

FOREWORD

It is through regulation that the government can leverage its policy interests on businesses. Good regulation and regulatory practices contribute to a range of social, environmental and economic goals. However, many regulations are not implemented efficiently or cost-effectively, and as a result many regulations do not achieve the intention for which they are designed.

In the 10th Malaysia Plan, the Malaysia Productivity Corporation (MPC) is mandated to review those regulations affecting the conduct of business in Malaysia with the aim of modernizing business regulations. This is important for the country to move towards becoming a high-income nation. Here MPC has embarked on the review of existing business regulations focusing on the 12 National Key Economic Areas (NKEA).

In this study, the research team headed by Mr. Goh Swee Seang has been asked to study the unnecessary regulatory burdens in the logistics industry and to recommend options for reducing them. For this particular study, the focus is on the sea freight logistics chain as this is crucial to our export-oriented economy.

The study emulated the approach used by the Australian Government Productivity Commission (AGPC) and the team was guided by a regulatory expert previously from the AGPC, Ms. Sue Holmes. The team selected a sample of logistics players in freight logistics in the major export gateway, i.e. Port Klang, and carried out interviews with the business representatives to identify the issues of concern relating to the various regulations imposed upon the logistics activities. From these issues and using principles of good regulatory practices, the team has formulated feasible options for further public consultation with relevant stakeholders in order to develop concrete recommendations for reducing the unnecessary regulatory burdens.

In the course of the study, the MPC benefited greatly from discussions with the manufacturers, logistics players and their associations. The MPC is grateful to all those who assisted in this. The contributions from all those respondents during the interviews for the Draft Report are duly noted.

Director General MPC

ABBREVIATIONS

AEC	ASEAN Economic Community
AELB	Atomic Energy Licensing Board
AFTA	ASEAN Free Trade Agreement
AMH	Association of Malaysian Hauliers
AMCHAM	American Chamber of Commerce
APA	ASEAN Port Association
APGC	Australian Government Productivity Commission
ASEAN	Association of South East Asian Nations
ATIGA	ASEAN Trade in Goods Agreement
BMI	Business Monitor International
BOMBA	Fire & Rescue Department of Malaysia
BOD	Board of Directors
BOP	Balance of Payment
CA	Current Account
CBL	Customs Brokerage Licence
CE	Certified Exporter (ATIGA)
CIF	Cost-Insurance-Freight
CO	Certificate of Origin
COAG	Commonwealth of Australian Government
CVLB	Commercial Vehicles Licensing Board
DAP	Delivery-At-Place
DB	Doing Business Report (World Bank)
DCA	Department of Civil Aviation
DDP	Delivery-Duty-Paid
DDU	Delivery-Duty-Unpaid
DG	Director General
DOE	Department of Environment
DOS	Department of Statistics
DOSH	Department of Occupational Safety and Health
EIU	Economist Intelligence Unit
ePCO	Electronic Preferential Certificate of Origin
EPU	Economic Planning Unit
ETP	Economic Transformation Programme
EU	European Union
EUMCCI	EU-Malaysia Chamber of Commerce and Industry
EURO4	Euro 4 standard fuels that only have 50 PPM of sulphur
DG	Director General
FAMA	Federal Agricultural Marketing Authority
FCZ	Free commercial zone
FDI	Foreign Direct Investments
FIZ	Free industrial zone
FMM	Federation of Malaysian Manufacturers
FOB	Freight-On-Board
FTA	Free Trade Agreements
FZ	Free Zone
GATT	General Agreement on Tariffs and Trade

GDP	Gross Domestic Product
GHS	Globally Harmonized System
GMP	Good Manufacturing Practice
GSP	General System of Preference
GST	Goods and Services Tax
ICAO	International Civil Aviation Organisation
ICE	International Cotton Exchange
IMO	International Maritime Organisation
IMP	Industrial Master Plan
IT	Information Technology
JACTIM	Japanese Chamber of Trade and Industry, Malaysia
JLOA	Johor Lorry Operators' Association
JPJ	Road Transport Department (<i>Jabatan Pengangkutan Jalan</i>)
JoFFA	Johor Freight Forwarders Association
KPC	Kuantan Port Consortium Sdn Bhd
LCL	Less Container Load
LMW	Licensed Manufacturing Warehouse
LNG	liquefied natural gas
LPI	Logistics Performance Index
LVC	Logistics value chain
LPB	Bintulu Port Authority (<i>Lembaga Pelabuhan Bintulu</i>)
LPJ	Port Authority of Johor (<i>Lembaga Pelabuhan Johor</i>)
LPKTN	Kuantan Port (<i>Lembaga Pelabuhan Kuantan</i>)
MABC	Malaysia Australia Business Council
MAQIS	Malaysian Quarantine Inspection Services
MAFF	Malaysian Associations of Freight Forwarders
MATRADE	Malaysia External Trade Development Corporation
MDM	Marine Department of Malaysia
MDTCC	Ministry of Domestic Trade, Co-operatives and Consumerism
MGCC	Malaysian-German Chamber of Commerce and Industry
MHA	Malaysian Hauliers Association
MIDA	Malaysian Investment Development Authority
MIMA	Maritime Institute of Malaysia
MIROS	Malaysian Institute of Road Safety Research
MITI	Ministry of International Trade and Industry
MSIC	Malaysian Standard Industrial Classification
MOF	Ministry of Finance
MOH	Ministry of Health
MOT	Ministry of Transport
MOW	Ministry of Works
MPC	Malaysia Productivity Corporation
MTBE	methyl tertiary butyl ether
myTRADELINK	Malaysia Portal for Trade Facilitation
MyCC	Malaysia Competition Commission
MYEG	MY E.G. Services Bhd.
NDWT	New Deep Water Terminal (NDWT)
NLT	National Logistics Taskforce
NKEA	National Key Economic Area

NPDC	National Policy Development Council
NPDIR	National Policy on the Development and Implementation of Regulations
OECD	Organisation for Economic Co-operation and Development
OGA	Other Government Agencies
PCO	Preferential Certificates of Origin
PDRM	Royal Malaysia Police (<i>Polis DiRaja Malaysia</i>)
PFFA	Penang Freight Forwarders Association
PEMANDU	Performance Management & Delivery Unit
PEMUDAH	Special Taskforce to Facilitate Business (<i>Pasukan Petugas Khas Pemudahcara Perniagaan</i>)
PIA	Permits Issuing Agencies
PKFZ	Port Klang Free Zone
PPC	Penang Port Commission
PTK	Customs Orders (<i>Perintah Tetap Kastam</i>)
PUSPAKOM	PUSPAKOM Sdn. Bhd.
QMS	Quality Management System
R&D	Research and Development
RAC	Railway Assets Corporation
RIA	Regulatory Impact Analysis
RIS	Regulatory Impact Statement
RMC (<i>JKDM</i>)	Royal Malaysian Customs (<i>Jabatan Kastam DiRaja Malaysia</i>)
ROO	Rules of Origin
RSD	Road Safety Department
RURB	Reducing Unnecessary Regulatory Burdens
SCPP	Self-Certification Pilot Project (ATIGA)
SFFLA	Selangor Freight Forwarders and Logistics Association
SME	Small and Medium Enterprise
SPAD	Land Public Transport Commission (<i>Suruhanjaya Pengangkutan Awam Darat</i>)
SOP	Standard Operating Procedure
TAP	Temporary Approved Permit
TEU	Twenty-foot equivalent units
TERAJU	Bumiputera Development Agenda Unit
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
Westports	Westports Holdings Bhd.
WMS	Warehouse Management System
WTO	World Trade Organisation

GLOSSARY

Bill of Lading (B/L)	<p>A freight transport document issued by an ocean carrier to a consignor (the shipper) which serves as (1) a receipt for the goods delivered to the carrier for shipment, (2) an expressed definition of the contract of carriage of the goods and (3) a document of title to the goods described therein.</p> <p>Fundamentally, a B/L is a contract between the Shipper and the carrier. The Consignee needs the original B/L (usually in a set of 3 originals) as proof of ownership in order to take possession of the goods at Destination Port. A B/L is usually drawn "To Order of the Shipper" or to a "named consignee".</p> <p>The purpose of the endorsement is to protect the Shipper's interest against the Buyer's obtaining the merchandise before the Shipper has been paid or accepted the draft drawn from his bank.</p>
Conflict of interest	<p>When a registrant allows their personal or private interests to interfere with their patient's best interests they have breached the fiduciary duty of trust and in effect entered into what ethically and legally is referred to as a conflict of interest.</p>
Consignee	<p>The person or entity named in a freight transport document (e.g. Bill of Lading) to whom the goods have been consigned to or to be handed over.</p>
Customs (Customs Authority)	<p>The Customs Department can be regarded as "the key border agency" responsible for all transactions related to issues arising from the border crossings of goods. Some of these functions are undertaken in close cooperation with other national border agencies, referred to as "Other Government Agencies (OGA) or "Partner Government Agencies (PGA)".</p>
Customs brokerage licence	<p>Corporations, partnerships and associations must have a broker license to transact Customs business. Each of these businesses must have at least one individually licensed officer, partner or associate to qualify the company's licence.</p>
Customs Broker (aka forwarding agents)	<p>A company approved under section 90 of the Customs Act, 1967 to make customs entries and obtain customs clearance of the goods on behalf of the exporter or importer. Also referred to as "forwarding agent" under the Customs Act. They are private individuals, partnerships, associations or corporations licensed, regulated and empowered</p>

	Customs to assist importers and exporters in meeting regulatory requirements governing imports and exports.
Customs Declaration	A declaration of the necessary data submitted to Customs Authority for the procedure to get the cargo released by Customs through designated formalities such as presenting Commercial Invoice, import or export license, approved permits and payment of duties. The formalities may include interaction with relevant border agencies, like health / agricultural / safety inspectors.
Dangerous drug	Means any drug or substance which is for the time being comprised in the First Schedule of Dangerous Drugs Act 1952 (Act 234)
Delivery Order (DO) or electronic Delivery Order (eDO)	A document issued by a carrier authorizing a third party (like Port Operator), whom appointed as his subcontractor, to deliver or release a consignment, to a nominated party of the cargo (like the Customs Broker). This document is only issued by a carrier upon surrendering a bill of lading and payment of relevant shipping charges by the consignee. This document can also be issued electronically (eDO).
Destination Port or Port of Discharge	The destination port at which the cargo are discharged from the vessel. When transshipment is needed, there could a number of intermediate ports of discharge involved until it reaches the final destination port.
Errand-runner	... is a personal assistant and concierge service dedicated to improving clients' lives by providing reliable, efficient and confidential service. The person may serve as go-between, messenger, despatch bearer, person assistant, among others.
Exporter (Shipper)	The party who contracts with the carrier to carry goods from point of origin to the final destination under agreed conditions and price (freight rate). Also known as "Consignor or Exporter" in certain documents and the party receiving the goods is called "the Consignee or Importer". The conditions under the carriage of carriage are stipulated in the bill of lading. Depending on the Incoterm chosen, either the Exporter or the Importer (via an intermediary like a freight forwarder) can be a shipper.

Factors of production	They are the resources of LAND, LABOUR, CAPITAL and ENTERPRISE used to produce goods and services.
Freight forwarder (aka Forwarder)	An independent service provider (intermediary) who, at the request of the Shipper or Consignee, makes arrangements and provides the necessary services for expediting the shipment to its destination. Generally, a freight forwarder would combine various “Less than Container Load” shipments to make a full container and takes care of documentation needed to move the shipment from origin to destination, preparing and presenting such documentation (e.g. B/L) to the exporter. When a freight forwarder provides the consolidated services, he may issue his “house bill of lading” and in his doing so, would accept responsibility for the cargo.
Gate Pass	A document issued by the Port Operator to the party (acting on behalf of the Consignee) authorizing him to take the goods out of the port.
Good manufacturing practice (GMP)	Good manufacturing practice (GMP) is that part of quality assurance which ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the marketing authorization (WHO).
Logistics Management	It is the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements.
Logistics value chain	It is part of an enterprise’s value chain, which includes such external logistics activities as delivery of raw materials and finished goods, and also involves such internal logistics activities as production and selling.
National Single Window - NSW (origin)	“Single Window” is a concept of governance in which traditional structures of government are transformed into new arrangements that best serve the needs of businesses. Under a “Single Window” approach, businesses would receive government services through a single interface. The single window is essentially government to government (G2G), government to business (G2B), and business to government (B2G) exchanges. Adopted in varying degrees around the world, the single window concept is essential to

	modernizing import and export processes, increasing compliance with various laws and regulations, more closely harmonizing the governmental and business interest in importing and exporting, and breaking down international trade barriers
Origin Port or Loading Port	The origin port at which the cargo is loaded onto the vessel upon its arrival.
Poison	Means any substance specified by name in the first column of the Poisons List and includes any preparation, solution, compound, mixture or natural substance containing such substance, other than an exempted preparation or an article or preparation included for the time being in the Second Schedule of the Poison Act 1952 (Act 366)
Port Operator	Port Operator serves as key role in maritime freight as critical nodal interfaces where maritime transport connects with other modes of transport and where trading, distribution and logistics activities can take place. Port Operator generally is the appointed subcontractor (by the shipping agent) to load and discharge cargo onto or from vessel whilst import.
Rent-seeking	When a company, organization or individual uses their resources to obtain an economic gain from others without reciprocating any benefits back to society through wealth creation.
Shipping Agent	Either at the port of loading (Origin Port) or discharge (Destination Port), the Shipping Agent acts as an agent to manage marketing service, operations issues and also to liaise with the local authorities; like the local port authority, the customs department, the marine department and the health department.
Trade facilitation	WTO defines trade facilitation as the simplification and harmonisation of international trade procedures where trade procedures are the 'activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade'.
Trade Facilitation Agreement	The Trade Facilitation 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 trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.”
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Overview

The logistics chain is complex and comprise of many types of business activities. From a logistics value chain perspective, there are two distinct value chains: freight logistics – the transportation, storage and distribution of goods, and passenger logistics chain – the moving of people. This review is about sea freight logistics, i.e. the movement of cargoes from the origin through the ports in exportation and the reverse in importation.

The complexity of freight logistics come about from the vast variety of goods handled, the different modes of transportation, the huge range of logistics activities and the number of businesses involved. Compounding the complexity of the logistics chain is the numerous regulations, regulators and their supporting agencies. Regulatory complexity itself contribute to the many unnecessary regulatory burdens as a consequence of fragmentation (of the value chain), regulatory duplications, spill-over, restrictions and other unintended barriers to higher productivity. This review tries to capture these and to suggest options on mitigating them.

Due to the complexity of the goods economy and with the large number of regulations in logistics the regulatory regime becomes highly complex. The overview of the economic analysis provides the basis for limiting the scope to sea freight logistics chain. The economic analysis also focused the study towards the major gateway for sea freight logistics, that is, Port Klang. However, limiting the focus of the review is not to limit the geographical scope. Should the preliminary result shows the need to extend beyond Port Klang, the study will respond accordingly. As such the study does not cover the total logistics chain nor does it cover the whole country.

The value chain analysis helps to identify the key business stakeholders in the sea freight logistics chain. The logistics value chain identifies the logistics business activities and thereby the key businesses and the intermediaries in the chain. The voices for the logistics businesses are captured from their respective trade associations and their members. Similarly, the value chain analysis also identifies the Government stakeholders. They are the regulators and the outsourcing partners that enforce existing local regulations and international trade agreements.

The central party to the strategic development of logistics in the country is the Ministry of Transport. The MOT formulate policies, develop strategic plans, initiate policy actions, oversees the logistics industry, implement and enforce regulatory requirements and provide the necessary institutional frameworks for public-private collaborations. The MOT are also involve in trade facilitation particularly on international movement of goods. This is to ensure that the national logistics chain are

harmonized with the global logistics chain. In the local logistics value chain, the main regulatory purview of MOT is on the transportation and handling of goods and services (passengers). This modes of logistics services covered are the road rail, sea and air transportation.

Other ministries and their agencies are also involved in the continuing development of the logistics chain. There are about 27 permits issuing agencies (PIA) under various ministries that enforce specific regulatory requirements for the movement of goods across borders. These PIA ensure that the goods coming into the country do not have negative environmental impacts. The environmental aspects include safety and health of the people, the impact on the physical environment (land, air and water) and the biodiversity of the country. Other PIA act to protect the economic environment which includes the development of local industries, notably the SMEs, and their ability to compete fairly.

The Ministry of Finance has policy influence in a number of areas in the development of logistics activities. Many of the policies are implemented through the Royal Malaysian Customs. The Customs main responsibility for tax revenue collection through Customs excise duties also acts as gatekeeper to the movement of goods across borders.

Until recently, the regulatory regime in the country has not kept up with global good regulatory practices. However, with the launching of the *National Policy on the Development and Implementation of Regulations* in July 2013, regulators will have to follow a set of principles and processes on good regulatory practice. On this the MPC has been given the mandate in the 10th Malaysia Plan to review all existing business-related regulations with the aim of reducing unnecessary regulatory burdens to business. This study on reducing unnecessary regulatory burdens in sea freight logistics is one of the on-going reviews.

Some regulatory burdens are necessary for the government to achieve national policy objectives. There are three broad areas that comprise the “regulatory burden” on business - time, effort and costs expended in complying with government regulatory and taxation requirements. The main dissatisfaction has been the increased in cost of regulatory compliance and costs associated with the taxes, levies and fees. These are the negative impacts on *firms’ productivity* arising as significant amount of resources has to be allocated to compliance activities instead of business activities. There are also a variety of other *non-economic costs* involved such as stress and frustration in dealing with the regulators. Although regulation imposes some burdens on business, concern arises when the burdens necessarily reflect inefficiency in the regulatory regime and point to the existence of “*unnecessary regulatory burdens*”.

Unnecessary regulatory burdens stifle productivity, undermine business competitiveness and increase consumer prices, leading the chronic economic inefficiencies. As a result, more developed nations are moving to regulations that have

been formulated through a *Best Practice Regulation* process to achieve policy objectives and reduce the unnecessary regulatory burdens on business.

A regulator plays an important role in regulatory regimes by encouraging compliance through education and advice, as well as enforcing laws and regulations through disciplinary means. When regulators are transparent and accountable in their enforcement role and have incorporated good guiding principles into their operating systems they will both assist the achievement of policy goals and impose minimum necessary burden on business.

Many existing regulations in the country have not been crafted using principles of good regulatory process and since existing regulators do not follow established good regulatory practice principles, there are many unnecessary regulatory burdens in existing regulatory regimes. It is through such regulatory review of existing practices that these unnecessary burdens could be uncovered and eventually removed from the system.

To uncover the unnecessary regulatory burdens in the sea freight logistics the key logistics businesses in the value chain in Klang Valley were interviewed for this draft report. The review emulated the approach used by the Australian Government Productivity Commission and a former regulatory specialist from the AGPC was engaged to advise to the team. From the issues uncovered, various options for the resolution have been formulated using the principles of good regulatory practice and principles for process improvement. This draft report is being released in order to validate these issues and options with interested parties in order to firm up the proposed recommendations for the government to reduce unnecessary burdens.

Altogether, a total of nineteen issues are evaluated and presented in this draft report for further consultation. The issues were captured from the shippers at the beginning of the value chain through the forwards and hauliers to the ports and free zone operations. Although, some of the issues are interrelated and affect more than one parties, overall, the shippers have raised 5 issues, forwarders 4 issues, hauliers 7 issues and the port and free zone operators 3 issues. These issues have been analysed with other supporting evidences and information and the various options for their resolutions are formulated in this draft report. The draft report is tabled for public consultation.

Key points

1. The MPC which has been mandated to facilitate the implementation of the National Policy on the Development and Implementation of Regulations has taken the initiative to carry out this regulatory review with the aim of reducing unnecessary regulatory burdens on the healthcare sector. The focus of this first initiative is on the review of regulations affecting the freight logistics chain.
2. The logistics economy continues to expand in tandem with the national economy. Together with economic expansion is the continuing change in the competitive environment. International trade facilitation and harmonisation through bilateral, regional and international agreements and advancing technology necessitate the change in local rules in logistics for the country to compete successfully.
3. The objective of the MPC is to uncover and report the regulatory issues which are of most concern the logistics businesses and provide recommended options for further consultation with stakeholders and other interested parties. Interviews have been conducted with key businesses to capture the issues and these are substantiated with other evidences to formulate feasible options. Overall, the businesses have raised 19 issues, 5 issues from the shippers, 4 from forwarders, 7 from hauliers and 3 from port and free zone operators.
4. The five main issues from the shippers that are analysed here are:
 - i. Ever increasing logistics costs
 - ii. Regulations not keeping up with technology
 - iii. Exemption applications for export-oriented manufacturers
 - iv. Application for Certificate of Origin (COO) for ASEAN trade
 - v. Inadequate consultation and short notification on new ruling
5. The forwarders have these raised four main regulatory issues of concern:
 - i. Customs Brokerage Licence (CBL)
 - ii. Customs operations and enforcement
 - iii. Inspection Agencies (Other Government Agencies, OGA)
 - iv. Trucking and haulage activities
6. There seven key issues from the containers hauliers (some of which are also of concern to the shippers) are:
 - i. Shortage of heavy vehicle drivers
 - ii. Road-ban
 - iii. Application for renewal of business licence
 - iv. Approval for (purchase of) new vehicles
 - v. Safety inspections of prime-movers and trailers
 - vi. Unregulated containers depot
 - vii. Dealing with Permit Issuing Agencies (PIA)
7. The major issues of concern to the port and the free zone operator at Port Klang are:
 - i. Port Klang Free Zone operation
 - ii. Port Operator's regulatory constraints to business expansion
 - iii. Verbal commitment by the authorities
8. The analyses on these issues are made with other supporting information from various sources. From the analyses, a number of options are formulated to address each of the issues. This draft report is to table these issues and the

options for the public consultation with the stakeholders from businesses and regulators.

Recommended Options

9. Issue No. 1: Ever increasing logistics costs

This study recommends **Option No. 3, i.e. to continue monitoring the cost of doing business in logistics** and report to the National Logistics Taskforce for improvement initiatives

10. Issue No. 2: Regulations not keeping up with technology

This study recommends **Option 2: Greater effort on the implementation of the National Policy on the Development and Implementation of Regulations (NPDIR)**, i.e. to review existing regulatory regimes on a periodic basis and make changes to meet market demands.

11. Issue No. 3: Exemption applications for export-oriented manufacturers

This study recommends **Option No. 2: Online application for exemption with immediate approval for repeated applications.**

12. Issue No 4: Application for Certificate of Origin (COO) for ASEAN trade

This study recommends **Option No. 2: MITI monitoring and capturing the on-the-ground issues and ironing them out at the ASEAN level**, i.e. industry through the business associations should provide evidence-based feedback to MITI so that issues can be ironed out through trade facilitation initiatives.

13. Issue No. 5: Inadequate consultation and short notification on new ruling

This study recommends **Option No. 2: Clear and transparent administrative guideline and SOP**, i.e. regulators must ensure that their enforcement activities are consistently implemented and their processes are transparent to the business.

14. Issue No. 6: Customs Brokerage Licence (CBL)

This study recommends **Option No. 3: Change the equity criterion to ASEAN agreement and/or totally remove the requirement**, i.e. policy maker should review the existing equity requirements through the RIA process to see if policy objective is achieved.

15. Issue No 7: Customs operations and enforcement

This study recommends **Option No 2: Initiative to mitigate teething issues**, i.e. Customs to ensure that adequate consultation and communication of new administrative initiatives are made to mitigate teething problems.

16. Issue No. 8: Inspection Agencies (Other Government Agencies)

This study recommends **Option No. 3: Risk-based approach to inspection**, where inspections are carried out proportionately, i.e. clearance risks are evaluated on data of past performance of firms.

17. Issue No. 9: Trucking and haulage activities

This study recommends **Option no. 2: Having transparent policy with clear working guidelines**, i.e. to ensure that regulatory operations are carried out consistently and transparently.

18. Issue No. 10: Shortage of heavy vehicle drivers

This study recommends **Option No. 3: Review the existing format for vocational licensing**, i.e. to ensure that current regulatory regimes are meeting market expectations and in keeping with technological changes in the industry.

19. Issue No. 11: Road-ban

This study recommends **the only Option No. 1: Continue the current practice**, as current interventions are in tune with good regulatory practice and proper stakeholders' consultation.

20. **Issue No. 12: Application for renewal of business licence**

This study recommends **Option No. 3: Lengthen the licensing period**, i.e. business can renew their licences for longer periods, such as 3 or 5 years.

21. **Issue No. 13: Approval for (purchase of) new vehicles**

This study recommends **Option No. 2: Carry out one-off programmed improvement on the processes**, i.e. to continue with the improvement initiative until industry expectations are met.

22. **Issue No. 14: Safety inspections of prime-movers and trailers**

This study recommends **Option No. 3: Increasing the duration between inspections**, i.e. to consider risk-based approach thereby increasing the duration between inspections for lower-risk vehicles.

23. **Issue No. 15: Unregulated off-dock containers depot**

This study is not providing any option as the issue is being reviewed by SPAD.

24. **Issue No. 16: Dealing with Permit Issuing Agencies (PIA)**

This study recommends **Option No. 4: A single-window online operation**. Hopefully, the new online application U-Customs which are in the process of development will match this option.

25. **Issue No. 17: Port Klang Free Zone operation**

This study recommends **Option No. 2: Improving the efficiency of permits issuance**. Hopefully, the new online application U-Customs which are in the process of development will match this option.

26. **Issue No. 18: Port Operator's regulatory constraints to business expansion**

This study recommends **Option No. 2: A special business development taskforce for Port Klang**. Such a taskforce, perhaps under the purview of the National Logistics Taskforce, will be able to oversee the continuous growth of Port Klang in meeting with the national aspiration.

27. **Issue No. 19: Verbal commitment by the authorities**

This study recommends **Option No. 2: Improve the websites and its use**, i.e. to ensure that information are easily accessible and transparent to business and potential investors.

Concluding remarks

28. It has to be noted here that the issues captured from the various businesses are not exhaustive. Only a sample of the companies involved are interviewed. The companies involved are key members of the various trade associations that arranged to meet with the study team. They nevertheless represents the major players in sea freight logistics.

29. This draft report treats these nineteen issues as common concerns among the logistics businesses in the freight logistics chain. The analyses will be the basis for the next stage of consultations with the respondents, the key regulators and other interested parties.

30. The options and recommendations are only feasible and potential solutions to the issues. To ensure the practicality of the recommended options,

regulatory impact assessments with adequate **cost-benefit analysis** and **public consultation** must be carried out on each of them.