

Dagang Net may cut rates for electronic trade deals

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DAGANG Net Technologies Sdn Bhd, the country's sole provider of Customs and trade facilitation solutions, may lower its rates this year to help users of its SMK-Dagang.Net system tide over the global economic crisis.

SMK-Dagang.Net lets users like exporters, importers, port operators, shipping agents and freight forwarders to declare and clear their goods and pay duties with all permit-issuing government agencies including the Royal Malaysian Customs electronically.

Its chief operating officer Zaharin Ali said talks are still ongoing between the government and Dagang Net over the proposed rate reduction, but that it could "possibly happen" this year.

"We were asked by the government to look into the possibility of lowering our rates to help users amid the current economic slowdown. We began talks with the government in the middle of last year," he told Business Times.

Dagang Net, a subsidiary of Time Engineering Bhd, needs to obtain the approval of the finance and international trade and industry ministries for any change in its service rates.

The company has been charging RM1.20 per kilobyte for usage of services on its SMK-Dagang.Net system since its inception in 1994.



Dagang Net began rate talks with the government in the middle of last year, says Zaharin.

"Our calculations have shown that a typical import document that is transmitted electronically through the SMK-Dagang.Net system would cost users about RM3 per shipment and an export document about RM2.50 per shipment," said Zaharin.

Users can also use Dagang Net's Kedai EDI (Electronic Data Interchange) to submit their electronic manifests to the Customs and other government agencies.

"For users who use our Kedai EDI services to transmit their manifests electronically, we charge a fee of RM22.50 per import or export document," he added.

About 90 per cent of electronic

trade transactions are executed by users and the rest through its eight Kedai EDI and 21 Dagang Net facilitation points, which are operated by third parties, across the country.

Like any other player in the market affected by the global economic crisis, Dagang-Net expects only marginal growth in revenue this year.

"We are still expecting a small profit this year. We have been profitable since six years ago," said Zaharin.

It posted revenue of RM74.6 million last year, up 8 per cent from RM68.9 million in 2007.

Zaharin said even though the company posted higher revenue,

its 2008 results were below its expectations due to a sudden drop in trade volume that he blamed on the crisis.

For 2009, it aims to increase revenue by expanding the coverage of its e-Manifest system to other ports. e-Manifest allows shipping agents and freight forwarders to send electronic messages to the respective authorities over the Internet.

So far, the system has gone live in Port Klang and Kuantan Port.

"The next ports we are pursuing in the first half of the year are Penang, Langkawi and Lumut and the rest of the ports in the country by the end of this year," said Zaharin.

Apart from e-Manifest, Dagang Net has also lined up several new services it plans to launch this year including the electronic preferential certificate of origin (EPCO) and pre-alert manifests.

"EPCO will be targeted at Malaysian exporters for cross-border transactions. They need to get this certificate from Miti to prove that their product is produced in Malaysia," he added.

It will also deploy its pre-alert manifest system targeted at air express operators in the country.

Today, 97 per cent of Dagang Net's revenue comes from handling electronic trade transactions and the rest from business solutions. It aims to achieve a balance of electronic trade transactions and business solutions in four years.