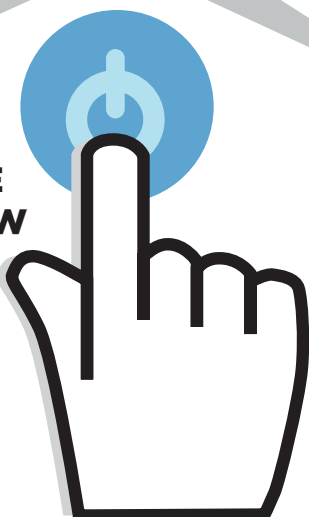


TOWARDS A SINGLE WINDOW TRADING ENVIRONMENT

Case of Malaysia's National Single Window

**SINGLE
WINDOW**



A number of countries in the Asia-Pacific region are in the process of establishing national Single Window (SW) facilities. A Single Window would help to simplify trade processes and procedures and improve transparency and predictability in international trade transactions. This means fewer complexities, less delays and lower costs of trade that can ultimately lead to improved competitiveness and more trade.

UNNEXt Brief series covers a range of critical issues to be tackled in the successful development of paperless trade and Single Window initiatives. Also, they showcase best practices in the region to share experiences and lessons learned.

This Brief introduces Malaysia's experience in implementing a National Single Window for trade facilitation. Malaysia, an early adopter of paperless trade in the region, has successfully developed a national Single Window environment. This Brief outlines how Malaysia has evolved into the current Single Window environment and highlights challenges, critical success factors and benefits of this effort, which can bring valuable lessons for those countries that are in early stages of implementing national Single Windows.

Malaysia's Journey Towards A National Single Window For Trade Facilitation

The First Step

In the 1990s, Malaysia began to look for ways to move away from traditional paper-based document systems towards a more paperless information exchange to create a paperless trade environment. Information and Communication Technology (ICT) was changing economic landscapes and international trade was increasingly becoming 'borderless' after paperless initiatives were incorporated into the supply chains. It was felt that electronically-facilitated international trade was going to become indispensable for a rapidly-growing nation like Malaysia.

ICT was identified as a key to trade facilitation by the Malaysian government. In the late 1990s, it started to pioneer the use of ICT to transform the way the nation conducted and facilitated its paperless trade to strengthen its competitiveness.

To achieve trade efficiency and lower cost of trade, Malaysia started to overcome non-physical trade barriers relating to document processing, cargo inspection at Customs, logistic bottlenecks and unreliable freight or trade-financing services. Bolder trade facilitation measures were implemented to allow effective accessibility for transport service providers, Customs and administrative operations including regulatory requirements which were made easily accessible, simpler and easier to understand.

By early 2000, trade facilitation was already recognized as the engine of growth that could offer Malaysia the path to expand its commerce by lowering trade costs and reducing the time to markets, resulting in significant increases in the volume of imports and exports. At the same time, Malaysia had also started to actively build its own Single Window facility as recommended by UN/CEFACT¹.

Dagang Net's Roadmap Towards A National Single Window

In September 2009, Dagang Net was appointed by the Government of Malaysia as the service provider to develop, manage and operate the National Single Window (NSW) for trade facilitation.

Dagang Net was set up in 1989 in pursuance to a mandate tasked by the Government of Malaysia to Malaysia's National Chambers of Commerce and Industry (NCCIM) to create paperless, electronic Customs-related services to support facilitation and streamlining of international trading processes

for trading communities. The Company started to pioneer Single Window (SW) for trade facilitation by introducing its Electronic Data Interchange (EDI) in August 1993.

Rolling Out SMK-Dagang*Net

In 1995, the Government adopted a pragmatic approach of identifying the successful home-grown value-added network 'Dagang Net' and incorporating its globally-used EDIFACT-driven EDI systems with the Customs Information system operated by the Royal Malaysian Customs. Instead of re-inventing the wheel, the Government effectively linked both systems to roll out the newly-combined national backbone or systems architecture in 1997 known as the 'SMK-Dagang*Net'.

Dagang Net led this pioneering initiative with the Royal Malaysian Customs to automate import-export declarations and clearances. The first direct interface between both systems was actually implemented in August 1994 for the Port Klang Community, which included successful pioneering efforts to commercially use e-government, digital signatures, smartcards and electronic fund transfers to enhance the effectiveness, efficiency and productivity of Port Klang.

Consequently, there was a reduction of the documentation error rate from 40% to 5% and cost savings of almost USD29 million per year for the Port Klang community alone (see figure 1).² Another significant achievement for Port Klang was the reduction of cargo turn-around time from an average of four days to two days. In 2004, another significant milestone was reached as the SMK-Dagang*Net achieved the 'same-day cargo turn-around'.

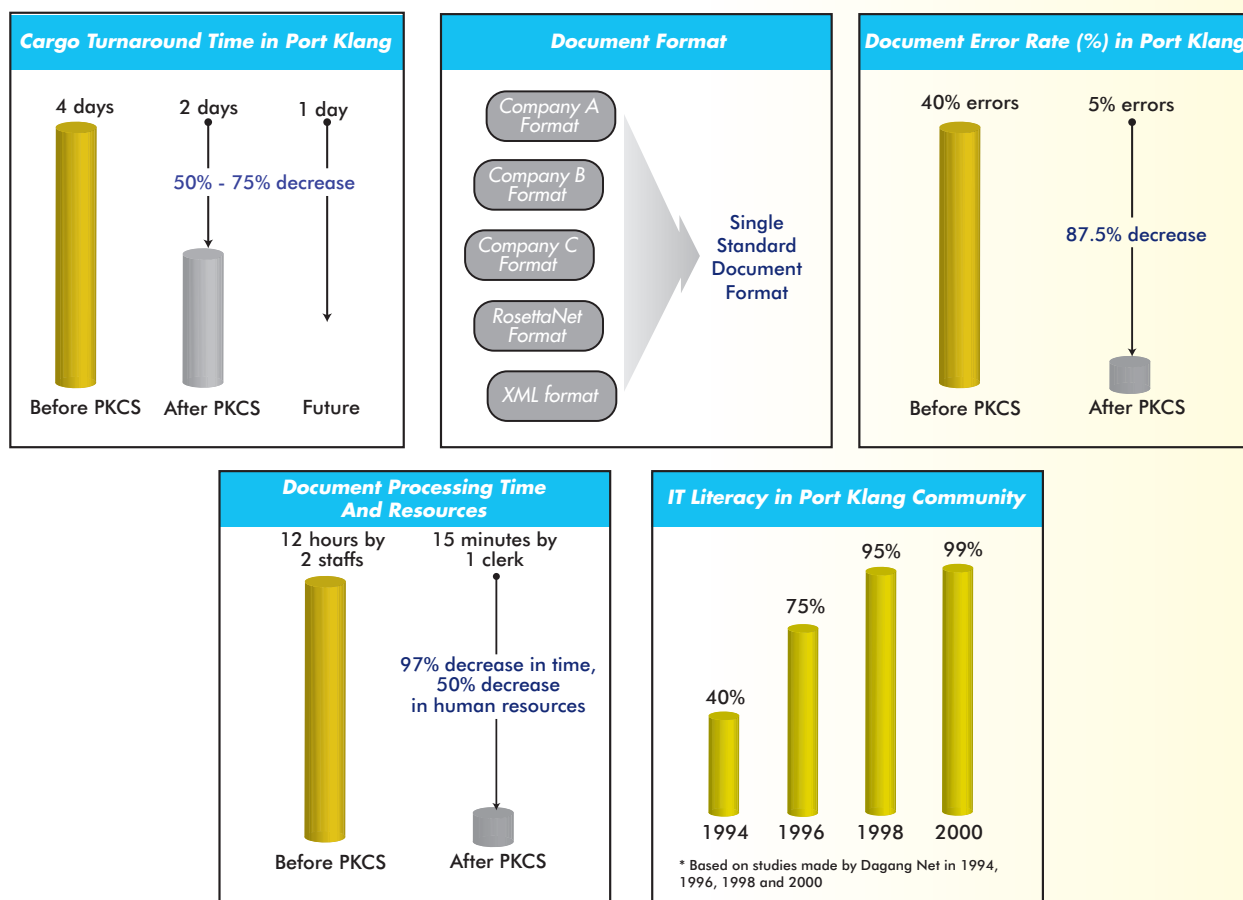
By 2003, the SMK-Dagang*Net automated trade facilitation at all Customs entry points in line with Customs' acceleration of SMK's national roll-out. The SMK-Dagang*Net also adopted open-standards based technologies in accordance with the UN/CEFACT global standards and by 2004, it completed the nationwide rollout. At present, SMK-Dagang*Net is driving the trade facilitation of the maritime and aviation activities of Port Klang, Kuala Lumpur International Airport, Penang's major ports in Butterworth and Bayan Lepas, Johor's two major ports and the major ports in Kota Kinabalu and Kuching.

The combined SMK-Dagang*Net now provides the nationwide portal to facilitate payment of duties

¹ "Recommendation and Guidelines on Establishing a SW" developed and approved by ITPWG-TBG15 of UN/CEFACT in 2004

² A Study Undertaken by Dagang Net in 1996

Figure 1: Benefits to Malaysia's International Trade



and taxes. Currently, it handles about 275 million electronic trade transactions and another RM 1.8 billion worth of electronic Customs duty payments annually. The system is now available at more than 500 Customs stations located nationwide.

This SW initiative serves as an integrated gateway to enable trade-related information and documents to be submitted by importers and exporters, Customs brokers, freight forwarders, shipping agents, banks, insurance companies only once – at single entry point. The emergence of the SW has set Malaysia on to its next path to become a NSW when it started to link participating permit-issuing agencies together in 2009 to allow submission of application and approval of import-export permits via the Net.

Benefits Gained By Traders and the Government

Dagang Net's community of more than 6,000 users have derived the following benefits:

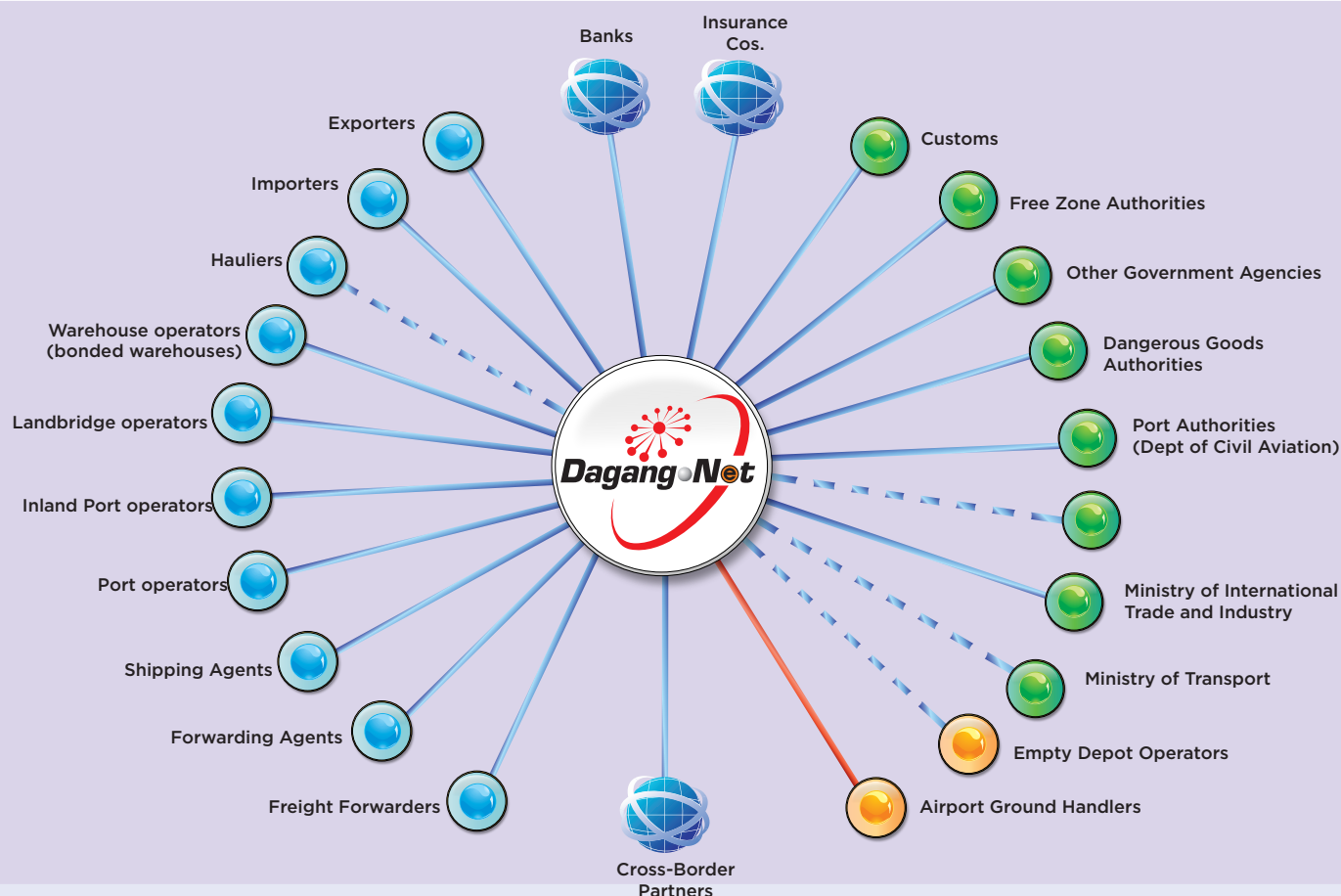
- Increased access and speed to export markets as trade transactions are now undertaken electronically.
- Removal of red tape across Ministries and Government agencies.
- Improved customer satisfaction via its 24/7 Careline Service, 7 Kedai EDIs (one-stop service centres) and 19 Facilitation Points (smaller centres) located nationwide.
- Reduced manual labour costs as labour-intensive tasks can now be done via automated electronic data system.

- Less administrative work as keyed data can now be used for different transactions and sent to all relevant parties.
- Reduced risk of errors, increased time savings and higher efficiency.
- Longer service hours to allow greater market activities and greater response to market demands.
- Speedier processing of permit applications via the Network resulting in reduction of days required to export.

The Government has also gained significant benefits:

- More accurate and increased collection of customs duty payments which has risen to RM 1.8 billion annually.
- Better compliance by trade communities as seen in the huge increase from 40 million electronic document transfers in 2003 to 275 million in 2009.
- Use of technologically-advanced "risk management" tools for better control and enforcement purposes.
- Provision of necessary enforcement and risk management tools that are on par with international standards.
- More effective and efficient management of resources, in particular reduction of manpower needs and hardware costs.

Figure 2: Single Connectivity, Multiple Access



Core Services Offered By Dagang Net

Set up in 1989, the SMK-Dagang*Net has spearheaded ICT-enabled linkages for Malaysian trade communities to reach global markets:

a. Electronic Declarations (eDeclare)

Launched in 2002, this web-based application allows importers and exporters to submit import/export declarations to the Customs securely via the Network. Today, it is available at all ports and entry points in Malaysia. The average number of Customs-related transactions conducted per month is 968,141 and the current number of users is 3,316.

b. Electronic Preferential Certificate of Origin (ePCO)

Implemented in January 2009, this Web-based Certificate of Origin application and approval system enables the environment for increased speed to markets. ePCO is implemented in the following schemes:

- ASEAN Industrial Cooperation (AICO)
- Common Effective Preferential Tariff (CEPT)
- Free Trade Agreement (FTA)
- ASEAN-Korea Free Trade Area (AKFTA)
- ASEAN-China Free Trade Area (ACFTA)
- Malaysia-Japan Economic Partnership Agreement (MJEPA)
- Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)
- Generalised System of Preferences (GSP)
- Certificate of Origin for Textiles

Malaysia³ has completed Free Trade Agreements (FTAs) with several countries and is a key player in ASEAN Free Trade Agreement (AFTA) today. By using ePCO, Malaysian exporters can now efficiently take advantage of the benefits offered through these FTAs and Preferential Schemes.

c. Electronic Customs Duty Payment (ePayment)

ePayment is an online duty payment service that enables preparation and submission of duty payment to Customs.

d. Electronic Manifest (eManifest)

It allows port users to submit cargo and vessel manifests to the respective authorities via the Internet. It allows 674 port users to send an average of 482,920 electronic CUSREPs, CUSCARs and Inter Terminal Transfer Document (ITT) each month directly to respective authorities through the Network.

e. Electronic Permit (ePermit)

This paperless, web-based permit application system enables importers, exporters and forwarding agents to apply for import/export permits from Permit Issuing Agencies (PIAs). Today, ePermit has gone live at 17 permit-issuing agencies and currently has registered RM 12 billion worth of combined annual trade buying volume flowing through its gateway. About 284,655 permits were transacted in 2009 with each electronic cycle taking about less than a day and the number of ePermit users has hit

10,714 users. ePermit is one of the cornerstones in the development of a true SW for electronic trade facilitation in Malaysia.

Addressing Challenges Faced In Setting Up The NSW

Having realised that there are substantial benefits to be gained from the implementation of the NSW, Malaysia has remained focused on:

- Active involvement of all stakeholders from conceptualisation till development and implementation stage.
- Regular training sessions to raise awareness of the NSW concept.
- Detailed plans to ensure that project priorities and goals were adequately set and implemented.
- Clear implementation guidelines, including mutual agreements on its standards and technology.

The NSW project was positioned as a nationally-concerted effort and not as a mere application of technology. The challenge was worth the effort as the potential benefits were high - the NSW has the capability to strengthen Malaysia's capacity to fully mainstream trade into its development strategies. More significantly, it can allow Malaysia to reshape its economy to compete in today's global markets.

Today the key drivers of Malaysia's NSW are:

- Ministry of Finance as the lead agency and the initiator of the NSW.
- Ministry of International Trade and Industry (MITI) as the oversight agency tasked to set

up the Trade Facilitation Action Council to prepare the NSW's strategic directions, goals, vision and mission.

- Royal Malaysian Customs as the major implementing agency responsible for clearance of import/ export and transit related goods.
- Dagang Net Technologies as the designer, developer and operator of the NSW.

Critical Success Factors for Malaysia's NSW

1. Government as the Champion of the NSW

The success of Malaysia's NSW has been significantly influenced by the support of the Malaysian Government who had championed this move since the late 1990s when electronic trade/ infrastructure was identified as one of the nation's top priorities.

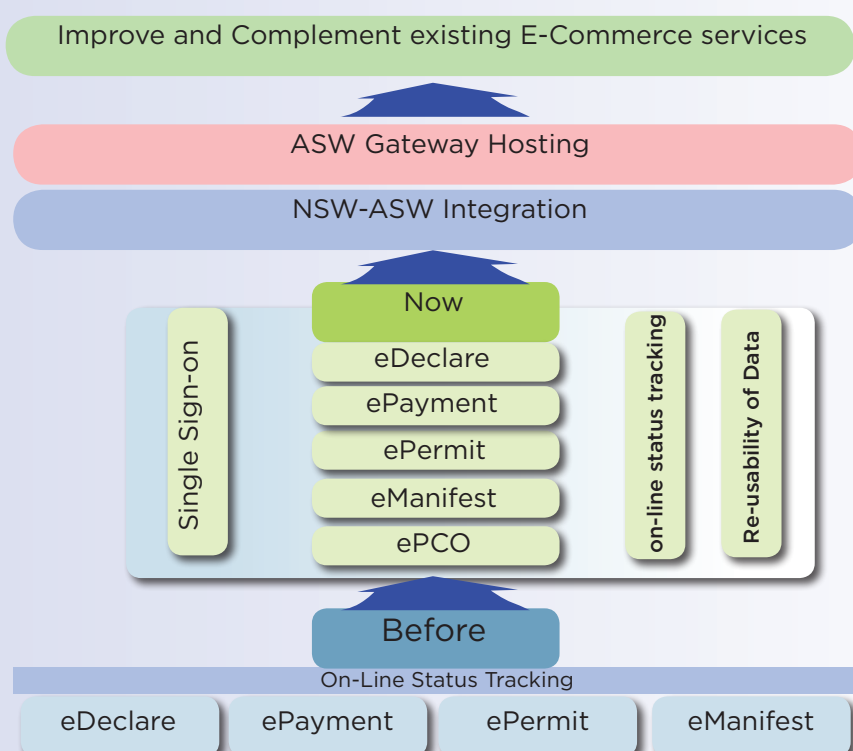
2. Strong Inter-Agency Collaboration

The active involvement and continuous inter-agency collaboration demonstrated by the 30 participating permit-issuing agencies have led to the full implementation of ePermit today.

3. Public-Private Partnership

Whilst the Government took a leading role in developing and implementing forward-looking and sustainable e-initiatives, the private sector was given the important role to devise and implement the paperless move to achieve a more transparent and efficient public delivery system for enhancing productivity and reducing the cost of doing business.

Figure 3: National Single Window Services



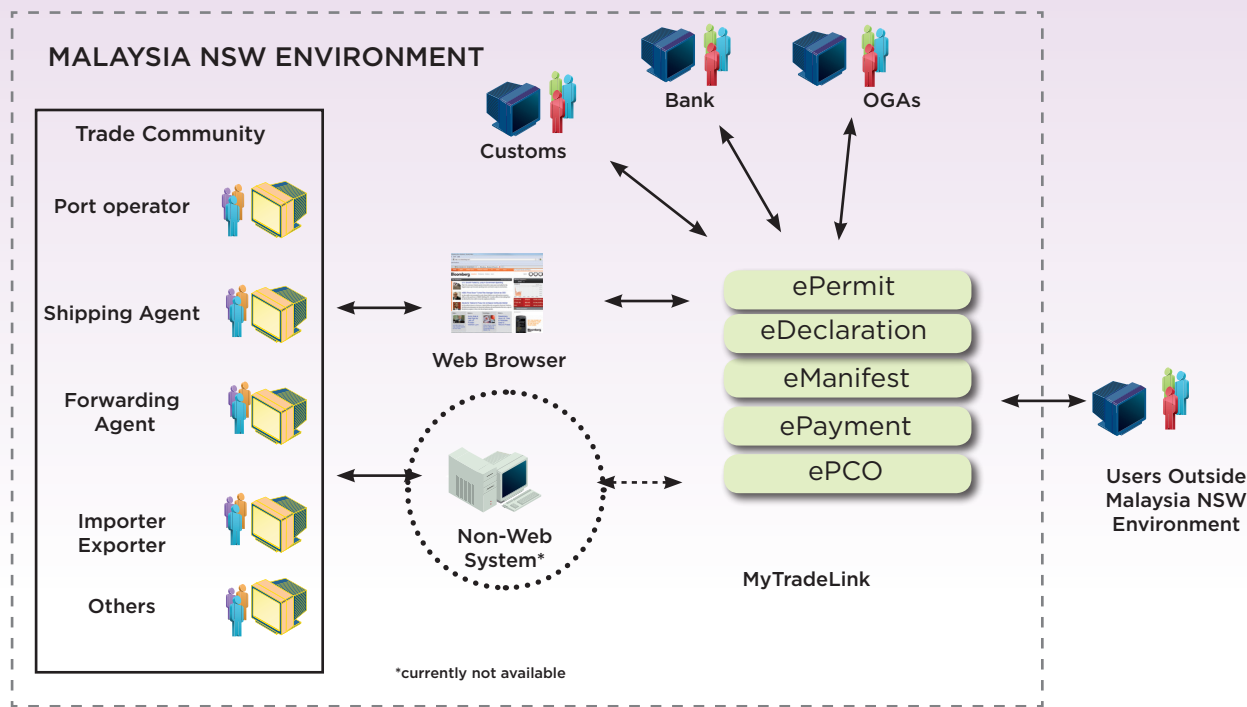
The Emergence of the National Trade Facilitation Portal To Drive Malaysia's NSW

By 2009, Malaysia's NSW went 'live' to provide a 'single entry point' that allows trade-related information and documents to be submitted only once by exporters, importers, freight forwarders, shipping agents and other players in the international trade chain.

The Need To Integrate Malaysia's NSW Into ASEAN SW

Malaysia operates in an increasingly competitive regional and global trading environment. As a relatively small economy, Malaysia's success in achieving its growth targets is also determined by how well it competes in the global market.

Figure 4: NSW Process Flow ⁴



Currently, there are five core services being offered by the NSW (Figure 4); about 17,778 registered users use the five core services offered by the NSW⁵.

Table 1: NSW - Charges ⁶

Type of Charges	Previous Charges	Current Charges
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预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_8068

