

Asia Pacific Logistics Federation



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APLF Chairman

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Asia Pacific Logistics Federation



To be the lead advocacy for supply chains and logistics in the Asia Pacific region



To influence stakeholders in the Asia Pacific Region to ensure the region has safe, secure, reliable, sustainable and internationally competitive supply chains



Objectives

- To be the recognised voice for supply chain and logistics in the Asia Pacific Region
- Promote and encourage greater recognition of the APLF by influencing the APAC region concerning the importance of supply chains and logistics
- Promote and communicate the importance of the logistics services industry's contribution to Asia Pacific Regions economy



Asia Pacific Region



• APLF Members (18 members)

- SCLAA - Supply Chain and Logistics Australia Association
- CFLP - China Federation of Logistics and Purchasing
- JILS - Japan Institute of Logistics Systems
- KLRA - Korea Logistics Research Association
- ISM-Korea - Institute of Supply Management Association of Korea
- LTNZ - Logistics and Transport New Zealand
- MIPM - Malaysian Institute of Purchasing and Materials Management
- SIMM - Singapore Institute of Materials Management
- PISM - Philippine Institute for Supply Management
- HKLA - Hong Kong Logistics Association
- TNSC - Thai National Shippers Council
- ALI - Asosiasi Logistik Indonesia
- BLSCF - Bangladesh Logistics and Supply Federation
- ISMM - Sri Lanka Institute of Supply and Materials Management
- MLSCM - Myanmar Logistics and SCM Association
- VSLA - Vietnam Supply and Logistics Association
- SMIT - Supply Management Institute Taiwan
- ILSCA – India Logistics and Supply Chain Association



Trade Implications of the Trans-Pacific Partnership for ASEAN and Other Asian Countries



The Trans-Pacific Partnership (TPP)

- Currently being negotiated among
 - 12 countries
 - P4 from 2006: New Zealand, Singapore, Brunei Darussalam, Chile
 - Added as TPP from 2008: Australia, Peru, United States, Vietnam
 - Added
 - 2009: Malaysia
 - 2011: Canada, Mexico
 - 2013: Japan



The ASEAN Free Trade Area (AFTA)

- Since 1992 (as reported to WTO)
 - 10 Countries
 - ASEAN-6: Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand
 - Newer members: Cambodia, Laos, Myanmar and Viet Nam



Trans Pacific Partnership (TPP)

- Free Trade Area (FTA)
 - Zero tariffs on (almost) all goods trade among member countries
 - No change in tariffs on imports from outside; thus mostly unequal tariffs
 - Rules of Origin (ROOs)



Trans Pacific Partnership (TPP)

- Other Trade Issues
 - Trade in Goods
 - Nontariff barriers
 - Trade remedies
 - Rules of origin
 - Trade in Services



Trans Pacific Partnership (TPP)

- Non-Trade Issues
 - Intellectual property protection
 - Competition policy
 - Temporary movement of business persons
 - Labor rights
 - Environmental laws and regulations



Trans Pacific Partnership (TPP)

- Non-Trade Issues
 - Regulatory coherence
 - Digital technologies
 - Financial services
 - Investment



Trade Effects of Trans Pacific Partnership

- Three main effects
 - Trade creation: Import from partner what was previously produced at home
 - Trade diversion: Import from partner what was previously imported from 3rd country
 - Reversal of trade diversion: Import from new partner what had been diverted to partner in prior FTA (“trade un-diversion”? “trade reversion”)
- Also one non-effect: TPP will have little effect on trade with countries already subject to FTA



Impact of Trans Pacific Partnership (TPP)

- Largest trade partner is China, for both exports and imports. TPP will divert trade from China
- TPP will eliminate tariffs with only one top trading partner: Japan
- Already has FTAs with 7 other TPP countries, so little effect except on trade with Japan
- Japan and Australia will both benefit from reversing Australia's trade diversion to US
- Australia & Vietnam therefore likely to benefit



Conclusion

- Trade effects of Trans Pacific Partnership on Asian economies will be
 - Non-trivial trade diversion, especially for China
 - Positive in several cases as TPP reverses effects of previous trade diversion



ASEAN Community: An Overview





If ASEAN were a single country, it would already be the ***seventh-largest economy in the world***, with a combined GDP of \$2.4 trillion in 2013. It is projected to rank as the **fourth-largest economy by 2050**.

McKinsey & Co. – May 2014



Gross Domestic Product 2014

| COUNTRIES | | GDP |
|-----------|-------------------|------------|
| 1. | United States | 17,419,000 |
| 2. | China | 10,360,105 |
| 3. | Japan | 4,601,461 |
| 4. | Germany | 3,852,556 |
| 5. | United Kingdom | 2,941,886 |
| 6. | France | 2,829,192 |
| 7. | Brazil | 2,346,118 |
| 8. | Italy | 2,144,338 |
| 9. | India | 2,066,902 |
| 10. | Russia Federation | 1,860,598 |
| | Indonesia (16) | 888,538 |
| | World | 77,868,768 |

ASEAN →

USD 2.48 trillion

Source: World Development Indicators, The World Bank (As of 1 July 2015)



ASEAN: A Community of Opportunities

Highly Connected
Region



Young,
educated labour
force



Free Trade
Agreements with
major regional
economies

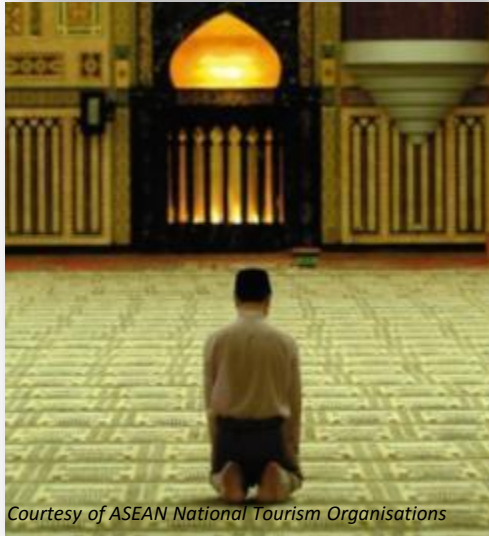


DYNAMIC



ASEAN: A Community of Opportunities

Home to major religions



Vast natural resources

Rich culture



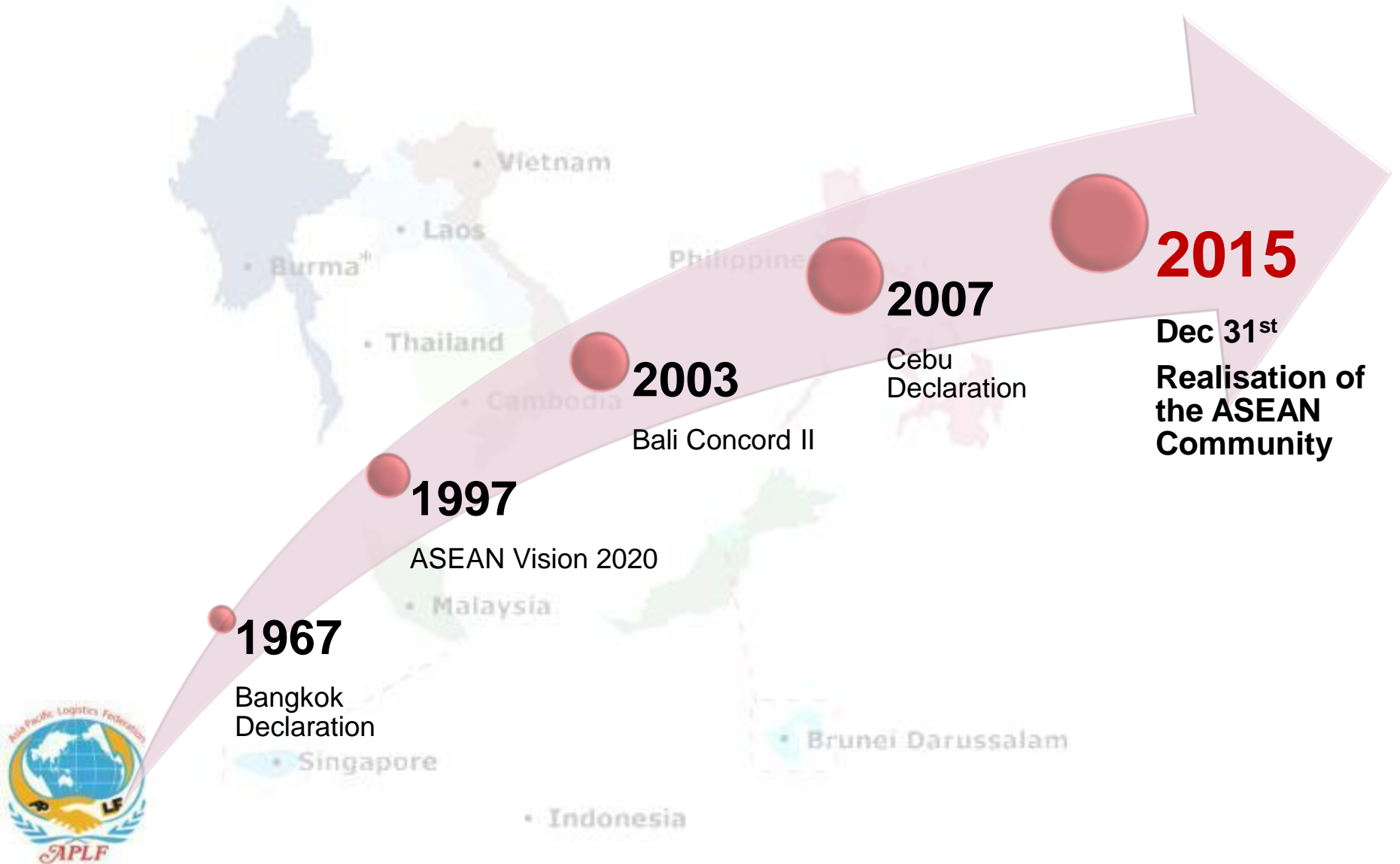
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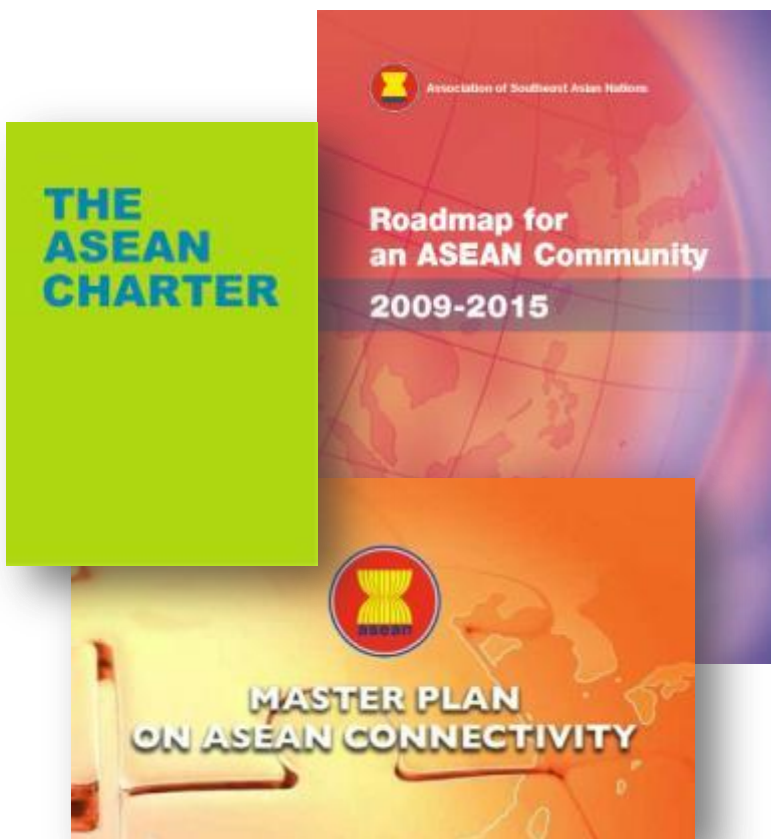
ASEAN Community Building



The ASEAN Journey to Community Building



The ASEAN Journey to Community Building



Strengthening Framework of ASEAN Integration

ASEAN Charter 2008

Roadmap for an ASEAN Community
2009-2015 2009

Master Plan on ASEAN Connectivity
2020



APSC Blueprint

Political Cooperation

- A rules-based community of shared values & norms

Security Cooperation

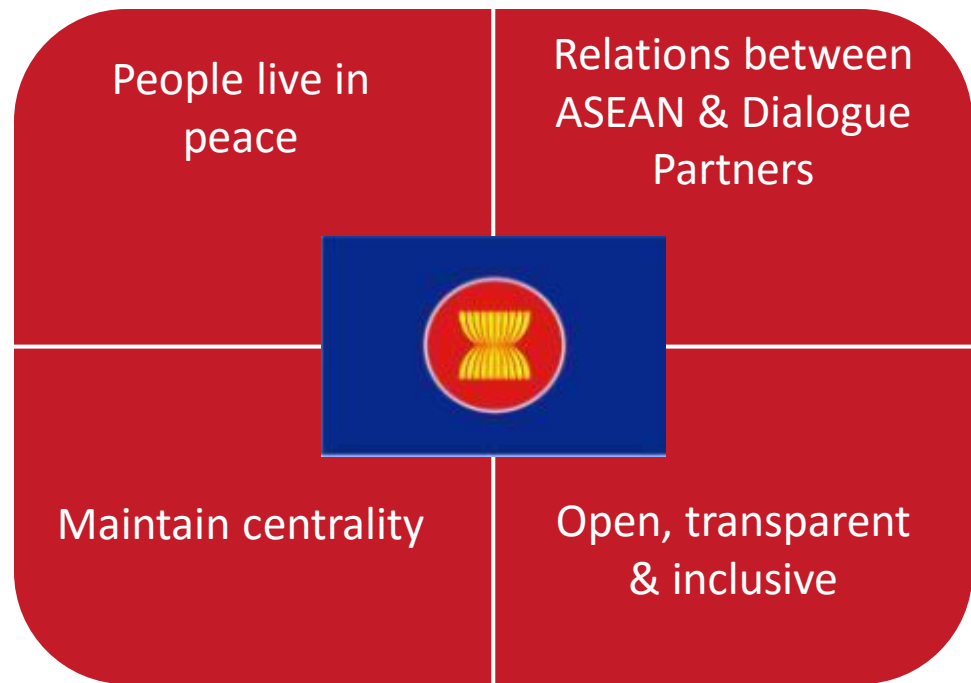
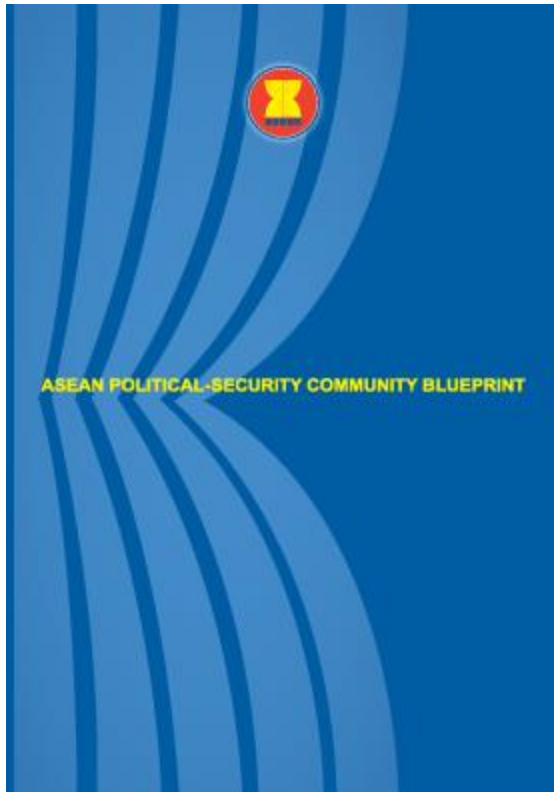
- A cohesive, peaceful, stable & resilient region with shared responsibility for comprehensive security

External Relations

- A dynamic and outward-looking region in an increasingly integrated and interdependent world



APSC Community-Building Mandate



ASEAN Economic Community



AEC Blueprint: Adopted Nov 2007

ASEAN ECONOMIC COMMUNITY

STRATEGIC SCHEDULE OF THE AEC BLUEPRINT (2008-2015)

1. Single Market & Production Base

- Free flow of goods
- Free flow of services
- Free flow of investment
- Freer flow of capital
- Free flow of skilled labour
- Priority Integration Sectors
- Food, agriculture and forestry

2. Competitive Economic Region

- Competition policy
- Consumer protection
- Intellectual property rights
- Infrastructure development
- Taxation
- E-Commerce

3. Equitable Economic Development

- SME development Initiative for ASEAN Integration

4. Integration into Global Economy

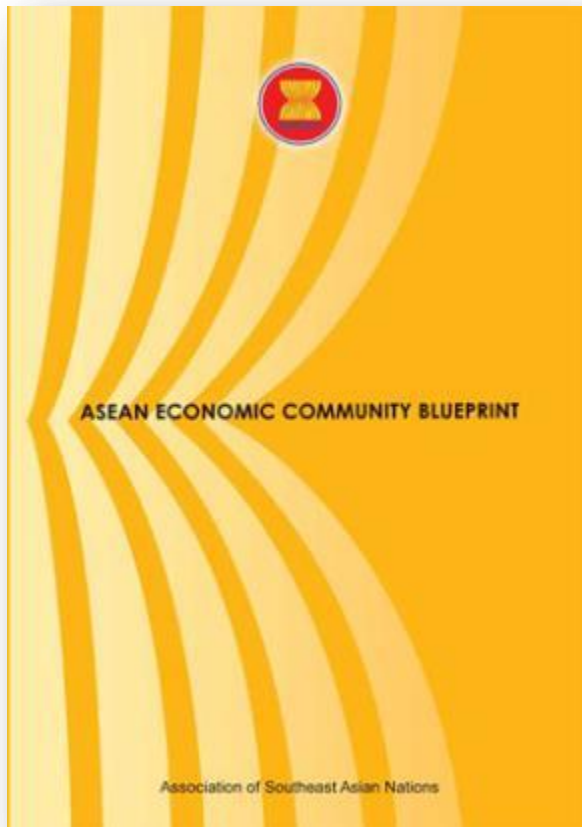
- Coherent approach towards external economic relations
- Enhanced participation in global supply networks

HUMAN RESOURCE DEVELOPMENT

RESEARCH & DEVELOPMENT



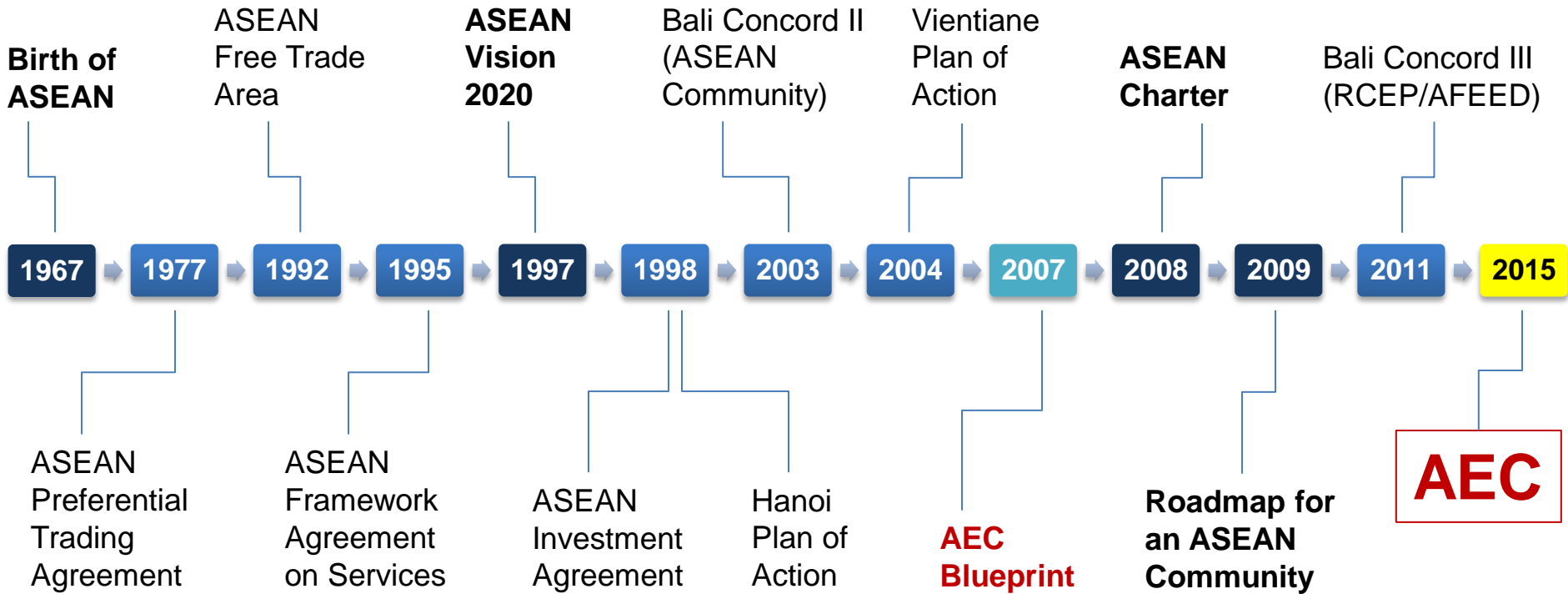
AEC Community Building Mandate



Establish ASEAN as:



AEC Milestones



AEC Pillar #1

SINGLE MARKET AND PRODUCTION BASE



Single Market & Product Base – Milestones

Tariffs near zero

ASEAN Trade in Goods Agreement

ASEAN Framework Agreement on Services

ASEAN Comprehensive Investment Agreement

Movement of professionals

Trade facilitation

ASEAN Exchanges



Trade in Goods Liberalisation

ASEAN-6

99.65% tariff lines eliminated

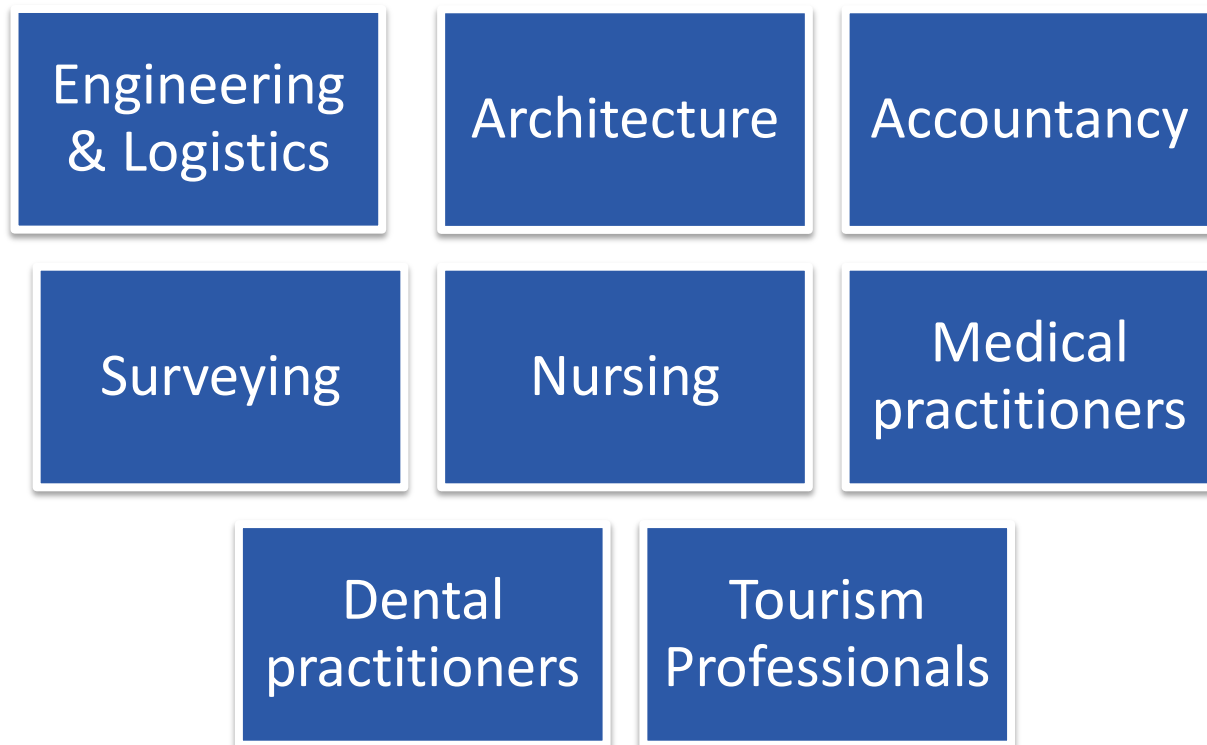
CLMV

Almost **98%** tariff lines reduced to 0-5%



Facilitating Movement of Professionals

- ASEAN Qualification Reference Framework (AQRF)
- Mutual Recognition Arrangements (MRAs) in 8 fields:



AEC Pillar #2

COMPETITIVE ECONOMIC REGION



Competitive Economic Region - Milestones



- | | | |
|----------------------------|----------------------------------|----------------------------|
| Competition policy and law | Consumer protection laws | International IP protocols |
| ASEAN Highway Network | ASEAN Single Shipping Market | ASEAN Power Grid |
| Trans-ASEAN Gas Pipeline | Principles for PPP Frameworks | ASEAN Open Skies Policy |
| | Telecommunication infrastructure | |

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ASEAN Open Skies Policy

Capacity of ASEAN airlines almost tripled from 94 million seats in 2003 to 268 million seats in 2013

Capacity to absorb international arrivals also tripled, from 33 million to 99 million in the same period



Competition Policy



Strengthening Regulatory Environment

Institutional-Building and Enforcement of CPL

Regional Competition Advocacy

Cross-Cutting Regional Initiatives



AEC Pillar #3

EQUITABLE ECONOMIC REGION



Equitable Economic Development - Milestones



ASEAN Business Incubator Network

ASEAN SME Guidebook

Initiative for ASEAN Integration (IAI)

ASEAN Framework for Equitable Economic Development

ASEAN Equitable Development Monitor Report



AEC Pillar #4

INTEGRATION INTO GLOBAL ECONOMY



ASEAN Free Trade Agreements

| | Entry Into Force | Size of Market | Size of Economy (\$) | Total Trade (\$) |
|---------------------------|-----------------------------|---------------------------|---------------------------------|-----------------------------|
| ACFTA (China) | 2005 | 1.98 B | 11.3 T | 351 B |
| AKFTA (Korea) | 2007 | 0.67 B | 3.59 T | 135 B |
| AJCEP (Japan) | 2008 | 0.75 B | 7.41 T | 241 B |
| AANZFTA (Aus-Nzl) | 2010 | 0.65 B | 4.07 T | 78 B |
| AIFTA (India) | 2010 | 1.87 B | 4.16 T | 68 B |
| AHKFTA (Hong Kong) | Jul 2014* | 0.63 B | 2.67 T | 97 B |
| RCEP | May 2013* | 3.4 B | 20.9 T | 872 B |

* First round of negotiations





Initiative for ASEAN Integration

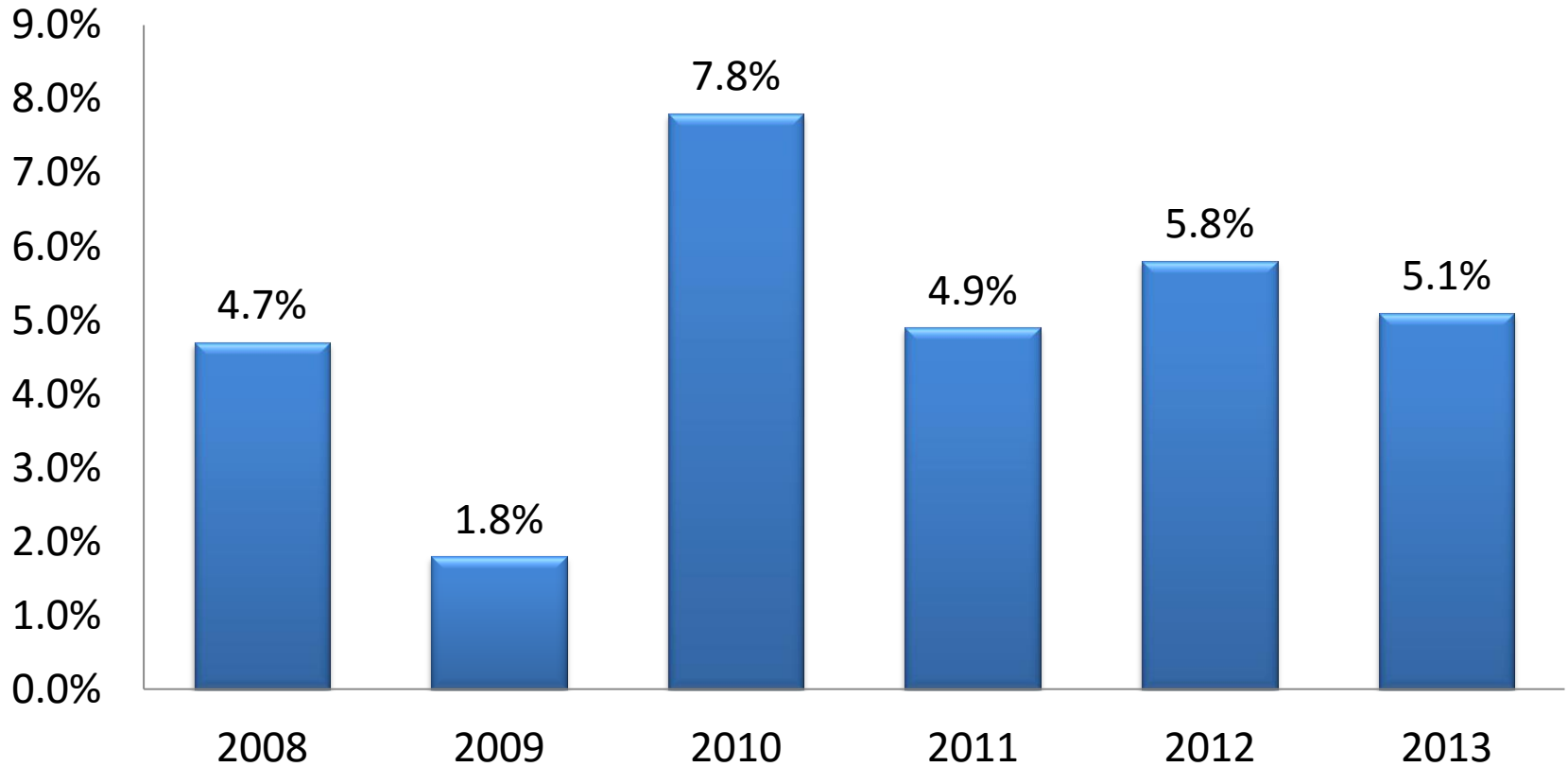
Narrow the
development gap

CLMV assisted,
ensuring benefits of
ASEAN integration are
equitably shared

Positive-bias approach:
Growing the ASEAN
cake and increasing the
share going to the
CLMV countries



ASEAN GDP



Source: ASEAN Integration Monitoring Office (AIMO)

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Priorities Towards AEC 2020

Fast track
implementation of
prioritised AEC
deliverables

Improve
communication
and outreach to
stakeholders

Finalise AEC's post-
2015 agenda for
deeper REI



AEC 2025

Is your company ready for AEC integration???

Integrated and
highly cohesive
economy

Competitive,
innovative and
dynamic ASEAN

Enhanced sectoral
integration and
cooperation

Resilient, inclusive,
people-oriented
and people-
centered ASEAN

Global ASEAN



Thank you

