

Development and Implementation of National Logistics Strategies



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Chairman of Thai National Shippers' Council

February 16, 2005

Draft Content of Presentation

- Concepts of Logistics and Competitiveness
- Logistics Development : Cross Countries Comparison
- Roles of Logistics and Trade Facilitation on National Development
- Committee on Logistics and Trade Facilitation

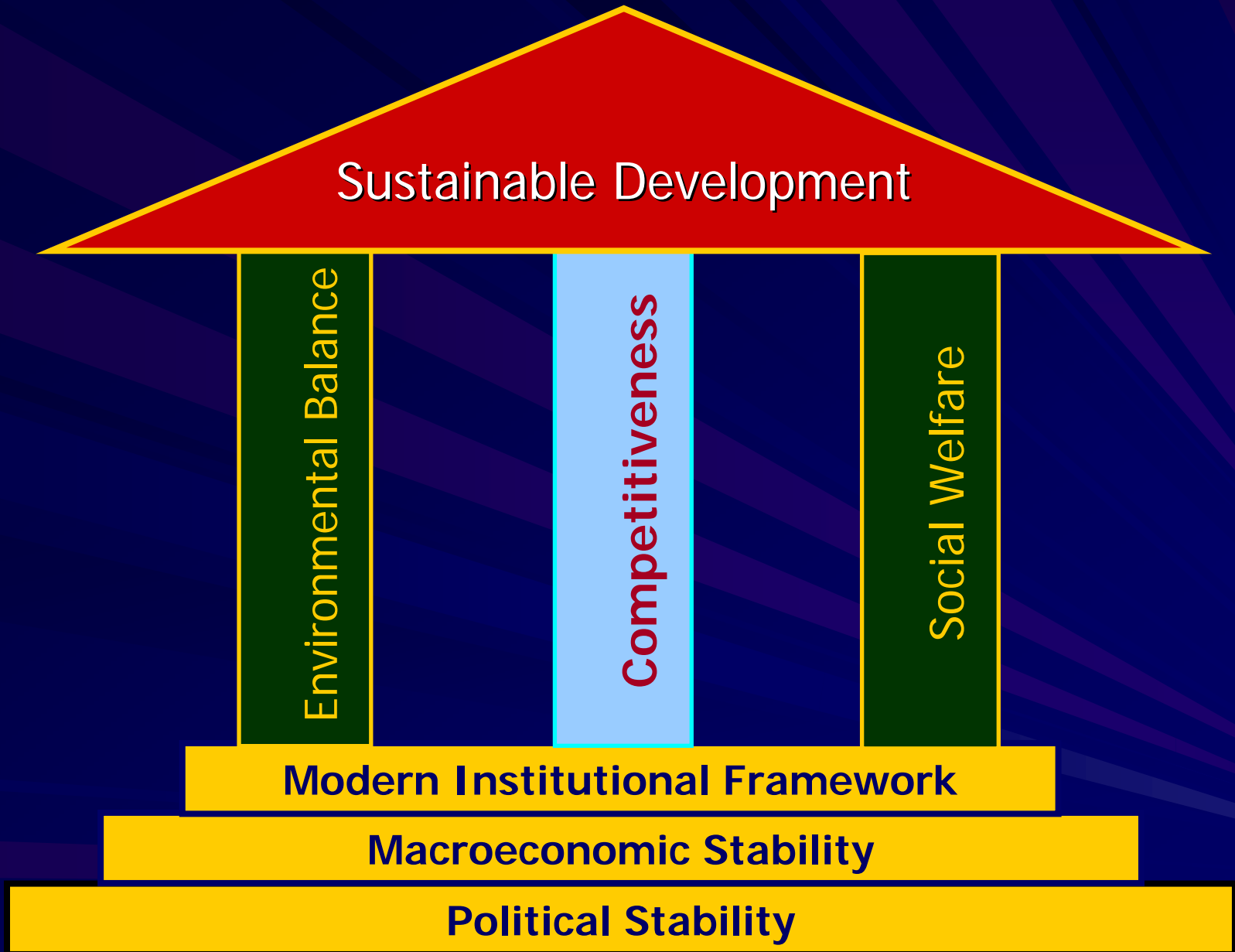
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Concepts of Logistics and Competitiveness

Logistics Development : Cross Countries
Comparison

Roles of Logistics and Trade Facilitation
on National Development

Committee on Logistics and Trade
Facilitation



Source : Roberto Artavia L. (2002)

COMPETITIVENESS

Economic
Concern

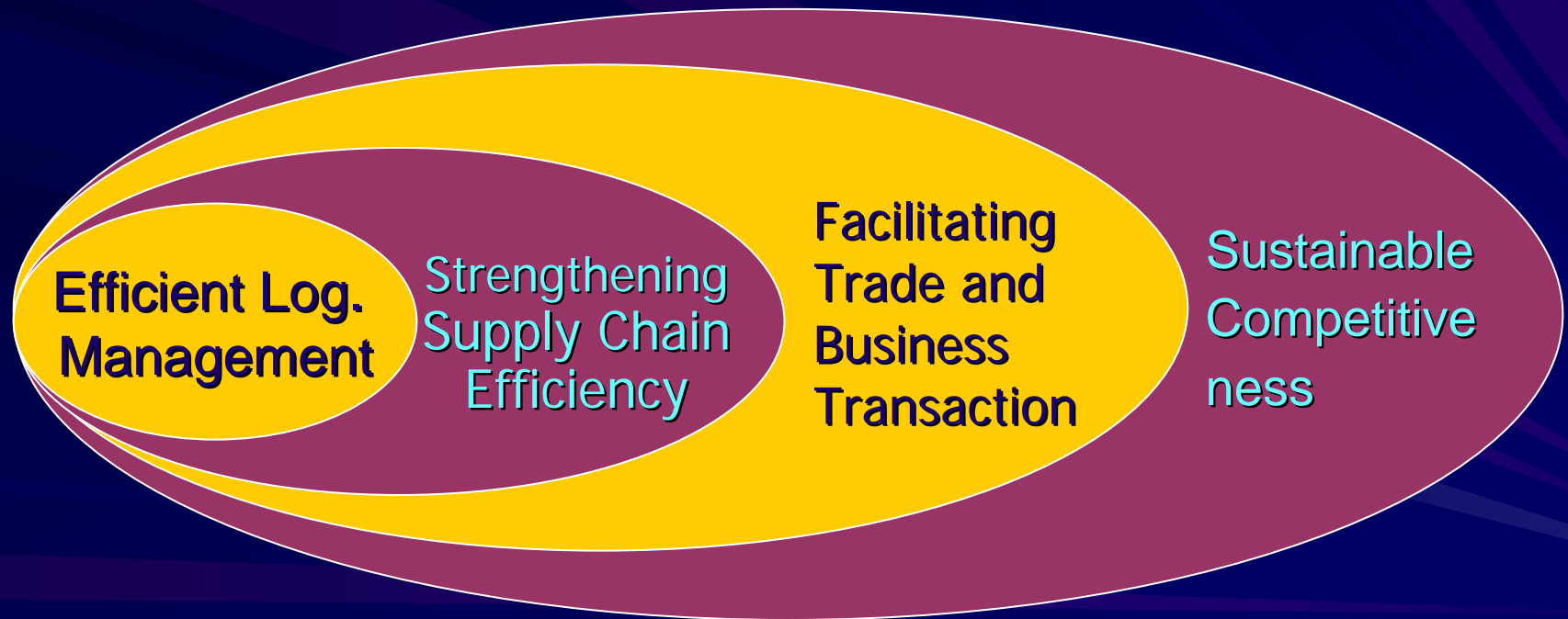
An Economy's ability to produce goods and services that meet the test of international markets

Social
Concern

while its citizens earn a standard of living that is both rising and sustainable over the long run.

Source : compiled from Howard Rosen (2002)

Logistics is a key driven factor to improve Thailand's ability to compete in Global Markets.



COMPETITIVENESS

LOGISTICS

Macro

Economy-wide

Sustainable Improvement in Standard of Living

Countrywide Networking

- Multimodal Transportation
- Friendly Regulations for Doing Business
- Good Infrastructure System
- Capable Human Resources

Industry cluster

Capture dominant market position through the sale of high quality products

Inter-firm Logistics

- Information Sharing
- Collaboration among Supply Chain

Firm

Long-run growth in profits and sales through rising market share

Intra-firm Logistics

- Building Awareness
- Sharing Resources (=ERP)
- Remove Non Value-added Activities

Micro

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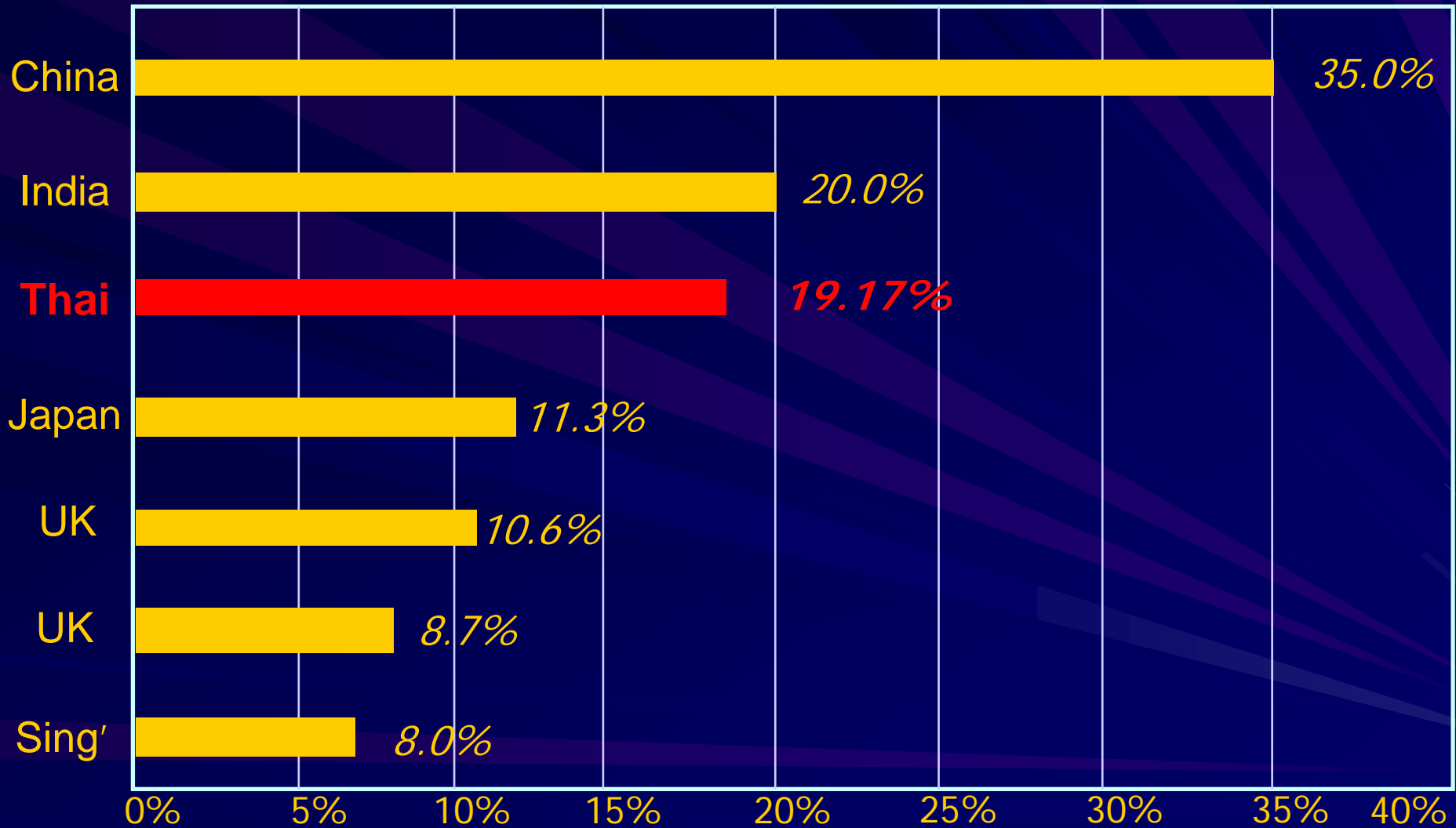
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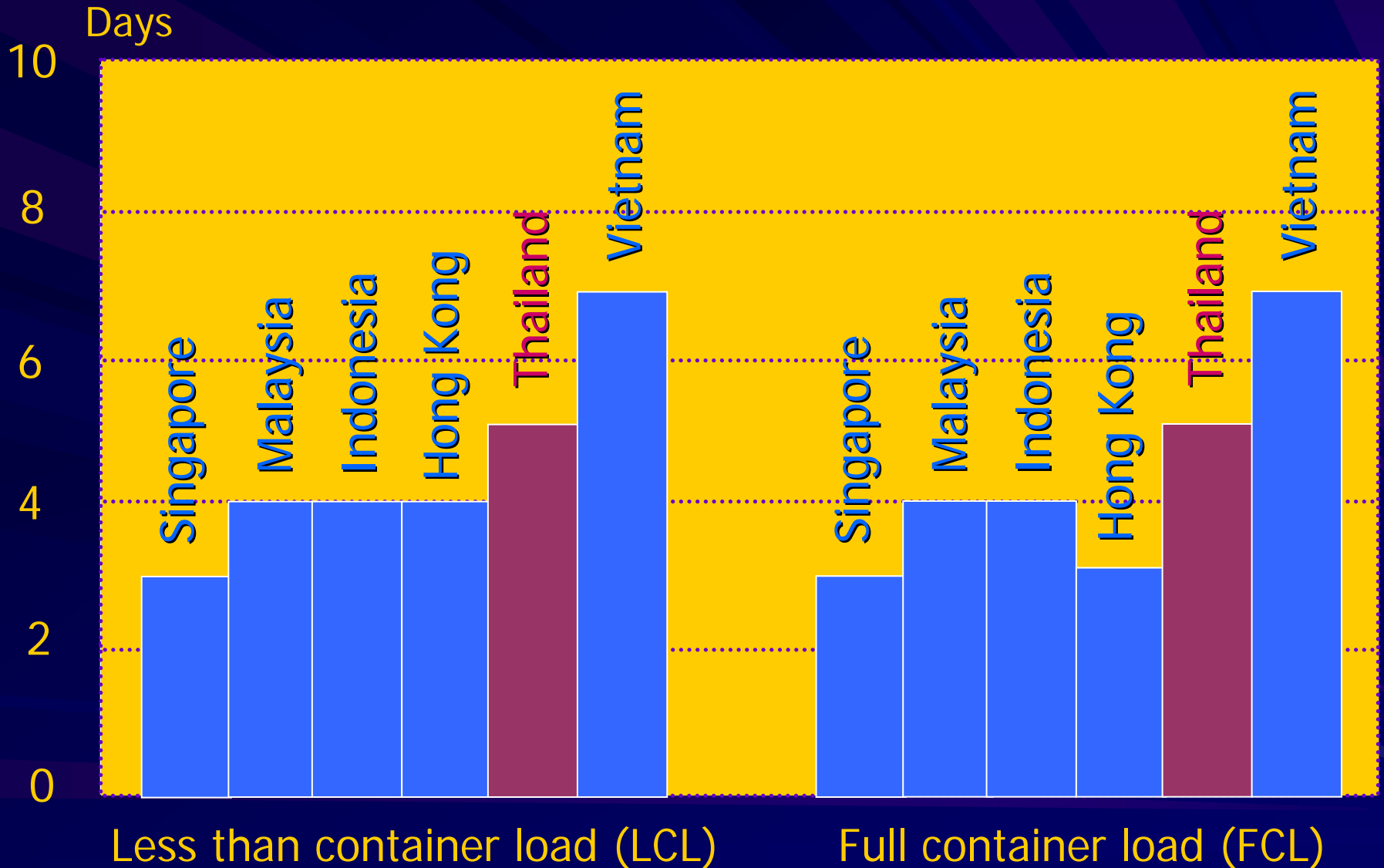
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Estimated Proportion of Logistics Cost to GDP in 2002



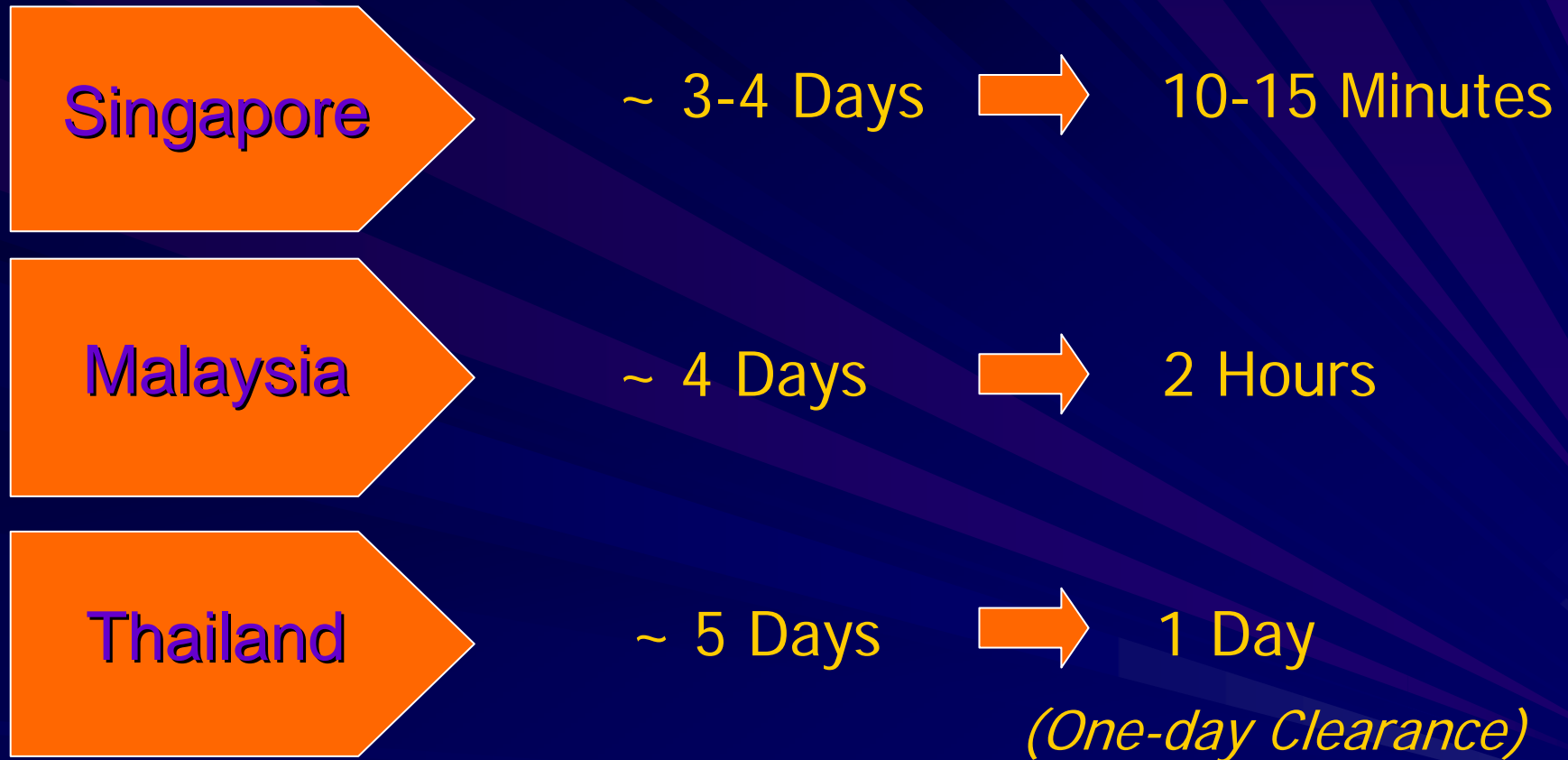
Source: conducted by Thammasat University proposed to NESDB (November 2004)

Customs Clearance Time



Source : Customs Clearance Times, International Exhibition Logistics Associates

Customs Clearance Time Shortening



Sources :

Sing : "Paperless Trading–Benefits to APEC" conducted by Australia&China (2001)

Malaysia: from TNSC study visit to Malaysia (December 2004)

Thailand : Workshop on Logistics for State Enterprises (August 2004)

Benchmarking : Selected Asian Ports in 2003

	Unit	LCB	SG	Tan jung	Klang	Shen zhen
Container Throughput	Million TEUs	3.18	18.1	3.50	4.84	5.28
Sea Depth	Meters	14	15	18	16	16
Berth Occupancy Ratio	%	69.87	N/A	45.00	62.75	N/A
Crane Productivity	no. containers	28.73	N/A	32.50	24.30	33.0

Source: Collected from various TNSC Study Trips

Port Efficiency Index : Selected Asian Countries

Country	Index
Singapore	6.76
Hong Kong	6.38
Taiwan	5.18
Japan	5.16
Malaysia	4.95
Korea	4.12
Thailand	3.98
China	3.49
Vietnam	3.81
Indonesia	3.41
Philippines	2.79

Remark: (Highest = 7, Lowest = 1)

Source: Maritime Transport Costs and Port Efficiency, World Bank (2001)

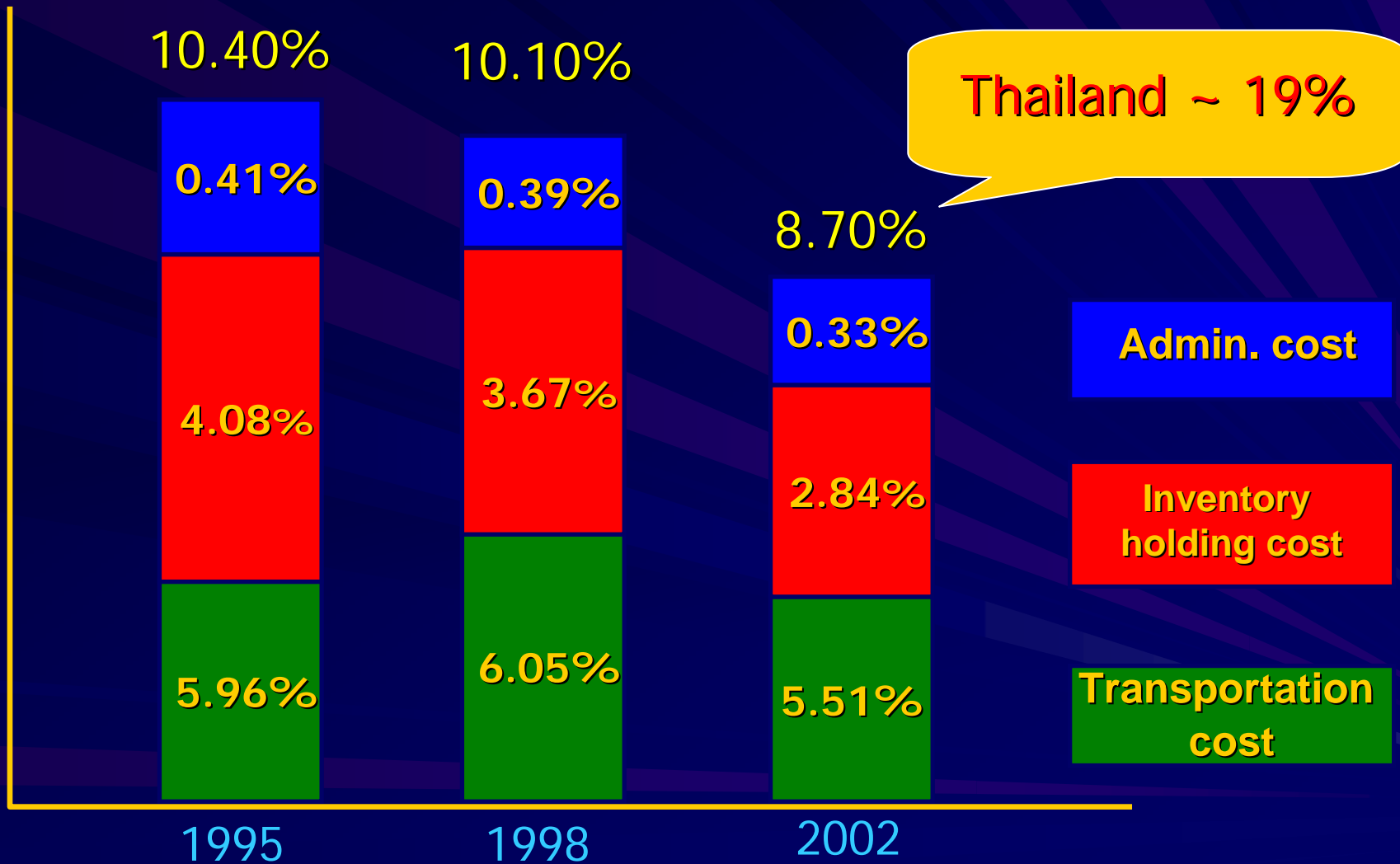
Land Transport Networking: Selected Asian Countries

Countries	Total Roads km/1000km ²	% of Roads that are paved	Railways km/1000km ²
Korea	888.9	74.7	31.7
Philippines	666.5	19.8	3.0
Vietnam	283.1	25.1	9.5
Malaysia	196.1	75.3	5.5
Indonesia	178.5	46.3	3.4
China	146.3	28.3	7.1
Thailand	125.7	97.5	7.9

Source: Trade and Logistics: An East Asian Perspective, World Bank (2003)

Proportion of Logistics Cost to GDP : U.S. Case

Cost/GDP



Source : 15th Annual State of Logistics Report (2004) by Council of Logistics Management

Key Success Factor for US. Case = Information Sharing and Collaboration among stakeholders through Supply Chain

Benefits of Information Sharing

- Strengthens vendor-customer relations
- Facilitates planning at all levels
- Allows all partners in the supply chain to monitor shipment progress
- Minimize bottlenecks created by waiting for proper documents
- Enable all parties to participate in process improvements
- Eliminate duplicate efforts
- Enhance supply chain security

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Components of Trade Development Strategy

Trade Development Strategy

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graph TD; A[Trade Development Strategy] --> B[International Trade Relation]; A --> C[Trade Promotion]; A --> D[Infrastructure Development]; A --> E[Trade Facilitation];
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International
Trade
Relation

Trade
Promotion

Infrastructure
Development

Trade
Facilitation

Source: ESCAP Trade Facilitation Framework: A Guiding Tool (2004)

There is no common definition of “Trade Facilitation”

M. Baher El-Hifnawi (Senior Transport Economist, World Bank) explains the “Trade and Transport Facilitation (TTF)” that:

TTF broadly defined goes beyond the standard issues of administration, procedures, logistics at ports and customs, regulatory environments and standards, and IT to include transport covering land access to ports and airports, maritime and aviation services, multi-modal transport and services, transit and more recently transport security.



Asia-Pacific
Economic Cooperation

APEC Economic
Leaders Summit
In 2002

October 27, 2002 in Los Cabos,
Mexico

*" Decrease transaction cost by
5% in APEC within 2006 "*

APEC Economic
Leaders Summit
In 2003

October 16, 2003 in Bangkok,
Thailand

*" Accelerate to decrease
transaction cost by 5% within
2006 in order to earn higher
trade value by US\$ 280 Billion
annually.*

Trade Facilitation Index

Port efficiency

- Port efficiency index
 - Port facilities and inland waterways
 - Air transport
-

Customs environment

- Irregular payments
 - Improper practices
 - Hidden import barriers
- Bribery & corruption
Corruption
perception index
-

Regulatory environment

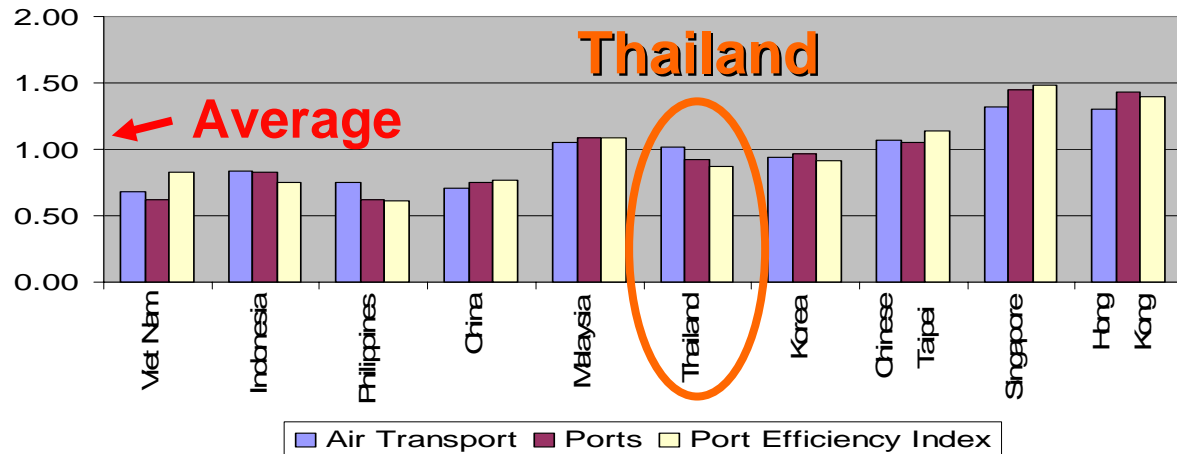
- Transparency and stability
 - Stringency of standards
 - Compliance with international agreements
 - Enforcement
-

E-business

- Percentage of companies that use the internet for e-commerce

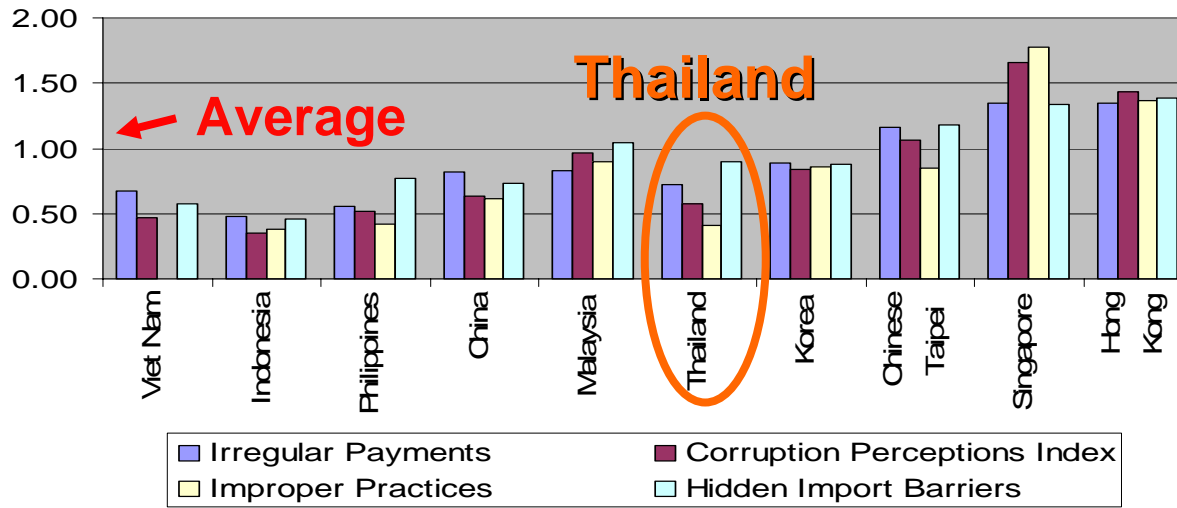
Source : World Bank (2003)

Port Efficiency



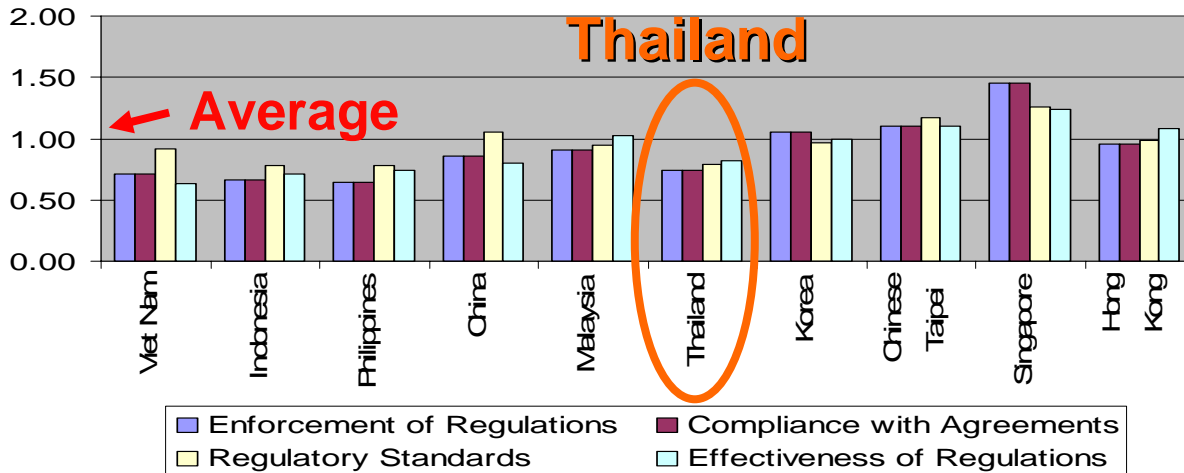
Thai ports still have low efficiency comparing to other APEC Economies

Customs Environment



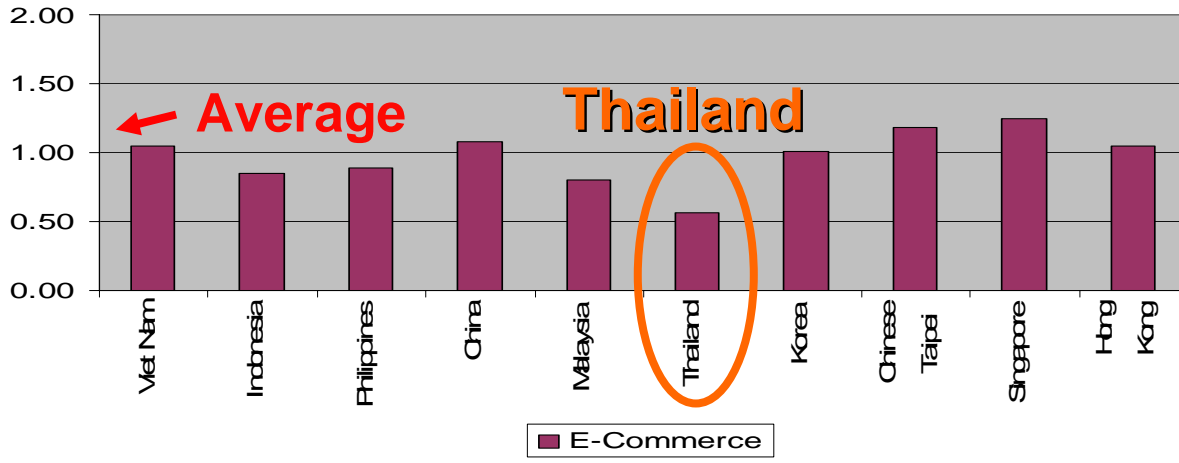
The customs environment is not friendly for doing business enough

Regulatory Environment



Thai regulatory environment is under the average standard

E-business Usage



Thailand has the lowest degree of E-business usage

Source : World Bank (2003)

Benefits from the Efficient Trade Facilitation and Logistics Management

Macro Level (Country)

- Increase the Efficiency of Cross Border System
- Promote the International Trade Volume
- Increase Revenue from International Trade
- Increase Capital Inflow and FDI
- Stimulate Economic Growth
- Promote Standard of Living

Micro Level (Private Firm)

-
- Decrease Lead Time on International Trade Transaction.
 - Facilitate the Process of Customs Procedures
 - Decrease Transaction Cost
 - Increase Customers' Satisfaction
 - Increase Competitive Advantage

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National Logistics Master Plan

National Competitiveness Committee
chaired by Prime Minister

Committee on Logistics and Trade Facilitation

Physical &
Regulatory
Infras.

IT

Promotion &
Marketing

Capacity
Building

SMEs

Research

Logistics Climate

Friendly Business Environment

Committee on Logistics and Trade Facilitation

1. Thai National Shippers' Council
2. Thai Chamber of Commerce
3. The Federation of Thai Industries
4. Thai Banker's Association
5. Thai Int' Freight Forwarders Asso.
6. Bangkok Shipowners and Agents Asso.
7. Thai Air Freight Forwarders Asso.
8. Thai International Container Terminal Asso.
9. Thai Shipowners Asso.
10. Transport Asso.
11. Airline Cargo Business Asso.
12. Customs Broker Asso.
13. Asso. Of Thai Software Industry
14. Thai Logistics and Production Society
15. Chartered Inst' of Logistics and Transport
16. Purchasing and Supply Chain Management Asso.
17. Thai Research Consortium of Value Chain Management and Logistics

Any suggestions can be reached at:



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**THANK YOU
FOR YOUR ATTENTION**