



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
Asia-Pacific **Prosperity**

Summary Report of the GOS Workshop on “Understanding the Key Role of Logistic Services in Moving Essential Goods Across Borders in the Asia Pacific”

23 and 24 March 2022

**Australian
Aid** 

This is a summary report of the GOS Workshop on “Understanding the Key Role of Logistic Services in Moving Essential Goods Across Borders in the Asia Pacific” held on 23 and 24 March 202, virtually.

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- Akhmad Bayhaqi, Policy Analyst at APEC Secretariat
- Antonio Basilio, Director, APEC Business Advisory Council (ABAC)
- Christopher Findlay, Honorary Professor, Crawford School of Public Policy, Australian National University
- Cordula Rastogi, Senior Transport Economist, World Bank, MTI, Global Trade and Regional Integration
- Eduardo Pedrosa, Secretary General, PECC
- Fukunari Kimura, Professor, Faculty of Economics, Keio University and Chief Economist, ERIA
- Hikari Ishido, Professor, Chiba University
- Jane Drake-Brockman, Director, Australian Services Roundtable and Visiting Fellow, Institute for International Trade, University of Adelaide
- John Drummond, Head, Trade in Services Division, Organisation for Economic Co-operation and Development (OECD)
- Mary Elizabeth Chelliah, Principal Trade Specialist, Ministry of Trade and Industry (Singapore)
- Patrick Chua, Convenor, Asia Pacific Services Coalition (APSC)
- Ruosi Zhang, Counsellor, Trade in Services and Investment Division, WTO
- Simon Evenett, Professor of Economics, University of St. Gallen
- Yann Duval, Chief, Trade Policy and Facilitation Section, Trade, Investment and Innovation Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

The participation of these individuals in the workshop, or the organizations they are affiliated with, does not imply any endorsement of this report's contents, and any errors should be attributed solely to the authors.

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1. Abbreviations and Acronyms used in the Summary Report

APEC	Asia-Pacific Economic Cooperation	LPI	Logistics Performance Index
		LRS	Logistics-related Services
		MRT	Ministers Responsible for Trade
		NTMs	Non-tariff measures
		OECD	Organisation for Economic Co-operation and Development
		PECC	Pacific Economic Cooperation Council
		PPD	Public-Private Dialogue
		PPP	Public-private partnership
CTI	Committee on Trade and Investment	SCCP	Sub-Committee on Customs Procedures
		SMEs	Small and medium-sized enterprises
GATS	General Agreement on Trade in Services	STRI	Services Trade Restrictiveness Index
GDP	Gross domestic product	TFA	Trade Facilitation Agreement
GOS	Group on Services		
GTA	Global Trade Alert		
GVCs	Global Value Chains		
ICT	information and communication technology	United Nations	UN
		WB	World Bank
		WCO	World Customs Organisation
		WTO	World Trade Organization

APEC Members:

AUS Australia

BD	Brunei Darussalam
CDA	Canada
CHL	Chile
PRC	People's Republic of China (China also acceptable)
HKC	Hong Kong, China
INA	Indonesia
JPN	Japan
ROK	Republic of Korea
MAS	Malaysia
MEX	Mexico
NZ	New Zealand
PNG	Papua New Guinea
PE	Peru
PHL	The Republic of the Philippines
RUS	The Russian Federation
SGP	Singapore
CT	Chinese Taipei

2. Mandate of the project

The GOS Workshop on “Understanding the Key Role of Logistic Services in Moving Essential Goods Across Borders in the Asia Pacific” was held as part of the project on “Services to Support the Movement of Essential Goods” being led by Australia, with support from Japan, New Zealand and the United States. The project responds to the [2021 APEC Ministers Responsible for Trade \(MRT\)](#) commitment to “...*minimize disruptions to global supply chains...*” and to “...*work to ensure the smooth and continued operation of the logistics networks that serve as the backbone of global supply chains*”..... And to “...*enhance coordination, efficiency and transparency around transport and logistical services...*”.

The project is a multi-year project (2021-2023) and includes a series of outputs which are designed to be stepping stones towards the overall objective of the project to help APEC Governments in their understanding of the need for better policy coordination towards essential services for moving essential goods during crisis periods such as Covid-19 pandemic.

The implementation of the project started with a preparation of an evidence-based study that served as [a background paper](#) for this multi-stakeholder workshop carried out by the APEC Group on Services (GOS). This study targeted the following set of objectives:

1. Obtain a clearer understanding of logistics services that would allow for consistent treatment by APEC, including for statistics collection and policy impact analysis.
 2. Examine the existing work of six international organizations/ institutions/ data bases engaged in examining logistics and logistics services.
 3. Review the literature to identify the link between performance and policy in the sector in APEC economies.
 4. Begin the identification of barriers to trade in essential services in the APEC region.
 5. Understand how costs of trade react to removal of these barriers.
- Start to explore the values of a common policy framework.

The study was prepared for presentation at the Workshop held on 23 March 2022. It is available on the APEC website under the title “[Services to Support the Movement of Essential Goods - Background Paper on Logistics Services](#)”. This workshop provided the first opportunity for the representatives of Governments and experts from APEC economies and several multilateral and regional organizations to discuss logistics services and compare their analytical and monitoring approaches.

Early in the research for the study it was established that one of the major obstacles in discussing and analysing logistics was the absence of a universal or even APEC-wide definition of the services necessary to move essential goods across borders, in crises or otherwise. Therefore, the study undertook to first explore the commonalities in the existing work of the relevant actors

towards this set of economic activities to suggest a workable and acceptable definition of logistics-related services.

In addition to providing a basis for discussion on what is the definitional perimeter of logistics-related services and what challenges arise from addressing such a broad category of activities, the study comprehensively reviewed the work of major international and regional organizations and also provided an overview of the information on logistics that can be obtained from existing databases. Included in that overview was the inventory of restrictive measures which impede the cross-border supply of logistics-related services and cause significant impacts on efficiency, time and other costs. Having a deeper and common understanding of all these aspects associated with logistics-related services was deemed necessary to underpin the development of a common policy framework within APEC, which could constitute an important part of a timely and appropriate response for the region to the Covid-19 pandemic and future crises that significantly disrupt trade.

3. Logistics workshop

The aim of the workshop was to start a thought process on what would be the most relevant and appropriate scope of logistics services for APEC economies and how policies towards these services could be shaped in the most useful way possible in the region's response to the COVID-19 pandemic. The workshop was attended by officials from the APEC Group on Services, as well as those from other relevant APEC fora in case of interest (CTI, SCCP, TWG, Telecom WG, HRWG) and the members of ABAC and the Asia Pacific Services Coalition.

The workshop was delivered across two days, with two substantive sessions on Day 1 and three substantive sessions on Day 2. The full programme is provided in the Annex to this Summary Report.

DAY 1

Opening

The Workshop was opened by Ms. Prewprae Chumrum, Executive Director, Bureau of Trade in Services and Investment Negotiations, Department of Trade Negotiations, Ministry of Commerce, Thailand and Mr. Thomas Fine, the Convenor of the Group of Services. As the representative of the APEC host economy for 2022, Ms. Chumrum introduced Thailand's priorities on connectivity to the participants and explained how this project will feed into this key priority area. Mr. Fine elaborated on the importance of logistics work for the overall GOS work programme.

Session 1 – 2021 APEC MRT Statement on Services that Support the Movement of Essential Goods

The core of Session 1 were two presentations delivered by the project's two consultants (Dr Sherry Stephenson and Dr. Mia Mikic) who summarized the findings of the background study. The first presentation laid out the genesis of the project and its design, answering the questions on why the project was focused on logistics services as key components of essential services, and what were the core questions for the objective of improving logistics services operation to be answered by the project. The second presentation provided the details of the existing concepts and definitions as well as databases on logistics which were examined in the study.

Session 2 - Presentations by institutions on their work on logistics

Session 2 of the workshop brought together representatives of six international and regional organizations whose work covers logistics. The questions which these speakers focused on were as follows:

1. How does your institution's database/ work contribute towards understanding the role of logistics services in moving essential goods across borders?
2. What are the main barriers to logistics services (trade) that have been identified in your institution's work, and what are the costs of maintaining these in place (in the case of existing estimates)?

The Workshop heard from several institutions including: the World Bank Group on the Logistics Performance Index LPI, OECD on the Services Trade Restrictiveness Index (STRI), the APEC Secretariat on several streams of logistics-related work, the UN on the UN Global Survey on Digital and Sustainable Trade Facilitation measures implementation, the WTO Secretariat on the logistics related work, and finally, from the Global Trade Alert database on the work on monitoring and informing on trade measures. Information on the logistics work of these various institutions can be found in Part II of the [background study](#) (the presentations from the Workshop can be obtained from the consultants working on this project).

The presentations of the six institutions' work confirmed that there was no common definition of logistics or, more broadly, essential services and that each institution used its definition as well as the indices and tools of monitoring and reviewing the performance of individual logistics services or a sector at large relevant to the chosen definition.

More specifically, a comparative analysis¹ of these six approaches identified the following important messages indicating the need for a more coordinated approach:

1. There is no monitoring system dedicated only to logistics-related services;
2. The metric used by the institutions varies from holistic and complex to simple counts of observations;

¹ Summarized in the table in the Part II of the [background study](#) on pages 96-97.

3. Cross-economy benchmarking is largely possible (although not all APEC economies are included in these institutions' databases), but sectoral benchmarking requires further work;
4. Monitoring employs mostly elaborate processes, especially the use of surveys; and
5. Measures of performance, for example efficiency of a service provision (speed and cost; resilience) not directly available.

DAY 2

Session 1 – Findings from the background study

Important takeaways from the background study include the following:

1. Logistics services are critical for the operation of supply chains, and especially critical in times of a pandemic or crisis in order to ensure the timely and cost-effective movement of essential goods across borders.
2. Inefficiencies in logistics operations and resulting delays and cost increases have been a major limitation to trade in essential goods in the APEC region, which has reduced the effectiveness of the region's response to the COVID-19 pandemic.
3. Logistics performance of the APEC economies is a significant factor in the region's economic growth and competitiveness in regional and global trade. Poor logistics services disrupt connectivity and impede flows of capital, trade, information and data, all of which are important in normal circumstances, and critical during a crisis. Improved logistics services are also key to more flexible and resilient supply chains.
4. Better coordinated policies among APEC governments, together with reduced trade restrictions on logistics services, can result in lower trade costs and resilient supply chains.

Session 2 - View on barriers to logistics operation and trade from the private sector and Barriers to logistics services in moving essential goods as viewed by ABAC and the APSC

The ABAC statement confirmed the relevance of logistics for businesses in APEC economies to be able to face all challenges predating the pandemic but also arising due to specific issues related to demand and supply challenges during the crisis. Businesses still have to pay attention to costs and efficiency; thus, they, must be agile and adaptable to changes in production and distribution which include just-in-time inventory, lean manufacturing, GBC business models, and more recently, the rise in cross border partial shipments, both B2B and B2C fueled by the growth of E-commerce. Logistics is the glue that holds this together. Cheap, reliable, and speedy logistics services have made it possible to sustain cross-border supply chains that make this innovation in production and distribution feasible. Two other related and urgent issues to address are the movement of providers of essential services (seafarers, air crews, longshoremen, truck drivers as well as health professionals) and the interoperability of digital systems for trade and supply chain connectivity. Despite the challenges, ABAC maintained that economies are trying to avoid the impulse toward economic nationalism, and instead support the functioning of global value chains and open markets. Therefore nearshoring and reshoring are not optimal

long-term solutions. This is why from an ABAC perspective, it is critical for APEC to ensure logistics services remain efficient and reliable through investments in infrastructure, a supportive regulatory environment, and minimizing market restrictions. In this regard, ABAC has urged that action be taken to liberalize trade in specific services to enable efficient logistics services, including Information and computer services, transport logistics, financial services, including payments, which are not already covered under any of the existing roadmap action items, but which have a strong growth potential in regional markets. The goals of maintaining a heightened awareness of the importance of logistics and logistics services in APEC including the monitoring of measures affecting logistic-related services, the improvement of customs clearance procedures, and the common policies for the treatment of maritime and air cargo.

Likewise, the APSC statement emphasized the need for increased cooperation and dialogue among organizations and for sharing information and experiences supported by evidence-based approaches on ways to increase growth and efficiency in services. More specifically in addressing the pandemic concerns, alignments in setting up green lanes were mentioned together with the development of common protocols and standards. A universally recognized and acceptable certification and safe pass protocols for service providers (like seafarers), including vaccination cards for the crews was offered as a way to safeguard trade even in future pandemics.

Session 3 - Roundtable discussion

The roundtable discussion was centred on answering the following three questions:

1. Is there scope for a common approach / in the APEC region towards addressing the barriers affecting the logistics services identified in the comparative tables for the APEC region and for individual APEC economies as found in Appendix to Part II of the [background study](#)?
2. Should APEC economies consider adopting a common definition for Logistics Services and a common index for estimating costs of Logistics in order to facilitate understanding of this sector and to move towards more effective policies?
3. Should APEC economies work towards a common policy framework for Logistics Services to be applied during a pandemic or other similar crises?

The views expressed in the roundtable discussion can be summarized as follows:

- The proposal for this project came out of the Global Services Coalition and reflects wide support for further work on essential services, especially to lift up understanding and education process around how important services are, barriers affecting their flows, and how to better promote and make logistics services more efficient, affordable and available so that there are no or minimal disruptions to movements of essential goods.
- Logistic services are crucial to support the movement of essential goods. In the pandemic, we witnessed increasing obstacles to logistics services in some economies and broken logistics infrastructure in others, putting severe pressure on global and regional supply chains. Supply chain disruptions in 2021 contributed to overall

uncertainty and fueled an increase in prices for essential goods, especially foodstuffs and energy. Therefore, to ensure a smooth flow of essential goods, APEC economies should refrain from discriminative measures that restrict the normal flow of logistics services and instead promote measures and initiatives to speed up the movements of essential goods across borders.

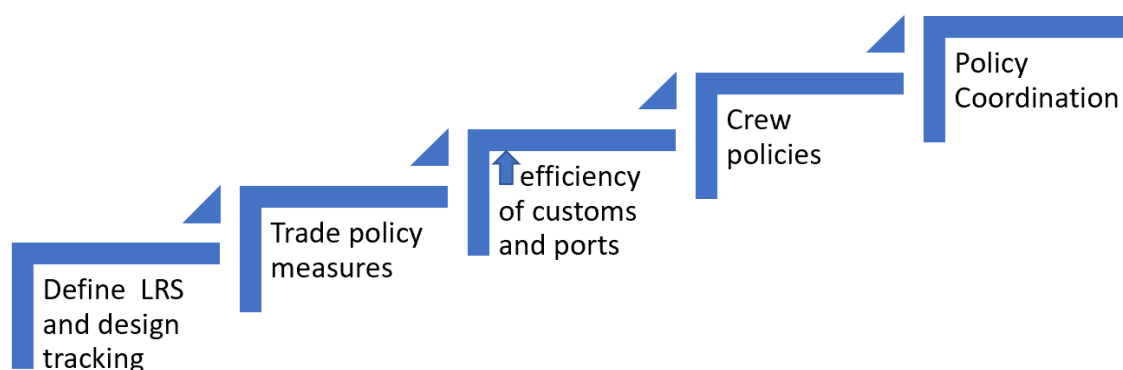
A priority after the Workshop was on the APEC Group on Services to work with APEC economies to endorse the proposed definition of logistics-related services. This would at least allow APEC to have a consistent way of tracking policy measures. And, ultimately, that is what matters - how and what kind of policy measures are applied to these different logistics service sectors and how they evolve over time. In this context, Australia has committed to preparing a non-paper for consideration by APEC economies to share with ministers, as tasked in the 2021 Declaration. After that, the focus would be on developing non-binding guidelines for the treatment of essential services in pandemics or crises.

4. Agreed recommendations

The study produced a relatively long list of recommendations, grouped into five buckets (see Figure 1), aimed at improving the focus of APEC's work on logistics and the performance of logistics-related services. Not all recommendations were assigned the same degree of priority. The most urgent recommendation concerned the adoption of a common definition for logistics-related services (LRS). The five buckets of recommendations are as follows:

- To endorse and adopt a common definition for logistics-related services (LRS).
- To improve transparency through better information sharing and monitor trade policy measures affecting logistics-related services in APEC.
- To increase efficiency and timeliness of customs clearance procedures and port operations.
- To adopt common policies across APEC towards the treatment of crews working with maritime cargo and air cargo transport operations.
- To strengthen coordination channels between APEC governments and at the WTO on logistics-related issues during a pandemic and to regularly monitor trade policy measures affecting logistics-related services in APEC as well as the performance of logistics-related services.

Figure 1- Recommendations to APEC economies on logistics-related services



5. Follow-up to recommendations

Based on the background study and deliberations of the participants in this workshop, the GOS responded favourably following the workshop to endorse the proposed definition of logistics-related services. Subsequently it requested the APEC Ministers Responsible for Trade in their meeting in May 2022 to adopt the proposed definition of LRS for the APEC region the basis of the following understanding:

“Logistic Related Services are defined as a series of essential economic activities that enable the operation of efficient, sustainable, secure and resilient supply chains and allow for the predictable transport, storage, and delivery of goods and services for businesses. They include customs clearance procedures; cargo handling; storage and warehousing; freight forwarding; courier services; distribution; air, maritime, rail, and road transport, and telecommunication services.”

The above proposed definition was considered to be non-binding, non-exhaustive, and open for future review. The purpose of defining logistics-related services was to facilitate further discussion and assist APEC economies to have a better understanding of the impact of these services sectors on the movement of essential goods.

Annex 1: List of speakers

Akhmad Bayhaqi, Policy Analyst at APEC Secretariat

Antonio Basilio, Director, APEC Business Advisory Council (ABAC)

Christine Schaeffer, Assistant Director | APEC Trade and Investment Section, Department of Foreign Affairs and Trade, Australia

Christopher Findlay, Honorary Professor, Crawford School of Public Policy, Australian National University

Cordula Rastogi, Senior Transport Economist, World Bank, MTI, Global Trade and Regional Integration

Eduardo Pedrosa, Secretary General, PECC

Fukunari Kimura, Professor, Faculty of Economics, Keio University and Chief Economist, ERIA

Hikari Ishido, Professor, Chiba University

Jane Drake-Brockman, Director, Australian Services Roundtable and Visiting Fellow, Institute for International Trade, University of Adelaide

John Drummond, Head, Trade in Services Division, Organisation for Economic Co-operation and Development (OECD)

Mary Elizabeth Chelliah, Principal Trade Specialist, Ministry of Trade and Industry (Singapore)

Mia Mikic, APEC Essential Services Project; Member of PECC Services Network

Patrick Chua, Convenor, Asia Pacific Services Coalition (APSC)

Ruosi Zhang, Counsellor, Trade in Services and Investment Division, WTO

Sherry Stephenson, APEC Essential Services Project; Member of PECC Services Network

Simon Evenett, Professor of Economics, University of St. Gallen

Yann Duval, Chief, Trade Policy and Facilitation Section, Trade, Investment and Innovation Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

Annex 2: Workshop Agenda



APEC Group on Services Workshop

Understanding the key role of logistic services in moving essential goods across borders in the Asia Pacific

23 and 24 March 2022

DAY 1 - (2.5 hours)

Session 1 - 2021 APEC MRT Statement on Services that Support the Movement of Essential Goods

- 2 Minutes **Official Welcome**
Aaron Soans, Senior Advisor, Research, The Australian APEC Study Centre
- 5 Minutes **How the project fits into Thailand's APEC's 2022 priorities on Connectivity**
Prewprae Chumrum, Executive Director, Bureau of Trade in Services and Investment Negotiations, Department of Trade Negotiations, Ministry of Commerce, Thailand
- 5 Minutes **The importance of logistics to GOS**
Thomas Fine, Convenor, Group on Services
- 10 Minutes **Why the focus on logistics? What is the challenge? Questions to be considered by APEC**
Sherry Stephenson, Member, PECC Services Network
- 10 Minutes **What information do we have to work with?**
The sources & databases on logistics - overview of what we examined for the project
Mia Mikic, Research Fellow, Waikato Management School, Waikato University

Session 2 - Presentations by institutions on their work on logistics

- 15 Minutes **World Bank** - Cordula Rastogi, Senior Transport Economist, World Bank, MTI, Global Trade and Regional Integration
Comment by Fukunari Kimura, Professor, Faculty of Economics, Keio University and Chief Economist, ERIA
- 15 Minutes **OECD** - John Drummond, Head, Trade in Services Division, Organisation for Economic Co-operation and Development (OECD)
Comment by Jane Drake-Brockman, Director, Australian Services Roundtable and Visiting Fellow, Institute for International Trade, University of Adelaide
- 15 Minutes **APEC** - Akhmad Bayhaqi, Policy Analyst at APEC Secretariat
Comment by Eduardo Pedrosa, Secretary General, PECC
- 15 Minutes **United Nations** - Yann Duval, Chief, Trade Policy and Facilitation Section, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
Comment by Christopher Findlay, Honorary Professor, Crawford School of Public Policy, Australian National University
- 15 Minutes **WTO** - Ruosi Zhang, Counsellor, Trade in Services and Investment Division, WTO
Comment by Mary Elizabeth Chelliah, Principal Trade Specialist, Ministry of Trade and Industry (Singapore)
- 15 Minutes **GTA Database** - Simon Evenett, Professor of Economics, University of St. Gallen
Comment by Hikari Ishido, Professor, Chiba University



The institutions should focus on answering the following questions:

1. How does your institution's database/work contribute towards understanding the role of logistics services in moving essential goods across borders?

2. What are the main barriers to logistics services trade that have been identified in your institution's work, and what are the costs of them in place if there are estimates on those by your institution?

5 Minutes Closing – Sherry Stephenson and Mia Mikic

DAY 2 - (2.5 hours)

Session 1 - Presentation of findings of the background paper

20 Minutes Sherry Stephenson and Mia Mikic - Overview of the comparative logistics tables for the APEC economies prepared for the project

10 Minutes Discussion

Session 2 - View on barriers to logistics operation and trade from the private sector

Barriers to logistics services in moving essential goods as viewed by ABAC and the APSC

12 Minutes **ABAC:** Antonio Basilio, Director, APEC Business Advisory Council (ABAC) Secretariat

12 Minutes **APSC:** Patrick Chua, Convenor, Asia Pacific Services Coalition (APSC)

6 Minutes Discussion

Session 3 - Roundtable discussion

60 Minutes Chaired by Christine Schaeffer, Assistant Director, Australian Department of Foreign Affairs and Trade, with experts from the World Bank, OECD, APEC, United Nations, WTO and Global Trade Alerts Database

To address the following questions

1. Is there a scope for a common approach/on the part of APEC economies towards addressing the logistics barriers identified by the comparative tables based on the data from the respective institutions?
2. Should APEC economies consider adopting a common definition for logistics services and common index for estimating the cost of restrictions to logistics services in order to facilitate understanding of this sector?
3. Should APEC economies work towards a common framework for logistics services policy during a pandemic?

Closing and Next Steps

10 Minutes Aaron Soans, Senior Advisor, Research, The Australian APEC Study Centre

Time zone	Economy (capital city time zone)	Date	Begin	End
ICT	Indonesia; Thailand; Vietnam	Wednesday 23 March, 2022	18:00	20:30
SGT	Brunei; China; Hong Kong, China; Malaysia; The Philippines; Singapore; Chinese Taipei	Wednesday 23 March, 2022	19:00	21:30
JST	Japan; Korea	Wednesday 23 March, 2022	20:00	22:30
AEDT	Australia; Papua New Guinea	Wednesday 23 March, 2022	22:00	00:30
NZDT	New Zealand	Thursday 24 March, 2022	00:00	02:30
CST	Mexico	Wednesday 23 March, 2022	05:00	07:30
EDT	Canada; The United States; Peru	Wednesday 23 March, 2022	07:00	09:30
CLDT	Chile	Wednesday 23 March, 2022	08:00	10:30
CET	Geneva; Paris	Wednesday 23 March, 2022	12:00	14:30
MSK	Russia	Wednesday 23 March, 2022	14:00	16:30

Annex 3: Non-paper proposal to endorse the definition

APEC Group on Services Non-Paper: Logistics-related Services Australia, Japan, United States

In the 2021 APEC Ministers Responsible for Trade Statement (Annex 2: APEC MRT Statement on Services to Support the Movement of Essential Goods), APEC economies committed to enhance “...coordination, efficiency and transparency around transport and logistical services” and to work to “...ensure the smooth and continued operation of the logistics networks that serve as the backbone of global supply chains”.

To assist in fulfilling this commitment, and as a necessary first step, APEC economies would benefit from defining what comprises logistics and logistics-related services. What is defined can be measured and what is measured can be managed. Barriers to trade in, and inefficient provision of, logistics and logistics-related services cost [businesses and consumers] both time and money. As PECC highlighted in its comments to the “APEC GOS Understanding Logistics Workshop” on 23-24 March 2022, both speed and cost are critical to an economy’s response during a pandemic.

Recent empirical work has drawn attention to the high costs of restrictive barriers imposed on services linked to the movement of essential goods. According to a recent WTO report, trade policy barriers and regulatory divergence across economies have imposed high-cost burdens during the pandemic, accounting for at least 10% of trade costs in all sectors². The Wall Street Journal³ noted cost increases will continue in 2022 (compared to 2021) including a 6% increase in parcel shipping, a 75% increase in container shipping and a 14% increase in transport, warehouse and inventory services.

Poor logistics services disrupt connectivity and the flows of trade, capital, information and data – all of which are critical during a pandemic. The International Finance Corporation has estimated the cost of logistics as a percentage of GDP can be several times higher in some developing countries compared with logistics costs in OECD economies. Both a higher level of cost, and the rapid increase in cost and delays in services (as exemplified during the COVID-19 pandemic) have impacted the functioning of an effective domestic and regional response and the ability to move essential goods across borders.

Though there is considerable attention on logistics services at present, there is no consensus on what they precisely encompass. This lack of clarity is found both at the domestic as well as the global level. There is no one sector labelled “logistics” in any international product classification system, and no definition in any trade agreement.

The logistics sector covers a general nucleus of agreed activities, but these can vary widely, from core logistics services to logistics-related services more broadly, to the incorporation of supporting physical infrastructure. Such variation in the use of the “logistics” term has spread

² WTO Information Note (2020). *Trade Costs in the Time of Global Pandemic*, 12 August 2020.

³ Cost increases in 2021 over 2020: Parcel shipping 6%; Container shipping 75%; Transport, warehousing & inventory 14% + *Wall Street Journal*, 20 December 2021.

confusion in the way that this area is treated by policy makers and complicated a coordinated response during the pandemic.

To support the development of a definition of “logistics-related services”⁴, Australia, with co-sponsors Japan, New Zealand and the United States, commissioned an empirical study and report. This report was peer reviewed by a high-level advisory panel and external advisers comprising the APEC PSU, ERIA, OECD, World Bank, WTO, Australian National University and Chiba University. The report was then presented at the Understanding Logistics Workshop on 23 and 24 March 2022, where the United Nations and Global Trade Alert also presented. Based on this work, Australia agreed it would develop and share a non-paper on this issue for the Group on Services to consider.

Recommendation

In order to take forward work on services to support the movement of essential goods, per the 2021 MRT Statement, this paper recommends that the APEC Group on Services endorse the attached definition of logistics-related services as an Annex to the 2022 APEC Ministers Responsible for Trade Statement. This would be an important signal of APEC’s role as an incubator of ideas.

The definition has been developed in line with the following principles:

- Essential goods remain defined as per the APEC MRT Statement on COVID-19 as “including medicines, medical supplies and equipment, agriculture and food products and other supplies”.
- Logistics are considered through a trade and business perspective in the context of supply chain connectivity.

Annex 4: APEC Definition of Logistics-related Services – appearing in Annex 2 to APEC MRT Chair’s Statement, June 2022

Annex A - APEC Definition of Logistics - related Services

Recognising the importance of identifying unnecessary barriers to trade in any relevant services that may hinder expediting and facilitating the movement of essential goods;

Committed to enhancing coordination, efficiency and transparency around transport and logistical services, including those required for the border clearance of essential goods;

⁴ The most widespread use of the term “logistics” is in the business sector, where logistics refers to “how resources are handled and moved along the supply chain.” (See: Investopedia (by Will Kenton, updated 29 Dec 2020, reviewed by Margaret James); <https://www.investopedia.com/terms/l/logistics.asp>). The Council of Supply Chain Management Professionals provides a more detailed definition: “Logistics is a part of supply chain management that plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet consumer requirements.” 2 23 As cited in Lambert, Douglas M. and Cooper, Martha C. (2000). (See: Issues in Supply Chain Management,, Industrial Marketing Management 29, 65–83. <https://drdouglaslambert.com/wp-content/uploads/2020/05/Lambert-and-Cooper-Issues-in-Supply-Chain-Management-IMM-2000.pdf>)

Reiterating our commitment to ensure the smooth and continued operation of the logistics networks that serve as the backbone of global supply chains;

Noting the need to ensure consistency of any such barriers with our World Trade Organization (WTO) and preferential trade agreement obligations and commitments;

Responding to the commitment made in 2021 by APEC Ministers Responsible for Trade to identify and subsequently consider removing unnecessary barriers to trade in services, particularly those services that expedite and facilitate the flow of essential goods;

We endorse the below definition of Logistics-related Services.

Definition of Logistics-related Services

Logistics-related Services are a series of essential economic activities that enable the operation of open, secure and resilient supply chains and allow for the predictable transport, storage, and delivery of goods and services for businesses. These services include:

- customs clearance procedures;
- cargo handling;
- storage and warehousing;
- freight forwarding;
- courier services;
- distribution services;
- air-, maritime-, rail-, and road transport services; and
- telecommunications services



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