



REPORT OF THE LOGISTICS AND TRANSPORT CONFERENCE TO EXCHANGE BEST PRACTICES ON REGULATIONS AND EXPERIENCES IN THE ASEAN REGION

10-11 December 2014, Ha Noi, Viet Nam

I. Background

As we are fully aware, logistics is critical to the ASEAN countries' export and import success and to the achievement of our vision of an ASEAN economic integration. Logistics costs now account for a significant portion of export costs, while export success is also determined by how much customer value can be created by delivering the goods to importers at the right place and at the right time. However, the logistics services in most ASEAN countries are still at their infancy state and in some cases highly fragmented and less internationally competitive. This is one major factor responsible for the slow progress in the implementation of commitments under the vision of ASEAN Economic Community. Domestic initiatives must be pursued to improve the ASEAN members' logistics capacity and level of competitiveness.

In most ASEAN Member States, to date, there is no dedicated institution overseeing logistics services, and there is a need to establish mechanism to properly manage and regulate this important sector. Learning the best practices on rules and regulations in logistic services from other countries would be the first to address the issue. Although the level of development in the logistics sector of some ASEAN Member States is higher than others, it is important to address the issue at the regional level to ensure seamless logistics services within the region in realizing the free flow of goods and services towards the objective of the ASEAN. The exchange of best practices in transport and logistics is seen as a step closer in the direction of attaining the single in ASEAN Coordinating Committee on Services to further liberalization in the transport and logistics sector in the ASEAN.

Thus, the Philippines submitted this project: "Logistics and Transport Conference to Exchange Best Practices on Regulations and Experiences in ASEAN" (Conference) in 2010 to the ASEAN Logistics and Transport Services Sector Working Group (LTSSWG). In 2013, the ASEAN Secretariat informed that the project was approved by the ASEAN and it will be funded by Japan-ASEAN International Fund (JAIF).

II. Objectives of the Conference

1. Better understanding of ASEAN Member States' policy makers of the best practices regulations and experiences in the logistics and transport services sector.
2. Lead to a better approach and action plan in the review of rules and regulations of logistics and transport service sectors for future ASEAN Framework Agreement on Services (AFAS) commitments.

III. Participants to the Conference



The said Conference was attended and participated by stakeholders and ASEAN Member States, as follows:

1. Delegates from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Thailand and Viet Nam;
2. ASEAN Secretariat;
3. Japan-ASEAN Integrated Fund (JAIF);
4. Lecturers, speakers and experts from Victoria University of Australia, Japan, and ASEAN Members: Indonesia, Thailand, Philippines, Malaysia and ASEAN Secretariat; and
5. Logistics and Supply Chain associations in Viet Nam

The list of participants appears as **ANNEX 1**.

IV. Opening Ceremony



H.E. Mr. Nguyen Van Cong
Vice Minister, Ministry of Transport

Mr. Arsenio F. Lingad II
Director, Overseas Shipping Service
Maritime Industry Authority

Dr. Hermione Parsons opened the logistics conference with the introduction of conference program and schedule, program objectives and housekeeping arrangements. Viet Nam, as the host, also briefed the conference on the logistic arrangements. Her presentation appears as **ANNEX 2**.

During the Opening Ceremony, Vice-Minister Nguy Van Cong from the Ministry of Transport, Viet Nam delivered the Welcome Address (***copy of the speech is attached as ANNEX 3***) while Director Arsenio F. Lingad II, from the Maritime Industry Authority, in behalf of Assistant Secretary Sherielysse R. Bonifacio of the Department of Transportation and Communications, Philippines delivered the Opening Message (***copy of the speech is attached as ANNEX 4***).

V. Conference Proper

Below are the topics/issues which were discussed during the Conference (***attached is the Agenda of the Conference as ANNEX 5***). The materials for these topics are uploaded to the [ASEAN Logistics Services Website](#).

Day 1- Wednesday, 10 December 2014

1. Issues and Discussions raised during Day 1

Institutional strengthening - the importance of open and competitive cross-border trade

- i. The Importance of supply chain connectivity to ASEAN trade performance and regional integration (*overview of the benefits of open and competitive logistics services and efficient supply chains to trade and economic growth*) - Dr. Poon Thiengburanathum from the Chiang Mai University
- ii. The extent of liberalisation of logistics services and the regulatory impediments to supply chain connectivity (*comparative review of the extent of liberalisation of logistics services and impediments to supply chain connectivity across representative ASEAN and global economies*)- Dr. Hermione Parsons from Institute for Supply Chain and Logistics, Victoria University, Australia.
- iii. Logistics services trade issues and reform in participating ASEAN economies (*presentation of the Final Report of Seminar and Conference on ASEAN Logistics Services*)
Mr. Michael Smith presented “*Approaches to reducing impediments, facilitating trade and improving supply chain connectivity*”. it explained the progress of a new innovation in logistic sector namely cold chain logistic and M-commerce as the next generation retail services.
- iv. Country Presentations

Five ASEAN Member States presented their progress in developing logistics services sector as follows:

- a. Indonesia: *Challenge of Regulations in Logistics and Transport* - Mr. Zaldy Ilham Masita
- b. Malaysia: *Reforming the Logistic Sectors* - Dr. Mazrina Mohd Ibramsah
- c. Philippines: *Roadmap of the Philippines Logistics* - to overcome critical issues in the Philippines (institutional connectivity, physical connectivity, people to people connectivity and safety & security as well as human resource). - Mr. Erich Lingad
- d. Thailand: *Multimodal Transport Act* - Ms. Kamolwan Kularbwong
- e. Viet Nam: “*Dry port development to promote transport connections and logistics in Viet Nam*” with the use of integrated planning and PPP arrangement. - Ms. Nguyen Thi Phuong Hien.

Day 2 - Thursday, 11 December 2014

2. Issues and Discussions raised during Day 2

Determining good and best logistics and transport regulatory practice

- i. Case Study 1: Towards regulatory best practice in facilitating trade and investment in logistics and transport services (*industry case study; describing the impact of efficient transport and logistics services for competitiveness*) – by Dr. Okan Duru.

- ii. Case Study 2: Behavioral Economics and Finance in the Transportation Industry Underline the difference between information-knowledge (know-how) and action-knowledge (know-why). It highlighted the use of logistics management with the advanced ICT infrastructure to support reliable logistics services. Both public and private entities should consider erroneous nature of stakeholders before establishing 'theoretically' well designed projects – by Ms. Satoko Suzuki
 - iii. Approaches to reducing impediments, facilitating trade and improving supply chain connectivity (*overview of multilateral approaches for trade liberalisation and facilitation and case studies of best practice in selected ASEAN and global economies*)
3. During this session, Member States were also requested to work within each country group and present their current achievement in logistics services. The summary of each country achievements appears as **ANNEX 6**.

ASEAN regulatory reform: conference outcome and conclusions

- i. Improving supply chain connectivity through liberalisation; policy options and approaches (*facilitated session to synthesise good/best practice and assess priority problem areas to be addressed, the nature of impacts and implementation management*) – by Mr. Zaldy Ilham Masita
 - ii. Progress with the implementation of ASEAN Strategic Transport Plan (*overview of the role in supply chain connectivity and its importance to ASEAN*) – by Mr. Beny Irzanto
4. As the last assignment, Member States were divided into 4 groups and were requested to work and present a list of recommendation of good practices that can be used to improve the rules and regulation related to logistics services and ASEAN connectivity. The 4 groups' recommendation appears as **ANNEX 7**.

VI. Recommendations

1. Following are recommendations came from the discussions:
 - a) To have an institutional arrangement in the government in logistics and transportation;
 - b) Mapping out the current regulations related to logistics (e.g. logistics connectivity in the ASEAN Economic Community Blueprint); identify the domestic regulations that effect the international/cross border trade; reviewing the current provisions, including customs;

- c) On a general level, AMS should set up an ASEAN National Logistics Coordination Council.
 - d) Simplifying internal procedures towards harmonization;
 - e) Study the security issues, trade facilitation and Information and Communications Technology (ICT);
 - f) Facilitation of goods in transit (hard and soft infrastructure) which includes the facilities and border check points, development of a paperless/electronic customs clearance system, load limit for vehicles, harmonization of regulations among AMS, and mutual recognition of vehicle technical specifications;
 - g) Enforce the implementation of the existing agreements which has been signed and ratified (e.g. ASEAN Framework on Facilitation of Goods in Transit (AFAFGIT), ASEAN Framework on Facilitation of Inter-State Transport (AFAFIST), ASEAN Framework on Multimodal Transport (AFAMT), among others; and
 - h) Enhance the support from the national and local governments for private sector's initiative to improve logistics and transport.
2. In addition, Dr Hermione Parsons gave a brief summary on the outcome of this conference:
- a) The business sectors especially for the big corporations will always continue to search for its markets in every part of the world, places for their market and for the supply (resources) with the least resistance/regulations. Therefore, in the future the global supply chain with no borders is inevitable.
 - b) With the development of ICT infrastructure, companies are able to offer a competitive and reliable logistics service.
 - c) For ASEAN, government should be able to open their mind to allow the above dynamics and ASEAN Single Window is a critical tool to work towards in developing the logistics services as part of ASEAN connectivity.

VII. Closing Ceremony

On the final day of the Conference on 11 December 2014, Viet Nam's Closing Remarks mentioned that the Conference will definitely contribute to the rules and regulations on ASEAN connectivity. He expressed his appreciation on the successful outcome of the Conference and thanked the AMS delegates, speakers/lecturers/experts, ASEAN Secretariat and the Japan-ASEAN Integrated Fund.

VIII. Conclusions

1. The two-day “Logistics and Transport Conference to Exchange Best Practices on Regulations and Experiences in ASEAN” (Conference) was a successful activity for the ASEAN Member States considering that the delegates were able to work together and come up with recommendations, as enumerated above in coming up with a better understanding of the best practices, regulations and experiences in the logistics and transport sector in each AMS, particularly the experiences shared by Indonesia, Malaysia, Philippines, Thailand and Viet Nam.
 2. It is emphasized that there is really a need for a better plan of action in the review of rules and regulations for logistics and transport sector, including the need for best practices in logistics and transport sector.
 3. The delegates of the Conference have commonality in the logistics and transport sector, which is how to improve connectivity among AMS.
 4. There is a need for the AMS to think of having an ASEAN National Logistics Coordination Council.
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