

APPENDIX 5

The 2013 Interim Assessment for Supply Chain Connectivity Framework Action Plan

EXECUTIVE SUMMARY¹

APEC has a very good track record in the area of trade facilitation. The two successive Trade Facilitation Action Plans (TFAPs) have succeeded in reducing trade transaction costs by 10% over the period 2002-2010. In 2010, the Committee on Trade and Investment (CTI) decided to build on this achievement by re-focusing the member economies' attention on the broader issue of supply chain performance through the Supply Chain Connectivity Framework Action Plan (SCFAP) and setting a target of a 10% improvement in supply chain performance in terms of time, costs and uncertainty by 2015. This report is an attempt to measure the interim progress of SCFAP implementation as well as provide feedback to further improve SCFAP implementation in order to achieve the 10% overall goal.

Working closely with member economies, the APEC Policy Support Unit (PSU) constructed a measurement framework comprising the three-tracked assessment on internal indicators, external indicators and self-assessment survey, to find out the extent to which SCFAP actions are contributing to improving supply chain performance.

Several important points could be highlighted from the external indicators assessment. First, in terms of time, APEC economies have been quite successful in reducing trade times by nearly 7% (using Doing Business data on export time and LPI data on import time). This progress would translate into significant cost savings for businesses, exporters and consumers.

Second, in terms of cost, there is some indication of costs increase; however this could be a result of unexpected supply chain disruptions due to natural events such as earthquakes and floods. It remains to be seen whether this trend of costs increase will continue. Nevertheless, APEC economies should look into monitoring and reducing costs in the coming years. Respondents to the self-assessment survey have provided several suggestions on how to expand and improve the SCFAP (Chapter 4).

Third, in terms of uncertainty, based on the percentage of shipments meeting firm quality criteria from LPI, there has been an increase by about 4% over the period 2009-2011. The percentage of shipments that are physically inspected also showed significant improvement and met the interim target. Collectively, this could be interpreted to mean a similar reduction in the level of supply chain uncertainty.

This report therefore highlights that APEC has made significant progress in reducing the time and uncertainty of supply chain performance. Notwithstanding, it is important for member economies to make further progress in some areas, as indicated in the traffic light analysis in Chapter 3.

For the internal indicators assessment, the results reveal that within three years of SCFAP implementation (2010 to 2012), 77% of actions have been completed. This reflects good progress in terms of project completion and implementation. It also shows that there are room for improvement such as for member economies to add more actions within SCFAP and to continue

¹ Full report tabled as 2013/SOM2/CTI/029. The report is also posted on the APEC website www.apec.org.

with the ongoing actions included in SCFAP until 2015 in order to move towards the 10% overall goal.

In summary, considerable progress has been achieved in terms of implementing SCFAP projects to improve supply chain performance. APEC's various initiatives such as advanced rulings, PPP framework, building the capacity and access of local logistics providers, single window, *de minimis* value, electronic Certificate of Origin, supply chain visibility, submarine cable protection, road safety standards and Authorized Economic Operators (AEO) would certainly support a more efficient and reliable supply chain that delivers tangible benefits to businesses.

From the self-assessment survey results, it can be gathered that member economies have experienced benefits from SCFAP-related projects in improving supply chain performance. The key benefits include:

1. Knowledge sharing or measures in addressing the knowledge gap; this is the most notable benefit, as the SCFAP actions have helped raise awareness on important issues related to supply chain performance, and provided a reference or policy guidance to member economy/sub-fora on further improvement.
2. A platform or network for economies to communicate with the industries, and to actively engage and enhance the capacity of SMEs; the actions under SCFAP have helped to improve the relationship between the government and the private sector, including SMEs.
3. Improve awareness and understanding of new technologies that are important to the logistics and transportation sectors.

This report also provides the following recommendations to member economies:

1. Re-double their efforts in reducing the time, costs, and uncertainty in supply chain performance.
2. Target efforts at maintaining the existing key long-term measures that have been initiated and expanding them by leveraging on ICT development.
3. Maintain an open and transparent channel or communication with relevant stakeholders in the private sector in order to improve the regulatory environment.
4. Encourage the design of appropriate capacity building initiatives to address the existing knowledge gap in a systematic and sustainable manner.
5. Provide further support to SMEs to ensure mutual collaboration between industry players (large and small) within the logistics and transportation sectors.
6. Act on the feedback provided in the self-assessment survey by improving SCFAP design and implementation.
7. Undertake a further assessment of SCFAP progress in 2014 by using the updated figures from the external indicators.