

PROJECT COMPLETION REPORT

ON

PROJECT FOR ENHANCING TRANSPARENCY AND PREDICTABILITY OF PREFERENTIAL

RULES OF ORIGIN ON EPA/FTAs IN CUSTOMS CLEARANCE

IN MALAYSIA

JUNE, 2018

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

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Project Completion Report

By: Project for Enhancing Transparency and Predictability of Preferential Rules of Origin on EPA/FTAs in Customs Clearance

Submission Date: 30 June 2018

I. Basic Information of the Project

1. Country:

Malaysia

2. Title of the Project:

Project for Enhancing Transparency and Predictability of Preferential Rules of Origin on EPA/FTAs in Customs Clearance

3. Duration of the Project (Planned and Actual):

Planned: approximately three years, starting from the date of the first arrival of JICA experts(s) until June 2018

Actual: 24th June 2015 to 30th June 2018

4. Background (from Record of Discussions(R/D) as at June 2015)

“There are many bilateral and multilateral EPA/FTAs in effect in many parts of the world (252 EPA/FTAs implemented as of Sep. 2013). ASEAN member states are currently implementing EPA/FTAs such as ASEAN Trade in Goods Agreement (ATIGA) and ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP). They are also negotiating on the framework of TPPA and RCEP. Currently, Malaysia is implementing twelve (12) EPA/FTAs and has one (1) signed FTA.

Malaysia is also participating in the Pilot Project on Self Certification System on ASEAN Trade in Goods Agreement (ATIGA) and ASEAN will implement the Self Certification when the ASEAN Economic Community (AEC) is established in 2015. In ensuring smooth and proper implementation of the origin rules of all the EPA/FTAs, Customs Administration, specifically, the Royal Malaysian Customs Department is required to confirm appropriately and efficiently the “Certificates of Origin” and “Self Origin Certification” with precise inspection of imported cargoes and relevant documents applicable to the preferential tariff rate of EPA/FTAs.

Correct and uniform application of the preferential Rules of Origin in an efficient manner facilitates international logistics and investment, and promotes compliance with trade rules and regulations. Application of preferential Rules of Origin should be predictable and transparent to avoid delays in Customs clearance as well as revenue losses and disputes.

These circumstances on EPA/FTAs, especially “Self Origin Certification”, create uncertainty on how to determine the origin of goods for the purpose of their preferential Tariff rates and how to confirm the “Certificates of Origin” and “Self Origin Certification” for each individual cargo. Since 1st April 2007, the Royal Malaysian Customs Department has introduced the Advance Ruling System of Tariff Classification and Customs Valuation based on the Customs Act 1967 and the Customs (Customs Ruling) Regulations 2007, but the Advance Ruling System of Rules of Origin has not been implemented. The Customs administration is required to establish a national center solely in charge of Rules of Origin.

In order to solve the issues above, the Government of Malaysia has requested a technical cooperation to the Japanese government to cope with these challenges.”

5. Overall Goal and Project Purpose (from Record of Discussions(R/D))

Overall Goal : Trade facilitation is promoted through appropriate operations of Rules of Origin.

Project Purpose: Transparency and predictability of Rules of Origin in Customs clearance is enhanced.

6. Implementing Agency

Royal Malaysian Customs Department

II. Results of the Project

1. Results of the Project

1-1 Input by the Japanese side (Planned and Actual)

(1) Total input amount:

Planned: 90 million Japanese Yen

Actual: 49 million Japanese Yen

(2) Total input of experts:

1 Long-term expert (Chief Advisor)

11 Short-term experts (Rules of Origin)

(3) Total number of participants in trainings:

49 participants in total (in Japan)

16 participants in total (Third countries)

1-2 Input by the Malaysian side (Planned and Actual)

(1) Counterpart personnel:

1 Project Director (3 in total of three years)

1 Project Manager (3 in total of three years)

5 Working group personnel from Rules of Origin (ROO) Unit, Customs Division
(6 in total of three years)

(2) In-kind input

Office space with necessary equipment (Desk, chair, phone line, electricity, etc.)

(3) Other input

Travel expenses for Customs officials during domestic trainings and workshops,
ground transportation for Short-term experts, etc.

1-3 Activities (Planned and Actual)

Project has been engaged in the project activities with a phased approach.

The first year was dedicated to activities on Output 1 (Central function for uniform application of Rules of Origin nationwide is established and enhanced), and the project worked in the second and third year mainly on was Output 2 (Advance Ruling system on Rules of Origin is promoted). Meanwhile, the project worked on Output 3 (Capacity of customs officials on Rules of Origin is enhanced) throughout the project duration and covered from very basic knowledge of Rules of Origin to advance issues such as Self-declaration of Origin.

In order to conduct the activities smoothly, the project made several changes in Plan of Operation. Major changes include the followings;

1. Central function for uniform application of Rules of Origin nationwide is established and enhanced.

- Since it is necessary to take adequate period of time for considering the suitable framework of central function for uniform application of Rules of Origin, the project extended the relevant schedules by a few months.
- On the other hand, there was an increasing necessity for formulating regulations

and guidelines for central function and uniform application of Rules of Origin as soon as possible, the project decided to accelerate the process by half a year ahead of the original plan.

2. Advance Ruling system on Rules of Origin is promoted

- Malaysia, as a member of WTO, is obliged to implement Advance Ruling system on Rules of Origin (Advance Ruling on Origin), which is one of obligations stipulated in WTO Trade Facilitation Agreement (TFA) that entered into force on 22 February 2017. Since preparation and implementation of Advance Ruling system requires advanced knowledge of Rules of Origin and also structural mechanism, it should wait for the completion of Output1. Therefore, the Project moved most of the actions of Output 2 to the latter half of the 2016 onward.

3. Capacity of customs officials on Rules of Origin is enhanced.

- Since it is more effective to revise a training plan, the project reviewed and set a training plan periodically.
- After the intensive training on training technique and developing training material, which was held in November 2017, the project developed a master training material, and also developed future training plan expecting the trainings are to be conducted in AKMAL (Royal Malaysian Customs Academy) .

2. Achievements of the Project

2-1 Outputs and indicators

(Target values and actual values achieved at completion)

The following is the achievements of the Project based on Outputs and their indicators listed in Project Design Matrix. Among those, 3.5 and 3.6 were newly added in January 2018 since 3.5 is an important indicator to enhance the capacity of customs officers into the future and 3.6 is a good indicator to determine the officers' level of understanding of Rules of Origin.

1. Central function for uniform application of Rules of Origin nationwide is established and enhanced.

1.1 Regulations and guidelines regarding central function for uniform application of Rules of Origin are drafted.

100% completed. Relevant Standard Operating Procedures were completed

during Project period.

1.2 A dedicated management unit on Rules of Origin at Headquarters is established. An official in charge of Rules of Origin is appointed in each state customs office.

100% completed. ROO Unit was set up in June 2015 and officialized with Warrant in 2017. Customs Division, HQ also appointed State Representatives in each state, and the number of the Representatives count 38.

2. Advance Ruling system on Rules of Origin is promoted.

2.1 Regulations and guidelines regarding Advance Ruling system on Rules of Origin are drafted.

100% completed. ROO Unit has completed drafting amendment of Customs Act 1967, Customs Ruling Regulations, and now they are waiting to be tabled to the Parliament.

2.2 A dedicated management unit of Advance Ruling on Origin at Headquarters is established. An official in charge of Advance Ruling on Origin is appointed in each state customs office.

100% completed. ROO Unit was set up in June 2015 and officialized with Warrant in 2017. Customs Division, HQ also appointed State Representatives in each state, and the number of the Representatives count 38.

3. Capacity of customs officials on Rules of Origin is enhanced.

3.1 Training materials are developed.

100% Completed. ROO Unit developed Master file of Training Materials in November 2017. ROO Unit is also aware of the importance of periodical review of the materials, and intends to review and renew the materials and in harmony with any change in international environment or national policies.

3.2 Number of participants in training for Rules of Origin exceeds more than 300.

100% completed. Total number of participants in Rules of Origin trainings count more than 500. The trainings focused on assessment officers in State Customs as primary target group because they are frontline officers who receive and check documents related to Rules of Origin. The trainings contributed to

achieve other indicator such as improved number and quality in verifications stated in Output Indicator 3.6 (Number and quality of verifications from state customs are improved.) On the other hand, there are more than 13,000 officers in total in RMCD. For maintaining stable capacity on Rules or Origin among all relevant officers, regular training in AKMAL is highly useful.

3.3 Number of participants for trainers' training for Rules of Origin exceeds more than 30.

100% Completed. ROO Unit conducted TOT training to State Representative, the total participants count 32. At least 1 State Representative from each State participated in the training. After the training, some of the participants conducted secondary training in State Customs, and contributed to deliver what they learnt to relevant officers such as assessment officers in each State Customs.

3.4 Number of seminars conducted for importers/exporters/customs clearing agents exceeds more than 1

100% Completed. Long-term Expert and ROO Unit conducted 4 awareness programs to private sector in total, and the total participants count 200. Since enough knowledge of Rules of Origin helps both traders and RMCD, seminars to traders should be conducted on a continuing basis

3.5 Common understanding for needs of Rules of Origin Training modules in AKMAL is proposed.

100% Completed. ROO Unit proposed to have training modules in AKMAL at JCC in January 2018. It is expected that this proposal leads to regular trainings modules conducted in AKMAL as stated in Overall Goal of the Project. To start with, 1 training will be scheduled in October 2018 in AKMAL Malacca.

3.6 Number and quality of verifications from state customs are improved.

100% Completed. Number and quality of verification have improved.

Other Achievements

A senior officer of Rules of Origin Unit was accredited as Pre-Accredited Expert of Rules of Origin at World Customs Organization Accreditation Workshop for Expert Trainers on Rules of Origin in January 2018.

2-2 Project Purpose and indicators

(Target values and actual values achieved at completion)

The following is the achievements based on Project Purposes and their indicators listed in Project Design Matrix. Original indicators were replaced by the current 2 indicators in January 2018 in order to evaluate results and effects of the Project more precisely.

1. FAQ compilation is shared with State Customs and public for uniform application of ROO nationwide.

100% completed. ROO Unit developed a table of queries and have kept records of all the queries from traders and State Customs.

ROO Unit compiled FAQ based on the queries and the FAQs were shared with ROO Representatives and public as reference materials for uniform application of Rules of Origin.

2. ROO reference information becomes available in the Customs internal web system for efficient dissemination to customs officers.

100% Completed. ROO Unit uploaded information of Rules of Origin on CIVO (Customs Internal Virtual Office) to facilitate daily operations of assessment officers in the State Customs:

3. History of PDM Modification

PDM was modified on 18 Jan 2018. The modification includes changes in Objectively Verifiable Indicators and their Means of Verification in order to evaluate the achievement of the Overall Goal and Project Purpose correctly. The changes also include concretization of numerical goals in some indicators in Output 3. Please refer to ANNEX 3 for the details of modification.

4. Others

4-1 Results of Environmental and Social Considerations (if applicable)

N/A in this project

4-2 Results of Considerations on Gender/Peace Building/Poverty Reduction (if applicable)

N/A in this project

III. Results of Joint Review

1. Results of Review based on DAC Evaluation Criteria

The following is the review of the Project based on DAC Evaluation Criteria.

(1) Relevance

Relevance of the Project to national policies is high. “Building Trade Momentum from FTAs” was raised as an important issue in global competitiveness of Malaysia in her 10th Malaysia Plan (2011-2015). This philosophy seems to be taken over to 11th Malaysia Plan (2016-2020), which emphasize the importance of trade facilitation. The purpose and actions of the Project are right in line with these national policies.

In realizing the national policies above, correct and uniform application of the preferential Rules of Origin is essential to facilitate and enforce the utilization of FTA/EPAs. The establishment of ROO Unit and all the Project activities contributed to promote the capacity of officers in RMCD in proper application of Rules of Origin in Customs Procedure.

(2) Effectiveness

Effectiveness the Project is high for following indications. Rules of Origin issue is one of very technical subjects in customs procedures. To achieve the project purposes, relevant Customs officers must be well equipped with broad knowledge and experience in Rules of Origin.

First the Project worked on intensive trainings on Rules of Origin Unit so that the officers in the Unit were able to understand the basic idea of Rule of Origin. After that, the Project extended basic training to other officers and advance training to ROO Unit, while ROO Unit worked on activities on Output 1 and 2 respectively to set up an organizational framework to implement Rules of Origin issues. ROO Unit further upgraded their capacity to become a trainer on Rules of Origin.

By conducting those activities, the relevant officers learnt what information is necessary for other officers and the public, and ROO Unit also learnt what questions they frequently ask.

Based on the information acquired through the above activities, ROO Unit completed FAQs and knowledge sharing on CIVO, and eventually led to achieve transparency and predictability of Rules of Origin as stated in the Project purposes effectively.

(3) Efficiency

Project expenses

Planned: 90 million Japanese yen.

Actual: 49 million Japanese yen

Efficiency in terms of Project expenses is high. Actual Project expenses stayed within 55 % of the budget. Most of the project expense is a travel expense of Long-term/Short-term experts and counterparts, and an expense for venues of trainings. The number of experts, duration of trainings, and facilities of the venues were kept minimum necessary to conduct effective trainings. RMCD also contributed to reduce those expenses by, for example, providing transportation for lecturers and bearing traveling expenses for participants of the trainings held in Malaysia.

(4) Impact

Impact of the Project is large. Overall Goals of the Project are expected to be fulfilled as described in Part IV. 1.

(5) Sustainability

Sustainability after the project completion seems to be high. The Government of Malaysia has implemented 14 FTA/EPAs and is also negotiating a few others. As long as The Government of Malaysia continuously support free trades and FTA/EPAs, needs and importance of proper application of Rules of Origin are expected to be maintained over years to come.

RMCD set up ROO Unit in Headquarters and appointed State Representatives in State Customs and conducted many trainings to them. Now, many of the officers are equipped with enough knowledge of Rules of Origin, including one WCO Pre-Accredited Expert. They are expected to play a core role in the future implementation of Rules of Origin in RMCD. Rules of Origin trainings through the Project also helped broadening the capacity base for Rules of Origin among assessment officers. The assessment officers are expected to continuously ensure Rules of Origin implementation in an operational level. In this regard, regular training scheme in AKMAL becomes highly important.

2. Key Factors Affecting Implementation and Outcomes

N/A in this project

3. Evaluation on the results of the Project Risk Management

ROO Unit, whose function and job scope are fully in line with project activities, was established in June 2015 before the arrival of the Long-term expert. Timely establishment of the unit helped smooth implementations of all the project activities throughout the project period.

4. Lessons Learnt

Continuous involvement of a same Short-term expert

In such project where the project engages in a same subject matter throughout the project duration, the continuity of Short-term expert is very effective. As stated in Part II. 1., the input experts comprise of 1 Long-term expert and 11 Short-term experts in total. However, a same Short-term expert consistently participated in all the Short-term expert trainings held in Malaysia and most of the trainings held in Japan. By this consistence and continuity, both Long-term expert and Short-term expert were able to share the actual situation of RMCD precisely and it helped to develop appropriate training programs at each step. The continuity also contributed to promote trust between the experts and RMCD.

Proposing training scheme in AKMAL

To ensure sustainability of project accomplishments, institutionalization of capacity building after the project is crucial.

In the case of this project, all the trainings that the Project conducted contributed to enhance the capacity of Rules of Origin among the RMCD officers. However, as stated in Part IV. 3. (Recommendations for Malaysia Side), it is important to ensure stable operations of the trainings after the Project is completed. For this purpose, the Project proposed in JCC meeting in January 2018 to set training scheme in AKMAL. Through the continuous training mechanism, the capacity of the officers is expected to be maintained and further improved.

IV. For the Achievement of Overall Goals after the Project Completion

1. Prospects to achieve Overall Goal

1. A compendium of disclosed results of Advance Ruling on Origin and queries on Rules of Origin is shared among headquarters and state customs offices.

A compendium of queries is compiled by accumulating more queries in coming years after the project, and by sorting them out in an easily comprehensible manner. There seems to be no outstanding obstacles to achieve this goal as long as RMCD

keeps implementation of Rules of Origin at this rate.

At the same time, it should be noted that it takes time to expect many cases of Advance Ruling on Origin at this point. Advance Ruling on Origin is considered to be the most effective when traders use Self-declaration of Origin, however, so far, only 2 FTAs introduced Self-declaration of Origin among Malaysia's 14 FTA/EPAs already entered into force. It is expected that traders will fully use Self-declarations of Origin under TPP (Trans-Pacific Strategic Economic Partnership), and eventually extend to utilization of Advance Ruling on Origin once TPP enters into force in the near future.

2. Average lead time for answering queries and application of Advance Ruling on Origin is kept at the minimum.

This should be achieved without any obstacle as long as RMCD keeps implementation of Rules of Origin at this rate.

It is important to note that, even at this point, response is basically given on the date of receipt of the queries made unless RMCD determines otherwise. For application of Advance Ruling on Origin, the response will be given without unnecessary delay, provided that Advance Ruling on Origin is implemented appropriately in due course, and all necessary documents are provided by an applicant at the time of application.

3. Training modules on Rules of Origin is established in AKMAL.

ROO Unit proposed to have training modules in AKMAL at JCC in January 2018. Every October, RMCD holds a committee to decide on training plans for the following year. If the approval is given at the committee to establish training modules on Rules of Origin, this goal is considered to be achieved. This should be achieved without any obstacle as long as RMCD keeps implementation of Rules of Origin at this rate.

2. Plan of Operation and Implementation Structure of the Malaysian side to achieve Overall Goal

For 1. (A compendium of disclosed results of Advance Ruling and queries on Rules of Origin is shared among headquarters and state customs offices), RMCD will keep collecting records of queries for coming years, and RMCD will start sorting them out in an easily comprehensible manner by June 2020. The compendium will be expected to be completed by January 2021.

For 2. (Average lead time for answering queries and application of Advance Ruling on Origin is kept at the minimum.) An applicant can request for consultation or queries on any matters pertaining from the implementation of Advanced Ruling on Rules of Origin. Since maintenance of the current practice leads to the achievement of the goal, it is not reasonable to set chronological aims for 2.

For 3. (Training modules on Rules of Origin is established in AKMAL), ROO Unit will propose to have trainings in AKMAL in October 2018. For that purpose, ROO Unit will start working on the preparation such as developing training plans and selecting proper materials in July 2018.

3. Recommendations for the Malaysian side

1. Maintenance of capacity of ROO Unit

- Current ROO Unit in RMCD is equipped with knowledge and skills necessary for implementation of Rules of Origin issues. However, it is highly important that RMCD maintains the self-sustainable framework in the future. In this regard, it is recommended that ROO Unit will always share with other officers what each individual officer is engaged in, and also make relevant documents and training materials available to all the officers.
- It is also important to maintain effective staff allocation of the Unit.

2. Establishment and continuity of effective training and awareness scheme

- It is recommended that RMCD will continue activities for capacity building of Customs officers as well as traders. Trainings on Rules of Origin issues to the officers should be conducted on continuing basis, and TOT trainings should also be provided to State Representatives periodically to deal with replacement of the position with new officers.
- It is also recommended that the most of regular trainings are integrated into the AKMAL training schemes as already set at Overall Goals of the Project to ensure stable operations of the trainings.
- Training materials at AKMAL needs to be reviewed by ROO Unit periodically, so that information on the materials is updated to cover the latest issues.
- Awareness programs to traders should be conducted by ROO Unit by using opportunities such as regular meeting between traders and Customs.

3. Response to important issues of Rules of Origin

- In some important issues of Rules of Origin such as Self-declaration and Verification, ROO unit made it clear what further activities need to be done in the future through the activities in the last few months of the Project period. It is recommended that ROO Unit shares the view with the State Representative and relevant officers and conduct the activities, such as amendment of relevant legal basis and awareness programs to both RMCD officers and public.
- Advance Ruling on Origin is one of the most important issues that requires considerable efforts in order to fulfill the obligations under Trade Facilitation Agreement. It is necessary to officially commence Advance Ruling on Origin as soon as possible, once approval on amendment of Customs Act 1967 is given by the Parliament and amendment of Customs Regulations is completed in Ministry of Finance.
- After the commencement of Advance Ruling on Origin, it is important to record and follow up results of Advance Ruling on Origin, so that Rules of Origin is able to keep track of the results and their utilization.

4. Longer Rotation Policy for ROO Unit

- Keeping a good job rotation policy for ROO Unit is a significant task in achieving efficient and effective implementation of Rules of Origin. Once the officer is selected for a position, they must be 'maintained' for at least 5 years in the unit. This will help to enhance and maintain the level of the officer understanding in the Rules of Origin.

4. Monitoring Plan from the end of the Project to Ex-post Evaluation

(If the Project will be continuously monitored by JICA after the completion of the Project, mention the plan of post-monitoring here.)

JICA Malaysia will conduct monitoring if necessity arises.

ANNEX 1: Results of the Project

(List of Dispatched Experts, List of Counterparts, List of Trainings, etc.)

ANNEX 2: List of Products (Report, Manuals, Handbooks, etc.) Produced by the Project (N/A in this project)

ANNEX 3: PDM (All versions of PDM)

ANNEX 4: R/D, M/M, Minutes of JCC (copy) (*)

ANNEX 5: Monitoring Sheet (copy) (*)

(Remarks: ANNEX 4 and 5 are internal reference only.)

**Separate Volume: Copy of
Products Produced by the Project**

Results of the Project

Input by the Japanese side

1. List of Dispatched Experts

Long Term Expert

| | Name | Dispatched Period | Post |
|---|--------------------|------------------------------|-------------------------------|
| 1 | Mr. Masaya Deguchi | 24 Jun. 2015 to 30 Jun. 2018 | Chief Advisor Rules of Origin |

Short Term Experts

| | Name | Dispatched Period | Post |
|----|---------------------|-------------------------|------------------------------|
| 1 | Mr. Hideki Yamakami | 1 Nov. to 7 Nov. 2015 | ROO/ training in KL |
| 2 | Ms. Mariko Haga | 1 Nov. to 7 Nov. 2015 | ROO/ training in KL |
| 3 | Ms. Mariko Haga | 8 May to 14 May 2016 | ROO/ training in Penang |
| 4 | Mr. Shinji Sugimoto | 8 May to 14 May 2016 | ROO/ training in Penang |
| 5 | Ms. Mariko Haga | 16 Oct. to 22 Oct. 2016 | ROO/ training in Penang |
| 6 | Mr. Goro Suzuki | 16 Oct. to 22 Oct. 2016 | ROO/ training in Penang |
| 7 | Ms. Mariko Haga | 14 May to 20 May 2017 | ROO/ training in Johor Bahru |
| 8 | Mr. Shinji Sugimoto | 14 May to 20 May 2017 | ROO/ training in Johor Bahru |
| 9 | Ms. Mariko Haga | 3 Dec. to 9 Dec. 2017 | ROO/ training in Malacca |
| 10 | Mr. Shinji Sugimoto | 3 Dec. to 9 Dec. 2017 | ROO/ training in Malacca |
| 11 | Ms. Mariko Haga | 13 May to 16 May 2018 | ROO/ training in KL |

2. List of Counterparts

Project Director: Deputy Director General (Customs & GST)

| | Name | Period |
|---|------------------------------|-----------------------------|
| 1 | Dato' Sri SubromaniamTholasy | From Jun. 2015 to Jul. 2016 |
| 2 | Dato' Zulkifli Bin Yahya | From Jul. 2016 to Jun. 2017 |
| 3 | Dato' Paddy Bin Abd Halim | From Jul. 2017 - |

Project Manager: Director of Customs Division

| | Name | Period |
|---|----------------------------------|-----------------------------|
| 1 | Dato' Haji Mohd. Salleh bin Said | From Jun. 2015 to Apr. 2016 |
| 2 | Dato' Zaini Bin Md. Desa | From Aug. 2016 to Jan. 2017 |
| 3 | Dato' Nor Haziah Bt Abd Wahab | From Apr. 2017 - |

Project Working Group (Rules of Origin Unit, Customs Division)

| | Name | Period |
|---|---------------------------------------|-----------------------------|
| 1 | Ms. Wan Saadah bt Mohamed Muhibbuddin | From Jun. 2015 to Mar. 2017 |
| 2 | Mr. Muhammad Nazim Bin Dzulfakar | From May. 2017 - |
| 3 | Mr. Mohd. Zamzuri bin Berahim | From Jun. 2015 - |
| 4 | Ms. Siti Khadijah bt Mohd Noor | From Jun. 2015 - |
| 5 | Dr. Violet Tong Ming Hwee (Ms.) | From Jun. 2015 - |
| 6 | Ms. Mazlinda bt Ahmad Samhudi | From Jun. 2015 - |

3. List of Trainings

Trainings/Workshops in Japan/Third Countries (Rules of Origin)

| | Venue | Duration Period | Number of Participants | Remark (Types of Training) |
|----|--------------------|-------------------------|-----------------------------|---|
| 1 | Bangkok | 16 Nov. to 18 Nov. 2015 | 5 (*HQ: 5) | Visit to Thai Customs |
| 2 | Tokyo/Yokohama | 25 Jan. to 29 Jan. 2016 | 15 [HQ: 8 States:7] | Training in Japan |
| 3 | Tokyo/Kashiwa | 29 May to 18 Jun. 2016 | 2 (HQ: 2) | Attachment Program |
| 4 | Tokyo/Kashiwa | 16 Jan. to 24 Jan. 2017 | 15 [HQ: 8 State: 7] | Training in Japan |
| 5 | Brussel | 6 Feb. to 8 Feb. 2017 | 2 (HQ: 2) | WCO TCRO/ Follow-up on WCO WS |
| 6 | Bangkok | 5 Jun. to 9 Jun. 2017 | 2 (HQ: 2) | WCO Sub-Regional WS |
| 7 | Tokyo/Kashiwa | 6 Nov. to 21 Nov. 2017 | 2 (HQ: 2) | Trainers' Training |
| 8 | Tokyo | 5 Feb. to 9 Feb. 2018 | 15 [HQ: 9 State: 6] | Training in Japan |
| 9 | Melbourne/Canberra | 27 Mar. to 29 Mar. 2018 | 5 [HQ: 4 State: 1] | Visit to Australian Border Force |
| 10 | Bangkok | 12 Jun. to 14 Jun. 2018 | 2 [HQ: 1 State: 1] | Training organized by Thai Customs and JICA Project in Thai Customs |

* HQ(Participants from Customs HQ in Putrajaya), State(Participants from State Customs)

Short-term Experts Trainings/Workshops in Malaysia

| | Venue | Duration Period | Number of Participants | Remark |
|---|--------------|-------------------------|------------------------|---|
| 1 | Kuala Lumpur | 2 Nov. to 6 Nov. 2015 | 27 | Training mainly to ROO Unit and Assessment officers |
| 2 | Penang | 9 May to 13 May 2016 | 25 | Training mainly to Assessment officers |
| 3 | Penang | 17 Oct. to 21 Oct. 2016 | 15 | Training mainly to officers in charge of acceptance of Advance Ruling |
| 4 | Johor Bahru | 15 May to 19 May 2017 | 24 | Training mainly to officers in charge of acceptance of Advance Ruling |
| 5 | Malacca | 4 Dec. to 7 Dec. 2017 | 27 | Some lectures given by RMCD |
| 6 | Kuala Lumpur | 14 May to 15 May 2018 | 10 | Developing future Action Plan |

In-House Training

| | Venue | Duration Period | Number of Participants | Remark |
|---|------------------------------------|-------------------|------------------------|---|
| 1 | Seberang Jaya, Penang | 2 days, Mar. 2016 | 27 | Collaboration with MITI |
| 2 | Johor Bahru | 3 days, Sep. 2016 | 31 | Collaboration with MITI |
| 3 | AKMAL, Rantau Panjang | 4 days, Oct. 2016 | 20 | Collaboration with MITI |
| 4 | KLIA | 2 days, Feb. 2017 | 47 | Training to assessment officers |
| 5 | Sabah | 3 days, Mar. 2017 | 20 | Training to assessment officers |
| 6 | Selangor | 1 day, May 2017 | 100 | 1st Pan-Malaysia Joint Meeting of the Head of Divisions, Customs, GST and Technical Service |
| 7 | Port Klang (West and North Port) | 2 days, Aug. 2017 | 62 | Training to assessment officers |
| 8 | AKMAL, Rantau Panjang and Kelantan | 3 days, Sep. 2017 | 32 | ToT training mainly for ROO Representatives |
| 9 | Johor | 2 days, Oct. 2017 | 75 | Training to assessment officers |

Project Monitoring Sheet II (Revision of Plan of Operation)

Version 3.3

Dated 1 June 2018

Project Title: Project for Enhancing Transparency and Predictability of Preferential Rules of Origin on EPA/FTAs in Customs Clearance

| Inputs | | | | | | | Monitoring | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|---|---|---|---|------|------------|----|----|------|---|---|---|------|---|---|---|---------|-------|----------|---|----|----|----|---|---|---|---|---|---|---|---|---|----|----|----|---|---|---|---|---|---|---|---|---|----|----|----|--|---------------------------|---|--|
| | Year | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | | Remarks | Issue | Solution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Month | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | | | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | | |
| Expert | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Long Term Expert : Chief Advisor / Rules of Origin | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | from July 2015 | - Long-term expert was dispatched as scheduled. - 11 Short term experts were dispatched in total. | |
| Short Term Experts : Rules of Origin | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Training in Japan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rules of Origin | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 week x 2 times per year | - 5 trainings in Japan Customs in total. (49 participants) | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| In-country/Third country Training | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rules of Origin | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1 week x 3 times | - 6 trainings in Malaysia. (128 participants) - 4 trainings Third countries. (16 participants) | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Activities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sub-Activities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Output 1: Central function for uniform application of rules of origin nationwide is established and enhanced. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1 Conduct baseline survey & formulate an action plan based on an analysis of the current situation. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | - ROO Unit formulated Standard Operating Procedure for Rules of Origin, and it was circulated to State Customs in August 2016. ROO Unit also formulated Standard Operating Procedure for implementation of e-Form D ATIGA under ASW framework, and it was circulated to State Customs in December 2017. | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.2 Consider the framework of central function for uniform application of rules of origin nationwide. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.3 Establish a central and dedicated function in charge of operations of rules of origin. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.4 Make a draft of regulations and guidelines regarding central function for uniform application of rules of origin. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Output 2: Advance ruling system on rules of origin is promoted. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.1 Conduct baseline survey & formulate an action plan based on an analysis of the current situation. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | - The trainings helped to simulate acceptance and assessment of Advance Ruling applications. - ROO Unit has completed drafting Customs Act, Customs Ruling Regulations, and now they are waiting to be tabled. | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.2 Make a draft of regulations and guidelines related to advance ruling system on rules of origin. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.3 Collect and analyze results of advance ruling and queries on rules of origin. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.4 Establish proper methods for sharing results of advance ruling and queries on rules of origin among customs officers. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Output 3: Capacity of customs officials on rules of origin is enhanced. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.1 Formulate a training plan based on an analysis of the current situation. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | -ROO Unit developed training material for officers in RMCD. - ROO Unit conducted awareness program to State officers, and the total participants count more than 500 in total. -ROO Unit conducted TOT training to State Representative, the total participants count 32. - Long-term Expert and ROO Unit conducted awareness program to private sector respectively, and the total participants count 200 - ROO Unit proposed to have training modules in AKMAL (Royal Malaysian Customs Academy) to enhance knowledge and capacity on ROO of RMCD officers. | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.2 Develop training materials based on the Japanese experience. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.3 Conduct trainings for relevant officers in the customs. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.4 Conduct trainers' training on rules of origin. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3.5 Conduct seminars to promote knowledge and understanding of rules of origin for importer/exporters and customs clearing agents. | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Duration / Phasing | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actual | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Monitoring Plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Monitoring | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Joint Coordinating Committee (JCC) Meeting | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Baseline and endline surveys | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Set-up the Detailed Plan of Operation | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Submission of Monitoring Sheet | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Monitoring Mission from Japan | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | as necessary | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Joint Monitoring | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Post Monitoring | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reports/Documents | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Training Materials | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project Completion Report | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public Relations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Plan | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Actual | [Gantt chart showing activity from July 2015 to Dec 2017] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Project Monitoring Sheet I (Revision of Project Design Matrix)

Version 2.0

Date: 18 January 2018

Project Title: Project for Enhancing Transparency and Predictability of Preferential Rules of Origin on EPA/FTAs in

Customs Clearance


Implementing Agency: Royal Malaysian Customs Department (RMCD)

Target Group: Project Management Unit (PMU) of RMCD

Period of Project: 3 years (From June 2015 to June 2018)

Project Site: Putrajaya

| Narrative Summary | Objectively Verifiable Indicators | Means of Verification | Important Assumption |
|---|---|--|--|
| <p>Overall Goal</p> <p>Trade facilitation is promoted through appropriate operations of rules of origin.</p> | <p>1. A compendium of disclosed results of advance ruling and queries on rules of origin is shared among headquarters and state customs offices.</p> <p>2. Average lead time for answering queries and application of advance ruling on rules of origin is kept at the minimum.*</p> <p>3. Training modules on Rules of Origin is established in AKMAL.</p> | <p>1. Tables of queries, Tables of advance ruling application</p> <p>2. Tables of queries, Tables of advance ruling application</p> <p>3. Training schedule in AKMAL</p> | <p>- GOM continuously support free trades and FTA/EPA including TPPA.</p> |
| <p>Project Purpose</p> <p>Transparency and predictability of rules of origin in customs clearance is enhanced.</p> | <p>1. FAQ compilation is shared with State Customs and public for uniform application of ROO nationwide.</p> <p>2. RoO reference information becomes available in the Customs internal web system for efficient dissemination to customs officers.</p> | <p>1. Table of queries, Customs website</p> <p>2. Customs Internal Virtual Office (CIVO)</p> | <p>- RMCD continues to apply rules of origin.</p> <p>- RMCD continues to make efforts in staff's capacity building on the use of rules of origin and advance ruling.</p> <p>- Regulations and guidelines on rules of origin drafted by the Project are officially approved by GOM.</p> |
| <p>Outputs</p> <p>1. Central function for uniform application of rules of origin nationwide is established and enhanced.</p> | <p>1.1 Regulations and guidelines regarding central function for uniform application of rules of origin are drafted.</p> <p>1.2 A dedicated management unit on rules of origin at Headquarters is established. An official in charge of</p> | <p>1.1 Regulations and guidelines</p> <p>1.2 Warrant to set-up ROO Unit at HQ , Appointment letter of State Representative</p> | <p>- Customs officials on rule of origin are continuously assigned and held responsible for practical use.</p> <p>- Customs officials on advance ruling system are continuously assigned and held responsible for practical use.</p> |
| <p>2. Advance ruling system on rules of origin is promoted.</p> | <p>2.1 Regulations and guidelines regarding advance ruling system on rules of origin are drafted.</p> <p>2.2 A dedicated management unit of advance ruling on rules of origin at Headquarters is established. An official in charge of advance ruling on rules of origin is appointed in each state customs office.</p> | <p>2.1 Regulations and guidelines</p> <p>2.2 Warrant to set-up ROO Unit at HQ Appointment letter of State Representative</p> | |

| | | | |
|---|---|---|--|
| 3. Capacity of customs officials on rules of origin is enhanced. | 3.1 Training materials are developed. 3.2 Number of participants in training for Rules of Origin exceeds more than 300 3.3 Number of participants for trainers' training for Rules of Origin exceeds more than 30 3.4 Number of seminars conducted for importers/exporters/customs clearing agents exceeds more than 1 3.5 Common understanding for needs of Rules of Origin Training modules in AKMAL is proposed. 3.6 Number and quality of verifications from state customs are improved.** | 3.1 Master file of Training Materials 3.2 Monitoring Sheet 3.3 Monitoring Sheet 3.4 Monitoring Sheet 3.5 Proposal to JCC 3.6 Table of verifications | |
| Activities | Inputs | | Pre-Conditions |
| | The Japanese Side | The Malaysian Side | |
| 1.1 Conduct baseline survey & formulate an action plan based on an analysis of the current situation. 1.2 Consider the framework of central function for uniform application of rules of origin nationwide. 1.3 Establish a central and dedicated function in charge of operations of rules of origin. 1.4 Make a draft of regulations and guidelines regarding central function for uniform application of rules of origin. | <Personnel for the Project> Dispatch of a long-term expert Dispatch of short-term experts as needed <Training Courses in Japan > Necessary trainings are provided based on the framework and the action plan of the project. < Equipment> Provision of equipment as needed <Supporting costs> Cost for activities of the project including developing regulations and guidelines, training materials, seminars and training courses | <Personnel for the Project> Necessary administrative staff for smooth implementation of the project. Project Director Project Manager on rules of origin Counterpart personnel (taskforce teams of rules of origin) <Buildings and Facilities > Office rooms for Japanese experts Conference rooms for workshops and seminars <Administrative and operational cost > • Running costs for electricity, water, communication, etc. • Expenses related to seminars/trainings • Others | - Personnel change of counterparts does not take place frequently.  <Issues and countermeasures> |
| 2.1 Conduct baseline survey & formulate an action plan based on an analysis of the current situation. 2.2 Make a draft of regulations and guidelines related to advance ruling system on rules of origin. 2.3 Collect and analyze results of advance ruling and queries on rules of origin. 2.4 Establish proper methods for sharing results of advance ruling and queries on rules of origin among customs officers. | | | |
| 3.1 Formulate a training plan based on an analysis of the current situation. 3.2 Develop training materials based on the Japanese experience. 3.3 Conduct trainings for relevant officers in the customs. 3.4 Conduct trainers' training on rules of origin. 3.5 Conduct seminars to promote knowledge and understanding of rules of origin for importer/exporters and customs clearing agents. | | | |

* Basically, response is given on the day of queries made, unless further actions become necessary. For application of Advance Ruling on Origin, the response will be given without unnecessary delay.

** Improvement of quality means that contents of verification shift from formality check to **origin status**, which can be confirmed by the **Table of verifications**.

Project Design Matrix

ANNEX I

Version 1.0

Date: 1 June 2015


Project Title: Project for Enhancing Transparency and Predictability of Preferential Rules of Origin on EPA/FTAs in Customs Clearance

Implementing Agency: Royal Malaysian Customs Department (RMCD)

Target Group: Project Management Unit (PMU) of RMCD

Period of Project: 3 years (From June 2015 to June 2018)

Project Site: Putrajaya

| Narrative Summary | Objectively Verifiable Indicators | Means of Verification | Important Assumption |
|--|---|---|---|
| Overall Goal Trade facilitation is promoted through appropriate operations of rules of origin. | - Number of import declaration (K1) under EPA utilization in Malaysia is increased. - Volume of trade transaction of EPA utilization in Malaysia is increased. - Average lead time of clearance (from arrival of cargo to notice of permission) is decreased. | - Statistics of RMCD (Tentative) - Data from Customs Information System (CIS) - Time release survey (Tentative) | |
| Project Purpose Transparency and predictability of rules of origin in customs clearance is enhanced. | - Answers to inquiries and application of advance ruling on rules of origin are uniformly applied nationwide. - Number of disclosed results of advance ruling and common cases on rules of origin shared among headquarters and state customs offices are increased. - Average lead time for answering inquiries and application of advance ruling on rules of origin is decreased. | - Endline survey (sampling survey of state customs) (Tentative) - officially disclosed media (website, publications, etc) (Tentative) - Time release survey (Tentative) | - RMCD continues to apply rules of origin. - RMCD continues to make efforts in staff's capacity building on the use of rules of origin and advance ruling. - Regulations and guidelines on rules of origin drafted by the Project are officially approved by GOM. |
| Outputs 1. Central function for uniform application of rules of origin nationwide is established and enhanced. | 1.1 Regulations and guidelines regarding central function for uniform application of rules of origin are drafted. 1.2 A dedicated management unit on rules of origin at Headquarters is established. An official in charge of rules of origin is appointed in each state customs office. | - Regulations and guidelines - Questionnaire and endline survey (Tentative) | - Customs officials on rule of origin are continuously assigned and held responsible for practical use. - Customs officials on advance ruling system are continuously assigned and held responsible for practical use. |
| 2. Advance ruling system on rules of origin is promoted. | 2.1 Regulations and guidelines regarding advance ruling system on rules of origin are drafted. 2.2 A dedicated management unit of advance ruling on rules of origin at Headquarters is established. An official in charge of advance ruling on rules of origin is appointed in each state customs office. | - Regulations and guidelines - Questionnaire and endline survey (Tentative) | |
| 3. Capacity of customs officials on rules of origin is enhanced. | 3.1 Developed training materials 3.2 Number of participants in training for Rules of Origin exceeds more than XX 3.3 Level of understanding of relevant officers in the customs 3.4 Number of participants for trainers' training for Rules of Origin exceeds more than XX 3.5 Number of seminars conducted for importers/exporters/customs clearing agents exceeds more than XX | - Project progress report - Questionnaire and endline survey (Tentative) | |
| Activities | Inputs | | Pre-Conditions |
| | The Japanese Side | The Malaysian Side | |
| 1.1 Conduct baseline survey & formulate an action plan based on an analysis of the current situation. 1.2 Consider the framework of central function for uniform application of rules of origin nationwide. 1.3 Establish a central and dedicated function in charge of operations of rules of origin. 1.4 Make a draft of regulations and guidelines regarding central function for uniform application of rules of origin. | <Personnel for the Project> Despatch of a long-term expert Despatch of short-term experts as needed <Training Courses in Japan > Necessary trainings are provided based on the framework and the action plan of the project. < Equipment> Provision of equipment as needed <Supporting costs> Cost for activities of the project including developing regulations and guidelines, training materials, seminars and training courses | <Personnel for the Project> Necessary administrative staff for smooth implementation of the project. Project Director Project Manager on rules of origin Counterpart personnel (taskforce teams of rules of origin) <Buildings and Facilities > Office rooms for Japanese experts Conference rooms for workshops and seminars <Administrative and operational cost > • Running costs for electricity, water, communication, etc. • Expenses related to seminars/trainings • Others | - Personnel change of counterparts does not take place frequently.  <Issues and countermeasures> |
| 2.1 Conduct baseline survey & formulate an action plan based on an analysis of the current situation. 2.2 Make a draft of regulations and guidelines related to advance ruling system on rules of origin. 2.3 Collect and analyze results of advance ruling and common cases on rules of origin. 2.4 Establish proper methods for sharing results of advance ruling and common cases on rules of origin among customs officers. | | | |
| 3.1 Formulate a training plan based on an analysis of the current situation. 3.2 Develop training materials based on the Japanese experience. 3.3 Conduct trainings for relevant officers in the customs. 3.4 Conduct trainers' training on rules of origin. 3.5 Conduct seminars to promote knowledge and understanding of rules of origin for importer/exporters and customs clearing agents. | | | |

Attachment to ANNEX 3

- **Modification of Objectively Verifiable Indicators and Means of Verification**

| | Original | Modified | Reason for modification |
|---|--|--|--|
| Overall Goal (No Modification) | | | |
| Trade facilitation is promoted through appropriate operations of rules of origin. | | | |
| Objectively Verifiable Indicators | | | |
| Deletion 1 | Number of import declaration (K1) under EPA utilization in Malaysia is increased. | — | Number of Import Declaration is influenced by external factors, and it is not appropriate to consider it as an achievement measure. |
| Deletion 2 | Volume of trade transaction of EPA utilization in Malaysia is increased. | — | Volume of trade is influenced by external factors, and it is not appropriate to consider it as an achievement measure. |
| Deletion 3 | Average lead time of clearance (from arrival of cargo to notice of permission) is decreased. | — | Average lead time is influenced by other clearance procedure than Rules of Origin, and it is not appropriate to consider it as an achievement measure of the Project. |
| Addition 1 | — | <u>1. A compendium of disclosed results of advance ruling and queries on rules of origin is shared among headquarters and state customs offices.</u> | By sharing results of advance ruling and queries on rules of origin among HQ and State Customs, appropriate and uniform application is secured; and it leads to measure the achievement of Overall Goal. |
| Addition 2 | — | <u>2. Average lead time for answering queries and application of advance ruling on rules of origin is kept at the minimum.</u> | Keeping the average lead for answering queries and application of advance ruling time at the minimum can lead to acceleration of clearance procedure. Basically, response is given on the day of queries made, unless further actions become necessary. For application of Advance Ruling on Origin, the response will be given without unnecessary delay. |
| Addition 3 | — | <u>3. Training modules on Rules of Origin is established in AKMAL.</u> | By conducting regular trainings at Royal Malaysian Customs Academy (AKMAL) enhances appropriate and uniform |

| | Original | Modified | Reason for modification |
|--|--|---|---|
| | | | application of rules of origin. It leads to measure the achievement of Overall Goal. |
| Project Purpose (No modification) | | | |
| Transparency and predictability of rules of origin in customs clearance is enhanced. | | | |
| Objectively Verifiable Indicators | | | |
| Deletion1 | Answers to inquiries and application of advance ruling on rules of origin are uniformly applied nationwide. | — | Advance ruling is more useful with Self certification scheme such as TPP, whose entry into force is delayed. Thus, Project Purpose related to advance ruling is shifted to Overall Goal, while new purposes related to uniform application in response to queries on rules of origin are added. |
| Deletion2 | Number of disclosed results of advance ruling and common cases on rules of origin shared among headquarters and state customs offices are increased. | — | Same as above |
| Deletion3 | Average lead time for answering inquiries and application of advance ruling on rules of origin is decreased. | — | Same as above |
| Addition 1 | — | <u>1. FAQ compilation is shared with State Customs and public for uniform application of R00 nationwide.</u> | Achievement of uniform application on rules of origin can be measured by FAQs that are available to State Customs and the public. |
| Addition 2 | — | <u>2. Ro0 reference information becomes available in the Customs internal web system for efficient dissemination to customs officers.</u> | It is important for all the relevant officers have an access to the information necessary to implement rules of origin in the Customs internal web system. |
| Output (No modification) | | | |
| 1. Central function for uniform application of rules of origin nationwide is established and enhanced. 2. Advance ruling system on rules of origin is promoted. 3. Capacity of customs officials on rules of origin is enhanced. | | | |
| (Objectively Verifiable Indicators of Output 3) | | | |
| Modification 1 | 3.1 Developed training materials | <u>3.1 Training materials are developed.</u> | Rhetoric modification. |

| | Original | Modified | Reason for modification |
|----------------|---|---|--|
| Modification 2 | 3.2 Number of participants in training for Rules of Origin exceeds more than XX | 3.2 Number of participants in training for Rules of Origin exceeds more than <u>300</u> | Numerical goal is set, as there is an expectation that the Project holds 4 trainings per year for 3 years, and 25 officers participate in each training. |
| Modification 3 | 3.4 Number of participants for trainers' training for Rules of Origin exceeds more than XX | 3.3 Number of participants for trainers' training for Rules of Origin exceeds more than <u>30</u> | Numerical goal is set, as there is an expectation that a multiple officers join trainer's training from each of 13 State Customs. |
| Modification 4 | 3.5 Number of seminars conducted for importers/exporters/customs clearing agents exceeds more than XX | 3.4 Number of seminars conducted for importers/exporters/customs clearing agents exceeds more than <u>1</u> | Seminars to importers require advance knowledge of rules of origin. Thus Project expects to conduct the seminars in the final year of the project for twice. |
| Deletion1 | 3.3 Level of understanding of relevant officers in the customs | — | This is deleted because this indicator overlaps with the Output itself.。 |
| Addition 1 | — | 3.5 Common understanding for needs of Rules of Origin Training modules in AKMAL is proposed. | For ensuring sustainable framework of rules of origin after the Project is completed, proposing regular trainings at AKMAL is important. |
| Addition 2 | — | 3.6 Number and quality of verifications from state customs are improved. | Number and quality of verifications from State Customs show the capacity of the relevant officers. |