ASEAN Logistics Network Map and Keys for Success in Attracting Investment

Submitted by: Japan
Overview of Land Transport in ASEAN

View in the past: air and sea seen as major transport modes; land used only as contingency.

Progress in regional economic integration and improvements in hard infrastructure: increasing needs for more efficient transport for small volume and frequent shipping for better SCM.

View today: land transport has become a viable and advantageous option, being seen as “faster than sea and cheaper than air.”

However, practical information was lacking, and is needed by business sectors.

Ex.) How much can land transport shorten lead times?
   How does land transport compare to sea, in terms of cost?
   What are the possible issues with land transport (e.g., quality, punctuality, etc.?)?
Objectives: Clarification of the present situation of ASEAN’s logistics networks

- Identify issues and propose measures for their improvement
- Pass on comments from business sector to government bodies

Structure:

Survey of 8 priority routes
- Transportation modes: land, air and sea
- Areas examined: door-to-door costs, time and quality (risks)

AND

Logistics database (CD-ROM)
- Examines both hard & soft infrastructure
- User-friendly (web browser compatible)

Please visit JETRO Online Bookshop (http://books.jetro.go.jp/en/)

JETRO’s Trial Transport (Bangkok – Hanoi)

- Loaded trucks ran from Bangkok and Hanoi, meeting at Savannakhet, where containers were transshipped.
- In order to secure return cargos and thereby reduce costs, transport needs for both directions were synchronized

(Conducted in November 2007)
### Competitiveness of Land Transport (Bangkok – Hanoi)

- Compared to sea, land transport offers considerable time savings
- Main issue is cost, due to difficulty in securing return cargo

**Time**
- Sea (213 hrs.) > Road (74 hrs.) > Air (29 hrs.)

**Costs**
- Air (USD 69,910) > Road (USD 5,500) > Sea (USD 2,910)
  (for 40-ft. container or 30 tons of cargo)

In terms of time, land transport enjoys advantage over sea and is favorable in comparison with air; high cost, however, remains an issue.

*Notes: 1) it is rare to ship 30 tons of cargo by air; 2) cost of road transport estimated on “without return cargo” basis.

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### Estimation of Improvement: Cost

Cost (USD) per 30 tons by road transport

- **Without return cargo** (roundtrip cost: current transport charges)
- **With return cargo** (trial transport basis)

USD 2,750—level competitive with sea transport!

The most effective way to reduce costs is to secure return cargo; the second is to improve loading rates through LCL* (consolidation).

*LCL: Less-than-Container Load
**Estimation of Improvement: Time**

Single Stop Service at borders is the most effective for saving time.

**Keys for Success for Land Transport (Bangkok – Hanoi)**

**Costs**
- Boost cooperation among carriers and information sharing among shippers to promote "collaborative transport"
- Improve institutional frameworks for LCL, support backup service operators at borders
- Build freight distribution centers near borders to adjust cargo volumes
- Deregulate corporate market entry restrictions
- Promote “Green Logistics” skills

**Time**
- Expedite customs clearance
  - Fully implement “Single Window & Single Stop Service”
  - Extend service hours of customs
  - Adoption of Authorized Economic Operator Systems
- Mutual entry of trailer, in order to eliminate the usage of cranes for transshipment of containers
- Introduce GPS cargo monitoring system

**Quality**
- Develop human resources in logistics
- Introduce equipment for proper handling of materials
- Mutual entry of trailer, in order to eliminate the usage of cranes for transshipment of containers
- Add warehouses, better roads, street lights, etc.
Actual Examples Involving the Keys for Success

• Distribution Center for LCL
  -A Japanese logistics service provider invested in Savannakhet.
  -The company built warehouses near border, enabling them to adjust cargo volumes.
  -Because the firm could utilize LCL, it was able to keep prices down.

• Logistics Qualification System Program (LQSP)
  The Thai National Shipper’s Council started a logistics training program, supported by JETRO and the Japan Institute of Logistics System (JILS), to develop logistics human resources.

Thank you very much for your kind attention!

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Asian Cooperation Division,
Trade and Economic Cooperation Department
Japan External Organization (JETRO) TEB@jetro.go.jp
Appendix

Reference Materials

- Introduction of JETRO
- Introduction of “ASEAN Logistics Network Map”
- Trial Transport between Bangkok and Hanoi
- Introduction of JETRO’s Projects Now

Introduction of JETRO

- JETRO (Japan External Trade Organization) is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world, originally established in 1958. ([http://www.jetro.go.jp/](http://www.jetro.go.jp/))

- JETRO has been conducting studies on logistics environment in ASEAN and India since 2006 as one of the important factors of investment conditions.

- Not only studies, JETRO also has been conducting projects to support improvement of logistics management for business sectors in ASEAN, to support ASEAN Economic Integration through industrial competitiveness of ASEAN.
**Introduction of “ASEAN Logistics Network Map”**

**“ASEAN Logistics Network Map” study by JETRO**

**Objectives:** Clarification of the present situation of logistics network in ASEAN

- To identify bottlenecks and to propose measures for improvements
- To carry business sectors’ needs to administrative bodies

**Structure:**

- Route survey for 8 priority routes
  - Transportation mode: land, sea, air
  - Door-to-door cost, time and quality (risk) are analysed by each phase of transport process

AND

- Logistics database (CD-ROM)
  - Hard infrastructure & Soft infrastructure
  - User-friendly (works on web browser)

Please visit “JETRO Online Bookshop” (http://books.jetro.go.jp/en/)
**Route survey: Surveyed Routes**

**Selected by Business Sectors’ interests in ASEAN and Japan**

Route 1: Thailand - Malaysia – Singapore
Route 2: Thailand - Laos - Vietnam (Hanoi) (part of EWEC)
Route 3: Vietnam - South China
Route 4: Thailand - Myanmar (part of EWEC)
Route 5: Thailand - Cambodia - Vietnam (Ho Chi Minh City)
Route 6: Singapore - Indonesia
Route 7: Thailand - Philippines
Route 8: ASEAN - India

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**Route survey: Data Sample 1**

**Transportation Time of Steel Wire from China to Vietnam by Air (Data resource: Logistics service provider)**

In this sample, the import custom clearance in Vietnam takes most of the time, and it diminishes the merit of air transport.
In this sample, the domestic transportation cost in Philippines holds the largest share, while customs clearance also costs much in both countries.

Database: Collected Information

- **Basic Information**: Basic Information, Intra ASEAN Trade, Development Projects, Population Density, Dangerous Areas, etc...
- **Road Information**: Major Road Network, Basic Information, Traffic Volume, No. of Lanes, Surface Condition, Vehicle Capacity Ratio, etc...
- **Port Information**: Major Port Location, Basic Information, Lead time to Major Ports, Container Movement, Freight Rate, etc...
- **Air Port Information**: Major Air Port Location, Frequency of Flight, Lead time to Major Air Ports, etc...
- **Railway Information**: Railway Network, Basic Information
- **Regulations/Procedures**: Custom Procedures, EDI, Legal System, Logistics Education, etc...
- **Logistics Column**: Hot Issues concerning Logistics in ASEAN
Database: Screen Layout

Select Country

Ex. Frequency of Flight from Philippines to Major Airports in ASEAN region

Database: Sample Maps 1 (Each Country)

User-friendly (works on web browser)
Easy to compare logistics environment of each country
Database: Sample Maps 2 (ASEAN Wide)

Data collection from private companies’ point of view
Most of the data are visualized as maps, so that users can grasp image easily.

Questionnaire to Japanese enterprises

The number of effective answers is 94.

In this questionnaire, we asked about the following as items related to route survey of this time.

i) Countries with problems on logistics routes in ASEAN region used in daily business (top three countries chosen among ten countries)

ii) Policy problems in the countries concerned (up to three items chosen)

Choices of policy problems

- Improvement and maintenance of soft infrastructure
  - Improvement and maintenance of soft infrastructure
  - Reforms of existing laws
  - Ensuring transparency of standards/ regulations
  - Building up fair entry opportunity
  - Easing of regulations
  - Evaluation/certification system of logistics businesses
  - BPR, such as customs procedures
  - Electronic customs clearances/ permission
  - Truck passport system
  - Reviews of traffic regulations in cities
  - Building Load Matching System
  - Logistics staff training by public organizations

- Improvement and maintenance of hard infrastructure
  - Building roads (including maintenance)
  - Building railroads (including maintenance)
  - Building logistics facilities in cities
  - Capacity growth of airports/ports, improvements of circulations
  - Building logistics facilities for logistics
  - Standardization (pallets, returnable box, information system, etc.)
**Result of Questionnaire: 1**

Countries in question on the logistics route within the ASEAN area

In the beginning, concerning 1), we allocate 5 points, 3 points and 1 point to the first, the second and the third county, respectively and total points calculated for each country are indicated in the Figure.

![Map showing logistics priorities in ASEAN countries](image)

**Vietnam as No.1.**

High expectations of Japanese enterprises based in Vietnam?

**Result of Questionnaire: 2**

Problems in 4 countries on the East-West Corridor

- Problems of four countries (Thailand, Vietnam, Cambodia and Laos) related to two routes (2 and 5) in the East-West Corridor, to which improvement needs for international logistics are the highest, will be shown as a radar chart.

![Radar chart showing logistics issues](image)
Problems in the North-South Corridor

- Shown in a Figure below is a radar chart of problems requested for two countries (Thailand and Malaysia) related to North-South Corridor Route 1.

- As to Thailand, requests for soft infrastructure such as BPR of customs clearance, deregulation and clarification of rules and standards were evident. Though this tendency is the same for Malaysia, the absolute number is smaller than that of Thailand.
JETRO’s Trial Transport (Bangkok~Hanoi)

- Loaded trucks ran from Bangkok and Hanoi, meeting at Savannakhet, where containers were transshipped.
- In order to secure return cargos and thereby reduce costs, transport needs for both directions were synchronized.

(Conducted in November 2007)
### Issues claimed on Land Transport (Bangkok～Hanoi)

<table>
<thead>
<tr>
<th>Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulties in securing Return Cargo due to imbalanced trade volume</td>
<td></td>
</tr>
<tr>
<td>Difficulties in consolidation by LCL (Less than Container Load) due to absence of Back up system in transit countries</td>
<td></td>
</tr>
<tr>
<td>Market entry restriction (Licenses, Approvals, etc)</td>
<td></td>
</tr>
<tr>
<td>Transshipment cost</td>
<td></td>
</tr>
<tr>
<td>Insurance Premium</td>
<td></td>
</tr>
<tr>
<td>Insufficient “Green Logistics” for cost reduction (Eco-Driving, Utilization of Returnable Containers, etc)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited operating hour of customs</td>
<td></td>
</tr>
<tr>
<td>Insufficient implementation of SSS (Single Stop Service) and SWS (Single Window Service) on site</td>
<td></td>
</tr>
<tr>
<td>Difficulties in predicting custom clearance schedule</td>
<td></td>
</tr>
<tr>
<td>Difficulties in tracing of moving cargo (absence of sufficient system such as GPS monitoring system)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Damage risk in cargo handling especially in transshipment at the borders (absence of skilled worker, proper material handling equipment)</td>
<td></td>
</tr>
<tr>
<td>Surface condition of road, lack of street lights, etc</td>
<td></td>
</tr>
</tbody>
</table>

### Competitiveness of Land Transport (Bangkok – Hanoi)

- Compared to sea, land transport offers considerable time savings
- Main issue is cost, due to difficulty in securing return cargo

#### Time

- Sea (213 hrs.) > Road (74 hrs.) > Air (29 hrs.)

#### Costs*

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  (for 40-ft. container or 30 tons of cargo)

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*Notes: 1) it is rare to ship 30 tons of cargo by air; 2) cost of road transport estimated on “without return cargo” basis.
**Door-to-door Time estimation method**

<table>
<thead>
<tr>
<th>Country</th>
<th>Thailand</th>
<th>Lao PDR</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Bangkok</td>
<td>Mukdahan</td>
<td>Savannakhet</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Movement of Trucks and Containers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Bangkok to Hanoi (east bound)</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>Hanoi to Bangkok (west bound)</td>
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<td></td>
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</tbody>
</table>

**Estimation of Improvement: Time**

Thailand | Lao PDR | Vietnam
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**Transport Process**

*Single Stop Service at borders* is the most effective for saving time.
## Door-to-door Cost estimation method

<table>
<thead>
<tr>
<th>Country</th>
<th>Node/Link</th>
<th>Functions</th>
<th>Basic elements of cost</th>
<th>Conditions</th>
<th>cost(US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>Bangkok</td>
<td>Loading</td>
<td>1)Road transport charge</td>
<td>Transport charge includes loading charge</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>~ Mukdahan</td>
<td>Road Transport</td>
<td></td>
<td>Distance: 700km</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unit cost: setting 1US$/km</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Transport charge: 700US$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mukdahan</td>
<td>Export custom</td>
<td>3)Document fee</td>
<td>200US$</td>
<td>200</td>
</tr>
<tr>
<td>Laos</td>
<td>Savannakhet</td>
<td>Road Transport</td>
<td></td>
<td>Distance: 250km</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>~ Den Savan</td>
<td>Transshipment fee</td>
<td>2)Transshipment fee</td>
<td>Setting 100US$ (in the case using crane):</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unit cost: setting 1US$/km</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Transport charge: 250US$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Den Savan</td>
<td>Transit custom</td>
<td>3)Document fee</td>
<td>200US$</td>
<td>200</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Lao Bao</td>
<td>Road Transport</td>
<td>1)Road transport charge</td>
<td>Transport charge including loading</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>~ Hanoi</td>
<td></td>
<td></td>
<td>Distance: 700km</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unit cost: setting 1US$/km</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Transport charge: 700US$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hanoi</td>
<td>Unloading</td>
<td>Transport charge includes unloading charge</td>
<td></td>
<td>200</td>
</tr>
</tbody>
</table>

Cost of each phase of transportation is estimated under conditions above. Total cost will be doubled (5,500USD) if no return cargo by chartered service.

## Estimation of Improvement: Cost

The most effective way to reduce costs is to secure return cargo; the second is to improve loading rates through LCL* (consolidation).

*LCL: Less-than-Container Load
Example of Door-to-door Quality estimation method

In case of careful transport with container transshipment by high-level truck drivers and staffs for material handling, the shock level is the same as expressways in Japan.

Source: JETRO’s trial transport on EWEC

Keys for Success for Land Transport (Bangkok – Hanoi)

Costs
- Boost cooperation among carriers and information sharing among shippers to promote “collaborative transport”
- Improve institutional frameworks for LCL, support backup service operators at borders
- Build freight distribution centers near borders to adjust cargo volumes
- Deregulate corporate market entry restrictions
- Promote “Green Logistics” skills

Time
- Expedite customs clearance
  - Fully implement “Single Window & Single Stop Service”
  - Extend service hours of customs
  - Adoption of Authorized Economic Operator Systems
- Mutual entry of trailer, in order to eliminate the usage of cranes for transshipment of containers
- Introduce GPS cargo monitoring system

Quality
- Develop human resources in logistics
- Introduce equipment for proper handling of materials
- Mutual entry of trailer, in order to eliminate the usage of cranes for transshipment of containers
- Add warehouses, better roads, street lights, etc.
General Issues on Land Transport (Behind the Border)

**Major issues (Above: issues of routes under developing, Below: situation of developed routes such as BGK-KL-SPR)**

<table>
<thead>
<tr>
<th>Major issues</th>
<th>Cost</th>
<th>Time</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-1: High (sometimes double cost) due to imbalanced trade volume</td>
<td>T-1: Risk of delay due to traffic condition, lack of monitoring system of cargo</td>
<td>Q-1: Risk of cargo damage due to manual handling by unskilled workers without proper material handling equipment</td>
<td></td>
</tr>
<tr>
<td>C-2: Packing cost &amp; insurance premium due to risk of cargo damage</td>
<td>T-1: Risk of delay due to traffic condition, lack of monitoring system of cargo</td>
<td>Q-2: Risk of cargo damage due to road and traffic condition</td>
<td></td>
</tr>
<tr>
<td>C-3: High cost due to low loading rate, lack of LCL system and its back-up</td>
<td>Issue above has been tackled in developed routes. Isuing C/O is still not quick enough. There is issue on custom broker appointment system.</td>
<td>Issues above has been tackled in developed routes. Truck theft sometimes occur when truck is loading high-value goods.</td>
<td></td>
</tr>
</tbody>
</table>

Issues above have been tackled in developed routes. “Green logistics” is new issue. (energy saving by eco-driving, usage of returnable unit)

General Issues on Land Transport (At the Border)

**Possible measures (Above: measures can be tackled with short term, Below: measures can be tackled with long term)**

<table>
<thead>
<tr>
<th>Possible measures</th>
<th>Cost</th>
<th>Time</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-1: Collaborative transport</td>
<td>T-1: Improvement of traffic control</td>
<td>Q-1: Human training on logistics professionals</td>
<td></td>
</tr>
<tr>
<td>C-3: Building up institutional framework for LCL</td>
<td>T-1: Introduction of monitoring system of cargo/vehicle</td>
<td>Q-1: Introduction of proper material handling equipment</td>
<td></td>
</tr>
<tr>
<td>C-3: Deregulation of market entry restriction for forwarder</td>
<td>T-1: Improvement of traffic control</td>
<td>Q-2: Improvement of traffic control</td>
<td></td>
</tr>
<tr>
<td>C-3: Promoting Green logistics</td>
<td>T-2: Mutual entry of trailer without crane handling or manual handling</td>
<td>Q-2: Traffic safety facility development (signals, guardrails….)</td>
<td></td>
</tr>
<tr>
<td>C-1: Balancing trade by development of production network</td>
<td>T-3: Mutal entry of trailer without crane handling or manual handling</td>
<td>Q-2: Traffic safety facility development (signals, guardrails….)</td>
<td></td>
</tr>
<tr>
<td>C-2: Road development</td>
<td>T-3: Waiting time for custom opening</td>
<td>Q-3: Human training on logistics professionals</td>
<td></td>
</tr>
<tr>
<td>C-3: Implementation of GMS/CBTA</td>
<td>T-4: Long custom processing time</td>
<td>Q-3: Mutual entry of trailer without crane handling or manual handling</td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-5: Long physical inspection time</td>
<td>Q-3: Implementation of GMS/CBTA</td>
<td></td>
</tr>
<tr>
<td>Transshipment is still issue even in some developed routes.</td>
<td>T-2: Mutual entry of trailer without crane handling or manual handling</td>
<td>Q-3: Human training on logistics professionals</td>
<td></td>
</tr>
<tr>
<td>Transshipment is still issue even in some developed routes.</td>
<td>T-3: Waiting time for custom opening</td>
<td>Q-3: Mutual entry of trailer without crane handling or manual handling</td>
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</tr>
<tr>
<td>Transshipment is still issue even in some developed routes.</td>
<td>T-4: Long custom processing time</td>
<td>Q-3: Implementation of GMS/CBTA</td>
<td></td>
</tr>
<tr>
<td>Risk of cargo damage in transshipment is still issue even in some developed routes.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Possible measures (Above: measures can be tackled with short term, Below: measures can be tackled with long term)

<table>
<thead>
<tr>
<th>Possible measures</th>
<th>Cost</th>
<th>Time</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-4: Development of distribution center</td>
<td>T-2: Flexible business hour of custom</td>
<td>Q-3: Development of transshipment facilities</td>
<td></td>
</tr>
<tr>
<td>C-4: Implementation of GMS/CBTA such as single inspection and single window</td>
<td>T-3: Flexible business hour of custom</td>
<td>Q-3: Implementation of GMS/CBTA such as exchange of traffic right</td>
<td></td>
</tr>
<tr>
<td>C-4: Development of transshipment facilities</td>
<td>T-4: Usage of “advanced notice custom system”</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-5: Improvement of operation of HS code</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-2, T-3, T-4, T-5: Implementation of GMS/CBTA such as single stop inspection and single window</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T-2, T-3, T-4, T-5: Implementation of GMS/CBTA such as single stop inspection and single window</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### General Issues on Land Transport (Across the Border)

**Major issues (Above: issues of routes under developing, Below: situation of developed routes such as BGK-KL-SPR)**

<table>
<thead>
<tr>
<th>Cost</th>
<th>Time</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-6: Waiting time for custom office opening</td>
<td>T-7: Mutual entry of vehicle</td>
<td>Q-5: Using cross-river by ship, risk of cargo damage</td>
</tr>
<tr>
<td>T-8: Using cross-river by ship, waiting time for ship schedule</td>
<td>T-6, T-7 is still issue in some developed routes.</td>
<td></td>
</tr>
</tbody>
</table>

### Possible measures (Above: measures can be tackled with short term, Below: measures can be tackled with long term)

**Short term**

- T-6: Harmonization of business hour of custom office
- T-8: Coordination of ship schedule
- T-7: Implementation of GMS/CBTA on exchange of traffic right, mutual recognition of transport operator, vehicle specification, road and traffic condition etc.

**Long term**

- T-6, T-7 is still issue in some developed routes.
- T-8: Development of bridge
- Q-5: Development of bridge

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### Example of Hard Infrastructure Development in GMS

**Greater Mekong Sub region Program by Asian Development Bank (ADB)**

- It is a regional development supporting project which started in 1992 by ADB.
- Supporting for Thailand, Cambodia, Lao PDR, Myanmar, Vietnam, South of China.
- The role of ADB: 1. Financial aid, 2. Secretariat's function, 3. Advisory function by experts
- Focus on Transportation Infrastructure
  - Economic Corridor
  - Cross Boarder Transport Agreement
- 11 Flagship Project
  - i. North-South Economic Corridor
  - ii. East-West Economic Corridor
  - iii. Southern Economic Corridor
  - iv. Telecommunications Backbone and Information and Communications Technology
  - v. Regional Power Interconnection and Trading Arrangements
  - vi. Facilitating Cross-Border Trade and Investment
  - vii. Enhancing Private Sector Participation and Competitiveness
  - viii. Developing Human Resources and Skills Competencies
  - ix. Strategic Environmental Framework
  - x. Flood Control and Water Resource Management
  - xi. GMS Tourism Development

This transport agreement is prepared by ADB based on present related international institution from 1996. And ADB was negotiating with related countries. As the results, an original agreement for crossing the frontier between Laos, Thailand and Vietnam to facilitate cross border trade in goods and services was ratified at November of 1999. After that, Cambodia and Myanmar and China entered the member of this agreement and agreed and ratified until 2003.

There are agreements between two or three countries apart from CBTA.

CBTA includes 44 act and 20 Annex and Protocol. After 2004, the agreement of 20 Annex and Protocol was held and now is under process for ratification.

After 2006, in order to apply the possible program in possible place, the setting of high priority 2 points (Mukdahan/Savannakhet, Den Savan/Lao Bao) including 2nd friendship bridge and 7 cross border points (both side means 14 points) was held and recently the speed up of related development is seen.

After the ratification, each country needs to harmonize its system to domestic system.

It relates many aspects of cross-border transport.

- The promotion cross-border movement of goods
- Single Stop, Single Window Inspection
- Harmonization and integration of system
- Mutual entry
- Junction transportation
- Cross-border movement of people

Example of Soft Infrastructure Development in GMS

The MOU signed by Thai, Lao, Vietnamese Ministries of Traffic in August 23rd 2007

Single Window Inspection
Custom, Quarantine, and Immigration shall be carried out jointly and simultaneously.

Single Stop Inspection
At the border facilities in Common Control Area, officials of the two countries carry out inspections jointly.

Exchange of traffic rights
Transport operators operate each other (The mutual entry of the vehicle and the mutual recognition of the driving license are provided apart from it ).
Single Stop, Single Window Inspection

A country (Den Savan, Lao PDR)

C-A, C-B  Q-

Physical Inspection
Common Control Area

C-A  Q-A  I-A

Document

C-B  Q-B  I-B

Export, Transit Cargo

B country (Lao Bao, Vietnam)

Export, Transit Cargo

C-A, C-B  Q-

Physical Inspection
Common Control Area

Document

I-B  Q-B  C-B

I-A  Q-A  C-A

As Necessary

Legend:
C: Custom
Q: Quarantine
I: Immigration

Introductions of JETRO’s Projects Now

Den Savan/Lao Bao
Toward Improvement of Logistics Performance

**Improvement of Average Speed**
- Maintenance and development of hard infrastructure
- Simplify export & import procedures, etc.
→ Improvement by public sector

**Improvement of Cost per Ton-Kilometer**
- Building up institutional framework
- Encourage a competitive environment
- Improvement of logistics management skills, etc
→ Improvement by both public & private sector

**Improvement of Transport Quality**
- Maintenance and development of hard infrastructure
- HRD in logistics related officers
- HRD in logistics related staffs (*Genba Kaizen*), etc.
→ Improvement by public & private sector

**Policy Recommendations**

**Logistics Facilitation**

**Business Sectors in ASEAN**

Studies are not enough to achieve goal.

JETRO is also conducting supporting projects to make concrete improvements focusing on HRD.

- HRD in logistics management especially for shippers
- “Green Logistics” to reduce energy consumption and CO2 emission
- Capacity building in logistics management for related agencies in CLMV to narrow gaps through enhanced industrial accumulation
JETRO's “Action” for supporting HRD

The factors for realization of seamless logistics network

(Development of road, railway, port, airport, communication environment, & etc)

Hard Infrastructure

Logistics System

Law & Regulations

(Improvement of traffic & trade regulation)

Soft Infrastructure

Human Resource Development

Customs clearance procedures

(Perform export & import procedures)

Public Sector

(Training customs officer & governmental officer)

Business (Private) Sector

Shipper Companies

JETRO supports human resource development in logistics management especially for shippers

JETRO’s “Action” for supporting HRD

Logistics Stage & Importance of Logistics Human Resource

[Stage 1]
Better Logistics Service for Improvement of Investment condition, to promote FDI (Shippers)

[Stage 2]
Better Logistics Management for Shippers as well as Better Logistics Service for Providers

[Stage 3]
Better Logistics Management both Shippers & Logistics Service Provider as a Hub Country in the Region, and for Realization of Social Logistics

Shipper Companies

Logistics Service Providers

Green Logistics

Introduction of Logistics Concept

Logistics Management

Industrial Accumulation

JETRO Project

Myanmar
Cambodia
Lao PDR
Vietnam
Philippine
Indonesia
Brunei
Malaysia
Thailand
Singapore
Our Network which we’re proud of

<table>
<thead>
<tr>
<th>Network: “ASEAN – wide Logistics Forum” (Network by business and academic sectors between ASEAN and Japan)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong>: Japan External Trade Organization (JETRO), Japan Institute of Logistics Systems (JILS)</td>
</tr>
<tr>
<td><strong>Cambodia</strong>: Cambodia Freight Forwarder Association (CAMFFA)</td>
</tr>
<tr>
<td><strong>Indonesia</strong>: Indonesia Chamber of Commerce and Industry (KADIN), Indonesia Logistics Association (ALI), Indonesia National Shippers’ Council (INSC)</td>
</tr>
<tr>
<td><strong>Lao PDR</strong>: Lao National Chamber of Commerce and Industry (LNCCI), Lao International Freight Forwarders Association (LIFFA)</td>
</tr>
<tr>
<td><strong>Malaysia</strong>: Federation of Malaysian Manufacturers, Federation of Malaysian Freight Forwarders</td>
</tr>
<tr>
<td><strong>Myanmar</strong>: Myanmar International Freight Forwarders’ Association (MIFFA), Union of Myanmar Federation of Chambers of Commerce &amp; Industry (UMFCCI), Myanmar Custom Brokers Association (MCBA)</td>
</tr>
<tr>
<td><strong>Philippines</strong>: Philippines Chamber of Commerce and Industry (PCCI), Supply Chain Management Association of the Philippines (SCMAP), Centre for Research and Communication (CRC), University of the Philippines School of Urban and Regional Planning (UP-SURP)</td>
</tr>
<tr>
<td><strong>Singapore</strong>: National University of Singapore (NUS) Centre for Maritime Studies (CMS)</td>
</tr>
<tr>
<td><strong>Thailand</strong>: Thai National Shippers’ Council (TNSC), Thai Federation on Logistics (TFL)</td>
</tr>
<tr>
<td><strong>Vietnam</strong>: Vietnam Chambers of Commerce and Industry (VCCI)</td>
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</tbody>
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**Supporters (data resources, data sharing …)**
- Government of Japan (METI, MLIT, MOF, MOFA), JICA, JBIC, Economic Research Institute for ASEAN and East Asia (ERIA), ASEAN Secretariat, Asian Development Bank (ADB), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)