



ASEAN TRADE LOGISTICS CONNECTIVITY SYMPOSIUM 2015
ASEAN+6 LOGISTICS CONNECTIVITY AT THE CROSSROADS: PROGRESS AND FUTURE

Panel Discussion :
CLMV Logistics Development and Trade Facilitation
Linkage Challenges for a Dynamic Regional
Supply Chain Management

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Presentation Outline

- ☐ Current development of land, water and air transport connectivity
- ☐ Progress made on trade facilitation
- ☐ Readiness of business enterprises and associations for more facilitation environment
- ☐ Supply chain integration in selected industries



Current development of land, water and air transport connectivity

About Vietnam Logistics Industry



Current development of land, water and air transport connectivity



About Vietnam Logistics Industry

2014 Logistics Performance Index, World Bank

COUNTRY	RANK	SCORE	Customs	Infrastru cture	Int'l Shipmnt	Logistics Competent	Tracking & Tracing	Timelines s
SINGAPORE	5	4.00	4.01	4.28	3.70	3.97	3.90	4.25
PHILIPPINES	57	3.00	3.00	2.60	3.33	2.93	3.00	3.07
MYANMAR	145	2.25	1.97	2.14	2.14	2.07	2.36	2.83
MALAYSIA	25	3.59	3.37	3.56	3.64	3.47	3.58	3.92
THAILAND	35	3.43	3.21	3.40	3.30	3.29	3.45	3.96
VIETNAM	48	3.15	2.81	3.11	3.22	3.09	3.19	3.49
INDONESIA	53	3.08	2.87	2.92	2.87	2.21	3.11	3.53
LAO PDR	131	2.39	2.45	2.21	2.50	2.31	2.20	2.65
CAMBODIA	83	2.74	2.67	2.58	2.83	2.67	2.92	2.75

Current development of land, water and air transport connectivity



About Vietnam Logistics Industry



Road system :300.000 km, highways with 580 km length

3.260 km coast-side length

373 Sea ports with 43,600m length, among 213 container/general.

129 river ports

19.258 km waterways

3,143.km railroads

23 airports (6 international+ 17 domestic)

10 logistics centers/ parks +22 ICDs

Current development of land, water and air transport connectivity



Review some recent figure/fact related Vietnam logistics industry

Total throughput of Vietnam Seaport in 2014

- Total commodity throughput: **370,317.324** (Tons) incr. **14%** compared 2014

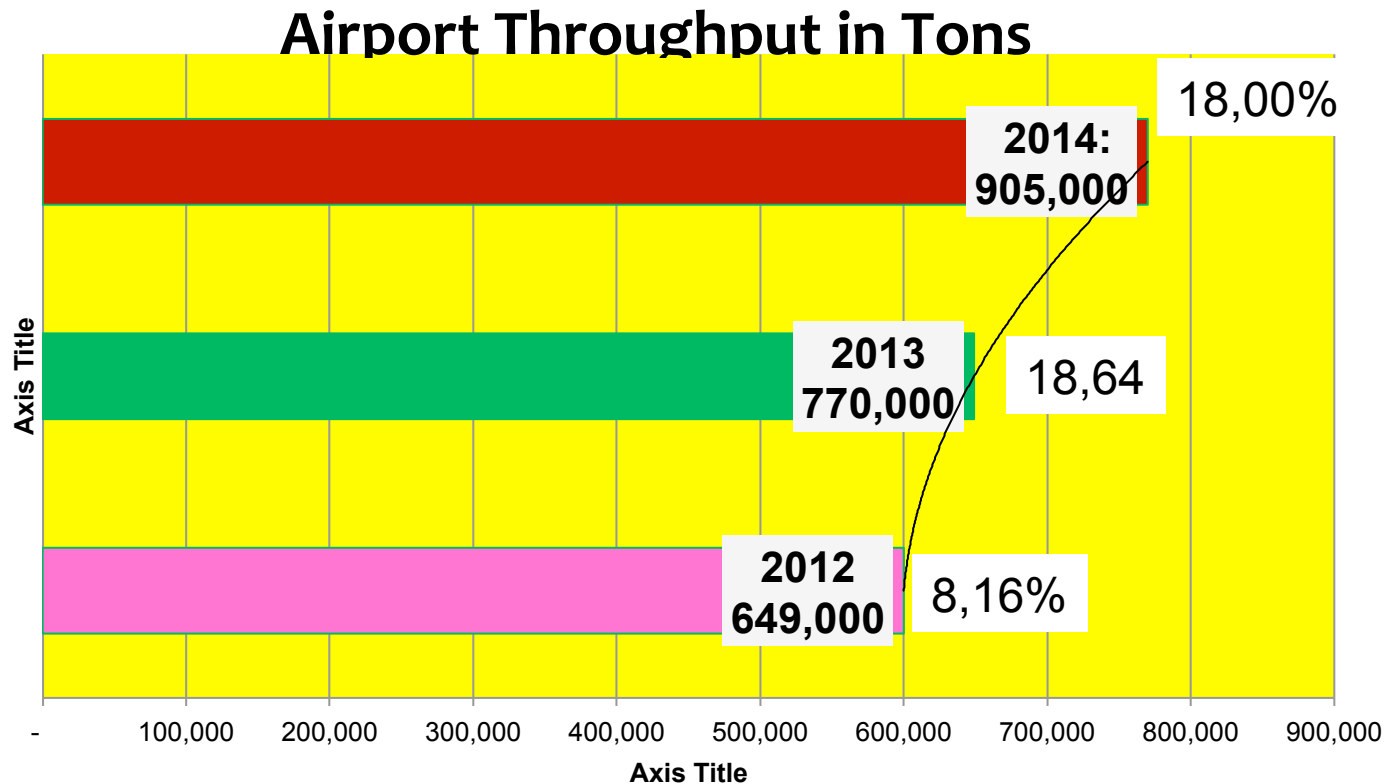


- Total container throughput: **10.240.457** (TEUs) incr. **20,1%** compared 2014

Current development of land, water and air transport connectivity

Review some recent figure/fact related Vietnam logistics industry

Total throughput of Vietnam airport in 2014



Current development of land, water and air transport connectivity



Review some recent figure/fact related Vietnam logistics industry

Total Logistics Market 2014:

USD Billion 30 est.
(Source: World Bank)

Growth: 24% yearly
(After 2014 : 27% yearly!) (W.B.)

Current development of land, water and air transport connectivity



Results of transport connectivity in Vietnam's ASEAN

- ✓ **ASEAN connecting road network (AHN):** put 8 ASEAN roads on the territory of Vietnam (4237Km) about 390 km highway network of ASEAN road unqualified III Degree.
- ✓ **Rail connections Singapore - Kunming (SKRL):** are in shortage of capital and not under construction.
- ✓ **Network of inland waterways ASEAN:** made with Cambodia and is working well
- ✓ **Network development ASEAN Ports:** construction, upgrading capacity for the purposes of the region (ex . Cai mep/Thi vai . Lach Huyen Port)
- ✓ **Develop the Multimodal transport system ASEAN:** made great efforts in developing the East-West Corridor (EWEC) as Hai Van Pass Tunnel, N.R .9, Tien sa Port...
- ✓ **Develop dry ports:** Vietnam and 5 other ASEAN countries (Cambodia, Indonesia, Laos, Myanmar, Thailand) signed an inter-countries agreement on dry ports .Government has development planning system dry ports in Vietnam until 2020 and orientations to 2030.

Current development of land, water and air transport connectivity



Results of transport connectivity in Vietnam's ASEAN

- ✓ **Forming ASEAN air transport market unified (ASAM)** :Vietnam is the first ASEAN in signing and performing most of the cooperation agreement air transport
- ✓ **Forming joint maritime transport market ASEAN (ASSM)** : Vietnam has basically ensure compliance with the principles set out to free competition
- ✓ **Accelerating the development of the ASEAN logistics service connectivity**: so far Vietnam has fulfilled its commitment to service requests of package logistics commitment 9th AFAS
- ✓ However, Vietnam has the existence, common challenges as the ASEAN countries, transportation system has many limitations exist, the competitiveness is low, Institutional system is still in the process of building . Resources for developing transport infrastructure is still lacking.

Current development of land, water and air transport connectivity

GMS with the recent movement

- Myanmar officially connected with East - West Economic Corridor
- Additional Road 12 in Cross Border Transport Agreement in the Mekong Sub-region (GMS CBTA) and set the fixed bus routes between the three countries Thailand Vietnam and Laos
- Vietnam petition open EWEC2 : Southern Laos, East Thailand, northeastern Cambodia have the shortest way to the sea



Current development of land, water and air transport connectivity



GMS with the recent movement

- From 25 Dec 2014, at the Lao Bao border gates (Vietnam) - Delsavanh (Laos) has **officially launched the model checking "Single Windows Inspection / Single Stop"**
- Laos to build high-speed rail link with Vietnam (June 27, 2014) .The railway with a length of 220 km, connecting the town Caysone Phomvihane Lao province of Savannakhet to Vietnam
- May of 2015., Vietnamese Prime Minister has decided to approve the proposal to strengthen transport connections ASEAN by 2020 and towards 2030



Progress made on trade facilitation

- ❑ **Vietnam is the first country to have completed** the approval of all the ASEAN Framework Agreement and the Protocol on the Facilitation of Transport signed in ASEAN. However, the implementation of this Agreement is not achieving the desired results
- ❑ **Electronic customs applicable in the country from 2014 approx. 57% of total im.& export turnover**
- ❑ **Implementing the new Customs Code as of Jan. 2015**



Progress made on trade facilitation

*Excerpts from Resolution No. 19 / NQ-CP of the Government
dated 03 Dec 2015:*

-**Year 2015**, achieved and exceeded the average level of **ASEAN-6** countries:

-Time across borders reached the maximum of **13 (*)** days for goods exports, **14 (**)** days for goods import

-Basic completed **Customs** National Single Window (VNACCS)

-**Year 2016**, achieved the minimum average level of **ASEAN-4**

-Decrease time for export to less than **10** days and for import to less than **12** days

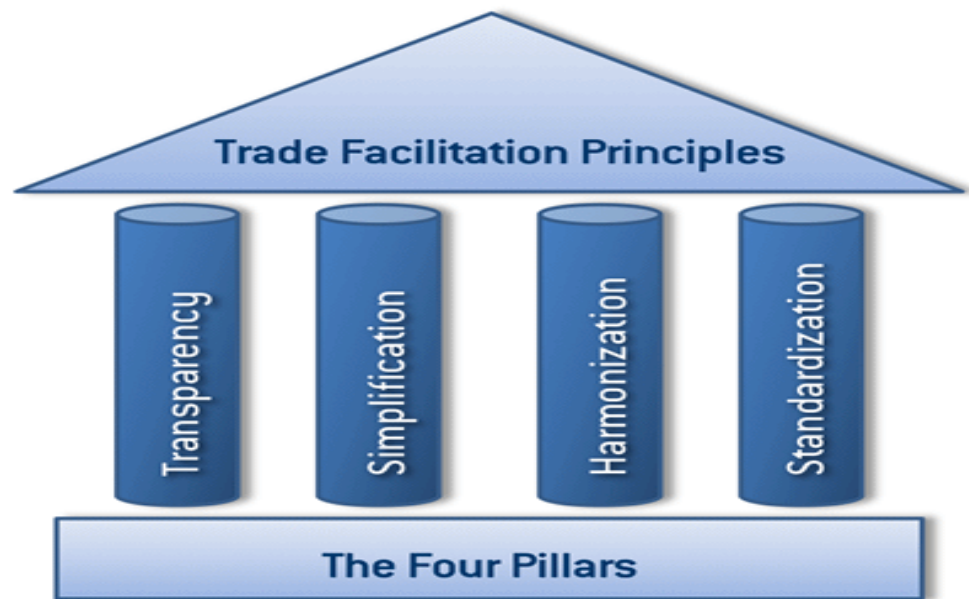
(*) Current E is 21 days ()** I current is **22** days



Progress made on trade facilitation

Administration Reform of GOV.

❑ As of the end of June this year (2015) the total number of hours of taxpayers fell **420** hours, while taxpayers pull out only **117** hours. Compared with the objective to reach **121.5** hours of government in place



Progress made on trade facilitation

At the CLMV-7 22 June ,Myanmar

CLMV action program in the field of economic and trade for the coming years:

- Facilitate trade and investment through bilateral agreements and multilateral,
- Extending the performance test a door model once stopped at the international border between the countries;
- Maximizing the potential of the economic corridor transnational as East - West Economic Corridor & Southern Corridor



Progress made on trade facilitation

Customs Administrative Reform Outcomes



- Implementing VNACCS
- Implementing e-Manifest
- Applying AEO
- Starting Customs Single Window (SW)
- Applying Advance Rulings
- Implementing Risk Management



Progress made on trade facilitation

Customs Administrative Reform Outcomes

- E-Manifest
- E-Banking
- E-Payment
- E-C/O
- E-Permission
- E-Declaration
- E-Signature
- E-Seal

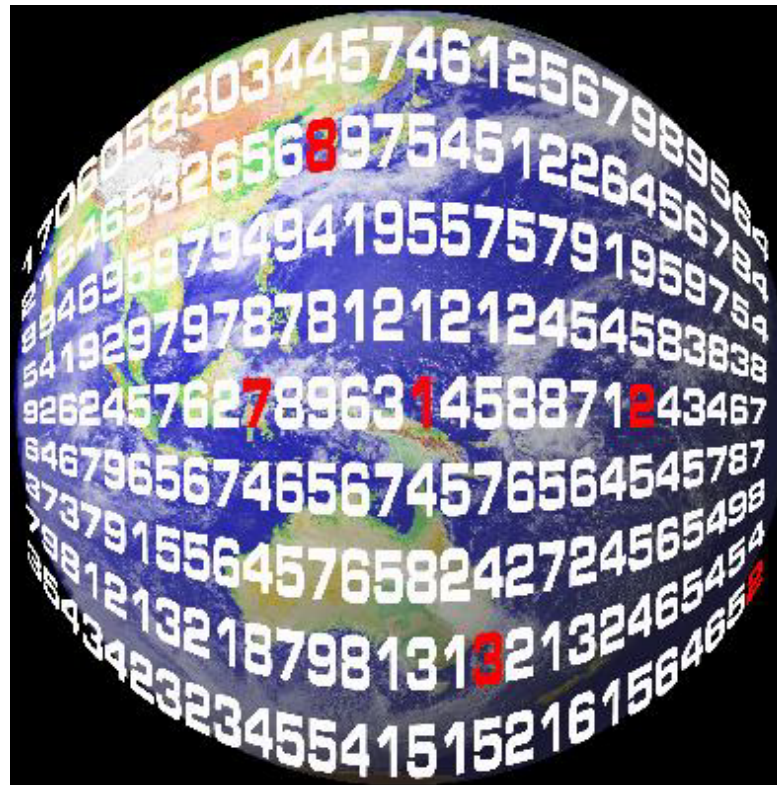
A large blue circle on the right side of the slide contains the text 'NACCS' in yellow, followed by a yellow arrow pointing to 'VNACCS'. A long, thin blue arrow points from the 'E-C/O' item in the list on the left towards this circle.

NACCS
→ VNACCS

A blue square contains the word 'must' in bold black text. A black curved arrow starts from the right side of the square, loops around, and points back to the right side, with three small dots at the end of the arrow.

must

(ETA) Advanced Electronic Information & Ruling
(C/O, HS, Price declared, duty.)



Source: WCO SAFE Framework

Progress made on trade facilitation

Customs Administrative Reform Outcomes

Risk Management of Customs



Source: WCO SAFE Framework

Readiness of business enterprises and associations for more facilitation environment

- ✓ Along with AEC, Vietnam are at least 14 bilateral & multilateral agreements has signed /will be signed as TPP, (Vietnam-EU FTA, ASEAN + 6) creating more attractive environment however promise competitive appointment
- ✓ However Vietnamese SMEs are still adjusting passively to changes rather than proactively integrating into the regional economy
- ✓ The associations generally has been prepared, which are not very thorough



Readiness of business enterprises and associations for more facilitation environment

- ✓ **VLA** also proposed to the government for further trade facilitation to logistics enterprises, creating the preferences for business, encourage investment and development business prepared ready for integration
- ✓ Vietnam participated in some global supply chain, such as garments, footwears, vegetables, seafood, electronic components .. but not great added value.
- ✓ Only about 30% of businesses involved in the global supply chain & 70% of the logistics market of foreign firms holding
- ✓ Few supply chain in ASEAN region



Supply chain integration in selected industries



- ✓ Vietnam participated in some global supply chain, such as **garments**, footwear, **vegetables**, Flowers, **Agriculture product**, **seafood**, electronic components (Smart Phone), **automobiles** .. but not great added value.
- ✓ Only about 30% of businesses involved in the global supply chain
- ✓ 70% of the logistics market of foreign firms holding
- ✓ Few supply chain in ASEAN region



Supply chain integration in Logistics industry



- Cai Mep deepsea Port for transit cargo to/from Phnompenh & near Bavet border cargo via Moc Bai/Bavet border
- Cai Mep deepsea Port for transit cargo from Mekong Delta Provinces by inland water way
- HaiPhong Port or Lach Huyen Deepsea Port in future for transit cargo Kunming & ChongQuing via Lao Cai/Ha Khau Border
- HCM Port can be transit port for Cambodia LCL to North Asia and American.
- Hanoi ICD now is the Hub for CBT LTL/FTL from Shenzen to Hanoi and continue to BKK via ChaLo/Naphao border. Future for Laos LTL to connect Hanoi ICD why not?

IN CONCLUSION



- ✓ **Connect logistics and trade facilitation in the CLMV countries in particular and ASEAN in general is in the process developing very well as at 7th CLMV Summit evaluated**
- ✓ **Nevertheless the connectivity of the supply chain in the region have no results as desired that cause from the weak infrastructure, institutions are slow to change, lack of confidence and the initiative of enterprises and associations**



IN CONCLUSION



- ✓ We recognize the actively integration Lesson **learned** from Thailand **to remind us** as a country always more **great** effort from government and businesses ready for integration **is very important.**
- ✓ Government, associations and enterprises in Vietnam are also significant changes to supply chain integration
- ✓ **Customs Department play a key role in the process of trade facilitation**
- ✓ **Customs is implementing international standards and best practices.**





THANK YOU FOR YOUR ATTENTION