



# ROYAL MALAYSIAN CUSTOMS DEPARTMENT

## SUMMARY OF THE TIME RELEASE STUDY 2018

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EAST MALAYSIA

**CORPORATE PLANNING DIVISION**

The Release Study 2018 of East Malaysia was conducted on sea mode located Sandakan and Tawau, Sabah, whilst road mode located at Sungai Tujoh and Tebedu, Sarawak. 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**

The focus of Customs administration in many countries nowadays has been directed towards identifying the bottlenecks associated with clearance of goods at the border, and to introduce remedial Trade Facilitation (TF) measures to mitigate such bottlenecks. Time Release Study (TRS) is widely recognized as one of the most effective tools in identifying the bottlenecks that may persist in the trade movement and clearance. TRS is a special tool developed by the World Customs Organization (WCO) to measure the effectiveness of operational procedures carried out by Customs, other regulatory agencies and private stakeholders in the standard processing of imports, exports, cross-border and transit movements.

Royal Malaysia Customs Department (RMCD) conducted TRS survey in two locations, Sabah ports (Tawau and Sandakan) and Sarawak Land Border (Tebedu and Sungai Tujuh). The purpose of this study is to fulfil Malaysia commitment under Brunei Indonesia Malaysia Philippine – East ASEAN Growth Area (BIMP – EAGA) to conduct TRS Study for Sabah and Sarawak.

## **2. Objectives**

- i. To measure the average time taken (ATT) for cargo clearance (CGC) between the arrival of the conveyance and removal of the goods.
- ii. To measure the ATT for customs clearance (CTC) between registration and issuance of customs receipt.
- 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 WCO TRS guideline version 2/2011 is applied for this study. Macro-Economic and part of Strategic Planning Approach applied to measure the time between arrivals and release of goods and its intervening procedures. This study

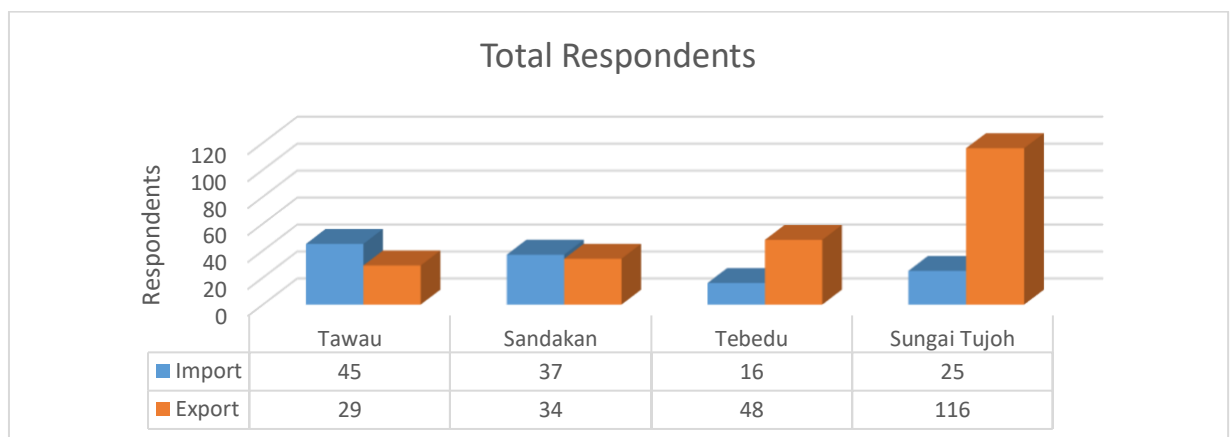
covers all types of dutiable and non-dutiable imported and exported goods including general cargo, perishable goods, and prohibited goods.

This study also focuses on two modes of conveyance consisting of sea mode and road mode. For sea mode, Tawau and Sandakan ports were selected for Sabah where the ports operate for 24 hours and the customs office only operates from 8:00 a.m. until 5:00 p.m. All traders for seaports were given 3 days free storage for full container load and 7 days for an empty container. While for road mode, Sg. Tujuh and Tebedu land border were selected for Sarawak. The operating hours are distinct from each land border, where the Tebedu operating hours are from 8:00 a.m. until 6:00 p.m. on weekdays and closed on a weekends or public holidays, while Sungai Tujoh operates from 6:00 a.m. to 10:00 p.m.

The questionnaire was developed to capture import and export data for sea and road mode adapted based on WCO guidelines TRS version 2/2011. Two different sets of questionnaires were designed to cater for import and export. 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 questionnaires were distributed by the TRS team. The team supervise and guide the respondent in filling up the relevant information on the questionnaire. The collected data after verifying were compiling and analyse through Microsoft Excel Software to compute average statistic times for element and transit times.

#### 4. Findings

Below are the total respondents for Import and Export on each port:



## 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	Stations	
		Sea Mode	Land Mode
1	Conveyance Arrival >> Online Submission of Declaration	1:03:40	0:35
2	Online Submission of Declaration >> K-chit Registration	1:00	0:12
<b>Total</b>	<b>Import Customs Clearance</b>	<b>1:04:40</b>	<b>0:47</b>

### ii. Export

Legend	Element	Stations	
		Sea Mode	Land Mode
1	Conveyance Arrival >> Online Submission of Declaration	1:00	0:49
2	Online Submission of Declaration >> K- chit Registration	0:12	0:04
<b>Total</b>	<b>Import Customs Clearance</b>	<b>1:12</b>	<b>0:53</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	Stations	
		Sea Mode	Land Mode
1	K Chit Registration	0:01	0:01

2	K Chit Registration >> Document Examination	2:50	0:01
3	Document Examination	0:01	0:02
4	Document Examination >> Physical Examination Instruction	0:04	0:01
5	Physical Examination Instruction	0:00	0:00
6	Physical Examination Instruction >> Physical Examination	20:03	0:58
7	Physical Examination	0:28	0:13
8	Physical Examination >> Final Assessment	6:42	0:08
9	Final Assessment	0:02	0:02
10	Final Assessment >> Duty Payment	0:01	0:09
11	Duty Payment	0:01	0:01
12	Duty Payment >> Customs Release	0:01	0:01
13	Customs Release	0:00	0:00
<b>Total</b>	<b>Import Customs Clearance</b>	<b>1:05:29</b>	<b>1:37</b>

## ii. Export

Legend	Element	Stations	
		Sea Mode	Land Mode
1	K Chit Registration	0:01	0:01
2	K Chit Registration >> Document Examination	0:01	0:13
3	Document Examination	0:01	0:02
4	Document Examination >> Physical Examination Instruction	0:01	0:02
5	Physical Examination Instruction	0:00	0:00
6	Physical Examination Instruction >> Physical Examination	0:10	0:56
7	Physical Examination	0:22	0:08
8	Physical Examination >> Final Assessment	0:31	0:11

9	Final Assessment	0:01	0:03
10	Final Assessment >> Duty Payment	0:01	0:00
11	Duty Payment	0:00	0:00
12	Duty Payment >> Customs Release	0:00	0:00
13	Customs Release	0:00	0:00
<b>Total</b>	<b>Export Customs Clearance</b>	<b>1:09</b>	<b>1:36</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.

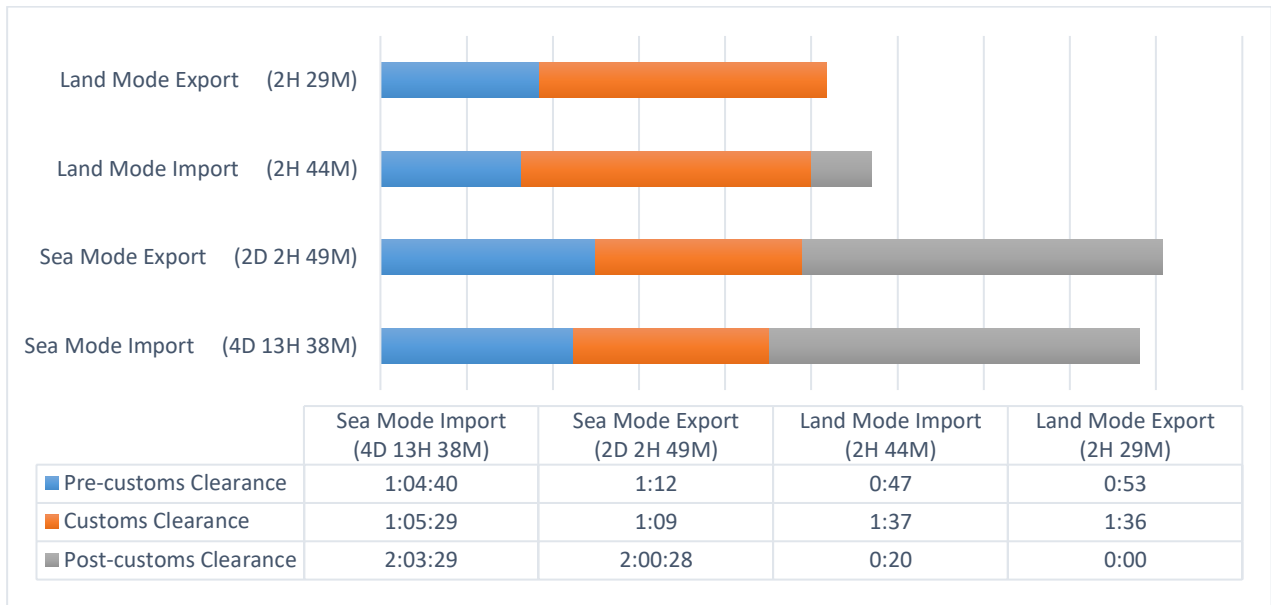
#### i. Import

Legend	Element	Stations	
		Sea Mode	Land Mode
1	Customs Release >> Physical Removal of Goods	2:03:29	0:20
2	Physical Removal of Goods	0:00	0:00
<b>Total</b>	<b>Import Cargo Clearance</b>	<b>2:03:29</b>	<b>0:20</b>

#### ii. Export

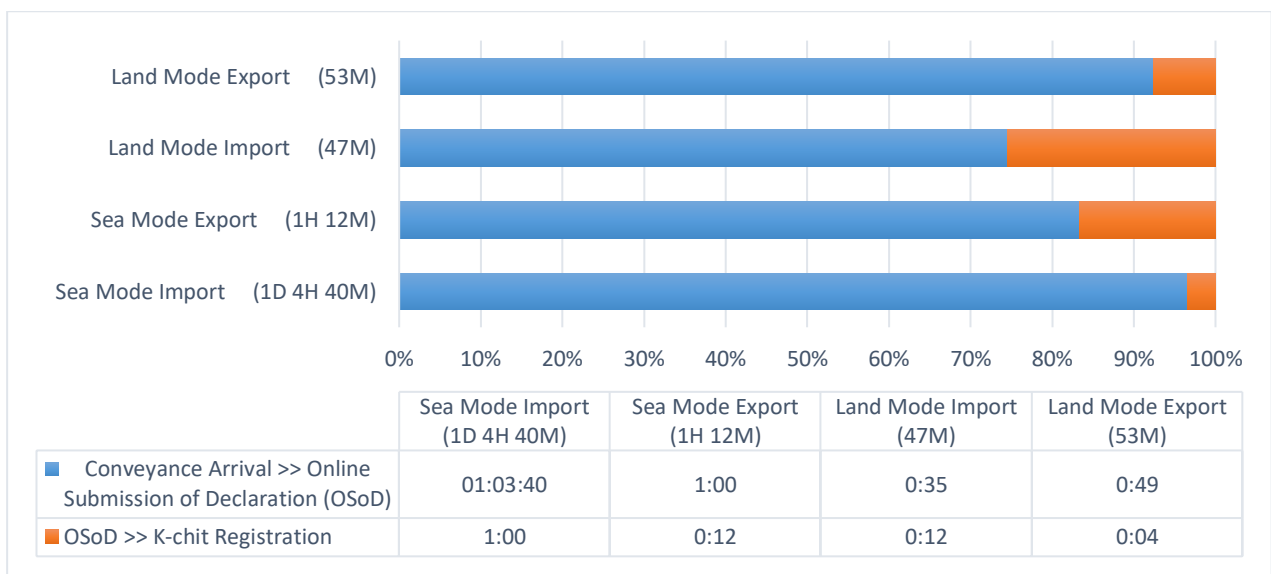
Legend	Element	Stations	
		Sea Mode	Land Mode
1	Customs Release >> Physical Removal of Goods	2:00:28	0:00
2	Physical Removal of Goods	0:00	0:00
<b>Total</b>	<b>Export Cargo Clearance</b>	<b>2:00:28</b>	<b>0:00</b>

#### 4.4 Summary of Dwell Time

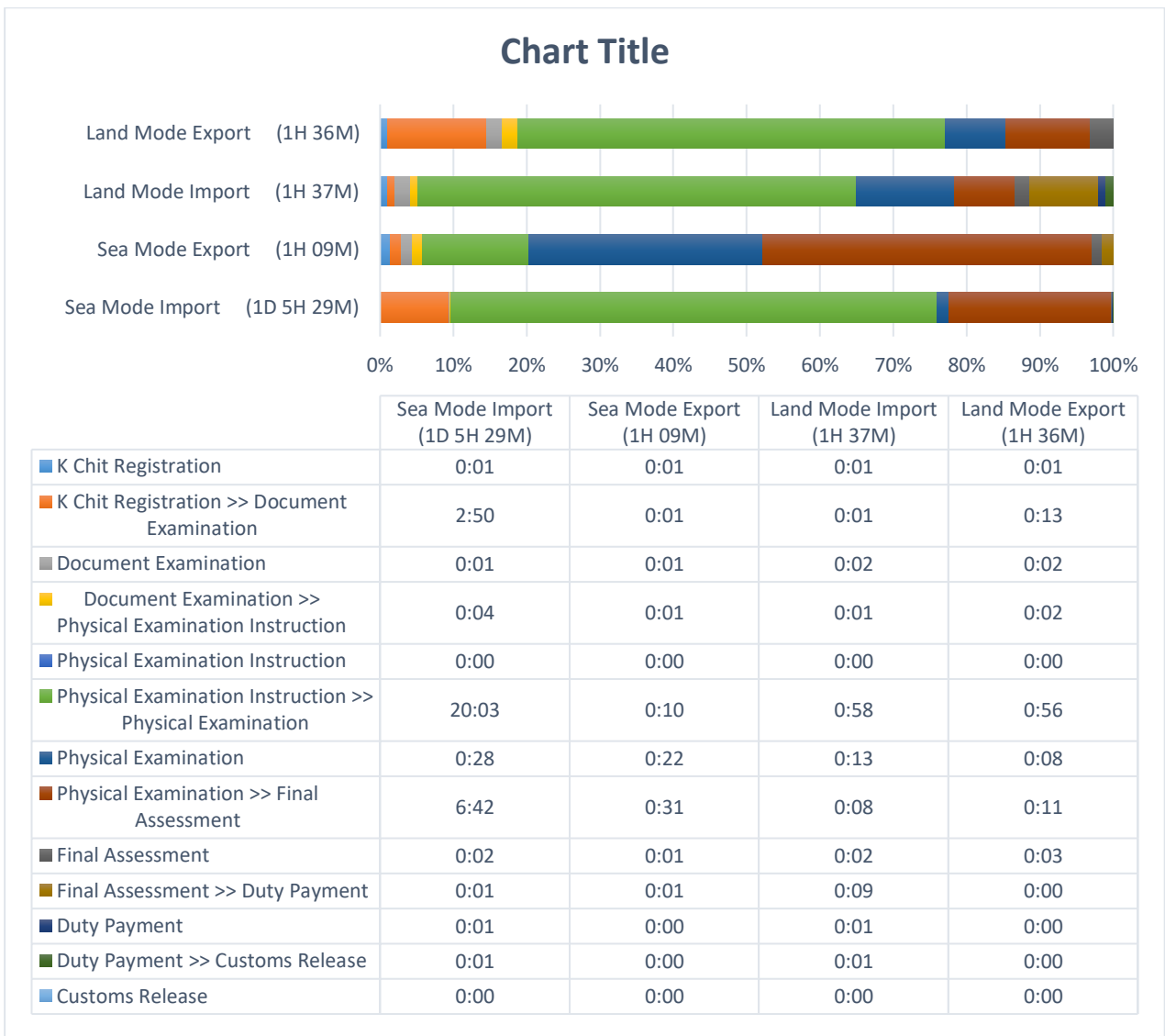


#### 5 Bottlenecks

- i. **Bottleneck for Pre-customs Clearance** is average time taken to submit declaration online. Since the occurrence of this matter is because the time taken for the shipping broker to submit the manifest to customs could take up to 24 hours after the ship arrives (Customs Act., Sec. 51 (1)), which causes a delay for an online submission of declaration. This matter will be resolved through an amended Customs Act which will be approved soon. The figure below shows that between 74.4% to 96.5% of pre-customs clearance is the average time taken to submit a declaration via online.



ii. **Bottleneck for Customs Clearance** shown by the chart below proves that the total process of physical examination which from physical examination instruction (green) until final assessment (brown) are the causes of delay. It shows a high percentage of bottleneck between 78.1% and 93.3%. This is because the procedures used are outdated, where the customs brokers need to submit instructions for physical examination by assessment officer to an officer in charge of physical examination manually which they are located at different offices. This also will depends on the level of urgency of the goods and the speed of the customs broker to take action. This procedure needs to be revised by utilizing existing facilities.





- iii. There is no **bottleneck for post-customs clearance**, although the time taken for sea mode is long. Based on the observation it is mainly because of there are no urgency of the goods to be removed early and because of free storage facility given by the port authority. However only major elements are taken into account for post-customs clearance, future studies need to be planned to take into account the elements in detail to clarify the matter.

## 5. Challenges

- i. This study involves various parties, the collaboration between OGA and customs broker is very challenging. However, through several meetings and consultation sessions, it has completed as expected.
- ii. The remote location with less human resources and less volume of import and export also provided a great challenge. Through proper planning with 2 research officers at each location, the data collection process has been successfully completed.

## 6. Conclusion

There are some aspects that need to be improved by the inland port such as the appropriate physical checkpoint. For example, physical inspection for imports is done in the open space. A safe and comfortable inspection area should be created in order to ensure the Customs and other government agencies perform their duty safely. In addition, RMCD should consider providing a working space (booth) for our customs officers at the entrance gate as currently there is no booth provided and they need to share the booth with the port police. On the other hand, for faster clearance, the operation time and human resource also need to be improved.

TRS is a recognized diagnostic tool for measuring the average time taken and for identifying bottlenecks in the whole cargo clearance processes. The average time taken for sea mode import cargo clearance is 4 days 13 hours and 38 minutes, this showed a significant improvement from 4 days 22 hours and 21 minutes in 2014. For sea mode exports is 2 days 2 hours and 49 minutes. While for land mode, import cargo clearance

is 2 hours 44 minutes and for export is 2 hours 29 minutes. There are two bottlenecks that have been addressed in this report which should be taken into consideration by relevant parties in order for the study to have a good impact. The solutions to the emergence are expected to accelerate the cargo process and to facilitate cross-border trade.