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Transborder Control and Optimal Transborder Logistics Final Report

APEC Transportation Working Group

APEC Committee on Trade and Investment

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APEC PROJECT
Transborder Control and Optimal Transborder Logistics TPT 06/2010:

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Content

1. Abstract

Today APEC Member economies pay a lot of attention to holistic approaches to logistics, especially transborder transport flows. New transport, managerial and information technologies should enforce trade in APEC region in case of coordinated integration of modern approaches. However, there is a number of challenges in the fields of logistic services optimization as well as government and industry transactions, the vital ones were identified as Chokepoints in APEC Supply-Chain Connectivity Framework (Nov2009). The proposed project seeks to address issues in Chokepoints 1, 4 and 6. These issues are transparent and effective collaboration of business and government bodies inside each APEC Member economy as well as “across the border”.

This report is an outcome of APEC project numbered TPT 06/2010.

Keywords: agency coordination, APEC, Single Window, supply chain connectivity, optimal transborder logistics, transborder trade facilitation.

2. List of Abbreviations

ACE	Automated Commercial Environment
AEO	Authorized Economic Operator
ACN	Association for Cooperation with Nations of Asia and the Pacific Region
ADB	Asia Development Bank
AQIS	Australia Quarantine and Inspection Service
AIMS	AQIS Import Management System
ALTA	Latin American Association of Air Transport
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
B2B	Business-to-Business trade
B2G	Business-to-Government transactions
BNSP	National Board of Professional Certification
CATS	Customs Advanced Trade System
CBP	Customs and Border Protection
CBSA	Canada Border Services Agency
CBTA	Cross Border Transport Agreement
CCA	Custom Controlled Area
CDRP	Commercial Driver Registration Program
CEPA	Closer Economic Partnership Arrangement
CTI	[APEC] Committee on Trade and Investment
CSA	Customs Self Assessment
CREW	Computerisation of REcord for CREW Clearance System
C-TPAT	Customs-Trade Partnership Against Terrorism program
DIT	Direct Trader Input
DTTN	Digital Trade and Transportation Network System
EFT	Electronic Funds Transfer
e-Commerce	Electronic Commerce
ECOTECH	[APEC] Economic and Technical Cooperation
ECSG	[APEC] E-Commerce Steering Group,
EDI	Electronic Data Interchange
EIPA	Export and Import Permits Act
EPC	Electronic Port Clearance
ERP	Enterprise Resources Planning
EU	European Union
FID	Formal Import Declarations
FAST	Free and Secure Trade
FTA	Free Trade Agreement
IAP	Individual Action Plan
ICS	Integrated Cargo System
JBMS	joint border management system
JICT	Jakarta International Container Terminal
GDP	Gross Domestic Product
GETS	Government Electronic Trading Service
GMS	Greater Mekong Sub-region

GTS	Global Trade Server
ICC	International Chamber of Commerce
ICT	Information and Communication Technologies
IMO	International Maritime Organization
ISPS	International Ship and Port Facility Security Code
IT	Information Technologies
KCS	Korea Customs Service
KLIA	Kuala Lumpur International Airport
LAP	Lima Airport Partners
LPI	Logistics Performance Index
MAF	Ministry of Agriculture and Forestry, New Zealand
MLIT	Ministry of Land, Infrastructure, Transport and Tourism, Japan
MPTF	Master Plan for Trade Facilitation
NAFTA	North American Free Trade Agreement
NCT	National Coordinating Team
NILITS	National Integrated Logistics and Intermodal Transportation System
NIU 2010	National Infrastructure Plan
NLB	National Logistics Blueprint
NSW	National Single Window
NECS	National Electronic Commerce System
OAA	Osaka Action Agenda
OECD	Organization for Economic Cooperation and Development
PBMP	Philippine Border Management Project
PIA	Penang International Airport
PIP	Partners in Protection
PKCS	Port Klang Community System
PPP	Private-Public Partnership
PAPS	Pre-Arrival Processing System
R&D	Research and Development
RSO	Recognised Security Organisation
SAAI	customs management system (Mexico)
SCCP	[APEC CTI] The Sub-Committee on Customs Procedures
SME	Small and Medium Enterprises
SMEWG	[APEC CTI] Small and Medium Enterprises Working Group
SOEs	State-Owned Enterprises
SPS	Sanitary and Phytosanitary
SW	Single Window
SWeL	Thailand Single Window e-Logistics System
SWWG	[APEC CTI SCCP] Single Window Working Group
TCTBB	Trade Controls & Technical Barriers Bureau
TFAP	Trade Facilitation Action Plan
TSW	Trade Single Window
3PL	Third Party Logistics
TILF	Trade and Investment Liberalization and Facilitation
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UN/CEFACT	United Nations/Centre For Trade Facilitation And Electronic Business
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development

UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific

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5. Executive summary

Project Purpose:

The project objective is to determine APEC principles of transborder logistics services optimization, covering government and industry transactions. The full scope of regulatory issues affecting logistics as well as matching of government border control and transport flows was examined.

The main tasks of the project are:

- to identify the principles used in APEC Member economies, methods and tools of transborder logistic organization, control and management, cases of productive collaboration of business and government bodies inside each APEC economy as well as “across the border”;
- to examine the gathered cases and draft the APEC principles of transborder logistics services optimization in the context of domestic institutional environment;
- to hold an APEC Workshop to network the experts of TPTWG and other relevant APEC fora, APEC Member economies authorities’ and logistic industry, to define the common approaches and select the best relevant principles as well as to debate and improve interim results; to determine the APEC principles of transborder logistics services optimization;
- to promote the determined APEC principles, support the usage of these principles by APEC Member economies’ officials and businesspersons in their current activities and analyze the feedback;

o to complete, arrange and disseminate project deliverables.

Principal activities:

The project executors in cooperation with the TPTWG and APEC economies’ experts identified and scoped relevant principles, methods and tools of transborder logistics organization, control and management, especially in coordination of transport flows and border control.

One of the main tools was a specially developed questionnaire. Besides, the project team worked with literature, information of web-sites, statistics, surveys from previous steps and other relevant data.

The cases were gathered in the context of legal and regulatory frameworks of each APEC economy.

Upon the studying of gathered cases, practices and relevant experience of other international and regional organizations the project executors in collaboration with key stakeholders (government and industry) developed a draft of APEC principles of transborder logistics services optimization and recommendations for APEC Member economies and APEC TPTWG.

To realize this project the Association for Cooperation with Nations of Asia and Pacific Region (Russia) has formed a work group of the following persons:

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6. Introduction

APEC Member economies pay a lot of attention to holistic approaches to logistics, especially transborder transport flows. New transport, managerial and information technologies should enforce trade in APEC region in case of coordinated integration of modern approaches. However, there are a number of challenges in the fields of logistic services optimization as well as government and industry transactions, the vital ones were identified as Chokepoints in APEC Supply-Chain Connectivity Framework (Nov2009). The proposed project seeks to address issues in Chokepoints 1, 4 and 6. These issues are transparent and effective collaboration of business and government bodies inside each APEC Member economy as well as “across the border”.

The project scope is transactions between and among government and logistic industry. The project gives possibilities to APEC Member economies, their government bodies and business to:

- obtain the full list of transborder flows drivers and obstacles (for example, detailed aspects of coordination among border agencies, transborder multimodal connectivity, paperless transborder document flows, etc),
- gather and discuss the cases of these drivers fostering and obstacles mitigation,
- understand the nexus between the success or fail of these cases with domestic environment, and determine the principles of transborder logistics services optimization in the context of domestic environment.

These principles could be a driver to launch government and business programs and projects, which help to facilitate seamless goods flows in APEC region as well as provide vital information to increase their quality and decrease the risks.

The project directly responds to APEC’s key priorities in accelerating APEC’s work to strengthen regional economic integration of APEC Member economies. This work was undertaken through a comprehensive approach that focuses on trade liberalization ‘at the border’; improving the business environment ‘behind the border’; and enhancing supply chain connectivity ‘across the border’.

The APEC Leaders welcomed the APEC Supply Chain Connectivity Framework which identified eight Chokepoints on the way of seamless transport and trade flows, including

- Chokepoint 1:
  - lack of transparency / awareness of full scope of regulatory issues affecting logistics;

- lack of awareness and coordination among government agencies on policies affecting logistics sector;
- absence of single contact point or champion agency on logistics matters;

- Chokepoint 4:
  - inefficient clearance of goods at the border;
  - lack of coordination among border agencies, especially relating to clearance of regulated goods ‘at the border’;
- Chokepoint 6:
  - underdeveloped multi-modal transport capabilities;
  - inefficient air, land, and multimodal connectivity;

and the project is aimed at overcoming these bottlenecks, especially from the first Chokepoint.

At their meeting in Manila 2009, APEC Transportation Ministers directed the TPTWG to work towards seamless transportation systems “to ensure effective, safe, secure and efficient movement of people and goods” and the project corresponds to this assignment.

The topic of the project is also listed on the APEC Transportation Working Group’s work plan as a response to Leaders’/ Ministers’/ APEC priorities and decisions; and to ABAC recommendations. The project also corresponds to the Possible Work Streams on Chokepoint 1 of APEC Supply Chain Connectivity Framework.

The project methodology

The project team identified the relevant external organizations to establish the information and experience exchange. Besides, the appropriate previous and current activities of APEC fora and external organizations were studied to inform the project.

The project executors in cooperation with the TPTWG and APEC economies’ experts identified and scope relevant principles, methods and tools of transborder logistics organization, control and management, especially in coordination of transport flows and border control.

One of the main tools was a specially developed questionnaire. Besides, the project team worked with literature, information of web-sites, statistics, surveys from previous steps and other relevant data. The cases were gathered in the context of legal and regulatory frameworks of each APEC Economy.

The project team studied the gathered cases and issues of transborder multimodal connectivity, business and government bodies’ cooperation, paperless transborder document flows, etc.

The project executors in collaboration with key stakeholders (government and industry) developed a draft of APEC principles of transborder logistics services optimization.

The Workshop plan was developed; member economies representatives, speakers, and participants invited.

The Workshop was held in Vladivostok, Russia – the largest regional and the main in Russian Pacific logistics hub – to enrich analysis results, present and debate the findings of the investigation stage, collect and analyze amendments, comments and proposals to the APEC principles of transborder logistics services optimization.

The project executors in close collaboration with key stakeholders on the basis of Workshop outcomes developed the final version of APEC principles of transborder logistics services optimization and recommendations.

Intended direct project beneficiaries.

The main beneficiaries are:

- Policymakers in transportation and border control agencies in APEC Member economies;
- Transport industry and logistics in the whole;
- APEC fora, TPTWG in the first place;
- APEC Member economies, especially developing ones, and their societies.

Benefits from the project outcomes include:

1) at the stage of research and investigation - valuable information about the current status in APEC region and relevant external organizations on issues of transborder logistics, including cases of productive collaboration of business and government bodies inside each APEC economy as well as “across the border” in the context of domestic institutional environment;

2) at the stage of Workshop - possibility to receive, present and discuss the points of view on transborder logistics optimization issues; networking of TPTWG and industry experts; common approaches to transborder logistics optimization and a set of relevant principles;

3) at the stage of the use of the principles of transborder logistics services optimization - promotion and development of appropriate government reforms and programs; improvement of own logistics strategies; contribution to APEC Supply Chain Connectivity Initiative.

7. APEC Member economies transborder logistics organization, control and management: principles, methods and tools. Case collection

7.1. Australia

Australia has remained strongly committed to APEC's Trade Facilitation Action Plan and its objective of reducing trade-related business costs across the APEC region. Australia has continued to implement a wide range of measures aimed at facilitating trade, increasing business mobility and reducing business costs in the region.

In October 2004 the exports component of the Integrated Cargo System, the ICS, was implemented. A year later the ICS was extended to include import declaration and import cargo reporting functionality. Following implementation difficulties with the import component, industry has provided much needed feedback on many aspects of the cargo processing system. This has lead to further development and enhancements.

Now Customs has established an Industry Engagement and User Services Branch to provide industry with essential support services for the ICS. A user support framework has been developed and provides a self-service support basis on the Internet and other support services through phone, fax and email.

Customs and industry have worked closely to provide a focus for the future of the ICS. Cargo industry representatives have attended workshops and meetings to discuss issues of concern to them. Major functional issues of interest to industry include providing more information on cargo status to customs brokers, stevedores, freight forwarders, air and shipping companies, processing of refunds, and improving the movement of underbond goods.

The Cargo Processing Executive Steering Committee was established to provide executive direction for Customs and industry on processing and system issues affecting movement of cargo.

The Industry Action Group examines operational issues relating to the ICS including priorities for system enhancements. It comprises company representatives from industry and Customs representatives.

The Australian Customs and Border Protection Service (Customs) Integrated Cargo System (ICS) is the means that allows for the electronic lodgement of Formal Import Declarations (FIDs) by brokers and/or importers for imported goods.

The ICS allows brokers to pay FID Fees, Container Fees and AQIS (Australia Quarantine and Inspection Service) Import Management System (AIMS) entry management and other service fees efficiently via Electronic Funds Transfer (EFT). Brokers have the ability to pay multiple & variable amounts.

20 of Australian ports carry more than 90 per cent of Australia's shipping trade. The Australian Competition and Consumer Commission predicted that demand at major ports would almost triple during the next two decades.

Historically, the federal government has played almost no role in the jurisdiction of ports or management of the land around them. This has been left to state, territory and local governments. Over time, this has led to layers of red tape and regulatory overlap.

To provide advice on reforms to deal with the challenge of infrastructure development the government established a new body, Infrastructure Australia. Its first task was a national audit of infrastructure and it has developed a pipeline of future infrastructure projects.

Through this national process, states will be asked to provide buffer plans to preserve the all-important freight corridors to the ports. These will be backed by broader regional plans to ensure, for instance, that housing proposals are considered in the context of not inhibiting future transport corridors.

There will be a national data collection system, the first in Australian history. Better data will mean more efficient and coordinated management of growing trade task. There will be an onus on ports to participate in performance reviews, so their systems and efficiency can be effectively compared and measured. There will be moves towards nationally consistent environmental assessment process and continuing regulatory reform.

National ports strategy is not a federal takeover. It will not be a one-size-fits-all approach. And it will not create new bureaucratic hurdles for the commercial sector. What it will mean is better planning for the ports and the infrastructure that supports them. There will be clear, transparent responsibilities with greater landside efficiency and protection for ports to grow in step with demand. Investors and stakeholders will have certainty, creating a more attractive environment for the investment that will be required to service the expected growth in trade activity.

The Australia National Transport Commission (2008) identified a number of priority areas, issues and challenges that the transport sector faces:

Economic Framework for Efficient Transportation Marketplace – inefficient market signals (e.g., through pricing and access regulations) leading to poor modal choices and decision making.

Infrastructure Planning and Investment – insufficient investment over a sustained period, absence of strategic foresight in terms of planning for infrastructure, lack of alignment of policy and infrastructure investment, poor coordination of Commonwealth, State or local government infrastructure investment proposals, and lack of long term land use planning and banking for future transport needs across all modes.

Capacity Constraints and Supply Chain Performance – a major challenge is the failure to coordinate investment across the supply chain and anticipate forecast demand. The Report notes that freight operations have shifted from a modal approach to "whole of supply chain". Major impediments to improv supply chain collaboration can be traced to poor logistics chain visibility, competitive tensions that create a culture where companies do not share information, differing regulatory models applying to parts of the supply chain, and the presence of multiple supply chain participants. It also notes that industry has called for a supply chain approach to policy and infrastructure development but that there is limited knowledge of how various supply chains work.

Other priority areas include urban congestion, environment and energy, safety and security, strategic research and technology and workforce planning and skills.

7.2. Brunei Darussalam

Brunei Darussalam is a relatively open small economy heavily dependant on international trade and investment. Oil and gas, the economy's cornerstone, are almost totally (96%) exported, and most products (e.g. foodstuffs, inputs and raw materials, manufactured goods) and many services are imported. Little nonpetroleum economic diversification has occurred, despite a government priority.

Brunei Darussalam continues to streamline and improve customs procedures in an effort to facilitate trade (imports and exports). Many changes have been made in line with APEC trade facilitation guidelines.

Customs currently adopts according to Brunei Darussalam's IAP best practices and guidelines of WCO Risk Management Techniques. Customs inspects all cargoes ranging from 10% to 100% of the consignment. A Committee is studying legal aspects and requirements of Risk Management Techniques.

For maritime connectivity, Muara port is considered the one with the international logistics importance, with 2 container berths and 6 berths as a whole. Liner shipping services are available with several ASEAN ports such as Singapore, Port Klang, Laem Chabang, Bangkok, Penang, Sandakan, Kuching, Pasir Gudang, and non-ASEAN ports such as Shanghai,

and Hong Kong. The port is operated by a Singaporean port operator with advanced and sufficient cargo handling facilities.

Under the National Development Plan 2007-2012, the key thrusts for the next five years are (i) to further develop the transport and communication infrastructures in terms of the quality of services and (ii) to increase the sectoral contributions of these sectors to GDP.

The government has built several new roads and bridges as well as improved the existing ones. These projects are hoped to have positive impacts in terms of cutting down travel time, enhancing road safety and opening up of isolated areas for possible future economic activities. A feasibility study for the construction of a bridge to connect the Brunei-Muara District to Temburong District will be undertaken. A bus terminal and a central bus station will be built in Muara and Bandar Seri Begawan. Efforts are being undertaken to promote the Muara Port, including the provision of incentives to port users and the improvement in the management of the port services. To enhance the efficiency, safety and security of the Muara Port, several projects will be implemented including Service and Export Hub, Warehouse Facilities, Post Security Building and Equipment, and extension of Department of Port Headquarters.

In terms of land connectivity, there is no railway service in Brunei Darussalam but the road condition is assessed to be favorable.

Finally, in terms of airport, Brunei International Airport is identified as the one with the international logistics importance. The airport has advanced and sufficient cargo handling facilities.

7.3. Canada

In relation to the first Bogor goals - trade and investment liberalization and non-distorting regulation - it can safely be affirmed that the trade and investment regime of the Canadian economy is relatively liberal. Despite specific trade and sectoral restrictions on the flows of goods, services, investments and business people, Canada is one of the most open and liberal economies among the APEC and WTO members. By the same token, it can also be affirmed that

Canada’s high degree of openness and trade liberalization reflect the concentration of its trade and investment with one trading partner, the United States.

Regardless of the factors that might explain the relatively low degree of openness with non-US economies, Canada’s high level of trade dependency on the US has implied an intimate

association between Canada's trade flows/policy regime and US policy and economic activity. Nonetheless, unilateral and reciprocal concessions (in terms of the flows of goods, services, foreign investment and business people) have also been extended to non-US economies.

In the area of Trade Facilitation, Canada's Individual Action Plan (IAP) records that action on all of the 72 items selected from APEC's menu of concrete actions/measures has commenced and that implementation has been completed in respect of 51 of these items. Such continuous actions and measures give rise to a number of benefit types, thereby providing an important platform for pursuing the objective of APEC's Trade Facilitation Action Plan.

Canada has introduced several sound programs for trade facilitation and seamless supply chain management.

1) Commercial Driver Registration Program (CDRP)

The CDRP is designed to streamline the customs clearance process for commercial freight transporters coming into Canada from the United States. CDRP members crossing the border with pre-approved CSA goods are able to enter Canada on most occasions with minimal questions (drivers must comply with certain program obligations). Registered drivers who are residents of Canada may make personal declarations by completing a Travelers Declaration Card. CDRP approved drivers can also apply to participate in the FAST Program which provides dedicated lanes (where available) in Canada and the US and accelerated customs and immigration processing.

2) The Customs Self Assessment (CSA) program gives approved importers the benefits of a streamlined accounting and payment process for all imported goods. The CSA program is designed for low-risk, pre-approved importers, carriers and registered drivers. To take advantage of the program, CSA-approved importers and carriers must use a registered driver to carry CSA-eligible goods into Canada in the highway mode. The CSA program simplifies many of the import border requirements so that low-risk shipments can be processed more quickly and efficiently at the border, saving businesses time and money.

3) The Free and Secure Trade (FAST) program is a commercial clearance program designed to ensure safety and security while expediting legitimate trade across the Canada–U.S.border. FAST is a joint initiative between the Canada Border Services Agency (CBSA) and U.S. Customs and Border Protection. FAST members who are Canadian or U.S. citizens can use their FAST membership card as an alternative document to the passport when entering the United States by land or water. Permanent residents of Canada or the United States still require a passport and visa (if applicable) to enter the United States.

When a FAST-approved driver arrives at the border, he or she presents three bar-coded documents to the border services officer (one for each of the participating parties: the

driver, the carrier and the importer). The officer can quickly scan the bar codes while all trade data declarations and verifications are done at a later time, away from the border.

FAST members can use their FAST membership card as a proof of identity and citizenship to enter Canada in all lanes, including regular highway lanes, even in a non-commercial vehicle. Dedicated FAST lanes have been established at a number of major border crossings.

To apply for FAST entry into Canada, membership in both the Customs Self Assessment program and Partners in Protection is required.

4) NEXUS (similar to FAST program, but for travelers)

NEXUS is a joint Canada-United States program designed to let pre-approved, low-risk travelers cross the US-Canada border quickly. Members of the program can avoid long waits at border entry points by using self-serve kiosks at airports, reserved lanes at land crossings, or by phoning border officials in advance of arrival when entering by water.

5) Partners in Protection (PIP)

This program enlists industry partners to share the responsibility of securing the supply chain.

PIP is a Canada Border Services Agency (CBSA) program that enlists the cooperation of private industry to enhance border and trade chain security, combat organized crime and terrorism and help detect and prevent contraband smuggling.

PIP was developed in 1995 with a primary focus on promoting business awareness and compliance with customs regulations.

After the events of 9/11, the PIP program's focus shifted to place a greater emphasis on trade chain security, which included urging members to improve their physical, infrastructure and procedural security. On June 30, 2008, a strengthened PIP program was implemented with: minimum security requirements; mandatory site validations; denial, suspension, cancellation, reinstatement and appeal policies and procedures; and an automated application process.

These steps have ensured that PIP is aligned with international standards such as the Framework of Standards to Secure and Facilitate Global Trade (SAFE) of the World Customs Organization, which includes guidelines for Authorized Economic Operators. It also set the stage for PIP to enter into mutual recognition arrangements with similar programs in other countries. To enhance cross-border security, the CBSA has signed Mutual Recognition Arrangements with the US Customs and Border Protection Agency (June 2008), Japan Customs and Tariff Bueau (June 2010), Korea Customs Service (June 2010), and Singapore Customs (June 2010).

In November 2009, Canada and the United States announced initiatives to streamline cross-border shipping, including the alignment of the PIP and C-TPAT programs. PIP and C-TPAT are collaborating on a single application process for those applying to both programs and are examining the standardization of their policies and procedures and the sharing of information.

6) eManifest

eManifest, a major Government of Canada initiative, is about getting the right information at the right time to enhance the ability of the Canada Border Services Agency (CBSA) to identify potential threats to Canada, while facilitating the movement of low-risk shipments across the border.

The eManifest initiative is the third phase of the Advance Commercial Information (ACI) program. ACI phases 1 and 2 require air and marine carriers to submit pre-arrival cargo and conveyance information electronically, within advance time frames.

When fully implemented, eManifest will require trade partners in all modes of transportation (air, marine, highway and rail) to submit cargo, crew/passenger, conveyance, secondary and importer data to the CBSA prior to loading in the marine mode and prior to arrival in the air, rail and highway modes. eManifest is being implemented over a number of years, by client type, using an 18-month implementation timeline.

eManifest will require the electronic transmission of advance cargo and conveyance information from carriers for all highway and rail shipments. In addition, the electronic transmission of advance secondary data will be required from freight forwarders and the electronic transmission of advance importer data will be required from importers or their brokers.

Trusted trader programs, such as the Free and Secure Trade (FAST) program, the Customs Self Assessment (CSA) program, and the Commercial Driver Registration Program (CDRP), will continue to exist with the implementation of eManifest and will compliment the systems and processes that will be put in place by eManifest.

The eManifest initiative will enhance how the CBSA processes and screens commercial goods coming into Canada by:

- modernizing commercial processes that will reward compliance with predictable and expedited processing at the border; and
- improving the CBSA's ability to detect shipments that pose a potential threat to Canada's health, safety and security before their arrival in Canada, while facilitating the movement of low-risk shipments across the border.

Building on the Canada-U.S. Smart Border Declaration, the Security and Prosperity Partnership (SPP) of North America was launched in June 2005. eManifest is a key initiative under the SPP to increase security and enhance the prosperity between Canada, the U.S. and Mexico through greater co-operation and information sharing.

eManifest will make Canada's border processes more secure and compatible with North American and international standards, which is important for the business community and for Canada as a whole. The data required under eManifest is harmonized to the greatest extent possible with the World Customs Organization and the U.S. Customs and Border Protection (CBP) to reduce the administrative burden on business.

Major organizations involved in regulation of cross border trade (Canada):

1) Canada Border Services Agency (CBSA)

Created in 2003, the CBSA is an integral part of the Public Safety Portfolio, which is responsible for integrated national security, emergency management, law enforcement, corrections, crime prevention and border management operations. The President of the CBSA reports directly to the Minister of Public Safety Canada and controls and manages all matters relating to the Agency.

As an integrated border agency, the CBSA works to ensure Canada’s security and prosperity by managing the access of people and goods to and from Canada. To achieve this, the Agency operates and manages a number of programs aimed at increasing the security and effectiveness of cross border operations. In carrying out its responsibilities, the CBSA oversees approximately 1,200 service locations across Canada and maintains representation in 39 other countries.

2) The Trade Controls & Technical Barriers Bureau (TCTBB) is responsible for administering the Export and Import Permits Act (EIPA) which was first enacted in 1947. The EIPA delegates to the Minister of Foreign Affairs wide discretionary powers to control the flow of goods contained in specified lists provided for under the Act.

TCTBB is responsible for issuing permits for importing controlled goods into Canada that are included in the Import Control List, and for exporting goods included in the Export Control List.

The Canadian Chamber of Commerce (2008) has called for the development of an objective based National Transportation Strategy that embodies four guiding pillars: a North American vision, a multimodal transportation infrastructure investment strategy, a competitive

regulatory and fiscal environment, and a strategy that is economically, socially, and environmentally sustainable. They argue that Canada requires a new vision for an efficient and cost-effective transportation system in view of the following factors: increasing global competition, integrated global supply chains, the growing services sector and urbanization in Canada, current and forecasted skills shortages, recent fluctuations of the Canadian dollar and fuel prices, and growing environmental concerns. It notes that while a number of positive transportation initiatives and policies have been implemented over the years, these have not been guided by a long-term and predictable strategy. Significant investment and modernization of the transportation regulatory environment are required as the current environment consists of inefficient tax and operating requirements and split responsibilities between levels of government.

The Chamber further suggests that the Strategy pursue, among other things, these objectives:

(1) the development of the safest and most effective multimodal transportation system by integrating policies concerned with the movement of goods and people in marine, air, rail and road transportation, warehousing facilities, urban transportation, border security, and transportation information flows and

(2) to make Canada a competitive gateway for inbound and outbound trade and travel between North America and the rest of the world, attracting 10 to 15 percent of the forecasted trade into North America.

There are at least one aspect that may affect Canada's move towards optimal transborder logistics and seamless goods flow. Both of them are internal to the Canadian economy.

This aspect derives from the constitutional framework of the Canadian Federation. Under this framework, the powers of governance are divided between the federal and the provincial / territorial levels of government. While international trade policy (i.e., policy at the border) is the exclusive responsibility of the federal government, Canadian provinces and territories are not constitutionally bound to conform to Canadian international trade agreements in any matter within their jurisdiction. In practice, this legal framework has implied that for certain legislation the federal government (and other trade related agencies and institutions) need to consult with provincial governments and territories. On the other hand, different provincial and territorial legislation (policy inside the borders) may also affect the free flows of trade in goods, services and foreign investment. Thus, whereas trade arrangements at the federal level may achieve close to full trade liberalization, provincial and territorial legislation might sustain indirect trade distortions and/or limit the economic impact of this liberalization at the border.

From an APEC perspective, these inside the border barriers to trade regulatory convergence and business facilitation, inhibit a comprehensive and whole-of-economy response by Canada to the Bogor goals.

7.4. Chile

Because Chile has for some considerable time had very open trade and investment policies, and has been an early achiever in privatisation, sectoral liberalisation and establishing strong institutions for pursuing regulatory reform, the Bogor goals are well within reach. While Chile remains committed to the multilateral system, its strategy for achieving the Bogor goals is based on a combination of continued unilateral reforms and the pursuit of bilateral and regional trade agreements to lock in reforms and seek complementary commitments from its major trading partners. Chile has been in the vanguard of the wider Asia Pacific's FTA trend, and its agreements to date cover 54 trading partners and over 80 per cent of its total trade. As a consequence, a large component of its international trade and foreign investment is affected by FTA/RTA determined rules and regimes.

Chile offers a compelling example in the APEC region of the benefits that pursuit of the Bogor goals can deliver, and demonstrates that it is possible for developing economy members to put in place the strong institutions that some of the more complex reforms require. Chile's record also demonstrates that when there is a strong commitment to liberal trade and investment, and to market oriented solutions to the challenges of economic growth and development, multi-tracked approaches to achieving the Bogor Goals can be successful.

In Chile, approximately 90% of international trade cargo is transferred through maritime transportation. In general, Chile enjoys an active ports system, with low accident levels and efficient use of its resources. Private investment in the Chilean port system between 1990 and 2009 to date has been close to US $1.394 billion dollars. However, challenges in logistics for companies are high as the port receives US$150 for each container received, but it can cost up to US $980 to process and transport the container to Santiago. In certain ports, obstacles include the lack of docking spaces for the cargo ships and stocking space for the cargo being unloaded. It seems that warehousing problems are the most pressing challenge for Chile‘s logistics performance. Over the last few years, approximately 750,000 square meters of warehouse and storage facilities are now concentrated in four areas of greater Santiago: Quilicura, Lampa, Renca and Colina. For air transport, Chile performs well within the Latin American region. The air links are provided via the 7 international airports that carried nearly 5 million passengers and 280,000 tonnes of cargo to and from Chile in 2008. Santiago's Arturo

Merino Benítez Airport has received numerous international awards including being ranked as the best airport in Latin America by Latin Trade in the magazine's "The Best of Latin America 2008" report. In addition, Santiago's airport was ranked as the airport with the best service and value in Latin America by ALTA (Latin American Association of Air Transport) in 2007.

International maritime transport operates on the basis of reciprocity. The Under-Secretary of Transportation regulates and surveys international transport and cabotage. The Merchant Marine Commission is in charge of ensuring that the principle of reciprocity is enforced.

Chile has negotiated many air transport agreements with many countries on the basis of reciprocity. The aim of these negotiations has been to obtain open sky agreements.

There is no discrimination between foreign and local companies in rail transport services. There is no market access or national treatment limitations to international cargo or passenger land transportation in Chile. However, only companies with actual and effective domicile in Chile and organised under the laws of Chile, Argentina, Bolivia, Brazil, Peru, Uruguay or Paraguay can be authorised to provide international land transportation services between Chile and these countries.

Chile has been continuously working to streamline and improve the transparency of customs procedures. There have been considerable refinements to the system for electronic processing of customs declarations: the Integrated System of Customs Operation allows declarations with respect to air, courier, land and sea cargo through the internet, and in the system for identifying high risk goods. The Customs authorities introduced an advance publication procedure in 2007, in which all proposed regulations are published on the Customs website for comment prior to coming into force.

Since the last IAP, Chile has incorporated the ATA convention to provide for temporary importation into the customs legislation, become a contracting party to the Harmonised System Convention and incorporated the HS 2007 notation in its legislation. While Chile has not adopted the Principles of the Kyoto Convention on the Simplification and Harmonisation of Customs Procedures, it has confirmed that its principles are included in existing national provisions. Chile has also implemented laws and customs resolutions to ensure implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). With respect to implementation of WCO Guidelines on Express Consignment Clearance, Chile has been further refining regulations for the sector, and implemented new Courier rules in January 2008 to simplify the system, fulfill some trade agreement obligations, improve enforcement and reduce operational costs. And Chile has implemented an advance classification ruling system, incorporating relevant rules into its trade agreements with the United States, Korea, China, Japan, New Zealand, Singapore and Brunei, and in the agreement with Panama which entered

into force on January 14 2008. Chile Customs is working on implementing WCO Guidelines on Authorised Economic Operators, and will continue to improve its risk management systems and the website used to provide customs information to traders.

While most of Chile's trade agreements include a wide range of actions aimed at facilitating trade between parties, measures to enhance trade facilitation rarely figure explicitly. It is a general rule that trade facilitation is one of the more diffuse or implicit elements of an agreement in that it relates or can arise as an outcome from other provisions in the text, such as government procurement.

Since 2001, APEC has been committed to a clear goal of achieving a 5 per cent reduction in transaction costs by 2006. Chile has submitted its report on the Trade Facilitation Action Plan (TFAP) by identifying from a menu of options in the four areas of Customs, Standards, Business Mobility and E-Commerce, and indicating the progress in each option.

In the area of Standards and Conformance, Chile uses international standards as a basis where possible, such as ISO, IEC, Codex Alimentarius, COPANT, CEN, etc. with minimal modifications. In the FTAs that Chile has negotiated since 2003, the TBT chapters include an article of international standards and an article of trade facilitation so as to develop measures where needed. Among many others, Chile also participates in APEC Food Sectoral MRA, APEC Food Safety Cooperation Forum, and APEC Standards Education Initiative.

In the area of mobility of business people (and in addition to the ABTC, which was described earlier in the business mobility section), Chile is also developing the FIND system (ICPO) over the main airports and other entry points.

In the area of e-commerce, the Civil Registry and Identification Service website has established the electronic payment and delivery of some certificates. It also contains a report system on lost and stolen Chilean passports and Chilean ID cards, and allows consultation on the status of them. E-commerce is facilitated to ensure travel document security standards.

Chile has achieved an impressive rate of implementing the APEC Menu of Options to Trade Facilitation, and is encouraged to complete pending items and to commit to new items from the Menu.

7.5. China

China has become one of the most dynamic global shipping markets in the world. Ocean shipping handles most of China's huge import and export volumes: China's foreign trade is worth more than $2 trillion, and about 85% of Chinese exports are shipped through ports. China now leads the world in terms of port throughput. China's port industry has experienced

significant development in recent years, supported by the buoyant conditions in foreign trade and

improvement in freight handling capacity, along with the completion of many new terminals with large specialized berths and deep-water routes.

Traditionally there were problems at some ports with clearance times but China has adopted a major program of investment in berths, handling equipments and storage, and a streamlining of procedures. China is improving the import-export documentation process, which includes shortening the processing time of customs as well as licensing.

China's international trade has stimulated a rapidly developing logistics industry. Over the last 20 years China's international trade has grown dramatically and is now exceeding $2,000 billion/year. Since 2003, the GDP has grown at over 10%/year, with goods exports growing at 22-35% per year. In order to support this level of trade China has undertaken major investments not only in its physical infrastructure but also in its logistics industry. In this section, the logistics industry is defined widely to include not only all the individual transport modes described in previous chapters, but also the many ancillary and support industries that facilitate trade in goods.

The total value of the logistics industry grew by an average of 25% in the period 2000-2010, and is estimated to reach almost $29 trillion by 2013. The industry has increased five-fold in the last 10 years, and can be anticipated to continue growing rapidly. The logistics industry invests more than $100 billion yearly. Over 80% of the investments are in transportation and only 3.9% in warehousing and storage.

Industry is centered on the east coast. The logistics industry is most active along China's east coast, where the manufacturing industry is centered. There are three different areas of major development: the Bohai Rim region in the north, including Liaoning, Shandong, Beijing, Tianjin and Hebei; the Yangtze River delta around Shanghai including Jiangsu and Zhejiang; and the Pearl River delta, centered on Shenzhen and Guangzhou. In each of these areas numerous large logistics parks have been developed or are under construction. Other cities such as Xiamen, Wuhan and Chongqing have been making investments to establish themselves as regional logistics hubs.

The logistics industry is dominated by small-scale operations. In 2010 there were over 300,000 registered logistics companies most of which evolved from local road transport or warehousing companies. There are some 3 million trucking service providers and even the large firms are small by international standards.

Given the structure of the Chinese economy, logistics are very important. Manufacturing, mining and agriculture contribute some 62% of GDP (in contrast they contribute only 25% in

USA). Each of these sectors requires transportation of large quantities of freight of low to medium value—about 3 ton-km for each dollar of GDP. This makes the economy very transport-intensive. The cost of logistics is therefore a larger share of final prices of goods than in many economies, offering major savings from measures that can reduce these costs. In 1991 logistics costs accounted for 21.2% of GDP, decreasing to 17.3% in 2009. By comparison, developed OECD countries have logistics costs on the order of 10%.

China's logistics industry has successfully underpinned the country's economic performance. It is evident that having responded successfully to long-term annual trade growth rates of over 20% the logistics industry has served China well. There are nevertheless some areas where improvements are possible and are being sought by China's logistics policy makers and managers.

As part of its annual international business competitiveness study, the World Bank assessed China's cross border trade. The costs and procedures involved in importing and exporting a standardized shipment of goods—starting from the final contractual agreement between the two parties, and ending with the delivery of the goods—were established. China ranked 60th out of 183 countries in 2011, a drop from its 2005 ranking. China is comparable with other middle-income countries in the region for the time it takes for imports and exports, despite its larger size, more challenging distribution patterns and larger volumes. It still has some scope for improvement to reach the OECD levels. Nonetheless, its costs are by far the lowest in the region.

Another measure of successful trade facilitation is the World Bank's "Logistics Performance Index" (LPI). This is a benchmark of a country's overall performance on several dimensions in trade logistics. Data are collected from logistics providers, buyers and professionals on seven facets of logistics and costs, and then combined into the LPI score. The 2010, LPI study confirmed that China's logistics performs better than many regional competitors but with some opportunities for improvements.

Policy changes are supporting the logistics industry. Recognizing the importance of logistics to China's economy, a key pillar of China's 10th Five-Year Plan was the development of logistics industry. In 2004 the State Council promulgated its "*Opinions on Promoting the Development of a Modern Logistics Sector in China*". This document encouraged Chinese firms to associate with foreign firms and major foreign logistics firms to establish subsidiaries in China. China has taken significant steps towards liberalizing its transportation and logistics markets. Under its 2001 WTO accession commitments, domestic trucking and warehousing sectors were opened gradually to international investors. Courier and freight forwarding services were opened by the end of 2005. Since the end of 2007, with the exception of some protected

sectors (cross-border trucking, inland water transport, airfreight and postal services), foreign enterprises have been able to compete freely with domestic competitors. Competition is likely to stimulate improved standards at lower costs.

The most innovative change in China's logistics market has been the development of 'Third Party Logistics Firms' (3PLs). These are firms which offer specialized management of most, if not all, of a company's supply chain needs. Traditionally, only international companies used 3PLs, often because of difficulties associated with operating their own logistics operations in China. Chinese firms tended to manage their own supply chains. According to one estimate, in 2010 3PLs accounted for less than 10% of the total logistics activities in China.

The 3PL market can be categorized into four types of operations:

- Former Chinese State-Owned Enterprises (SOE) such as Sinotrans;
- Internal logistics departments of Chinese companies;
- Private Chinese logistics firms; and,
- Multi-national logistics firms.

Many of the multi-national firms started in China with joint-venture (JV) operations but since the 2005 full opening of the Chinese market to foreign firms, many have been breaking up or buying out the equity shares of their JV partners. Full ownership tends to speed up operations and simplify accounting procedures— e.g. a JV company in China cannot issue invoices itself, needing to do so through a third party.

The logistics record is good but with scope for continuing improvement. The investments in infrastructure, greater competitiveness, the entry of foreign firms, the adoption of the latest logistics technology by Chinese firms, have all contributed towards the industry's rapid growth. The areas in which on-going improvements can be targeted are: (i) the capacity of transport infrastructure (particularly railways); (ii) continued modernization of the quality of transport and logistics services; and (iii) reduction in the bureaucratic procedures for processing and clearing import and export consignments. Improvements in all three have been rapid in recent years and China's trade and economic growth will be well served by continuing improvements to try to attain standards that exist in the OECD countries.

Setting up logistics businesses can be very bureaucratic. The absence of consistent national regulations results in different regulations being applied in different cities. This hinders creation of national networks. In some cities the procedures appear excessive.

There is a shortage in China of modern warehousing facilities. Much of the warehouse capacity is rather dated, lacking computerized stock supervision systems or the ability to use multiply racking systems. Many warehouses have unsealed loading platforms which expose

food products to ambient air temperatures during loading/unloading. It is estimated that some 30% of China's fruit and vegetable harvest is damaged every year by the inability to store and move it appropriately.

Good logistics infrastructure is regionally concentrated. In the logistics hubs, especially the three major regions along China’s east coast, there is good integration between the transport networks, warehousing and distribution facilities. However, the same cannot be said for the rest of China where operations are often hampered by poor quality infrastructure, organizational inefficiencies, and a poor uptake of technology. In some locations there is an inconsistent supply of energy leading to interruptions to communications through power outages.

Transport infrastructure plays an important role in China’s development. It provides the foundation for the country’s economic development and is pivotal in reducing poverty. It connects industry with markets and markets with people. It facilitates communications, and provides the poor with improved access to employment, education, and health facilities.

In recent years China has seen an unprecedented transformation of its transport sector. It has created one of the world’s most comprehensive expressway networks. It has significantly increased the capacity of its railway network. Ports and inland waterways have also seen major investments. There have been major improvements in airports. At the same time, there have been changes to policies across all sectors to attract private sector investment and to help China be competitive.

Despite remarkable progress in new infrastructure development and existing infrastructure improvements, China’s transport sector still faces many challenges. Addressing these issues, summarized below and discussed in detail in the preceding chapters, is critical to ensuring that China’s transport sector provides adequate support for the country’s continued economic growth.

China will have a continuing need to expand infrastructure capacity and quality. Increasing demand for passenger and freight movements will call for continued upgrading of the infrastructure as is reflected in current long-term plans. Road infrastructure upgrades, particularly the expansion of the expressway network, needs to be accompanied by more targeted investment in maintenance of existing infrastructure and construction of local roads to improve access. Significant capacity upgrades are required for railways, which currently are operating close to capacity on many key routes. Airport and related infrastructure, as well as the provision of modern warehouse facilities and logistics facilities, are needed to meet air, port, and general logistic demands.

Despite major investments in every sector of transport, there are still gaps in the interconnectivity between modes, particularly in the inland infrastructure, which lags behind the

coastal region. This deficiency creates impediments for the efficiency of certain transport sectors, particularly air and ports, where connections are most critical.

There will be a need to increase focus on managing the system in the coming years. As China's system matures, the focus will shift away from the construction of new infrastructure to infrastructure management. This includes issues such as road safety, congestion, air quality, public transport, and urban expansion.

Institutional reforms have been widespread with much still to be done. In order to improve efficiency, reduce costs, and invite the transparent participation of the private sector, further institutional reforms are necessary in most of the transport sectors in China. The bureaucratic processes and lack of consistent national regulations often result in organizational inefficiencies. For example, in waterways, there is no effective institutional framework to aid in maximizing the navigational capacity. In railways, regional train operating priorities can impede the emergence of new inter-regional national business lines such as container services. Double examination of containers is often necessary at ports due to unclear revenue allocation between custom houses and the inability to carry container cargoes in bond. Air space is hindered by tight military controls even as considerable congestion in the skies increases. Cross-jurisdictional coordination including the interface between urban and inter-urban highways is lacking. Logistics are affected by unofficial border tolls. Finally, in urban transport, difficulties in cooperation between different entities, and an inappropriate policy environment have hindered effective response actions to rapid motorization.

One of the main pressures in the current transport system in China is sustaining funding for projects under construction. A large number of new projects on transport infrastructure entered into construction last year, and this year would expect a peak of investment requirements from those projects, thus there is certain pressure to ensure supply of capital. Another is on transport industry safety and stability. The large amount and size of infrastructure projects this year, coupled with their complex geological environment, require but find difficult to maintain high quality and safety regulation. Especially in recent years, the extreme weather and natural disaster some regions face have greater impact on the normal operations of highway, waterway, and air transport infrastructure. Energy conservation is also an issue. For example, the recent tightening by the European Union on fuel standards of shipping, would affect much on China's shipping companies entering EU ports, and operations costs.

KPMG examines the investment environment for foreigners in Chinese infrastructure, transportation and logistics sectors. It also provides some good points on these sectors in China to further open up and develop. For example, the domestic shipping industry, comprising coastal and inland waterways, remains protected from foreign investment. Cargo is growing

even faster than passenger traffic, yet there are still few well established freight hubs throughout China. Another challenge facing companies as they grow and expand across China is coping with the fragmented logistics and distribution networks. It also recognizes that as a percentage of GDP, logistics costs are over 18 percent, and have been around this level since 2001. This is high compared to developed economies, where logistics costs are typically below 10 percent of GDP. As a result, one of the key issues facing the industry is operational inefficiency.

ADB highlighted the following major challenges of the logistics industry in China:

- there is a lack of coordination among different government departments and organizations. As government agencies are structured along modal lines, they manage intermodal issues mainly from their own perspectives. This results in an array of fragmented legal and regulatory structures, inconsistent technology standards, and lack of interoperability between different transport modes;
- due to imbalanced infrastructure, transport bottlenecks and gaps in the interconnectivity between modes still exist, particular in central and western PRC and rural regions;
- trucking and barge companies are fragmented and consist of many small owner operators, lacking efficiency in terms of economies of scale. No single company commands more than 2% of the market or provides nationwide intermodal transport services. Lack of standardized container-carrying wagons or container trucks has led to additional costs in loading and reloading, especially when multimodal transport is used, resulting in low truck productivity levels. In addition, logistics services' poor credibility and integrity acts as another barrier to efficient logistics;
- inadequate human resources, many of whom lack logistics management knowledge and skills, hamper the industry‘s further growth.

7.6. Hong Kong, China

Hong Kong, China (HKC) has long maintained a free-market economy and a liberal trade and investment regime. On its way towards the Bogor Goals, HKC has shown remarkable progress in a number of IAP areas, and has established itself as a “model member economy” in trade and investment liberalization and facilitation (TILF).

The latest major trade and investment policy initiative is the Closer Economic Partnership Arrangement (CEPA) of HKC with the Mainland.

CEPA is the first free trade agreement concluded between the Mainland and Hong Kong, China. It is established under the framework of the WTO for free trade agreements and fully

meets its requirements. The main text of the Arrangement (CEPA I) was signed in 2003 and implemented in January 2004.

The CEPA adopts a building block approach. It provides a mechanism for further liberalization measures to be included as and when they are agreed by both parties. Subsequent to the implementation of CEPA I, the Mainland and Hong Kong, China conducted a series of consultations on further liberalization measures and has signed a series of supplements to the CEPA.

Hong Kong and the Mainland have agreed on promoting co-operation in the following eight areas: customs clearance; quarantine and inspection of commodities, quality assurance and food safety; small and medium-sized enterprises; Chinese medicine and medical products; electronic commerce; trade and investment promotion; transparency in law and regulations; and intellectual property protection.

The "Best Practices" Handbook of APEC Customs Administrations, which was first compiled by Singapore and HKC in 1997, was updated in 2005 to provide the latest information dissemination instruments to the public. A Customs homepage (http://www.customs.gov.hk) has been launched on the Internet since 1998 to facilitate the public to search for information relating to Customs and to make enquiry through electronic means. Improvement on the navigability and user-friendliness of the website has been introduced in 2005. HKC also set up a 24-hour one-stop enquiry hotline to answer public enquiries on Customs procedures and launched a website of "One-stop Advisory Centre for Cargo Clearance Matters" (http://www.customs.gov.hk/cargo/home.html) in 2001.

The Government Electronic Trading Service (GETS) was adopted in 2004 to replace the EDI services so as to enable the use of international standard, such as Extensible Markup Language messages and ISO 10646 language standard. HKC have enacted legislation in 2004 to mandate electronic submission of cargo manifest of air and rail modes of transport.

Electronic submission of cargo manifest of sea mode of transport has also gone mandatory in June 2006. In air cargo, HKC have also upgraded the Air Cargo Clearance System in 2003 to cope with the increased demand from industry, and enhanced the mobile access feature of the system in 2005 and 2006 for efficient clearance of cargo. A pilot run of the Digital Trade and Transportation Network (DTTN) System, which aims to develop an open and neutral

IT platform for the exchange of data and information amongst parties in the supply chain, was launched in 2005.

Since HKC is a tariff-free port with straight-forward customs clearance procedures, the Advance Classification Ruling System, which aims to establish simplified procedures for

providing classification information prior to importation, thus bringing certainty and predictability to international trading and helping traders to make sound business decisions based on legally binding advice, is considered not applicable to HKC.

In order to provide speedy and up-to-date trader information for supporting the application of risk management in cargo clearance, the risk management techniques database was enhanced in 2005 and the single trader database in 2006.

HKC continue to review the services in the light of the views of the Customer Liaison Groups; sign MOUs with business sectors; enter strategic partnership with cargo terminal operators and shipping companies to facilitate one-stop Customs clearance for inter-modal transshipment cargoes; launch industry sponsored reward schemes for providing intelligence relating to cigarette smuggling, illicit fuel, copyright piracy; and implement partnership schemes with the private sector to protect IPR and suppress Internet piracy. In 2004, HKC have collaborated with the IPR industry and established the Intellectual Property Rights Protection Alliance as well as developed an Internet website (http://www.iprpa.org) to provide a communication platform for Alliance members to exchange and share intelligence and information on IPR and a means to the public to obtain first hand information about the Alliance. Moreover, HKC have revised the compendium on "Customs-Business Partnership Programmes" in 2004 for reference of the SCCP members and the public.

HKC has implemented all the 67 selected actions/measures of the APEC Trade Facilitation Action Plan. Over 80% of them are now completed. As regards those measures of on-going nature, they are under regular review for further improvement from time to time. HKC has participated in the "Statement on Trade and the Digital Economy" and implemented a pilot system on Advance Passenger Processing.

Apart from the Menu, HKC has implemented over 35 actions / measures to facilitate trade and reduce the cost of compliance to business. The implementation of the actions / measures have contributed to the reduction in transaction costs; facilitating the movement of goods, capital and business personnel; and contributing to the Bogor Goals of achieving a free and open trade and investment in the region.

Being a comparatively small market with only a little manufacturing activity, a considerable proportion of goods handled by HKC is transshipment and of the total freight throughput handled by HKC, almost 70% were originated from or destined for South China, mainly the Pearl River Delta. HKC's multimodal connectivity to China and other parts of the world therefore plays a pivotal role in its being a major trading and logistics hub. In this regard, HKC‘s air, sea and road transportation modes are individually well-developed and smoothly interconnected with one another. Nevertheless, in the face of the growing competition along the

global supply chain, the HKC Government needs to work on the provision of infrastructure to further improve HKC's connectivity. It is noted that the Airport Authority Hong Kong is conducting the Airport Masterplan 2030 Study to map out the infrastructural needs of the airport in the next 20 years including the need and feasibility of building a new runway in addition to the existing two. Moreover, the HKC Government is also exploring the feasibility of developing a new container terminal in Southwest Tsing Yi (i.e. Container Terminal 10) having regard to the projected growth in cargo throughput. On the land front, it is pursuing the construction of the Hong Kong-Zhuhai-Macao Bridge (a series of bridges and tunnels that will connect the west side of Hong Kong to Macau and the Guangdong province city of Zhuhai, which are situated on the west side of the Pearl River Delta), an idea first emerged many years ago which has strategic significance in HKC's connectivity with China. The construction of the main bridge finally commenced in December 2009 and is slated to be finished in 2015/2016. It should however be highlighted that the implementation of major infrastructural projects is not always easy. Apart from the substantial capital investment required, there is often a competing use of land resources and the HKC community is generally very concerned with projects which may have an impact on the environment. Thus getting a project from the drawing board to the eventual commencement in operation takes time and involves a lot of challenges.

7.7. Indonesia

Recognizing the need to ensure the availability of strategic commodities at affordable prices, reduce logistics costs to facilitate the competitiveness of export products, and prepare the country for better market integration within ASEAN, Presidential Instruction No. 5/2008 was issued requiring the release of a National Logistics Blueprint (NLB). The NLB, completed by an inter-ministerial team in early 2010, describes current conditions and major problems in the flow of commodities for domestic use and key export destinations, and proposes an action plan in seven main areas.

1. Upgrading infrastructure. Improvements are proposed by mode of transport: airports, seaports, river/sea crossings (ferries), highways, roads and railways. This section also stresses the need for smooth interfaces between multi-mode transportation networks, so that goods can move rapidly from one mode to another.

2. Regulatory reform aimed at creating a business environment conducive to lowering logistics costs. This reform is intended to simplify the trading of export and strategic commodities, improve port and border management, to facilitate transport across regions, and

prepare laws and implementing regulations regarding multi-modal transportation. The regulatory process also requires harmonizing and simplifying sets of laws issued by various ministries and agencies, as well as synchronizing regulations among central and local governments.

3. Upgrading the quality of human resources in logistics. The aim is to increase the availability of trusted professionals in logistics, by increasing competence through skill certification and increasing the role of education and training institutions in coordination with the National Board of Professional Certification (BNSP) and the Ministry of National Education. At present, small- and medium-size businesses have difficulty selecting providers because there is no clear method to identify quality services.

4. Strengthening competitiveness of domestic service providers. Logistics service providers are expected to fully participate in the overall change of the national logistics system. Incentives are needed to promote increases in the quality and quantity of private sector investments. There is a need to encourage private participation in infrastructure, create a favorable business climate for actors in supply chains, and a special need to provide credit schemes to support the upgrading of the trucking fleet.

5. Further introducing Information & Communication Technology (ICT). The NLB recognizes the need for ICT development to support efforts to improve the quality and performance of the logistics sector. The focus is on strengthening the National Single Window (NSW), introducing Customs Advanced Trade System (CATS) and the National Integrated Logistics and Intermodal Transportation System (NILITS) to provide smooth control on the flow of goods.

6. Establishing an institutional framework. A short-term National Logistics Team (NLT) is expected to be created to supervise, monitor, evaluate and report on the implementation of the NLB. The team will also be assigned to assess the need for a special agency within the Government to coordinate and harmonize the implementation of the National Logistics System in the medium and long term.

7. Strategic and export commodity focus. The NLB mandate is to study strategic commodities and leading export supply chains to identify major gaps in the flow of goods and ensure availability in domestic and international markets.

The NLB also includes a detailed matrix of actions to be taken by coordinating and line ministries, agencies and institutions. These actions have also been integrated into the mid-term development plan (RPJM 2010-2014) coordinated by the National Development Agency (Bappenas) to ensure that relevant government parties prioritize the proposed measures and allocate adequate budget.

The NLB outlines three stages over 15 years to strengthen Indonesia's logistics performance. In 2010-14, the focus is on improving domestic connectivity, in particular access to ports, improving road and railway connections, and inter-island shipping. The second stage, 2014-19, concentrates on fully-fledged integration of Indonesia in ASEAN's logistics networks. The third stage, 2019-25, focuses on strong integration of Indonesia in global logistics networks. The NLB has increased awareness about the role of logistics in trade facilitation and international competitiveness, as well as on the need to improve the domestic flow of local basic goods. The Government presented the NLB to national and international public and private sector communities, showing its commitment from the highest levels.

• The NLB recognizes an important challenge and increases the sense of urgency. Indonesia's growth projections place increasing pressure on logistics. High-level political commitment to carry out actions to ensure an efficient logistics system is needed to achieve concrete results.

• The NLB is a product of public and private consultation. Reducing logistics costs means facilitating the business environment and making government services to private enterprises more efficient. It is essential that the private sector is consulted and, whenever possible, engaged in identifying problems and solutions. The Government has appointed an inter-departmental team that has held several roundtable discussions to offer private sector representatives and public stakeholders a platform to discuss the logistics strategy.

• The commodity-specific and supply-chain approach. Acknowledging the importance of a commodity-specific approach in identifying major bottlenecks and priorities is a key to lowering logistics costs. Although most of the problems identified are common to all basic-need commodities, the supply-chain approach provides a framework to establish distribution centers and consider special treatment for certain products, such as CPO, coal, oil and gas.

• The NLB identifies immediate actions for implementation. The NLB presents a wide range of actions in different areas, in addition to the institutional framework to set up a permanent body that coordinates and monitors the implementation of logistics reform over the medium and long term. Some of these actions were defined as quick wins, while others require more substantial preparation and investment. Many of the quick wins, such as the establishment of 24/7 port services and licenses for establishing dry ports, have been implemented, while others such as Tanjung Priok's Container Terminal expansion is ongoing work.

• The NBL recognizes the need for a coordinating team. As mentioned above, the NLB has been included in the RPJM 2010-2014, and its action plan is being translated into Government Work Plans (RKPs) in each ministry and relevant agency for 2010-14. The implementation of these actions still needs to be supported by mechanisms of coordination, monitoring and effective control. Hence, the Government established the National Coordinating Team (NCT) to

carry out these duties. The recognition of this need is essential to the success of the reform program. The NCT is also in charge of recommending whether the Government should form a permanent institution to manage the medium- and long-term implementation of the NLB.

Indonesia fully implemented in 2010 the National Single Window in five ports to facilitate trade. Between January and June 2010, 63,655 import documents and 14,749 export documents were processed via the portal.

The NLB is a result of a drive by the Government to establish a roadmap of actions to increase Indonesia's competitiveness. The main gaps in the NLB that would need to be addressed in order to have an effective reform agenda are:

• *The list of actions in the NLB does not reflect a coherent strategy with objectives and priorities*. Having clear objectives and priorities can help to group similar activities that may include a range of short-term and long-term actions. In this way, activities may not necessarily be carried out by a single ministry or agency and will be aimed towards solving a specific obstacle. This approach will help to translate the action plans into more strategic programs, facilitating the implementation of activities and the monitoring of results.

• *The governance structure for the implementation of the NLB remains unclear.* Despite recognizing the need for a coordinating team, there is no acknowledgement of the need for a permanent team to implement the NLB. International experience suggests that there is a need to create even smaller committees within this team that control and monitor the progress of the various programs and initiatives. The overall team will also need to be empowered to be involved in the issuing or amendment of legislation to facilitate implementation and to propose the allocation of resources.

• *There is a need to establish a monitoring system to assess the impact of logistics reform on the public and private sectors.* The NLB mentions the importance of monitoring the implementation of the reforms, but remains vague on how this could be implemented. Monitoring can be done from different perspectives, including general indicators of the overall state of logistics in Indonesia, specific indicators that reflect implementation of certain policies, and private sector impact indicators.

• *Lack of an integrated approach for implementation: many issues and relevant stakeholders are not yet involved in the reform process.* The most significant gaps include issues such as security, labor union management, and quality standards.

- Security is often quoted as a serious concern, that is why cargo shipments from Indonesia are reported to typically bear a burden of insurance premiums up to 30 to 40 percent higher than for a cargo originating in Singapore. These higher premiums reflect risks that Indonesian cargo ships face, such as pirates, organized criminal activity at ports and roads, general theft from

warehouses and trucks, and labor strikes and work delays. Including the Ministry of Defense and security forces into the equation is an essential part of having a secure environment for businesses.

- Labor unions are also reported to be a problem in the port sector and their actions often cause some services and locations to be under-utilized or excessively costly, limiting the potential to make existing facilities more productive. Including the Ministry of Manpower and these unions in shaping the new logistics system would reduce tensions and ease the transition towards more professional logistics services.
- Quality standards in service provision and compliance with recognized international standards for the maintenance of major infrastructure are crucial for safety, cost savings, and interoperability. Quality control of service provision includes managing processes, establishing performance and integrity criteria, and building competence such as skills, experience and qualifications. Such elements help to increase the integrity of personnel, organizational culture and motivation, thereby making logistics services a more competitive industry.

• *Private sector incentives.* The strategy defined in the NLB includes the participation of the private sector in new investments in infrastructure and the provision of logistics services, but fails to mention exploring methods to encourage its participation or models of cooperation. Defining well in advance the model by which the Government will interact with the private sector and setting the rules of engagement would send clear messages to the business community. It would reduce uncertainty and encourage enterprises to invest in Indonesia.

• *Pilot and phased implementation.* Given that many of the actions specified in the NLB involve many procedures and significant coordination among a large number of stakeholders, there is a need to communicate the progress of each initiative according to the objectives of each phase. Therefore, it is important to have clear-cut project stages and pilot-test the initiatives before roll-out to avoid unintended adverse impacts or system breakdowns.

• *Communications strategy and transparency.* It is important to provide regular information to the business community and the public on plans, progress and initiatives, making them aware of new developments so they can adapt to new procedures more effectively. Also, periodic information about the progress of the NLB is a strategy to maintain interest and promote better accountability and transparency.

The major ports include Tanjung Priok, Surabaya, Semarang, Belawan, and Makassar, handling most of Indonesia’s export and import cargoes (container cargo). Most of the domestic traffic originates or is destined to these five ports. The largest port, Tanjung Priok port, has a total of 78 berths and 14 container berths. Total cargo throughput is 36 MT of which half is domestic one, and container cargo throughput is 3.6 million TEU. Inter-island shipping is the

prevailing means for distributing goods in Indonesia. The cargo volume by inter-island shipping far exceeds international cargo volume. Roads play a significant role in cargo transportation (96% of total cargo). Although the road has been developed especially for access to major economic centers, traffic congestion in the cities has been chronic issue. Indonesia has four unconnected railway systems, one in Java and three in Sumatra, most of which are singled track and not electrified. In terms of air connectivity, major international airports include Soekarno Hatta, Surabaya, Medan, Semarang, Denpasar, Manado and Palembang. Air freight transport is rapidly increasing, partly driven by the insufficient sea and land transport networks and relatively lower fare.

World Bank noted that Indonesia‘s logistics performance is average compared to other economies in the region, but it ranks low on competence of the local logistics industry (both private and public logistics service providers such as road transport operators and customs brokers) and timeliness of shipments in reaching destination. A three-pronged approach is suggested to reduce these bottlenecks in the short term which include: (i) reducing port congestion; (ii) improving hinterland connections; and (iii) improving the efficiency of trucking and freight forwarding services.

In addition, World Bank suggests the following options for addressing logistics bottlenecks in Indonesia:

- Congestion is a major issue at Tanjung Priok Port and its terminals, such as Jakarta International Container Terminal (JICT). In the long run, a new deep water port should be considered.
- Improve connections between gateways and internal markets. One part of this involves facilitating inter-island shipping.
- Develop national road infrastructure, such as the Trans-Java Highway.
- Improve the quality of trucking and freight-forwarding services.

7.8. Japan

According to the OECD report prepared by the Asian Task Force (2003), several countries including Singapore, Korea and Japan have developed well defined comprehensive logistics policies.

The Japanese Government decided on the “Comprehensive Program of Logistics Policies.” The goal is to strengthen competitiveness by promoting integrated logistics. Note, as such, Japan does not have an “intermodal” policy, but clearly there are many elements and features that address the intermodal challenge.

The Japanese program is rich in content and proposes a wide range of actions and improvements. It was designed to enhance and strengthen Japan's national and international logistics base to offer one of the most convenient and attractive logistics services in the Asian-Pacific region. Business and industry should be able to profit from efficient logistics services and the general public should benefit from improved environmental and social framework conditions. Three levels of logistics systems were distinguished, each involving a number of intermodal elements:

- city logistics - rationalizing door-to-door deliveries, use of railway and inland waterway, waste logistics, improved terminal transport,
- regional logistics - modal role-sharing, promotion of coastal shipping and related equipment, promotion of rail cargo, access roads to other modes, and
- international logistics – container terminals and cargo handling, import/export procedures; domestic land transport of marine containers and larger semi-trailers, expansion of domestic coastal shipping; promotion of competitive international sea and air cargo transport.

In July 2001, the "New Comprehensive Program of Logistics Policies" was issued to take stock of experience and achievements so far and to update aims, targets and measures against the background of the changing situation worldwide, in the Asian hemisphere and domestically. The general orientation of the program was realigned towards an internationally competitive logistics market and system emphasizing cost and environmental dimensions. Ways and means are better cooperation and partnerships between logistics stakeholders, a fair and competitive logistics market and the enhancement of logistics infrastructure.

Japan's policy aims at competitiveness, increasingly in the Asia-Pacific market, and environmental and societal needs.

Major logistics policy measures:

- "Comprehensive, multi-modal" package within traditional modal budgets;
- Regulatory reform measures;
- Pushing technology applications and standardization efforts.

The Ministry of Land, Infrastructure, Transport and Tourism (2008) recognizes the need to support construction of infrastructures which includes:

- Improvement, effective use and enhancement of road networks: MLIT pushes forward the effective use and enhancement of existing expressway networks, through the improvement of ring road systems and the reduction in expressway tolls improving and developing Shinkansen lines: The ministry pushes forward the improvement of

Shinkansen lines, which are high-speed, safe and environment-friendly mass transport facilities serving as the framework of Japan‘s national territory.

- Enhancing convenience in international travel: The ministry will expand the maximum use of international aviation in metropolitan area to 24-hour operation, focusing on the utilization and connectivity between Haneda and Narita airport.
- Improving access to airports: the ministry pushes forward the development and installation of the Narita New High-Speed Railway, which will have world-class capacity to swiftly deliver passengers to the airport, so that the railway will go into service in FY2010.
- Constructing ports and harbors to serve as nerve centers superior to other major port facilities in Asia in terms of costs and services: the ministry pushes forward the improvement of next-generation, high-standard container terminals and the development of coastal physical distribution bases, and also promotes the comprehensive intensive reform program of container-based physical distribution centered on super-hub ports, so as to formulate seamless physical distribution networks connecting both domestic and overseas destinations.
- Streamlining physical distribution and invigorating areas surrounding airports, ports and harbors: The ministry supports efforts among physical distribution transport operators, cargo owners and municipalities aimed at streamlining physical distribution in a local community or an urban area where physical distribution facilities converge, such as airports, ports and harbors.

7.9. Korea

Korea heavily depends on foreign trade for its economic prosperity due to its foreign market-oriented industrial structure. So, trade facilitation and safety are important matters that can decide the fate of the nation. Recently, the international trade community, including APEC, has been discussing trade facilitation and safety at length. As a result, Korea is now putting several practical measures in place. Korea Customs Service (KCS) has made a bold resolution to join actively in international society’s effort and to take a leading role in facilitating global trade and securing trade safety.

To this end, Korea has taken various comprehensive measures:

- Introduction of the AEO program;
- Establishment of the global single window based on the WCO SAFE Framework; and

- Drastic regulatory customs reform to meet global standards.

Moreover, Korea is going far beyond the established role as duty collector and reaching out to promote a business-friendly trade environment where every company can be fully committed to its investment, production, and trade activities without any inconvenience. Today, Korea is one of the most competitive IT powers in the world. Korea Customs is broadly and generally making use of this advanced IT in every aspect of all the intra-/extra-customs administration areas to cut logistics costs by completely eliminating paper documents as well as to streamline and to simplify customs procedures. Broad application of IT to customs administration has contributed greatly to the improvement of transparency in trading-across-border activities.

KCS drew up a long-term comprehensive reform master plan, “World Best Customs 2012+”, in 2008 to commit itself to supporting the attainment of the national vision of a newly inaugurated Korean government: the realization of Korea as an advanced trading country. This plan was also designed for the purpose of overcoming the recent global economic crisis and coping with drastic change in the global trade environment preemptively and efficiently.

This new plan consists of five strategies and 80 mid- and long-term specific reform initiatives.

Its main implementation directives are as follows:

(a) cooperating with the private sector for governance-based customs administration which emphasizes both self-regulation and participation of every company;

(b) expanding role of customs to secure public health and welfare;

(c) re-aligning customs procedures, practices, rules and regulations to go hand in hand with international standards including the revised Kyoto Convention; and

(d) improving the u-Customs level of KCS by efficiently and effectively adopting advanced ubiquitous information technologies.

Korea has been continuing to make wide-ranging efforts to facilitate foreign trade. As a result, Korea was ranked 8th among 183 countries in the overall “doing business” ranking and 4th in the “trading across border” sector, according to “Doing Business 2011” issued by the World Bank.

In Korea, all paper documents have already been eliminated completely in customs administration except for a very few cases such as security checks, cargo inspections, or regulatory post-audits. Also, clients of every export or import case are required to lodge only one electronic declaration which contains summarized statements in the manner of one electronic form sheet.

Korea Customs introduced the Authorized Economic Operator (AEO) program to facilitate trade and enhance trade security in May 2009. The AEO program, based on global supply chain security guidelines established by WCO, is emphasizing the cooperative partnership between customs and the private trade community. Companies certified as AEOs including exporters, importers, bonded area operators, sea carriers, air carriers, et al. can receive various benefits such as exemption from inspection for export/import goods.

Moreover, Korea Customs is pursuing mutual recognition of accredited AEO programs among other economies' customs authorities which follow the SAFE Framework of the WCO so that Korean AEO companies can get various benefits in customs clearance within those countries' customs territories as well.

E. g., expected benefits brought by the Introduction of AEO Program include: reduction of transport time; improvement of just-in-time delivery; reduction of bottlenecks settlement time; reduction of excess inventory; prevention of cargo theft; enhancement of cargo control visibility.
The development of UNI-PASS, the general name for various web-based clearance systems of Korea Customs, is now in its completion phase. The system aims at enabling trade logistics participants to pursue seamless trade activities at anytime and from anywhere. As a result, the time and cost required for clearance processing have decreased drastically. Moreover, paper documentation is not required in all aspects of customs administration except for security checks or cargo inspections and audits against tax evasion.

Korea Customs has been dedicated to reducing logistics costs of trade companies by applying advanced information technology to its customs administration. This effort paid off when it introduced the RFID technology into air cargo processing in 2008 and sea cargo processing in 2009. This new technology has eliminated manual customs declarations and daily inventory checking. Furthermore, members of a supply chain, such as exporters, importers, carriers, and warehouse operators can cut logistics time and costs with just-in-time management of cargo and inventory. Reduction of direct import logistics costs enabled by Simplified Cargo Processing Procedure, annually amount to 110 million dollars.

Korea Customs has already completely established an internet / web-based clearance system by which exporters are able to file export declarations at anytime and from anywhere at their convenience without restraints. However, users may still choose to use the existing EDI system.

As of 2008, the utilization rate of the system reached 75%, and the remaining 25% of export declaration was filed via the EDI system. Currently, 93.5% of the total export declaration, excluding high-risk cargo selected for electronic screening or physical inspection, is approved instantly by an internet-based export clearance system.

In Korea, every exporter can also use his / her Enterprise Resources Planning ERP systems to file declarations directly with Customs without intermediaries such as customs brokers and forwarders. This way, he or she can minimize customs-related compliance costs including various intermediary fees.

Korea Customs also provides a round-the-clock, year-round import declaration service for the Korean trade community. Of all import declarations, 80.8% are approved immediately through an internet / web-based import clearance system except import cargo subject to electronic screening or physical inspection for high-risk cargo. The import clearance system facilitates import cargo processing by acting as the information hub of import cargo control in Korea by connecting online all the government and non-government agencies, importers, customs brokers, banks, carriers, terminal operators, and other trade logistics participants. This system must be continually upgraded to meet the demand of domestic and foreign clients, and, as a result, it will ultimately become the Korean trade information hub, functioning as the Gateway of the Global Single Window connecting all domestic and foreign customs clients.

This internet-based clearance system was upgraded to meet the demand of the foreign trade community for real-time information sharing and just-in-time inventory management. As a result, customs staff and customers can access the system via PCs, EPR systems, and PDAs at anytime and from anywhere.

Korea has increased investment through the development of logistics parks, free-trade zones, port alliances, and marketing initiatives to reach the goal of transforming the Busan and Gwangyang (the two-hub port strategy) into a global logistics hub. However, the authors identify a number of obstacles facing the “two-hub port strategy” in terms of international specialization, global shift of local manufacturing companies to other economies resulting in decreasing FDI, rapid economies changes in Northeast Asia, challenges from nearby Chinese ports, inefficient policies regarding domestic logistics, and traffic concentration at Korea‘s core economic region. They also suggest the government arrange efficient transport connections between the two ports with regard to road, rail and barge shuttles, and further reform the ports’ governance structure.

7.10.Malaysia

The major ports for international logistics in the Peninsular include Port Klang (central region), Penang Port (northern region) and Pasir Gudang / Port of Tanjung Pelepas (southern region). Each port has advanced and sufficient facilities including EDI system and ample

handling capacity against the present demand. Port Klang, the largest port in Malaysia has 21 container berths (49 berths as a whole). In terms of land connectivity, the highway condition in the West-Peninsular is quite favorable. The North-South Express Way and its connected sections are well developed with no noticeable bottlenecks. However, remaining sections are not in good condition. Thailand border area is also well developed at the Malaysian side, where cross border transport services are widely available. For air connectivity, the major airports for the international logistics in the Peninsular include Kuala Lumpur International Airport (KLIA) and Penang International Airport (PIA). Both airports have advanced and sufficient facilities including EDI system and ample handling capacity against the present demand. KLIA is equipped with 24-hour Free Commercial Zone facility, which can handle 1 million tonnages of air cargo for both inbound and outbound as well as transshipment cargo. Its cargo handling operations have been improved, where the transit time for export/import is at par with global standards.

Logistics has assumed a very prominent role as it provides the backbone to facilitate international trade. Logistics value chain involves integration of various service providers – transport, distribution, freight and ancillary services – to deliver a total supply chain solution. To give more focus on this sub-sector, the Government has set up the Malaysia Logistics Council (MLC) in February 2007 to be the focal point for the overall coordination on strategies, policies, regulations and rules for the logistics sector. Formation of a Cabinet-level EDI Implementation & Coordination Committee (EDIICC), chaired by a Cabinet Minister, is worth to be mentioned, too.

The National EDI Blueprint called for the establishment of the Port Klang Community System (PKCS), with the objective of providing an efficient cargo clearance system, as the pilot project and then be replicated nationwide. PKCS includes port operators; port authorities; permits issuing agencies; customs; haulers; banks; forwarding agents; fright forwarders; shipping agents. Objectives are: to improve the clearance time of cargo; to provide accurate and timely submission of regulatory declarations and manifest information for cargo clearance; to standardize trade documents and procedures; to facilitate submission of electronic documents through a single connectivity.

Another example of trade facilitation is the establishment of National Single Window. This is an electronic approach to facilitate trade and increase efficiency of Government delivery service by allowing parties involved in trade, e.g. to fulfill commitments at ASEAN level on ASEAN Single Window Agreement and Protocol to submit of data and information through a single point (single window); to re-use data and information; to synchronize processing of data and information from relevant private and public parties; to re-engineer trade process; and to

facilitate the Small Medium Enterprises (SMEs) to come into the main economic stream by adopting ICT.

Although Malaysia has been successful in developing and modernizing its infrastructure, there are shortcomings or areas which could further be improved.

Issues include:

(1) Subjecting infrastructure projects to rigorous evaluation and selecting projects within the context of long-term sector plans,

(2) A clearer demarcation of the roles of the public and private sectors in infrastructure, (3) Improving the efficiency of infrastructure service providers or operators who possess significant monopoly power by imposing performance standards,

(4) Ensuring that the terms and conditions of private participation in infrastructure lead to efficient and cost effective outcomes,

(5) Bridging the infrastructure gap in less developed regions,

(6) Ensuring that competition between rail and road transport is on a level playing field, and

(7) Formulating a rational policy on the issue of prices for the use of infrastructure services to ensure that maintenance, expansion, and modernization of facilities are not compromised.

7.11.Mexico

Mexico has made progress towards the Bogor Goals of open and free trade and investment in the Asia-Pacific region. This progress was achieved through a multi-pronged approach towards trade and investment liberalization though multilateral, regional, bilateral and unilateral processes.

Mexico has also continued with its open trade and investment policy combining unilateral liberalization, a broadening of benefits under regional and bilateral Free Trade Agreements (FTAs), and the conclusion of further FTAs. Mexico has one of the greatest numbers of FTAs among APEC member economies. Some 85% of Mexico’s trade is now with preferential partners.

Customs procedures set out in the 1997 Customs Law and its Implementing Regulations are based on the principles of the Kyoto Convention, even though Mexico is not a signatory economy. Mexico reports that it will continue to explore the possibility of accession to the Kyoto Convention in the mid-term. Mexican customs is beginning to construct a single window system.

Other measures to enhance trade facilitation are under consideration, such as expediting the clearance of goods at customs, and reducing non-tariff barriers. An automated system for paperless trading is being further developed to allow electronic submission of certain government documents, permits, and certificates.

Operation of customs procedures is built on a computerized customs management system (SAAI). This system allows the electronic exchange of information between the General Customs Administration, the 49 customs ports in Mexico, customs brokers, warehouses, and banking institutions authorized to collect duties related to foreign trade. Mexico has the SAAI M3, which has as its goal an automated, paperless trading environment; with functions for information exchange, such as payment of customs duties, document inspection, and remote systems.

Mexican customs is at the beginning stage of constructing a single window system in which all the ministries involved in international trade are electronically interconnected. According to a new decree entered into force on March 31, 2008, information that companies must submit to the Ministry of Economy to export goods under the Decreto para el Fomento de la Industria Manufacturera, Maquiladora y de Servicios de Exportación, such as the address where the companies carry out operations, can be submitted through the Internet. This Internet-based reporting system will improve trade facilitation at the border. Other measures to enhance trade facilitation are under consideration, such as expediting the clearance of goods at customs, and reducing non-tariff barriers. Currently internet can be used to carry out payments related to international trade.

An automated system relating to paperless trading is being further developed to allow electronic submission of certain government documents, permits, and certificates such as health and carriers documents. Progress in implementation of SAAI M3 phase is ongoing, including electronic transmission of sanitary and phytosanitary permits.

Mexico seems to maintain a sound and very efficient customs regime. Improvement of risk management techniques and enhanced paperless trading, among others, may in fact serve as one of the best practices for other members.

According to an OECD report, Mexico’s road network is deteriorating with age, and maintenance is insufficient. Road density is low and has not changed much over the past 20 years, despite the rapid growth in cargo and passenger traffic over that period. Despite recent improvements, only 25% of the federal non-toll roads are in good condition; 54% of them were in normal condition and 22% in poor condition. In terms of security, federal roads are becoming safer – the number of assaults on cargo trucks was reduced from 952 in 2000 to 209 in 2004 and to 115 in 2009. There is very little information on the quality of roads at the subnational

level, the guess would be that the situation seems to be even worse for state and local roads than for the federal network. OECD suggests increasing public spending on road maintenance as well as improving and expanding the connectivity of the road network. The poor and inefficient infrastructure at the US-Mexico border is also highlighted as an issue.

OECD considers the key competition issue in railways is in resolving disputes between the railway companies over inter-regional traffic in order to boost efficiency of the railway system as a whole. This issue has caused interlinear traffic running across the whole network has fallen as a share of total traffic. In terms of ports, while reforms have improved the efficiency of port operations, particularly the unloading of cargo from ships to the wharf, there is still issue related with handling, customs processing and transfer to land transport. For air cargo services the main issue is the lack of investment. Air cargo services are not as profitable for airports (compared with passengers) and, therefore, there is less incentive for them to invest. Air cargo growth may be constrained by this lack of investment; air cargo volume has not grown as fast relative to GDP as it did it the late 1990s. The Government could encourage other parties (such as the airlines) to invest in air cargo services and should review whether the current concessions arrangement is constraining investment.

7.12.New Zealand

New Zealand has just released its first National Infrastructure Plan (NIU 2010) which reflects a three-pronged approach to infrastructure development:

- a step change in the level of Government investment, with expenditure targeted at key infrastructure policies;
- improving decision-making and management of the Government's infrastructure assets; and
- improving the regulatory environment to facilitate the private sector's investment in infrastructure.

The Plan covers economic or network infrastructure as well as the main social sectors where asset management is important. Some of the key issues and challenges affecting transport infrastructure include improving pricing mechanisms and coordination/integration for road transport as well as meeting the projected increased demand for the transport of bulk commodities (an increase of 70% by weight to 2031) for rail. It is likely that rail will continue to be competitive in general freight and container transport in certain parts where economies of density are exhibited, such as between Auckland and Tauranga. Although it is recognized that rail will continue to be an important part of New Zealand's transport infrastructure, the growth is

only likely to be in specific parts of the network, and many other parts of the network will remain under-utilized and uneconomic. An important decision has to be made about what size rail network is to be supported with taxpayer funds. The port sector is deemed to be functioning reasonably well as there is no apparent congestion. There is a diversity of ports providing shipping companies/importers/exporters with range and choice. Moreover, the competition between ports forces them to operate efficiently, to forecast future trends as best they can, and to rationalize and invest where appropriate. With respect to air transport, compared with overseas airports, New Zealand's are relatively free of congestion.

A joint border management system (JBMS) designed to significantly improve border processing for New Zealand traders and travellers, and to make border agencies more efficient, will be the result of a contract signed on 21/06/2011 by New Zealand Customs and information technology provider, IBM. The JBMS brings together the two border processing systems previously run independently by Customs and the Ministry of Agriculture and Forestry (MAF) – CusMod and Quantum respectively. JBMS will be a collection of shared services, mostly hosted by Customs, to support the clearance of people, goods, and craft across the New Zealand border.

2011 Budget announcement included a $75 million appropriation to cover the first stage of the system's development. Stage one will include what is called the Trade Single Window (TSW). Ultimately, TSW will enable exporters, importers, and others involved in trade to complete all their border compliance requirements, online through a single point of electronic contact.

It is anticipated that the JBMS will be built and implemented in two stages over a four-year period.

JBMS will provide Customs and MAF with modern technology to:

- receive and process enhanced electronic cargo and passenger information;
- simplify and better manage border clearance processes for trade and travel;
- target high-risk and facilitate low-risk people, goods, and craft;
- enhance linkages to other government agency systems;
- improve coordination of resources across agencies; and
- contribute to improved logistics management in the supply chain.

It will help speed up the clearance of low-risk international traveller.

Implementation of the JBMS will involve changes to the data required for the clearance of craft and cargo, and to border processes. Customs and MAF are consulting with industry on proposed changes via a range of forums, including a Trade Single Window Industry Reference Group.

Implementation of the JBMS will require an increase in fees recovered from importers and exporters for cargo clearance services. Customs and MAF have previously consulted industry on the likely costs and potential recovery options, and will consult further as the costs and new clearance processes are confirmed.

The Trade Single Window (TSW) is a major initiative by the key border sector agencies to provide clients with one integrated system for dealing with all their compliance procedures. The concept is in line with United Nations and international economic agencies' recommendations that countries adopt Trade Single Windows to facilitate trade.

The idea of TSW is to provide all those involved in international trade and transportation with a single point of submission for all their documentation. All compliance-related information to do with the import, export and transit of cargo, and the arrival and departure of commercial ships and aircraft, would be processed through a single portal.

TSW is a project which will continue to be developed over the coming years. During that time the TSW project team will consult widely with industry. They need to understand in depth how industries view the border environment now, and how they see TSW being able to help them in the future.

Additional work with individual companies will further assist the TSW team to explore the viability of the concept in terms of costs, benefits and value to industry.

- Registration: the ability to register with all border agencies by submitting a single application.
- Lodgement: the ability to lodge goods and craft clearances and other information, once only, using a single channel. The service includes clients being able to receive responses from the various agencies.
- Status enquiry: the ability to check, in one place, the status of a transaction as it stands with each border agency. For example: 'Cleared MAF.' 'Held Customs.'
- Payment: the ability to make an online payment for fixed fee charges related to lodgements or registration. For example, your Custom Controlled Area (CCA) license fee.
- Reference library: the ability to go to one place to get border clearance information collated by subject. For example, fact sheets, new regulations, permit requirements, forms and procedures.
- Information updates: the ability to subscribe to electronic updates and news relating to your particular area of interest. For example, tariff code amendments, or new regulations and procedures.
- Reporting services: the ability for clients to review historic transactions. For example, past lodgements and registrations.

The main border agencies – Customs, MAF Biosecurity New Zealand, the Immigration Service, Aviation Security Service and Maritime New Zealand – have begun to work much more closely in recent years in response to new work challenges.

The rise in global terrorism, avian influenza, red imported fire ant and other biosecurity threats have all demanded detailed responses in the face of steadily increasing passenger and trade volumes.

This inter-agency coordination is overseen by the Border Sector Governance Group. The work program is being led by Comptroller of Customs, Martyn Dunne, but also involves the Chief Executives of the Ministry of Agriculture and Forestry, the Department of Labour and the Ministry of Transport.

The project's scope is not about setting up a single border agency; rather, it is about finding efficiencies and opportunities for greater cooperation, including shared investment, within the existing framework.

The governance group covers the three work streams – strategic, operations and information systems. The first step has been to establish what is happening now, as a baseline for building better work processes.

For the strategic work stream, this has meant developing an agreed definition of 'border' and 'border management'. This is not as simple as it sounds – the respective agencies tend to see the border differently, and even to locate it in different places.

The next step is to develop a conceptual framework to guide a more integrated 'whole-of-New Zealand' approach and to improve service delivery and effectiveness from a 'border system' perspective.

The operations work stream has done an exhaustive analysis of the processes currently in use at the border. From this, four areas have emerged as likely to offer the most scope for closer inter-agency integration:

- intelligence / risk assessment
- common functions (for example, primary and secondary processing at air and sea ports and vessel clearance)
- support functions (including shared investments in equipment and office space and greater cross-agency standardisation)
- trans-Tasman, especially potential improvements in process efficiency and the move to a seamless system.

Customs, Immigration and MAF are all engaged in significant upgrades to their information systems infrastructure. Key to the work in this stream is ensuring that the various

design proposals permit the greatest possible inter-operability and alignment between systems by following agreed international and New Zealand standards.

7.13.Papua New Guinea

Papua has implemented many of the components of the second APEC Trade Facilitation Action Plan, especially in the areas of customs procedures and standards and conformance, and to a lesser extent e-commerce. Work continues toward implement remaining elements of the plan in these areas.

As an island economy with a large area of highland, PNG has always attached great importance to the development of maritime, air and road transportation, which are vital not only to other service sectors, but also to the overall national economy. The transportation infrastructure of PNG is still less developed, especially the road transportation due to geographical restrictions. Until now, PNG has no railway. Apart from the shortage of new transportation facilities, the maintenance of existing transportation facilities is also a big problem for PNG because of insufficient funds and manpower. At present, from the annual government budget to transportation sector, 70 per cent goes to road transportation, 20 per cent to maritime transportation and 10 per cent to air transportation. The PNG government launched the National Transport Strategy in 2008. The transportation services sector of PNG is expected to be further strengthened and liberalized in the next few years.

PNG Customs has been steadily upgrading and updating its systems and procedure.

Automation of customs procedures has been upgraded with the introduction of ASYCUDA++ to thirteen of the twenty-one ports of entry, replacing the earlier version of ASYCUDA. ASYCUDA++ has three lanes for the clearance of goods: a green lane where all cargo is cleared immediately on payment of duties; a yellow lane where goods are held pending issue of permits or other required actions; and a red lane, where 100% physical inspection or examination of goods is required prior to clearance. Customs advise that currently 50% of goods are cleared through the green lane, 40% through the yellow lane, and 10% through the red lane.

PNG Customs has implemented a number of measures to improve transparency of customs procedures, including:

- to develop and launch the Customs Website;
- to hold annual forums among stakeholders to provide awareness on new developments of customs procedures and to raise issues of concern;

- to hold monthly meetings between Customs and business to raise and resolve issues of concern; and
- to implement PNG Customs Service Charter, which outlines the Customs' commitment in providing services to the clients, stakeholders and the general public.

PNG Customs also attaches great importance to the development of paperless trading and started to implement the Single Window initiative in 2008. Customs requirements for submission and retention of paper documents have been further reduced with the implementation of the Direct Trader Input (DIT) system of ASYCUDA++.

Aiming at further improvement of the customs administration, PNG Customs has established a Customs Modernization Management Team comprising of senior Customs technical officers and legal officers to assess the level of compliance of the *Customs Act* and Regulations against the Standards and Recommended Practices of the *Revised Kyoto Convention*.

The Modernization Team has recently established the PNG Customs Modernization Strategic Action Plan 2009-2011 identifying the following focus areas:

- to enhance voluntary compliance in Customs administration and minimize Customs intervention;
- to enhance strategic management including planning and performance measurement;
- to improve Customs operational equipment and assets management;
- to promote the utilization of ICT in Customs administration;
- to enhance Human Resources development in the Customs sector;
- to promote the application of strategic and tactical risk management in all Customs processes; and
- to enhance cooperation and communication between Customs and External Stakeholders.

According to an ADB report the provision of infrastructure in PNG is a serious binding constraint contributing to the high cost of doing business and reducing the capacity of industries to compete internationally. Along with poor infrastructure, it cited weak property rights, lack of competition, and the dominant role of the state in the economy— which limits competition—as resulting in high transactions costs. The report recognizes that PNG faces obstacles in supplying good quality infrastructure in many areas due to its challenging physical terrain. For road infrastructure, its poor condition is cited as a serious impediment to doing business. It contributes to higher operating costs per truck and also to disruption in marketing systems as the time required to transport products from farm to market increases. The lack of road development, including feeder roads, is a serious chokepoint affecting the development of rural

agriculture and business. In terms of ports and shipping, PNG has 17 main public seaports, 11 of which are designated as official ports of entry. Lae, Port Moresby, and Rabaul are the main ports, and the only ones that are profitable. The report states that unlike other infrastructure, ports do not appear to be in great need of widespread upgrading.

The ports serving Port Moresby, Lae, Madang, Kimbe, and Rabaul carry international and coastal traffic and have a reasonable level of infrastructure, but lesser ports, ranging from those at Wewak, Kavieng, Oro Bay and Alotau to mere timber jetties and beach landings, provide only a basic service for coastal traffic and are often unusable in bad weather. Lae is the main import / export point for the populous Highlands region, the goods moved from / to the port by road. Annual throughput by the major ports has been growing at about the rate of population growth with import / export tonnages (increasingly containerized, but also including a growing logging trade) accounting for about a third of the total and most of the growth.

7.14.Peru

World Bank noted that Peru’s relative competitiveness is being hampered by the poor quality of its transport infrastructure. Because of the poor quality, firms need to have high inventories, to account for contingencies which lead to higher unit costs, lowering competitiveness and productivity. The report further stresses that Peru’s Road safety conditions are among the worst in the region.

In Peru, there are only 11,783 km of paved roads, of which 10,643 km are national roads. Only 34 percent of the national roads are in good condition, 51 percent are in fair condition and 15 percent in poor or very poor conditions. For the unpaved network, the situation is even worse with only 3 percent being in good condition and 34 percent in fair condition. Although Peru has a deficit in road infrastructure, in recent years, the number of road concessions has been increased considerably. According to the Peruvian Economic Institute (IPE) until 2004, only two concessions had been given (Arequipa-Matarani and Ancon-Huacho-Pativilca), while by 2008 nine road concessions were under implementation and in 2009 three more concessions were granted; covering an extension of 4 628 km and with a total estimated investment of US$ 3 148 million, of which US$ 1 016 million has already been executed.

In addition, it is worth noting that in mid 2006, the concession contract for the construction and administration of the South Pier of the Callao Port was signed with the consortium formed by companies DP World and Uniport SA. This concession is valued at approximately US$ 617 million. This process is important since most of Peru's international trade passes through the port of Callao. As an initial commitment, US $ 360 million will be

invested in the construction of two berths, where six gantry cranes will be installed. This investment, which would be culminated in 2010, will be fundamental to streamline inefficient and lengthy process that currently has the port of Callao. Furthermore, in August the grant of the North Pier would be defined and six other processes for ports concessions are being carried out.

Peruvian Ositran website (www.ositran.gob.pe), lists other bottlenecks. For example, Peru suffers somewhat inadequate port infrastructure. Reduced operating depth in docks, dock maneuvers and input channels, does not allow entry of modern vessels with larger draft that supposedly would reduce operating costs of vessels. There is also an issue of lack of space for the development of port areas, highlighting the problem of shortage of docks, storage areas and operative of the port of Callao. Underinvestment in appropriate port equipment (gantry cranes, cranes, mobile dock and other equipment) is also an issue.

There are also problems with the access at the Callao port for trucks and specialized transport port. There are congestions in the central highway (that carries 80% of mineral concentrates produced). According to the Ministry of Transport, congestion level of the central road is 80% (i.e. the ratio volume to capacity is 0.8). The average speeds are only 10-20 km / hour. International standards indicate optimum speeds are between 40-50 km / hour.

Railway line is considered underutilized. Only 20% of the mining cargo is transported by this means of transport. Problems are related to the equipment operating in the Central Railway. The cars are not suitable for the transportation of minerals, but rather for grain transportation. This causes delays of about 20 minutes, where a wagon with automatic unloader can be unloaded in 4 or 5 minutes.

For air transport, Ositran noted there is a lack of cargo airlines with regular frequencies; not enough efforts by the Lima International Airport operator, Lima Airport Partners (LAP), in promoting cargo air freight transportation; and excessive costs and procedures imposed by LAP for the entry of cargo vehicles at Lima International Airport.

Peru’s approach to customs procedures is to facilitate foreign trade through Peru’s ports and border crossing points to contribute to national development while taking into account Peruvian fiscal interests. Peru has taken a number of steps to liberalize its customs procedures since 2003, including:

- adoption of measures pursuant to the Special Customs Destinations of Postal Service and International Courier Service Rules (Supreme Decree No. 067-2006-EF) to facilitate postal shipment clearance;
- adoption of guidelines and regulations to align Peruvian practice with the WTO Valuation Agreement;

- and the first steps in implementing paperless trading and an improved risk management approach to customs clearance.

Peru is currently undertaking a number of projects to facilitate the movement of goods through Peruvian Customs, including:

(i) Development of a paperless trading system that will result in a single window approach to customs;

(ii) Development of a price optimization database to reduce verification processing time and to value goods in accordance with the WTO Valuation Agreement (Peru adopted the WTO Valuation Agreement in 2000);

(iii) Development of a risk management system (Control System of Customs Risk Management) based on a statistical model that selects low-risk and high-risk shipments;

(iv) Development of express consignment procedures, including identification of low risk frequent users, to simplify customs clearance procedures; and

(v) Improving the methods for identifying and stopping trade in illegal goods (counterfeit products and goods imported or exported in violation of international agreements such as CITES or the UNESCO agreement on cultural heritage) through cooperation with INDECOPI.

Peru's Customs System is transparent. Superintendencia National de Administracion Tributaria (SUNAT) website (http://www.sunat.gob.pe) includes a "user's orientation" section to assist users understand the customs system as well as an e-mail consultation system that allows users to direct questions directly to Peruvian customs officials. Tariff classification rulings that have a binding effect are published on the SUNAT website.

To support the development of an effective customs system, SUNAT has entered into agreements with a number of government agencies, including MINSA (Ministry of Health), MTC (Ministry of Transport and Communications), SENASA (Agricultural Health National Service), PRODUCE (Ministry of Production), MININTER (Ministry of Interior) and UKF (Financial Intelligence Unit) to allow an information exchange among these bodies and to simplify and to make efficient the clearance of goods.

In 2004 Peru launched its Master Plan for Trade Facilitation (MPTF) as part of its National Strategic Exports Plan 2003 – 2013. The purpose of the MTPF was to establish a framework to foster and facilitate trade and to contribute to Peru becoming a more competitive and export-oriented economy.

To facilitate trade, Peru has approved the Port's Law Regulation and established the National Development Port Plan, to modernize and develop Peruvian ports. Since 2004, Peruvian ports have met the requirements of the International Ship and Port Facility Security Code (ISPS). Peru has also approved the National Plan of Harbour Development which

includes modernization of the port at Callao, which is expected to receive POST PANAMAX ships.

In addition to the initiatives relating to Customs Procedures and Regulation/De-Regulation, which are addressed in Sections VI and X, Peru intends to further implement trade facilitation objectives of the Law 28977 on Foreign Trade Facilitation, to continue modernization of its port infrastructure and to strengthen its Customs Management Integrated System.

7.15.The Philippines

Importing and exporting in the country has never been easier, at least when it comes to dealing with national government agencies. The creation of the Philippine National Single Window (NSW), an Internet-based system that allows parties involved in trade to lodge information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements, is a big relief to entrepreneurs.

With 40 government agencies involved in the issuance of import and export licenses**,** permits**,** and clearances, the NSW makes life easier for the importing or exporting entrepreneurs.

The project is being implemented through the mandate of Executive Order 482 dated December 27, 2005. The aim of the NSW is to create a more efficient process for the importation and export of goods and lessen the bureaucratic red tape in government agencies.

With the NSW in place, there will be lower business cost, faster trade documentation process and release, easier trade compliance, transparency and predictability of government processes, and transactions can be performed with government agencies regardless of time and location.

The Philippine Border Management Project (PBMP) contributes to the efforts the Government of the Philippines is undertaking to enhance its border management capabilities as to more effectively manage migration.

Border management systems strive to facilitate and regulate the movement of persons and goods between countries. Effective border management also helps to prevent transnational crime and to enhance national security.

In the Philippines, border management functions are compounded by the economies geographical spread: the Philippines is an archipelagic country with over 7,000 islands and approximately 32 000 km coast line borders.

Since entry into and exit from the Philippines can only be effected by ship or aircraft, border management agencies focus their efforts in monitoring the entry and exit of goods and persons at the economy's international seaports and airports.

Like in many other countries in today globalized mobile and interconnected world, the Philippines face a number of challenges related to the management of its borders, such as illegal immigration, trafficking in persons and smuggling of migrants as well as goods.

The Philippine Border Management Project supports the Government of the Philippines in meeting these challenges through:

- Providing information on and promoting the implementation of effective practices in Border Management,
- Enabling efficient sharing of information among selected agencies involved in border management through a secure IT network,
- Promoting a higher level of identity and travel document integrity and,
- Providing training and education on various aspects of border management.

The activities of the Philippine Border Management Project are carried out in five pilot sites: Cebu, Davao, Laoag, Metro Manila and Zamboanga.

The activities in the framework of the PBMP are carried out in close cooperation with selected Philippine Government Agencies involved in border management, namely:

- the Bureau of Immigration (BI),
- the Bureau of Customs (BOC),
- the Department of Foreign Affairs (DFA),
- the National Economic Development Authority (NEDA),
- the National Intelligence Coordinating Agency (NICA) and
- the Philippine Center for Transnational Crime (PCTC).

Major ports for the international logistics include the Manila Port (North and South harbors), MICT, and Batangas Port. Manila port does not have sufficient handling capacity against the present demand, causing congestion. Alternatives at present are Batangas Port (south) and Subic Port (north). Investments are growing rapidly especially in Batangas area and some companies already started exporting by container from Batangas. Subic is likewise being developed. Domestic ports are not well suited for container operation, while Manila Port and Cebu port continues to have limitations in handling LOLO containers. In terms of roads, pavement ratio still remains around 21%, though it is influenced by tertiary roads (i.e. Barangay roads). The primary road network is largely two-lane roads with relatively high roadside friction due to lack of access control. Maintenance has been improving but still insufficient. Major trunk

lines include the North and South Luzon Expressways stretched from Manila. The South Luzon Expressway is not connected to Batangas (one of the major industrial areas that have a large port), a missing link, with the STAR Expressway. Traffic regulation on truck entry and by vehicle number plate is enforced in Metro Manila. The railway line in service is only for southern part of Luzon (Manila to Legazpi) and operational capacity is quite small. Railway container service commenced in 1997, connecting MICT to industrial area in south Manila, but is no longer operating. Railway ROW is littered with informal settlers, leading to high accident rates and inefficient operation. As for air connectivity, the major airports for the international logistics include Ninoy Aquino International Airport (NAIA), and Cebu International Airport. FedEX has relocated its operational hub for Asia-Pacific region from Subic Airport to Guangzhou, in south China.

World Bank notes the key questions in transportation infrastructure are not about the number of facilities, but their effective capacity, the quality of the services they can provide, their location and how they work as a network. While the Philippines have sufficient number of transport infrastructure facilities the quality of those infrastructures prevents them from functioning optimally. For example, road density is on par with comparable economies in the region but road quality compares less well. The result is that the Philippines suffer from higher land transportation costs and a higher rate of accidents compared to other parts of the East Asia region. There are also many ports and airports across the islands, but the airport capacity in Metro Manila is likely to come under pressure in the coming years. Also, the quality of railroad tracks and services is poor. The report recommends focus should be on upgrading the quality and capacity of existing ports, roads and airports rather than on expanding the coverage of transport networks. Also, to focus on upgrading the quality of railroad tracks and services and then – possibly – on expansion of the network.

7.16.The Russian Federation

During the process of WTO accession negotiations, Russia has liberalized its trade policy regime substantially. Most significant achievements were made in the establishment of a legislative framework for the trade policy. A long list of new legislations have been enacted, and old ones revised in order to better take the changing international environment into account, and to accommodate requests of negotiation partners.

The overall trade policy of Russia has become increasingly liberalized, more transparent, and predictable. Nonetheless, the economy still has some way to go to achieve the standards of developed economies.

Russia is faced with the enormous task of modernizing its transport infrastructures. Systemic improvement in the roads, railways, inland waterways, and domestic air transport is needed as the economy needs a better integrated and more efficient transport system. Proper connections between the regions are an issue. In general, the infrastructure system is at its most dense in the European part of Russia where the majority of the population lives and the economy is most active. On the other hand, the base network in Siberia and the Russian Far East is not yet developed and some areas do not have connections to the main transport network. Air and inland waterway transport have been under-financed, aggravating the imbalance between the European and Asian parts of the transport system. The rail system is of immense importance to the economy and some sections, about 30% of the main railway freight routes, can be regarded as bottlenecks. 60% of the Russian Railways‘ fixed assets and 80% of cargo wagons and diesel locomotives are old. For ports, the capacity to handle containers is not high relative to others, which partly explains why Russia accounts for only less than 1% of the cargo turnover between Europe and Asia or only 5-7% of its transit potential. The road network is also underdeveloped. Although the increase in traffic volumes is the immediate reason for the congestion along the main city and inter-city roads, the underlying cause is Russia‘s lack of normal roads. The bulk of the road traffic is concentrated in the federal roads, which account for about 5% of the total road length. Only 40% of the federal road network meets the criteria for “normal” roads and this figure is even lower for the majority of roads that are under the remit of the regional and municipal authorities.

Some observers note that the overall infrastructure situation is improving especially at airports where important international events are being hosted. However, the road network remains a significant problem. Delivery to the Russian hinterland is quite difficult due to insufficient or poor quality roads. Ground transportation is a continuing challenge because only one railroad connects west and east throughout the year. Part of the reason for the lack of paved roads is the high cost of maintenance due to extreme weather conditions. The railway network is the main means of transport as it is the cheapest and most developed mode of transport. It accounts for 86% of freight transported while air and river, sea, and road account for less than 1%, 5%, and 8% respectively.

In 2008, the government of Russian Federation approved the **Russia's Transport Strategy up to 2030**. The Transport Strategy is to be implemented in two stages. The first one (till 2015) envisages completion of transport system modernization; the second one (2016-2030) – intensive innovative development of Russia’s transport system. Total capital investment is valued at USD 5.7 trillion (in prices of corresponding years with VAT).

In 2010-2015, the Transport Strategy envisages implementation of a number of measures. For example, the development of transport infrastructure implies achievement of the following key goals:

- to expand capacity of railway sectors, to form lines for increased weight and axial load, to build railway lines in the regions within the development of new territories;
- to extend federal highways corresponding to regulatory requirements;
- to get rid of sectors limiting the capacity of the unified deep-water system of Russia's European part;
- to develop the network of Russia's internal hub airports.

Besides, transport infrastructure development includes implementation of high-technology project aimed at development of transport routes and the projects of integrated development of transport hubs servicing major interregional links. Of course, among the most important parameters determining the population's life quality and the level of economic development is the availability of transport services.

To improve the competitiveness of Russia's transport system and to use transit potential it is necessary to solve the tasks aimed at development of international transport corridors, transport-and-technology infrastructure, and modernization of the transport fleet. For that purpose, the Ministry of Transport proposes to focus its financial and organizational efforts on the development of the existing transport corridors and creation of alternative routes for speeding up the flow of cargo and passengers. It is also necessary to develop our national seaports. The largest ports ensuring major volume of foreign trade and transit cargo are Murmansk, St. Petersburg, Ust-Luga, Primorsk, Novorossiysk, Vostochny, Vanino. The development of river ports located at major international transport corridors (Rostov, Azov, Olya, Blagoveshchensk) will make it possible to improve competitiveness and transit potential of Russia's inland waterways.

The development of air transportation will be related to creation of a network of distribution centers being formed on the base of Moscow air hub as well as the airports in St. Petersburg, Kaliningrad, Rostov, Yekaterinburg, Novosibirsk, Krasnoyarsk and Khabarovsk.

Total value of the Program makes USD 0.5 trillion including USD 0,15 trillion (33.4%) from the federal budget, USD 0.68 billion – budgets of the RF constituent entities (4.4%), 9.59 trillion – non-budget sources (62.1%) provided that investment component is included into railway tariffs.

The main instrument for implementation of Russia's Transport Strategy in 2010-2015 will be the revised Federal Target Program (FTP) to be named the Development of Russia's Transport System with extension of its term till 2015.

It is necessary to complete the reform of railway transport, to carry out comprehensive specialization of commercial seaports, to develop a mechanism for improvement of inland waterways management system.

As for civil aviation, the main task is consolidation of companies, forming of an institute of airdrome network operators, sole holder of the property not subject to privatization, public enterprises for operation of airports located within the Far North region and related territories.

In the sphere of automobile transport and roads, the priority is establishment of a state company on development of highways and transition to maintenance of automobile roads according to norms and latest technologies.

To ensure dynamic development of the branch the Ministry of Transport proposes also some other forms of state support aimed at improvement of investment potential and attractiveness of transport industry including:

- state guarantees within the framework of large investment projects;
- participation of development institutes in authorized capitals of Russia infrastructure companies;
- exemption from taxes on land and property of airports, sea and river ports;
- opportunity to provide the resources of Invest fund for implementation of projects within the framework of a Law on concession agreements.

Implementation of the FTP Development of Russia's Transport System in 2010 - 2015 will make it possible:

- to concentrate the resources on solving the priority tasks of transport system development and on implementation of comprehensive project, which in its turn will ensure favorable transport-and-communications conditions for social and economic development of the country;
- to promote implementation of large transport project based on PPP principle, which is to serve a signal for business and to improve investment attractiveness of the industry;
- to ensure correlated development of complex transport hubs, which is to facilitate the development of regional «points of growth» and to contribute to improvement of competitiveness of the RF constituent entities;
- to raise efficiency of measures and the use of budget resources.

The above plans are to be drought into life within the framework of a unified federal executive authority in transport sphere under close cooperation with interested federal and regional authorities, scientific, business and social structures.

According to the strategy, cargo transportation is to grow to 20.7 billion t by 2030 (1.7 times against 2007); cargo turnover – to 4.56 trillion t/km by 2030 (1.84 times). Transportation of containerized cargo is to increase 6-fold to 648 million tones.

Throughput of Russia's seaports is to grow by 2.3 times to 1.025 billion t.

According to the document, export of transport services is to increase 7.8 times by 2030; transit transportation via Russia is to grow from 28 million tones to 100 million tones.

To achieve the above results it is necessary to build 20,730 km of railways.

In 2010-2015 it is planned to build and reconstruct some 8,000 km of federal highways as well as reconstruction of 1,900 km of paid roads and highways. Over 7,000 km of paid roads and highways are to be built and reconstructed in 2016-2030.

The strategy envisages development of sea transport, expansion of transport infrastructure in North, Baltic, Azov-and-Black and Far East basins.

Total financing of the strategy implementation is to make USD 5.7 trillion including USD 1. 3 trillion to be allocated by the federal budget, USD 0.8 trillion by the RF subjects and USD 3.6 trillion – off-budget sources.

The Strategy for Developing Rail Transport in the Russian Federation up to 2030, ratified by the Government in June 2008, envisages a significant expansion of Russia's rail network in two stages. The first involves a period of modernization (2008-15) to ensure the necessary capacity on key routes, a fundamental renewal and upgrading of existing infrastructure and the beginning of planning and surveying work for expansion, as well as a start on the construction of some high-priority lines.

Among the Company's top priorities are the reconstruction of existing main lines and their technical enhancement, along with the construction of new lines to remove infrastructural limitations to Russia's economic growth.

A further priority is the construction of dedicated freight lines, which will be determined by how rapidly deposits of natural resources are tapped and the development of new industrial zones. Around 13,800 route-km will be upgraded for heavy axle loads, helping to reduce the cost of bulk freight shipments.

The second stage from 2016 to 2030 involves large-scale expansion. This will create the infrastructure needs to develop new areas of economic growth across Russia's vast territory,

achieving a world-class level of technology and improving the competitiveness of the country's rail system on the global market.

http://eng.rzd.ru/dbmm/images/49/121/12463There are two versions of the strategy, known as minimum and maximum. **The minimum version envisages the construction of 16017 km of new route by 2030, while the maximum scenario calls for 20730 km.**

The minimum strategy focuses on full modernization of the existing rail infrastructure and developing the necessary capacity on key freight corridors to meet the needs of the economy and population. New areas of economic growth will be served and some freight-only and high-tech lines constructed. This includes the long-envisaged high-speed line between Moscow and St Petersburg, while elsewhere the construction of new lines will focus on strategically important routes, such as those which open up mineral reserves or improve links between the regions.

The maximum version would create a world-class infrastructure and end all capacity bottlenecks across the entire rail network. It would ensure a modern level of infrastructure development and provide transport to open up areas of natural resources. This version envisages, for example, constructing of a railway line all the way to Magadan in eastern Siberia, opening up Russia's north-eastern region for development and providing a reliable rail service to some of the most remote parts of the country.

One of Russia's highest transport priorities is the creation of effective, safe and reliable overland international corridors to increase the competitiveness of the country's transport network. We plan to create a logistical network that will allow 'through' freight services between Europe and Asia.

This will help to increase trade between Europe, Russia, the CIS countries and the Asia-Pacific region and facilitate the development of intermodal transport in particular, boosting economic activity and employment in the regions through which the routes pass.

On the east-west axis in particular, work will continue on the development of the Trans-Siberian route, which as the key link in RZD's Eurasian transport services has huge potential.

The quality of service on the Trans-Siberian has been significantly improved in recent years by simplifying procedures for clearing goods through customs and implementing a range of additional measures to ease the border crossing process. A simplified system for declaring goods in containers has reduced their waiting time at borders from up to 5 days to just a few hours, while new IT systems provide comprehensive information and track the movements of wagons and containers in real time.

These fast container trains allow freight to be moved right across Russia, from the Pacific to the western borders, in 7 to 11 days, an average of more than 1,000 km per day. Technology

not only ensures a quicker journey, but also means that consignments can be delivered regularly and on time.

Between 250 000 and 400 000 TEUs a year could be attracted from sea to rail on this axis. The most obvious potential is for freight shipments between Europe and Korea, Japan and northeast China. The development of this transit route depends to a great extent on the project to revive the Trans-Korean Railway, completing a direct rail link between Europe and South Korea and avoiding the current sea leg between Busan and Vladivostok.

On October 4, 2008, after many years of discussions, work began to reconstruct the line between the border at Tumangan and Rajin in Korea and build a container terminal at the port of Rajin. This is a pilot project for the plan to modernize the whole Trans-Korean railway.

No less important is the development of a north-south international corridor as an alternative to the sea route linking Europe with the Persian Gulf and Indian Ocean.

At the moment the competitiveness of this route is reduced by the double transfer of goods when crossing the Caspian Sea, but in May 2005, an agreement was signed by the railways of Azerbaijan, Russia and Iran to construct a new line from Qazvin in Iran to Astara in Azerbaijan. The new track will run along the western shore of the Caspian Sea and will not only complete the shortest rail route between the ports of the Baltic Sea and the Persian Gulf, but also provide direct rail connections with Pakistan and India.

The work to create a northern east-west corridor is being led by the International Union of Railways. The new corridor envisages a freight link from the northeast USA and Canada (Boston and Halifax) via the port of Narvik in Norway and then through Sweden, Finland, Russia and Kazakhstan to northwest China, with a connection via the Trans-Siberian to Russian ports on the Pacific.

This corridor would reduce the time for freight flows from the hinterland of western and central China to the industrial centers of the northeast USA and Canada since it is both shorter and quicker than the route across the Pacific. An alternative could be a sea leg via Russia’s northern port of Murmansk, thus avoiding the change of gauge at the border between Finland and Sweden. According to UIC data, freight volumes on this route could be 190 000 to 240 000 TEUs a year in each direction.

By 2030, Russian Railways will build lines to 18 industrial zones and promising mineral deposits, which will require more than 4600 kilometers of railway lines with funding coming from private investors and the Russian government.

Total investment for these new lines is over USD 18.8 b, with USD 9.8 b coming from the Russian Federation and USD 9 b from private investors.

Among the new lines, in particular, is a 49 km section between Russkoe and Zapolyarnoe which is required for the development of the Zapolyarnoe oil and gas condensate deposit in the Yamalo-Nenets Autonomous District, whose reserves are estimated at 3.3 trillion cubic meters of natural gas, and a 20 km stretch between Muslyumovo and Techenskoe for the Techenskyi magnetite ore deposit in Chelyabinsk Region, where it is planned to extract 2 million tons of ore every year.

Implementing the maximum version will lead to a fundamental change in international trade links within the Eurasian, Asia-Pacific and North-American regions.

It is planned to create up to 40 Terminal and Logistics Centers (TLC) in Russia's major transport hubs by 2015. The first will be established in Moscow (Kuntsevo, Kursk), the Moscow Region (Belyi Rast), Leningrad Region (Shushary), Yekaterinburg, Nizhny Novgorod, Novosibirsk, Irkutsk and other major cities. Each TLC will be a major technological complex for processing, storage and warehousing and customs clearance of cargo and containers and will also provide a full range of additional value-added services.

Implementing the railway development strategy will help to meet Russia's national transport objectives. The expanded infrastructural base will ensure the country's territorial integrity, reduce regional inequalities and create the conditions to promote the growth of the Russian economy.

Under the maximum scenario, the coverage of the Russian rail network will increase by 24%, so that common-user rail services will become available in 80 of the country's 83 regions by 2030. At the same, many existing limitations on capacity will be removed.

Russian Railways hopes to harness Russia's unique geographical position to fulfill its potential as a transcontinental land bridge. A near-trebling of transit traffic will contribute to a projected 60% increase in freight volumes. The average speed of freight trains will also increase by more than 23%, with premium container services 3.5 times faster. Increasing the speed and reliability of freight transport will help to lower costs for manufacturers and help to make Russian products cheaper and more competitive.

On May 30, 2008 the **Order of the Federal Customs Service of the Russian Federation** «Implementation of information technology allowing declaration of goods in e-form for custom clearance, including declaration via Internet» has come into force. Participants of foreign trade activities had an opportunity to declare the goods in any customs body via Internet. The Internet technology allows declaring without a binding to any concrete customs body.

Active work is conducted on preparation and amendments to the customs legislation, for facilitating the implementation of the electronic declaration procedure for participants in foreign trade activities.

For further enhancement the transparency of customs procedures, the following technologies are implemented by Federal Customs Service:

1. Preliminary information:

- allow monitoring the goods before crossing the customs border;
- facilitate the effectiveness and cost saving of the transactions through the customs border of the Russian federation.

2. E-declaration:

- allow monitoring the customs clearance process at each stage, as well as further control at all levels of the custom system.

Both technologies use “Single Window” approach.

The Federal Agency for the Development of the State Border Facilities of the Russian Federation (Rosgranitsa) was established by the Decree of the President of the Russian Federation № 1359 issued on October, 11th, 2007.

Rosgranitsa is responsible for developing and realizing the state policy, legal regulation, managing the state property and functions of a federal public contracting authority, rendering of the state services in the area of arrangement of the border crossing checkpoints of the Russian Federation. The Agency establishes, creates, develops and maintains border-crossing checkpoints at the state border of the Russian Federation and places of its crossing.

According to the Concept of the State policy on arrangement of the State border (approved by the Order of the Government of the Russian Federation from September, 11th, 2008 № 1309-r) the fundamental principles of the state policy in the given area are:

- differentiated approach on arrangement of the state border facilities depending on the region / district;
- development of the logistics base, including design, construction, reconstruction, equipping and providing technical support for border buildings, premises and facilities, transport and engineering infrastructures, the information and telecommunication systems, - to be used for conducting of all kinds of control in border-crossing checkpoints and protection of the state border;
- creation of conditions, necessary for ensuring of boundary, customs and other kinds of control within border-crossing checkpoints, in particular by setting measures for optimization of the crossing regime in checkpoints;

- efficiency increase in interagency interaction, in particular by technical possibility of information exchange in concert with all other federal executive authorities in implementing of the state border protection policy and in course of boundary, customs and other kinds of control carried out within the checkpoints;
- legal base improvement;
- elaboration and introduction of modern standards in management and administration of the checkpoints;
- optimization of the federal budgetary funds and expenditure allocated for arrangement of the state border of the Russian Federation;
- international cooperation.

The significant feature of the modern phase of the world economic development is the constant expansion of national markets, which entails a large-scale growth of cross border flows. Under present-day conditions one of the priority tasks of state economic policy is the infrastructure development at the State Border of the Russian Federation, including border-crossing points of the Russian Federation, as well as the other installations and facilities necessary for administering by the federal executive bodies of their powers in the area of protection of the State Border of the Russian Federation.

The Concept understands infrastructure development of the State Borders of the Russian Federation as the system of measurements aimed at arrangement of necessary conditions for the normal functioning of the infrastructure of the State Border.
The main problems of the infrastructure development of the State Border are as follows:

- imperfection of normative legal regulation;
- low level of development and maintenance of the infrastructure at the State Borders of the Russian Federation, as well as insufficient rates of its modernization;
- incompliance of the existing system of the border-crossing points with state needs resulting from the rates of social and economic development of the Russian Federation;
- lack of proper regulation of property rights issues in relation to the real property facilities constituting the infrastructure at the State Border of the Russian Federation.

The plan of measures to implement the Concept is developed. This plan includes:

- introduction of amendments to the normative legal acts of the Russian Federation with respect to specification of the powers of the Federal Agency for the Development of the State Border of the Russian Federation in the established sphere of activities;

- determination of prospective places of location and infrastructure development of the border-crossing points;
- implementation of the pilot projects on construction of the border-crossing points pursuant to the modern standards which constitute the ground for development and application of the unified requirements for designing, construction, reconstruction, equipping and installation of buildings, premises and facilities necessary for organization of the border control, customs control and the other kinds of control exercised at the check-points, as well as for application of the procedure of definition of limits of the check-points and of the procedure of requisitioning of land plots, buildings, premises and facilities located within the bounder territory of the Russian Federation for the Federal state needs in the order established by legislation of the Russian Federation;
- proper regulation of property relations concerning the real property facilities constituting the infrastructure at the State Border of the Russian Federation;
- development and improvement of the standard requirements for equipping and installation of buildings, premises and facilities necessary for organization of the border control, customs control and the other kinds of control executed at the check-points with due account for kinds of international transport;
- designing, construction (reconstruction), maintenance and engineering infrastructure development of the check-points and the state border infrastructure facilities at the State Border of the Russian Federation;
- supporting of coordination of the activities of federal executive bodies exercising control at the border-crossing points, by means of inter-institution integrated automatic information system;
- carrying out of international measures on the issues of the infrastructure development of state borders (participation in the activity of Intergovernmental Commissions, their sub-commissions, committees and working parties, as well as organization and/or participation in international conferences, seminars, forums, internships; holding consultations with competent bodies of neighboring states on settlement of problematic issues);
- preparation of the drafts of international agreements of the Russian Federation for the purpose of implementation of the projects on optimization of functioning of the border-crossing points.

In the course of implementation of the Concept the following results are expected to be reached:

- taking effective countermeasures against the threats to the interests of the Russian Federation by means of increasing the infrastructure development level of the State Border of the Russian Federation and introduction of modern technical means;
- growth of foreign trade turnover, international tourism and development of cross border territories by means of:

- shortage of the time of the procedure of passing across the State Border of the Russian Federation by the persons and transport means and of carrying across the State Border of cargos, goods and animals;
- shortage of financial losses during the procedure of passing across the State Border of the Russian Federation by the persons and transport means and of carrying across the State Border of cargos, goods and animals;
- optimization of the costs for the infrastructure development of the border-crossing points;
- increase of through-flow rate of the border-crossing points in accordance with existing and prospective demands of economic development of the Russian Federation;
- creation of the favorable conditions for social and economic development of the border territories of the Russian Federation.

7.17.Singapore

In terms of maritime connectivity, Singapore Port consists of PSA and Jurong Container Terminals. Around 80% of the cargo is transshipped. Port and cargo handling facilities are modern and their operation is quite efficient with advanced EDI system. Singapore port prioritizes mother vessel‘s operation, which sometimes causes delay of feeder vessel operation. The road condition is quite favorable. Traffic congestion is well-managed with traffic monitoring and road pricing schemes. Causeway and the Second Link are the connection to Malaysia. Since domestic market is so small, domestic transportation demands is also small. It is easy to handle domestic transportation smoothly because of its narrow land area. Regulation on the number of vehicles in Singapore contributes to good and smooth road condition. Singapore has no railway service, except for commuting lines (railway line is owned by Malaysian Railway). In terms of air connectivity, Changi International Airport has the most favorable cargo handling

facilities, and continuously invests to expand the port handling capacity in preparation for future demand. In addition to the excellent airport facility, private logistics providers can easily have their own facility to provide their specific services. Speedy and transparent operation and procedure are highly appreciated.

In the mid 1980's, the Singapore government decided to streamline the processes involved in the regulatory framework of trade permit approvals to further strengthen the established trade hub status of Singapore and to improve external trade. Special committees comprising high powered government officials and business leaders were set up to ensure sufficient backing for the use of IT to support the re-engineering and improvement of the trade regulatory framework and processes. In fact, then Minister for Trade and Industry, Brigadier General Lee Hsien Loong (now the Prime Minister of Singapore) chaired the review committees for approval of the plans and implementations.

Starting with the trade process involving a few government agencies in 1989, the Singapore TradeNet® System today provides the trading community with an electronic means of submitting trade documents to all relevant government authorities (Singapore Customs and the controlling agencies) for their processing, through a single electronic window. Within 10 minutes after submission of the permit application, traders will receive an electronic response, be it approval or rejection, with details on the approval conditions or reasons for rejection.

TradeNet was established with the key objectives to:

1. Reduce the cost of trade documentation
2. Reduce delays in turnaround time for trade documentation
3. Increase authorities' processing efficiencies with a streamlined process flow
4. Attract foreign direct investment as a result of operational efficiency and transparency.

TradeNet, the world's first nationwide electronic trade documentation system, has been recognized as a great contribution to Singapore's pro-business environment, increasing efficiency and lowering business costs for the Singapore trading community with the innovative use of IT.

The TradeNet system has been in operation and serving the Singapore trading community since 1989. 100% of the trade declarations are submitted and processing electronically via the TradeNet system. The Government had also mandated the electronic submission of trade declarations.

Through TradeNet, some 9 million trade permit applications are processed per year, of which 90% are processed within 10 minutes and some 70,000 certificates of origin are issued yearly via TradeNet.

In addition, Singapore also implemented TradeXchange, a neutral and secure trade platform launched as a Public Private Partnership (PPP) in 2007, which provides a single interface to multiple systems; facilitates the exchange of information between the trade and logistics community; and offers a comprehensive array of services such as Business-to-Government (B2G) transactions, Business-to-Business (B2B) trade, among others.

With effect from 01 September 2006, Immigration & Checkpoints Authority has introduced the web-based Computerization of REcord for CREW Clearance System (CREW). This system aims to:

- Provide a one-stop service for all local shipping agents of vessels to submit e-manifest (e.g. vessel details, crew/passenger information/list, arrival/departure details) to ICA via the Internet as applications for crew clearance and related matters;
- Allow ICA to capture and store submitted e-manifest quickly and accurately for online processing;
- Automate the crew and passenger screening and clearance approval/rejection processes upon receipt of these applications;
- Provide online enquiry and retrieval of crew and transit passengers records;
- Facilitate shipping activities through speedier clearance.

Electronic Port Clearance (EPC) scheme the shipping community may choose to carry out port clearance formalities for vessels at the offices of shipping agencies by using the EPC via Marinet.

EPC users can apply and obtain port clearance for vessels when they undertake and declare that their vessels are properly crewed, and possess the valid certificates and documents. EPC users need not present the original certificates for inspection at the OSDC before the vessel's arrival with this undertaking. However, EPC users should submit copies of the certificates to the OSDC if the last recorded status with the MPA has expired or changed.

EPC users no longer need to submit the last port clearance certificate and arrival crew list and / or passenger lists to the MPA's OSDC (since 1 March 2008). EPC users only need to retain the vessel's last port clearance and departure crew list and/or passenger list for 3 months. EPC users will still need to produce the required documents for the MPA's sighting during audits. Any wrongful declaration may lead to prosecution action.

Using the ISPS Code is a set of measures to enhance the security of ships and port facilities. This page also contains information on ISPS security trainers, ISPS compliant port facilities, and Recognised Security Organisation (RSO) for both ships and ports.

The ISPS Code is a set of measures to enhance the security of ships and port facilities. It was developed in response of the perceived threats to ships and port facilities after the 9/11 attacks. The ISPS Code is part of the Safety of Life at Sea Convention (SOLAS) and compliance is mandatory for the 148 Contracting Parties to SOLAS.

The objectives of the ISPS Code are to:

- establish an international framework involving co-operation between contracting governments, government agencies, local administrations and the shipping and port industries to detect / assess security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade;
- to establish the respective roles and responsibilities of all these parties concerned, at the national and international level, for ensuring maritime security;
- to ensure the early and efficient collation and exchange of security-related information;
- to provide a methodology for security assessments so as to have in place plans and procedures to react to changing security levels;
- and to ensure confidence that adequate and proportionate maritime security measures are in place.

Singapore's success in infrastructure development provides lessons for other economies:

(1) infrastructure development must have a long-term perspective, be based on economic viability, and managed on commercial-based practices,

(2) in the initial stage, efficiency rather than equity should be the primary guideline,

(3) the role and involvement of the private sector should be encouraged as they often set the standard of efficiency and benchmark of quality and competitiveness, and

(4) the principles of transparency and accountability should be practiced with respect to public tender for projects and management operation.

Singapore's economic transformation would not have been possible if infrastructure development (hardware) were not undertaken simultaneously with public administration development (software).

7.18.Chinese Taipei

Chinese Taipei has put much effort in road network construction. In order to encourage more people to use public transport systems, Chinese Taipei has mapped out a plan to improve highway transport services with a budget of NT 15 billion (US$ 468 million) over three years.

The goal for the development of public transport is to increase 5% use volume in public transport systems every year.

To respond to CTI Supply Chain Connectivity (SCC) Action Plan, Chinese Taipei has performed several projects which adopting technologies of RFID, GNSS, GIS, wireless communication, and Web services allow to:

- Integrate cargo information from each stakeholder by an information exchange and sharing platform by Institute of Transportation, Ministry of Transportation and Communications from 2007 to 2010.
- Provide a feasible solution for cargo movement security to balance facilitation and security for import, export, transit and transshipment containers from 2009 to 2012 by the Directorate General of Customs, Ministry of Finance.

Chinese Taipei adopted the “Single Window Concept” in improving the trade facilitation environment. Rather than creating a single authority or a single system, the concept is to provide an automated system. Currently, there are two value-added network companies providing electronic services for stakeholders. The stakeholders will only need to visit the single window to complete their applications for import / export permits, certificates of origin, certificates of inspection, and quarantine certificates, etc. In addition, all the information provided for trade administration will link with the customs clearance system with no need for data re-entry. The first stage was the consolidation of the computer systems among the Directorate General of Customs, the Bureau of Foreign Trade, Bureau of Standards, Metrology and Inspection, and Bureau of Animal and Plant Health Inspection and Quarantine. With the simplification of the licensing procedures and the shortening of the time needed for licensing operations, cargo clearance operations are, therefore, further expedited.

To improve the cargo clearance environment even more, Chinese Taipei has endeavored to promote paperless trading, streamline clearance operations and help the business sectors reduce transaction costs.

In close cooperation with other relevant government agencies, Customs has been making efforts to promote the “Trade Facilitation Plan” of the Bureau of Foreign Trade.

Under this Plan, licensing documents, including import and export permits, certificates of import and export commodity inspection, as well as import and export approval documents, are to be transmitted through the consolidated computer system. The “FacileTrade Net” was launched on August 31, 2005, and the first stage was the consolidation of the computer systems among the Customs Service, Bureau of Foreign Trade, Bureau of Standards, Metrology and Inspection, and Bureau of Animal and Plant Health Inspection and Quarantine.

Furthermore, in order to promote convenient services, information sharing and system interoperability, since 2009, Chinese Taipei Customs has started to establish a national single window to integrate Customs, port and trade licensing information systems. It can harmonize data elements in accordance with WCO Data Model Version 3.0, create a commodity database and a high-intelligent, high-efficient data warehouse operation mechanism and establish a cross-boarder interfaced platform. The single window will be formally launched in 2013.

In the Adoption of Systematic Risk Management Techniques, after analyzing clearance's data and information, Chinese Taipei input high-risk factors into the Cargo Selectivity System so that the rate of high-risk merchandise inspection is increased and that of low-risk merchandise inspection is decreased. This can facilitate normal cargo clearance and increase efficiency of anti-smuggling activities. Currently, the average clearance time for import air cargo is about 13 minutes, and that for sea cargo is about 2 hours.

7.19.Thailand

Thailand, as an export-oriented country, recognizing the importance of trade facilitation in order to enhance her competitiveness, has initiated Thailand Logistics Development Master Plan (updated 2007 – 2011) in response to the need for efficient flow of goods through cost efficiency, business responsiveness, reliability and security. This Master Plan has established Thailand Strategy toward becoming the Logistics Trade Hub of Indo-China which would contribute further tangible and intangible economic benefits. The Master Plan consists of 5 major elements for logistics development:

1. Business Logistics Improvement (Promoting logistics management in the agricultural, industrial and service sectors, Supply Chain Optimization),

2. Transport and Logistics Network Optimization (Logistics Network Integration, Transport Management for Energy Saving),

3. Logistics Service Internationalization (Promoting Strategic Alliance),

4. Trade Facilitation Enhancement (Single Window e-Logistics: SWeL, Promoting Electronic Commerce),

5. Capacity Building (Human Resources Development).

Recent studies by the Thai government toward upgrading Thailand logistics system as well as other international bodies have revealed that a great number of trade documents are exchanged every year in international trade transactions. This results in trade transaction costs arising from the supplying of trade documents and information required for border procedures and may include cost arising from complying with requirements of relevant regulatory

government agencies. Furthermore, Thailand's documentation requirements during import / export procedures which are vastly duplicative and involve 27 – 30 different parties, 40 documents, 200 data elements (30 of which are redundant at least 30 times and the re-keying of 60 – 70 percent of all data at least once), has resulted in great inefficiency. Such excessive documentation requirements and burdensome border-crossing procedures have in fact affected Thai traders and become major factors that contribute to a very high logistics cost per GDP to Thailand. Consequently, Thailand has been actively engaged in trade facilitation enhancement: the development and implementation of Thailand Single Window e-Logistics (SWeL) System targeted at efficient and secure exchange of trade information, a very crucial component of international trade. SWeL development will provide a framework for a paperless trading environment which will offer great benefit to all stakeholders: the government in terms of security and revenue, and the private sectors in terms of efficiency of supply chains and value added services. Most importantly, it offers Thailand the opportunity for rationalization of trade procedures, documentation and information flows; initiating automation in order to realize the advancement of information technology; increasing transparency and predictability in international trade administration; and enhancing cooperation among relevant government agencies.

In Thailand, e-government will provide the public and local businesses with more convenient access to one-stop information and services. The first service to be introduced in 2011 will be the National Single Window, which will integrate 35 state agencies and private organizations in the areas of import, export and logistics. The system is expected to reduce time-consuming manual processes and cut transport costs for the current 125,000 exporters and importers in Thailand by at least US$3.2 billion annually.

At present, Thailand has been progressively developing SWeL which involves 5 major stages of development:

1. The development of a paperless customs declaration system,

2. The integration of other trade administration and regulatory bodies involved in import / export procedures (such as the issuance of certificate of origin and health certificate, etc.),

3. The extension to the transportation sector (such as ports, ship liner, airports, airlines, etc.) and the financial sector,

4. The integration of national logistics platform linking the administrations, traders, and the service sectors to the import and export operating system,

5. The integration of national logistics platform with other regional systems.

Significant progress includes the completion of the first stage which involves the redesigning of customs procedures, the use of web-based technology and the launch of e-

Customs (implementation of paperless customs service for e-Export and e-Import by using ebXML standard) by the Thai Customs Department in 2008.

Currently, as the lead government agency in developing SWeL, the Thai Customs Department is in the process of implementing interfaces with government agencies responsible for issuing and certifying license, other government agencies and trading communities, respectively.

There are five major ports in Thailand, two of which are operated by the Port Authority of Thailand namely, the Bangkok Port and the deep water port at Laem Chabang Port. The rest are the Phuket Port, the Map Ta Put port and the Songkhla Port. Most containerized cargoes had been transshipped over Singapore, partly because of the draft limitations that exist in the river port of Bangkok. However, since the commissioning of Laem Chabang, which is a deep-sea port, Thailand has begun to receive direct calls in the major East-West trades. Direct links between Thailand and other Asian economies, especially to China, have also developed greatly (there have been direct links to Japan for many years). The number of services connecting Thailand to other Asia ports has also increased. Laem Chabang port has become a major distribution hub for South China and neighboring Greater Mekong Sub-region (GMS). In terms of land connectivity, roads are generally in favorable condition and play an important role in domestic transport. With heavy traffic congestions in Bangkok, traffic regulations on truck are applied in the inner area of Bangkok Metropolitan during 6:00-21:00. Another truck restriction is also applied in all-staged expressway only during peak hours. Railways play a less important role in freight transport as it accounts for a small share of total freight. Most of goods transported by railway are low value and high weight, such as coal, petroleum products, cements, rice, sugar etc. The railway network is linked to Thailand's neighbors. With respect to air connectivity, major international airports include Bangkok, New Bangkok (Suvarnabhumi Airport), Chiang Mai, Chiang Rai, Hat-Yai, and Phuket. Major commodities of air transport are computer parts and accessories, electric equipment, precious stones and jewelry, and fruits and vegetables. The role of air transport has increased, with a share of about 10% of the net export value.

There are three important issues in the transport infrastructure sector in Thailand within the context of achieving effective and balanced regional integration:

- Modal shift and intermodal transport issue - as Thailand's freight transport is dominated by road transport that is beset by problems like pollution and congestion, the Thai government has tried to enforce the policy to shift the road transport to more efficient and environmental-friendly modes, namely, railway and waterway. However, in order that the State Railway of Thailand (SRT) is to be able to offer comparative advantages over

competing modes of transport that are significant enough to influence the key players (e.g., shippers, freight forwarders, shipping companies, etc.) in their transport mode decision the railway sector as a whole has to be revitalized so that a series of legal, institutional, organizational, and infrastructural prerequisites are fulfilled.

- Cross-Border Transport Agreement for market integration – as part of the initiative to develop economic corridors in the GMS, a Cross Border Transport Agreement (CBTA) was devised. However, the implementation has been slow due to a host of issues which include lack of clarity on the impact, benefits, and distribution of benefits among the stakeholders as well as differences in transport regulations that have to be addressed.
- Infrastructure pricing – in view of cross-border transport movement in the GMS, a systematic approach to infrastructure charging especially for heavy goods vehicles is required.

7.20.The United States

A study commissioned by the US National Chamber Foundation in 2008 found that the large national backlog of needed capacity improvements and continuing underinvestment have contributed to declining transportation performance, which in turn affects the competitiveness of the US economy. Specifically, the poor performance of the US infrastructure is attributed to two factors: a growing imbalance between supply and demand and the increasing age of the nation's infrastructure where one-half of all bridges were built before 1964 and other transportation stock is aging quickly.

The effects of rapid growth in demand and limited growth in system capacity are reflected in increased congestion, increased freight transportation prices and less reliable trip times. Critically congested areas for business include the US - Canadian border between Ontario and Detroit and the US - Mexican border at Loredo. With respect to individual modes, for highways it was found that urban interstate interchange bottlenecks accounted for most of the delay experienced by truckers. Railroads, which have had substantial surplus capacity in the rail network in the past, have experienced two decades of growth and major increases in rail traffic volumes. It is anticipated that many of the key national rail corridors supporting domestic and international trade will be facing severe capacity shortfalls in the coming years. Likewise, for the US ports, studies surveyed by the report indicated that marine terminal capacity, navigation channels, and the associated highway and rail access to ports will not be able to meet future needs without significant levels of investment.

Various stakeholders interviewed highlighted the need for greater attention to the freight transportation system and advocated investments to fund critical freight corridor, gateway, and connector improvements. It was suggested that the US needs to be much more strategic in making critical investments so that transportation investment policy is linked to trade and economy policy. Finding effective institutional and financing approaches to deal with major interstate corridors and bottlenecks so that the benefits and costs could be shared among states was likewise recognized as an important challenge for the public and private sectors.

US introduced several programs to facilitate trade and transport.

CBP Automated Forms Streamline Review Process

The U.S. Customs and Border Protection (CBP) automated versions of CBP Forms 28, 29 and 4647, “Request for Information,” “Notice of Action” and “Demand for Redelivery,” respectively, began in spring 2009. The new paperless process allows importers with an Automated Commercial Environment Secure Data Portal account to interact faster and more efficiently with an import specialist to ensure goods are properly classified on the entry summary.

Automating CBP Forms 28, 29 and 4647, the most commonly used CBP forms, have reduced the time and effort of import specialists to provide notification to a filer or request more documentation for roughly 260,000 entry summaries each year – five percent of entry summaries filed.

Automating CBP Forms 28, 29 and 4647 facilitate CBP’s goal of streamlining the team review process. During team review, an import specialist uses these forms to interact with filers to ensure imported goods are recorded correctly, modify incorrect classification values or determine if the import complies with the U.S. trademark regulations.

Pre Arrival Processing System (PAPS)

The Pre-Arrival Processing System (PAPS) is U.S. Bureau of Customs and Border Protection border cargo release mechanism that utilizes barcode technology to expedite the release of commercial shipments while still processing each shipment through Border Cargo Selectivity (BCS) and the Automated Targeting System (ATS). Each PAPS shipment requires a unique barcode label, which the carrier attaches to the invoice and the truck manifest while the merchandise is still in Canada. The barcode consists of the U.S. Standard Carrier Alpha Code (SCAC) and Pro-Bill number. This information is then faxed ahead to the Customs broker in the U.S., who prepares a BCS entry in ACS. Upon the truck’s arrival at the border, the Customs Inspector scans the barcode, which automatically retrieves the entry information from ACS. If no

examination is required, the Inspector then releases the truck from the primary booth, reducing the carrier's wait time and easing congestion at the U.S. border.

The Free and Secure Trade (FAST)

The Free and Secure Trade (FAST) program is a commercial clearance program for known low risk shipments entering the U.S. from Canada and Mexico. Initiated after 9/11, this innovative trusted traveler/trusted shipper program allows for expedited processing for commercial carriers who have completed background checks and full certain eligibility requirements.

More than 87,000 commercial drivers are currently enrolled in the FAST program nationwide. (The FAST program is open to enrollment by the U.S., Canadian, and Mexican truck drivers.)

FAST processing exists at 55 of 105 northern and southern land border ports that process commercial cargo. The majority of FAST processing occurs at dedicated FAST lanes in key northern border ports in Michigan, New York and Washington state and at southern border ports from California to Texas.

Participation in FAST requires that every link in the supply chain, from manufacturer to carrier to driver to importer is certified under the Customs -Trade Partnership Against Terrorism (C-TPAT) program. C-TPAT is a voluntary government-private sector partnership in which companies involved in commerce destined for the U.S. demonstrate that they have implemented enhanced security measures within their facilities and day-to-day operations to prevent terrorists and weapons of mass effect from the supply chain.

CBP routinely conducts on-site visits to domestic and foreign facilities to evaluate and validate security measures undertaken by C-TPAT members. More than 7,500 companies worldwide are certified as C-TPAT members. The availability of online filing of C-TPAT applications through www.cbp.gov helps to facilitate the enrollment process.

Among the key benefits of FAST enrollment there are:

- Access to dedicated lanes for greater speed and efficiency in the processing of transborder shipments
- Reduced number of inspections resulting in reduced delays at the border Priority (front of the line) processing for CBP inspections and
- Enhanced supply chain security while protecting the economic prosperity of the U.S., Canada and Mexico.

Another benefit for FAST drivers is that the FAST ID card is also proposed as an alternative document to the passport under new travel document requirements for the U.S. and Canadian citizens for land and sea travel within the Western Hemisphere.

Automated Commercial Environment System (ACE)

The Automated Commercial Environment is the commercial trade processing system being developed by the U.S. Customs and Border Protection to facilitate trade while strengthening border security.

The ACE Secure Data Portal, essentially a customized Web page, connects CBP, the trade community and participating government agencies by providing a single, centralized, online access point for communications and CBP information. The ACE portal enables users to monitor daily operations and identify compliance issues through access to more than 125 reports. The number of ACE account types now includes practically every entity doing business with CBP. There are more than 17,000 ACE portal accounts, including more than 3,000 importer and broker accounts and more than 14,000 carrier accounts.

With the ACE account-based system, monthly payment and statement capabilities are available, giving periodic payment participants the ability to wait until the 15th working day of the next month to pay for shipments released during the previous calendar month. CBP collects more than 55 percent of all duties and fees for eligible entry summaries via periodic monthly statement, representing more than $1 billion dollars per month.

ACE electronic truck manifest capabilities enable CBP to pre-screen trucks and shipments to ensure the safety and security of incoming cargo.

Electronic manifests detailing shipment, conveyance and carrier information are required when entering the nation's 99 land border ports. Truck carriers can self-file e-manifests through the ACE portal or via a CBP-approved electronic data interchange, or they can use third parties, such as brokers or border processing centers. E-manifests are currently processed 21 percent faster than paper manifests.

ACE participants can file entry types 01, 03, and 11 entry summaries via ACE. These three entry types which account for nearly 99 percent of all entry summaries can now be filed in ACE. A new AD/CVD case management system enhances the ability to track the life cycle of an AD/CVD case; facilitates trade compliance efforts by centralizing more information; leads to increased efficiencies between CBP and the Department of Commerce; and makes ACE the system of record for AD/CVD cases.

7.21.Viet Nam

Viet Nam has largely completed its transition to a market economy. With annual income per head of slightly more than US$800 in 2010, it can still be classified as a least developed economy, but it is making a decisive escape from poverty.

The Government is well aware of the examples set by other economies, especially in East Asia, which have demonstrated that reducing obstacles to international trade and investment is an essential component of a successful development strategy.

The extent of reform since Viet Nam adopted its *Doi Moi* (Eng. Renovation) strategy in 1986 has been remarkable. Joining the World Trade Organization (WTO) in 2007 is a highlight of recent achievements. At the same time, it is only one milestone along a coherent policy reform program, consistent with steady progress towards APEC's Bogor ideal of free and open trade and investment.

The Government has also acted on its awareness that liberalizing border barriers to trade and investment needs to be complemented by reforms to improve the efficiency of domestic markets to facilitate the rapid structural adjustment needed for successful, deep engagement with the global economy.

Since late 2008, the economy has been seriously affected by the global financial crisis which has damaged most of Viet Nam's export markets. Nevertheless, the Government is determined to adhere to its outward-looking development strategy and to sustain its program of reducing, and where possible eliminating, impediments to international trade and investment. Liberalization and facilitation of trade and investment are being accompanied by measures to improve the business environment in order to promote domestic as well as direct foreign investment.

The World Bank's *Doing Business* cites Viet Nam, along with China, as a systematic reformer in APEC. Viet Nam's ranking in the World Bank Ease of Doing Business tables has been improving steadily.

Viet Nam is the one of the leading countries in ASEAN to build the "institutional" system for the development of logistics sector. This is a necessary condition but not the sufficient one. In Viet Nam, logistics service accounts for 15-20% of GDP, equivalent to around US$ 12 billion. This is a huge amount of money linking to all stages of circulation and distribution of the economy. Transportation itself, which is the most important phase in logistics and accounts for 40-60% of total logistics cost, can constitute a huge market. Viet Nam has over 800 logistics enterprises with different scales. The potential for logistics service development is even greater when our trade volume is growing at the fastest rate of 18-20% in the region and the turnover reaches nearly US$ 130 billion.

However, like other developing countries in the region, most Vietnamese logistics enterprises are small and medium ones. Therefore, the business organization is mainly fragmentary and unprofessional. Human resources are also limited. Small enterprises often can not meet the customers' demand and consequently, market share is shrunk. Besides, there is also negative competition, which causes damages to businesses in the industry.

Shortage of transport infrastructure is a serious bottleneck to economic development and trade in Viet Nam. Viet Nam is drawing up a new master plan which seeks to attract investment from all sources to ease transport constraints, including by encouraging joint ventures and "build, operate and transfer" projects for ports and airports. The remaining restrictions on ownership and the scope of operations for foreign investors and service providers are set out in the WTO accession documents.

Recent regulatory changes to clarify the potential scope of operations include the following:

- regulations to allow Vietnamese enterprises and foreign enterprises to operate multi-modal transportation in Viet Nam under licenses provided by the Ministry of Transportation;
- implementation guidelines to specify and make transparent the procedures for establishing representative offices and booking agents of foreign airlines in Viet Nam;
- revising the legal framework for internal transport, including water transport;
- gradual deregulation policy of air transportation by means of multilateral and bilateral agreements;
- revised regulations on civil aviation allowing foreign investors to contribute capital when establishing airlines and invest in developing airports.

The transport sector continues to receive significant technical advice and funding from international development agencies. Vietnamese officials also value their participation in relevant APEC working groups, including the APEC Transportation Working Group.

Recognizing the importance of facilitating trade, Viet Nam has made extensive efforts to improve the efficiency of its customs procedures, including by participation in the relevant specialist working groups of APEC and the collective action plan to set up a single customs window. Recent efforts to enhance the understanding and efficiency of customs administration include the following:

- Viet Nam has upgraded the official website (http://www.customs.gov.vn); made annual updates of procedures available in five languages; and organized courses and workshops for the private sector.

- Viet Nam is finalizing legal documents for e-customs and paperless trade. Customs is implementing a customs modernization strategy to 2020, partly under a project funded by the World Bank.
- Viet Nam signed the revised Kyoto convention in 2008 and is amending the Law on Customs to bring Viet Nam fully in line with the WTO Agreement on Customs Valuation, which is based on transaction value. Companies can search the Customs website for a valuation of specific goods.
- From 1 January 2008, Viet Nam has officially applied Harmonized System 2007 of the World Customs Organization and the ASEAN Harmonized Tariff Nomenclature of 2007. Viet Nam is working towards harmonizing trade data based on the World Customs Organization dataset.
- Viet Nam is completing its legislative framework for IPR protection at the border and developing the capacity to implement that legislation.
- Viet Nam is developing legal documents and organizing training on risk management for customs officials.

The major ports include Hai Phong in the north and Saigon (including New Saigon, VICT) and Can Tho Ports in the south. Inland waterways also plays vital role in the county. Vietnam has 41,000 km of natural waterways, of which 8,000 km are used commercially. Vietnam stretches over 1,600 km along the eastern coast of the Indochina Peninsula. Most of population is concentrated in the two principal regions, namely southern Mekong Delta (including Ho Chi Minh City) and northern Red River Delta (including Hanoi). These regions are linked by National Highway No. 1. Urban areas of Hanoi and Ho Chi Minh City suffer from serious traffic congestion as well as main corridors like the National Highway No. 1. Container transport by rail is primitive and operated only by state-owned Vietnamese Railway Company. The long distance cargo delivery (North-South) is available but its reliability is insufficient. In terms of air connectivity, the major international airports include Ho Chi Minh City (Tan Son Nhat), Hanoi (Noi Bai) and Da Nang airports. The cargo handling capability in the air cargo terminal is considered inferior.

Infrastructure bottlenecks, rather than uncertain and complicated government policies, are now regarded as the biggest issue affecting the business environment. While financing is a serious factor, they argue that the most important infrastructure challenge facing Viet Nam is investment efficiency rather than inadequate levels of investment. Viet Nam is now entering a stage of development that requires strategic investments in trunk transport infrastructure such as expressways, railways, seaports, and airports. The location and composition of transport

investment undertaken in the past and planned for the future do not seem to support the successful development of competitive industrial clusters, which is necessary for long-term growth.

A white paper prepared by the Transportation and Logistics Committee of the European Chamber of Commerce in Viet Nam (2009) highlighted the need to synchronize the different infrastructure types in order to increase the flow of goods throughout the whole supply chain. Specific recommendations are also provided which include: further access channel clearing for Cai Mep / Thi Vai ports in order to accommodate ships longer than 300 meters, additional warehousing space for cargo handling in the airports, enlargement of cargo rail system for linking ports with key economic areas, light signal systems for all waterways and access channels in order to cope with the growing barging traffic, improving road quality and separating trucking from motorbike traffic, etc.

The Government of Viet Nam is conscious of the need to complement measures to liberalize border barriers to trade and investment with policies to reduce other costs and risks of international commerce. For example, it sees bottlenecks caused by shortages of infrastructure as a more important constraint than traditional border barriers to exports and its ability to engage in global supply chains.

As in many other areas, the trade facilitation effort is constrained by the availability of relevant skills and the need to set up the software and regulatory systems needed for progress, especially for the wider use of e-commerce and paperless trading. There is considerable scope for other APEC governments to help ease these constraints by carefully targeted economic and technical cooperation activities.

8. Overview of APEC Activities on Supply-chain Connectivity

APEC Mission states that APEC is the premier Asia-Pacific economic forum. The primary goal is to support sustainable economic growth and prosperity in the Asia-Pacific region.

“We are united in our drive to build a dynamic and harmonious Asia-Pacific community by championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical cooperation, enhancing human security, and facilitating a favorable and sustainable business environment. Our initiatives turn policy goals into concrete results and agreements into tangible benefits” (Mission Statement).

In 1994, during APEC Summit in Bogor, Indonesia, APEC Leaders set the **Bogor Goals** of, "free and open trade and investment in the Asia-Pacific by 2010 for developed economies and 2020 for developing economies."

In order to meet APEC's Bogor Goals for free and open trade and investment in Asia-Pacific, APEC Member Economies follow the strategic roadmap as agreed by APEC Economic Leaders in Osaka, Japan. This roadmap is known as the **Osaka Action Agenda** (Nov.19, 1995).

The Osaka Action Agenda provides a framework for meeting the 'Bogor Goals' through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues and economic and technical cooperation.

Trade facilitation is one of APEC’s three main pillars of work to achieve the Bogor goals of free and open trade and investment, and APEC’s work on trade facilitation will help boost the economies, especially developing economies, in this region and bring clear benefit to APEC’s business communities.

Based on APEC's Trade Facilitation principles, **Trade Facilitation Action Plans** formally responded to a call by Leaders in Shanghai in 2001 for member economies to achieve a reduction in trade transaction costs by 5 percent across the APEC region between 2002 and 2006 as a contribution to the Bogor Goals.

An important mechanism for achieving a freer trade within APEC is **Supply-chain Connectivity Framework**. The supply chain is seen as an integrated and inter-connected process to transport and trade goods and services. It needs to be looked at as a whole. The Framework sets down eight chokepoints to the smooth flow of goods, services and business travellers throughout the APEC region. These were identified as trade-impeding bottlenecks.

Chokepoint 1: *Lack of transparency/awareness of the full scope of regulatory issues affecting logistics; Lack of awareness and coordination among government agencies on policies affecting logistics sector; Absence of single contact point or champion agency on logistics matters.*

Chokepoint 2: *Inefficient or inadequate transport infrastructure; Lack of cross border physical linkages (e.g. roads, bridges).*
Chokepoint 3: *Lack of capacity of local/regional logistics sub-providers.*
Chokepoint 4: *Inefficient clearance of goods at Customs; Lack of coordination among border agencies, especially relating to clearance of regulated goods 'at the border'.*
Chokepoint 5: *Burdensome customs documentation and other procedures (including for preferential trade).*
Chokepoint 6: *Underdeveloped multi-modal transport capabilities; inefficient air, land, and multimodal connectivity.*
Chokepoint 7: *Variations in cross-border standards and regulations for movement of goods, services and business travellers.*
Chokepoint 8: *Lack of regional cross-border customs-transit arrangements.*

It is useful to differentiate between hard (physical) infrastructure such as ports and roads and the 'soft' infrastructure that deal with systems and the application of IT, the regulations and licensing of trade and transport, the governance arrangements covering logistics as a whole and the improvement to transport safety.

The project "Transborder Control and Optimal Transborder Logistics" deal mainly with "soft" issues – connectivity, ICT, standards, regulations, transparency, etc.

The issue of supply chain connectivity is important because, for example, a 1 percentage point increase in the ratio of trade to GDP would lead to a 2-3 per cent increase in income per person; a 10 percent efficiency gain in across-the-border supply chain connectivity would lift APEC real GDP by US$21 billion per year and generate thousands of jobs.

From the other hand, the supply chain is only as good as its weakest link, so a comprehensive approach to supply chain connectivity including transborder logistics is needed.

There is a lot of work underway to improve the working of the supply chain, and some of this work is undertaken by APEC's Transportation Working Group (TPTWG).

Good instruments to measure national, regional and international performance on trade facilitation and trade logistics are provided by major international indices:

- **World Bank Logistics Performance Index (LPI),**
- **World Economic Forum Enabling Trade Report,**

- **World Bank Group Doing Business Report,**
- **World Economic Forum Global Competitiveness Report, etc.**

For example, **The World Bank's Logistics Performance Index (LPI) 2010** is a comprehensive index of logistics performance in 155 economies. The LPI covers the entire supply chain and is based on a survey of nearly 1,000 logistics professionals worldwide. It is a useful tool in comparing logistics performance across economies and identifying key reform priorities within economies.

The LPI consists of two parts and is based on numerical ratings of 1 (weakest) to 5 (strongest) to assess logistics performance.

International LPI - based on the assessment of foreign operators located in **the country's major trading partners**, and is a weighted average of six components:

1. Efficiency of the border clearance process;
2. Quality of trade and transport-related infrastructure;
3. Ease of arranging competitively priced shipments;
4. Competence and quality of logistics services;
5. Ability to track and trace consignments; and
6. Frequency with which shipments reach the consignee within the scheduled or expected time.

Domestic LPI - based on logistics professionals' assessments of **the country where they work**, and contains detailed information on individual aspects of logistics performance such as:

1. Quality of trade-related infrastructure;
2. Competence of service providers;
3. Efficiency of border procedures; and
4. Data on the time and cost of moving goods across borders.

APEC contains some of the strongest logistics performers in the world. Singapore and Japan were both in the global top ten in the 2010 LPI (Table 1).

World LPI ranking	Economy	LPI	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
1	Singapore	4.09	4.02	4.22	3.86	4.12	4.15	4.23
7	Japan	3.97	3.79	4.19	3.55	4.00	4.13	4.26
13	Hong Kong, China	3.88	3.83	4.00	3.67	3.83	3.94	4.04
14	Canada	3.87	3.71	4.03	3.24	3.99	4.01	4.41

15	United States	3.86	3.68	4.15	3.21	3.92	4.17	4.19
18	Australia	3.84	3.68	3.78	3.78	3.77	3.87	4.16
20	Chinese Taipei	3.71	3.35	3.62	3.64	3.65	4.04	3.95
21	New Zealand	3.65	3.64	3.54	3.36	3.54	3.67	4.17
23	Korea.	3.64	3.33	3.62	3.47	3.64	3.83	3.97
27	China	3.49	3.16	3.54	3.31	3.49	3.55	3.91
29	Malaysia	3.44	3.11	3.50	3.50	3.34	3.32	3.86
35	Thailand	3.29	3.02	3.16	3.27	3.16	3.41	3.73
44	Philippines	3.14	2.67	2.57	3.40	2.95	3.29	3.83
49	Chile	3.09	2.93	2.86	2.74	2.94	2.33	3.80
50	Mexico	3.05	2.55	2.95	2.83	3.04	3.28	3.66
53	Viet Nam	2.96	2.68	2.56	3.04	2.89	3.10	3.44
67	Peru	2.80	2.50	2.66	2.75	2.61	2.89	3.38
75	Indonesia	2.76	2.43	2.54	2.82	2.47	2.77	2.46
94	Russian Federation	261	2.15	2.38	2.72	2.51	2.60	3.23
124	Papua New Guinea	2.41	2.2	1.91	2.55	2.20	2.43	3.24
	Brunei	N/A						

Table1. LPI Ranking and Scores 2010 (Source: World Bank LPI 2010)

But performance is far from being uniform (Fig. 1).

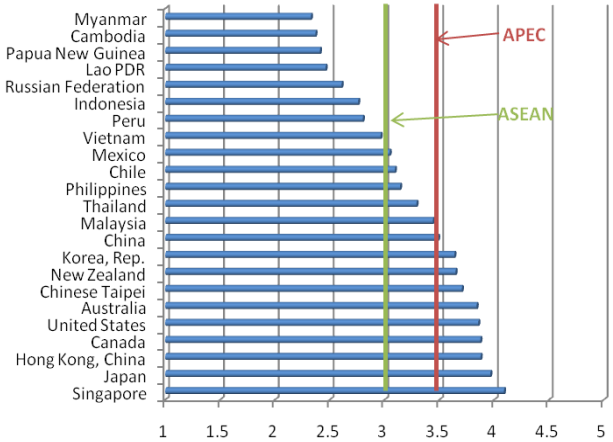

Fig. 1. International LPI in APEC compare to ASEAN (Source: World Bank LPI 2010).

Membership of higher income economies partly explains APEC's higher average LPI score compared with ASEAN.

Comparing results from the 2007 and 2010 LPIs is difficult due to differences in the survey instruments and respondents. But on average, logistics performance in the region is quite consistent in the two surveys (Fig. **2**). There is very little evidence of backsliding. Some economies, such as the Philippines, have substantially improved their score.

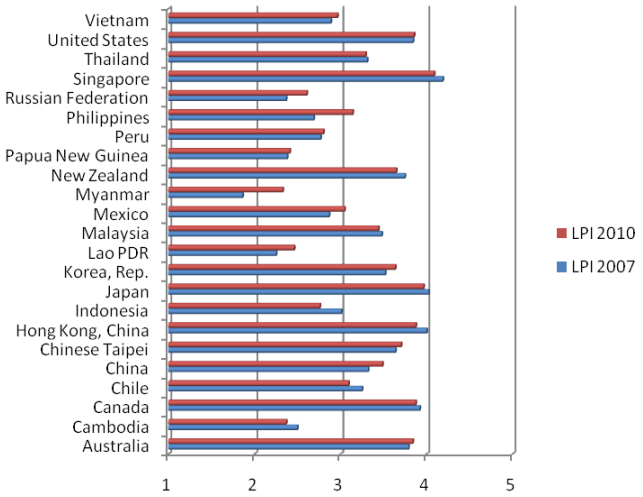

Fig. 2. LPI Scores 2007 vs 2010 (Source: World Bank LPI 2010).

APEC performs more strongly than the middle income group average in all six core areas of logistics (Fig. **3**). APEC's scores are higher than ASEAN's in all areas, but this is partly to be expected given the presence of more high income economies in APEC. But for APEC, the logistics area needing greatest attention is border clearance processes — which involves customs as well as other border management agencies.

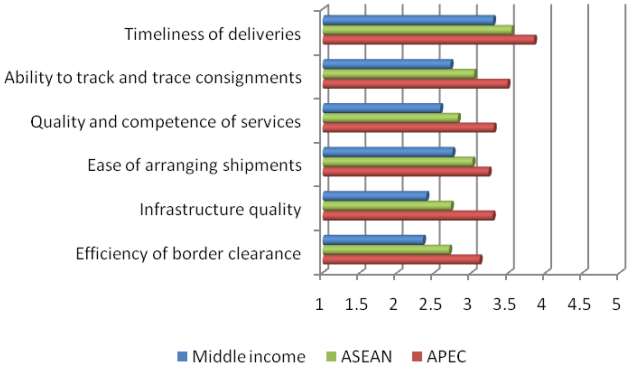

Fig. 3. The Asia-Pacific's performance in the six core logistics areas (Source: LPI 2010.)

The *Domestic LPI* provides further information on specific elements of major supply chain bottlenecks, such as time and cost, infrastructure, services, and border management.

The private sector is generally very positive about logistics trends in APEC (Fig. 4). Developments in transport and information technology infrastructure, private logistics services,

and customs procedures stand out. Other border procedures, logistics regulation, and corruption may need further attention.

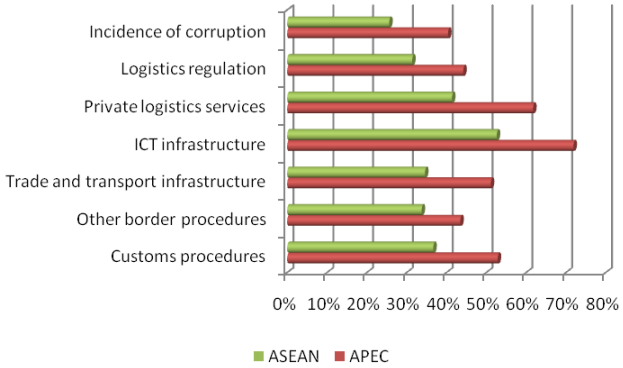

Fig. 4. Percentage of LPI respondents indicating that listed factors are "improved" or "much improved" since 2005 (Source: LPI 2010)

The time and cost of moving goods across borders is an important outcome measure of logistics performance. APEC scores very well on this metric (Table 2). Despite the range of income levels, average export times and costs compare favorably with the high income average. The same can be said of import times and costs in APEC.

		APEC	high income countries	ASEAN
export	Best lead time (days)	1.9	1.7	2.0
	Median lead time (days)	2.8	2.7	2.8
	Cost (US$)	849	980	651
import	Best lead time (days)	1.9	2.3	6.9
	Median lead time (days)	2.9	3.3	8.3
	Cost (US$)	884	1,024	858

Table 2. Export and import lead times and costs. (Source: LPI 2010).
Lead time is the transport time for export and imports from the point of origin to the port of loading or equivalent, or to the buyer's warehouse.

The gap between best and median lead times creates some uncertainty for private sector operators, although it is not at a severe level. Logistics professionals also indicate that clearance does not always take place as scheduled: in APEC, 70% of respondents feel that imports are "often" or "nearly always" cleared on time. According to 2010 LPI respondents, around 20% of APEC shipments do not meet their companies' internal quality criteria. Although approximately in line with the middle income group average, this figure is less impressive than the general level of performance in APEC. This is below the high income benchmark of less

than 15%. Improving the consistency of clearance times could help reduce inventory carrying costs, and make manufacturers more competitive.

Like lead time, import clearance time is another important performance benchmark (Fig. 5). On average, performance in APEC is similar to the high income average for shipments that are not physically inspected. APEC has longer than average times for shipments that are sphysically inspected. Since APEC's rate of physical inspection is higher than the high income average, these clearance times may represent a significant drag on trade transactions.

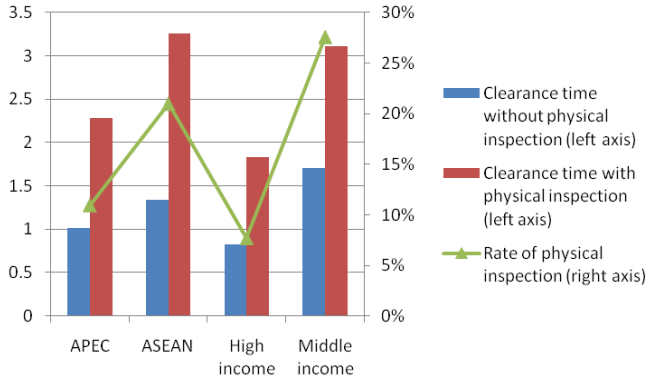

Fig. 5: Border clearance time (days) and rate of physical inspection (percentage). (Source: LPI 2010)

Improving border management procedures is about much more than customs. In most economies, the private sector consistently rates other border agencies below customs. APEC follows this pattern, although not to the extent of other groups. 42% of LPI respondents consider that customs provides a "high" or "very high" quality of service, compared with 37% for quality/standards inspection agencies, and health/SPS agencies.

In the LPI 2010, logistics professionals rated the quality of air and maritime ports, road and rail links, telecommunications and IT infrastructure, and warehousing facilities. Air transport infrastructure in APEC stands out as being of particularly high quality, on a par with the high income group average. Performance is also strong in the other areas, with the exception of rail.

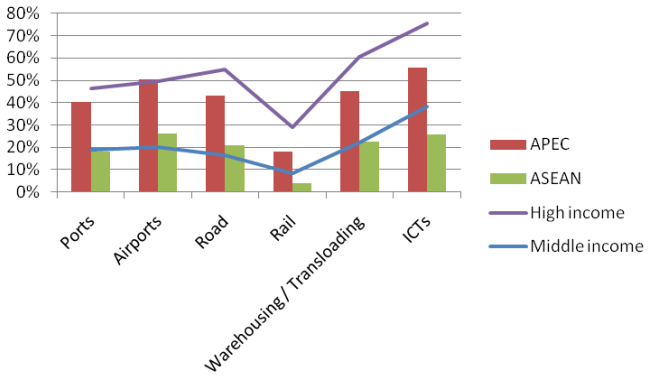

Figure 6: Percentage of LPI respondents answering "high" or "very high" for the quality of trade and transport related infrastructure. (Source: LPI 2010.)

Services sector regulation and performance is closely interrelated with infrastructure quality, and logistics sector outcomes (Fig. 6). APEC performs most strongly in freight forwarding and air transport. As in many regions, rail transport and to a lesser extent road transport perform more weakly. APEC service providers are consistently rated better than the middle income average, but substantially below the high income average. Fees and charges in APEC economies are comparable to, or lower than, high income economies.

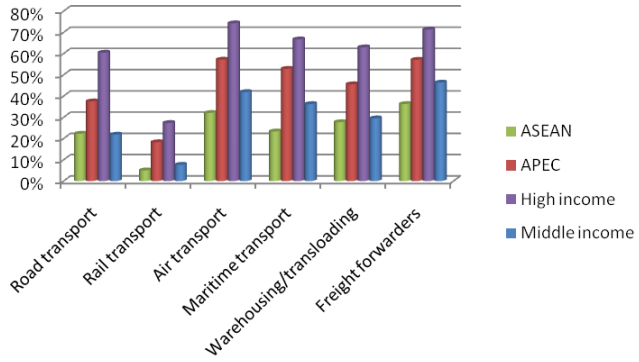

Figure 7: Percentage of LPI respondents answering “high” or “very high” for levels of quality of service and competence for the service providers listed. (Source: LPI 2010)

Moving forward on trade facilitation requires action on a number of fronts. APEC’s Shanghai and Busan goals of 5% reductions in trade costs over five years have been an important focal point for trade facilitation efforts in the region. Border agencies need to work together to improve the speed, reliability, and cost of compliance with border procedures. Quality / standards agencies, and health/SPS inspection agencies, both have an important role to play.

Significant infrastructure investments are required in some economies. For example, Indonesia will ultimately need a new deep water port. In the meantime, congestion at Jakarta’s Tanjung Priok terminal can be reduced by expanding capacity, strengthening the national Single Window, and re-examining work schedules.

Regional approaches can also be important, as in the case of transport corridors. The Greater Mekong Subregion and the ongoing ASEAN single window project are good examples of constructive regional engagement. The experience of world leaders like Singapore and Hong Kong is valuable for the Asia-Pacific region as a whole. APEC Member economies should continue and expand their cooperative approaches on trade facilitation with a view to disseminating best practice throughout the region.

Another useful instrument to understand the situation with transborder logistics is **World Bank Group Doing Business Report**. Moreover, APEC Leaders in 2009 endorsed an APEC-

wide improvement of 25 percent by 2015 in five key areas of doing business: 1) Starting a Business; 2) Getting Credit; 3) Enforcing Contracts; 4) Trading Across Borders; and 5) Dealing with Permits, with an interim 5 percent improvement by 2011. Quantitative assessments are based on the World Bank's Doing Business indicators.

APEC's combined improvement across the five priority areas between 2009 and 2010 is equivalent to 2.8%, exceeding the pro rata benchmark of 2.5%. APEC demonstrated the third best improvement among nine key regional and economic blocks (Fig. 8).

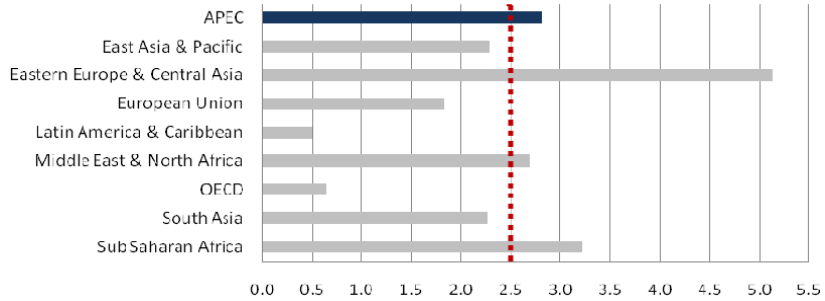

Fig. 8: Ease of Doing Business – Overall Progress (2009 – 2010).
Source: World Bank Doing Business 2011.

APEC's performance in Trading across Borders also improved, although below the pro rata benchmark (Table 3).

Region	Starting a Business	Dealing with Construction Permits	Getting Credit	Trading Across Borders	Enforcing Contracts	Overall Progress
APEC	**7.5**	**-0.8**	**5.6**	**1.8**	**0.0**	**2.8**
East Asia & Pacific	4.7	-6.6	12.1	0.9	0.4	**2.3**
Eastern Europe & Central Asia	8.9	3.9	11.3	1.6	-0.1	**5.1**
European Union	2.2	-0.5	5.6	1.8	0.0	**1.8**
Latin America & Caribbean	0.9	1.6	-1.2	1.2	0.0	**0.5**
Middle East & North Africa	4.0	1.8	4.2	3.2	0.1	**2.7**
OECD	1.4	-0.7	1.1	1.5	0.0	**0.7**
South Asia	8.6	3.9	3.4	-4.5	0.0	**2.3**
Sub Saharan Africa	3.2	4.5	8.7	-0.2	-0.1	**3.2**

Table 3. APEC - Overall Progress at Ease of Doing Business Initiative (2009-2010).
Pro Rata Benchmark = 2.5%. Source: World Bank Doing Business 2011.

One of its indicators is **trading across border** which includes the number of documents to export (Fig. 9). While France is a benchmark with 2 documents required, APEC's average is

5.5, and the number of documents range from 3 to 8. As a reference, OECD high-income countries require 4.4 documents to export.

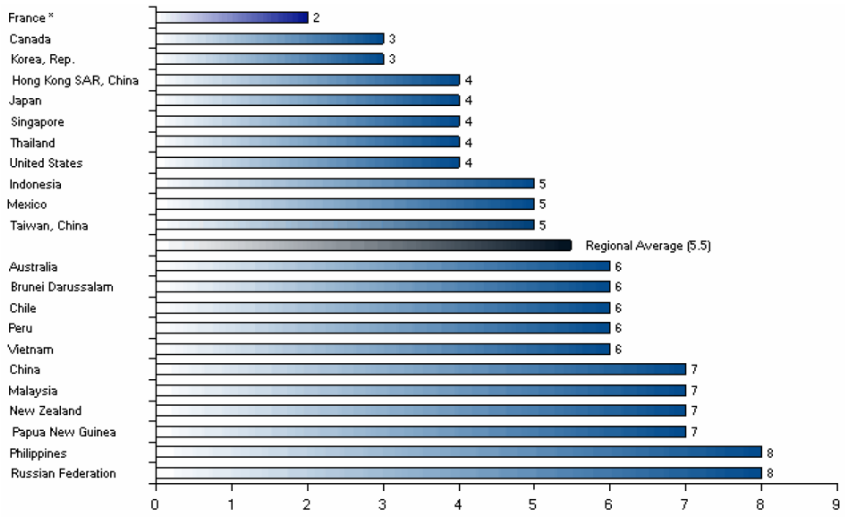

Fig. 9: Trading Across Borders: Documents to Export. Source: World Bank Doing Business 2011.

Time to export (days) vary from 5 to 36 with APEC's average of 15 days (Fig. 10). OECD high-income countries need 11 days.

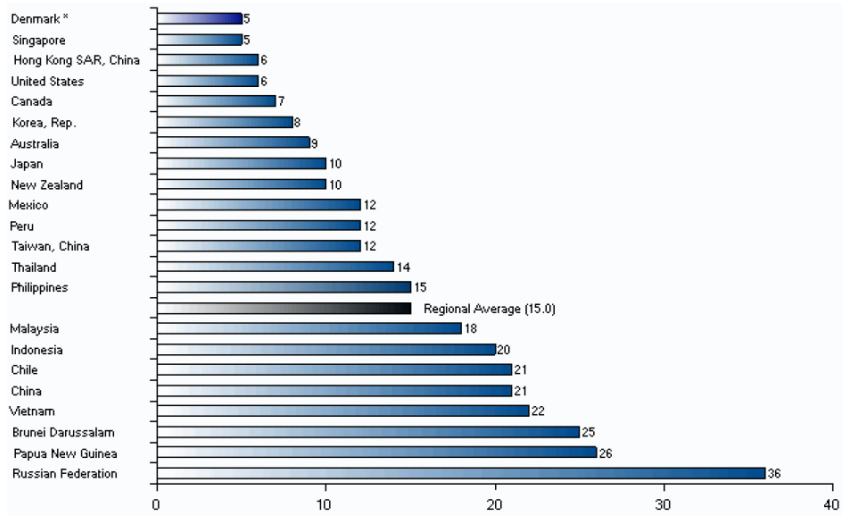

Fig. 10: Trading Across Borders: Time to export (days). Source: World Bank Doing Business 2011.

Documents to import vary from 3 to 13 (Fig. 11) with 6 documents as average for APEC as a whole. OECD high-income countries require 5 documents to import.

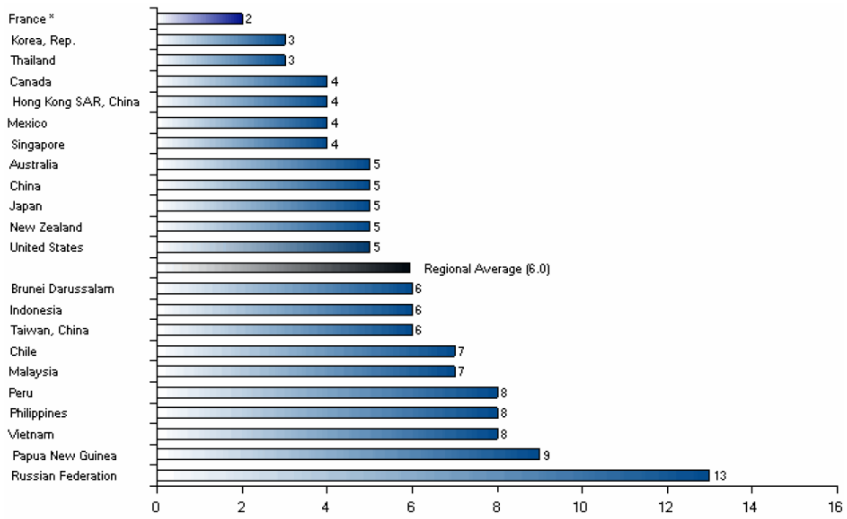

Fig. 11. Trading Across Borders: Documents to import. Source: World Bank Doing Business 2011.

Time to import vary from 4 days to 36 days with average of 15 days for APEC as a whole. OECD high-income countries need 11 days to import (Fig. 12).

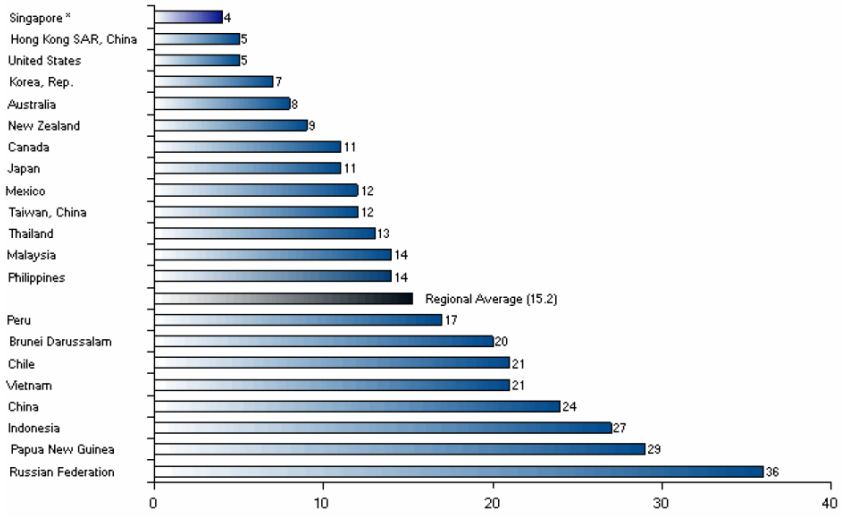

Fig. 12: Trading Across Borders: Time to import (days). Source: World Bank Doing Business 2011.

Comparing groups of countries, average time to export (days) range from less than 11 days for OECD to 32 days for South Asia (Fig. 13).

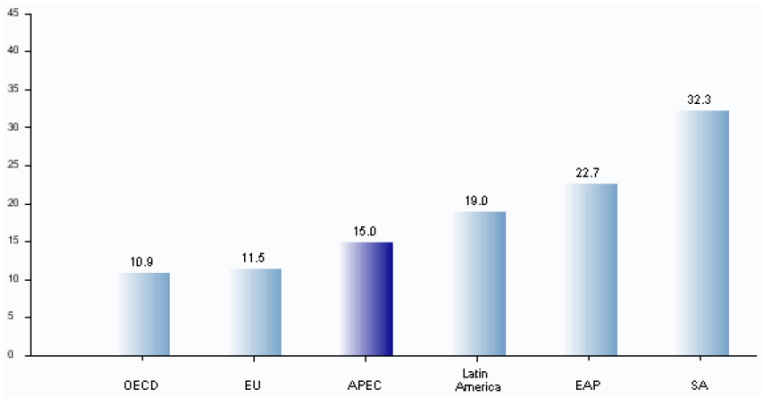

Fig. 13 Trading Across Borders: Average time to export (days). Source: World Bank Doing Business 2011.

Average time to import (days) vary from the same 11 days for OECD to 32 days for South Asia (Fig. 14)

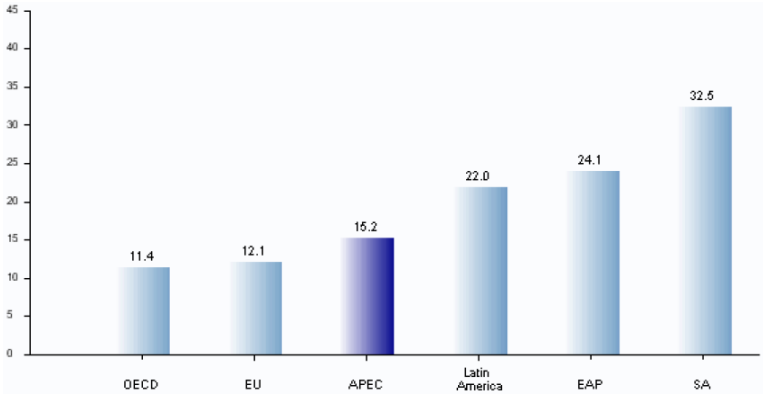

Fig. 14 Trading Across Borders: Average time to import (days). Source: World Bank Doing Business 2011.

Most of APEC's progress in Trading Across Borders is explained by the reduction in terms of time to export and import. APEC is the third best, after the OECD and the European Union. In relative terms, APEC's average time to export and import (around 15 days) is at least one week faster than the average time in East Asia and Pacific and roughly twice as fast as Sub-Saharan Africa and South Asia.

In terms of the cost per container to export and import, APEC's average cost is the lowest among all regions. In addition to already having the lowest costs to export and import, APEC also realized a decline in the costs to export and import equivalent to 1.2% and 1.3%, respectively, which is one of the best improvement rates among all the regions.

9. Experience and Lessons from other International Organizations

In many cases, trying to improve supply chain connectivity as a whole, and transborder logistics in particular, we do not need to invent a bicycle. Many international organizations work intensively with these issues, and APEC economies should learn from their experiences and follow their recommendations. Moreover, APEC should develop coordination with these organizations to avoid duplications and overlapping, from one hand, and lacunas, from another hand.

For instance, our attention should be paid, to mention few, to the following documents, studies, and recommendations:

- **UN ESCAP's** Trade Facilitation Framework: A Guiding Tool; Study on National Coordination Mechanisms for Trade and Transport Facilitation in the UNESCAP Region;
- **World Customs Organization** Revised Kyoto Convention supplemented by WCO Customs Risk Management Compendium; WCO Time Release Study Guide; Compendium on How to build a Single Window;
- **ASEAN** Roadmap of Integration of Logistics Services;
- **UNCTAD's** Creating an Efficient Environment for Trade and Transport;
- **World Bank's** Trade and Transport Facilitation Assessment: A Practical Tool for Country Implementation; etc**.**

10. APEC Principles of Transborder Logistics Services Optimization

The objective of the principles in a broader sense is to improve the efficiency of the processes associated with trading in goods and cargo flows across national borders by simplifying and harmonizing trade and transportation procedures and practices and optimizing transborder logistics. In a narrow sense the principles aim to overcome Chokepoints 1, 4, and 6 pointed in APEC Supply Chain Framework Action Plan.

APEC economies will be guided by the principles of:

- Transparency,
- Consistency,
- Simplicity,
- Efficiency,
- Harmonization,
- Standardization,
- Interagency coordination,
- Cooperation.

The principles of transparency and consistency mean that APEC economies:

- will make available their relevant laws, rules and regulations relating to international trade and cross-border transportation of cargoes to any interested APEC Member economy and publish the outline of relevant domestic laws, rules and regulations in English;
- will notify other APEC member economies of the introduction of new trade laws and regulations or the amendment of existing trade laws and regulations that may have a significant impact on trade at the earliest possible stage;
- will establish non-discriminatory procedures at reasonable cost and time for administrative and legal appeal against the decisions by customs and other relevant agencies affecting international trade.

The principles of simplicity and efficiency mean that APEC economies:

- will consolidate, rationalize and minimize the number and diversity of fees and charges imposed and documents required in connection with importation and exportation of goods;
- will work towards establishment of a single window allowing the one-time submission of import or export data and documentation requirements (where relevant);
- will introduce procedures for filing and examining documents prior to the arrival of goods,

in particular, goods of perishable nature, enabling importers to claim their goods immediately after importation unless the goods are subject to a physical examination or the submitted documents need to be reviewed;

- will establish, in a phased manner, risk assessment and risk management procedures, including Export and Import Clearance Process based on Authorized Economic Operator (AEO) Program and elimination of physical inspection and fast clearance in entry country for low risk cargo controlled within Authorized Supply Chains (ASC), based on mutual recognition of AEOs;
- will simplify and reduce the incidence and complexity of import and export formalities and data requirements in accordance with domestic laws, rules and regulations to the necessary minimum for enforcing legitimate policy objectives, by applying international standards such as the Revised Kyoto Convention and relevant recommendations of the World Customs Organization, to the extent possible;
- will promote, to the extent feasible, the use of automation and information technology in customs procedures and establish an electronic communication system to facilitate the electronic submission of documents, payment of duties and communication with the customs authorities for their importers and exporters;
- will introduce RFID technology into cargo processing.

The principles of harmonization and standardization mean that APEC economies:

- will, to the extent possible, apply the standards and recommendations of the Revised Kyoto Convention for Simplification and Harmonization of Customs Procedures and other relevant international agreements.

The principle of interagency coordination means that APEC economies:

- will establish National Trade and Transport Facilitation Councils or any other suitable mechanism at the highest possible level, with participation of all stakeholders from different ministries, authorities or associations from both the public and private sectors.

The principle of cooperation between APEC Member economies mean that APEC economies:

- will endeavor to provide interested Member economies, including the private sector, with an opportunity to comment on prospective laws or amended trade-related laws and regulations prior to implementation or entry into force of the changes;
- will endeavor to cooperate on effective exchange of border agencies information and data to improve customs compliance and to facilitate legitimate trade;

- will adopt Individual Action Plans for Transborder Logistics Optimization, referring to World Bank's Logistics Performance Index and World Economic Forum Enabling Trade Index, and meaning, as a rule, it's phased implementation according to individual economy's circumstances.

In view of the numerous institutional and organizational difficulties in international transport within APEC, integrated measures are required to address facilitation issues in transborder logistics, including policy support, formulation and implementation of effective subregional and bilateral agreements, accession to and implementation of international facilitation conventions, application of new technologies, establishment / strengthening of coordination mechanisms and capacity-building.

1. The use of risk management system.

Comment: The risk management is a core principle of the WCO Revised Kyoto Convention (RKC) supplemented by recent work on the WCO Customs Risk Management Compendium. Risk Management Compendium provides a common reference document for the concepts associated with risk management in Customs. In addition, it enables the international Customs community to speak as one in relation to the methodology Customs uses when managing risk. It contains the terminology, approach, methodology, implementation techniques and tools needed to manage risk in practice.

Risk management presupposes that Customs services have a good knowledge of traders through daily interaction, investigation and dialogue, preferably supported by a risk management database. When Customs is confident about the compliance of traders, it more readily considers them as partners in discharging Customs responsibilities. This is the background behind the «Authorized Person» concept contained in the RKC which stipulates simplified procedures for compliant traders. The SAFE Framework of Standards develops this concept into an Authorized Economic Operator (AEO), to secure and facilitate global trade.

As part of the SAFE Framework of Standards, the AEO concept was developed, and subsequently complemented with additional templates and guidelines in order to assist WCO Members to introduce robust AEO programmes. The concept is based on the RKC's promotion of Customs-business partnerships and the need to provide for simplified procedures for authorized traders.

The establishment of partnerships with trade and the granting of benefits including access to simplified procedures to reliable traders is undeniably a major trade facilitation measure.

2. Carrying out a Time Release Study.

Comment: Time Release Study (TRS) is a fact-based performance indicator that will clearly show bottlenecks and possible solutions, not only limited to Customs but also to business and other agencies.

The WCO has promoted the use of the TRS as a tool to assist in the improvement of Customs procedures, with the strong belief that use of the TRS should be considered in conjunction with any review of procedures. By using the TRS, countries are able to identify problems and bottlenecks in the cross-border movement of goods, and subsequently develop solutions to address identified issues. The TRS can therefore be used to stimulate efforts to improve the efficiency and effectiveness of Customs clearance procedures.

3. Coordinated Border Management.

Comment: Better Coordinated Border Management (CBM) entails coordination and cooperation among all relevant authorities and agencies involved in border security and regulatory requirements that apply to passengers, goods and conveyances moving across borders.

Domestic interagency coordination refers to the horizontal interagency cooperation within an individual country. In these cases, the mission requirements of all border regulatory agencies are identified, and agreements are reached on systems, data elements, and processes to be implemented. In its most current, efficient form, domestic integration may lead to “single window” processing (depicted further), but effective CBM can also begin solely on the basis of improved procedures.

The alignment of border management responsibilities has evolved over the past few years. Two examples of that evolution are the Single Administrative Document (SAD) and the Single Window Concept. A SAD is currently used primarily in the European Union to collect the data needed by customs for determining the entry of goods. While it includes Certificates of Origin, ATA Carnets and other customs requirements, it does not yet include many of the noncustoms entry requirements.

4. Single Window environment.

Comment: CBM is best supported by a Single Window environment. The establishment of the Single Window environment for border procedures is considered by Customs administrations as the solution for the complex problems of border automation and information management involving multiple cross-border regulatory agencies. This led to the WCO developing a comprehensive Compendium on How to build a Single Window that brings together the governance, legal, technical and administrative aspects of this complex concept into a single

document. The WCO has also developed Version 3 of the WCO Data Model that reflects the business and data needs of other government agencies thus making it a purpose-built Single Window tool. Key lessons learned from existing experiences include the absolute need for data harmonization and standardization in line with Data Model developments when implementing a Single Window. This in turn facilitates trade and leads to overall simplification for traders as well as increased predictability and transparency of processes. Also, in bringing together all border regulatory agencies as well as Customs, a common approach to border management has been generated.

The use of the Single Window concept is growing around the world. The Australian version, Tradegate, integrates domestic interests in an e-commerce system to expedite export documentation and clearance.

China's e-port provides yet another example of domestic integration. It aims to implement remote filing and declaration for export tax rebates in order to make declaration and other trade facilitation procedures possible online.

Another approach to domestic border integration is the creation of one department or agency with all border responsibilities. The creation of DHS in the U.S. is an example of this concept. That reorganization combined 22 different agencies into one department that now provides a "single face" at the borders of the U.S. by performing the border responsibilities previously administered by numerous agencies.

5. Globally Networked Customs.

Comment: Globally Networked Customs (GNC) is important as it is a concept which provides a unifying means to bring the whole strategic concept of Customs for the 21st century to life since every other building block depends upon effective communication, coordination and collaboration between Customs administrations and partly with other government agencies and the trade.

GNC is seen as an inclusive, inter-connected Customs-to-Customs information sharing system to support and improve the functioning of the international trading system, to enhance national economic performance, to facilitate the protection of society, and to ensure better fiscal management.

While the integration is more likely to occur within contiguous neighboring countries, integration of common border formalities can occur with more distant bilateral trading countries. For this to take place, certain critical elements must be implemented from within the participating countries (domestic integration). Some of these elements include the adoption of common standards, testing methods, hours of operation, data element requirements, and operating procedures.

The following recommendations to APEC Member economies could be made:

1. to promote better transborder logistics optimization legal environment in APEC Member economies, including of ratification of major international conventions, e.g. The Montreal Convention of 1999,
2. to reap the full benefits of the new technologies usage in facilitation of international road transport necessary changes in the legislation, rules, instructions governing the procedures for international trade and transport needs to be undertaken by the APEC Member economies,
3. to make use and integrate of new logistic technologies, such as Radio Frequency Identification (RFID), satellite positioning, etc.,
4. to implement the Single Window in transborder transactions according to Rec. 33 of UNCEFACT,
5. to enhance the involvement of private business in transborder logistics optimization
6. to implement paperless transactions and work-flow for transborder cargo movement, incl. transactions with government bodies,
7. to foster effective subregional and bilateral agreements and facilitate supply chain transborder connectivity,
8. to enforce capacity-building activities in the APEC region,
9. to promote risk management system which is a core principle of the WCO Revised Kyoto Convention (RKC) supplemented by recent work on the WCO Customs Risk Management Compendium.

The following recommendations to the APEC Transportation Working Group could be made:

1. to continue the implementation of SCC Framework and Action Plan as project and non-project activities,
2. to develop and enhance cooperation and information exchange with APEC Business Advisory Council, Sub-Committee on Customs Procedures and Electronic Commerce Steering Group on the issues of transborder logistics optimization and SCC Framework and Action Plan implementation on the whole,
3. to carry out in cooperation with SCCP a Time Release Study which is a fact-based performance indicator that will clearly show bottlenecks and possible solutions, not only limited to Customs but also to business and other agencies,
4. to actively participate in the implementation of “APEC’s Strategies and Actions toward a Cross-Border Paperless Trading Environment”,

5. to actively involve the logistic business of APEC economies in TPTWG activities.

11. Conclusion

The APEC Supply-chain Connectivity Initiative is a long-term activity and APEC principles of transborder logistics services optimization also can be valid for a long time. The project outcomes can be used by APEC Member economies as (1) a directive, which provides holistic approach to transborder logistics, (2) a driver to promote the appropriate reforms and government programs, (3) cases, which facilitate supply chain connectivity ‘across the border’. APEC Member economies, especially developing ones, need and will further need similar support from TPTWG.

To prolong the impact of project outcomes, the follow ups and revisions of APEC principles of transborder logistics services optimization could be fulfilled in the frames of TPTWG activities.

12. Annexes

12.1.Agenda

Asia-Pacific
Economic Cooperation

APEC WORKSHOP

Transborder Control and Optimal Transborder Logistics

A G E N D A

Venue

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October 3 - 4, 2011

Ministry of Transport
Of the Russian Federation

Association for Cooperation with
Nations of Asia and Pacific Region

FEFU
Far Eastern
Federal
University

October 3, 2011

09.30 – 10.00	**Registration**

Opening Ceremony

Moderator –**Ms. Nataliya Makarycheva,** Project Director, Association for Cooperation with Nations of Asia and Pacific Region (ACN), President

10:00 – 11:00	1. Opening Plenary • **Mr. Igor Khruschyov,** Primorskiy Region Administration, Department of Industry and Transport, Director • **Mr. Arthur Karlov,** Project Overseer**,** Ministry of Transport of the Russian Federation • **Mr. Alexey Dyshlyuk**, Federal Customs Service, Customs Cooperation Department, Deputy Head • **Mr. Sandeep Raj Jain**, United Nations Economic and Social Commission for Asia and Pacific (UNESCAP), Transport Division, Transport Facilitation and Logistics Section, Economic Affairs Officer • **Mr. Alexander Bochkarev,** Federal Space Agency, International and Contractual Directorate, Deputy Head • **Ms. Nataliya Makarycheva,** Project Director, ACN, President • **Mr. Alexey Tyrtov**, Joint Stock Company «Navigation-Information Systems» (NIS GLONASS), Department of International Cooperation, Director
11.15 - 11.30	**Group Photo**

11.30 - 12.00	**Coffee Break**
12.00 - 13.00	2. Survey of the Transborder Logistics in Asia-Pacific Region **Dr. Tagir Khuziyatov**, Scientific Project Leader, Far Eastern Federal University, Head of the World Economy Department, Professor 3. Open Discussion.
13.00 – 14.30	**Lunch**

Session 1. ***Transborder Logistics Optimization: Approaches of International Organizations and Russia***

Moderator: **Mr. Warayu Pradipesen,** APEC Transportation Working Group

14.30-15.45	4. Transport Facilitation Initiatives by UNESCAP **Mr. Sandeep Raj Jain**, UNESCAP, Transport Division, Transport Facilitation and Logistics Section, Economic Affairs Officer 5. Transport Strategy of the Russian Federation and Its Implementation **Mr. Evgenyi Cyschev**, Federal Railway Transport Agency, Far Eastern Territorial Department, Acting Deputy Head 6. Development of Primorskiy Region Transport System **Mr. Igor Khruschyov**, Primorskiy Region Administration, Department of Industry and Transport, Director 7. Development of the Russian Sea Ports – Key Transport Centers of International Transport Corridors **Alexey Volodin,** Federal Marine and River Transport Agency, Department of Investment and Program Development, Deputy Head 8. On Special Features of Electronic Customs Declaration of Goods **Mr. Oleg Senkevich,** Federal Customs Service, Central Department of Customs Control, Division of Customs Procedures with IT Application, Head 9. Interaction of Customs and Sea Ports: Challenges of Transborder Cargo Movement **Mr. Alexey Tkachenko**, Open Joint-Stock Company "Commercial Port of Vladivostok", Strategy and Corporate Development Department, Director 10. TBC **Mr. Alexander Bochkarev**, Federal Space Agency, International and Contractual Directorate, Deputy Head 11. Open Discussion.
15.45 – 16.15	**Coffee Break**

16.15 – 17.30	12. Transborder Control and Optimal Transborder Logistics **Mr. Oleg Ivanov,** Federal Agency for the Development of the State Border Facilities of the Russian Federation, Far Eastern Territorial Department, Deputy Head 13. ASEAN Framework Agreement: Malaysia **Ms. Noor Aishah Kamarzaman**, Ministry of Transport of Malaysia, Planning and Research Department, Principal Assistant Secretary 14. Enhanced Management of Surface Transportation as a Component of Multi-Modal Seamless Supply Chain through GNSS Related Technologies, **Mr. Alexey Tyrtov**, NIS GLONASS , Department of International Cooperation, Director 15. Development of Advanced Customs Technologies in the Far Eastern Federal District **Ms. Oksana Dolgikh,** Federal Customs Services, Far Eastern Customs Authority, Department of Advanced Technologies' Adoption, Chief 16. New Technologies in Transportation of Liquid Loads **Elena Golovenko,** LLC "VL Logistic", International Transportation Department, Head 17. Open Discussion.
18:00 – 20:00	**Stand-up Reception**

October 4, 2011

Session 2. ***APEC Supply Chain Connectivity Framework: Ways and Cases of Implementation***

Moderator: **Mr. Arthur Karlov**, Project Overseer, Ministry of Transport of the Russian Federation

10.00 – 11.15	18. Development of International Transport Corridors in Northeast Asian Region **Mr. Hirofumi Arai,** Economic Research Institute for Northeast Asia, Senior Research Fellow 19. Uniting APEC Economies' Efforts to Ensure Seamless Transborder Movement of Goods and People. 7th APEC Transportation Ministerial Meeting: Results and Perspectives. **Mr. Arthur Karlov**, Project Overseer, Ministry of Transport of the Russian Federation 20. Performance Based Navigation Implementation Roadmap in Viet Nam **Mr. Nguyen Cong Long,** Civil Aviation Authority of Viet Nam**,** Air Navigation Department, Deputy Head 21. Transport Flows and Border Control: Collaboration of Government Bodies and Business in Transborder Logistics in Mexico **Ms. Miriam Aguilar**, Ministry of Finance and Public Credit of Mexico, Undersecretariat of Income, Deputy Director 22. Malaysia Trading Across Borders : Indonesia-Malaysia-Thailand – "Growth Triangle" (IMT-GT) partnership **Ms. Noor Aishah Kamarzaman,** Ministry of Transport of Malaysia, Planning and Research Department, Principal Assistant Secretary 23. Open Discussion
11.15 – 11.45	**Coffee Break**

11:45 – 13:00	24. Transport Infrastructure Development to Optimize Transborder: the Case of Thailand **Mr. Warayu Pradipesen,** Ministry of Transport of Thailand, Office of Permanent Secretary, Senior Analyst 25. Supply Chain Applications of Information-Communication Technology in China: Technology and Standard **Mr. Li Jichun**, Ministry of Transport of PRC, Waterborne Transportation Institute, Center of Logistics Engineering and Technology Engineer (TBC) 26. Transport Flows and Border Control: Collaboration of Government Bodies and Business in Transborder Logistics in Peru **Ms. Linda Cortez**, SUNAT, Department of Customs Processes, Supervisor 27. Electronic Documentation and Optimization of Air Cargo Logistics **Mr. Vladimir Zubkov**, Volga-Dnepr Group of Companies, Vice-President for Relations with International Organizations 28. Transborder Control: Malaysian Experience **Mr. Abdun Nasir Iman**, Royal Malaysian Customs Headquarters, Senior Assistant Director 29. Transport Flows and Border Control: Collaboration of Government Bodies and Business in Transborder Logistics in the Philippines **Ms. Wilnora Cawile,** Bureau of Customs, Interim Internal Control Office, Chief 30. Open Discussion.
13.00 – 14.30	**LUNCH**

Final Session

(Round Table, Discussion, Adoption of the Workshop Conclusions)

Moderator: **Dr. Tagir Khuziyatov**, Scientific Project Leader, Far Eastern Federal University, Head of the World Economy Department, Professor

14.30 – 15.30	31. Draft Principles and Instruments of Transborder Logistics Optimization in APEC **Dr. Tagir Khuziyatov**, Scientific Project Leader, Far Eastern Federal University, Head of the World Economy Department, Professor 32. Discussion of the Draft Principles and Instruments of Transborder Logistics Optimization in Asia and the Pacific 33. Discussion of the Workshop Outcomes and Adoption of the Workshop Conclusions
16.00-19.00	**Vladivistok City Tour**

12.2.List of Participants

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12.3.Workshop conclusions

APEC Project: TPT 06/2010 “Transborder Control and Optimal Transborder Logistics”

Workshop “Transborder Control and Optimal Transborder Logistics”

3 - 4 October 2011, Vladivostok, the Russian Federation

The APEC Workshop “Transborder Control and Optimal Transborder Logistics” was held in Vladivostok, the Russian Federation, on 3-4 October, 2011.

Fifty-five participants from ten APEC Member economies (China, Japan, Malaysia, Mexico, Peru, the Philippines, the Russian Federation, Chinese Taipei, Thailand and Viet Nam) and invited guest from the United Nations Economic and Social Commission for Asia and the Pacific (ESCATO) attended the Workshop. The delegates represented governmental agencies overseeing border issues, practitioners from Customs and other border clearance agencies, as well as private businesses and non-government organizations.

The Workshop gave an opportunity for APEC economies to network and exchange views on the transborder control, transborder logistic optimization and supply chain connectivity on the whole in the Asia-Pacific Region.

Furthermore, the Workshop participants:

- were informed on the ongoing project and its preliminary findings, including the list of transborder flows drivers and obstacles, overview of transborder logistics optimization cases in APEC Member economies and principles of transborder logistics optimization;
- shared experiences earned by APEC economies on the issues of transborder logistics optimization;
- discussed further steps to improve supply chain connectivity at the borders, including current and future activities of TPTWG, APEC Member economies and business.

During the Workshop, representatives from the following APEC Member economies made their presentations: China, Japan, Malaysia, Mexico, Peru, the Philippines, the Russian Federation,

Chinese Taipei, Thailand and Viet Nam. On the other hand, various Russian government bodies presented the current situation and prospects of transborder logistics in Russia: the Ministry of Transport, Federal Customs Service, Federal Railroad Transport Agency, Federal Marine and River Transport, Federal Space Agency and Federal Agency for Development of the State Border Facilities.

The representative of United Nations ESCAP gave a presentation on the Transport Facilitation initiatives by ESCAP. He provided participants with an overview of the current work and vision of ESCAP regarding transport facilitation and supply chain connectivity in the region. He briefed the delegates about the Regional Strategic Framework for the facilitation of international road transport prepared by ESCAP as a vision to address the non-physical barriers in the region over medium to long term. It gave participants additional ideas about further steps on coordination with other regional and sub-regional organisations.

Representatives from the business sector, including transportation and logistics companies, ports, trade companies, as well as from research and educational institutions and non-governmental organizations also made their presentations and statements on the Workshop issues.

The Workshop discussed the current situation of transborder control and transborder logistics in the APEC region and APEC Member economies in terms of the implementation of APEC Supply Chain Framework and Action Plan. The Workshop speakers and presenters were drawn from a range of different economies, governmental agencies and businesses, and offered participants a variety of ideas and lessons learnt from their relevant experiences. Bringing together the APEC economies representatives from various backgrounds, the Workshop has proved to be a good occasion for sharing visions on relevant APEC economies initiatives.

A consensus was reached on the following key aspects of transborder logistic optimization:

- the main obstacle of supply chain transborder connectivity is lack of collaboration of business and government bodies inside each APEC Member economy as well as “across the border”,
- the main driver is broader usage of new technologies (ICT is the first) in transactions of intermodal transborder cargo movement.

The Workshop made the following recommendations to APEC Member economies:

10. to promote better transborder logistics optimization legal environment in APEC Member economies, including of ratification of major international conventions, e.g. The Montreal Convention of 1999,
11. to reap the full benefits of the new technologies usage in facilitation of international road transport necessary changes in the legislation, rules, instructions governing the procedures for international trade and transport needs to be undertaken by the APEC Member economies,
12. to make use and integrate of new logistic technologies, such as Radio Frequency Identification (RFID), satellite positioning, etc.,
13. to implement the Single Window in transborder transactions according to Rec. 33 of UNCEFACT,
14. to enhance the involvement of private business in transborder logistics optimization
15. to implement paperless transactions and work-flow for transborder cargo movement, incl. transactions with government bodies,
16. to foster effective subregional and bilateral agreements and facilitate supply chain transborder connectivity,
17. to enforce capacity-building activities in the APEC region,
18. to promote risk management system which is a core principle of the WCO Revised Kyoto Convention (RKC) supplemented by recent work on the WCO Customs Risk Management Compendium.

The Workshop made the following recommendations to the APEC Transportation Working Group:

6. to continue the implementation of SCC Framework and Action Plan as project and non-project activities,
7. to develop and enhance cooperation and information exchange with APEC Business Advisory Council, Sub-Committee on Customs Procedures and Electronic Commerce Steering Group on the issues of transborder logistics optimization and SCC Framework and Action Plan implementation on the whole,

8. to carry out in cooperation with SCCP a Time Release Study which is a fact-based performance indicator that will clearly show bottlenecks and possible solutions, not only limited to Customs but also to business and other agencies,
9. to actively participate in the implementation of “APEC’s Strategies and Actions toward a Cross-Border Paperless Trading Environment”,
10. to actively involve the logistic business of APEC economies in TPTWG activities.

The Workshop increased the participants’ knowledge and understanding of successful reforms and best practices in transborder logistics issues already implemented in many APEC economies. The Workshop was successful in promoting understanding and awareness of the APEC economies concerning the need to further improve transborder logistics which in many cases cause major chokepoints for the movement of goods, as well as business people.

Discussions at the Workshop indicated that there was interest in APEC member economies to develop a set of principles on transborder logistics, as well as possible tools and actions at the various levels for its actualization and implementation. Draft APEC principles on transborder logistics optimization (Annex A) were discussed and got approval in principle.

Participants agreed that the Workshop made substantial progress in advancing an understanding of the issues of optimal transborder logistics. It was noted that the Workshop holding and outcomes will help to ensure the successful implementation of the APEC project ‘Transborder Control and Optimal Transborder Logistics’.

The participants noted the excellent organization of this APEC event. The participants extended their special thanks to the Administration of the Primorsky Region of the Russian Federation for actively participating, hosting and assisting in the Workshop.

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