THE APPLICATION/OPERATIONS OF INTERNAL MARKETING WITH SPECIAL REFERENCE TO THE IMPLEMENTATION OF THE WORLD TRADE ORGANISATION (WTO) VALUATION AGREEMENT IN THE ROYAL CUSTOMS DEPARTMENT MALAYSIA, IN KUCHING, SARAWAK.

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ABSTRACT

This is a study on the problems faced by the Royal Customs Department Kuching, Sarawak (RCDKS), on the implementation of the World Valuation Agreement. It seeks to determine whether the Customs Officers are aware of the new Valuation Agreement. It also seeks to Determine whether the Customs officers are well- trained to implement the new WTO Valuation Agreement.

A sample size of 123 respondents were involved and selected form a total population of 180 Customs Officers from the two sections and on division. The respondents were given questionnaire to answer and the researchers also made personal observation and face-to-face interviews with some of the respondents.

The finding showed that there are some major problems faced by the Department in implementing the WTO Valuation Agreement. There include ;undervaluation of goods by the importers :; lack of staff/officers having technical expertise on WTO. Valuation Agreement ; and lack of facilities. In addition to the three major problems, the majority of the Customs Officers are well- trained in implementing the WTO Valuation Agreement. They are not satisfied with the training given by the Department. Majority (98.2 percents) Customs Officers preferred that the Department showed conduct more training on WTOVA for them. The findings also indicated that the majority of the Customs Officers are still not sure whether they are able to adapt and apply the new valuation systems.

Table of Contents

TITLE PAGE

Chapter 1.

INTRODUCTION

1.1 Introduction

The WTO Valuation Agreement was formally introduced in Malaysia on 1st January 2000 based on the transaction value with cost, insurance and freight (C.I.F) option. The Valuation Agreement was formally introduced after a five-year delay in the application of the Agreement. Before the implementation of the WTO Valuation Agreement in 2000 Malaysia had bee using or adopting the Brussels Defination of Valuation (BDV) based on the 1953 Convention on the Valuation of Goods for Customs purposes.

The principal method of valuation under the World Trade Organization Valuation Agreement (WTOVA) is the transaction value method. Transaction value (TV) is the price actually paid of payable for the goods when sold for export to the country of importation. It need to be adjusted by valuation factors which include; dutiable factor, like commissions, royalties, packaging, etc. and non-dutiable factors, like discounts, post-importation changes – inland transportation, etc.

Article VII of the GATT, 1994 lays down the main principal of Customs Valuation. Customs value should not be arbitrary, fictitious or based on value of indigenous goods. It should be real and based on the actual value of goods under import. The WTOVA recognizes that, to the greatest extent possible, the basis of Customs Value should be the transaction value. However, in all, it provide for six methods of valuation to be applied in a sequential order: -

1.   The Transaction Value Method;

2.   Comparative Value Method based on Transaction Value of Identical Goods;

3.   Comparative Value Method based on Transaction Value of Similar Goods;

4.   Deductive Value Method based on subsequent sale price in the importing country;

3

Review of the literature.

2.1 Concepts

2.1.1 Relationship Marketing

Gronroos (1994) refined the definition of Relationship Marketing, in which he described the objectives of Relationship Marketing(RM) as to:

Identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises.

No definition will ever be perfect and it may be that other ideas and concepts may in time also require inclusion. Christopher el al. (2001) described RM as "concern with exchange relationships between the organization and customer service are key linkages in this relationship.... The challenge for an organization is to bring these three critical areas into closer alignment".

Gordon; (1998) looked at RM from different dimensions, and these dimensions are as followers:

- RM seeks to create new value per customers and share it with these customers.

- RM recognizes the key role that customers have both as purchasers and in defining the value they wish to achieve.