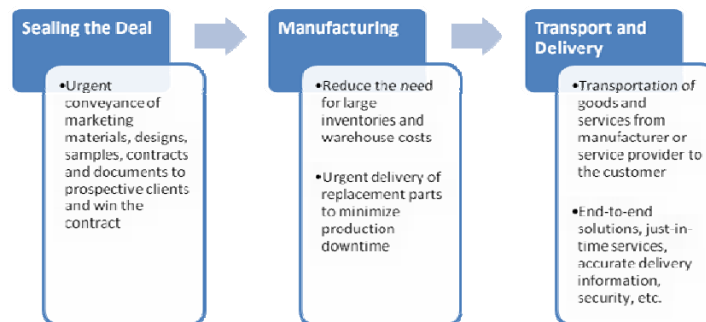


**REPORT OF THE SYMPOSIUM ON THE IMPLEMENTATION
OF THE ASEAN ROADMAP FOR LOGISTICS SERVICES INTEGRATION
TO THE POLICY DIALOGUE WITH ASEAN ECONOMIC MINISTERS
24 August 2010**

1. The Symposium on the Implementation of the ASEAN Roadmap for Logistics Services Integration on 22 August 2010 in Da Nang was organised by the Ministry of Industry and Trade of Viet Nam (MOIT), together with the Economic Research Institute for ASEAN and East Asia (ERIA), Conference of Asia Pacific Express Carriers (CAPEC), Vietnam Chamber of Commerce and Industry (VCCI), and the ASEAN Secretariat. The Symposium was attended by up to 200 participants from government, business and academia, representing all ASEAN members.
2. The objectives of the Symposium are to:
 - i. review the status of implementation of the ASEAN Logistics Roadmap and logistics-related commitments in the ASEAN Economic Community (AEC) Blueprint;
 - ii. identify the gaps in the implementation and recommend actions that ASEAN could usefully take to address them, including earmarking a number of agreements and measures for high-priority implementation; and
 - iii. identify priority areas for inclusion in the ASEAN Connectivity Master Plan to value add to existing agreements.
3. This report with recommendations is presented to ASEAN Economic Ministers at a policy dialogue on 24 August 2010.

Economic Benefits from Improved Logistics and Connectivity

4. The interconnectivity through international production and distribution networks, covers all value chains from production to markets. Value-chain connectivity therefore includes virtually all sectors of an economy in the globalizing world. Stronger value-chain connectivity refers to a deeper, wider sectoral coverage and inclusive economic integration. **Connectivity** is thus a critical aspect of ASEAN members' individual and regional competitive advantage in a global economy based on networks – the conduits for the flow of goods, services, capital, information and ideas around the world. Hence, logistics services enhance connectivity through the provision of value-added, door-to-door transport and timely delivery.



5. While hard infrastructure is important to support overall physical connectivity, equally important are enhancements in policy and facilitative actions to improve competitive logistics performance that can quickly benefit ASEAN. In a study done by the APEC Policy Support

Unit (2010), it was found that a 1% improvement in logistics performance and competitiveness could lead to an immediate 3% increase growth in exports.

6. Connectivity beyond ASEAN is also essential and the development of the Comprehensive Asia Development Plan (CADP) provides an overall approach in which well-planned development strategy and policy coordination will enhance the economic growth of the region and narrow the development gaps.

Implementation of ASEAN Logistics Roadmap and AEC Blueprint

7. Three key areas: (1) market access; (2) trade and customs facilitation; and (3) cross-border and multimodal transport are critical in the implementation of the Logistics Roadmap and ASEAN needs to keep pace with the deadlines in order to ensure effective implementation.

8. The ASEAN Logistics Roadmap identifies the 11 logistics services sectors for substantial liberalisation. The AEC Blueprint commits to “*remove substantially all restrictions on trade in services logistics services by 2013*”; and “*allow for foreign (ASEAN) equity participation of ... not less than 49% by 2008, 51% by 2010 and 70% by 2013 for logistics services*”. While not all ASEAN members have achieved these commitments for 2010, we commend the ASEAN members that have already met or exceeded the commitments for 2013 in advance. The progress in implementing the liberalisation of the Roadmap is attached in the Annex.

9. There are also instances of behind-the-border barriers from special licensing requirements and other domestic legislation, which in effect erode ASEAN efforts in market access liberalisation.

- i. Certain legal provisions put a cap on foreign ownership beyond 49%, including in logistics. Restrictions such as limitations on the area of operations to capitals and provinces with international airport or seaport exist.
- ii. Other examples include foreign ownership restrictions on “domestic transportation” that are applied to the contiguous domestic leg of international shipments.

10. There is a need to address behind-the-border barriers to market access by looking beyond “on paper” ratification of ASEAN commitments, and promote greater transparency in regulatory and licensing requirements.

General Recommendations:

- Establish a Business Sector Checklist to track progress including the 11 logistics services sectors identified in the ASEAN Logistics Roadmap, based on and preferably ahead of the timeline and targets committed in the AEC Blueprint. This should be accompanied by a study on the identification of behind-the-border barriers.
- Identify a central coordinating focal point/body in the government for logistics facilitation and liberalisation, with strong coordination capabilities, taking into account the need to prepare local companies to face competition.
- Need for a set of integrated logistics rules and regulations in ASEAN Member States.

Trade and Customs Facilitation

11. ASEAN's growing modern, higher value-add businesses increasingly rely on expedited deliveries of time-sensitive and cost efficient shipments as an integral part of the supply chain process. Yet, there are still a lot of customs restrictions in moving goods across borders. Inefficiencies in customs and transport can be roadblocks to integration into the global economy and severely impair export competitiveness or inflow of foreign direct investment.

12. There is an urgent need to improve trade at-the-border with simpler customs documentation procedures, adoption of electronic data interchange for customs declaration and clearance, adoption of risk assessment systems, reliance on post customs audits to expedite and facilitate cross-border services trade. However, ASEAN has been slow in implementing the trade and customs facilitation measures in the ASEAN Logistics Roadmap, although a number of initiatives have been undertaken.

13. These initiatives are: ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), ASEAN Framework Agreement on Multimodal Transport (AFAMT), ASEAN Framework Agreement on the Facilitation on Inter-State Transport (AFAFIST), Roadmaps for Integration of Air Travel Sector (RIATS), Roadmaps Towards an Integrated and Competitive Maritime Transport in ASEAN, ASEAN Air Cargo Processing Model and Roadmap for Integration on Logistics Services.

De Minimis

14. ASEAN can quickly improve customs clearance efficiency by adopting appropriate de minimis levels, allowing duties to be waived for low-value shipments and customs procedures to be simplified. It does not mean that governments forego their rights to police borders. Such shipments continue to be subject to inspection, detention or seizure if suspected to be illegal.

15. De minimis levels in the Asia Pacific region currently range from US\$0.20 (PHP10) in the Philippines, to US\$30 (THB1,000) in Thailand, US\$50 in Indonesia, US\$143 (MYR500) in Malaysia, US\$280 (SGD400) in Singapore, up to as high as US\$890 (AUD1000) per consignment in Australia. A number of ASEAN members do not have de minimis levels. In this regard, we commend countries like Vietnam for its plans to introduce a de minimis level and request that this be of sufficient value in order to have a beneficial impact on trade.

Supply Chain Security and the WCO SAFE Framework

16. A strong supply chain security is a critical and integral part of business. However, we are concerned with the proliferation of security programs that are often uncoordinated between countries and even within countries, resulting in increasing duplication and overlap. Various ministries/agencies, including Customs, are instituting their own programmes, requiring additional complex data requirements, onerous reporting, additional screening/inspections, etc.

17. ASEAN needs to adopt a better risk-management and cost-benefit approach to supply chain security to ensure that economic competitiveness is not eroded. The effectiveness of physical security controls is limited. Sharing intelligence is more important in targeting threats. An ideal supply chain security program should examine the whole delivery process from pick-up to delivery to see if it meets predetermined and objective measures of security in its totality, instead of simply adding stop-gap physical security measures at various stages between the pick-up and the delivery. An intelligence-based, threat-profiling approach to supply chain security standards is therefore vital to achieving the appropriate balance between risk management and trade facilitation.

18. We propose the establishment of a regional Authorised Economic Operator (AEO) programme, to avoid creating a spaghetti bowl of individual AEO programmes linked by bilateral mutual recognition agreements (MRAs). This would improve customs facilitation and supply chain security, while addressing the increasing duplication and overlap created by the proliferation of individual security programs.

19. In addition, there is a need for pre-arrival and departure clearance systems, including putting some clear conditions such as submission of documents 30 minutes before departure.

Recommendations:

- Earmark the following agreements and measures for high-priority implementation:
 - ASEAN Air Cargo Processing Model (by 2013 or earlier)
 - WCO Immediate Release Guidelines, including *de minimis* levels (by 2013 or earlier)
 - ASEAN Customs Transit System (by 2013 or earlier)
 - ASEAN Single Window (by 2015 or earlier)
- Establish an indicative common baseline *de minimis* level of US\$50 in ASEAN, and encourage individual ASEAN members to set higher *de minimis* levels above this baseline. An initial study should be undertaken by ASEAN on the costs so as to examine the implications and determine an appropriate *de minimis* level.
- Establish an ASEAN Authorised Economic Operator (AEO) programme to secure and facilitate regional and global trade.
- To facility clearance and inspection, need to implement appropriate technology including the use of Radio Frequency Identification Device (RFID) technology.
- Improvements to pre-arrival and departure customs clearance systems, augmented by electronic data interchange capabilities.
- ASEAN Transport Facilitation Working Group should ideally meet back-to-back with the Customs Procedure and Trade Facilitation Working Group.

Cross-Border and Multimodal Transport

20. Facilitating cross-border land and multimodal transport is critical for maximizing the efficiency of logistics services. Often, shipments would be transported into the ASEAN region by air and then further transported to neighbouring countries by land or sea. In the ASEAN region, such cross-border land and multimodal transport is hindered by: (1) the lack of seamlessness for trucks servicing supply chains throughout the ASEAN region; and (2) lack of harmonization and mutual recognition of documentation, procedures, and standards for inter-modal and multimodal transport of goods.

21. We are pleased to note the progress in cross-border and multimodal transport achieved by the ASEAN members Cambodia, Lao PDR, Myanmar, Thailand and Vietnam in the Greater Mekong Subregion through the Cross-Border Transport Agreement (CBTA). Commercial trucks from Lao PDR, Thailand and Vietnam are now be able to pick up and deliver goods in each other's territory without reloading under the Customs Transit Guarantee System (CTS), one of the mechanisms for implementing the CBTA.

Recommendations:

- Expedite the ratification by 2011 of:
 - ASEAN Framework Agreement on the Facilitation of Goods in Transit, including ratification of the protocols on Designation of Routes and Customs Transit System
 - ASEAN Framework Agreement on Multimodal Transport
 - ASEAN Framework Agreement on the Facilitation of Inter-State Transport
- Start to operationalise the implementation of the above-mentioned agreements in 2011 through pilot projects on transport facilitation and learning from best practices in other regions or sub-regions.

Public-Private Partnership

22. An effective public-private partnership forms the important bridge between government policies and business needs. We very much appreciate this policy dialogue between government, business and academia to review the implementation status of the ASEAN Logistics Roadmap and AEC Blueprint, identify priority issues for action and formulate recommendations for the ASEAN Connectivity Master Plan. In addition, the public-private collaboration is important to contribute to human resource development as well as joint projects in developing logistics infrastructure and services.

Recommendations

- Institutionalise an ASEAN public-private sector policy dialogue on logistics issues with an annual dialogue session at the sidelines of the SEOM/STOM meeting. In addition, national public-private sector forum needs to be held regularly for an exchange of views and to provide inputs to the government for policy formulation.
- Private sector to assist in providing information on best practices, advancements in technology, market developments and collaborate in human resource development which is the other main element of the Logistics Roadmap. This may include collaboration in developing national skills certification systems and core competencies on logistics service providers.
- Explore greater public-private partnerships in developing transport logistics infrastructure and the provision/operation of transport logistics facilities and services.

Conclusion

21. Connectivity is crucial to supporting the ASEAN Free Trade Area (AFTA) and helping the region sustain its recovery in the aftermath of the global financial crisis and economic downturn. We urge that the ASEAN Connectivity Master Plan value add to and expedite the implementation of the ASEAN Logistics Roadmap and the AEC Blueprint, and address **the important issues of market access, trade and customs facilitation, supply chain security and cross-border, inter-state, and multimodal transport** through clear measures, targets and timelines. We also encourage **effective public-private sector engagements** in policy formulation and implementation.