



CONNECTING ASEAN: THE ROLE OF LAND TRANSPORT & LOGISTICS

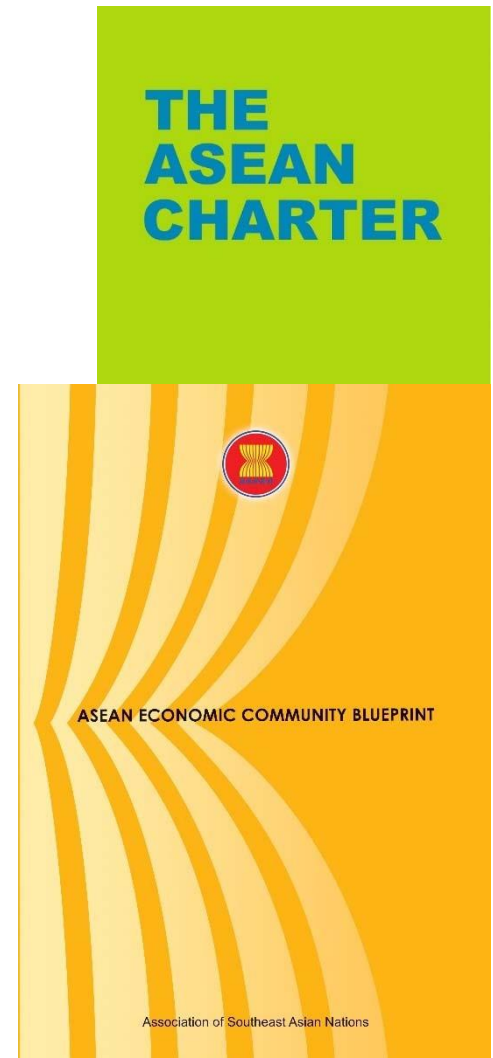


Presented by:

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ASEAN ECONOMIC COMMUNITY

- ASEAN is exerting effort and making great strides in integrating 10 diverse economies
- Roadmap for an ASEAN Community 2015 that includes 3 Community Blueprints provide the impetus towards the realization of the ASEAN Community
 - ✓ ASEAN Economic Community (AEC) Blueprint
 - ✓ Master Plan on ASEAN Connectivity
- The goal: ASEAN Economic Community by 2015; an ASEAN integrated into the global economy
- ASEAN: gateway to Asia





Master Plan on ASEAN Connectivity (MPAC)

PHYSICAL CONNECTIVITY

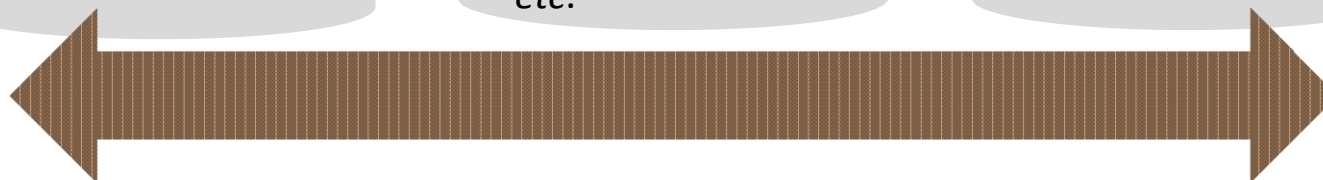
- ASEAN Strategic Plan on **Transport**
- ASEAN **ICT** Master Plan
- ASEAN Plan of Action for **Energy** Cooperation
etc.

INSTITUTIONAL CONNECTIVITY

- **Transport Facilitation** agreements
- ASEAN **Trade in Goods** Agreement
- ASEAN Framework Agreement on **Services**
- ASEAN Comprehensive **Investment** Agreement
etc.

PEOPLE-TO-PEOPLE CONNECTIVITY

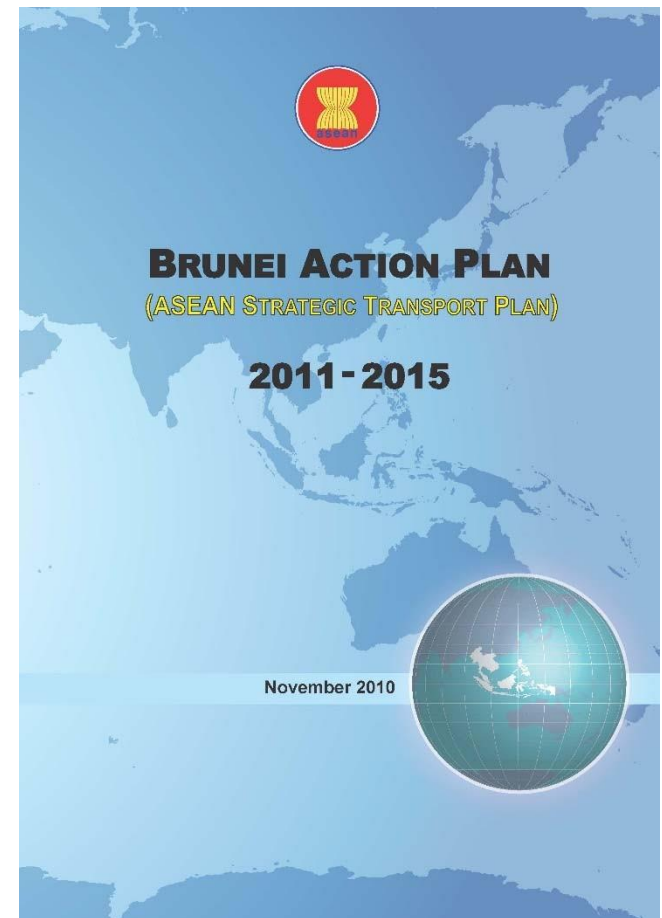
- ASEAN **Tourism** Strategic Plan
- ASEAN **Education** Work Plan
- **Mutual Recognition** Arrangements
etc.



ASEAN STRATEGIC TRANSPORT PLAN (ASTP) 2011-2015

Brunei Action Plan / ASEAN Strategic Transport Plan 2011-2015

- Adopted at the 16th ASEAN Transport Ministers (ATM) Meeting in November 2010 in Brunei Darussalam to provide main reference in guiding ASEAN transport cooperation and integration.
- Strategic actions to be implemented in 2011-2015 to develop an efficient, secure and integrated transport system to support AEC by 2015 and regional connectivity in the Master Plan on ASEAN Connectivity (MPAC).





STRATEGIC GOALS

■ **Air Transport:**

- ✓ Establishment of a regional open sky arrangement to support regional economic integration.
- ✓ Achieving globally-acceptable standards in aviation security and safety.
 - 3 specific goals (ATG) and 6 actions (ATA).

■ **Land Transport:**

- ✓ Establishing efficient, integrated, safe and environmentally sustainable regional land transport corridors (road and railway) linking all members and neighbouring trading partners.
 - 7 specific goals (LTG) and 16 actions (LTA).

■ **Maritime Transport:**

- ✓ Establish an integrated, competitive and seamless maritime transport network, paying explicit attention to promote maritime safety and security, and environment- and user-friendly ports.
 - 3 specific goals (MTG) and 8 actions (MTA).

■ **Transport Facilitation:**

- ✓ Establish an integrated, efficient and globally competitive logistics and seamless multimodal transport system to enhance the connectivity within ASEAN and with the world, as well as pursuing green logistics for global environment preservation.
 - 4 specific goals (TFG) and 12 actions (TFA).



TRANSPORT FACILITATION

- ***Transport Facilitation*** -> simplification and harmonisation of international transport procedures and information flows associated with them, in order to reduce the time and cost of logistics involved in moving cargo and passengers within a territory
- ASEAN cooperation in the transport sector aims to develop an efficient, secure and integrated transport system to support the realisation of the ASEAN Economic Community by 2015 -> ***guided by ASEAN Strategic Transport Plan***
- To facilitate the seamless movement of goods in the region, ASEAN Member States have concluded the 3 transport facilitation agreements:
 - **ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT)**
 - **ASEAN Framework Agreement on Facilitation of Inter-State Transport (AFAFIST)**
 - **ASEAN Framework Agreement on Multimodal Transport (AFAMT)**

ASEAN TRANSPORT FACILITATION AGREEMENTS

- ASEAN transport facilitation agreements aim to:
 - simplify and harmonise trade/transport procedures and documentation;
 - formulate guidelines and requirements for operationalisation of transit transport and registration of multimodal transport operators; and
 - promote computerised applications for seamless cargo transportation.



RATIFICATION STATUS

AFAFGIT (Goods in Transit)

- Signed in 1998, into force in 2000
- Provides the most effective arrangement for facilitating transit transport, with the objectives:
 - to maintain, further develop and strengthen friendly relations and cooperation between the countries;
 - to reiterate the commitment to foster smooth, rapid and efficient movement of goods in ASEAN region.
- Nine (9) Protocols: 5 under purview of transport, 2 under Customs, 1 under Finance/Insurance, 1 under Agriculture.





RATIFICATION STATUS

AFAFGIT (cont'd)

- **Protocol 1** (Designation of Transit Transport Routes and Facilities): pending ratifications from Malaysia and Singapore;
- **Protocol 2** (Designation of Frontier Posts): to be concluded;
- **Protocols 3** (Types and Quantity of Road Vehicles), **4** (Technical Requirements of Vehicles), **5** (ASEAN Scheme of Compulsory Motor Vehicle Insurance) and **8** (Sanitary and Phytosanitary Measures): fully ratified;
- **Protocol 6** (Railways Border and Interchange Stations): pending ratifications from Brunei, Indonesia, Lao PDR, Malaysia, Philippines, Singapore;
- **Protocol 7** (Customs Transit System): recently signed by all AMSs, pending ratifications;
- **Protocol 9** (Dangerous Goods): pending ratifications from Malaysia and Thailand.



Features of AFAFGIT

- Designated Transit Transport Routes: ASEAN Highway Networks connecting AMSs with affirmation from immediate neighbouring countries.
- Number of road transit transport vehicles: up to 500 vehicles per AMS (agreed by 15th ATM in 2009)
- Type of vehicles: rigid motor vehicle; articulated vehicle; semi-trailer (Annex 1 of Protocol 3)
- Technical requirements of the vehicles: Annex A – F of Protocol 4 (Vehicle Dimensions, Max. Permissible Gross Vehicle Weight, etc)
- Documents to be carried on road transit transport vehicle:
 - Vehicle Registration Certificate
 - Vehicle Inspection Certificate
 - 3rd Party Liability Insurance for Vehicle
 - Consignment Note/Waybill
 - Customs Transit Document for the Goods
 - Carrier's License (Transport Operator's License)



SUPPORTING AGREEMENTS TO AFAFGIT/AFAFIST

- Agreement on the Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles Issued by ASEAN Member Countries
 - Signed in 1998 and in force in 2006
 - Support the implementation of AFAFGIT/AFAFIST through mutual recognition of Inspection Certificates

- Agreement on the Recognition of Domestic Driving Licenses Issued by ASEAN Countries
 - Signed in 1985 and in force in 1988 (for 6 AMSs) and 1997 (with accession of CLMV)
 - Support the implementation of AFAFGIT/AFAFIST through mutual recognition of Driving Licenses



PROGRESS OF IMPLEMENTATION

- Establishment of National Transit Transport Coordinating Committee (NTTCC) in all ASEAN Member States
- The ASEAN Transit Transport Coordinating Board (TTCB) is responsible for the overall coordination and implementation of transport facilitation agreements
- Priority to upgrade existing below Class III sections of the Transit Transport Routes (TTR) -> routes designated for goods vehicle under AFAFGIT/AFAFIST
- Establishment of National Council of Bureau and ASEAN Council of Bureau to oversee the implementation of Blue Card as the ASEAN Compulsory Motor Vehicle Insurance



PROGRESS OF IMPLEMENTATION (cont'd)

Technical Assistance from ASEAN Regional Integration Support from the EU (ARISE) 2012-2016:

- Removing barriers related to cross-border transport through the implementation of ASEAN transport facilitation agreements and other relevant ASEAN transport agreements to facilitate movement of goods and passenger vehicles;
- Two (2) important studies which provide recommendations and guidance for the implementation of AFAFGIT Protocols 3 and 4 have been carried out:
 - Stock-take of current state-of-play in AMSs
 - Comparative Study of Road Traffic Rules and Regulations in AMSs
- Assessment to the draft text of ASEAN Framework Agreement on Cross-Border Transport of Passengers by Road Vehicles (CBTP) has been undertaken to support conclusion of the Agreement by end 2015;
- Support is complemented by a wider initiative to facilitate movement of goods vehicles by road across regional borders, by means of the planned automated ASEAN Customs Transit System (ACTS).

ASEAN CUSTOMS TRANSIT SYSTEM

- Acts as a catalyst for the implementation of AFAFGIT
- Full end-to-end computerisation of transit operations; single electronic Customs transit declaration
- Free movement for trucks and drivers (no transshipment for transit goods)
- Software to be developed by April 2016
- Pilot test for 6 months in Malaysia, Singapore and Thailand, starting in May 2016

ACTS Phases

Phase 1 - 2014 - 16 Pilot system on the North-South Corridor - Thailand, Malaysia and Singapore, which will:

- Permit traders to test the pilot ACT system;
- With access via Electronic Data Input; and
- Connect Thai, Malaysian and Singapore Customs.

Phase 2 - The ACTS system will be rolled out to the North-South and East-West Corridors - Cambodia, Lao PDR, Myanmar and Viet Nam



ARISE

Contact details

The Technical Assistance Team for the implementation of the ARISE programme can be contacted as follows:

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ARISE

ASEAN Regional Integration Support from the EU 2012-2016



ASEAN Customs Transit System (ACTS)

delays. There is no need for a different Customs declaration at each border, and no need to transfer the goods to a different truck in each country. The duties and taxes at risk are covered by a single guarantee.

The benefits are goods can move faster between countries. This in turn means lower cost for traders, helping to increase regional trade and improve the standard of living of everyone in the region. More trade means more wealth is created.

transit procedure and to offer security for them.

- Approved Guarantors (Trade Organisations and Financial Institutions);
- Guarantees based on actual consignment values and level of risk; and
- Reduced or waived guarantees for Authorised Transit Traders.

What is ACTS?

The ASEAN Customs Transit System (ACTS) is a computerised Customs transit management system. The legal framework is set out in Protocol 7 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT).

The EU has provided a sum of €3 million for development and piloting of the ACTS system as part of the ASEAN Regional Integration Support from the EU (ARISE).

What does ACTS offer?

Access for All Traders

Direct access for all traders, with significant facilitation for "reliable" traders, namely Authorised Transit Traders (ATT) including:

- Importers, exporters;
- Freight forwarders;
- Transporters and sub-contractors; and
- Customs agents of the above.

Main Features to Assist Customs and the Trade

A single electronic goods declaration from departure to destination;
 A single guarantee valid for the international journey;
 A secure and efficient system through:

- Full end-to-end computerisation of operations;
- Proven operators authorised to use simplified procedures; and

Facilitation

Maximise efficiency for legitimate trade:

- Availability of simplified procedures;
- Applying common risk management techniques; and
- No movement restrictions on transport and drivers.

ICT-Enabled

Comprehensive computerisation, linking:

- All Customs Offices in transit movement;
- Traders to Customs Offices of Departure:
 - To manage movement and guarantees;
 - To identify irregularities fast; and
 - To provide detailed management information.

ASEAN CUSTOMS TRANSIT SYSTEM

Plans for Pilot Test Phase:

- Only one mode of transport: road (excluding Prot. 6)
- Limited category of goods: excluding SPS (Prot. 8) and dangerous goods (Prot. 9)
- Pilot testing for small number of Customs offices
- Selected transport operators
- Selected transit transport routes (Prot.1)
- May – October 2016

ASEAN to Pilot Customs Transit System

on Thursday, 06 November 2014. Posted in 2014, ASEAN Secretariat News



JAKARTA, 6 November 2014 – An ASEAN Customs Transit System (ACTS) will be piloted in Malaysia, Singapore and Thailand. The system, aimed at facilitating the movement of transit goods by road within ASEAN, will form an integral component of the vision of ASEAN Economic Community.



IMPLEMENTATION OF AFAFGIT

Implementation of AFAFGIT through ACTS would bring benefits:

- Allowing traders to transport their goods freely between different countries, point-to-point with fewer obstacles and delays
- Customs and transport procedures would be minimized; the goods can be transported in each transit country with the same truck
- Goods will be moved faster with the reduced procedural complexity
- Lower cost for traders and helping to increase regional trade.





KEY FOCUS FOR INTERGRATION

- Encouraging progressive liberalization in Logistics and Transport service
- Enhancing Trade and Transport Logistics Facilitation
- Expanding Capability of ASEAN logistics service providers
- Building ASEAN Logistics Human Capacities
- Enhancing Multimodal Transport Infrastructure and Investment



LIBERALISATION OF LOGISTICS SERVICES IN ASEAN IN 2013

❖ **Transport services**

- ✓ International Maritime Transport
- ✓ International Rail Freight Transport
- ✓ International Road Freight Transport
- ✓ International Air Freight Transport
- ✓ Courier Services

❖ **Non Transport Services**

- ✓ Maritime Cargo handling services
- ✓ Storage & warehousing services
- ✓ Freight transport agency services
- ✓ Freight inspection services
- ✓ Packaging services
- ✓ Customs clearance



ASEAN CONNECTIVITY

- It is estimated that a one percent increase in infrastructure spending in Asia can increase private consumption by on to two per cent of gross domestic product (GDP)
- According to the ASEAN Logistics Study 2008, the logistics cost of intra-ASEAN container movements is estimated to be US\$2.25 billion a year, with about 55 per cent representing out-of-pocket costs (transport, terminal, access costs) and 45 per cent time costs.
- Implementing a comprehensive logistics infrastructure could reduce average logistics cost by 4 per cent and logistics time by 9 per cent. This is substantial amounting to roughly US\$140 million in logistics cost reductions in a year.



ARCHIPELAGIC SOUTHEAST ASIA (aSEA)

- Archipelagic Southeast Asia (aSEA) covers five Association of Southeast Asian Nations (ASEAN) member countries – Brunei Darussalam, Indonesia, Malaysia, the Philippines, and Singapore – together with Papua New Guinea (PNG) and Timor Leste.
- The aSEA region includes the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) and the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)
- The key to understanding the region lies in an appreciation of its archipelagic nature. aSEA includes more than 24,000 islands spread across 5,200 km from east to west and 3,400 km from north to south, it has a population of over 350 million, 225 million of whom live in Indonesia with a further 87 million living in the Philippines (Green, 2008).

ASEAN Archipelagic Logistics



“More than 80 per cent of freight is transported through the sea in archipelagic ASEAN. With better connectivity, costs and distance can shrink remarkably within ASEAN and beyond”.

Pushpanathan (2011)



2015: ASEAN ECONOMIC COMMUNITY

- States to adopt the AEC Blueprint for implementation by 2015;
- The AEC will establish ASEAN as a single market and production base making ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of its existing economic initiatives;
- Accelerating regional integration in the priority sectors;
- Facilitating movement of business persons, skilled labor and talents; and strengthening the institutional mechanisms of ASEAN.



Sounds Good... But Does ASEAN Reality Match with Rhetoric?

- Answer: “Not quite yet”
- Shortcomings of ASEAN are in 4 areas:
 - ✓ speed of integration (2015 is Now here)
 - ✓ Quality of integration (ex: ASEAN members seldom invoke CEPT –AFTA since completing the required paperwork often exceeds potential tariff reductions)
 - ✓ Political will (how serious are ASEAN countries about devoting attention to the nitty-gritty details to facilitate regional integration?)
 - ✓ Institutional capacity (ex: EU has 21,000 Eurocrats in Brussels while the ASEAN Secretariat in Jakarta has 200 personnel)



CONCLUSION: ASEAN MATTERS

- ASEAN is in demand:
 - America has kept its objections to Myanmar in check while trying to establish better relations with ASEAN
 - Japan is trying to combine its bilateral Comprehensive Economic Partnership Agreements with various ASEAN states into another FTA
 - Trade settlement services in Chinese RMB are being offered by Bank of China, HSBC and may set stage for PRC currency becoming readily converted
- ASEAN is more than the sum of its parts as the merging gatekeeper to the wider region.

ASEAN: Key Trading Obstacles





LACK OF BORDER MANAGEMENT CAPABILITIES

Develop procedures of border management across ASEAN

Synchronized control and processes at border

Promote "One Single Inspection and Processing Point" practice

- Cross-border movements needs to be improved across ASEAN Member States to facilitate trade movements
- No standard practice in place to control related agencies; i.e. Customs, Immigration and Quarantine, across ASEAN to manage cross-border movements
- Lack of implementation in harmonization with processes at regional level to strengthen conformity
- Lack of awareness to simplify and expedite procedures and promote paperless practice across



LACK OF TRADE FACILITATION

National Single Window & ASEAN Single Window initiative

Improve quality of customs services

Tariff liberalization across ASEAN

- Low adoption level across ASEAN of National Single Window practice. Only major ASEAN members have started; Singapore, Malaysia, Thailand and Philippines are among them
- Latest ranking by World Banks' Logistics Performance Index 2011, with a diverse ranking of SEA countries, range from 2 to 145
- The potential to achieve economies of scale among ASEAN members looks bleak if tariff liberalization is not put in place



VARIATION OF COMPETENCY LEVEL IN INFRASTRUCTURE

Logistics development
plan to further improve
competency

Remove restrictions
on trade

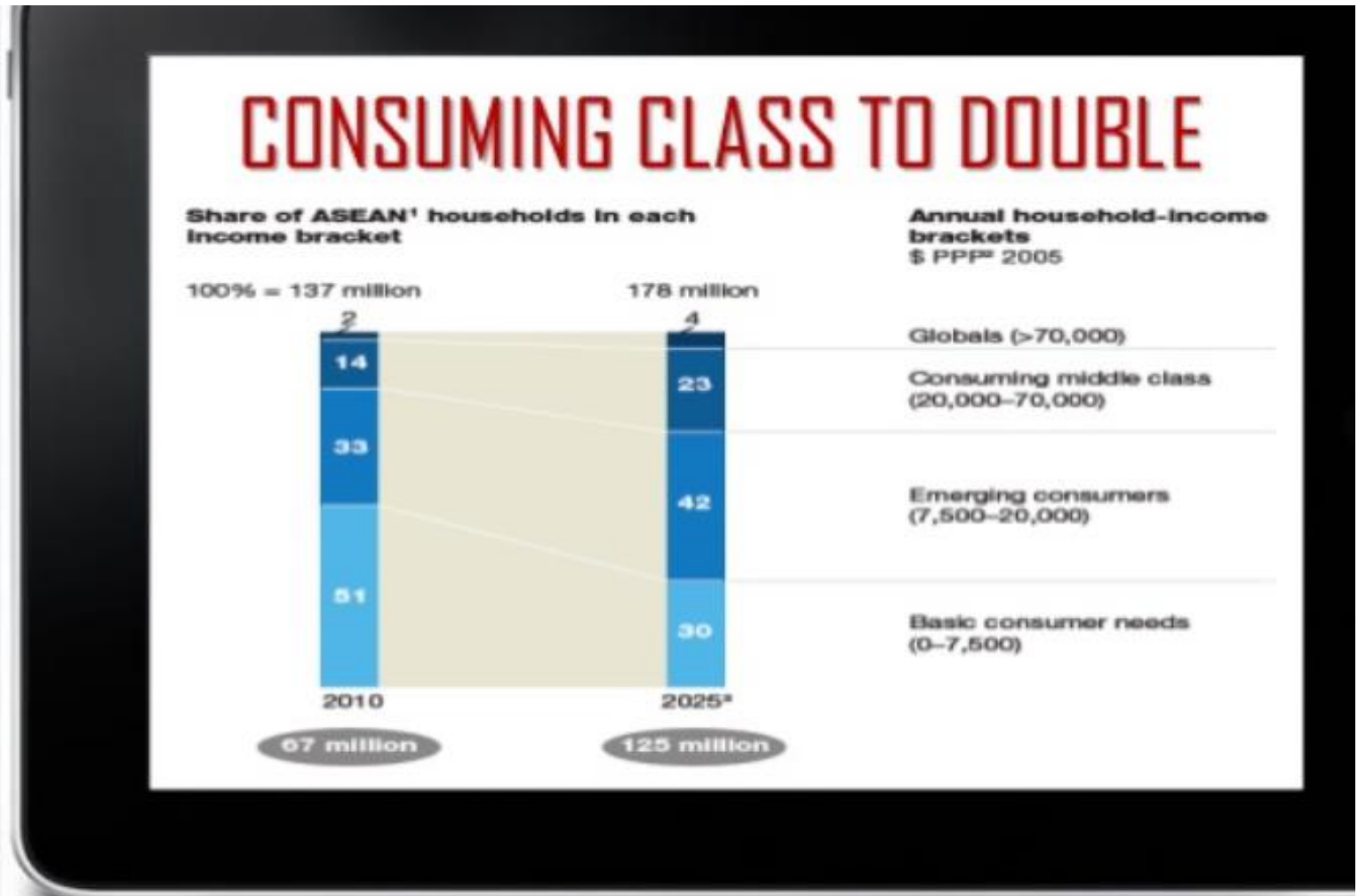
Liberalization of ICT
services across
ASEAN

- Part of the ASEAN Economic Community Blueprint needs to be initiated as soon as possible to spur
 - Trade facilitation
 - Inner-state transport facilitation and
 - Multi-modal transport practice across ASEAN

Significance of ASEAN



Significance of ASEAN



Significance of ASEAN

2ND LARGEST #OF FACEBOOK USERS

ASEAN is a growing hub of
consumer demand

2ND LARGEST FACEBOOK COMMUNITY



Significance of ASEAN



Significance of ASEAN

MORE POPULATED THAN EUROPE

ASEAN is a growing hub of
consumer demand

3rd LARGEST
**LABOR
FORCE**



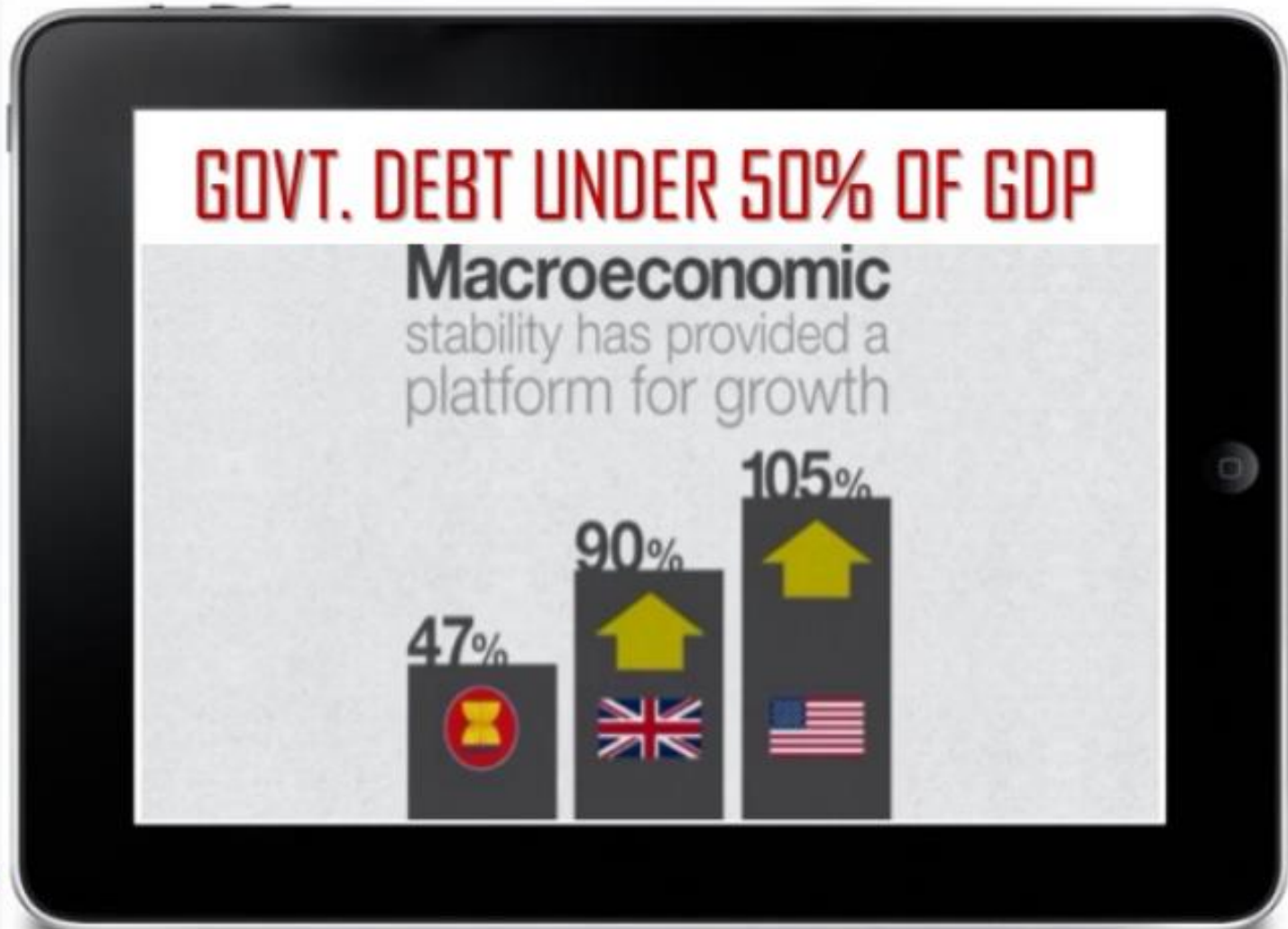
Significance of ASEAN



Significance of ASEAN



Significance of ASEAN





Let us collaborate to make this happen!
Thank you!

Acknowledgement:

- The ASEAN Secretariat & the various Focus Groups
- Specific Studies by various Consultants

Sincerely,

Dato' Dr. Mohamed Amin Kassim