



PERSEKUTUAN PENGHANTAR FRET MALAYSIA

(FEDERATION OF MALAYSIAN FREIGHT FORWARDERS)

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

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

Date: 18/09/2021

058/FMFF/2021

Y.Bhg. Dato' Seri Mohamed Azmin Ali
Senior Minister
Minister of International Trade & Industry
MITI Tower, Level 30,
No. 7, Jalan Sultan Haji Ahmad Shah,
50480 Kuala Lumpur

Dear Y.Bhg. Dato' Seri,

Re: Bumiputra Equity for Customs licences

FMFF (Federation of Malaysian Freight Forwarders) which represents more than 1500 logistics companies wish to bring the above matter to your urgent attention and assistance.

As background information, MOF had in 2018 approved the following for renewal of Customs licences:

1. Customs licences registered before 1976 - no Bumiputra equity required
2. Customs licences registered after 1976 and before 1990 - 30% Bumiputra equity
3. Customs licences registered after 1990 - 51% Bumiputra equity
4. ILS Customs licences registered- no Bumiputra equity required.

In January 2021, MOF issued a letter to state that all Customs licences must comply with Bumiputra equity requirement, but no percentage of Bumiputra equity requirement was specified.

MOF letter added that local ILS companies must also comply with Bumiputra equity requirement while majority foreign-owned ILS companies and public listed companies were exempted from Bumiputra equity requirement.



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As no percentage of Bumiputra equity requirement was specified, FMFF had written to MOF for clarification. The latest reply from MOF was that MOF would engage with other Government agencies before coming to a decision on the matter.

It is already September 2021 and the deadline to comply is 31/12/2021. With no confirmation on the percentage of Bumiputra equity and also no decision from MOF on the issue, as per MOF's letter in January 2021, companies that do not comply with the Bumiputra equity requirement by 31/12/2021 would be cancelled.

This would be unfair to the affected companies as the final decision has yet to be made by MOF but the deadline to comply with unclear percentage of Bumiputra equity requirement is drawing nearer every day.

FMFF would also draw the attention of Y. Bhg. Dato' Seri to the following scenarios as per MOF's letter:

1. For ILS (integrated International Logistics Services) local companies, the local companies are required to comply with 51% Bumiputra equity requirement while majority foreign-owned ILS companies are not required to comply with the Bumiputra equity requirement. The decision makes no sense as it would favour foreign-owned ILS companies and stifle the growth and capacity of local ILS companies.

2. Logistics companies have slowly built up their businesses over a lengthy period as compared to other industries as the industry is fragmented and highly competitive. The sudden decision by MOF in 2021 for all Customs licences to comply with Bumiputra equity requirement (ostensibly 51%) would pose immense difficulties to the logistics companies.

It appears that companies would have no choice but would be compelled to sell 51% equity to Bumiputra investors.

The question is; within this short timeframe and difficult prevailing economic conditions, would there be Bumiputra investors wanting to buy over 51% equity?

Or would the Bumiputra investors prefer much more safer investments?



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And, if present logistics companies are compelled to sell a majority share to Bumiputra investors, it would mean that the Government is telling us to sell our business to Bumiputra or close down our business.

Selling 51% of the business also means that the present owner can no longer control and run his business.

As explained earlier, if we can't find Bumiputras to actually invest in the companies before the deadline of 31/12/2021, it means that all the logistics companies with Customs licences would close down. Has MOF considered such an outcome and is this what MITI, MIDA and MOT are aware of and in agreement?

Bumiputras are already in the logistics business and many logistics companies are 100% Bumiputra owned. Government have also given special incentives to Bumiputras in registration of MTOs under MOF to be involved in turnkey logistics services to the Government.

FMFF believe that in the present prevailing situation in the country, we seek the support and assistance of Y.Bhg. Dato' Seri to propose maintains the status quo decided by MOF in 2018 and extend the deadline to comply with the Bumiputra equity requirement to 31/12/2022, to have sufficient time to find an equitable solution to this issue.

FMFF express our sincere thanks to Y. Bhg. Dato' Seri for your attention to this matter.

Alvin Chua
President
FMFF



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CC:

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