

***Roundtable Discussion On Logistics And Supply
Chain Policy, Bangkok Thailand***

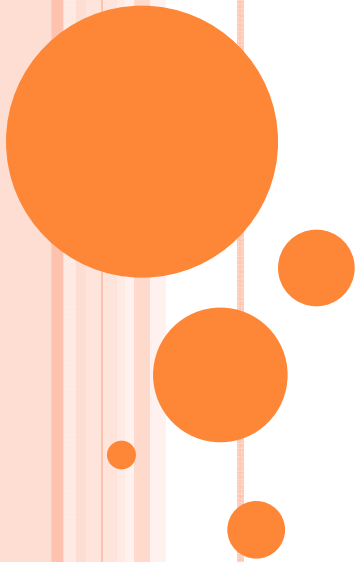
LOGISTICS AND SUPPLY CHAIN DEVELOPMENT IN MALAYSIA

**Mohamed Shahabar Abdul Kareem
Ministry of International Trade and Industry (MITI)
Malaysia**

CONTENT

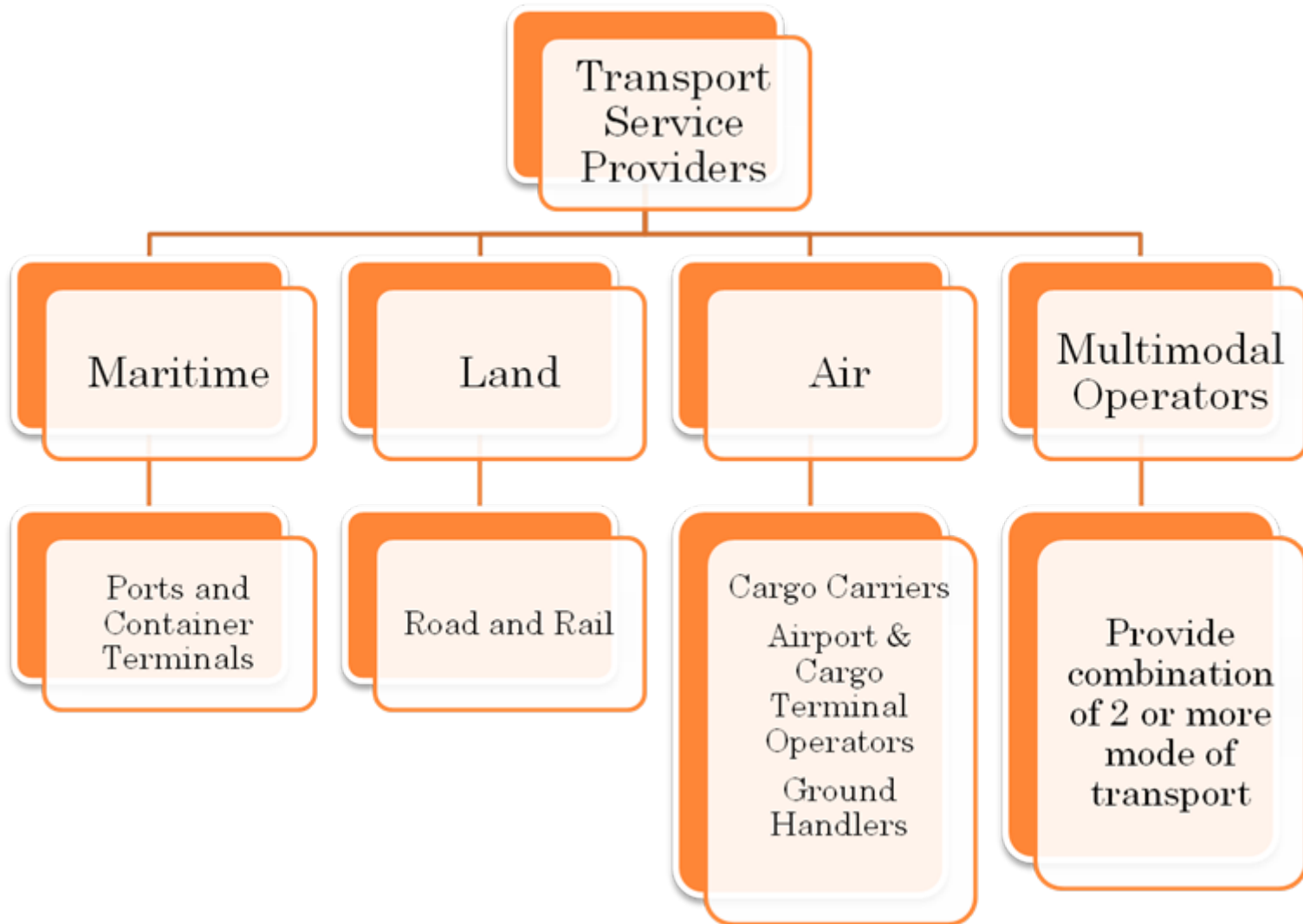
- 1. INTRODUCTION**
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INTRODUCTION



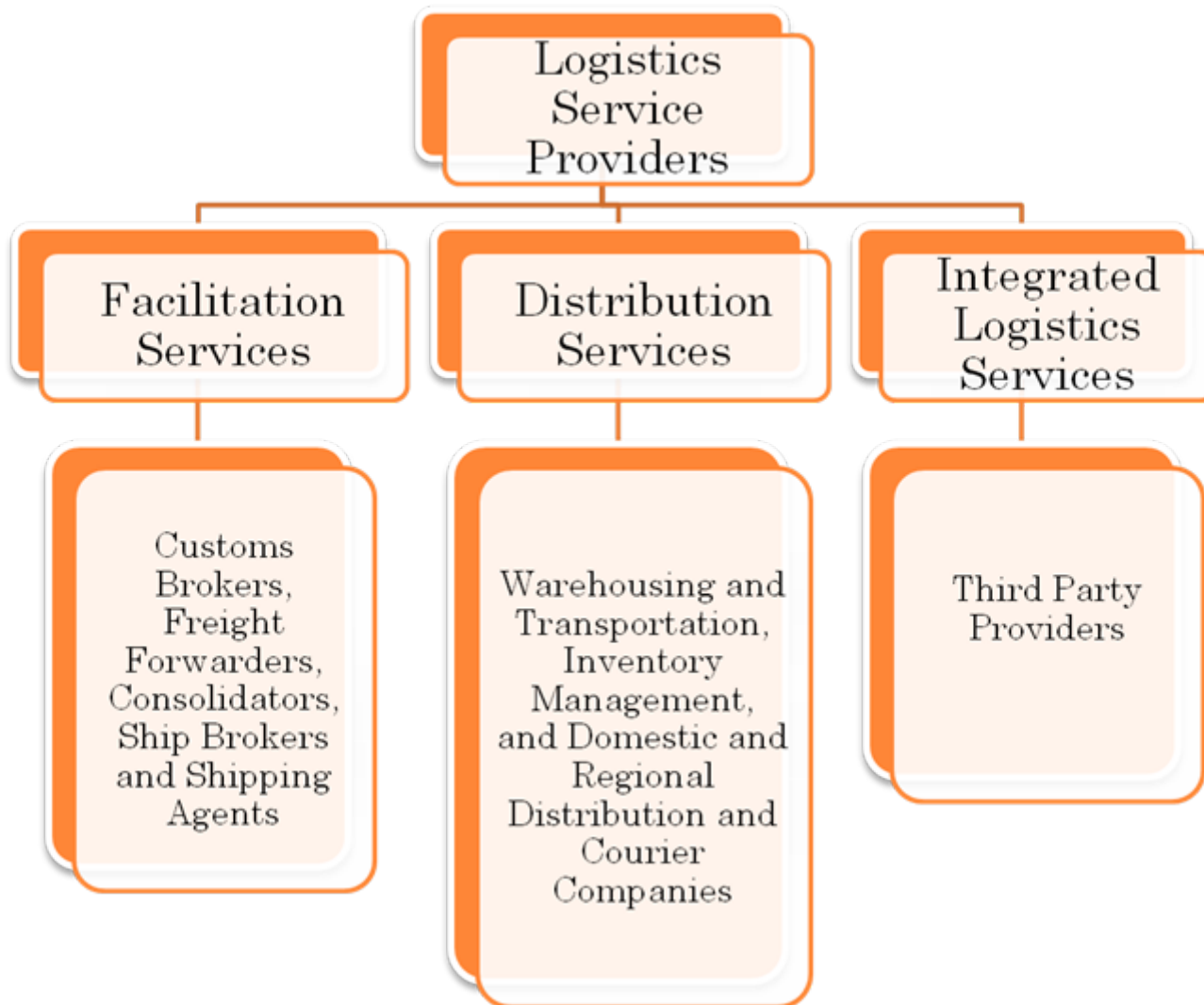
INTRODUCTION

LOGISTICS INDUSTRY IN MALAYSIA



INTRODUCTION

LOGISTICS INDUSTRY IN MALAYSIA (cont.)



INTRODUCTION

MARITIME

- Five major ports:
 - Port Klang
 - Tanjung Pelepas
 - Penang
 - Kuantan
 - Bintulu

- Total Cargo Throughput ('000) Freight Weight Tonnes:
 - 2008 : 414,935
 - January – June 2009 : 177,977

- Total Container Throughput (in TEUs):
 - 2008 : 15,170,896
 - January – June 2009 : 7,317,842

INTRODUCTION

LAND

- Road transport:
 - 187 haulier companies : 819 general cargos
 - 7,256 registered prime movers: 36,413 trailers

- North-South Highway, a major highway, connects northern tip to southern tip and internationally linked to Thailand and Singapore.

- Road network in Malaysia:
 - Expressway : 1,821 km
 - Paved Highways : 78,458 km
 - Unpaved Roads : 18,441 km

INTRODUCTION

LAND (cont.)

- KTMB provides land feeder services to:
 - five port container terminals (Butterworth, Westport, Northport, Pasir Gudang and PTP)
 - three inland ports (Ipoh, Nilai and Segamat)
 - four inland container depots (three at Prai and one at Seri Setia)
 - four freight terminals (Butterworth, Ipoh, Padang Besar and Singapore)

- Total Container throughput volume (in TEUs):
 - 2008 : 203,939
 - January – June 2009: 91,095

INTRODUCTION

AIRPORTS

- Five major airports:

- KLIA
- Penang
- Langkawi
- Kuching
- Kota Kinabalu

- Total Cargo handled:

- 2008 : 937,507,834
- January – June 2009: 362,693,692

INTRODUCTION

INVESTMENTS

- **Approved investments in 2008:**
 - **Total : RM50.0 billion(2,779.0 projects)**
 - **Logistics : RM1.4 billion (19 projects).**

- **Approved investments in the 1ST Q of 2009:**
 - **Total : RM 11.8 billion (606 projects)**
 - **Logistics : RM 7.2 billion (13 projects).**

INTRODUCTION

Trade in Goods

(RM billion)	2005	2006	2007	2008
Export	536.23	589.24	605.15	663.49
Import	432.87	478.15	504.81	521.61
Total Trade	969.10	1,067.39	1,109.97	1,185.10

INTRODUCTION

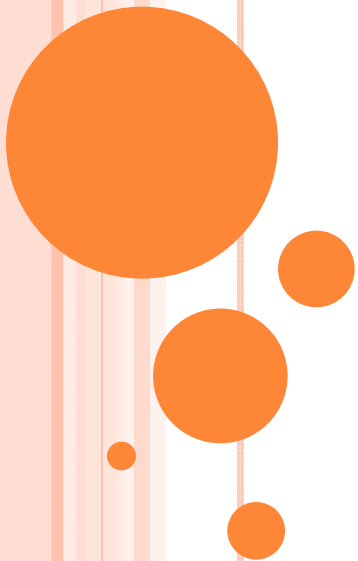
Trade in Services for Transport

(RM million)	2005	2006	2007	2008
Export	15,806.5	15,216.9 <i>- Sea 7,059.7</i> <i>- Air 8,157.2</i> <i>- Other</i>	24,582.1 <i>- Sea 8,405.5</i> <i>- Air 16,165.2</i> <i>- Other 11.4</i>	22,494.6 <i>- Sea 8,918.7</i> <i>- Air 13,348.5</i> <i>- Other 227.4</i>
Import	31,686.5	34,947.7 <i>- Sea 30,737.4</i> <i>- Air 4,210.3</i> <i>- Other</i>	37,755.4 <i>- Sea 32,554.6</i> <i>- Air 5,200.8</i> <i>- Other</i>	37,894.9 <i>- Sea 33,023.0</i> <i>- Air 4,868.5</i> <i>- Other 3.4</i>
Total Trade	47,493.0	50,164.6	62,337.5	60,389.5

INTRODUCTION

- *Transport sector remains in deficit due to reliance on foreign vessels, particularly in the transport of goods.*

ISSUES AND CHALLENGES IN LOGISTICS



ISSUES & CHALLENGES

1. *NEED TO IMPROVE EFFICIENCY, EFFECTIVENESS AND COMPETITIVENESS*

- Investments in ICT has to increase
- Industry standards
- Professional accreditation body for freight forwarders and customs agents
- Competitive domestic shipping operators;
- Employment of multimodal transport modes and inter-modal linkages
- National single window and the ASEAN single window

ISSUES & CHALLENGES

2. *NEED FOR INTEGRATION WITHIN THE OVERALL GLOBAL LOGISTICS SUPPLY CHAIN*

- **Fragmented with too many players**
- **Rationalisation and consolidation through mergers and acquisitions**
- **Overseas expansion – door-to-door delivery**
- **Collaboration with foreign partner**
- **Regional logistics hub**

ISSUES & CHALLENGES

- 3. *LACK OF COORDINATION BETWEEN MINISTRIES***
- **Services sector under the responsibility of various Ministries and Agencies. E.g Logistics Value Chain:**
 - **Haulage – Motor vehicle Licensing Board under Prime Minister’s Dept**
 - **Public Warehousing – Local Councils**
 - **Custom Agents/Freight Forwarders - Royal Malaysian Customs (RMC)**
 - **Shipping Agents – RMC**
 - **Ports - Ministry of Transport**
 - **Maritime Transport - MOT; and**
 - **Depot Operators – Unregulated Sector.**

ISSUES & CHALLENGES

4. *REGULATORY FRAMEWORK*

- The need for a more effective regulatory environment.
- Currently, there is a lack of transparency in regulations.
- Lack of rules to control pricing and other chargers.
- Rules to ensure a high quality of services provided.
- Competition policy.

ISSUES & CHALLENGES

5. *UNREGULATED SECTORS*

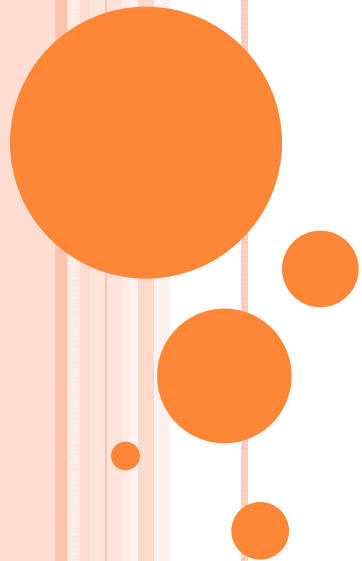
- As the integrated logistics sector is diversified, there are still sub-sectors which are unregulated and is not under the custody of any Ministries.
- This poses problems to consolidate and integrate the sector.

ISSUES & CHALLENGES

6. LIBERALISATION

- **The need to build capacities and capabilities.**
- **Domestic regulations.**
- **Services Offers in World Trade Organisation (WTO), ASEAN Framework Agreement on Services (AFAS) and bilateral Free Trade Agreements (FTAs)**
- **Equity requirement issues.**

IMP3 STRATEGIC THRUSTS -LOGISTICS-



STRATEGIES AND POLICIES

1. **CREATE AN EFFICIENT AND COMPETITIVE LOGISTICS INDUSTRY**
 - *Enhance capacities and capabilities throughout the logistics value chain;*
 - *Shift to export on CIF and import FOB;*
 - *GLCs to utilise and support national capacities;*
 - *Higher level of foreign participation through equity liberalisation;*
 - *Assistance to shipping operators to consolidate, expand and upgrade;*

STRATEGIES AND POLICIES

1. CREATE AN EFFICIENT AND COMPETITIVE LOGISTICS INDUSTRY (cont.)

- *Establish professional accreditation body for freight forwarders and customs agents;*
- *Increase national shipping capacity; and*
- *Enhance international logistics links to and fro Sabah and Sarawak.*

STRATEGIES AND POLICIES

2. DEVELOP PARTICULAR TRANSPORT MODES TO OPERATE IN A COMPETITIVE INTERNATIONAL ENVIRONMENT

- *Enhance multimodal transport modes which are private sector driven;*
- *Development of national transport corridors linking transport to strategic services in the international supply chain; and*
- *Feasibility of using inland waterways will be explored.*

STRATEGIES AND POLICIES

3. IMPROVE CAPACITY TO ENHANCE PARTICIPATION IN GLOBAL VALUE CHAINS

- *Encourage local ports and airport operators to expand globally;*
- *Streamline and harmonise regulations and rules to facilitate inter-ASEAN trade;*
- *Promote growth areas such as inland depots, specialised and high technology warehouses, regional logistics operations and virtual logistics hubs;*
- *Encourage Malaysian-owned logistics providers to explore export opportunities; and*
- *Encourage MASkargo to expand connectivity to Southeast Asia and beyond.*

STRATEGIES AND POLICIES

4. INTENSIFY APPLICATION OF ICT

- *Immediate implementation of paperless customs transactions nationwide;*
- *Improvements to the present systems of EDI and electronic fund transfer services and the introduction of new ICT technologies; and*
- *Enhance value-added supply chain management and support services to cater for a broader regional hinterland and position Malaysia as a virtual logistics hub.*

STRATEGIES AND POLICIES

5. MAKE AVAILABLE ADEQUATE SUPPLY OF COMPETENT WORKFORCE

- *Promote re-training and life-long learning;*
- *Promote links with international institutions: and*
- *Enhance image of professionalism in the logistics sector.*

STRATEGIES AND POLICIES

6. STRENGTHEN INSTITUTIONAL SUPPORT

- *Establish the National Logistics Council;*
- *Establish an independent research body, namely, a Supply Chain and Logistics Centre;*
- *Strengthen rules and regulations such as on the duties operations and obligations and safety rules of road hauliers;*
- *Put in place container safety measures in all segments of the logistics supply chain;*
- *Review present licensing policies on road transport;*
- *More liberal employment policies for foreign experts.*

THANK YOU

