



FEDERATION OF MALAYSIAN FREIGHT FORWARDERS

(PERSEKUTUAN PENGHANTAR FRET MALAYSIA)

c/o: Wisma SFFLA, 23, Jalan Cemerlang, 42000 Port Klang, Selangor Darul Ehsan, Malaysia.

Tel : 603-3165 3082 | Fax : 603-3165 3081 | Email : secretariat@fmff.net | Website : www.fmff.net

FMFF COUNTRY REPORT
For
46th Executive Council Meeting
of
The Federation of Asia Pacific Air-cargo Associations
in
Dhaka, Bangladesh
26th-27th July 2019

FMFF was established in 1987 as the National Association for logistics services providers.

FMFF has more than 1300 company members throughout Malaysia.

In 2000, Ministry of Transport recognized FMFF as the National Association to represent the logistics industry at both National and International level.

FMFF Council is represented by 38 council members from the State Associations, who themselves are the State Associations' accredited representatives to the Council.

Exco members for the term 2019 to 2021:

- | | |
|-------------------------|--------------------------|
| Mr Alvin Chua Seng Wah | – President |
| Mr Krishnan Chelliah | – Deputy President |
| Mr Vijay Pillai | – Vice President |
| Dato' Johnson Dai | – Vice President |
| Mr Joseph Chung | – Vice President |
| Dato' Tony Chia | – Vice President |
| Ms Prunella Phoong | – Hon. Secretary General |
| Mr Victor Francis Beins | – Hon. Treasurer General |



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Association members of FMFF are:

| | |
|---|-----------|
| Selangor Freight Forwarders & Logistics Association | - SFFLA |
| Penang Freight Forwarders Association | - PFFA |
| Johor Freight Forwarders Association | - JOFFA |
| Sarawak Forwarding Agencies Association | - SFAA |
| Sabah Freight Forwarders & Logistics Association | - SABFFLA |
| Sarawak and Sabah Shipowners Association | - SSSA |
| Bumiputra Logistics Entrepreneurs Association | - PPLB |

1. Air cargo Tonnage:

In 2018 Malaysia recorded 917320 metric tonnes of air cargo as against 657229 tonnes in 2017, an increase of 260091 metric tons or 39.57% compared to the preceding year.

For the corresponding months of January to June, Air freight volume for 2019 was 446705 metric tonnes against 431987 metric tonnes in 2018, an increase of 3.4%. Air cargo tonnage in 2019 is expected to have a slight increase over 2018 volume.

2. Need for Sectoral Plan by Penang State Government

Apart of movement of people, the State Government should also improve the **transport system for goods**. The logistics sector is an important sector in Penang with the Penang Airport and Penang Port acting as the logistics hubs of the Northern Region.

Penang's logistics sector is expected to grow due to the economic growth in the Northern Region, the building of a new port in southern Thailand and the growth of online shopping. There are calls for the State Government to modernise and revolutionise Penang's logistics sector to make it more competitive, adaptable and efficient.

And considering that the logistics sector has fewer alternative modes of transport compared to other road users (e.g. commuters, tourists) who can be moved to public transportation, reducing traffic congestion will make the sector more competitive. This issue can be addressed not only by improving Penang's transport network, but also by **revolutionising the sector itself**.



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For example, private entities within the sector can work with the State Government to better coordinate and share resources on deliveries and pick-ups within and outside the terminal/port to reduce the number of trips made. The port and airport authorities can introduce initiatives to further **improve collaboration** between stakeholders (including the Customs Department) and provide better facilities to speed up processing time.

In short, the State Government should create a **sectoral plan** to facilitate the sector's growth and to assess future trends, including any possible disruption from economic downturn or the building of a competing airport in Kulim, Kedah. A more efficient logistics sector will reduce pressure on Penang's transport network.

This solution requires the State Government to look into producing a Logistics Sector Strategy in 2020, with implementation starting 2025.

3. Industry matters.

3.1 Service Tax for Freight Forwarders

MOF and Customs Department had determined that services of freight forwarders were deemed as management services and was taxable under the service tax. Implementation was to be from 01/09/2019.

FMFF together with other industry associations had many engagements with MOF and Customs and succeeded on 03/05/2019 in having the implementation deferred until further notice.

3.2 FIATA-ICAO DG course

FMFF still have not received the endorsement from CAAM (Civil Aviation Authority Malaysia) to be an accredited party to conduct and offer the training.

FMFF is still pursuing the matter with CAAM.