

Opening Speech
20th AFFA annual General Meeting

By

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Chairman of ASEAN Federation Forwarders Associations

Distinguished Guests and Participants

Ladies and Gentlemen

Introduction

1. On behalf of Royal Thai Government, it is a great honor for me to be here to deliver the opening remark for the 20th AFFA annual General Meeting. I would like to express my warm welcome to you all for attending this event. I hope that this meeting is a mark of significant advances for ASEAN Logistics Development that will excels us in to a bright future together. Furthermore, I hope that you will have a pleasant stay and enjoy our robust culture in Thailand.

Overview of ASEAN Logistics Integration

2. Logistics services are a vital component of ASEAN's global competitiveness.
Supply chains and location of FDIs within the region are dependent on them. The ASEAN logistics market has been expanding mainly due to a number of reasons, namely, the experimental growth of international trade under the auspices of growing trade liberalization and economic integration, continued shift of gravity of international trade towards East Asia, the economic rise of China, growing regionalism of Asia and the growth in outsourcing of logistics functions. In spite of all the positive growth, On

the other hand, the ASEAN logistics industry also faces with various impediments for example, challenges arising from globalization, significant advances in transport technology or increasing ship size and inter-modalism. There illustrated that the competitiveness through the improvement of the speed of delivery and streamline of goods is important to every aspect of enterprise and economy. Accordingly, estimations shows that the value of global logistics services is over US\$ 1,200 billion per year, accounting 16% of global GDP. A 10% reduction of transportation cost may increase trade volume by 20% o, and by reducing the transportation costs by half, it may increase each country's GDP by 0.5%.

3. The quality of logistics services varies substantially among the ASEAN member countries. The data have demonstrated that World Bank's Logistics Performance Index (LPI) for 2010 ranks Singapore second among 155 countries, Malaysia 29th, Thailand 35th, Philippines 44th, Vietnam 53rd, Indonesia 75th, Lao 118th, Cambodia 129th and Myanmar 133rd. This comprehensive Index can be used as a tool in comparing logistics performance across countries and indentifying key reform priorities within countries. I believe that ASEAN Integration of Logistics services could lead to improvement in the perceived quality of logistics services in member countries.

The Roadmap for the Integration of Logistics Services

4. In August 2007, ASEAN members names logistics services a Priority Integration Sector. The Roadmap for the Integration of logistics Services commits members to "substantial liberalization" of logistics services by 2013. The Roadmap names specific logistics services to be liberalized, including customs brokerage, storage and warehousing, packaging, freight forwarding, cargo handling, international freight transport, and express delivery. In long run, the Logistics Roadmap will make ASEAN a logistics centre in the Asia-Pacific region.

Current situation of Thailand's Logistics and Policy Trends

5. During the last five years, Thailand total Logistics Cost to GDP has been increasing from 15.6% in 2004 to 18.6% in 2009. Our logistics cost per GDP is still high compared to others such as Singapore (8%), Malaysia (13%). This illustrates a significant lack of efficiency in our logistics system.

6. In order to tackle these problems and obstacles in Thailand, the Thai Government thus introduced the framework of Thailand Logistics Development Strategy 2005-2010 in order to reduce the logistics cost per GDP from 16% in 2005 to 13% in 2010. The framework creates 5 strategic agendas aims to improve logistics efficiency in the industry, improve efficiency in transport and logistics, improvement in the logistics service providers business, enhance trade facilitation and better human resources. Ministry of Commerce take leading role in one of the Agenda which is "Logistics Services Internationalization" The concept is to upgrade Thai logistics service provider to be internationally competitive and capable to sustain in higher value added markets.

Trade Logistics Commission of the Ministry of Commerce

7. In order to achieve our task in accordance with 'The master Plan', The Ministry of Commerce has appointed the "Trade Logistics Commission" with myself as chairman. The commission is assigned to develop and scrutinize various means to strengthen the competitiveness of Thai exporters and logistics providers.

Past activities of Trade Logistics Commission

8. The achievements of the Ministry of Commerce under 'Trade Logistics Development Strategy' have resulted in the increases efficiencies especially in book service, e-trading in the form of 'paperless' and e-signature thus leads to a significant reduction of procedures and service time from three days to thirty minutes. This is due to the fact that the 'three rings and five trading doors' policy in which Thailand act as a centre of logistics and economic hub with 3,000 million people from ASEAN, ASEAN+3, and

ASEAN +6 countries have opened the trading doors in five areas which are: Western area (from Burma to Indian and BIMSTEC), Southern area (from Malaysia to Singapore), Eastern area (from Loa PDR to Vietnam, China, and South East Asia), and Northern area (from Myanmar and Loa PDR to China). Each of which has important approaches in relation to the development of trade and logistics namely: the development of special economic zone in Mae Sod, the establishment of the 'Business Development in Thai and Myanmar border' in Western area, and the furtherance of 5-5-5 policy or Lima Dasar policy in Southern area in order to create cooperation and harmonization within the 5 provinces in Southern Thailand altogether with five states in Northern Malaysia within five economic sector namely trade, investment, tourism, logistics business, and Halal industry.

9. Before concluding, allow me to briefly touch upon the 5-5-5 policy. Thailand hosted the First Lima Dasar last week in Songkla Province. The event covers 3 main activities, Summit meeting, Malaysia-Thailand Business Matching and Lima Dasar Expo. Let me focus on the Summit Meeting. Malaysia and Thailand have identified their respective economic strengths to collaborate, especially in the trade sector, to enable trade between the two countries as well as in the global market. Several discussions have been held to increase both sides trade including the forementioned 5 economic sector. The 5-5-5 policy would be parallel with the Northern Corridor Economic Region (NCER) and the East Economic Region (ECER) of Malaysia as well as Thailand's Southern Economic Corridor. In addition, both countries agreed to make the meeting between their private sector, an annual event.

10. The First Lima Dasar is another good example of continuing effort to fulfill the mutual goal between two countries and also act as a catalyst to boost economic development and cooperation.

Conclusion

Distinguished Guests,

Ladies and Gentlemen,

11. In concluding, I would like to emphasize that Thailand is ready to cooperate in every way possible to support AEAN Logistics Integration. Of course, we recognize that it takes time and serious efforts from all of us to achieve our ultimate goal of prosperous and sustainable logistics integration. But if we work together, I am confident that we will be able to steer our course successfully through the existing challenges and reach a common destination.

12. With conviction and determination to take up this future challenge, I now have a pleasure to declare the twentieth AFFA annual General Meeting open, and wish you all every success in your deliberations.

13. Thank you. Sawasdee krub.