
Towards AEC 2025: Facilitation & Connectivity



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Agenda

- The AEC 2025 connectivity vision
 - Strategies
 - Metrics
- ASEAN Facilitation issues
- ASEAN Connectivity issues
 - Selected logistics cost
 - Selected reliability levels
- Summary

AEC 2025 Connectivity Vision

Vision and strategic objectives



MPAC Strategic Agenda 1



Sustainable infrastructure

What are the strategic objectives?

- 1 Increase public and private infrastructure investment in each ASEAN Member State, as needed
- 2 Significantly enhance the evaluation and sharing of best practices on infrastructure productivity in ASEAN
- 3 Increase the deployment of smart urbanisation models across ASEAN



What are the key initiatives?

- 1 Establish a rolling priority pipeline list of potential ASEAN infrastructure projects and sources of funds
- 2 Establish an ASEAN platform to measure and improve infrastructure productivity
- 3 Develop sustainable urbanisation strategies in ASEAN cities

MPAC Strategic Agenda 2



Digital innovation

What are the strategic objectives?

- 1 Support the adoption of technology by micro, small and medium enterprises (MSMEs)
- 2 Support financial access through digital technologies
- 3 Improve open data use in ASEAN Member States
- 4 Support enhanced data management in ASEAN Member States



What are the key initiatives?

- 1 Enhance the MSME technology platform
- 2 Develop the ASEAN digital financial inclusion framework
- 3 Establish an ASEAN open data network
- 4 Establish an ASEAN digital data governance framework

MPAC Strategic Agenda 3



Seamless Logistics

What are the strategic objectives?

- 1 Lower supply chain costs in each ASEAN Member State
- 2 Improve speed and reliability of supply chains in each ASEAN Member State



What are the key initiatives?

- 1 Strengthen ASEAN competitiveness through enhanced trade routes and logistics
- 2 Enhance supply chain efficiency through addressing key chokepoints

MPAC Strategic Agenda 4



Regulatory excellence

What are the strategic objectives?

- 1 Harmonise or mutually recognise standards, conformance, and technical regulations for products in key sectors
- 2 Reduce number of trade-distorting non-tariff measures across ASEAN Member States



What are the key initiatives?

- 1 Complete harmonisation of standards, mutual recognition, and technical regulations in three prioritised product groupings
- 2 Increase transparency and strengthen evaluation to reduce trade-distorting non-tariff measures

MPAC Strategic Agenda 5



People mobility

What are the strategic objectives?

- 1 Support ease of travel throughout ASEAN
- 2 Reduce the gaps between vocational skills demand and supply across ASEAN
- 3 Increase the number of intra-ASEAN international students



What are the key initiatives?

- 1 Enhance ASEAN travel by making finding information easier
- 2 Ease ASEAN travel by facilitating visa processes
- 3 Establish new vocational training programmes and common qualifications across ASEAN Member States, in accordance with national circumstances of each ASEAN Member State
- 4 Support higher education exchange across ASEAN Member States

MPAC 2025 metrics

	Input level	Output level	Outcome level
Description	<ul style="list-style-type: none"> Focus on metrics capturing progress on implementing measures related to initiatives 	<ul style="list-style-type: none"> Focus on metrics capturing progress on end objectives of each prioritised initiative 	<ul style="list-style-type: none"> Focus on metrics that capture the higher-level end objective in a strategic area
Examples of metrics	<ul style="list-style-type: none"> Work with ASEAN Member States to identify national priority infrastructure projects Conduct feasibility analysis to determine potential for private sector participation 	<ul style="list-style-type: none"> Public database with all relevant infrastructure projects in ASEAN Launch of annual investor forum 	<ul style="list-style-type: none"> Infrastructure investment in ASEAN
Strengths	<ul style="list-style-type: none"> Timely Specific Measurable Action-oriented 	<ul style="list-style-type: none"> Specific Focuses on end objective of specific action 	<ul style="list-style-type: none"> Focused on end objectives Relevant to stakeholders
Weaknesses	<ul style="list-style-type: none"> Not focused on end objectives 	<ul style="list-style-type: none"> Sometimes not timely Often encounter measurement issues 	<ul style="list-style-type: none"> Not often timely Influenced by multiple factors

ASEAN facilitation issues (July 2017)



INSTRUMENT	DATES OF SIGNING	DATES OF RATIFICATION BY MEMBER STATES										DATE OF ENTRY INTO FORCE
		BNR	CAM	INA	LAO	MAL	MYM	PHI	SIN	THA	VNM	
TRANSPORT FACILITATION												
ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT)	16/12/98	15/08/00	30/04/99	17/01/00	21/12/99	02/03/99	16/12/98	20/05/99	02/10/00	17/02/99	24/06/99	02/10/00
Protocol 1 Designation of Transit Transport Routes and Facilities	08/02/07	26/10/09	27/10/09	29/11/11	20/06/11		11/07/14	13/11/07		22/06/11	10/10/07	EIF among those countries who have ratified 21/08/11
Protocol 2 Designation of Frontier Posts												
Protocol 3 Types and Quantity of Road Vehicles	15/09/99	08/09/04	09/05/07	23/06/00	19/01/00	24/07/09	21/08/00	25/11/99	02/05/06	19/04/10	15/11/99	19/04/10
Protocol 4 Technical Requirements of Vehicles	15/09/99	08/09/04	09/05/07	23/06/00	19/01/00	24/07/09	21/08/00	26/11/99	04/05/06	19/04/10	15/11/99	19/04/10
Protocol 5 ASEAN Scheme of Compulsory Motor Vehicle Insurance	08/04/01	08/04/02	30/01/02	30/07/02	06/11/02	29/04/02	16/10/03	22/09/03	29/08/02	08/01/03	02/07/01	16/10/03
Protocol 6 Railways Border and Interchange Stations	16/12/11		17/10/13		25/01/17		25/2/14	28/02/17	19/02/16	3/9/12	12/12/12	
Protocol 7 Customs Transit System	24/2/15		13/01/17				20/09/16	13/01/16	03/04/17	31/03/17		
Protocol 8 Sanitary and Phytosanitary Measures	27/10/00	07/08/10	23/05/03	31/12/02	09/05/01	13/01/11	25/09/02	29/01/10	30/03/06	23/8/03	29/3/01	13/01/11
Protocol 9 Dangerous Goods	20/09/02	16/04/04	14/06/07	29/08/03	19/05/03		25/04/03	10/06/03	13/09/07	22/01/16	15/11/02	

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INSTRUMENT	DATES OF SIGNING	DATES OF RATIFICATION BY MEMBER STATES										DATE OF ENTRY INTO FORCE
		BNR	CAM	INA	LAO	MAL	MYM	PHI	SIN	THA	VNM	
TRANSPORT FACILITATION												
ASEAN Framework on Multimodal Transport (AFAMT)	17/11/05		27/10/09	07/04/16	04/11/15		01/10/15	30/06/08		01/09/08	01/11/11	EIF among those ratified (30 th day after deposit of IoR) 01/10/08
ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST)	10/12/09		22/11/13		27/09/11		27/01/17	17/12/12		30/11/11	25/04/12	EIF among those ratified (30 th day after deposit of IoR) 30/12/11
Agreement on the Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles Issued by ASEAN Member Countries	10/09/98	Ratified 25/1/2001	Ratified 30/4/99	Ratified 28/06/99	Ratified 27/11/06	Ratified 27/11/06	Ratified 21/09/99	Ratified 28/06/99	Ratified 18/03/00	Ratified 05/02/04	Ratified 28/10/98	27 November 2006

ASEAN Connectivity issues

- The relatively high cost of logistics in ASEAN is a by-product of:
 - inadequate physical facilities
 - cumbersome administrative barriers
 - a legal framework not adapted to modern international business practices.

Industrial Logistics cost/Sales

Cost/Sales	Philippines	Vietnam	Indonesia	Thailand
Transport	10.71%	7.04%	8.81%	5.57%
Warehousing	5.20%	3.78%	3.45%	2.49%
Inventory carrying	8.78%	4%	7.19%	2.04%
Logistics administration	2.47%	1.48%	1.95%	1.01%
Logistics Cost/Sales	27.16%	16.3%	21.40%	11.11%

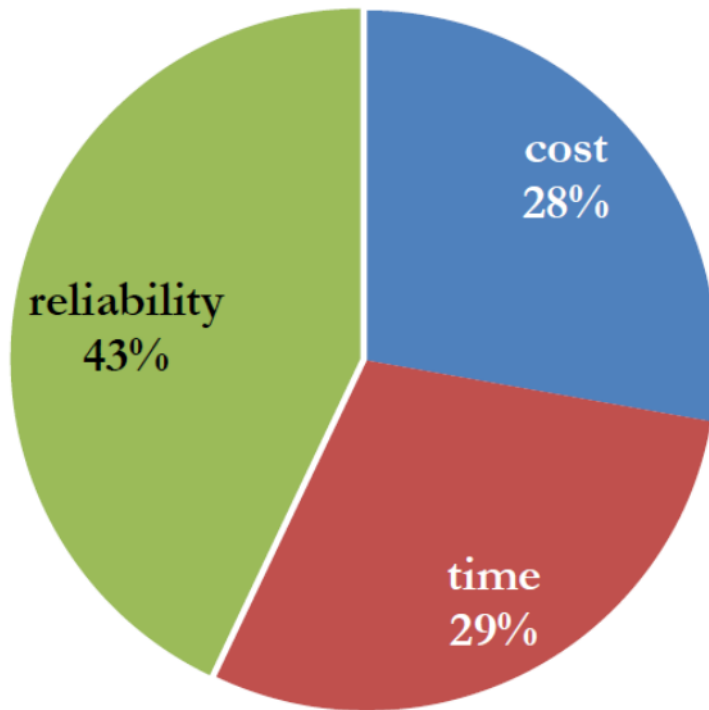
Logistics cost/sales by sector

Sector	Philippine	Vietnam	Indonesia	Thailand
Automotive	23.08%	33.55%	16.84%	14.75%
Chemical products	43.30%	27.14%	27.01%	10.09%
Construction materials	16.44%	28.60%	35.13%	10.46%
Electronics	13.57%	4.40%	34.43%	12.14%
Food	32.72%	17.60%	20.97%	10.32%
Furniture & Decors	18.07%	NA	45.32%	11.44%
Jewelry	16.87%	NA	20.47%	NA
Textile & Garment	20.35%	14.30%	16.01%	8.55%

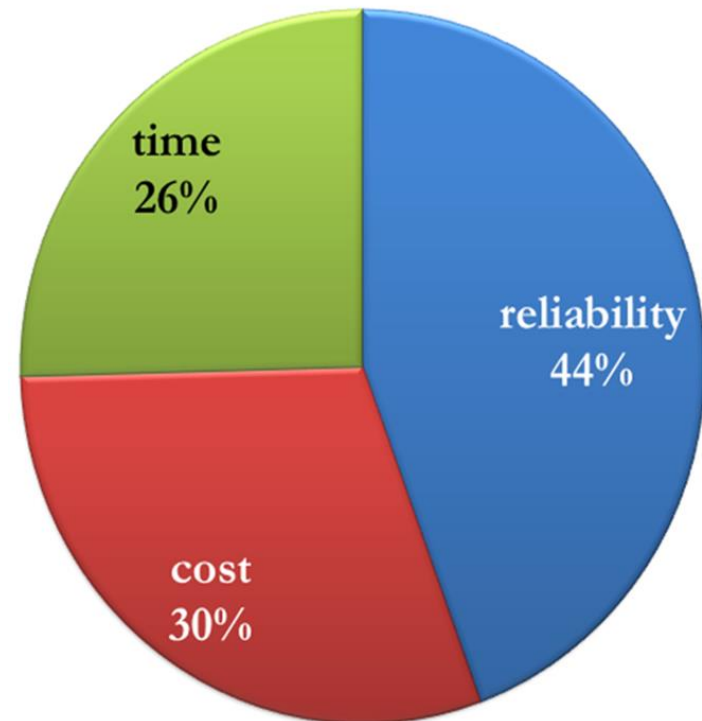


Logistics performance issues

Indonesia

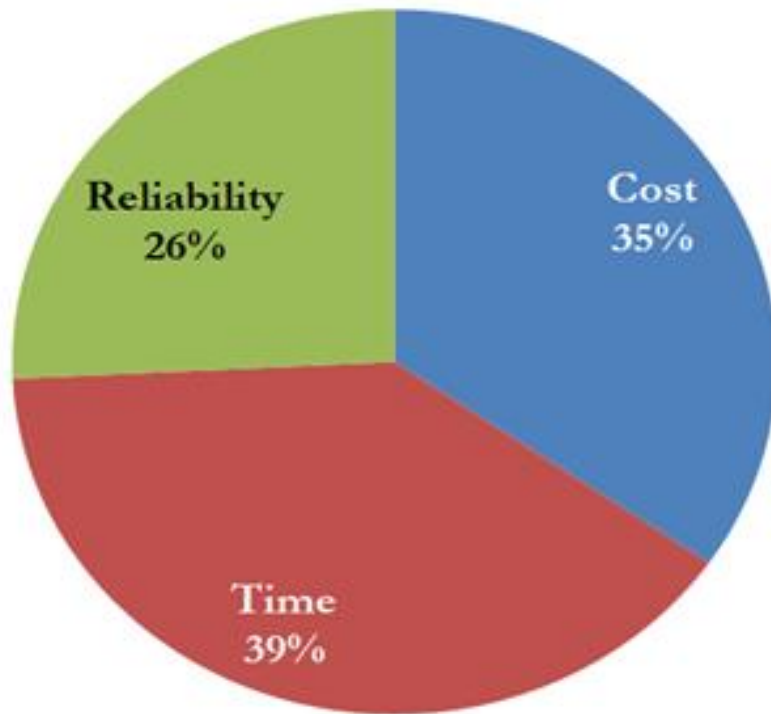


Philippines



Logistics Performance issues

Vietnam



Summary

- Reliability is the most important logistics performance dimension for archipelagic countries
- The symptoms of low reliability is high logistics cost
- Time is more critical for Vietnam

Overall Logistics Performance

KPIs	Mean			
	Philippines	Vietnam	Indonesia	Thailand
Delivery In Full On Time	89.62%	90.99%	81.92%	87.84%
Damage rate	3.70%	2.18%	2.01%	4.16%
Cash Conversion Cycle (C2C) days	21.77	20.29	19.00	NA
Customer Complaint Rate	5.97%	6.65%	6.61%	2.64%
Forecasts Accuracy	80.15%	75.53%	81.68%	84.40%
Ratio of Returns	5.15%	2.26%	3.55%	3.58%

Sector Comparison ASEAN countries

DIFOT	Philippines	Vietnam	Indonesia	Thailand
Automotive	97.18%	98.00%	83.75%	82.45%
Chemical products	85.71%	100.00%	81.17%	87.57%
Construction materials	81.44%	75.00%	95.58%	86.36%
Electronics	88.05%	80.00%	95.32%	85.36%
Food	88.02%	100%	91.14%	89.41%
Furniture & Decors	96.30%	NA	90.22%	86.09%
Jewelry	99.60%	NA	89.64%	NA
Textile & Garments	91.55%	80.00%	93.75%	90.66%

Summary

- There are discrepancies in the level of logistics development in ASEAN.
- Regional framework agreement to operate the logistics systems in ASEAN do exist but they are not implemented
- Connectivity is hindered by high logistics cost and limited levels of reliability
- Baseline for ASEAN on the logistics capability of each country is necessary
- An ASEAN corridors analytical approach can provide further insights on barriers to reliability in the region.