

Logistics and Supply Chain Development in ASEAN : International Logistics and Cross Border Trade



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Introduction

Getting to know ...

**In the future, the food chain
and the supply chain will merge.**



In tomorrow's global economy, every resource will be counted. HSBC is one of the world's leading supply chain organisations. We help companies keep tabs on stock across six continents – and five oceans. The future starts today.

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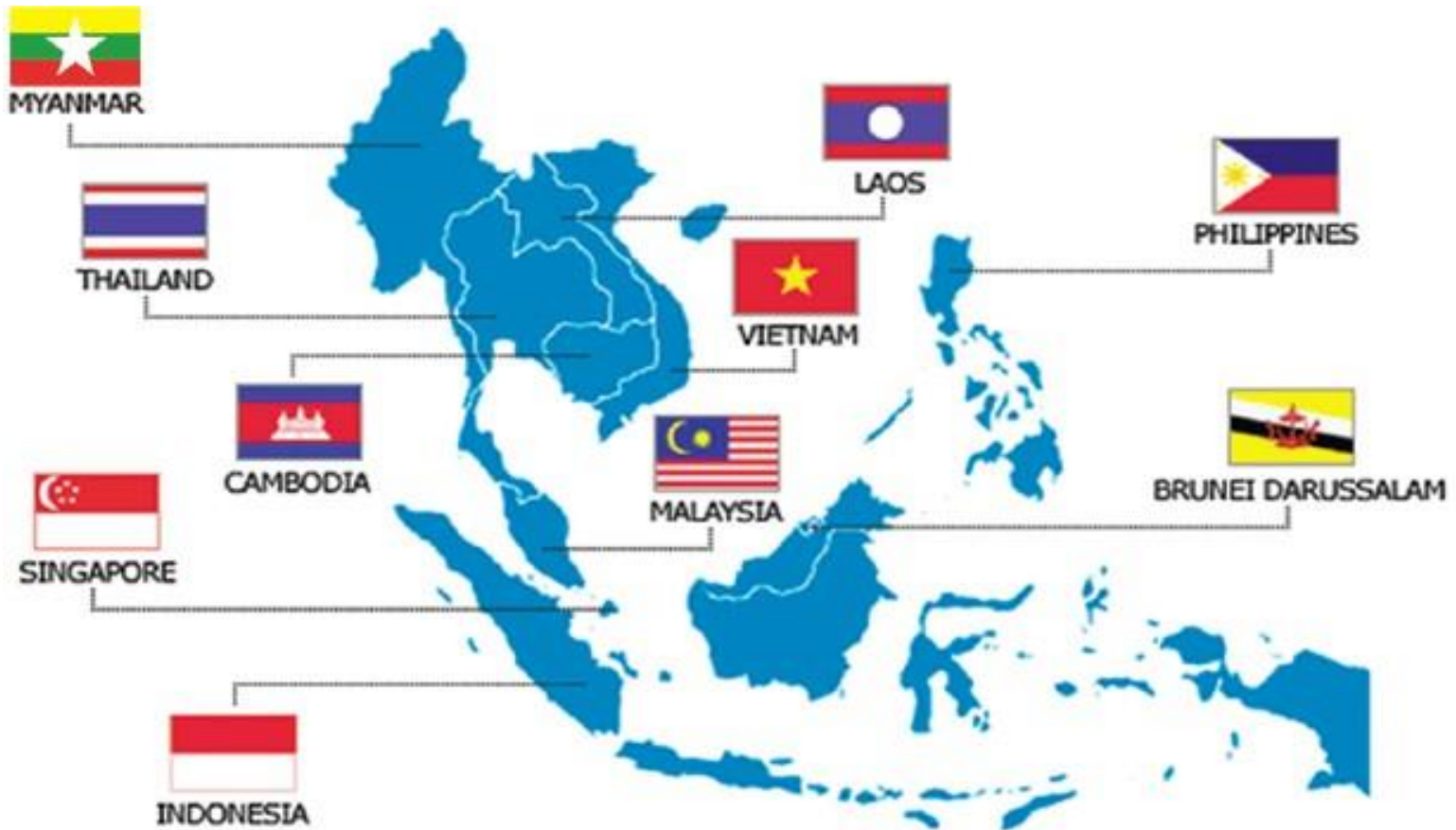


Let's Talk about **ASEAN**



The Association of Southeast Asian Nations: ASEAN

ASEAN +3 +6 and +9



Thailand and Logistics Development

Due to its geographical advantages, Thailand is considered a logistics hub of ASEAN region.



<https://www.youtube.com/watch?v=0nj1xBgHGcs>

International Logistics

Cross border Development

MAGA TRENDS



Cost Oriented

INDUSTRY 2.0



INDUSTRY 3.0



B 2 B



B 2 C



Supply Chain Re-design

- **SMART City/Smart Border**
- **E-Commerce**
- **City Logistics**
- **Good Governance**



Border Trade

INDUSTRY/ THAILAND 4.0



Customer Oriented -LEANGILE

ASEAN Development?

- Urbanization – Change from rural to urban
- Infrastructure Development (Domestic and International)
- Development of Trade Facilitation → One Stop Services
- Development of Institution ((Domestic and International)
- Development of Human Resource in the city/ country/other countries



Border Trade/Business Re-design → Change from B-B to B-C

BORDER SMART CITY → Logistics, Big DATA, IOT

Demand Pull/Demand Oriented → Customer Satisfaction

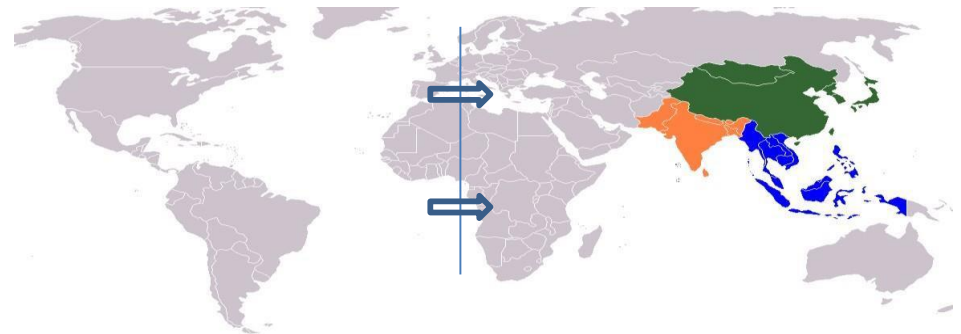
Changing in CUSTOMER segments/behaviour?

Ex-Rich?



New Rich?

The Shiftment in the “New-Rich” Era ;



- The Landscape
- Demography
 - Aging Society
- Stakeholder

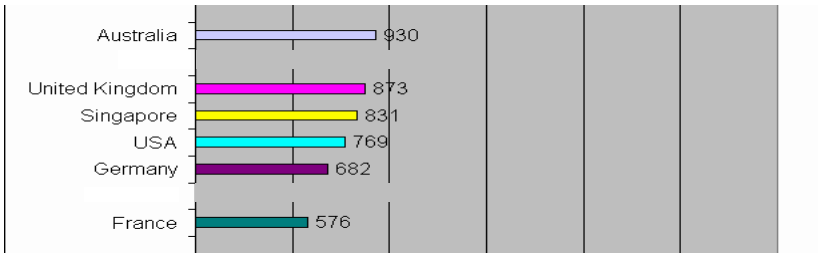


이런 모습, 상상은 해보셨나요?

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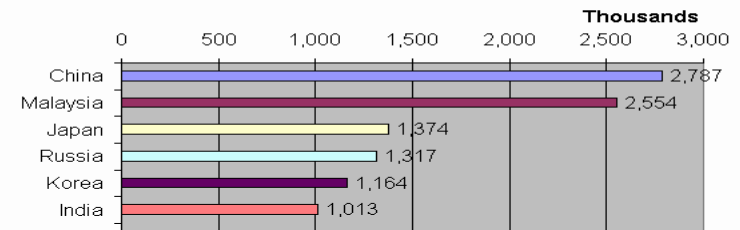


- Sea-Sun-Sand
- Five Star Hotel
- First/Business Class



New Rich?

Tourists to Thailand : Country of Origin



- No-Sun! But indoor (Activity-based : MBK, Siam Paragon, Golf)
- Budget Hotel
- Low cost Airline



Logistics Drive the Business and Global Trade



Logistics – develops market and trading systems

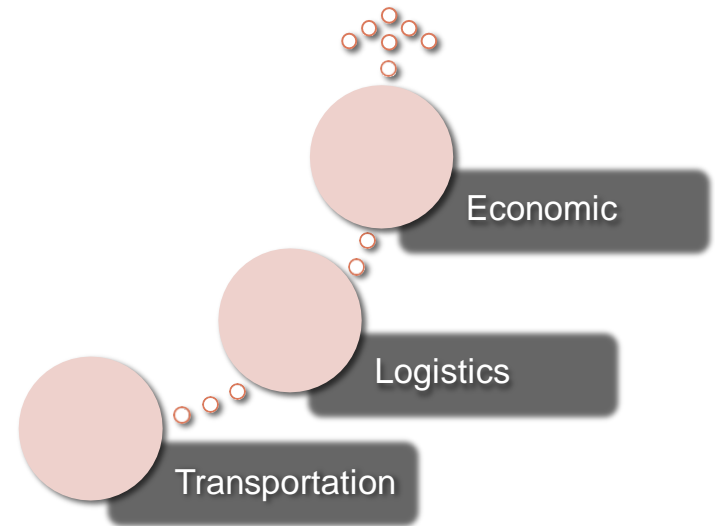
Supply Chain – integrates partner alliances to serve the consumers' demand

Value Chain - creates the capacity/develop management performance



Example: Future Road Transportation Network

Competitiveness, Community

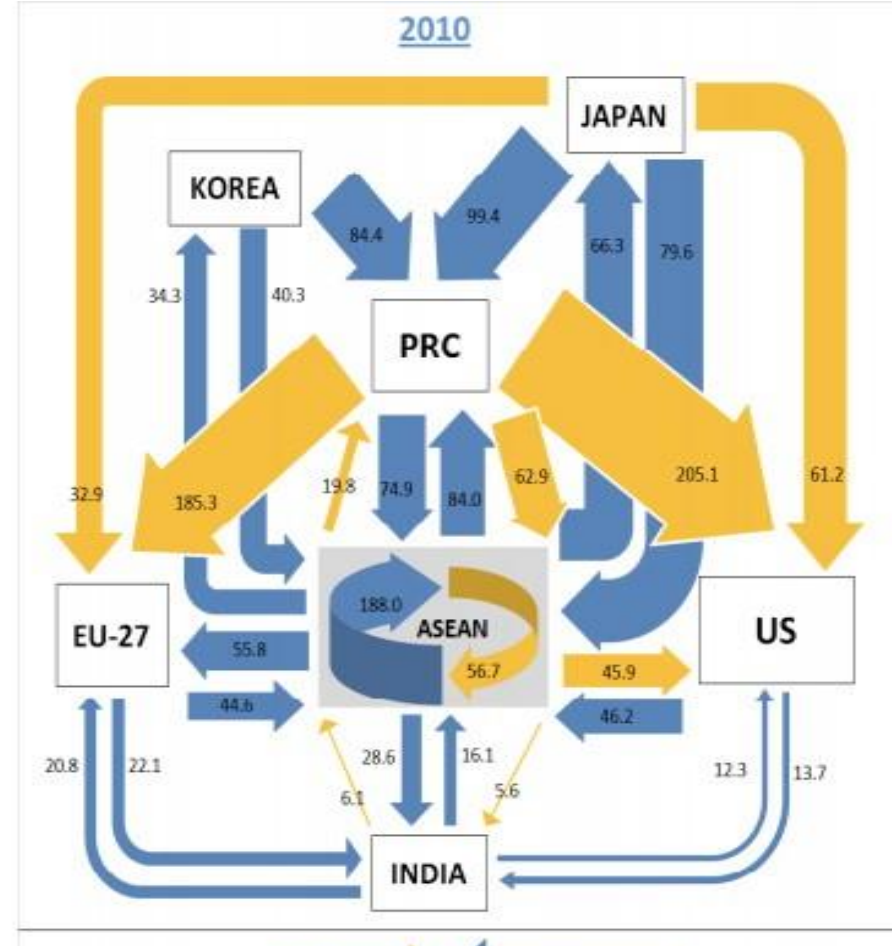
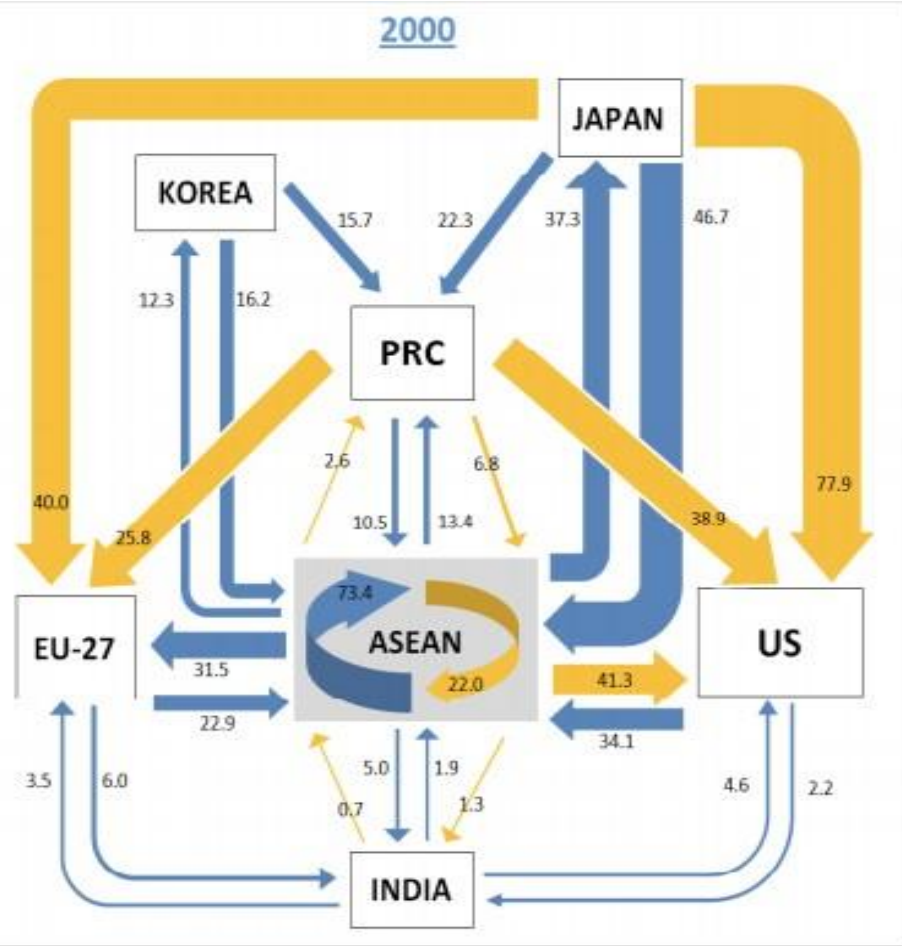


Connectivity

Economic Corridor Development

Stage	Corridor	Definition
Level 1	Transport Corridor	Corridor that physically links an area or region
Level 2	Multimodal Transport Corridor	Corridor that physically links an area or region through the integration of various modes of transport.
Level 3	Logistics Corridor	Corridor that not only physically links an area or a region but also harmonise the corridor institutional framework to facilitate the efficient movement and storage of freight, people and related information.
Level 4	Economic Corridor	Corridor that is able to attract investment and generate economic activities along the less developed area or region. Physical linkages and logistics facilitation must be in place in the corridor as a prerequisite.

Changed in a decade



Final goods → Intermediate goods

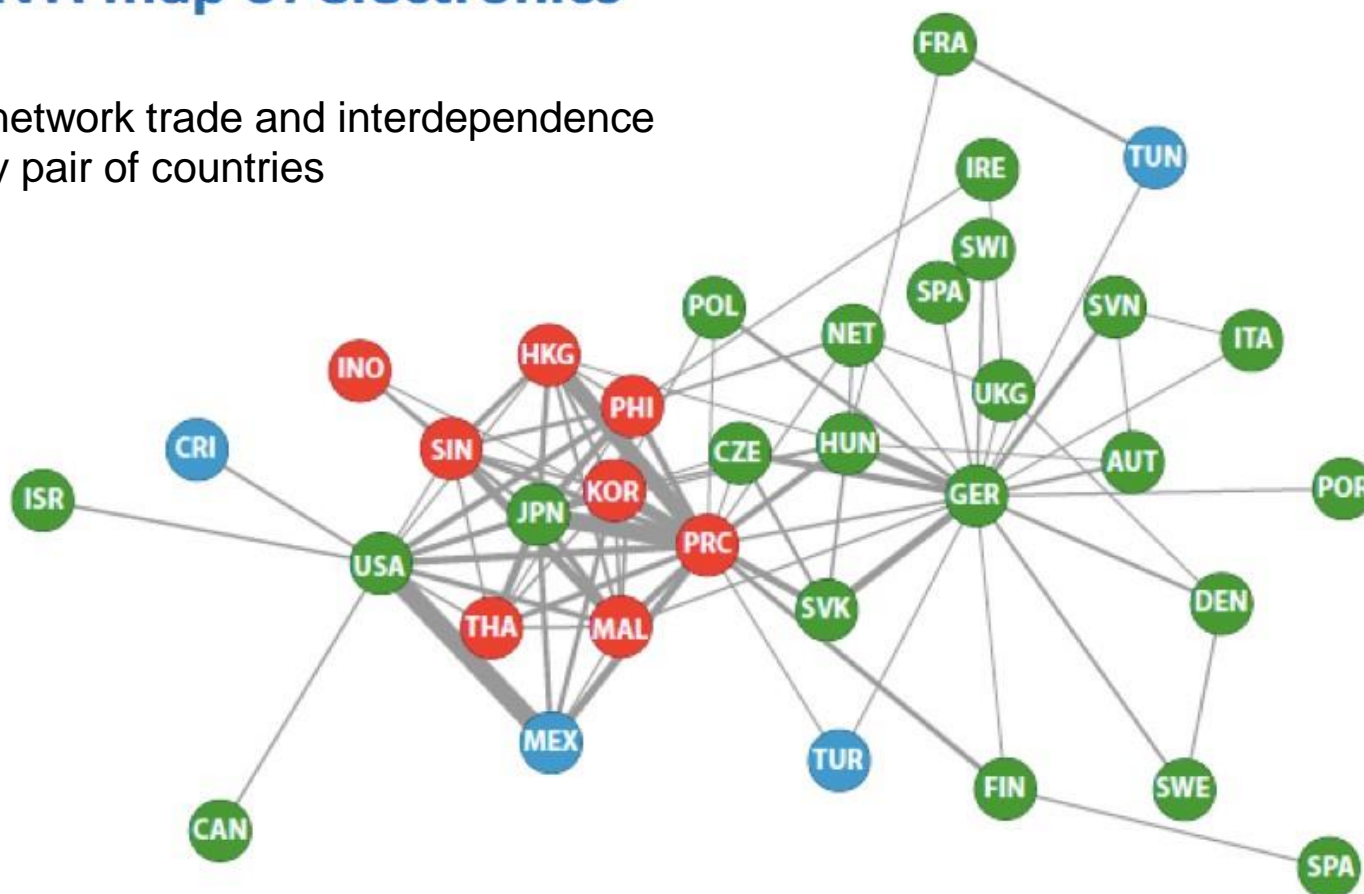
(Source: Azis, 2012)

Final goods → Intermediate goods

Network Trade Index

NTI map of electronics

Intensity of network trade and interdependence between any pair of countries



Source: Ferrarini (2011)

A country pertains to developing Asia (red), the group of high-income countries (green), or developing countries outside Asia (blue)

Business/Supply Chain Redesign?





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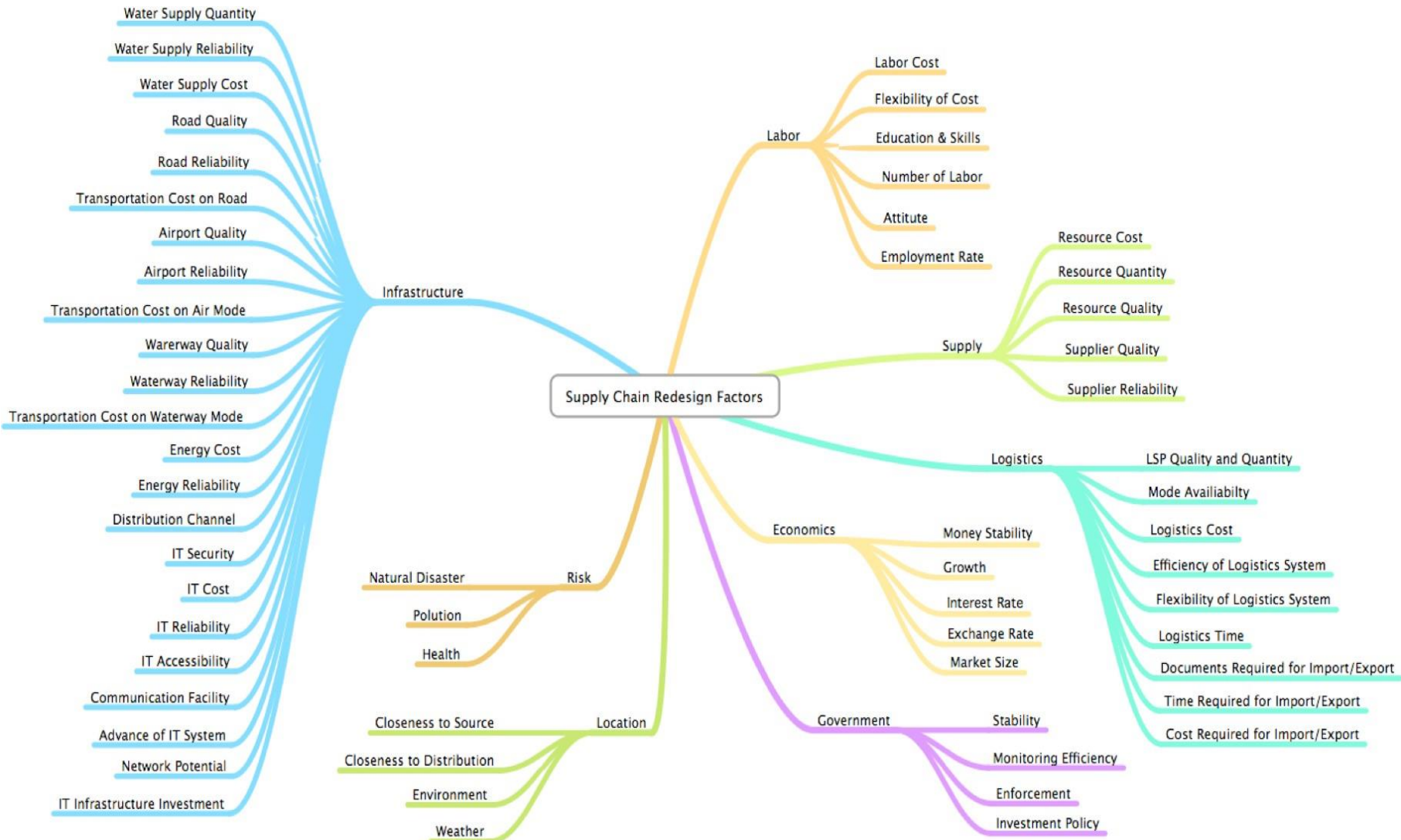
Source: <http://www.ideen-manager.de>

How logistics contributes to the VALUE?



#	Product	Place	Activity	Means of transp.	Load Carrier	km
1	Cotton	Texas (USA)	Growing the cotton	Truck	Lose loaded	2,400
2	Cotton	Los Angeles (USA)	Market the cotton	Ship	Container	15,000
3	Yarn/Fabric	Shanghai (China)	Weave fabric	Ship	Container	3,800
4	Zipper	Karachi (Pakistan)	Manufacture zipper	Plane	Carton	4,500
5	Jeans	Kuala Lumpur (Malaysia)	Sew jeans	Ship	Container	15,300
6	Jeans	Hamburg (Germany)	Market jeans	Truck	Carton	240
						41,240

Business/Supply Chain Redesign Factors





Infrastructure and Logistics

Government

Economic

Supply Chain Redesign Factors

Location

Supply

Labor

Risk
eg. Covid - 19

Infrastructure

Water Supply

Road Transportation

Air Transportation

Water Transportation

Energy

Distribution Channel

Information Technology

Risk

Natural Disaster

Pollution

Health

Location

Source

Distribution

Environment

Weather

Labor

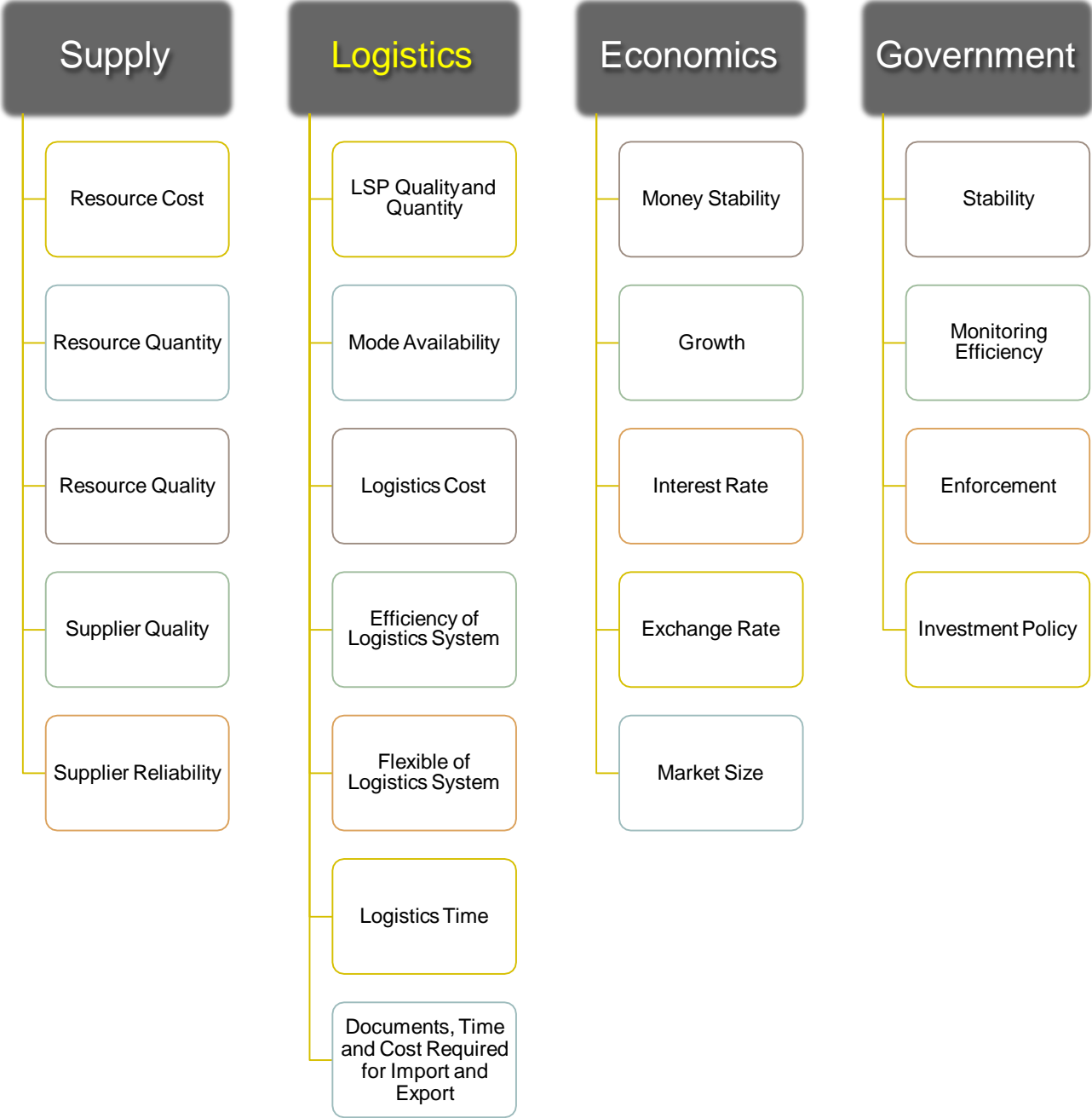
Cost

Education and Skills

Quantity

Attitude

Employment Rate



3

FLOWs

Re-design

(Before Covid – 19)

- People
- Product
- Capital

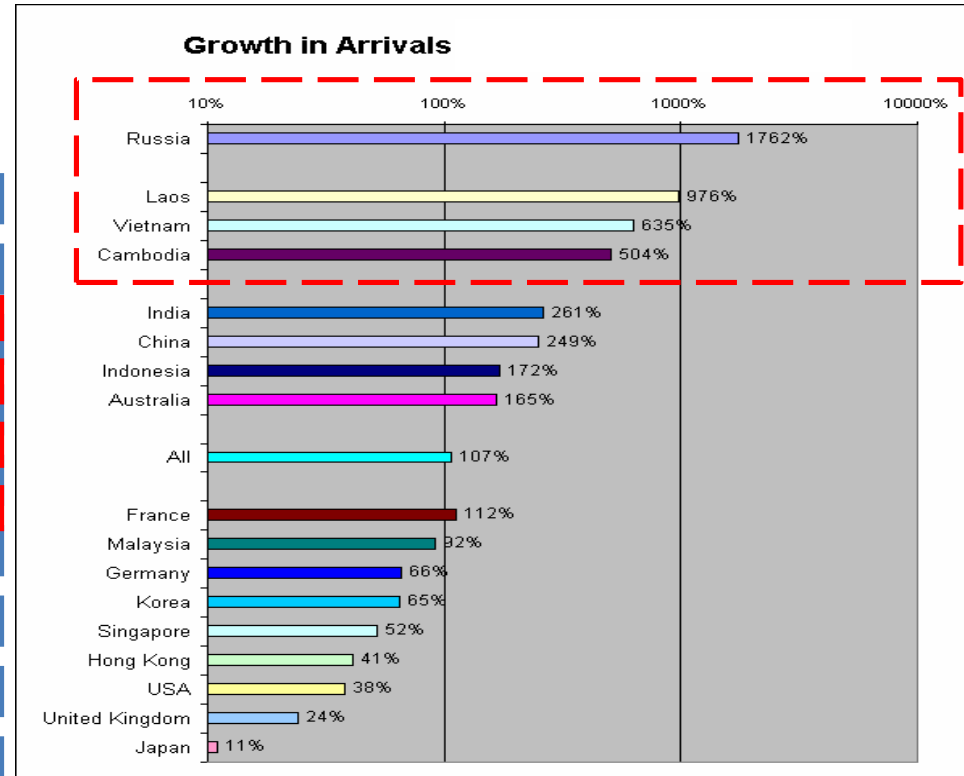
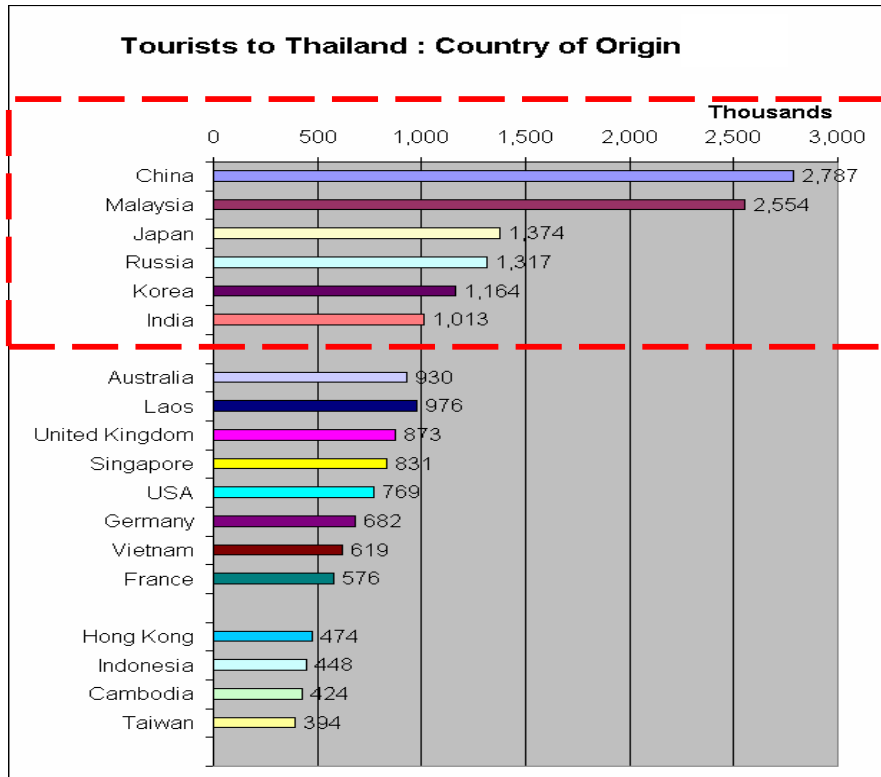
- People -



Tourists

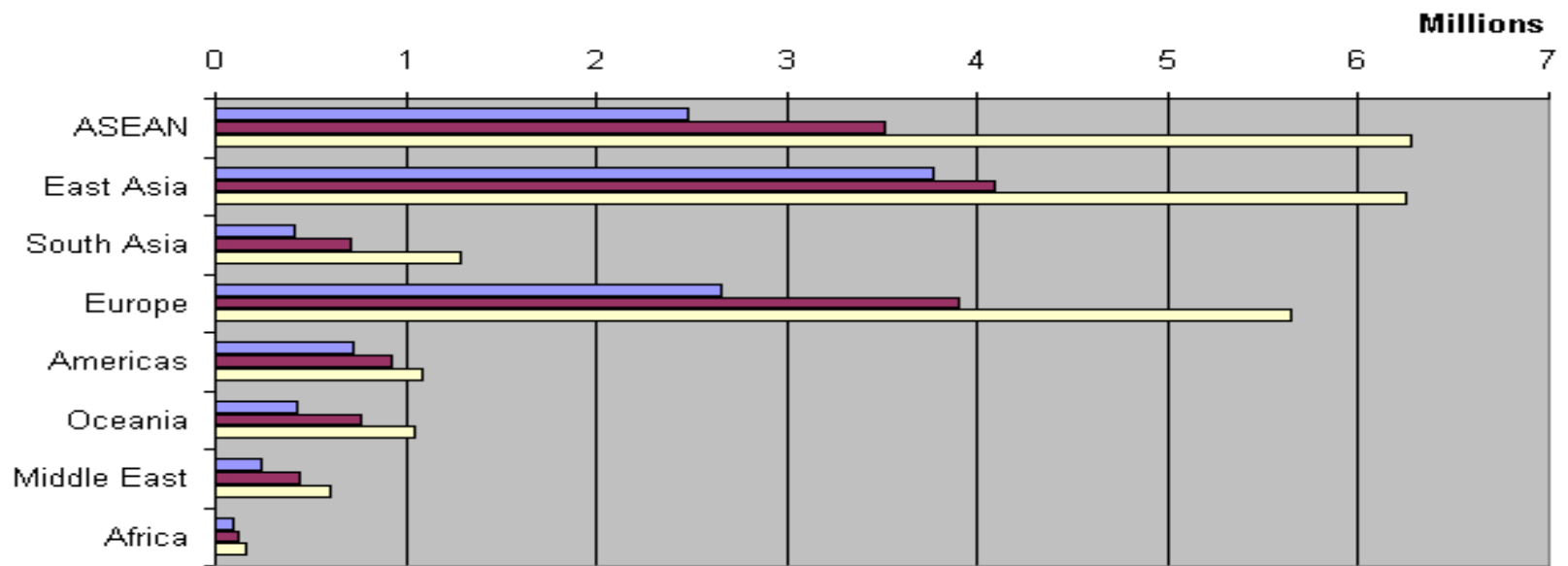
Who are traveling to Thailand?

Passenger



New Rich?

Tourist Arrivals by Region of Origin



Passenger



Ex-Rich?

New Rich?

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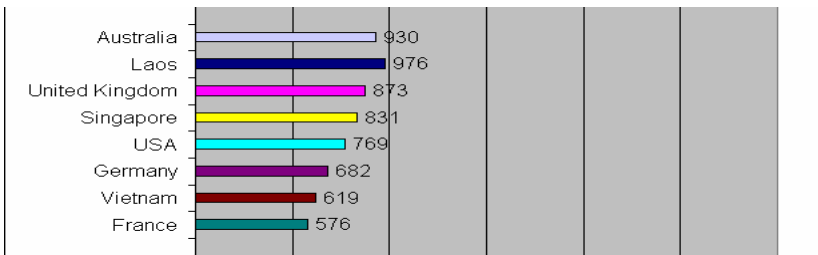
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Passenger



Ex-Rich?

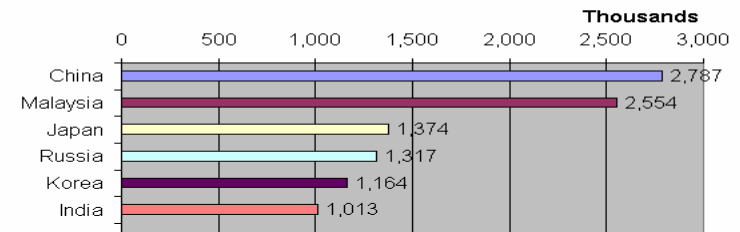


- Sea-Sun-Sand
- Five Star Hotel
- First/Business Class for A/L



New Rich?

Tourists to Thailand : Country of Origin (2012)

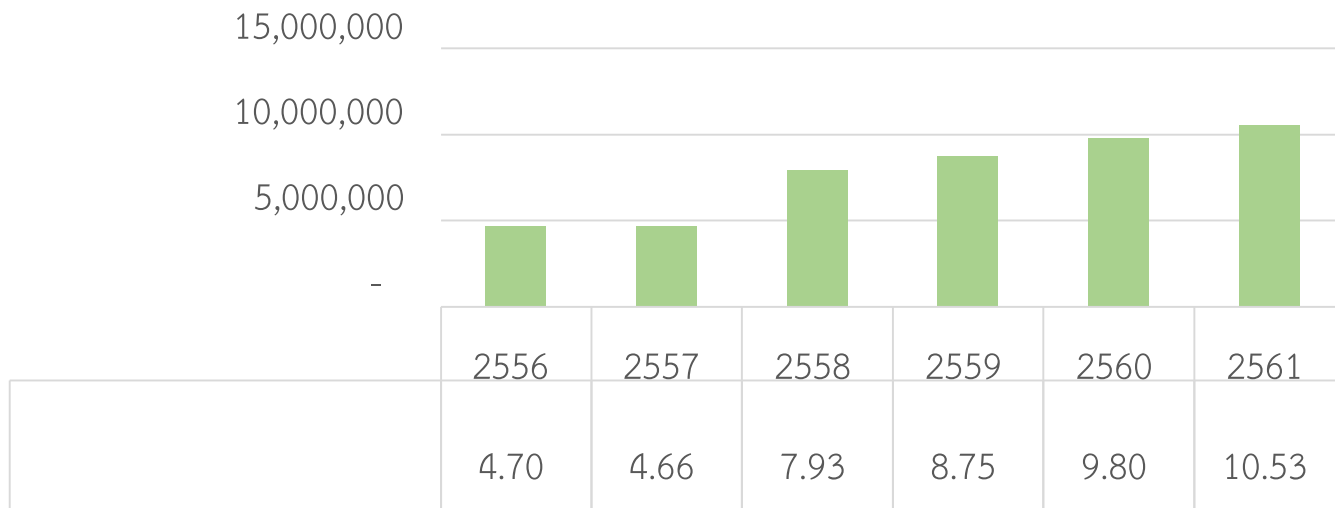


- No-Sun! But indoor (Activity-based : MBK , Golf)
- Budget Hotel
- Low cost Airline



Chinese Tourists to THAILAND

Number of Chinese tourists in Thailand



Source: Department of Tourism, Ministry of Tourism and Sport (2019)

- People -



Lost in Thailand



"Little China Town"

- People-



Logistics Linkage: R3a Route

- Products -



Agricultural products

- Capital -



Investment

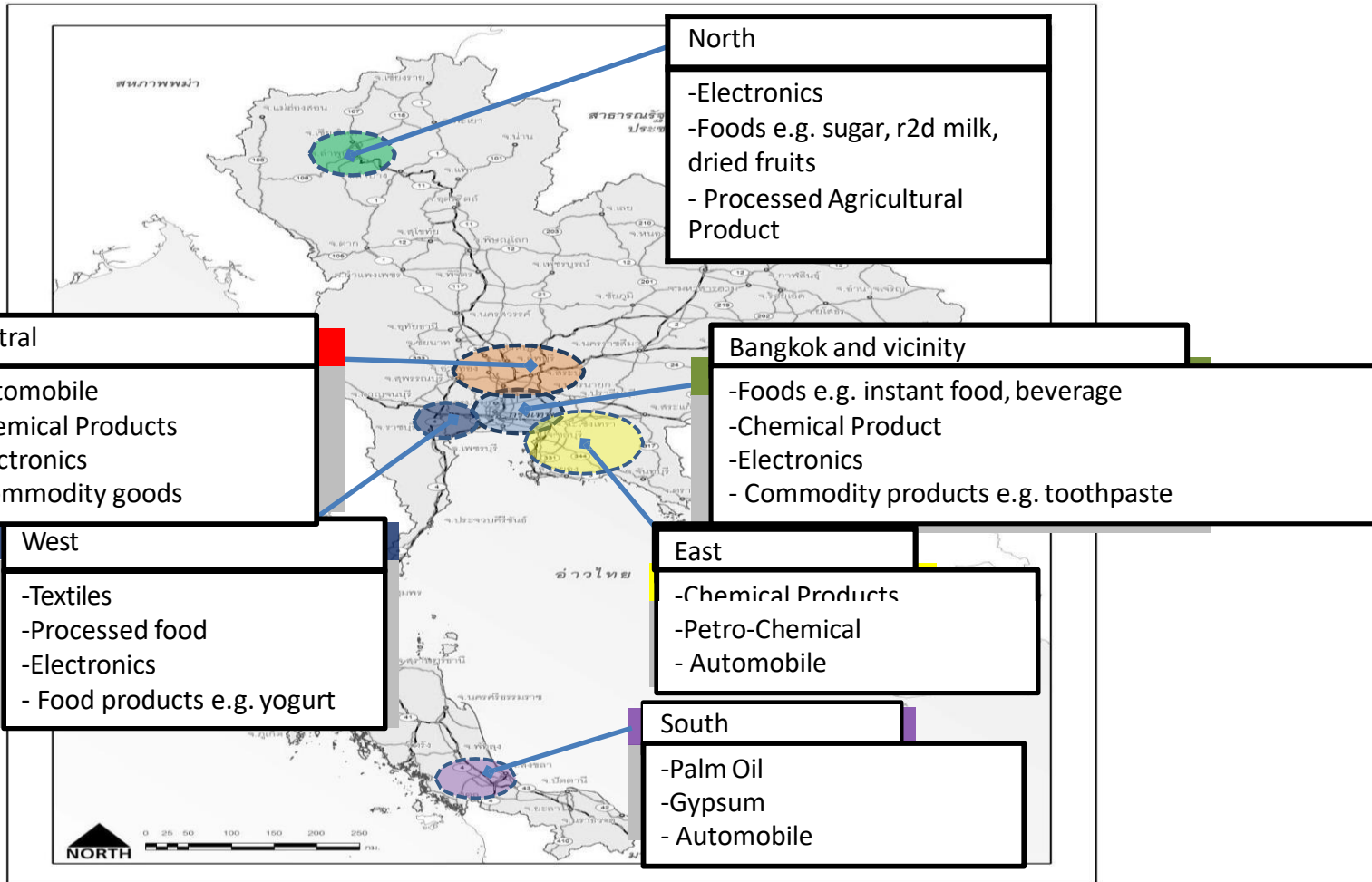


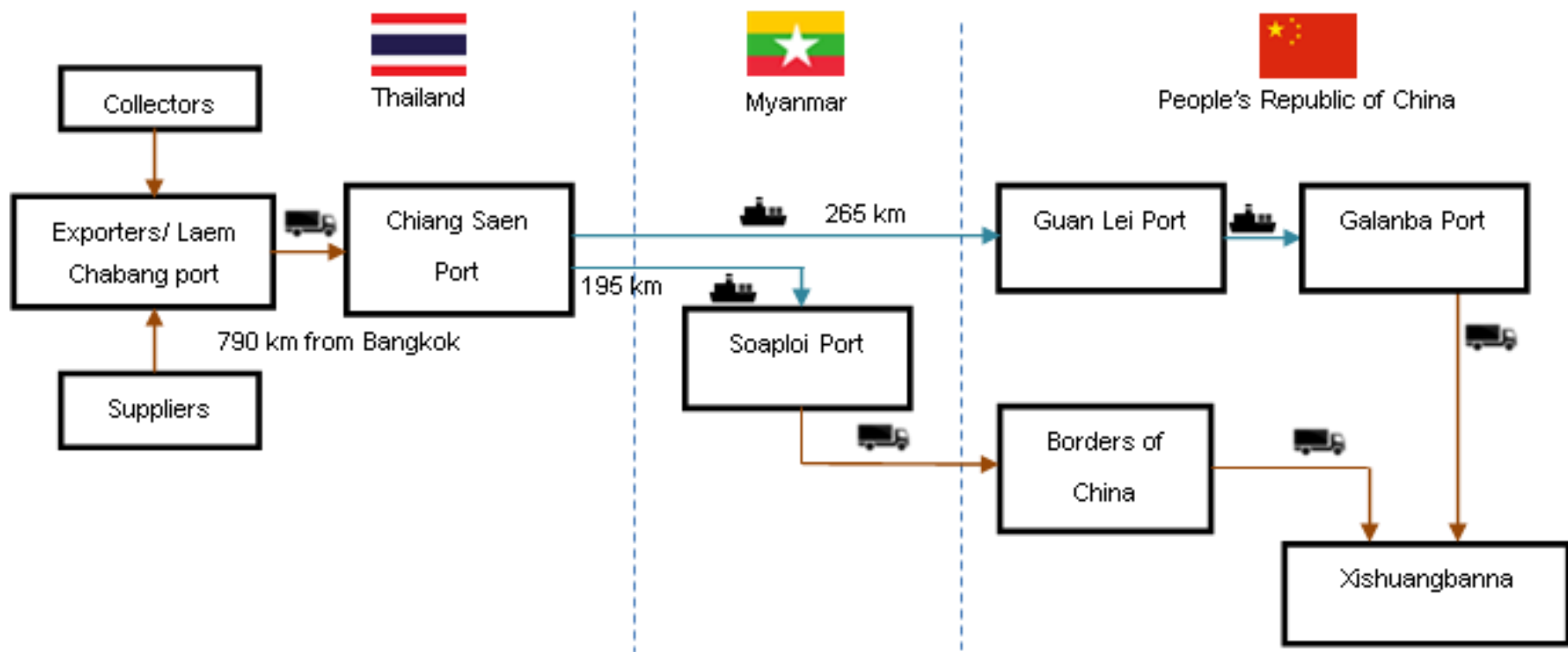
-Capital-

**CLMV investment:
eg. Logistics Business**



Industrial Zones





CASE STUDY



Yunnan Natural Rubber Industrial Co., Ltd.



CASE STUDY



CASE STUDY



Border Trade Situation

Thailand Border-Trade Overview



Informal Cross- Border Trade (ICBT)

- ◆ A significant proportion of cross-ASEAN border trade.
- ◆ Despite efforts to promote trade integration among ASEAN Partners, formal trade links is still facing several constraints.
- ◆ Some of these constraints push traders to ICBT but there are also exclusive incentives/ advantages that promote existence of ICBT.
- ◆ While it may be relatively easy to eliminate constraints to formal trading, the same may not provide better incentives for traders in the informal sector to turn to formal trading.



A case study

Source Country

“Push” Factors

famine
poverty
low wages
unemployment
crowding
high taxes
discrimination
religious persecution
civil war
violence and crime
forced military service
social immobility

“Stay” factors

family ties
friendships
social status
cultural familiarity
employment
property
familiarity
certainty
political privileges



Immigrants

Costs of Moving

transport costs
dangers of the voyage
time of travel
lost income during move

Destination Country

“Pull” factors

higher wages
employment
property rights
personal freedom
economic freedom
civil rights
law and order
peace
religious freedom
educational opportunity
social mobility
lower taxes

“Stay away” factors

language barriers
cultural barriers
discrimination
low social status
unemployment
low wages
lack of political rights
unfamiliarity
uncertainty
war
crime

Formal Exit Barriers

Exit Visa
Exit Tax
Prohibition
Imprisonment
Penalties on Family

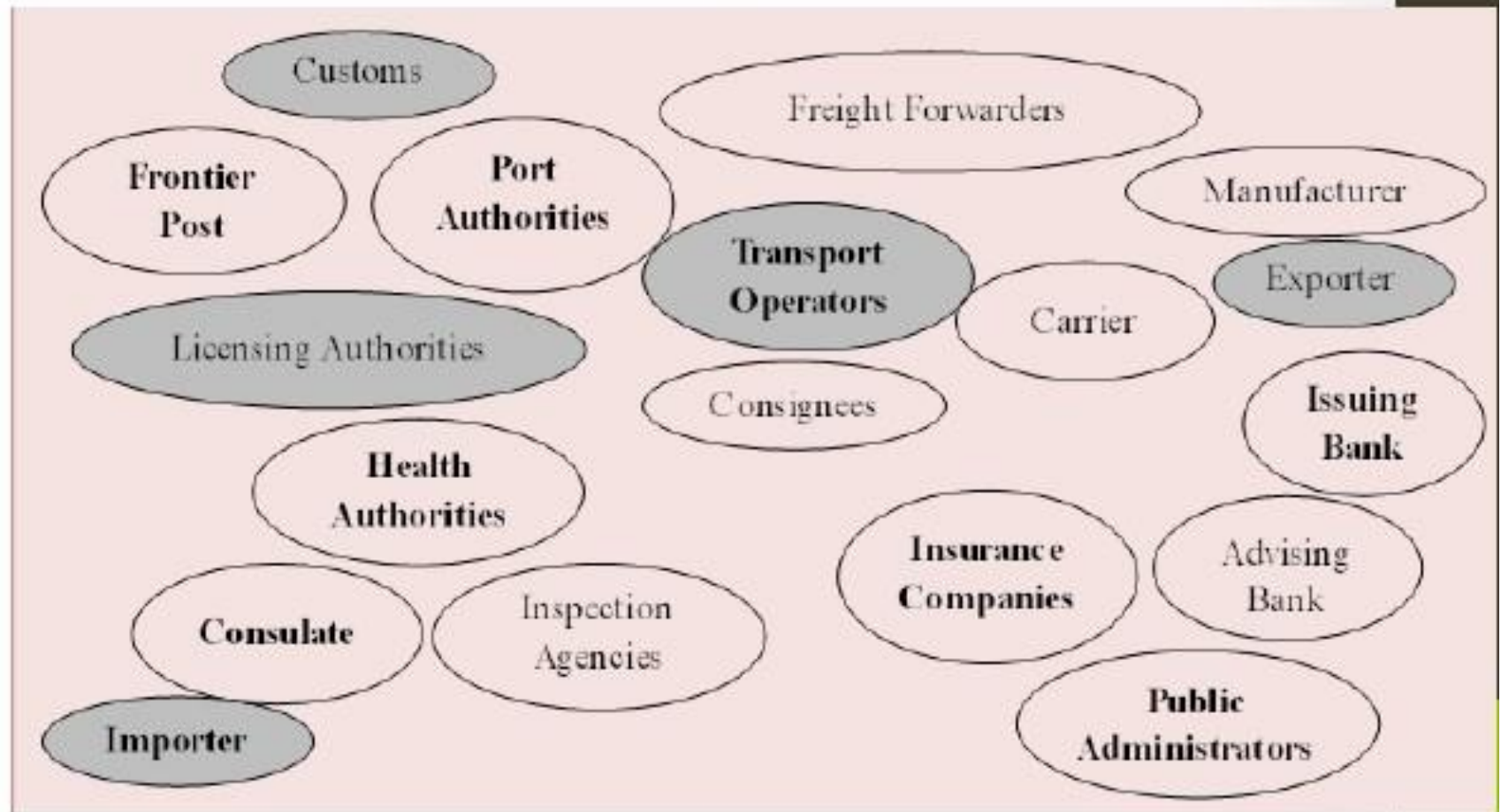
Formal Entry Barriers

Entry Visa
Quota
Prohibition
Imprisonment
Fines

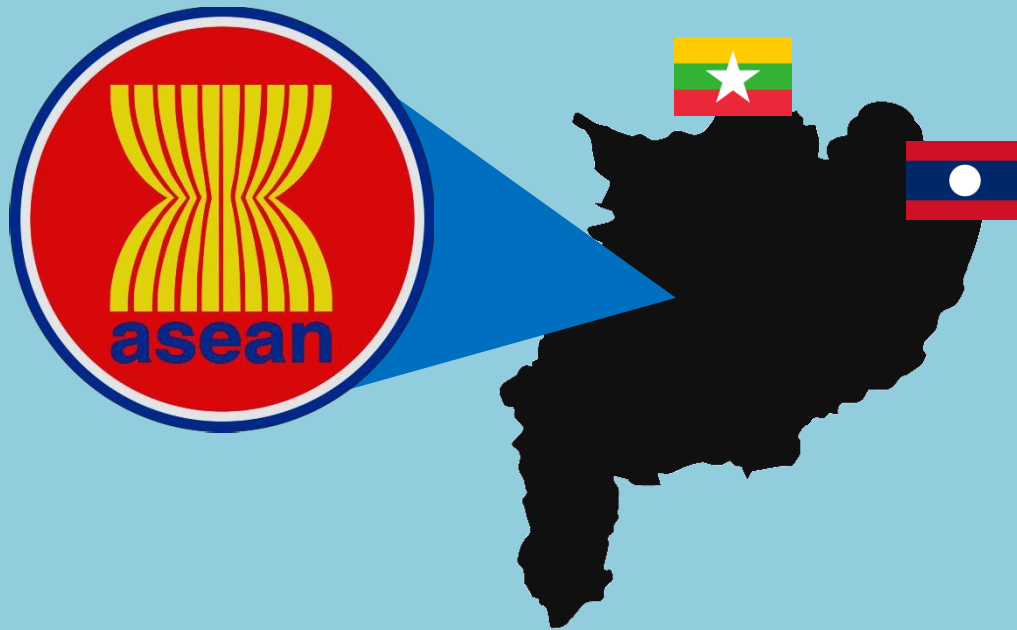
Cross Border and Transport Management: Case Study: Chiang Rai Borders



Related Stakeholders of International Customs and Trade Logistics



CHIANG RAI BORDER CITY TO ASEAN ECONOMIC COMMUNITY



Chiang Rai Border Trade

Border

Myanmar



100 km



30 km

Laos PDR



90 km



90 km

Border Trade



Myanmar



Laos PDR

Transit Trade



Southern China

Trade Channel

5 Permanent Crossing Points

11 Border Trade Check Points

Channel of Cross Border Trade

To Myanmar



1

Chiang Sean District

2 Permanent Crossing Points
2 Border Trade Check Points

2

Chiang Khong District

1 Permanent Crossing Point
1 Border Trade Check Point

4

Thoeng District

1 Border Trade Check Point

3

Wieng Kean District

2 Border Trade Check Points

To Laos PDR



1

Mae Sai District

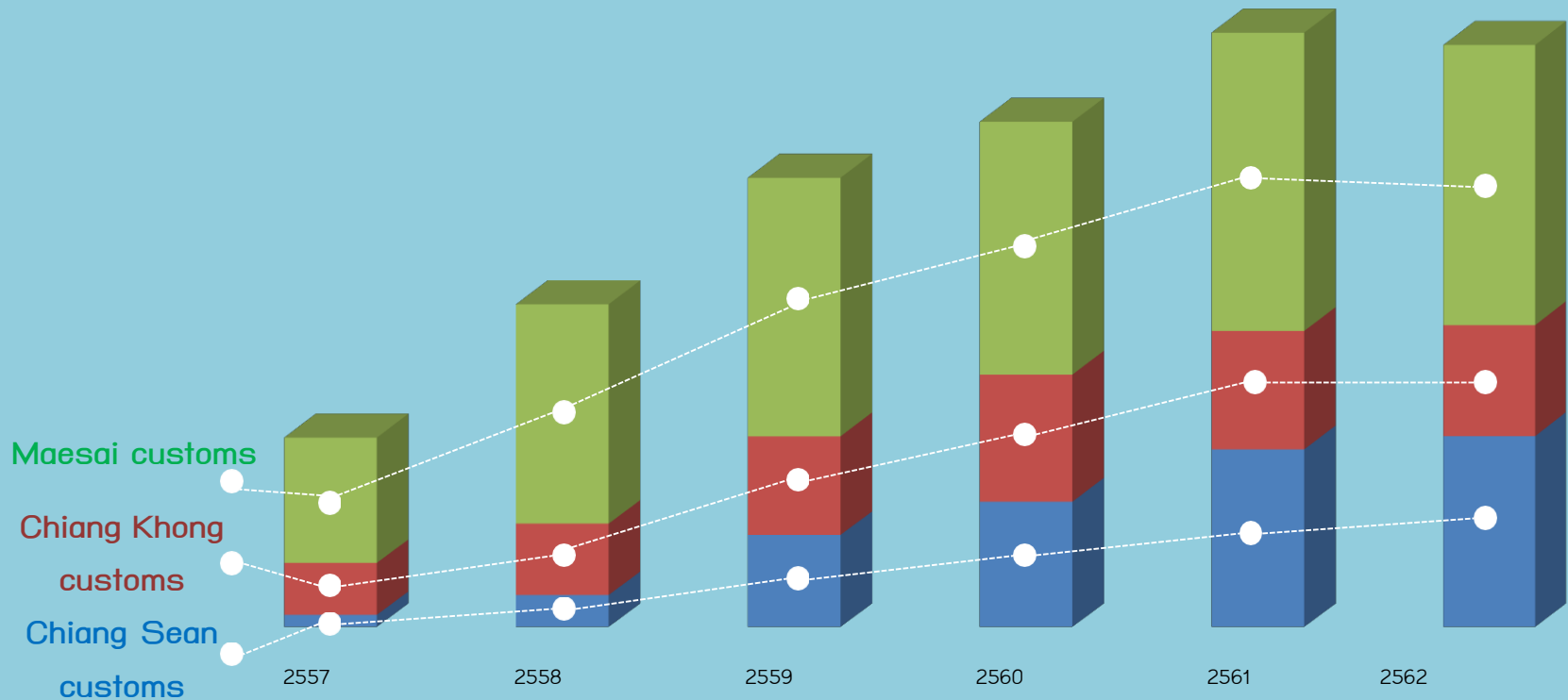
2 Permanent Crossing Points
4 Border Trade Check Points

2

Chiang Sean District

1 Border Trade Check Point

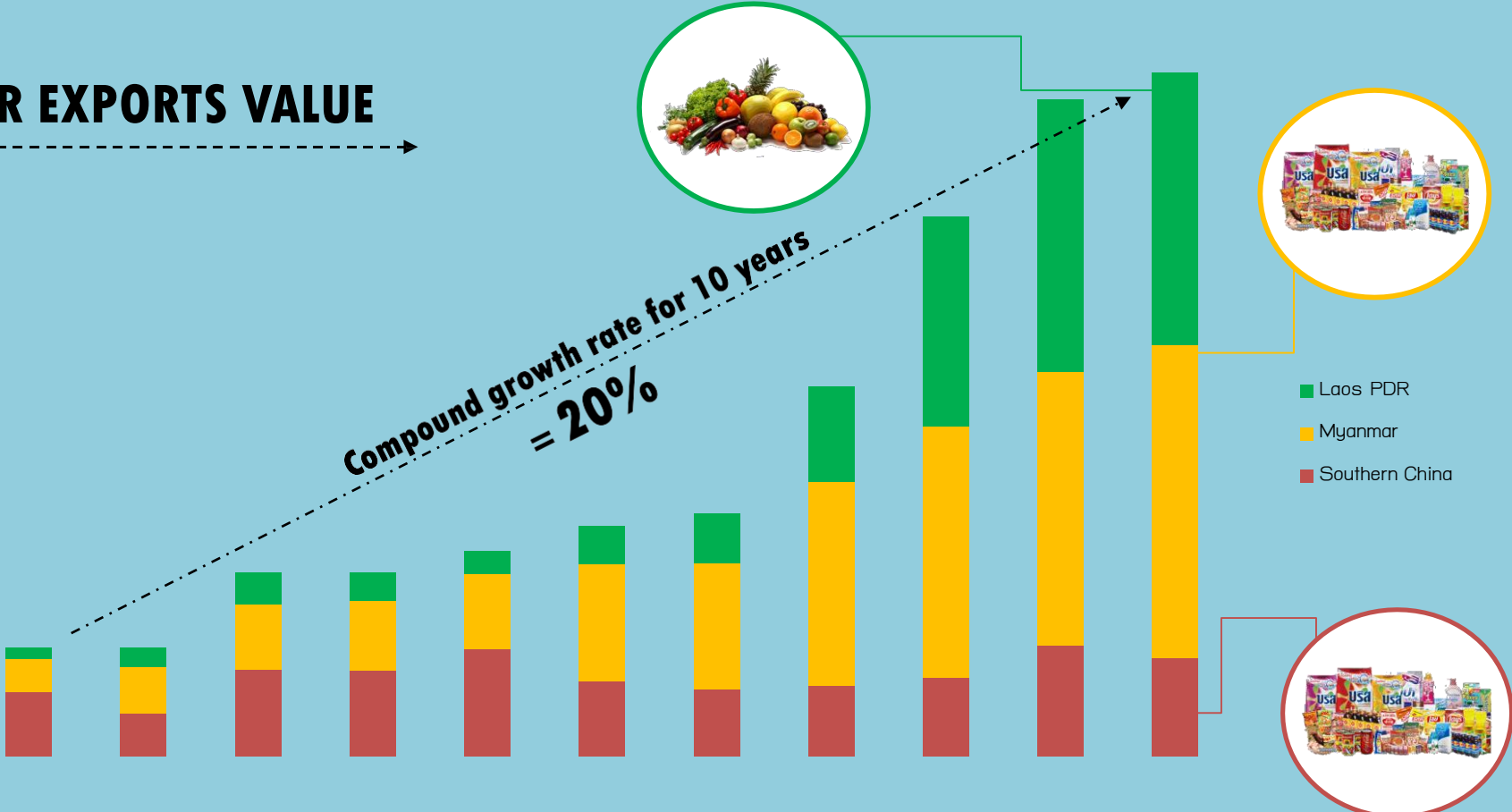
Chiang Rai Border Trade Situation



Source: Bank of Thailand, Office of Commercial Affairs Chiang Rai, Border Trade Center Service (Department of Foreign Trade)

Chiang Rai Border Trade Situation

BORDER EXPORTS VALUE

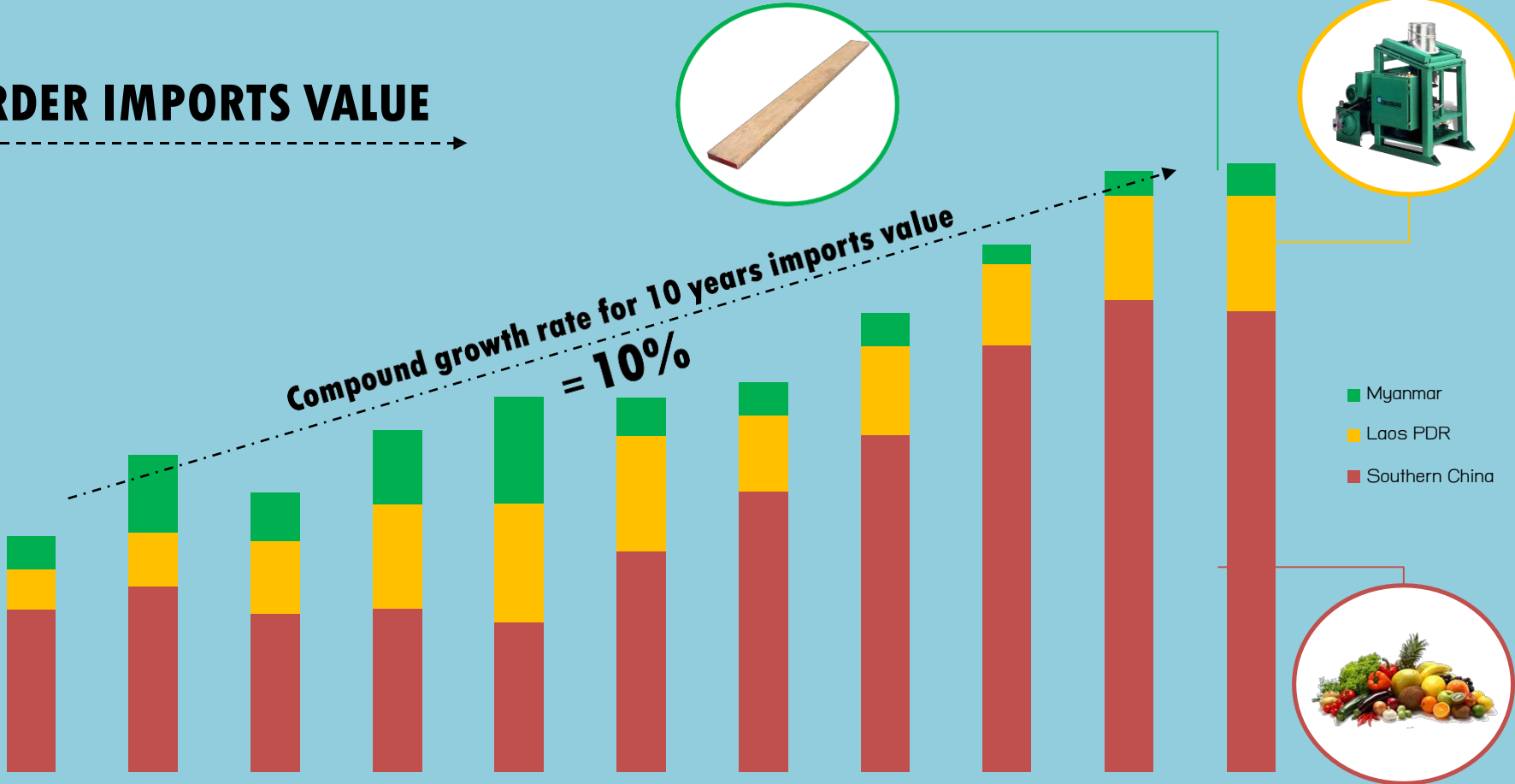


Compound growth rate for 10 years = 20%

Source: Office of Commercial Affairs Chiang Rai

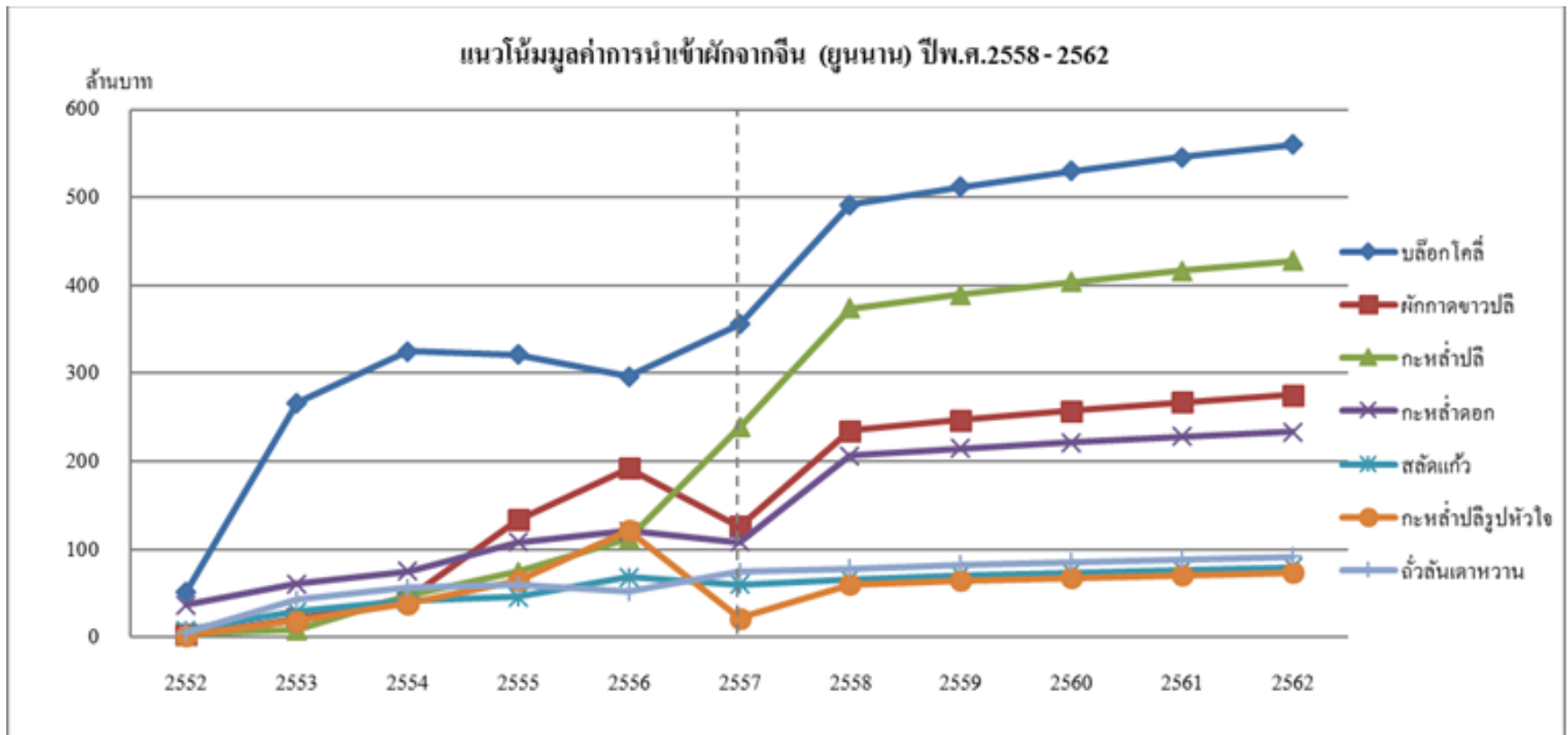
Chiang Rai Border Trade Situation

BORDER IMPORTS VALUE

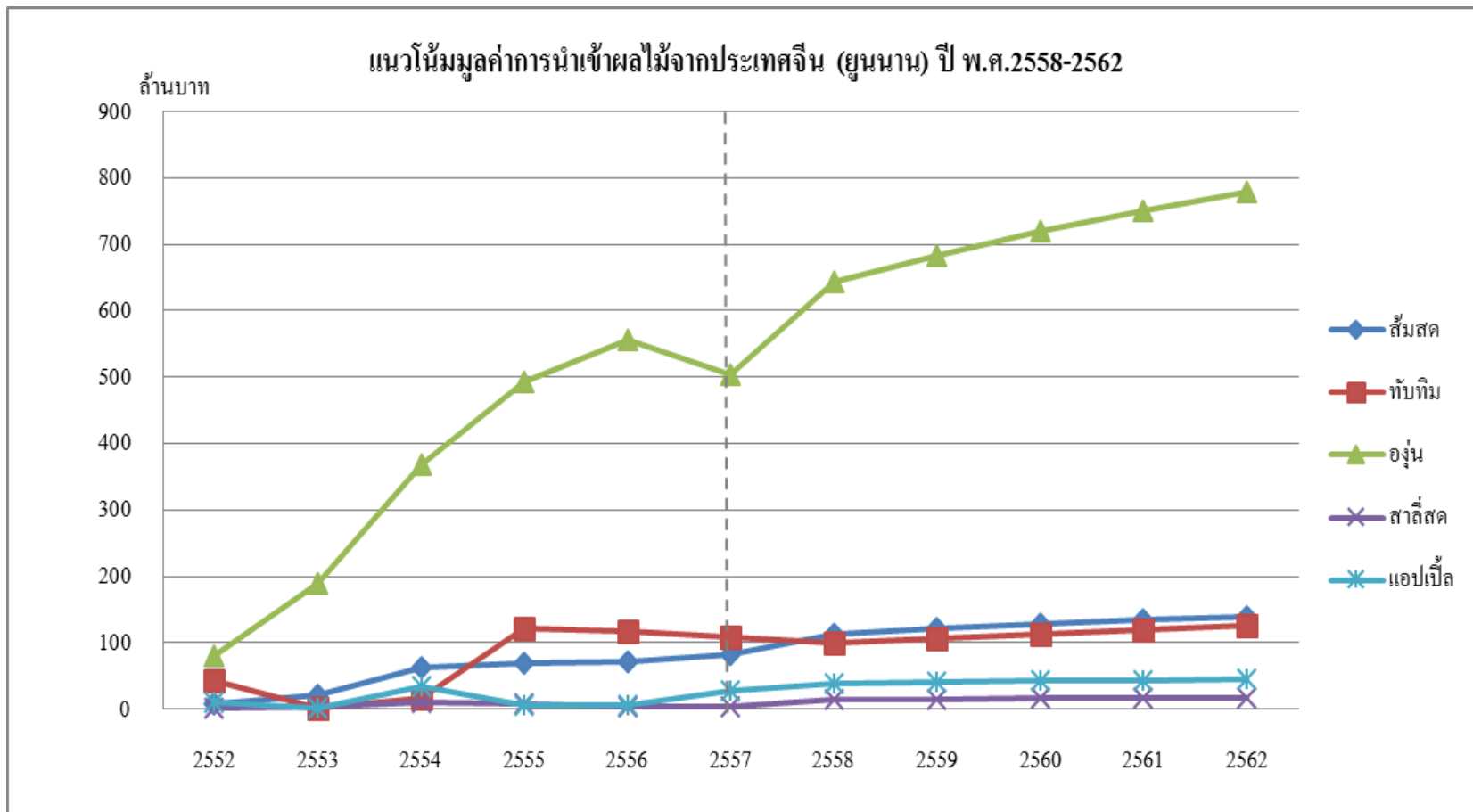


Source: Office of Commercial Affairs Chiang Rai

แนวโน้มมูลค่าการนำเข้าผักจากประเทศจีน (ยูนิานาน) ผ่านด่านชายแดน ณ ด่านเชียงของ ปี พ.ศ. 2558-2562



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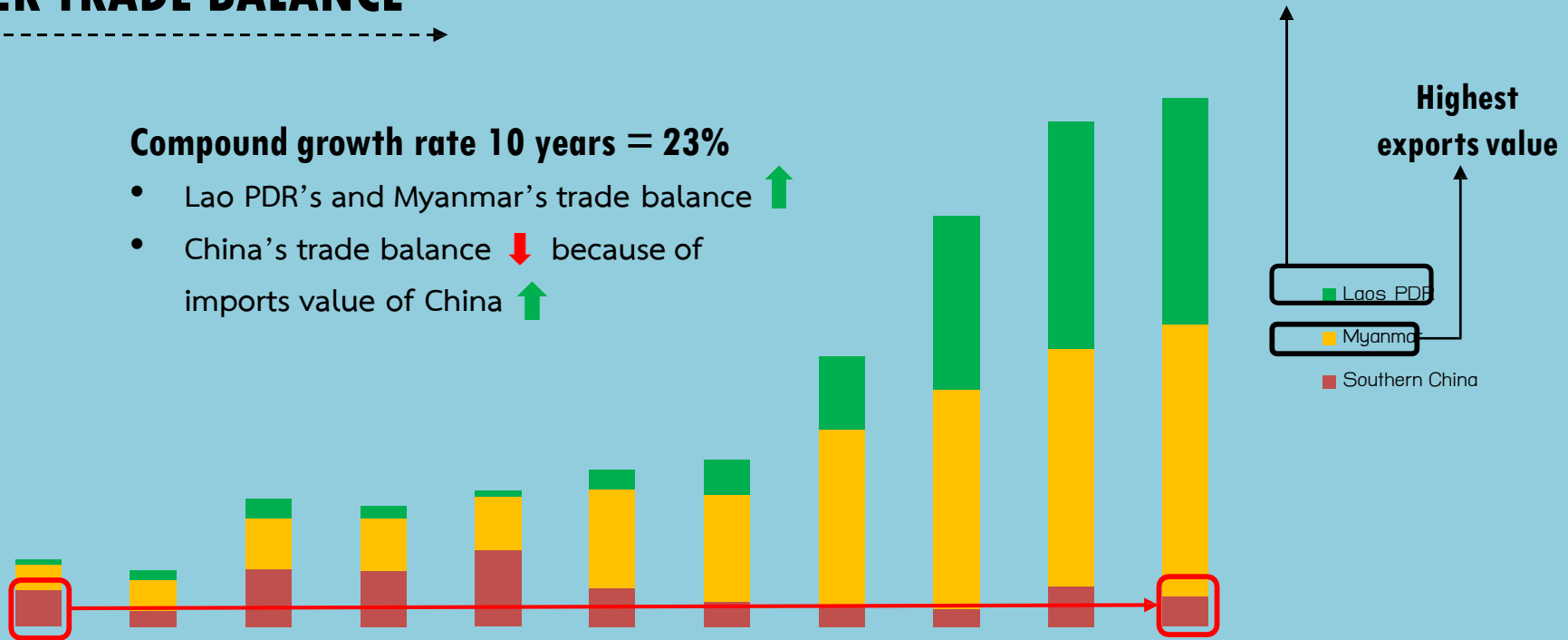


Chiang Rai Border Trade Situation

BORDER TRADE BALANCE

Compound growth rate 10 years = 23%

- Lao PDR's and Myanmar's trade balance 
- China's trade balance  because of imports value of China 



Potential Border City for Development

Mae Sai

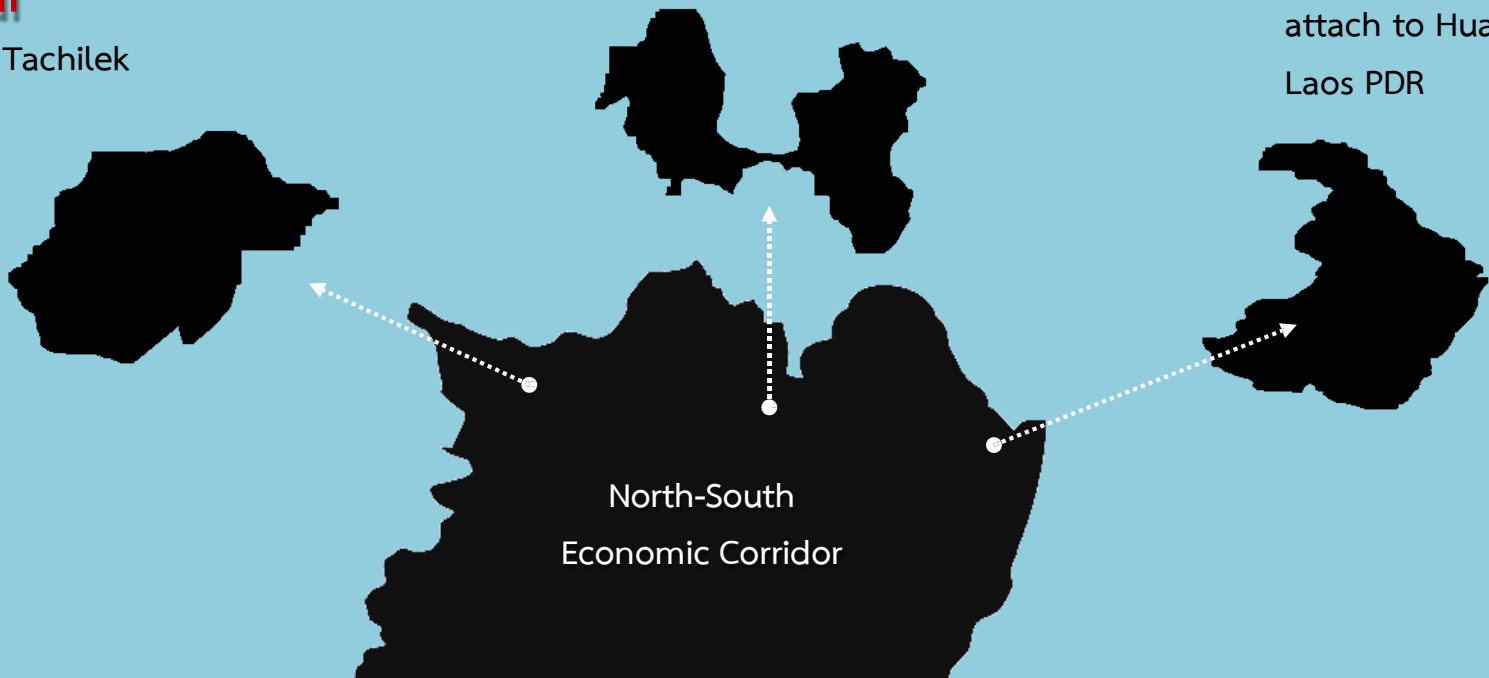
attach to Tachilek
Myanmar

Chiang Sean

attach to Ton Pheung
Laos PDR

Chiang Khong

attach to Huay Xai
Laos PDR



North-South
Economic Corridor

Special Economic Zone Plan



Mae Sai

- Trading City
- Emphasis on trading consumer goods tourism
- Rely on modern international financial services



Chiang Sean

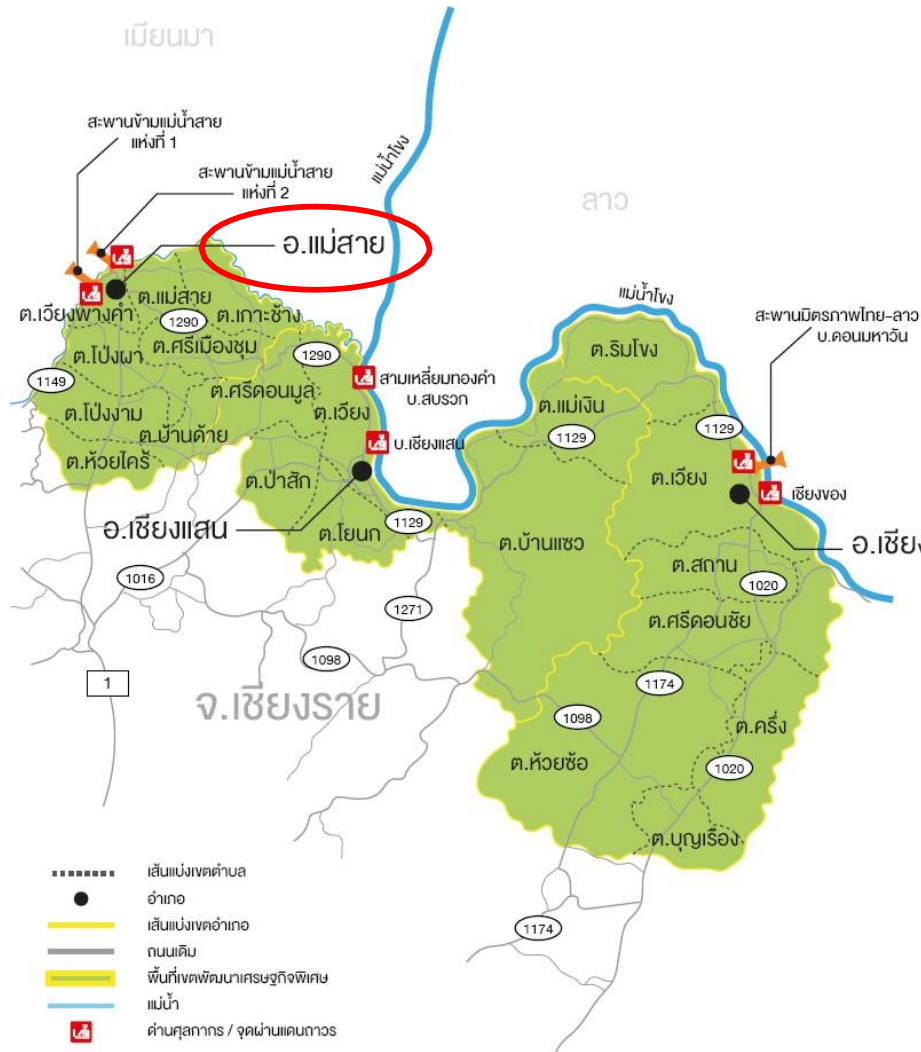
- GMS tourism and Port City
- Water transportation, trading and tourism
- Cultural heritage and Lanna civilization tour history



Chiang Khong

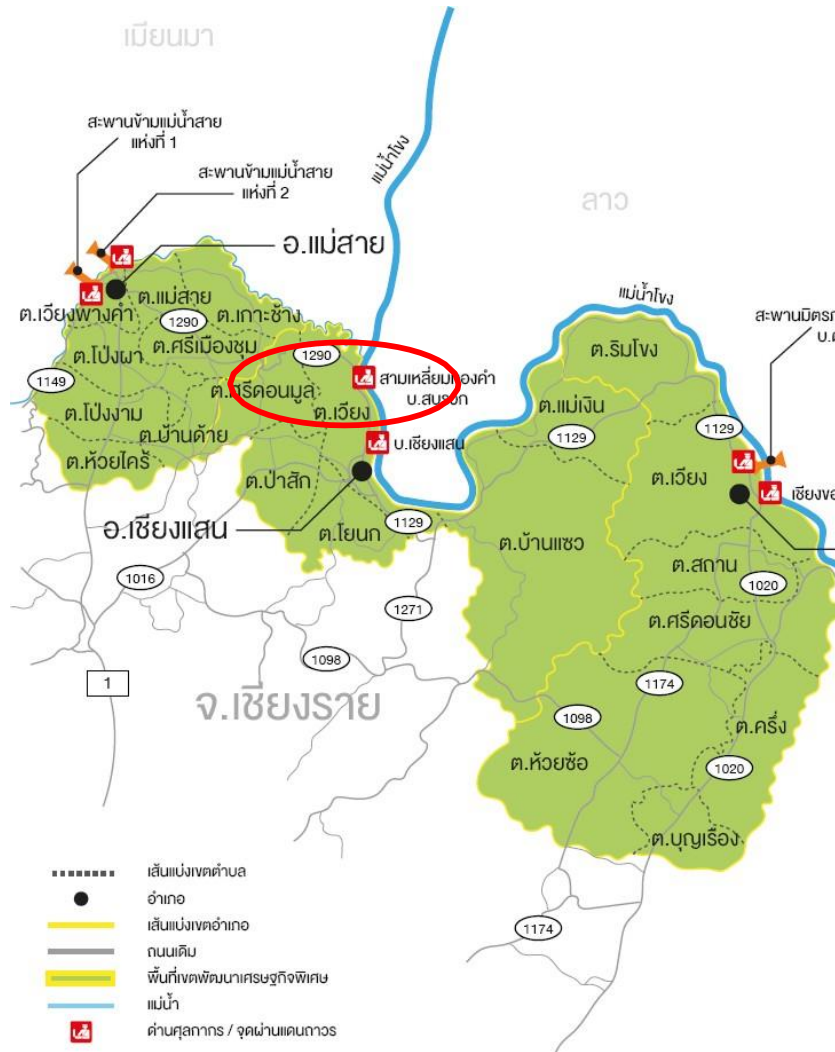
- Transshipment and distribution center in many forms (Logistics City)
- The site of bridge on the NSEC
- Tourism city and the way through to Luang Prabang, Laos PDR

"Mae Sai"



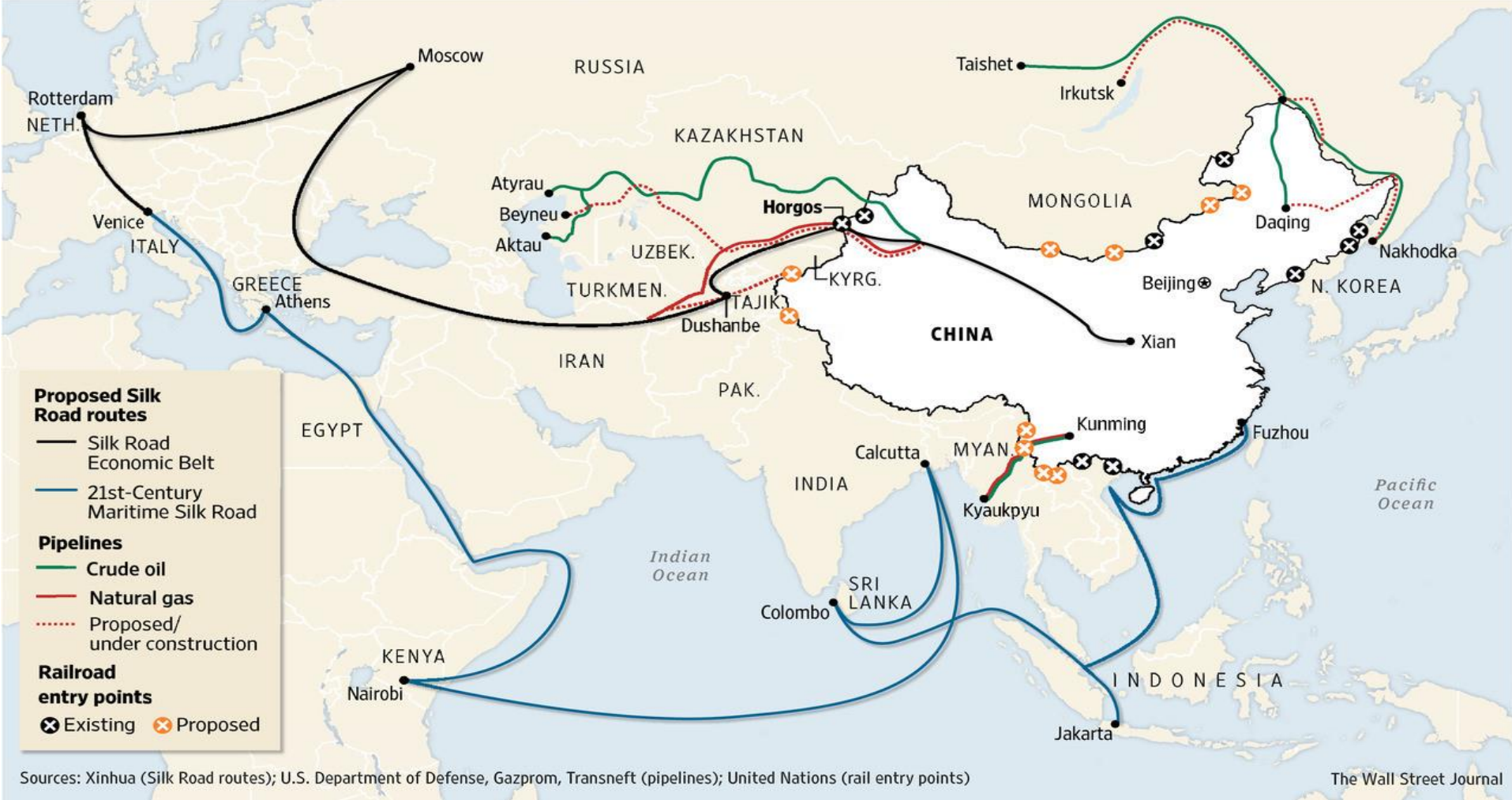
"Trading city"

"Chiang Sean"



"Port city"

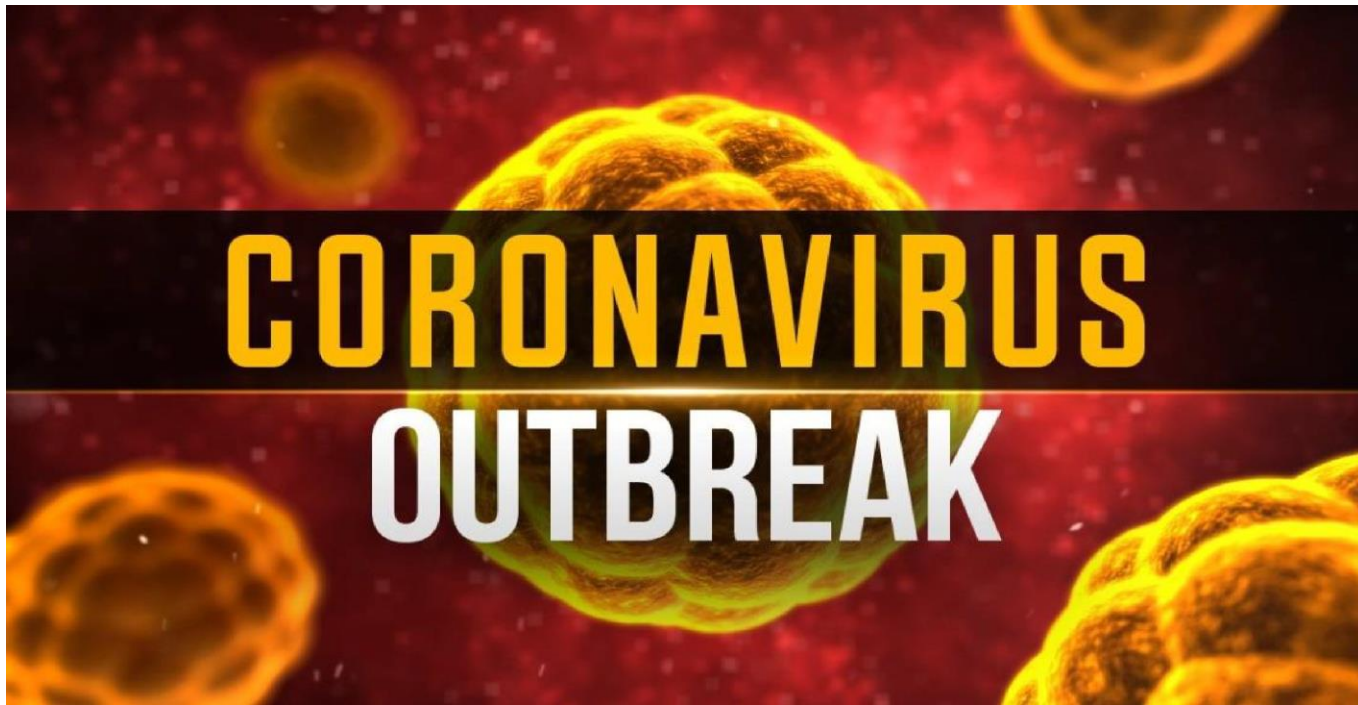
New Silk Roads | China is assembling new trade routes, binding other regions closer to it



Silk Road Economic Belt and the 21st Century Maritime Silk Road



Covid-19 and Business/Logistics Development in ASEAN





CANCELLED

AVIATION BUSINESS

3532



2642



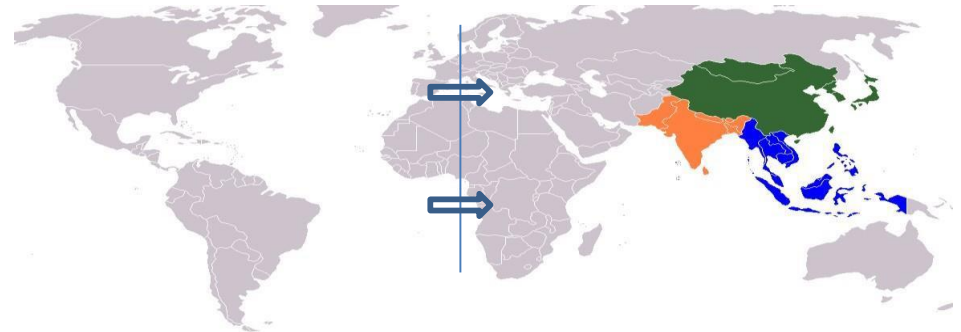
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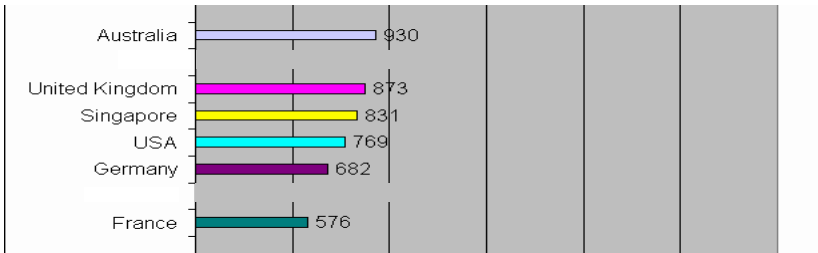


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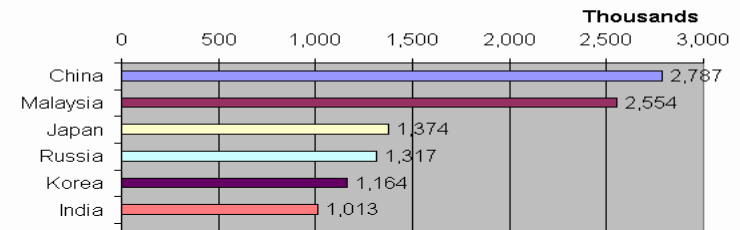


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New Rich?

Tourists to Thailand : Country of Origin



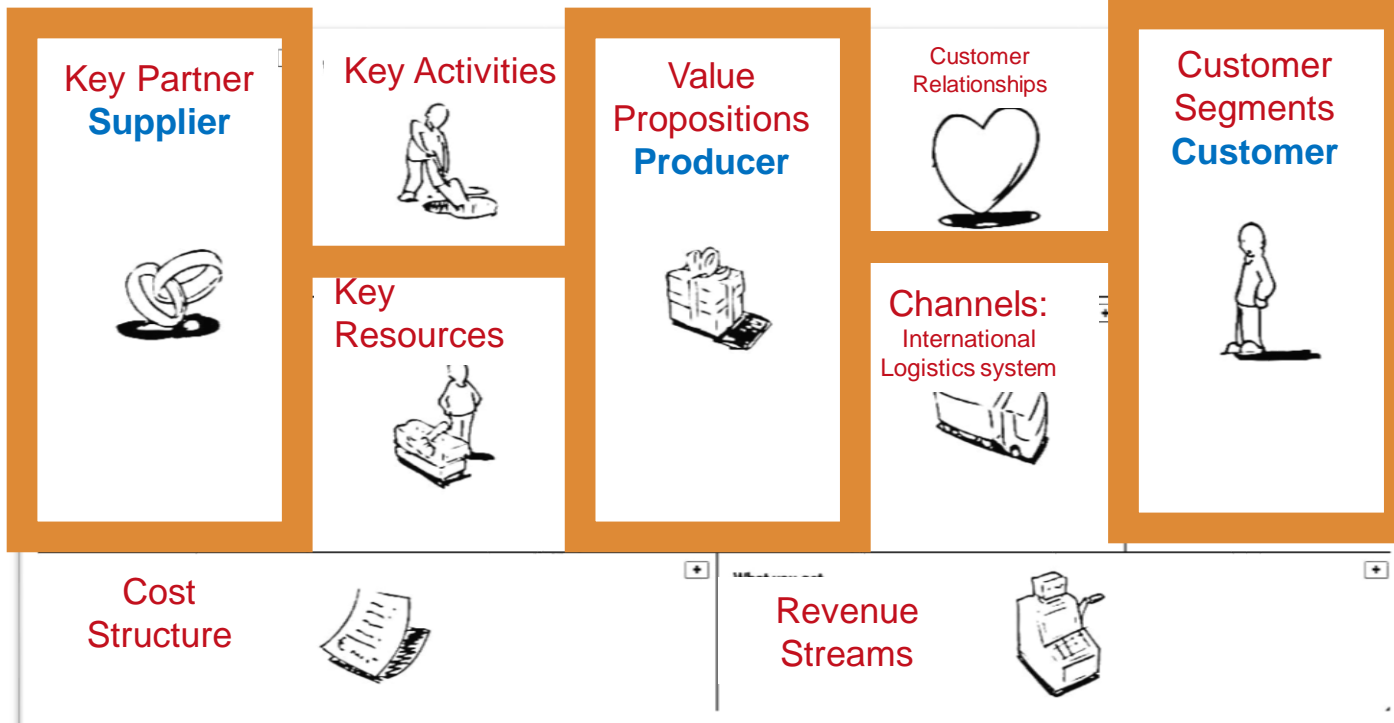
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**CHALLENGES CAN LEAD TO
NEW SOLUTIONS**



Business Canvas Model



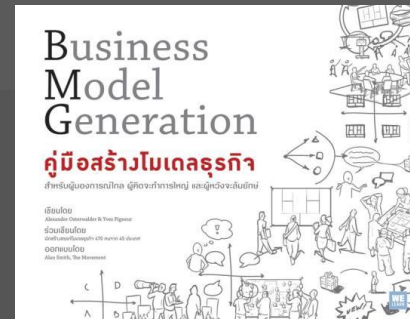
Business Canvas Models

Entrepreneurial activities differ substantially depending on the type of organization and creativity involved.. Entrepreneurial activities differ substantially depending on the type of organization and

Tips :

Student can seek more information about Business Canvas at this website
http://www.alexandercowan.com/business-model-canvas-templates/#Whatsquos_the_Business_Model_Canvas

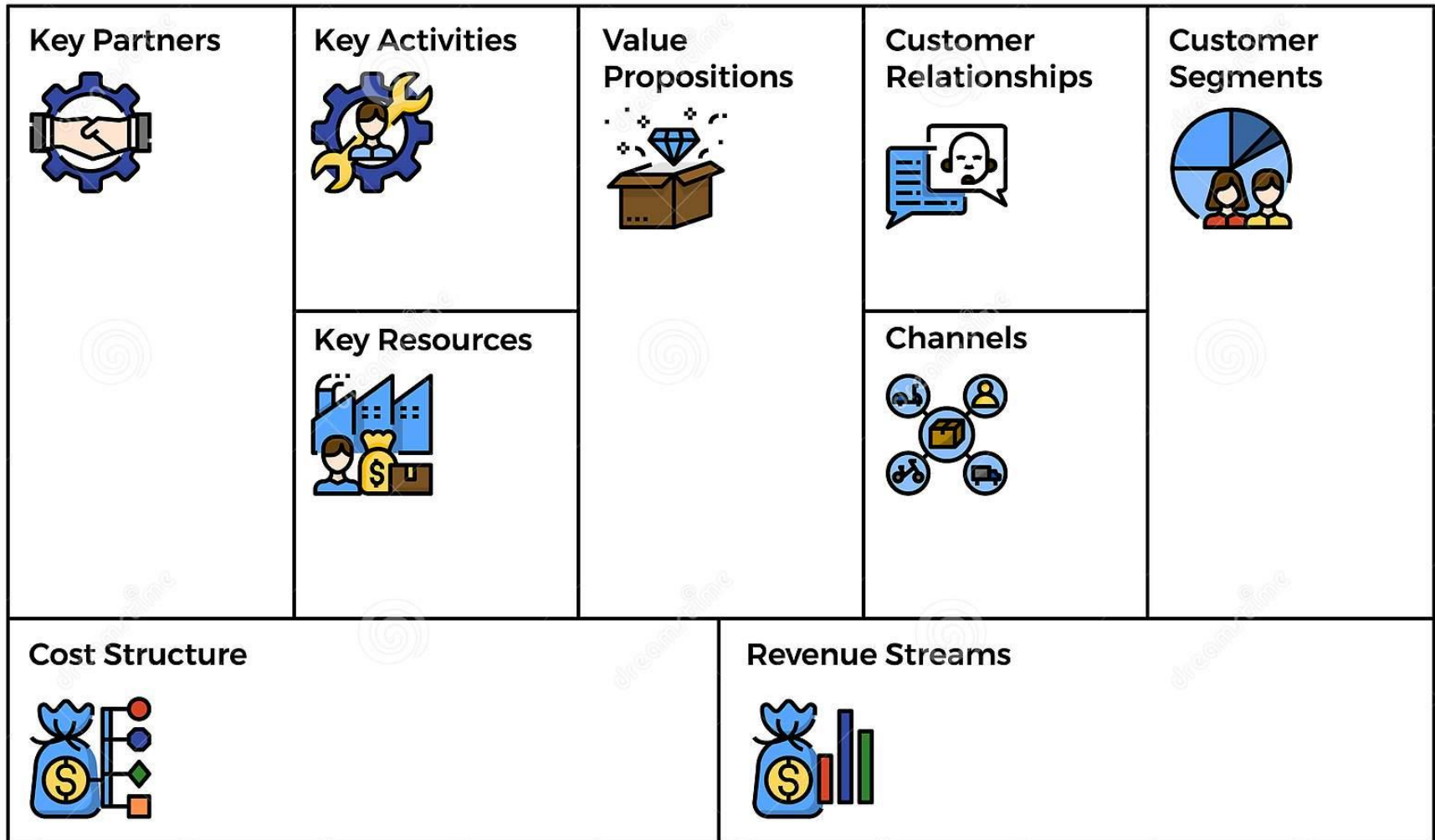
Or



Tips :

Student can apply or test the business canvas model from this website
www.canvanizer.com

BUSINESS MODEL CANVAS



Thank you for your kind attention