



# ROYAL MALAYSIAN CUSTOMS DEPARTMENT

## SUMMARY OF THE TIME RELEASE STUDY 2018

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WEST MALAYSIA

**CORPORATE PLANNING DIVISION**

The Release Study 2018 of West Malaysia was conducted on sea mode located at Northport and Westport, Selangor. The objective of the study is to find out the average time taken for the cargo clearance and customs release to identify bottlenecks and to prescribe possible corrective measures to the concerned agencies.

## **1. Introduction**

Royal Malaysian Customs Department (RMCD) has conducted seven TRS study since 2003 at numerous locations covering all modes. In 2018, the 8th TRS study is conducted for the sea mode operation in two ports, both under the Selangor's Customs Office jurisdiction namely Westport and Northport. The purpose of this study is to find out the average time taken for the cargo clearance and customs release, to identify bottlenecks and to prescribe possible corrective measures to the concerned agencies.

## **2. Objectives**

- i. To measure the average time taken between the arrival of the conveyance and removal of the goods (cargo clearance).
- ii. To measure the average time taken between registration and issuance of customs receipt (customs release).
- iii. To identify bottleneck and constraints in cross-border movement.
- iv. To identify the possible corrective measures and recommendations for both department and stakeholders for creating a conducive environment for a seamless flow of goods.

## **3. Methodology**

The methodology used is based on the WCO TRS Guideline version 2/2011. The scope of this study only covers sea mode at two (2) major ports in Port Klang. The data collection has been done at Port Klang, Selangor namely Westport and Northport for fourteen consecutive days from 28th January 2018 – 11th February 2018 for both stations that operate for 24 hours. The respondents that were involved in the study are the port operators, customs agents (forwarding/shipping) and customs officer.

The questionnaires were formulated by consideration of input given by the supply chain players during the three (3) distinct outreach programs held before the survey taken into place. The data collections process has been supervised by two to four customs officers and two to three research assistants respectively. The average time

taken for cargo clearance will be started from berthing of vessel until the removal of goods at exit gate.

The data are collected from import Cargo declared via Customs Form No. 1 (C1) and export Cargo declared via Customs Form No. 2 (C2). The sample only takes into account the full container load (FCL) and does not include less than container load (LCL). There are two categories of analysis, one is the data will be computed by using descriptive statistic technique and the differences between elements and transit times are done by using Microsoft Excel.

The average time to **permit approval** from other government agencies **could not be measured** because the procedure of permit application is prior to the berthing of vessel.

#### 4. Findings

The following is the basic information regarding the study:

Station	Import	Export
Forms Distribution /day	100/day	
Period of Study	14 days (29 Jan 2018 - 11 Feb 2018)	
Total Forms Distributed	5600	
Total Usable Form	1542	1823

##### 4.1 Pre-customs clearance

Pre-customs clearance time is the average time of berthing or arrival of vessel to k-chit registration over the counter;

##### i. Import

Legend	Element	Time (D:HH:MM)
1	Conveyance Arrival >> Loading to Yard	4:28
2	Loading to Yard >> Submission of K-form	1:04:08

3	Submission of K-form >> K-chit Registration	10:46
<b>Total</b>	<b>Pre-customs Clearance for Import</b>	<b>1:08:36</b>

## ii. Export

Legend	Element	Time (D:HH:MM)
1	Conveyance Arrival >> Submission of K-form	21:28
2	Submission of K-form >> K-Chit Registration	1:04
<b>Total</b>	<b>Pre-customs Clearance for Export</b>	<b>22:32</b>

## 4.2 Customs Clearance

Customs clearance time is defined as the time from k-chit registration over the counter to customs release.

### i. Import

Legend	Element	Time (D:HH:MM)
1	K-Chit Registration	0:01
2	K-Chit Registration >> Assessment	0:38
3	Assessment	0:06
4	Assessment >> Payment	2:58
5	Payment	0:01
6	Payment >> Customs Release	0:01
7	Customs Release	0:00
<b>Total</b>	<b>Customs Clearance for Import</b>	<b>3:45</b>

### ii. Export

Legend	Element	Time (D:HH:MM)
1	K-Chit Registration	0:01

2	K-Chit Registration>> Assessment	0:02
3	Assessment	0:02
4	Assessment >> Payment	1:20
5	Payment	0:01
6	Payment >> Customs Release	0:02
7	Customs Release	0:00
<b>Total</b>	<b>Customs Clearance for Export</b>	<b>1:28</b>

### iii. Physical Examination for Customs Clearance

Transaction Types	Physical Examination	Customs Clearance	Time (D:HH:MM)
Import	0:18	3:45	<b>4:03</b>
Export	0:32	1:28	<b>2:00</b>

## 4.3 Post-customs Clearance

Post-customs clearance time is defined as the time from customs release to removal of goods from the port.

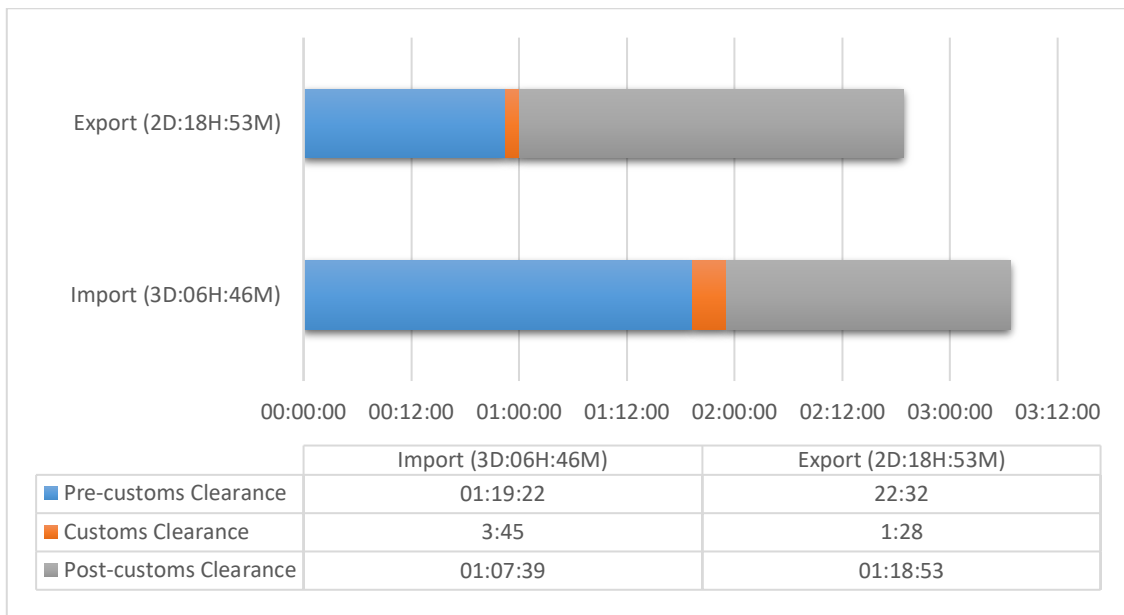
### i. Import

Legend	Element	Time (D:HH:MM)
1	Customs Release >> Removal of Goods	1:07:39
<b>Total</b>	<b>Post-customs Clearance for Import</b>	<b>1:07:39</b>

### ii. Export

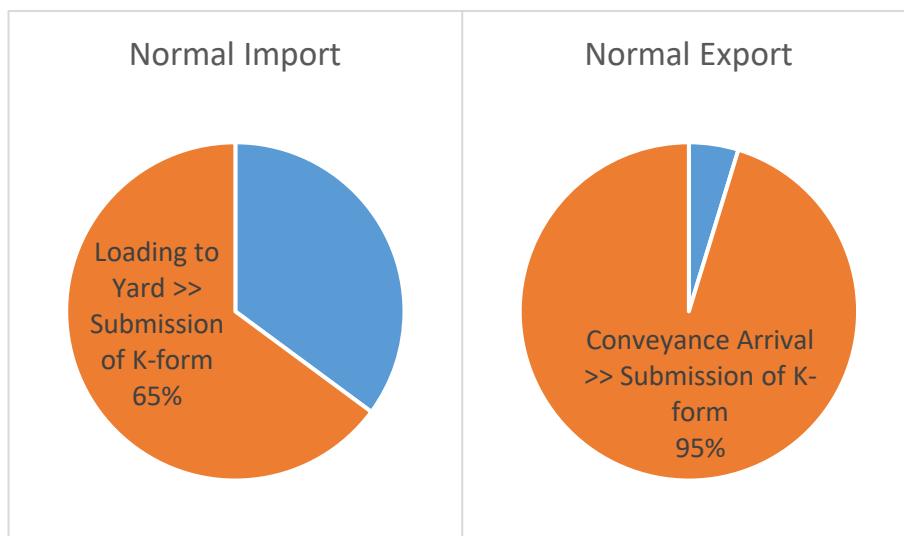
Legend	Element	Time (D:HH:MM)
1	Customs Release >> Removal of Goods	1:18:53
<b>Total</b>	<b>Post-customs Clearance for Export</b>	<b>1:18:53</b>

#### 4.4 Summary of Dwell Time

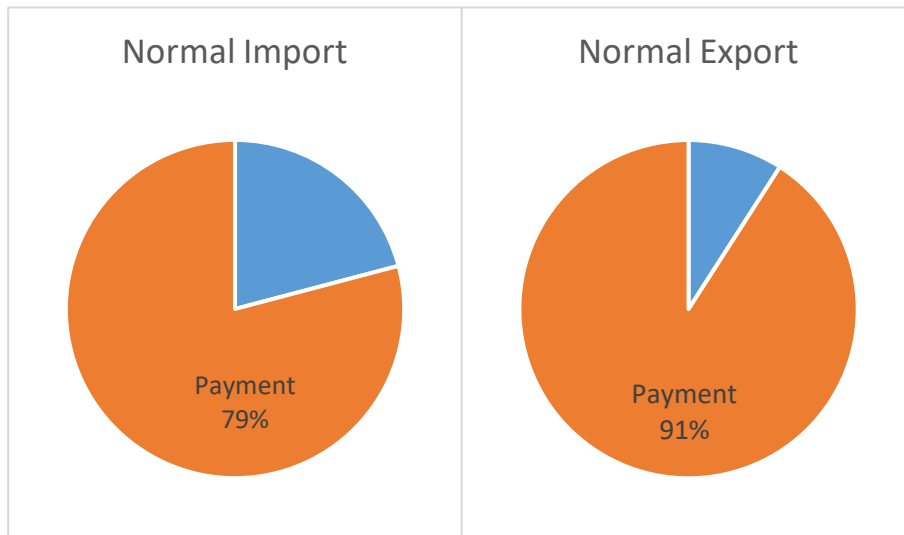


#### 5. Bottlenecks

- i. **Bottleneck for Pre-customs Clearance** is the average time taken to submit declaration online, where the figure below shows that 65% of the average time taken for pre-customs clearance for import is a process from loading to yard to submission of k-form, equivalent to 1 day 4 hours and 8 minutes. While pre-customs clearance for export shows 95% which equivalent to 21 hours and 28 minutes. A new mechanism needs to be taken into account by the responsible party in order to expedite the process.



- ii. **Bottleneck for Customs Clearance** is the average time taken to make payments where for import is 79% of the average time taken for customs clearance while for export is 91%. There are 2 best practices that can reduce the average payment time i.e. optimizing payment via electronic funds transfer which is currently only used by some broker companies. While the latter, the facilitation of deferred payment should be extended to non-AEO's companies secured by bonds.



- iii. There is no **bottleneck for post-customs clearance**, although the time taken is long. This is because only major elements are taken into account, future studies need to be planned to take into account the elements in detail to clarify the matter.

## 6. Challenges

- i. This study involves multiple data from various agencies, the collaboration between OGA and customs broker is very challenging. However, through several meetings and consultation sessions, it has yielded as expected.
- ii. The process of data analysis of imports and exports totaling 3,365 data also provided a great challenge for the study group because there are many factors to consider, such as the data clean-up to remove outlier, selection of the formula that should meet the average time calculation basis, there are also errors that need to be resolved before analysis can be done precisely.

## **7. Conclusion**

The TRS is an important diagnostic tool to measure the average time taken and to identify the constraint in the cargo clearance and associated customs clearance process.

Total average time taken for cargo clearance for import is 3 days 6 hours and 46 minutes, while for export is 2 days 18 hours and 53 minutes. There two bottlenecks have been addressed in the report. The findings of 2018 study have indicated a significant improvement about 1 day in the cargo clearance for import compared to 2014. The results of this study and its solutions to bottlenecks are expected to expedite the cargo clearance process to facilitate the trade across border.