eCommerce Strategic Roadmap, 2016 <a href="https://www.miti.gov.my/index.php/pages/view/3071?mid=409">https://www.miti.gov.my/index.php/pages/view/3071?mid=409</a></p> <p>Dagang Net</p> <ul style="list-style-type: none"> <li>- Electronic Declarations (eDeclare, 2002), Electronic Preferential Certificate of Origin (ePCO, 2009), Electronic Customs Duty Payment (ePayment), Electronic Manifest (eManifest) and Electronic Permit (ePermit). <a href="http://www.dagangnet.com/trade-facilitation/">http://www.dagangnet.com/trade-facilitation/</a></li> </ul>

Ministry/ Agency	Regulation/Mechanism/Initiative/Best Practice
MNTR	<p>Laws and Regulations Related to E-Commerce:  <a href="http://mytraderepository.customs.gov.my/en/nt/Pages/ntsublinks.aspx">http://mytraderepository.customs.gov.my/en/nt/Pages/ntsublinks.aspx</a></p> <ul style="list-style-type: none"> <li>(i) Electronic Commerce Act 2006 [Act 658]</li> <li>(ii) Electronic Government Activities Act 2007 [Act 680]</li> <li>(iii) Personal Data Protection Act 2010 [Act 709]</li> <li>(iv) Digital Signature Act 1997 [Act 562]</li> <li>(v) Consumer Protection Act 1999 [Act 599]</li> <li>(vi) Communications and Multimedia Act 1998 [Act 588]</li> <li>(vii) Postal Services Act 2012 [Act 741]</li> <li>(viii) Consumer Protection Act 1999 [Act 599]</li> <li>(ix) Trade Descriptions Act 2011 [Act 730]</li> <li>(x) Computer Crimes Act 1997 [Act 563]</li> <li>(xi) Customs Act 1967 [Act 235]</li> <li>(xii) Evidence Act 1950 [Act 56]</li> <li>(xiii) Consumer Protection (Electronic Trade Transaction) Regulations 2012 [P.U.(A)458/2012]</li> <li>(xiv) Digital Signature Regulations 1998 [P.U.(A)359/98]</li> <li>(xv) Appointment and Revocation of Appointment of Personal Data Protection Commissioner</li> <li>(xvi) Personal Data Protection Regulations 2013</li> <li>(xvii) Personal Data Protection (Registration of Data Users) (Regulations) 2013</li> <li>(xviii) Personal Data Protection (Fees) Regulations 2013</li> <li>(xix) Personal Data Protection (Compounding of Offences) Regulations 2016</li> <li>(xx) Personal Data Protection (Class of Data Users) Order 2013</li> <li>(xxi) Personal Data Protection (Registration of Data Users) (Amendment) Order 2016</li> <li>(xxii) Central Bank's Credit Card, Debit Card &amp; Charge Card Guideline (2016)</li> <li>(xxiii) Guidelines of Taxation of Electronic Commerce</li> <li>(xxiv) Personal Data Protection Standard 2016</li> </ul>
PEMUDAH (2007)	Technical Working Group on Trading Across Borders (TWGTAB)
RMCD	<p>Information Channels:</p> <ul style="list-style-type: none"> <li>- Customs website  <a href="https://www.customs.gov.my">https://www.customs.gov.my</a></li> <li>- RMCD's official Facebook page  <a href="https://www.facebook.com/JabatanKastamDirajaMalaysia">https://www.facebook.com/JabatanKastamDirajaMalaysia</a></li> <li>- Instagram  <a href="https://www.instagram.com/kastam.malaysia.official">https://www.instagram.com/kastam.malaysia.official</a></li> <li>- Twitter  <a href="https://www.twitter.com/KastamMalaysia">https://www.twitter.com/KastamMalaysia</a></li> </ul>
RMCD/MDEC	<p>2018 Time Release Study (TRS):  <a href="http://www.customs.gov.my/ms/Documents/SUMMARY%20OF%20TRS%20EAST%20MY%202018.pdf">http://www.customs.gov.my/ms/Documents/SUMMARY%20OF%20TRS%20EAST%20MY%202018.pdf</a></p> <p>AEO Scheme, 2010  <a href="http://mytraderepository.customs.gov.my/en/Pages/at_loat.aspx">http://mytraderepository.customs.gov.my/en/Pages/at_loat.aspx</a></p> <p>Digital Service Tax (to foreign supplies of digital services), 1 January 2020</p> <p>Customs Act 1967 (Customs Act) via the Customs (Amendment) Act 2019 (gazetted 1 January 2020)</p>

Ministry/ Agency	Regulation/Mechanism/Initiative/Best Practice
	Cross-Border Transport between Malaysia and Thailand Agreement, 2018
	Digital Free Trade Zone (DFTZ), 2017 <a href="https://mdec.my/digital-economy-initiatives/for-the-industry/entrepreneurs/dftz/">https://mdec.my/digital-economy-initiatives/for-the-industry/entrepreneurs/dftz/</a>
MOT	MRA on AEO Programmes with Japan, 27 June 2014 <a href="http://www.customs.gov.my/en/mp/Pages/mp_mra.aspx">http://www.customs.gov.my/en/mp/Pages/mp_mra.aspx</a>
	ASEAN Customs Transit System (ACTS), 2020 <a href="http://www.customs.gov.my/en/ip/Pages/ip_acts.aspx">http://www.customs.gov.my/en/ip/Pages/ip_acts.aspx</a>
	Electronic Customs Duty Payment (ePayment), 1996 <a href="http://www.mytradelink.gov.my/epaymentinfo">http://www.mytradelink.gov.my/epaymentinfo</a>
MOT	eGateway for Pasir Gudang Port and Port of Tanjung Pelepas, 6 April 2020
	Port Klang Net (PKNet), 1 January 2013.
	Logistics and Trade Facilitation Masterplan (2015–2020), March 2015 <a href="https://www.mot.gov.my/en/logistic/operators/the-logistics-and-trade-facilitation-masterplan">https://www.mot.gov.my/en/logistic/operators/the-logistics-and-trade-facilitation-masterplan</a>
MOH - NPRA	QUEST 3+ <a href="https://quest3plus.bpfk.gov.my/front-end/login-chrome.php">https://quest3plus.bpfk.gov.my/front-end/login-chrome.php</a>
FSQD	Food Safety Information System of Malaysia (FoSIM) <a href="http://fsis2.moh.gov.my/fosimv2/HOM/frmHOMPage.aspx">http://fsis2.moh.gov.my/fosimv2/HOM/frmHOMPage.aspx</a>
MDA	Medical Device Centralised Online Application System (MEDCAST) <a href="https://medcast.mda.gov.my/admin/user/login">https://medcast.mda.gov.my/admin/user/login</a>
	Information Channel: <a href="http://www.mda.gov.my">www.mda.gov.my</a> Online submission for licensing and medical device registration: Medical Device Centralised Online Application System (MEDCAST) <a href="https://medcast.mda.gov.my/admin/user/login">https://medcast.mda.gov.my/admin/user/login</a>
PED	(i) Manual submissions of documents and payment: Import/export authorisation for dangerous drugs and psychotropic substances – application form can be downloaded at <a href="https://www.pharmacy.gov.my">https://www.pharmacy.gov.my</a>
	(ii) Online submissions: Poisons Licence Type A/B/E – <a href="https://www.mypharmac.pharmacy.gov.my/login.php">https://www.mypharmac.pharmacy.gov.my/login.php</a>
	(iii) Online submission for import/export permit under DagangNet System <a href="https://newepermit.dagangnet.com.my">https://newepermit.dagangnet.com.my</a>
MOF	myTRADELINK (official portal for trade facilitation), 5 September 2012 <a href="http://www.mytradelink.gov.my/frontpage">http://www.mytradelink.gov.my/frontpage</a>
	National Single Window (NSW), 2009 - Electronic Preferential Certificate of Origin (ePCO) system, 2009
	Electronic Data Interchange (EDI), 1993

Source: Compiled from various sources (websites) and validated by the relevant ministries/agencies.

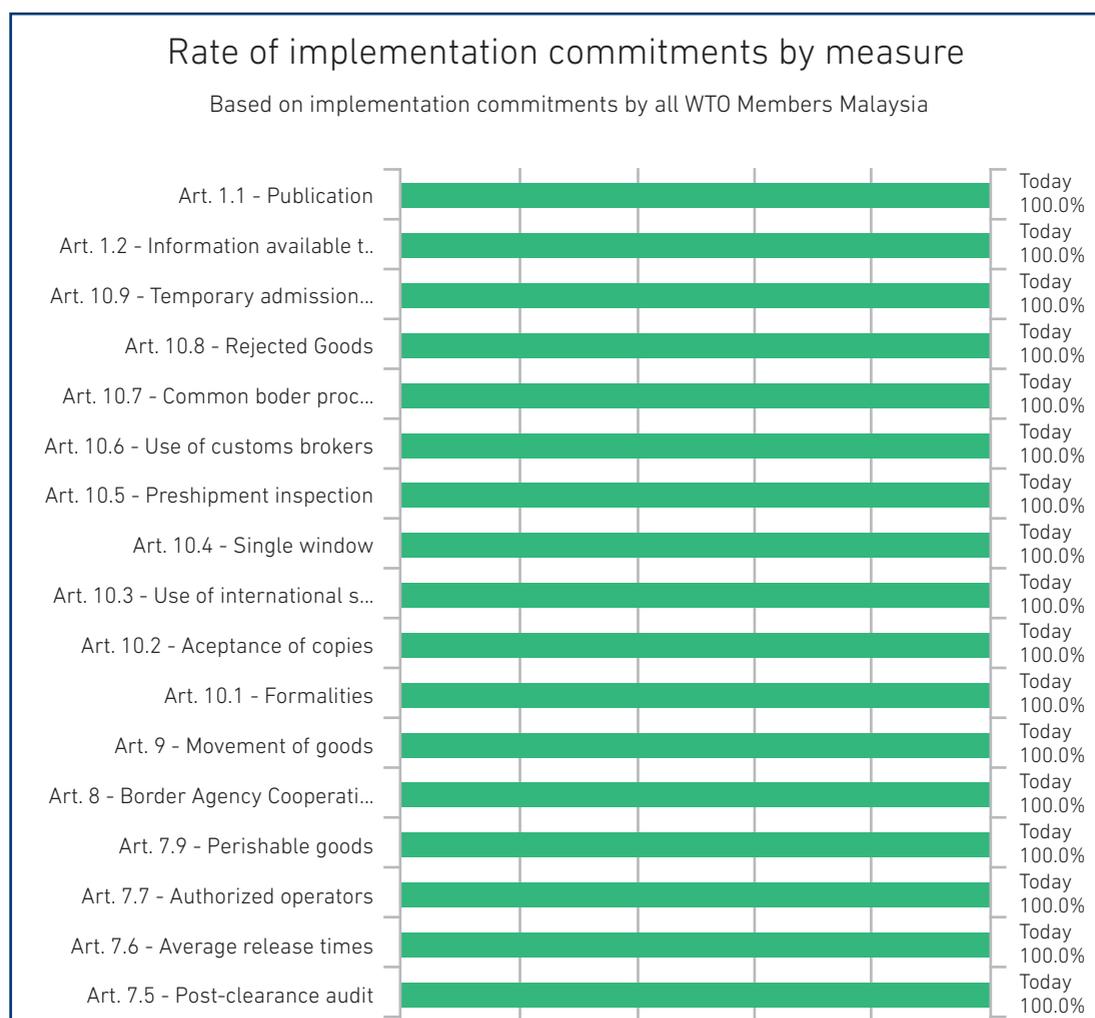
**Table A6.4. Permit Issuing Agencies**

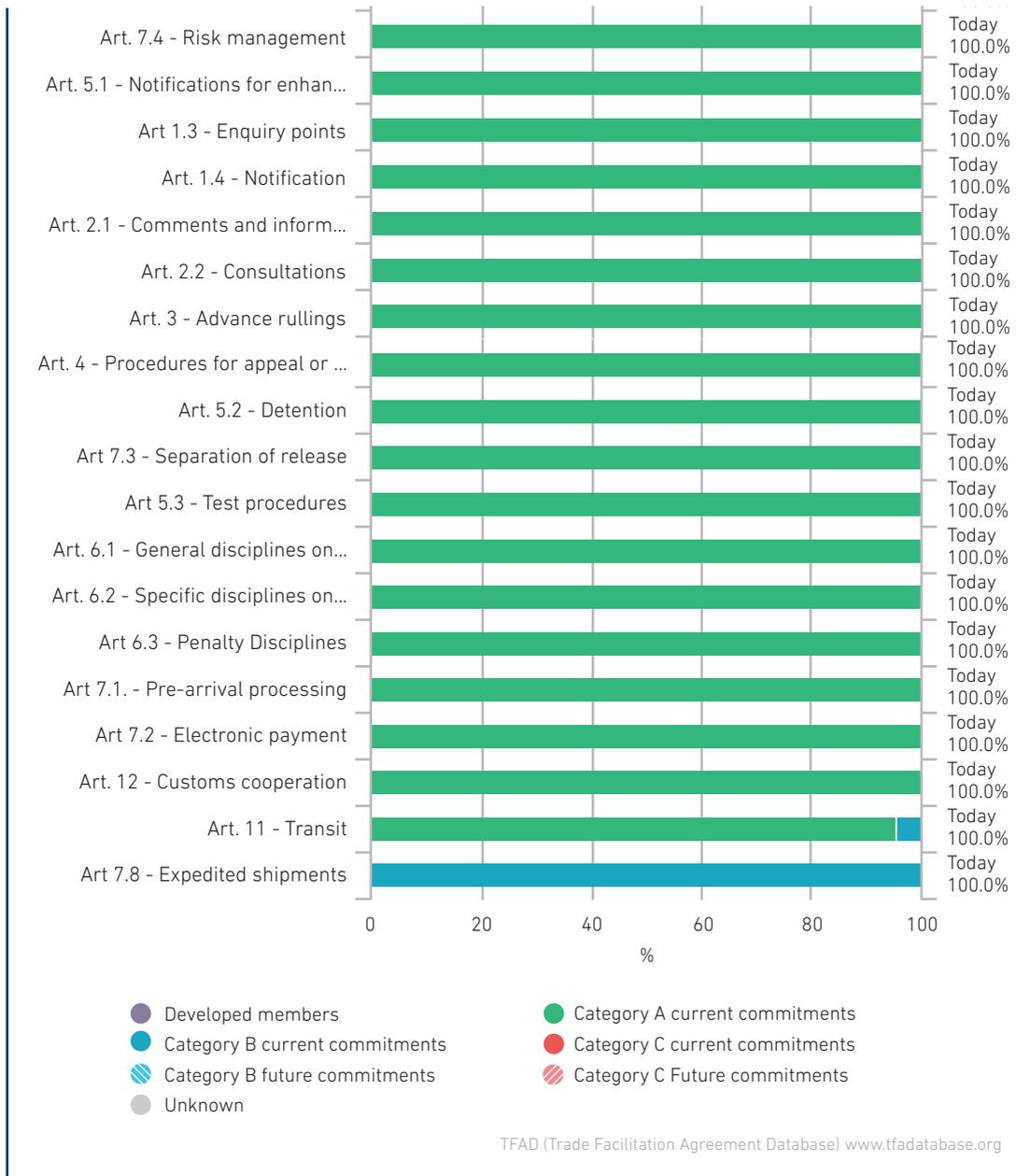
No.	Ministry/Agency
Ministry of Home Affairs	
1	Film Censorship and Enforcement Division
2	Royal Malaysian Police
Ministry of Works	
3	Construction Industry Development Board (CIDB)
Ministry of Health	
4	Pharmaceutical Services Programme
5	National Pharmaceutical Regulatory Agency (NPRA)
6	Pharmacy Enforcement Division (PED)
Ministry of International Trade and Industry (MITI)	
7	Import and Export Control Section
8	Trade and Industry Cooperation Section
9	Strategic Trade Secretariat
Ministry of Agriculture and Food Industries (MAFI)	
10	Paddy and Rice Industry Division
11	Malaysian Quarantine and Inspection Services (MAQIS)
12	Department of Veterinary Services (DVS)
13	Pesticide Control and Fertilisers Division, Department of Agriculture (DOA)
14	Plant Biosecurity Division, Department of Agriculture (DOA)
15	Federal Agricultural Marketing Authority (FAMA)
16	Malaysian Pineapple Industry Board
Ministry of Plantation Industries and Commodities	
17	National Kenaf and Tobacco Board
18	Malaysian Cocoa Board
19	Malaysian Timber Industry Board
Ministry of Science, Technology and Innovation	
20	Atomic Energy Licensing Board
21	SIRIM QAS International Sdn Bhd - Civil and Construction Section
22	SIRIM QAS International Sdn Bhd - Communication and Multimedia Certification Section
Ministry of Energy and Natural Resources	
23	Department of Environment (DOE)
24	Department of Wildlife and National Parks Peninsular Malaysia
25	Energy Commission

No.	Ministry/Agency
Ministry of Communications and Multimedia	
26	Malaysian Communications and Multimedia Commission
Ministry of Urban Development and Natural Resources, Sarawak State Government	
27	Sarawak Timber Industry Development Corporation
28	Forest Department Sarawak
Ministry of Modernization of Agriculture, Native Land and Regional Development	
29	Veterinary Division, Department of Agriculture Sarawak

Sources: Based on the survey instruments of ASTFI I and ASTFI II (ERIA, 2018; 2021).

**Figure A6.1. Rate of Implementation Commitments, by Measure**





Source: WTO TFA Database (2022), <https://tfadatabase.org/members/malaysia>

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