



Asia-Pacific
Economic Cooperation

Essential Services Project : Logistics- related Services

GOS Meeting SOM3
Seattle, Washington
August 2023

Advancing Free Trade
for Asia-Pacific Prosperity

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Logistic services are critical for trade. Logistics performance has important impacts on



Cost and Time



Environment

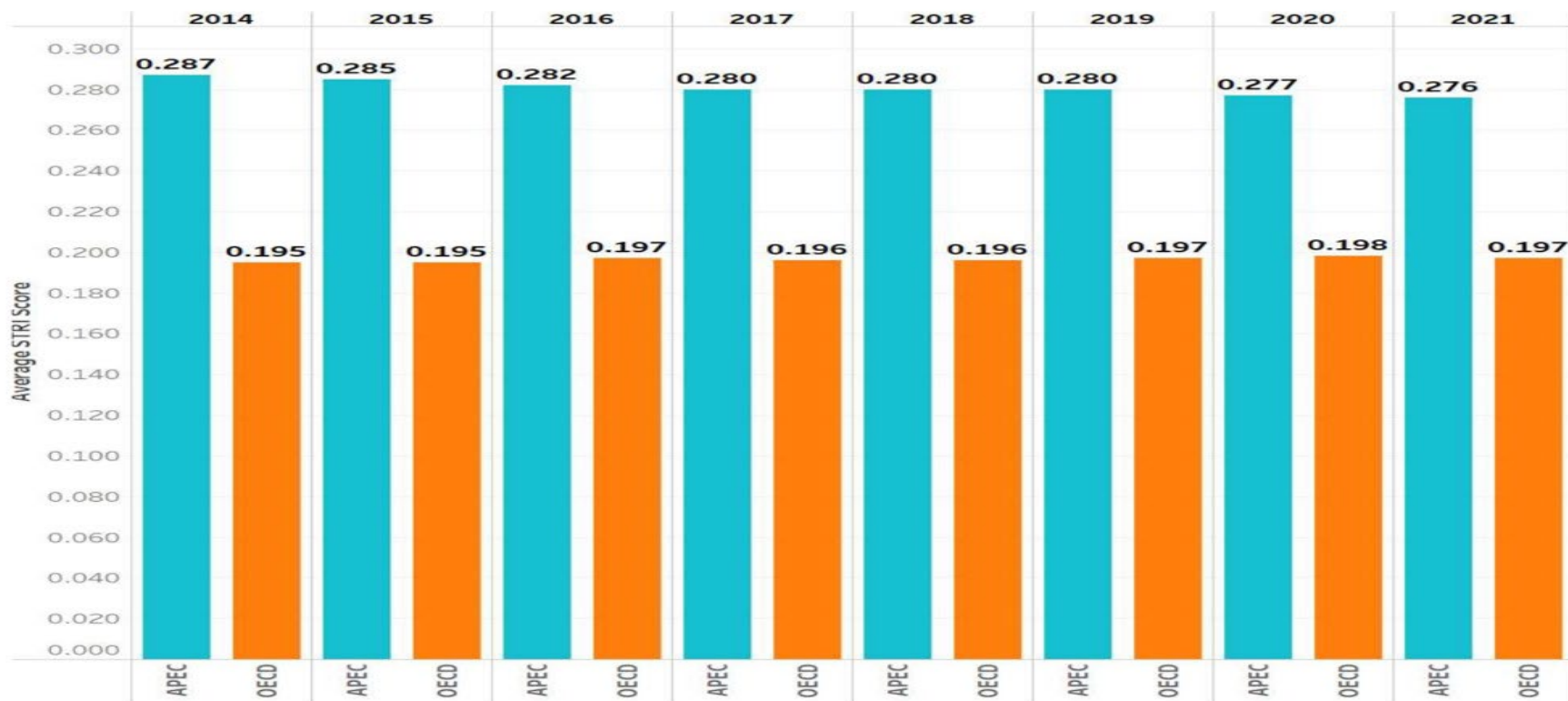


Resilience



But some logistics services are still quite restricted

Comparison of the average STRI for logistics-related services for the APEC (blue) and OECD (orange) economies between 2014 and 2021



Source: Authors' calculations based on the information in the OECD STRI database.



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Source: Authors calculations

What happened to logistics during the Covid-19 pandemic?

- Bottlenecks at major ports and airports for customs, unloading and freight forwarding
- Inability of ship and air crews to transit between destinations
- Increased restrictions on imports and exports (bans)
- Delays in shipments and deliveries
- Stalled production from lockdowns

Resulted in negative impacts on supply chain operations with increased costs and higher prices

Example: Cost for a standard container shipment rose by 500% between early 2020 and mid-2021



Project launched to address these issues

- Project responds to 2021 MRT Statement on Services to Support the Movement of Essential Goods which called on APEC to “...work to ensure the smooth and continued operation of logistics networks that serve as the backbone of global supply chains.” In the Statement, Ministers committed to “...enhancing coordination, efficiency and transparency around transport and logistical services, including those required for the border clearance of essential goods.”
- Several activities were carried out over the past 2 years to examine the functioning of logistics services and to identify the types of policies that would improve the performance of logistics services during periods of future crises

Output 1: An evidence-based study on logistics services carried out from January to April 2022

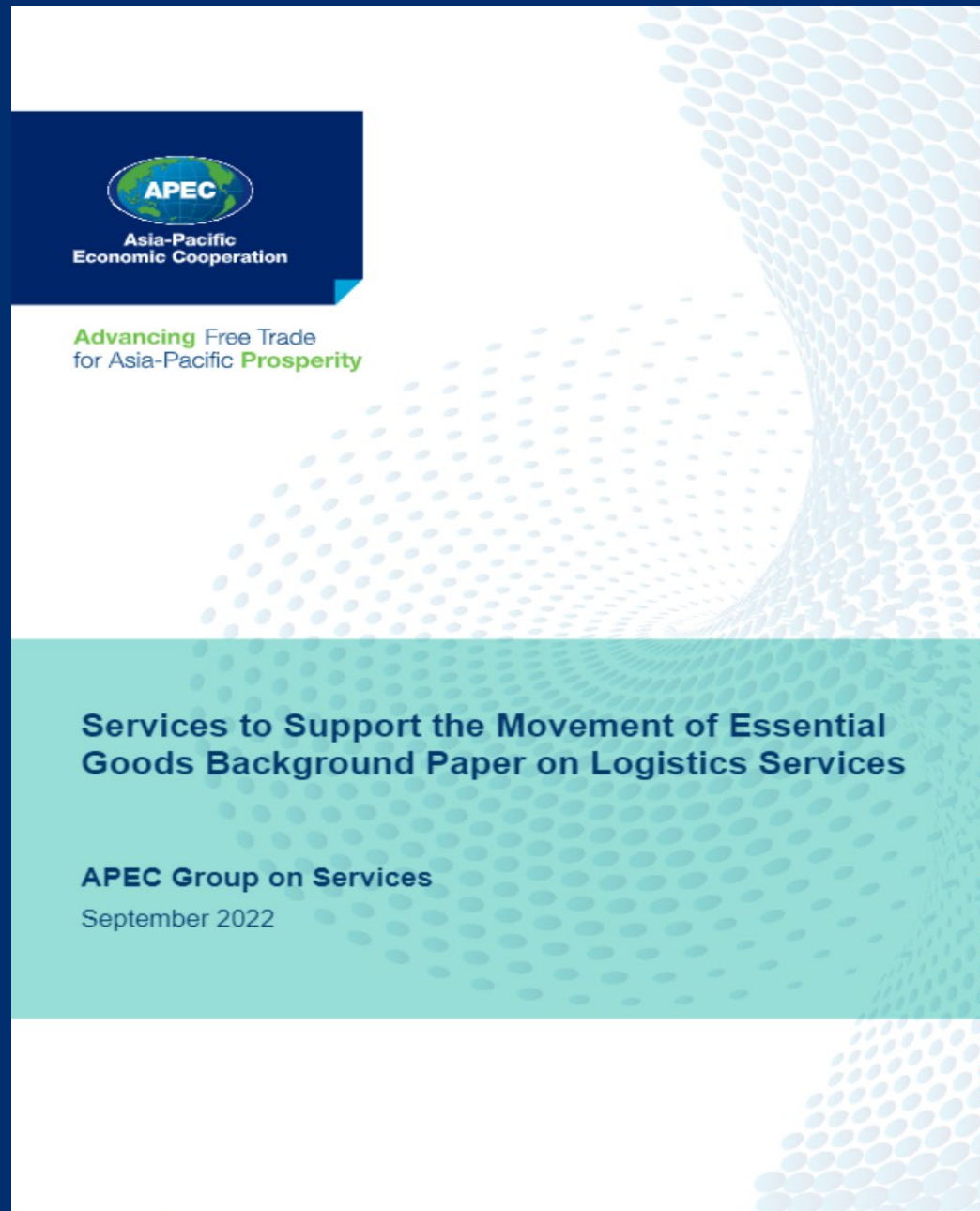
- An evidence-based study focusing on logistics services was researched and developed; as part of the preparation, an APEC workshop on Logistics services was held in March 2022
- The project drew upon the expertise of members of a High-level Advisory Group composed of experts from the: OECD, World Bank, WTO, APEC PSU, ERIA, Global Trade Alert, Australia National University
- The study was endorsed by the GOS and the CTI. It is available on the APEC publications page

Study on Logistics Services published by APEC

September 2022

Available at:

<https://www.apec.org/publications/2022/09/services-to-support-the-movement-of-essential-goods-background-paper-on-logistics-services>



Output 2: Adoption of agreed definition of logistics-related services - May 2022

- Based on a recommendation from the study and workshop, the GOS agreed to adopt a common definition of logistics-related services (LRS). This definition was endorsed by Ministers in May 2022 and annexed to the MRT Statement of the Chair.
- **The following 10 logistics sectors were agreed upon for this definition.**
 - **Customs brokerage services;**
 - **Cargo handling;**
 - **Storage and warehousing;**
 - **Freight forwarding;**
 - **Courier services;**
 - **Distribution services; and**
 - **Air-, maritime-, rail-, and road transport services.**



Output 3: Public-Private Dialogue, August 2022, SOM3 in Chiang Mai, Thailand

- Industry representatives from the shipping, air transport, express delivery, port operations, and general logistics oversight discussed the problems that had occurred in logistics activities during the pandemic. **They highlighted the following:**
 - Uncoordinated policies were responsible for part of the confusion and delays in customs procedures and port operations
 - Different approaches taken towards the transit requirements and treatment of crew for ships and planes made labour availability a challenge
 - Need for greater transparency and shareability of data and information among APEC economies was experienced
 - More efficient and digitalized processes would help with greater flexibility in logistics operations



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Summary Report of APEC GOS Private Public Dialogue on Essential Services: The Challenges of Logistics in Ensuring Supply Chain Connectivity

August 2022, Chiang Mai, Thailand

Australian Aid

Output 4: Report on responses to a survey on essential services/logistics in PECC State of the Region Report, August-October 2022

- A series of questions were included in the survey sent to stakeholders in the Asia Pacific as part of the background research for the PECC State of the Region 2022-2023 Report
- Section on *The Importance of Essential Services to Supply Chain Connectivity and Resilience* included in the PECC SOTR Report

Respondents

- 1. Encouraged APEC to put in place an initiative to improve the delivery of logistics services in the region** (This came around 6th out of 20 competing issues in terms of top priorities)
- 2. Recommended APEC to develop a works program on supply chains over the coming 5 years** (Second only to digital trade as being the most important area for APEC economies to focus on in the near future).



STATE OF THE REGION

2022-2023



Report available at <https://www.pecc.org/resources/regional-cooperation/2734-state-of-the-region-2022-2023/file>



Output 5: Public-Private Dialogue, February 2023, SOM1 in Palm Springs, USA

- Industry representatives were again brought together to discuss and present policy recommendations on logistics services to improve logistics performance
 - **All who spoke agreed on the usefulness of the development and adoption of a common policy framework by APEC governments for the treatment of logistics-related services in times of crises.**
 - **This common policy framework would go a long way towards addressing the problems experienced during the Covid-19 pandemic that affected supply chain operations through increasing both cost and time, and added to uncertainty for logistics operators trying to ensure the movement of essential goods across borders.**



GOS PUBLIC PRIVATE DIALOGUE

Essential Services: Achieving Better Policies toward Logistics-related Services

PROGRAMME
2023



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Output 6: Draft Non-binding Guidelines on Logistics-related Services that Support the Movement of Essential Goods in Periods of Future Crises

March-August 2023

- Taking into account the outcomes from the previous activities, informed by the importance place on logistics services, and incorporating previous work and agreed positions of APEC member economies, the project developed

Draft Non-binding Guidelines on Logistics-related Services that Support the Movement of Essential Goods in Periods of Future Crisis

- **These Non-binding Guidelines (NBG) contain recommendations for policies affecting logistics-related services in four key areas, namely:**
 1. **Good regulatory practice and trade measures**
 2. **Customs clearance and terminal operation services**
 3. **Coordination around logistics-related services**
 4. **Digitalization of measures for logistics-related services appropriate in periods of crisis**

The Non-binding Guidelines are still under discussion in the GOS.

Output 7: Repository of all of the materials from the Essential Services / Logistics project placed online July – September 2023

- Material from all of the outputs of the project has been collected and placed online
- This webpage is on the Australia APEC Study Centre website - a link to which can be found at <https://www.apec.org.au/logistics>
- **The webpage contains four pull-down tabs with the following categories:**
 - 1. Project documents**
 - 2. Public-Private Dialogues and Workshops**
 - 3. APEC Ministerial Statements**
 - 4. Resources**

The webpage will be available as of September 15th. We encourage you to use this resource and to provide any comments or feedback to improve it.



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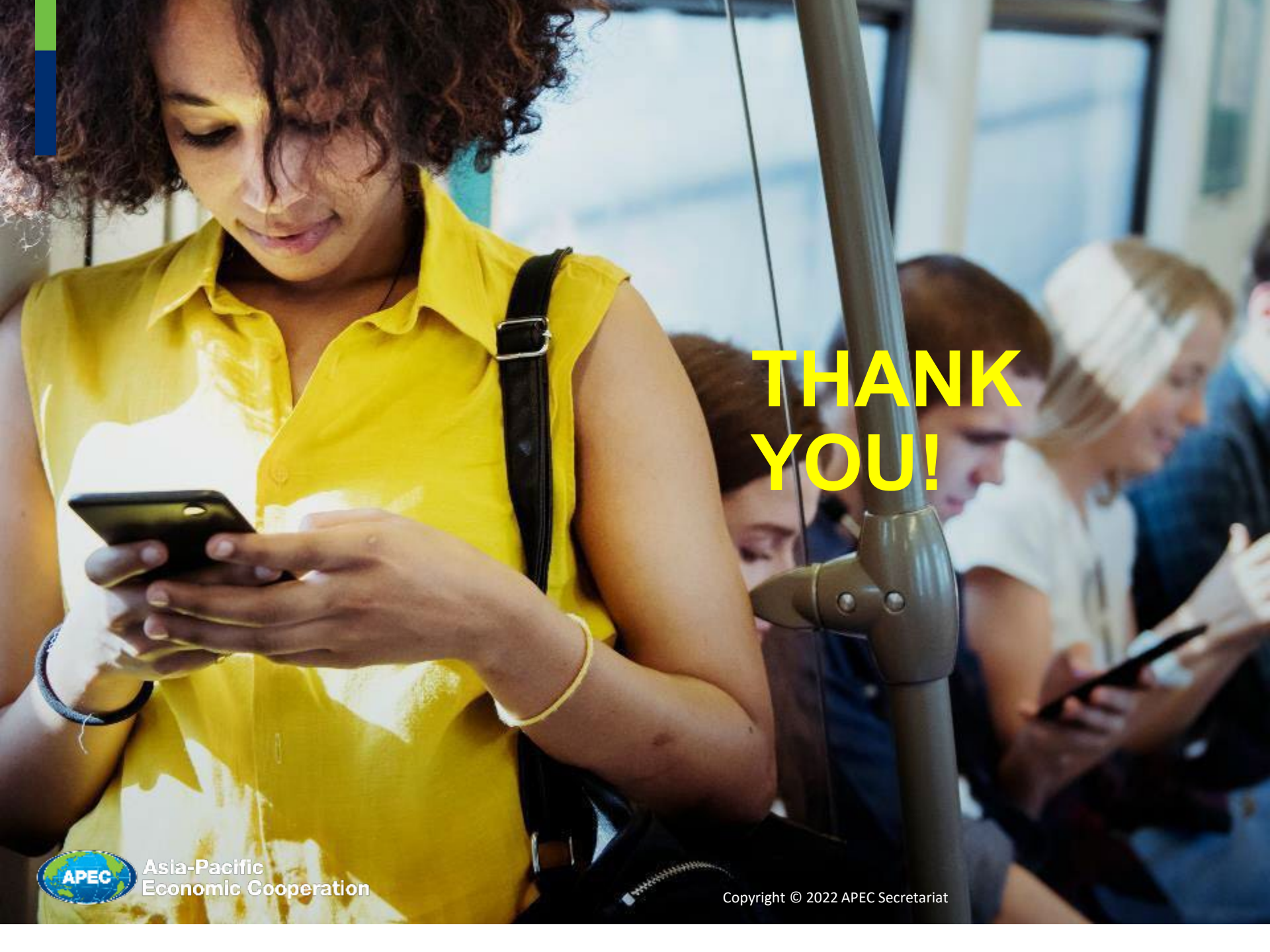
Logistics Project

About the Project

APEC economies were the first to recognize the importance of examining the role of essential services in continuing to ensure the flow of goods across borders in the region after the Covid-19 pandemic affected the world economy and international trade. APEC Ministers Responsible for Trade highlighted this in their statement of June 2021, attaching an Annex on Services to Support the Movement of Essential Goods that mandated work for APEC on this topic with an annual update on progress (https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/2021_mrt/annex-2)



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**THANK
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