Trilateral Cooperation Secretariat

East Asia Business Council

Improving Supply Chain Connectivity in ASEAN+3

Learning from Best Practices

TCS Paper Series 01

Improving Supply Chain Connectivity in ASEAN+3

Learning from Best Practices

November 2018

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November 2018
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This publication is a product with external contributions. The contents on collected best practices in this work do not necessarily reflect the views of the Trilateral Cooperation Secretariat. The best practices provided by the national business associations aim to promote the importance of improved supply chain connectivity for further regional economic cooperation and integration. However, the Trilateral Cooperation Secretariat does not particularly support any strategy and policy of each enterprise in the publication and accepts no responsibility for any consequence of their activities.

Trilateral Cooperation Secretariat Publication

ISBN 979-11-88016-09-9 (Print)
ISBN 979-11-88016-10-5 (PDF)

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The Trilateral Cooperation Secretariat (TCS) is an international organization established with a vision to promote peace and common prosperity among the People's Republic of China, Japan, and the Republic of Korea. Upon the agreement signed and ratified by each of the three governments, the TCS was officially inaugurated in Seoul, September 2011. The TCS work with external stakeholders in government, academic, public and private sectors on political, economic, and socio-cultural cooperation in the region.

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Foreword

I am pleased to introduce Trilateral Cooperation Secretariat (TCS)'s first cooperative initiative under the framework of ASEAN Plus Three, 'Improving Supply Chain Connectivity in ASEAN Plus Three'. The TCS is inter-governmental organization which was established by the leaders of the People's Republic of China, Japan and the Republic of Korea in 2011. We have been committed to pursuing cooperation to enhance regional connectivity, as the three leaders agree that enhancing regional connectivity benefits the East Asian region as a whole.

Encouraged by the 'Chairman's Statement of the 18th ASEAN Plus Three Foreign Ministers Meeting' and the 'ASEAN Plus Three Work Plan 2018-2022', the TCS in collaboration with the East Asia Business Council (EABC) and national trade associations, collected best practices that have improved supply chain connectivity (SCC) in the region of ASEAN Plus Three. This compilation introduces 12 best practices, and provides challenges before and benefits after the adoption of the practices, and lessons for improving SCC in the region. It also shares policy implications of each practice to the governments for designing the establishment of the East Asian Community.

Improved SCC will further strengthen economic and trade relations and deepen the convergence of interests. It also helps Micro, Small, Medium Enterprises (MSMEs) to start to connect to international markets that results in boosting trade and further growing regional economy as a whole. I hope that this initiative will contribute to seamless connectivity in East Asia and, by extension, to further institutionalization of ASEAN Plus Three cooperation and long-term peace and prosperity in the region.

LEE Jong-heon
Secretary-General
Trilateral Cooperation Secretariat

Foreword

At the 18th ASEAN Plus Three Summit held on 21st November 2015, Leaders of the ASEAN Plus Three encouraged the East Asia Business Council (EABC) and the Trilateral Cooperation Secretariat (TCS) to establish greater synergies. Following this, EABC and TCS have engaged in several discussions with a common goal of enhancing cooperation between the ASEAN Plus Three countries.

Recognising that supply chain connectivity (SCC) is vital for the efficient flow of trade in the ASEAN Plus Three region, and the mutual benefits that can be reaped from an efficient and integrated supply chain, EABC and TCS embarked on this journey to identify SCC best practices in the region. Through collaboration with the respective national trade associations in EABC, we have managed to identify several best practices that leverage on Government to Government (G2G) collaborations, the use of right technologies and the embracement of transparency, among others as the surefire recipe for mastering supply chain connectivity. We hope that this book will provide a valuable window into successful SCC best practices to governments in the region and aid their policy formulation.

Lawrence LEOW
East Asia Business Council Chairman 2018

Introduction

Since the turn of the century, the ASEAN Plus Three region (ASEAN, the People's Republic of China, Japan and the Republic of Korea) has sustained rapid growth, bringing huge benefits to people in the region and boosting the status of this region in the world. The trade share of ASEAN Plus Three accounts for approximately 28% of the world trade. Being an important contributor to the global economy, this region was not spared from the brunt of the recent economic crisis and anti-globalization sentiment. Given the situation, it is critical for ASEAN Plus Three countries to strengthen cooperation to maintain better and faster development in this region.

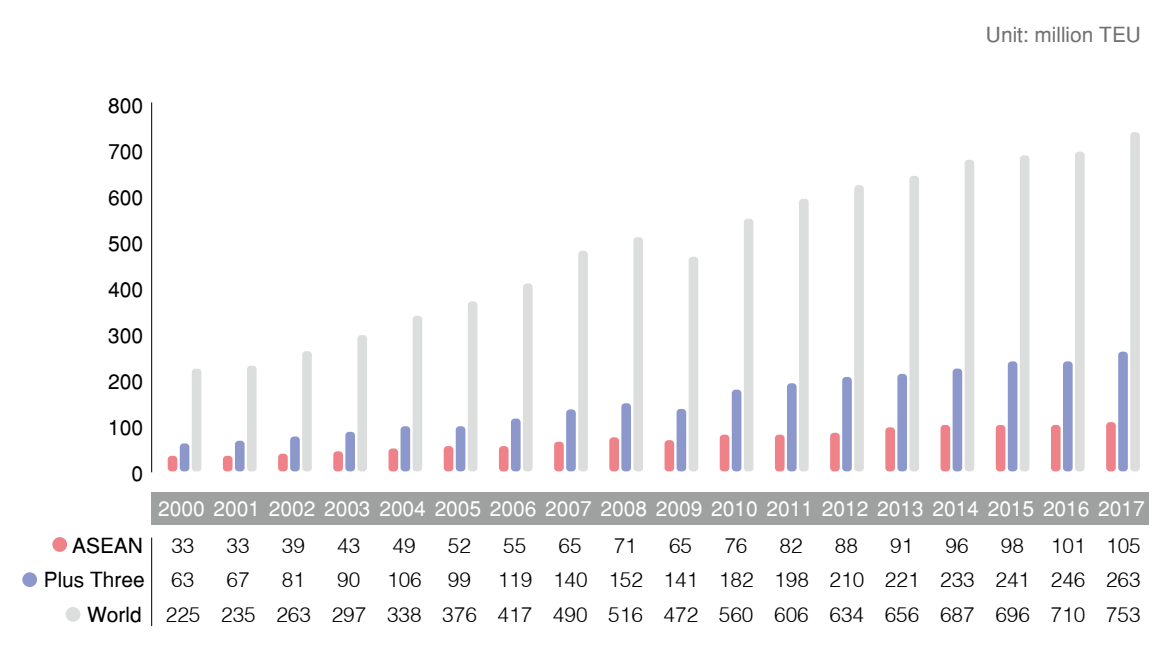
At the same time, this region has been accelerating and promoting regional economic integration. The intra-regional trade share within the ASEAN Plus Three constitutes 47% of its total trade. In terms of institutionalization of regional integration, various region-wide economic integration efforts have shown substantial progress, including the establishment of ASEAN Economic Community (AEC) in 2015, breakthrough in the Regional Comprehensive Economic Partnership (RCEP) negotiations and the Trilateral (Plus Three) FTA negotiation in progress.

Under the current process of regional economic integration, the ASEAN adopted the 'Master Plan on ASEAN Connectivity 2025'[1] to achieve a seamless and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness, and a greater sense of Community. Based on the Master Plan, ASEAN implements multiple projects through 15 Initiatives of which Initiative 8 is to strengthen ASEAN competitiveness through enhanced trade routes and logistics and Initiative 9 is to enhance supply chain efficiency through addressing key chokepoints towards seamless logistics.

The Plus Three also shares a common view that the cooperation in logistics and distribution is essential to assure mutually beneficial and sustainable development. According to the Final Report of the Joint Project "Trilateral Cooperation for Improvement of Supply Chain Connectivity(SCC)"[2] which was conducted upon the agreement of the 10th Trilateral Economic and trade Ministers Meeting (October 30, 2015, Seoul) and the 6th Trilateral Summit (November 1, 2015, Seoul), the production networks have been strengthened among the three countries and the export of intermediate goods increases within the East Asia region. 40% of ASEAN's value-added exports is destined to ASEAN Plus Three region while 14% to the US and 13% to the EU in 2016. This means that the region has already advanced the regional supply chain ecosystem which reduces trade costs, expands intra-trade, deepens economic relationships, and raises economic competitiveness through the development of trade infrastructure. In fact, approximately 49% of world container port traffic was born within the ASEAN Plus Three region in 2017.

1. https://asean.org/storage/2016/09/Master-Plan-on-ASEAN-Connectivity-20251.pdf
2. http://tcs-asia.org/data/file/publication/1025601418_9Z4IOCYL_2016_Official_Final_Report_for_Improvement_of_SCC_Final.pdf
3. ASEAN+3 Macroeconomic Research Office (AMRO), "ASEAN+3 Regional Economic Outlook 2018 (2018)", https://amro-asia.org/asean3-regional-economic-outlook-2018/

Container Port Traffic



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
ASEAN	33	33	39	43	49	52	55	65	71	65	76	82	88	91	96	98	101	105
Plus Three	63	67	81	90	106	99	119	140	152	141	182	198	210	221	233	241	246	263
World	225	235	263	297	338	376	417	490	516	472	560	606	634	656	687	696	710	753

Source: World Bank

The ASEAN Plus Three are the economic engine in the world, by strategizing its trade-oriented position and building global value chain in the region for last decades. The ASEAN Plus Three region can continue to develop supply chain-related infrastructure by introducing digital technology and to further standardize the supply chain ecosystem in more efficient and effective way at national and regional level. More efficient production structure in the region by reducing supply chain barriers leads intra-trade expansion. It also helps Micro, Small, Medium Enterprises (MSMEs) to start to connect to international markets that results in boosting trade and further growing regional economy. Furthermore, it provides comprehensive information shared in an efficient and transparent integrated system. Such improvement of supply chain connectivity (SCC) through modern, transparent, comprehensive and simplified trade facilitation to reduce trade costs and customs procedures can be done only by involving both government and private sectors.

This publication provides 12 best practices that are operated between some of ASEAN Plus Three countries. It provides the information of both public and private sectors that participate in SCC nationally and regionally, and their challenges before and benefits after the adoption of the practices. It also gives lessons for improving SCC in the region to the governments and the private sectors who are engaged in advancing the ASEAN Plus Three economic cooperation and integration for the eventual establishment of the East Asian Community.

[China]
China International Trade Single Window

Purposes

- To expedite and simplify information flows between trade and governments and bring meaningful gains to all parties involved in cross-border trade
- To improve the efficiency and effectiveness of data exchange and processing between trade and government
- To reduce customs clearance costs and improve customs clearance efficiency
- To promote trade facilitation and enhance the foreign trade core competitiveness of the country

Implementing and Co-operating Stakeholders

- Hosted by the National Port Management Office
- Operated and maintained by the China Electronic Port Data Center

Lessons for improving SCC in ASEAN+3

With the increasing integration of economies around the world, facilitating the smooth flow of information becomes a pressing requirement of governments and business. Efficient information system and procedures not only can significantly increase the effectiveness and efficiency of SCC, but also can speed at which goods can move, reduce costs, improve business efficiency, and enhance the foreign trade core competitiveness of a country.

The China first International Trade Single Window, which was built as a sharing platform of information exchange, mutual recognition of supervision, and mutual assistance in law enforcement for the relevant port administrative departments, has been officially launched in China (Shanghai) Pilot Free Trade Zone in June, 2016.

As such, the implementation of a single window system enables international (cross-border) traders to submit regulatory documents at a single location and/or single entity. Such documents are typically customs declarations, applications for import/export permits, and other supporting documents such as the certificates of origin and trading invoices.

The China International Trade Single Window unified portal, which is a unified entrance and port integrated information service platform of the “Single Window” of the whole country, has been officially lunched on December 31, 2016.

International Trade Single Window is now in place in the entire Chinese mainland. Instead of filing the same information repeatedly with different authorities, traders are able to declare cargo and taxes with a single

submission on a web-based platform for free.

Basically, after several years building, China International Trade Single Window has realized declaration and submission by applicants to the competent port administration departments concerned through "single windows" once altogether, sharing of information and data and execution of functional administration by port administration departments through platforms of electronic ports, and sending of feedback on results of law enforcement to applicants through "single windows".

Challenges before adopting this best practice

In traditional customs clearance mode of China, international traders have to prepare and submit increasing amounts of documents to various government authorities, with each authority often having its own specific systems and paper forms. As results, lower efficiency of customs clearance and higher customs clearance costs lead to lower trade facilitation. The international traders may have had to contend with visits and dealings with multiple government agencies in multiple locations to obtain the necessary papers, permits, and clearances to complete their import or export processes.

Benefits and improvements after the adoption

The international trade single window allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. The specific benefits are as follow:

- It will increase efficiency and effectiveness of regulation and reduce costs both for governments and trade.
- It will strengthen cooperation between port management departments and promote information sharing and data transmission.
- It will improve customs clearance efficiency and optimize the trading environment of the country.
- It will promote trade facilitation and enhance the foreign trade core competitiveness of the country.

To find out more

https://www.singlewindow.cn/
China International Trade Single Window

[China]
Innovating the New Supply Chain of "Supply Chain + Internet" and Building an O2O Supply Chain Business Ecosystem

Purposes

- To build a supply chain business ecosystem with cross-border integration, platform sharing, and inclusive symbiosis

Implementing and Co-operating Stakeholders

Eternal Asia Supply Chain Co., Ltd (EA)

Lessons for improving SCC in ASEAN+3

This practice pays full attention to the needs of brand owners, channel vendors, retailers and consumers, and uses the "new circulation" strategy to directly feed consumer information to brand owners. By providing brands with better consumer experiences and products, this practice helps the dealer system to integrate quickly, realize resource sharing, and enhance integration benefits, so that consumers can have a better shopping experience and ultimately achieve intensive, shared and win-win business ecosphere. This practice's new circulation strategy leads enterprises to integrate more deeply and broadly into the globalization system, promote cross-border and coordinated development of the industries in multiple dimensions, and is of great significance to promoting China's economic prosperity and rejuvenation.

Based on the supply chain operation service as the base carrier and the new Internet technology as a means of sharing and enhancing efficiency, Eternal Asia Supply Chain Co., Ltd. (EA) innovates "supply chain + internet" new circulation model, and builds a bridge between upstream and downstream companies through joint participants in the supply chain. Through adhering to the supply chain innovation thinking of "integration, sharing, collaboration and innovation" and its own service leadership, EA strives to build a supply chain business ecosystem with cross-border integration, platform sharing, and inclusive symbiosis [Picture1].

Founded in 1997, EA is the first listed supply chain company in China. It has more than 500 branches and employs nearly 30,000 people worldwide. It cooperates with more than 2,000 well-known brands at home and abroad such as Cisco, GE, IBM, CISCO, PHILIPS, HP, PANASONIC and LENOVO. EA's service business area covers fast-moving consumer goods (FMCG), IT, communications, medical, home appliances,

industrial raw materials, services and other industries. Its main business services include production supply chain, circulation consumer supply chain, logistics business, supply chain finance, "supply chain + internet" business, etc. Its service covers 320 major cities in China (including Hong Kong) and more than 10 major countries in Southeast Asia, Europe and America.

In 2017, EA completed a business volume of 97.5 billion yuan and ranked 261st among the top 500 Chinese enterprises, ranking first among domestic supply chain service companies. EA ranked 9th among the top 100 service industries in Guangdong, 29th among the top 500 enterprises in Guangdong Province, and 12th among the top 100 enterprises in Shenzhen. It has been selected as one of Fortune China's top 500 companies for many years. With continuous growth and innovative management capabilities, EA has been awarded the first batch of “National Manufacturing and Logistics Industry Linkage Development Demonstration Enterprise” and “National Intelligent Warehousing and Logistics Demonstration Base” by the National Development and Reform Commission (NDRC), the first batch of “service-oriented manufacturing demonstration enterprises” by the Ministry of Industry and Information Technology (MIIT), the Vice President of the China Federation of Logistics and Purchasing (CFLP), the board of directors of B20 China Business Council and many other achievements and honors.

Challenges before adopting this practice

Industry Pain Point

China's supply chain development is so far still at an initial stage. The role of most companies in various industries in global business competition is still at the low-end level in the supply chain and value chain. Specifically embodied as:

- Most supply chain enterprises in China are backward in management and service concepts and lack of supply chain thinking. In China, research on supply chain concepts, development foundations, governance mechanisms, etc. started late. Some enterprises' and consumers' perception of the supply chain are still developing. Most Chinese companies are seriously lacking in the supply chain thinking of “outsourcing non-core business and focusing on their core competitiveness”, and lack of motivation to implement supply chain management.
- Circulation industry are blocked, and the channels are not well connected. For brand owners, they face multi-level distribution channels, low circulation efficiency, high circulation costs and many other issues. For traditional distributors and dealers, they face problems such as excessive number of enterprises, small scale of operation, weak competitiveness, and irregular business operations. For retailers, they face difficulties such as low capital, low commodity categories, limited consumer population, poor shopping experience, and fatigue in response to fierce competition from new formats such as e-commerce and new retail.

Benefits and improvements after adoption

After China entered the new normal of the economy, "Internet +" jumped to the top design of the country and

became the new blue ocean for the development of the supply chain service industry. EA has changed with the trend, organically combining new Internet technologies with supply chain services, and has opened up the era of “new circulation” strategy development in response to the above-mentioned industry problems.

EA's "new circulation" [Picture2] strategy upgrades the entire chain of the entire commodity circulation industry, and promotes the intensive sharing of resources by using the "supply chain + internet" model to link brand companies, traditional distributors, retailers and end consumers, to help supply chain upstream and downstream interconnection and coordinated development. EA's "new circulation" model truly makes the distribution channel resources flattening, sharing and communalization.

- **Deeply plowing supply chain distribution services and reshaping the circulation structure:**
  EA reshapes the current vertical, multi-tiered dealership system and builds the “380 Distribution Platform” [Picture3]. By leveraging the distributor's advantages in sales terminal development and maintenance, EA manages the distribution channels, effectively solving the three major problems of cost, talent and operation in the sinking of brand channels, achieving efficient distribution, quickly covering terminal outlets, and eliminating the blind spot in distribution networks. At present, the “380 Distribution Platform” has become China's largest fast-moving consumer goods distribution service platform. In 320 cities of 31 provinces, EA has established distribution outlets which cover nearly 2 million terminals, and vertically extend into 1 to 5 levels towns, and cover nearly 1 billion effective consumers, operating more than 100 of Fortune 500 companies and 2,000 well-known brands at home and abroad. Nearly 400,000 kinds of goods are distributed. The scale of business has grown from 1.8 billion in 2012 to 40.12 billion in 2017, a 22-fold increase.

- **Building a smart logistics network and consolidate the supply chain basic service capabilities:**
  EA has 532 logistics outlets in more than 300 cities across the country these covers 1-5 level cities, and the delivery service goes directly from the core cities to towns. It has a total warehouse area of more than 2.2 million square meters, and has integrated supply chain logistics bases in Shenzhen, Shanghai, Dalian, Changsha, Chongqing and Qianhai. By constructing a logistics information sharing and communalization system and building a deep-aware intelligent warehousing system and an intelligent logistics delivery system, EA will create a public service platform for functional upgrades. Through forming a scale effect with its rich customer resources, realizing light asset operation in a resource sharing manner, providing multi-party synergy with a powerful logistics information system, EA has improved logistics services such as procurement logistics, regional delivery, urban distribution, Full Truckload Shipping (FTL), Less than Truckload Shipping (LTL), and built an integrated logistics service network system [Picture4].

- **Opening up online and offline channels to achieve community business facilitation:**
  Through the community Online to Offline (O2O) as a breakthrough, the 380 distribution network as the carrier, the national logistics network as the support, and relying on the strong supply chain service system and big data service capabilities, EA's "Xinglian" [Picture5] builds APP Internet tools such as the Yunshang, Youdian, and builds a circulation internet empowerment system with "shared goods, shared distribution, shared marketing, and shared traffic" as the core. By integrating, connecting and empowering small and medium-sized retailers and individual entrepreneurs, EA "Xinglian" fully activates nearly million

terminal retail stores nationwide, providing a series of innovative services such as store image, commodity procurement, value-added business development, operation management, and small and medium-sized retail stores, financing channels, and also helps retailers to sell by online and offline channels, so that small and medium-sized retail stores can be transformed from small stores to large supermarkets. At the same time, "Xinglian" helps the brand to occupy a larger market share, making consumers more convenient and more cost-effective, and ultimately creating a new situation of win-win situation between the three parties.
EA builds the brand UN through the Xinglian O2O service, the smart store system, and the "Xinglian Three Good Festivals" activity that are linked online and offline to achieve common development.

- **Building a franchise platform and empowering retail terminals:**
  Building a franchise platform is an important strategic layout for EA to break through the last link that is retail terminals of the business ecosystem. Relying on the solid foundation of the existing 380 distribution platform system, EA creates a franchise comprehensive service platform integrating franchise, product collection, brand service, marketing support and value-added services, and is committed to integrating high-quality retail franchise enterprises. EA established a multi-brand franchise consortium of Xinglian.

  EA will fully adopt the "partner system" and open up the cooperation system for the whole society. Through the "three-in-one" strategy of project integration, cultural integration and business integration, EA plans to develop 60 partners nationwide and complete 300,000 franchise in 3-5 years.

- **Establishing an integrated business service platform to help new circulation development:**
  With the opportunity of the country to vigorously develop its supply chain strategy, EA actively cooperated with state-owned capital and promoted the reform of EA mixed enterprises through the cooperation model of "state-owned enterprises + private enterprises". EA plans to establish comprehensive supply chain service platforms across the country, introduce strategic partners and high-quality local resources, and build a comprehensive supply chain network in the form of joint ventures to accelerate the transition from a fund-driven to a capacity-driven model in the new era. In essence, the comprehensive business service platform is the "complete industrial supply chain service platform" that EA has responded to by the country's policy call for vigorously developing modern supply chains and exporting supply chain operation capabilities and innovative value-added services and thinking to governments and societies across the country.

Benefits and improvements after the adoption

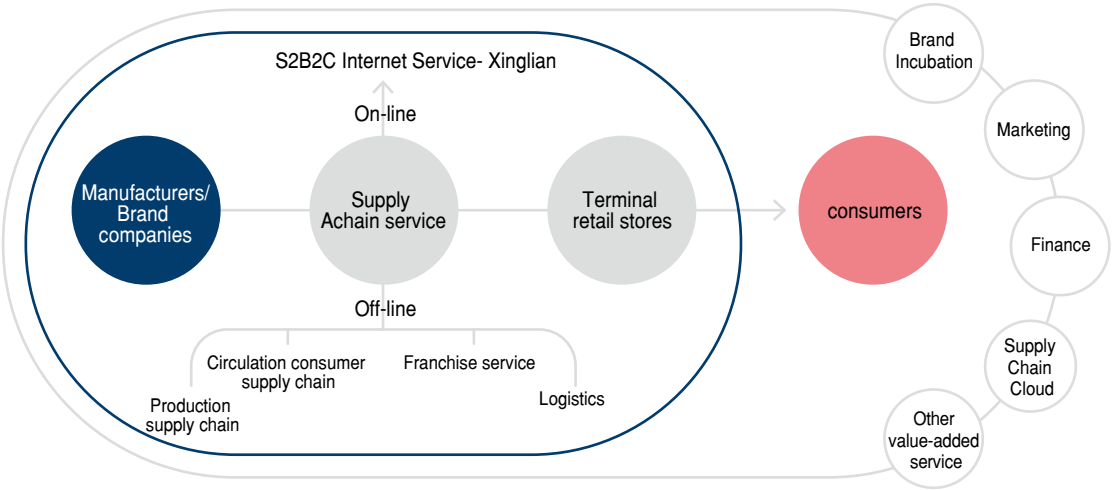
- **Economic benefit:**
  EA uses the "supply chain + internet" model to integrate the supply chain, so that the outsourcing business and non-outsourcing business can be seamlessly linked, minimizing logistics and management costs, improving supply chain efficiency and creating the core competitiveness of the enterprise. Relying on numerous channel resources and rich marketing experience, EA helps brands reduce sales levels, circulation and operating costs, and EA helps manufacturers to increase sales and operations, increase product competitiveness, expand a broader market, and EA also provides professional dealers a rich and diverse product line to meet the one-stop shopping needs of customers. EA helps upstream and downstream enterprises in the supply chain to achieve efficient distribution, fast and direct supply of goods, improve the

efficiency of commodity circulation, reduce the cost of circulation, and stimulate profit growth.

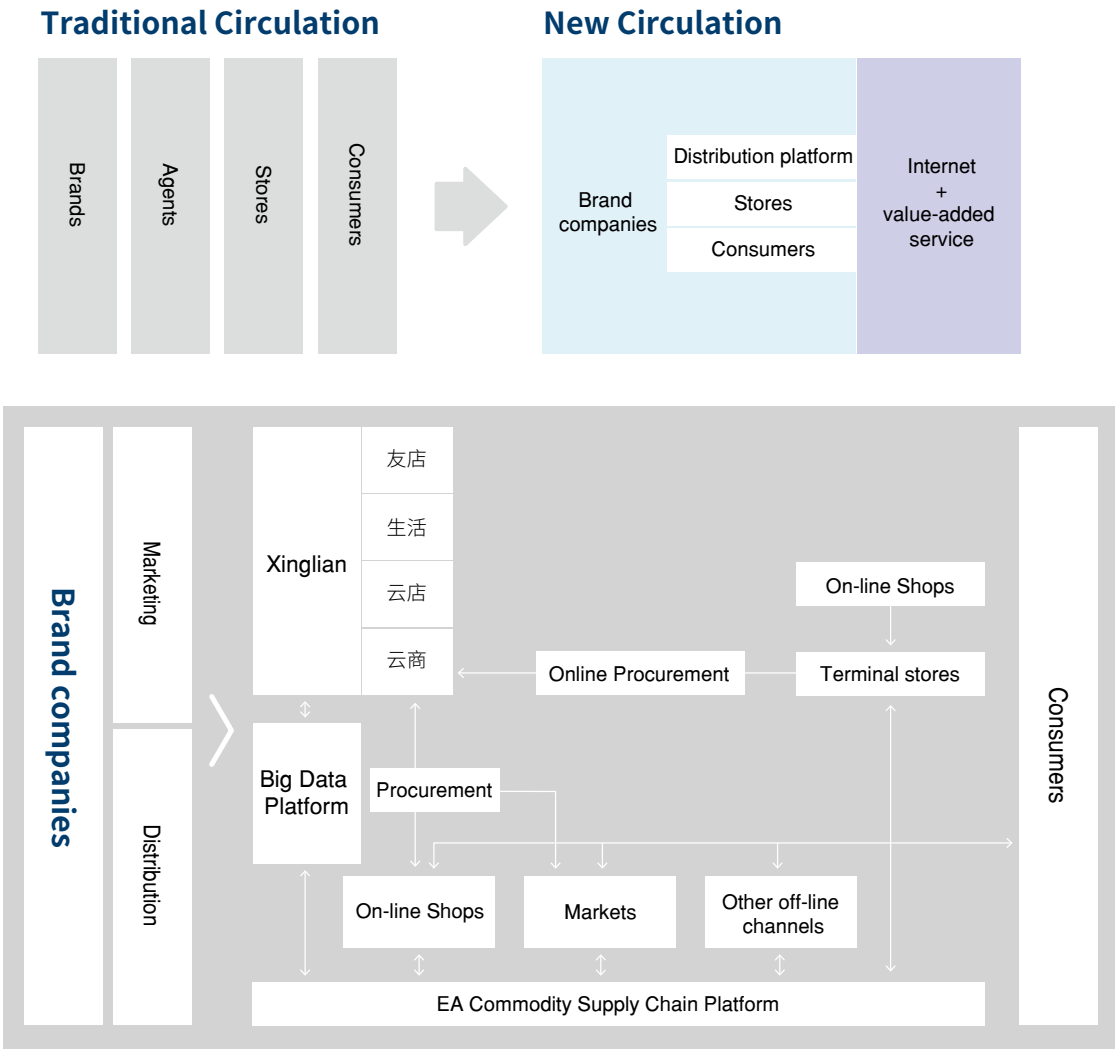
- **Social benefit:**

  In today's economic globalization, the supply chain level has become an important indicator for measuring the national level and has become one of the main players to promote the sustainable development of China's economy. Through the “supply chain + internet” model, EA changes the traditional circulation model, simplifies operational process, reduces resource consumption and waste, reshapes the circulation elements, makes the circulation of goods smoother, and makes the efficiency more efficient and the value distributed reasonably. Under the background of supply-side structural reform, EA's new circulation strategy will comprehensively promote the innovation and transformation of China's circulation industry, change the bad current situation of the circulation industry such as scattered, chaotic, poor, small, and promote the sharing and integration of resources of the whole society, and will also help the national economy development transformation and upgrading.

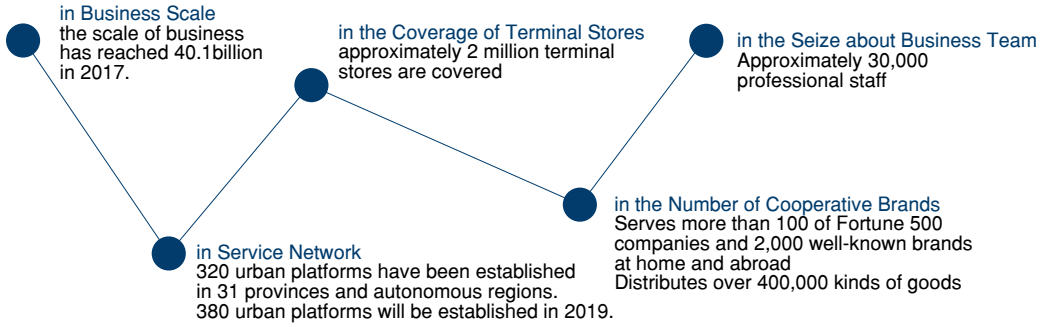
[Picture 1] EA's inclusive and symbiotic supply chain business ecosystem



[Picture2] EA's "new circulation"

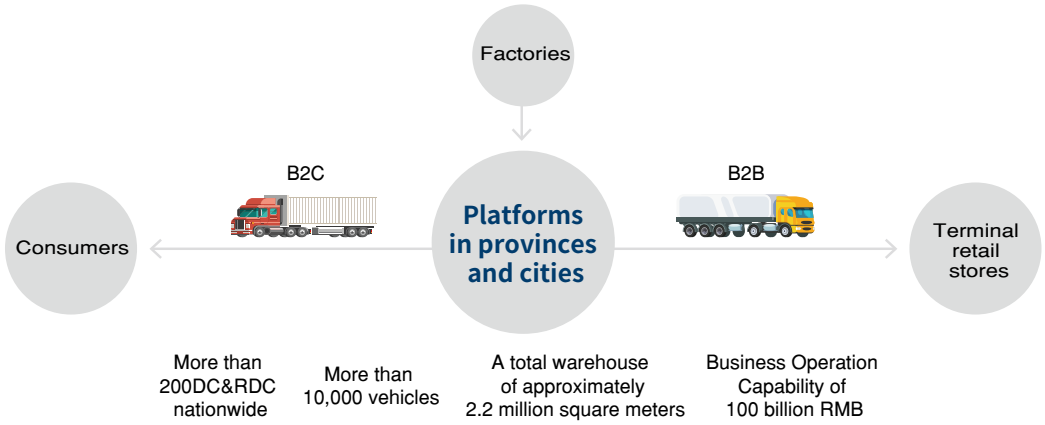


[Picture3] EA's "380 Distribution Platform"

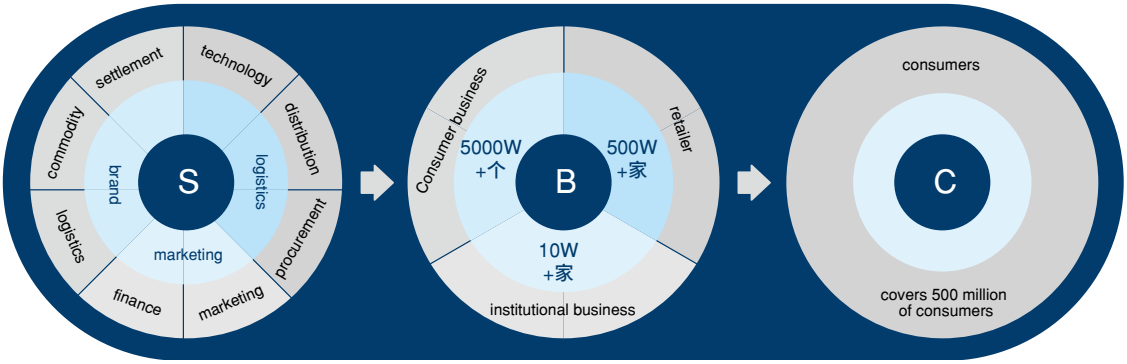


Best Practice

[Picture 4] EA's Logistics Service Platform



[Picture 5] EA's S2B2C Internet Service Platform



To find out more

http://www.eascs.com/en/

EA website

[China]
Paperless Customs Clearance

Purposes

- To reduce customs clearance costs and improve customs clearance efficiency by launching paperless customs clearance system

Implementing and Co-operating Stakeholders

General Administration of Customs of the People's Republic of China (GACC)

Lessons for improving SCC in ASEAN+3

With the reference to the reform of customs clearance, electronic data interchange and data sharing are playing an important role in improving SCC.

Chinese paperless customs clearance reform has been officially launched on August 1, 2012. For the purposes of accelerating the implementation of policy measures for the steady growth of foreign trade, further promoting the paperless customs clearance reform, and enhancing the trade facilitation, the GACC has decidedto expand the scope of enterprises to which paperless customs clearance applies to cover enterprises with all classes of credit rating in February, 2017.

Thenceforth, all import or export enterprises can participate in paperless customs clearance no matter what size and credit rating of those enterprises are, which can significantly reduce the paper documents preparation time and accelerate the customs clearance efficiency.

Although Chinese customs has entered paperless customs clearance mode now, the import or export enterprises shall still submit lots of documents to the customs office with the digital scan version, such as the contract, the packing list, the certificate of origin, the commercial invoice, the transport document and other relevant documents even if they choose the paperless customs clearance mode. Furthermore, the import or export enterprises shall still keep the whole customs clearance documents for several years in case of customs inspectors.

Challenges before adopting this best practice

It will require the import and export enterprises to prepare lots of paper documents and materials in compliance with regulatory requirements and submit original paper documents to Customs Department, which will obviously increase the time and cost of clearance.

Benefits and improvements after the adoption

- Simplify the customs clearance procedure
- Accelerate the customs clearance process
- Reduce the customs clearance costs

To find out more

http://english.customs.gov.cn/
General Administration of Customs of the People's Republic of China website

http://www.chinaport.gov.cn/
China electronic port website

[China]
Consolidated Duty Collection

Purposes
- To promote trade facilitation
- To reduce customs clearance costs

Implementing and Co-operating Stakeholders
General Administration of Customs of the People's Republic of China (GACC)

Lessons for improving SCC in ASEAN+3
Consolidated duty collection can improve efficiency in the use of funds and reduce the operating costs of enterprises, which will decrease enterprises' operating costs and the pressure of capital flows.

Consolidated duty collection is an operating mode of customs offices for collection and payment of import and export duties. Different from the existing one-bill-by-one-bill duty collection mode, under consolidated duty collection mode, customs offices may calculate and collect, on a concentrated and consolidated basis, the duties incurred by multiple imports and exports conducted by the taxpayers of import and export duties qualified upon examination during a certain period of time.

Enterprises shall provide the blanket guarantee of duties for the customs offices in the places where duties are paid. The forms of general guaranty include deposits and letters of guarantee. The beneficiaries of a letter of guarantee include the Customs offices directly under the GACC at the place where it is registered and other Customs offices directly under the GACC that are to conduct consolidated duty collection.

An enterprises that has the need for consolidated duty collection shall file an application for the recordation of the general security for payment of duties with the functional department of duty collection of the customs office directly under the GACC at the place where it is registered, and a general security shall be in the form of a letter of guarantee or in any other form acceptable to the Customs in accordance with the law; the beneficiaries of a letter of guarantee shall include the customs office directly under the GACC at the place where the enterprise is registered and other customs offices directly under the GACC at the places of import and export; the coverage of security includes the payable customs duties and overdue fines of goods imported and exported by the enterprise during the security period; and secured credit line may be recycled according to payment of duties made by the enterprise.

The enterprises participating in consolidated duty collection shall meet the following conditions:

- It is a user of the electronic payment system for customs duties.

- All enterprises registered with the custom offices other than “unfaithful enterprises” may apply the consolidated duty collection mode.
- The monthly average duty payment frequency in the previous calendar year is not less than four times.
- The enterprise's declarations meet the regulatory requirements, and the enterprise has provided the materials and information required for customs document review, complies with the laws and regulations on the administration of duty collection by the Customs, and has paid duties in a timely manner.
- It does not fall under any other circumstance to which consolidated duty collection does not apply.

An enterprise shall, before the end of the fifth working day of each month, complete the consolidated electronic payment of the payable duties in the previous month.

Challenges before adopting this best practice

Under the traditional one-bill-by-one-bill duty collection mode, it requires enterprises to pay all duties and fees before the goods released. This means that enterprises need to frequently go back and forth between customs, banks and ports due to duty collection and relevant materials/documents submission, which is time-consuming and laborious. Besides, the traditional one-bill-by-one-bill duty collection mode will increase enterprises’ operating costs and the pressure of capital flows.

Benefits and improvements after the adoption

- Releasing the goods before duty collection can significantly decrease the customs release time
- Consolidated duty collection can improve efficiency in the use of funds and reduce the operating costs of enterprises
- Territorial management can simplify the application procedure
- Secured credit line may be recycled intelligently according to the payment of duties made by the enterprise

To find out more

http://english.customs.gov.cn/
General Administration of Customs of the People's Republic of China website

http://www.customs.gov.cn/publish/portal0/tab71223/
Factsheet on China’s consolidated duty collection 1

http://www.customs.gov.cn/publish/portal0/tab71224/
Factsheet on China’s consolidated duty collection 2

[Japan]
Global Portal Site for Supply Chain "v-PROCESS"

Purposes

- For quick confirmation of latest cargo status
- To share electronic documents for export or import with all relevant parties

Implementing and Cooperating Stakeholders:

Supplier, shipper, consignee and forwarder

Lessons for improving SCC in ASEAN+3

By enabling visualization of status, one stop integrated service which provides the bird's eye visualization of procurement progress in the supply chain gives efficiency of updating shipping information and effectively reduces time spent on inquiries.

v-PROCESS is one stop integrated service providing customers around the world with the bird's eye visualization of procurement progress in the supply chain. It enables visualization of progress management by referring to defined milestones, connecting partners throughout the supply chain.

Now, v-PROCESS is used by more than thirty customers around the world of which more than 80% of customers are located in ASEAN+3 region. Industrial sectors where v-PROCESS is regularly utilized are automotive and motorcycle manufacturers, semiconductor manufacturers, medical equipment manufacturers and furniture manufacturers.

Challenges before adopting this practice

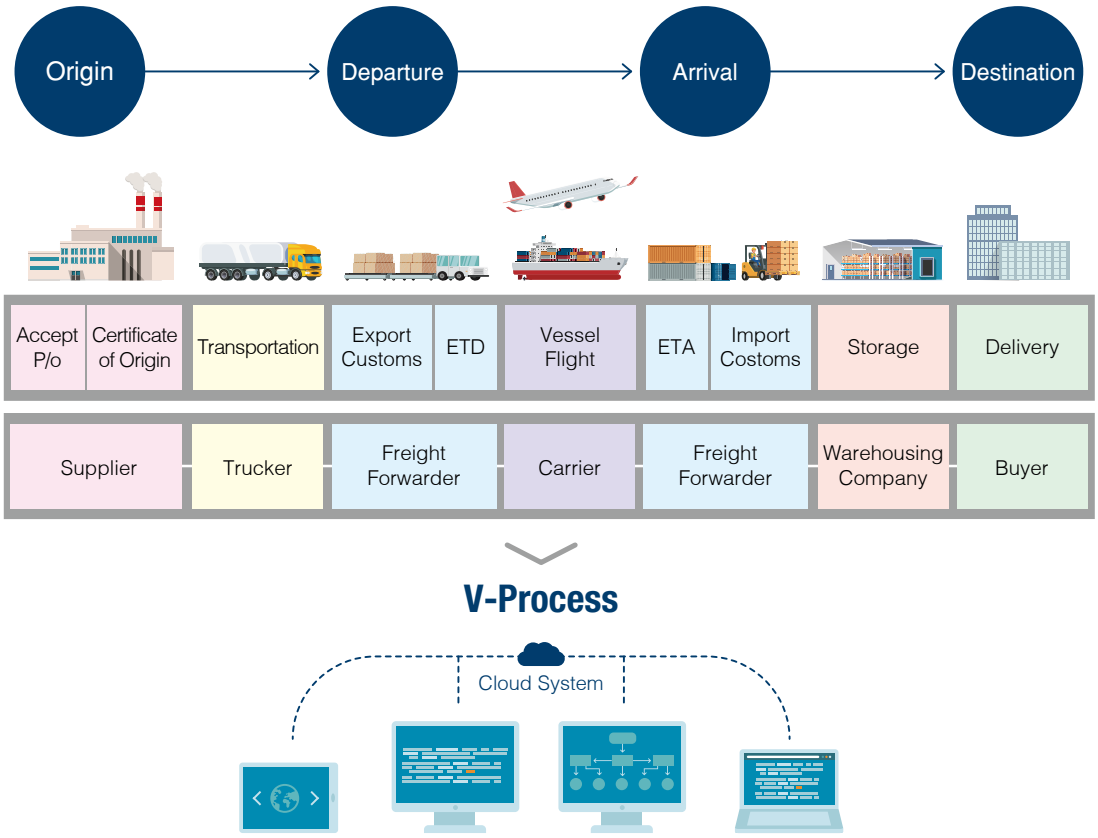
Previously, updating shipping information among exporter, importer and forwarder was done on Excel files. Therefore, when one party updates certain information, it was difficult and cumbersome to distinguish if the information indicated on the excel sheet is the latest or not.

Benefits and improvements after adoption

By uploading relevant data and documents using the same format throughout the system, each party can grasp the status of the shipment when needed, they can also effectively reduce time spent on inquiries.

Also, if a shipper chooses to use Nippon Express Bill of Lading, data of all shipping documents automatically link with Nippon Express operation systems – Nippon Express' Worldwide Information System (NEWINS),

GS-Net, NICE –, freeing the users from registering the same shipping information again.



To find out more

https://www.nittsu.co.jp/logistics_solution/it/global-portal/v-process/

v-Process website

[Japan]
Development of Cold Chain Logistics: Within the ASEAN+3 and among the regions of East Asia, Southeast Asia, America and Europe

Purposes

- To benefit Small and Medium Enterprises (SMEs) to establish their own logistic system at a regional scale in enhancing the cold chain connectivity
- To create the new international standard for the services

Implementing and Cooperating Stakeholders

Yamato Holdings

Lessons for improving SCC in ASEAN+3

This practice contributes in enhancing the cold chain connectivity by offering innovative forms and channels of temperature-controlled parcel delivery services, with the establishment of an international standard for the services. The foundation of the cold chain logistics has been constructed with the new international standard as a guideline and evaluation of service quality. Yamato Holdings will continue in raising awareness towards the new standard, mainly in the ASEAN+3 region. At the same time, the company will dedicate to expand the cold chain logistics within the region and also among East Asia, Southeast Asia, America and Europe to consistently offer high level of service to our customers.

Challenges before adopting this practice

Development of cold chain logistics between Japan and the mentioned four regions involves countries worldwide. Different levels of economic development stages in each country and region causes a disparity in logistic facilities and level of technical innovation which directly affects the quality of temperature-controlled refrigerated delivery services in the different stages of transportation for agricultural and fishery products, together with a lack of standardization among the countries and regions involved in the chain.

Benefits and improvements after adoption

In order to develop cold chain logistics, Yamato Holdings has involved into various stages of supply chain through integrating its know-how and services into local delivery practices, innovating its cross-border transporting service, and developing the first international standard for the refrigerated delivery service.

Best Practice

The establishment of overseas regional headquarters makes transportation of temperature-sensitive parcels from Japan to economic hubs in the East Asia and Southeast Asia (Hong Kong, Singapore, Thailand, Malaysia) available through company's international cool parcel delivery service named "International Cool TA-Q-BIN". In Thailand, Yamato Holdings has cooperated with Thai enterprisers and taken part in the operation of a retail shop of Japanese agricultural products through integrating know-how and services in procedures of import and export, transportation and local retailing. This service allows Japanese exporters to benefit from expansion of retailing market and also raises the living standard of consumers in Thailand by providing more choices in food consumption.

Besides, the company has developed a new service named "Yamato Natural Aircargo (YNA)" which transports temperature-sensitive products in isothermal temperature. For temperature-sensitive goods such as vegetables and wine, transporting under low temperature environment as chilled or frozen parcels results in a loss in freshness of the goods and may lead to a disposal loss of transported agricultural products even though the service users are bearing high transportation cost. YNA differentiates itself with the existing temperature controlled air cargo transportation as it is able to transport goods in a form of palette under isothermal temperature throughout the chain. Palette transportation reduces the cost so the service is now more affordable to SMEs and at the same time, the disposal lost can be controlled. For example, by using YNA, an online food retailer in Hong Kong was able to reduce its international transportation cost by 10% and disposal loss by 15% for import of Japanese products.

Recognizing the absence of standardization of the refrigerated delivery services causes potential risk in quality control in the segments of delivery processes, the company developed the first international standard for indirect temperature-controlled refrigerated delivery services, for land transport of refrigerated parcels with intermediate transfer, the PAS1018, together with experts from related companies and institutions in 4 countries. The PAS1018 lists out the requirements for delivery service provider on the operation of refrigerated delivery service, which provides a guideline for the related industries and companies and also provides a reference for the consumers on use of services. Now 8 companies under Yamato Group have acquired this certification.

Expected social effects that PAS1018 will bring

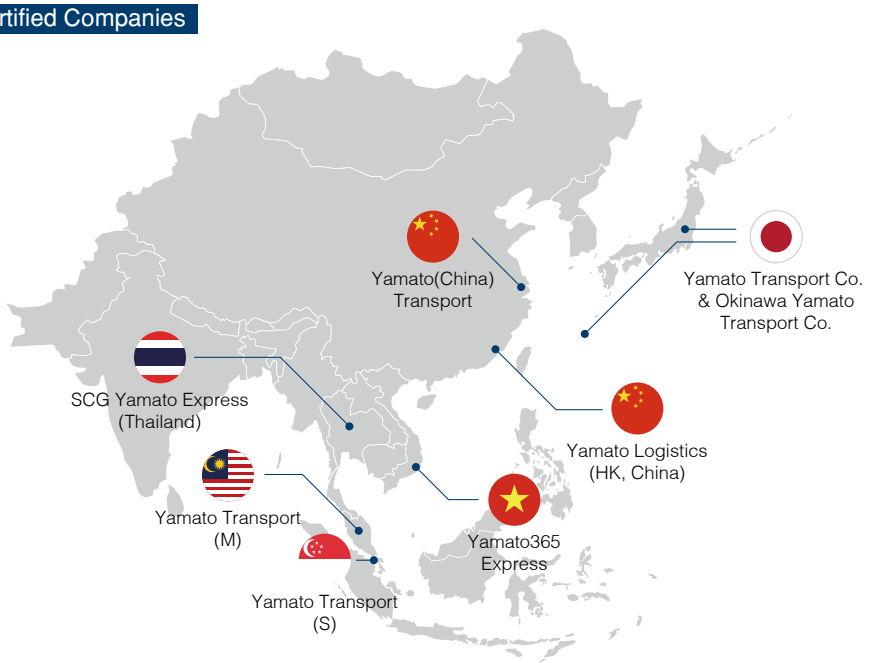
In order to realize economic development and prosperous life,
we'd like to bring safe refrigerated transport infrastructure through expansion of this Standard

Standard	Market Response	Service Provider	Service Quality	Future Society
Existed	Gain greater acceptance in the marketplace	Sustainable Growth	Expansion of the safe refrigerated delivery service	Economic development Prosperous life
Non-existed	Lose consumers' Turst	Difficulty in business expansion due to the negative attitude	Low-quality service prevails	Difficulty in Primary industry and EC-market development

Acquisition of PAS 1018 certification

A total of eight companies including Yamato Transport under Yamato Holdings acquired PAS1018

PAS1018 Certified Companies



To find out more

http://www.yamato-hd.co.jp/english/

Yamato Holdings website

[Korea]
Total Logistics Support Service "RADIS & RADIS Global"

Purposes

- To assist SMEs which are involved in cross-border trade by reducing logistics costs and providing consulting

Implementing and Cooperating Stakeholders

- Korea International Trade Association (KITA) and logistics companies / SMEs

Lessons for improving SCC in ASEAN+3

This practice contributes to increasing efficiency in logistics and to allowing SMEs to mitigate risk and financial burdens by lowering the barriers that have been hindering trade for SMEs.

Rate Discount & Consulting Service (RADIS) is a total logistics support service provided by the KITA in conjunction with 22 logistics firms in order to assist SMEs by reducing logistics costs and providing consulting. RADIS Global matches SMEs and logistics companies with overseas distribution hubs in order to provide agent services including customs, storage, inventory control, distribution, payment and sales management. RADIS Global allows SMEs to take part in trade while relieving financial burden or risk of installing storage hubs or branches overseas. RADIS & RADIS Global are one stop integrated services providing SMEs with trade assistance services.

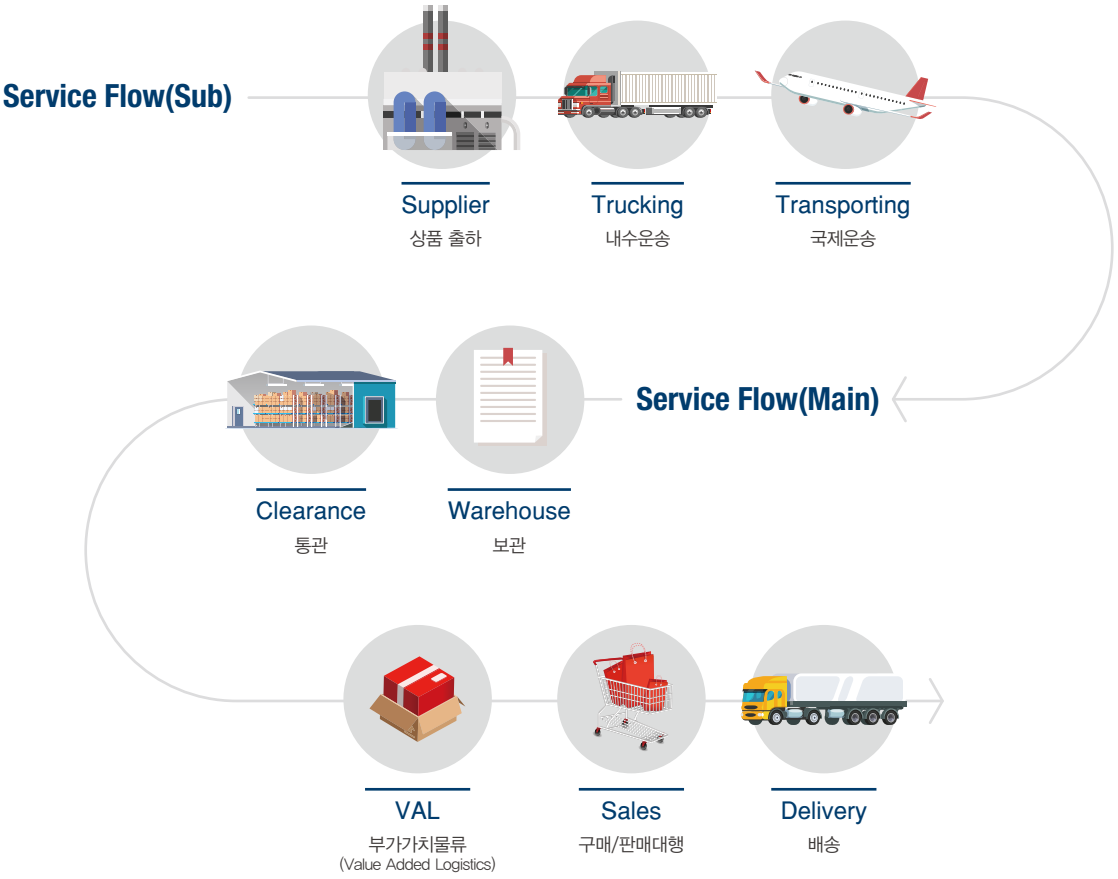
Type of Service	Description
Transportation	Shipment, management (schedule, documents), insurance, arrival info, etc.
Local customs	Customs, taxes, inland carrier
Inventory, sales management	Inventory control at distribution centers (POD), product release, execute sales, dealer contract for exporting firms, quality confirmation, etc.
Sales payment	Receipt, transfer of sales payment, payment notice, shipment instructions, etc.
Post management	Payment of logistics cost and service fee, claim management, etc.
Branch service	Acting branch for exporting firms, exhibition events, etc.

Challenges before adopting this practice

Previously, many factors have been hindering SMEs from participating in trade. Finding a reliable partner was a challenge and a risk, especially if your business is at stake. Also, establishing overseas branches or warehouses can be financially burdensome for SMEs.

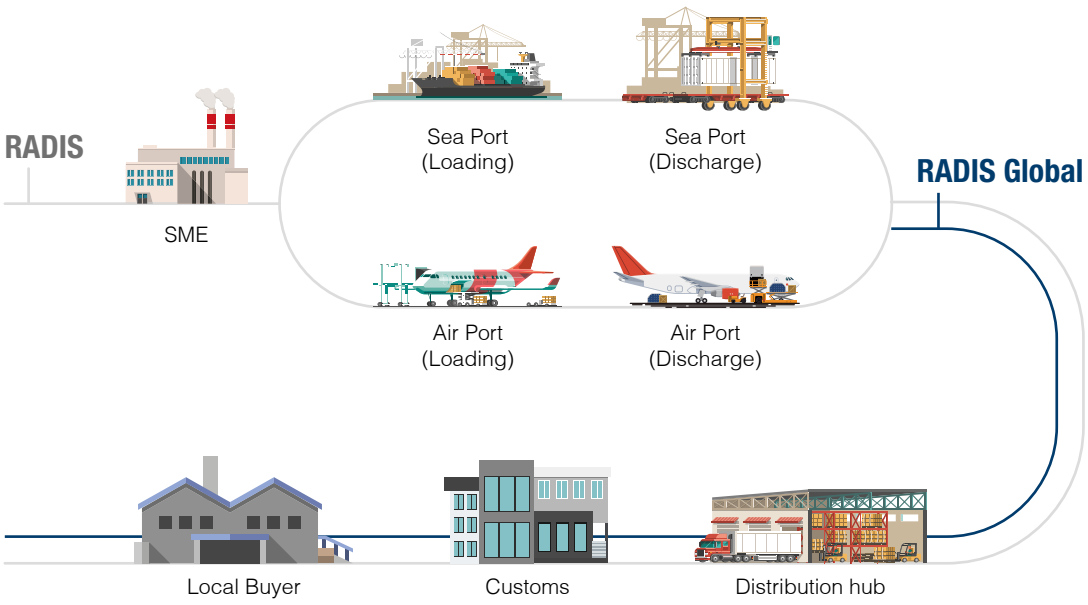
Benefits and improvements after adoption

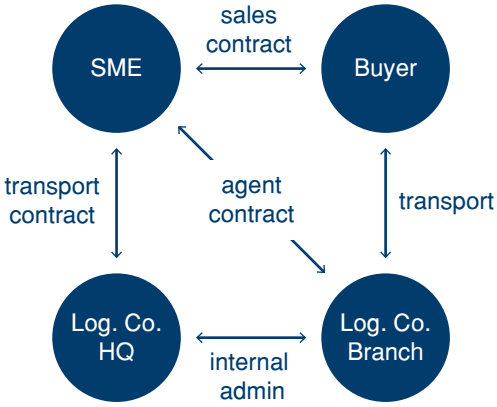
RADIS allows to mitigate risk and financial burdens of establishing an overseas branch while increasing efficiency of logistics for SMEs. Eventually, SMEs can focus on capability development in the aspect of their products or marketing, thereby enhancing competitiveness in the trade market. RADIS lowers the barriers that has been hindering trade for SMEs and trade becomes a more accessible option for companies.



Best Practice

SMEs-Logistics Company Contract Relations





- Period of contract(6 months)
- Range of responsibility between entities
- Commission
  (management, communication. etc)

To find out more

http://shippersgate.kita.net/
RADIS
http://www.kita.net/shippersgate/radis/sub_1.html
RADIC Global

[Korea]
Integrated Trade Information Services "Trade NAVI"

Purposes

- To provide an integrated trade information portal service at national level
- To eliminate information barriers and to provide reliable and accurate information at national level

Implementing and Cooperating Stakeholders:

Total of 50 organizations including central government, local governments, and export related agencies / trading companies, SMEs, individuals

Lessons for improving SCC in ASEAN+3

Building a national platform which integrates a variety of trade information in connection with the government and public institutions under government plan provides timely, reliable and accurate information to all stakeholders including central government, local governments, and export related agencies and trading companies. This practice will be able to provide advantage to a country that wishes to support companies' trade efficiency.

Trade NAVI is an integrated trade information portal service co-operated by the Ministry of Trade, Industry and Energy of Korea and the Korea International Trade Association (KITA). The integrated trade information service is a case in point which eliminated information barriers under the "Government 3.0" plan. It provides a variety of information in connection with the government and public institutions such as the Korea Customs Service, the Korea Agro-Fisheries Trade Corporation, the Small and Medium Business Corporation, the Korea Creative Content Agency and the Korea Chamber of Commerce as well as the related associations and organizations. Finding the right information at the right timing is critical, especially considering that trading companies are flooded with information. Trade NAVI is a source of reliable and accurate information.

Category	Information
News	Market trends, regulations, customs, FTA news
FTA/customs	Tariff rate of 58 countries, customs information, FTA status, etc.
Regulations	Technology, environmental, certification,
Marketing	Buyer offers, exhibitions, market reports, offshore procurement, etc.
Company info	Oversea company information from KITA, KOTRA, K-sure, SBC

Export	Government subsidy, ICT/IoT info, trade jargons, formats, manuals, etc.
Trade issues	Trade SOS (KITA), Trade Doctor (KOTRA), Export information SOS (aT)
Statistics	61 types of information for 59 countries including Korea, U.S., China, etc.

Challenges before adopting this practice

Previously, trade related information such as tax rates, regulations (NTB, environmental, anti-dumping, etc.), customs, FTA, trade statistics, country information, foreign company information, trade jargons, and buyer information were scattered and fragmented in many different organizations. In addition, users had to enter the precise 6 digits of HS code of each item to have information.

Benefits and improvements after adoption

Trade NAVI allows visitors to find necessary trade information in one integrated website. The number of total visitors shows the effectiveness of Trade NAVI. Since opening of the website, total visitors per year has increased by four times.

	2012	2013	2014	2015	2016	2017
Total visitors	314,179	488,177	1,257,386	1,773,892	1,867,450	2,259,258
Daily visits	1,309	2,034	5,239	7,391	7,781	9,413

Trade NAVI reinforces business matching service by integrating and connecting all the offer information from KITA, Korea Trade-Investment Promotion Agency (KOTRA), SBC and EC21 in order to support companies' practical trades. The improved new system enables to search for information by entering the name of each item, such as "drug" or "car". This system allows the novice traders to collect all the information on the website only with the name of countries and items of interest.

To find out more

www.tradenavi.or.kr
Trade NAVI website

www.ec21.co.kr
EC21 is an export consulting & marketing company that provides foreign market information through big data content analysis.

[Malaysia]
Electronic Transmission of ATIGA Form D

Purposes

- To transmit ASEAN Trade in Goods Agreement (ATIGA) Form D electronically to Customs authorities

Implementing and Cooperating Stakeholders

Ministry of International Trade and Industry of Malaysia, Royal Malaysian Customs Department

Lessons for improving SCC in ASEAN+3

As the demand of the e-ATIGA regime for exports for exports to Malaysia, Singapore, Thailand, Indonesia and Vietnam, it is recommended to extend this system to other countries in the region.

The ASEAN Single Window (ASW) is a regional initiative that connects and integrates National Single Window (NSW) of ASEAN Member States. Indonesia, Malaysia, Singapore and Thailand are now using the ASW to exchange electronic certificates of origin. By the ATIGA which aims to achieve free flow of goods in ASEAN region, the user countries exchange electronic Form D between the Issuing Agencies (CIA) on the export side and Customs on the import side. Effective as of January 1, 2018, Indonesia, Malaysia, Singapore and Viet Nam began a Live Operation phase whereby the e-ATIGA Form D data would be transmitted electronically to Customs authorities and there will no longer be requirements for hard copy of ATIGA Form D.

For Malaysia only exporters that have registered with Ministry of International Trade and Industry to participate in the ASW scheme can benefit from paperless transmission of e-ATIGA. Registered exporters can apply for e-Form D ATIGA through the NSW-ePCO system. Exporters would need to click the 'consent box' to use the e-Form D ATIGA. The system will recognize the application to be electronically transmitted to the importing customs via the ASW gateway once the 'ASW Consent Box' is ticked. Exporters however that have not registered under the ASW scheme can still benefit from preferential duty treatment under ATIGA Form D through the following options: Hardcopy of ATIGA Form D; and Invoice Declaration under Self Certification System.

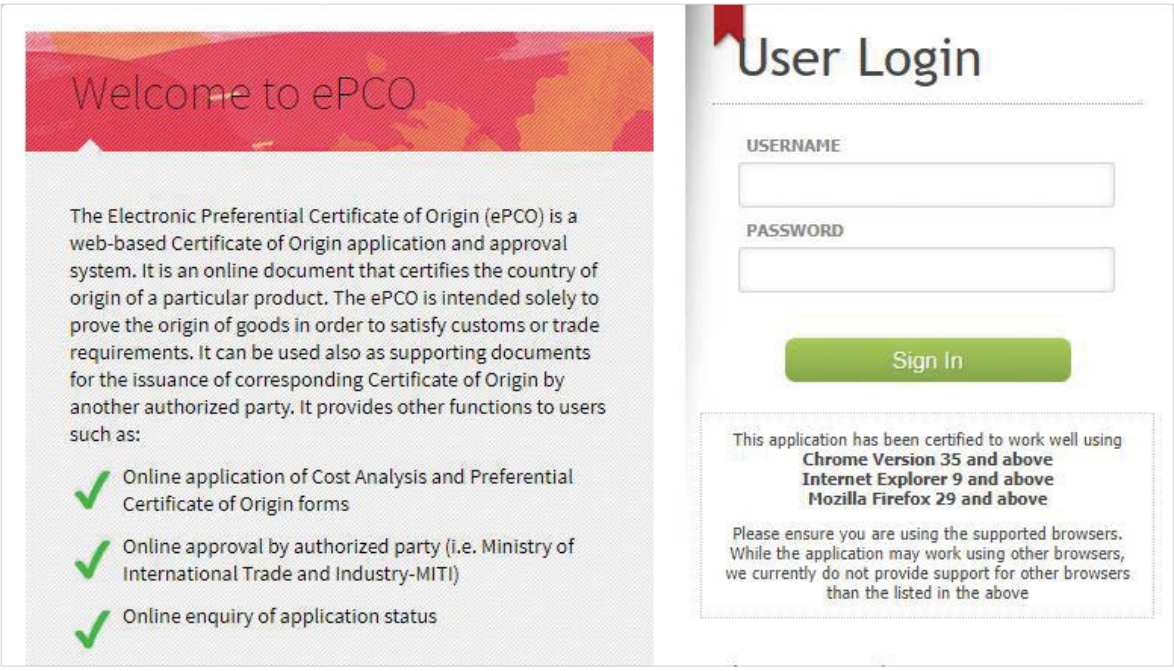
Challenges before adopting this best practice

It will require the respective countries to establish a NSW and for participating countries to accept the electronic Certificate of Origin from the exporting country.

Benefits and improvements after the adoption

- Simpler and faster processing time, and a more transparent way of doing business

- Mechanism to eradicate forgery of ATIGA Form D
- Lessen the verification issue relating to specimen signature and authenticity of the issuance of ATIGA Form D



To find out more

asw.asean.org/
ASEAN Single Window (ASW) website

https://newepco.dagangnet.com/dnex/login
NSW-ePCO system

[Malaysia]
China Certification & Inspection Group (CCIC) Traceability System

Purposes

- To provide full supply chain traceability information to facilitate trade and ensure food security/safety to ease market access into China

Implementing and Cooperating Stakeholders

China Certification & Inspection Group (CCIC), relevant Authorities in exporting country i.e. Malaysia External Trade Development Corporation (MATRADE), traders and consumers

Lessons for improving SCC in ASEAN+3

- Overseas Pre-examination Services: Exporters who are currently exporting to China and face inspection and verification issues with the Inspection and Quarantine of the People's Republic of China (AQSIQ) are able to expedite clearance through this practice.
- Traceability Services: Cloud platform allows the consumers and other users to verify the authenticity and information of the products.

The CCIC Traceability System is a service that provides a support for full supply chain traceability information, from production to consumption. This is information required by the Chinese Inspection Authority, General Administration of Quality Supervision, AQSIQ imposed to all exporters keen to sell in China.

The company has introduced the "Overseas Pre-examination and Traceability" service based on the group's traceability cloud platform. CCIC traceability service consists of two major components:

- Quality verification, including certification and audit of food production enterprises abroad, with sampling and inspection of products, supervision and loading of trade links, etc.
- Traceability offering, relying on a traceability cloud platform created by CCIC, from the production process of products to the delivery of products

CCIC Traceability System is accessible by the public which allows the consumers and other users to scan and generate a QR code using their mobile phones. This helps consumers in China verify the authenticity of the products within just three seconds, as well as provide information including specifics like manufacturing dates and exact location. The system also ensures that copyright and interest are also protected.

Challenges before adopting this best practice

It requires buy-in from exporters in exporting country. For example, to as of August 2018, only four Malaysian companies are utilizing the CCIC Traceability System in Malaysia.

Benefits and improvements after the adoption

The CCIC Traceability System offers the following advantages:

- Trade Clearance Facilitation/ Market Access: With the CCIC Traceability System, the inspection and verification of products would be done before their arrival at ports, expediting the AQSIQ clearance process. The data and information from the inspection outcome by CCIC are acknowledged by AQSIQ. Since the CCIC Traceability System is well-known by Chinese local authorities, traders and consumers, its implementation will accelerate import process and open the door to many business opportunities.

- Enhance Credibility/ Food Safety: The demand for authentic and safe product is growing in China. Geographical indication, product specifications and quality certifications are made available publicly thus increasing credibility of the product. The system helps consumers in China overcome the issue of buying fake or unsafe products.

- Compete Against Misleading European-sounding Products: Differentiate products from the large amount of so-called “Italian Olive Oil”, “Belgian Chocolate” or “French Wine” in the market, which are produced nowhere close to Italy, Belgium nor France.

To find out more

http://www.ccic.com
China Certification & Inspection Group Beijing Co., Ltd

http://www.matrade.gov.my/en/
Official portal of Malaysia External Trade Development Corporation

[Singapore] Digitalized Trade Data – Key to Optimize Supply Chain Flow

Purposes

- To leverage on modern technology to optimize supply chain flow
- To smoothen processes on trade-related transactions
- To ensure there is proper control and versioning of trade documents

Implementing and Cooperating Stakeholders

Global eTrade Services (GeTS), Ezbuy

Lessons for improving SCC in ASEAN+3

Effectiveness and efficiency are 2 key areas on improving SCC. Through leveraging on modern technology and streamlining processes, organizations can find time and effort spent are greatly reduced. This creates economies of scale, and by having intuitiveness of a solution in place, it enables organizations to have ample turnaround time to react when unforeseen circumstances occur.

This practice provides a seamless, end-to-end platform for users in better managing data, and showcasing its intuitiveness on notifications/alerts via a broad eco system. All in all, it facilitates in streamlining processes and help achieve overall organizations' business objectives.

GeTS xBS is the solution that could apply its transformational capabilities and, to provide an end-to-end solution platform to overcome the following challenges:

- **Processes**
  - How can we remove the manual data entry job?
  - Does that add value to the process?
  - is it an inevitable process?

- **The declaration team**
  - How many business rules that the client's declaration team members have to fulfil their import declaration needs?
  - How to eventually distribute the goods to consumers' hand for the last mile delivery?
  - How to ensure the enhancements will be able to handle the requirements?

• **Data collection/conversion**
  - Where can we acquire the data in digitised form?
  - Are there any products/services in the digital marketplace in achieving this purpose?

To kickstart in applying the solution, the team ("GeTS") went ahead to tackle the most critical issue, which is to identify the source of the data and getting it to flow through in digitized format. This can then be applied across in resolving subsequent processes:

1) First, there is a need to reach out to various parties (clients/business partners) in agreeing to provide the source data through harmonized data fields within the ecosystem. This involvement requires considerable effort for this large-scaled change management.
2) Second, to configure business rules and master data needed for applying the consolidation and optimization logic. This set of knowledge assets will be retained within the corporation for our client.
3) Third, to identify non- value-added activities; i.e.: manual data entry works. Leveraging on GeTS technology and solutions; through connecting the relevant ones to create a seamless workflow and reusing the data (e.g. invoice from suppliers), to convert it for customs declarations usage.

Data acquired through the source is then transformed into customs compliance required dataset. While transforming the data, certain values are looked up, and converted into new values referencing from business rules that were configured. Smart HS Classification Engine is used to retrieve HS Code by using the layman item description. Optimization logics are applied in creating the least number of permits segregated by Controlling Agencies. And, notifications and alerts are to be set up, and that, respective process owners will be notified for next course of action when the prior key milestone activities have been completed.

Challenges before adopting this best practice

Ezbuy (the "client") is one of the eCommerce platforms that helps users to buy from Chinese eCommerce marketplaces. They aggregate the orders received from consumers and will buy from China through their sources and import the goods into Singapore, then distributing them to the buyers.

The client relied on their declaration team ("declarant") to prepare and to submit trade declaration in TradeWeb ["a platform that facilitates the preparation and submission of trade declarations directly to customs and receipt of cargo clearance permits (CCP)"] manually.

The declarants first looked at the long list of invoice items received from their partners in China. Based on their prior experience and/or personal judgement, the declarants translated the product description from Chinese to English line by line. Referencing to the description in English, they will choose the correct/ deemed to be correct right HS code for the product description.

Different consumers may buy the same product/group, which these potentially share the same HS code. As the importer of the goods, there is an opportunity to consolidate these items together from different orders submitted by many consumers. However, to consolidate these into declaration was never an easy job for the declarants.

Declarants have to make sure the correct HS code was selected for the product, and must group the same HS code together. Subsequently, to better manage their import declaration permits, they must separate the declaration permits by grouping the goods by their respective controlling agencies (CA). The wrong use of HS code selected will affect the eventual permit segregation.

During peak session, when there are a lot of shipments coming in to Singapore, the client simply couldn't cope up with the workload and eventually must outsource the trade declaration work to the external party. Cost incurred could be considerable. When the job is outsourced to expedite the trade declaration to get goods through customs clearance, the requirement for consolidation is no longer the priority. The consistency of HS code used is beyond control. The only focus for the client was to make sure all import permits are raised on time and that, goods can reach consumers faster to maintain their platform service reputation.

When an experienced staff decides to leave the company, this could be detrimental. He/she might just leave without proper handover; i.e. background information on the HS codes used, and number of permits to be raised separately for different controlling agencies.

Benefits and improvements after the adoption

After the client adopted GeTS xBS, we observed several improvements:

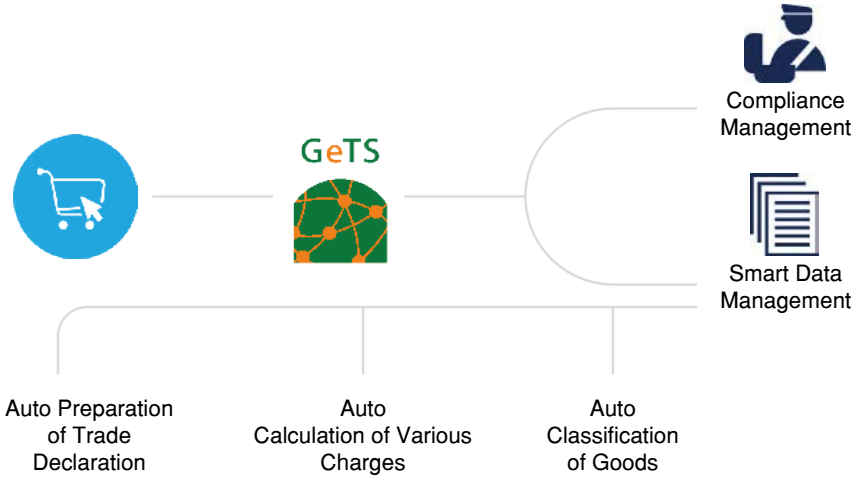
- Key improvement was the declarants' reduced time spent on creating trade declaration on TradeWeb. This can be observed through comparing time spent for reviewing the declaration draft content populated by GeTS xBS for submission and doing manual data entry. In fact, time spent on TradeWeb has reduced significantly from hours to minutes.
- For data source, it is now being provided by the client's supplier. Upon data being uploaded onto GeTS xBS, declarants in Singapore will be notified of the readiness of the declaration draft. They can then review the draft in TradeWeb for final submission to Customs. The declarant will be notified for the approval status, and the same status update is also available to other stakeholders (e.g. business shareholders/partners) who have no access to TradeWeb. Which in turns extended its visibility to a broader user group within the ecosystem.
- With availability of digitized data from the source, and compliance details being made visible, the client can leverage on these to plan for customs clearance much earlier, and prepare for their last mile smaller parcel delivery.
- Structured data that is available from upstream systems can be used by the client's warehouse management system (WMS) and distribution system. Apart from being a compliance-associated solution, GeTS xBS enables information obtained in advance to be made consumable by operational systems as well.
- Information obtained in advance serves to complement all notification planning. Pre-alerts on delivery to consumers can now be predicted more accurately. This is how GeTS xBS enables trade to be much more accessible, predictable and easier to fulfil.
- Inconsistencies among the members in declaration team is no longer a concern to the client. Potential error caused by manual data entry has been eradicated, and risk of being fined by authorities for incorrect filing has also greatly reduced.

Best Practice

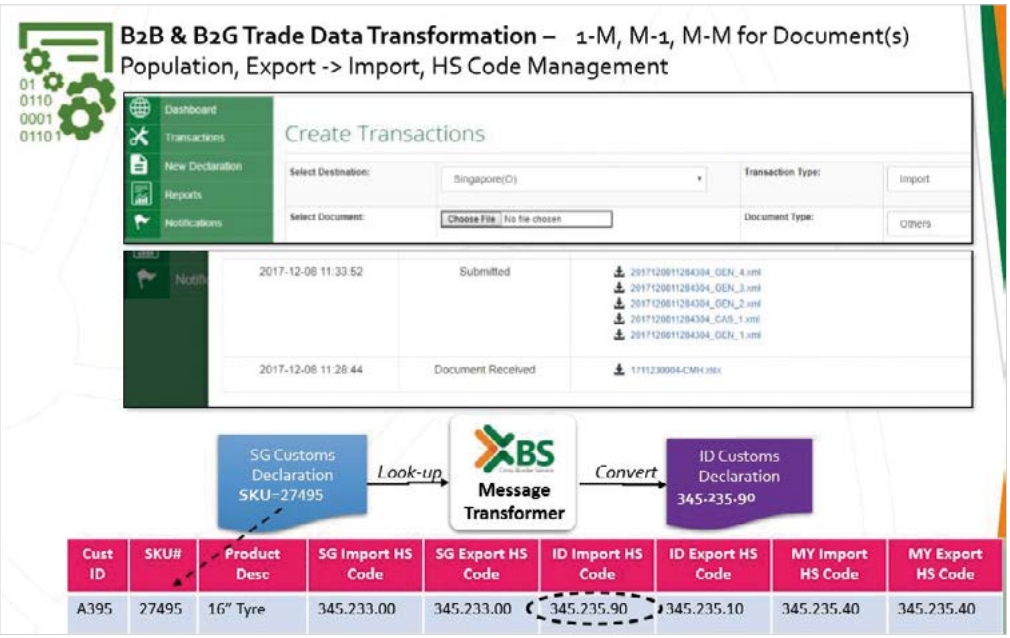
The master data and knowledge involving products the client imports are now being better managed within the organization using GeTS xBS.

- Files and information exchanged between systems are now more well-managed in GeTS xBS data pouch. Data retrieval for audit purpose is also easier.

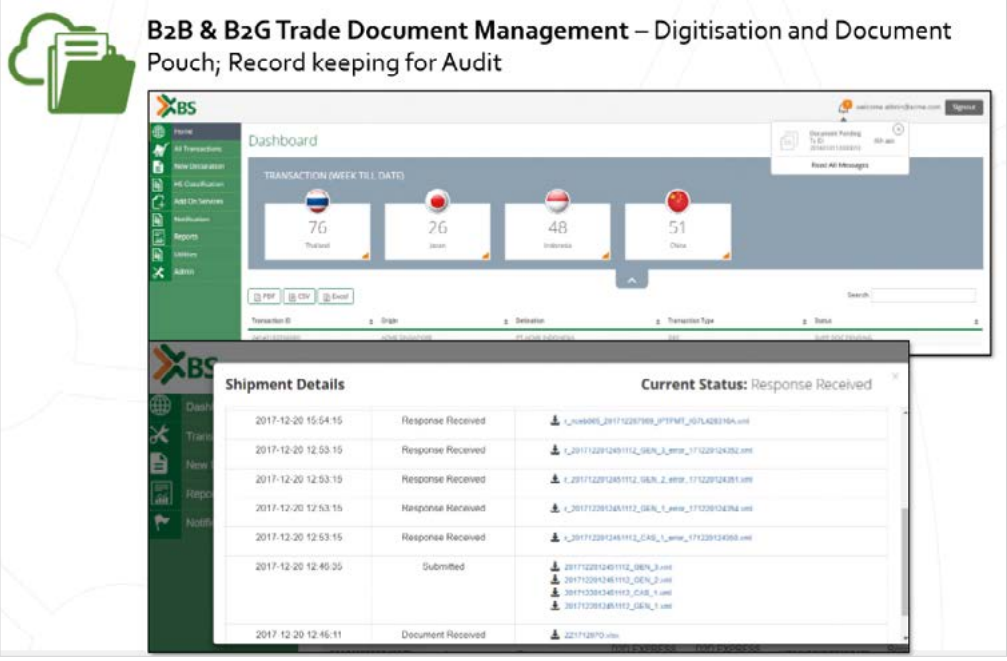
GeTS cross border service (xBS)



Managed Services – Trade Data Transformation

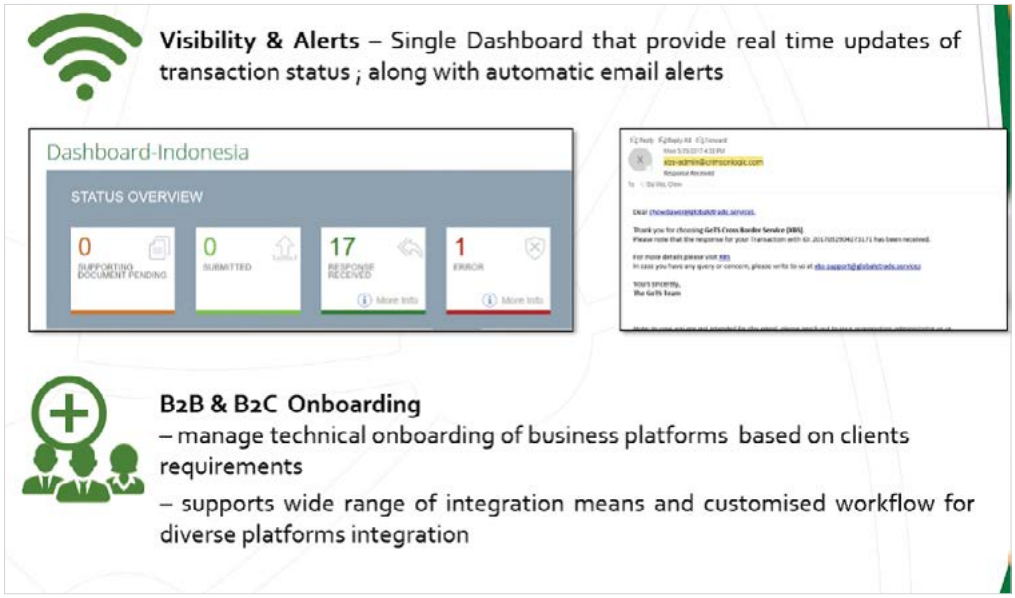


Managed Services – Trade Data Transformation



Best Practice

Managed Services – Trade Data Transformation



To find out more

https://globaletrade.services/

It serves to facilitate in navigating and meeting the complexity of regulatory requirements in international trade. And, it caters for a comprehensive suite of global trade connectivity services that helps traders meet regulatory and compliance requirements from Government agencies and trade associations around the world.

https://ezbuy.sg/

It is a group of aspiring entrepreneurs having a single mindset to bring quality products in a convenient way to the locals via this platform. It serves as an eCommerce platform that operates more than an international shopping platform. Always in tune with what customers need; creating simple yet complete solutions from sourcing to shipping.

[Singapore]
Digitalized Supply Chain Management for Better Trade Transparencies and Efficiency

Purposes

- To provide effective and frictionless supply chain through the seamless integration of physical, information and financial flows
- To gear not just the company but the entire industry to be ready to flourish in Industry 4.0

Implementing and Cooperating Stakeholders

YCH Group

Lessons for improving SCC in ASEAN+3

With the development of the China market at breakneck speed and the intense development of the Belt and Road Initiative (BRI), YCH fosters partnerships and cooperation in supply chain management, to improve distribution and logistics within and into-and-out of China. The collaborations aim to set up infrastructure with scalable innovations to enable trade and SCC. Cross-border trades are streamlined through the simplification of the supply chain administrations, allowing our clients to leverage on the lower trade barriers to grow their businesses.

The ASEAN market is an immense market with an aggregate statistic of 622 million people and gross domestic product of US$2.6 trillion. To fully tap the market potential, there is a need for continuous regional integration to realize a politically cohesive and economically integrated ASEAN. As developments increasingly spring forth in the countries in the ASEAN region, more local firms will be attracted to expand abroad and may move its production to cheaper bases, thus resulting in an increased need for supply chain solutions to facilitate and manage cross-border logistics and conduct value-adding activities.

Given the growth opportunities that would arise from ASEAN's connectivity with China, YCH forged a partnership with Chongqing Banan District Government, Chongqing ASEAN International Logistics, and Y3 Technologies, to establish Chongqing as ASEAN's Logistics hub in China. This partnership will enable the inclusion of logistics and trucking services, consolidation and deconsolidation of goods, and IT platforms to support supply chain from Chongqing, through Laos and Vietnam, and to the rest of ASEAN. It sets the foundations to build robust supply chains flows and enable strong trading abilities.

Concurrently, YCH together with ASEAN Business Advisory Council, is working on a regional interchange hub initiative, namely LaosConnectTM, to bring about SCC and economic efficiency through a paperless flow of goods to connect various stakeholders throughout the entire supply chain. The harmonized cross-border flow of goods enhances the speed-to-market factor for businesses to expand regionally. LaosConnect is critical in the connectivity between China to and from the rest of the ASEAN countries, by being the vital link between the geographical area, enhancing trades partnerships and business opportunities.

YCH Group, founded in 1955, has become the leading integrated end-to-end supply chain management and logistics partner to some of the world's largest companies across Asia Pacific region. Focused on boosting productivity and sustainability for customers in wide range such as electronics, chemical and healthcare, the company provides solution programs to address the entire supply chain needs of our clients at each stage of the supply chain, from suppliers to manufacturers (for parts and components), from manufacturers and brand owners to resellers and consumers (for finished products), and from consumers to original equipment manufacturers (for spares and returns), respectively.

Innovation is at the heart of YCH's development and growth. At YCH, innovation is pervasive in inventive use of technology and the fast evolvement of work processes. YCH seeks not just to anticipate the changing business landscape but to be ahead of industry evolution and lead trends that can drive and transform the industry. With the strong advocacy of innovation, the company follows its 7PL™ approach, filling the role between 3PLs (logistic services) and 4PLs (consulting and solution services), through offering consultation services and logistical support, seamlessly integrating supply chain strategies with execution.

The logic of connectivity does not consist of only the physical elements of the supply chain. It is critical to provide data relevant to the finance and information of goods, which can bring about greater intelligence to the supply chain management.

Therefore, YCH's vision is to be the "Logistics Superhighway" to provide effective and frictionless supply chain through the seamless integration of physical, information and financial flows. This integration of the three aspects of flow enables us to create a cohesive and robust supply chain management, where information travels in the entire "chain" of supplies, starting from suppliers of raw materials up till the fulfilment of customers' orders, and thereon, information on customers' consumption is distilled back to the companies for business intelligence.

Thus, this vision has been the foundation of the curation of process and technology applications. Technology needs to be appropriately evaluated, acutely applied and integrated into the work processes so that workflow can be optimized and help to bring about the ability to extract critical work data and provide business intelligence. This superhighway is poised to gear not just the company but the entire industry to be ready to flourish in Industry 4.0. This vision forms the foundation of YCH in every business development directions and decisions, as well as the creation of many value propositions to clients alike.

Challenges before adopting this practice

Integration of technology into infrastructure with the design and build of a state-of-the-art distribution centre in Supply Chain City®

To solve the issue of the costly land space and to optimize the limited floor area to maximize warehousing capacity, YCH designed and launched Supply Chain City in 2017 in Jurong Innovation District. This "mini Silicon Valley for logistics" incorporates contemporary spaces, such as research and learning facilities, as well as a distribution center that automates with the world's first Fusionaris® - a fusion supply chain management technologies and equipment. With the integration of automation and technology, the Fusionaris can hold over 66,000 pallets in a space an eighth the size required by traditional warehouses.

Digitizing Management Systems for better trade transparencies and efficiency

Traditional supply chain management is manual with limited visibility and nimbleness. YCH optimizes the administration to be flexible, effective and cost-efficient. It is brought about by innovations in integral touchpoints of the supply chain flow.

Through the digitalization of inventory management systems, optimization engines such as the Dock Management System creates more efficient scheduling of transportation and delivery across multiple partners transport vehicles. By leveraging technology, operations could minimize clutter, bottlenecks and risk of delivery defects and failures. Technology has also been applied to track and trace the entire supply chain, with the aim to value add by facilitating trade and decision making. At the very frontier of the supply chain technology is SCRY™, YCH's analytics capability that enables to deliver end to end value proposition to the customers. SCRY is borne out of the synergies in YCH's expertise in supply chain management, with Y3 Technologies' award-winning software solutions and Ascentis' market leadership in e-commerce and brand loyalty management programs. Empowered by technology and driven by data analytics, YCH offers real-time insights based on customers consumption patterns and preferences.

Benefits and improvements after adoption

Creation of an Ecosystem with partners to create synergistic connectivity

Technology is an enabler for transformation, but an ecosystem is instrumental to invoke constant innovation. The principal focus of Supply Chain City is to be Asia's premier supply chain nerve center to connect the best names and minds in the industry, creating a melting pot for industry professionals to innovate and collaborate.

YCH has been able to rise and grow with the nation because of our undying innovative spirit that churns and permeate through the LEARN™ ecosystem of Supply Chain City. This ecosystem comprises 5 key elements:

Living Supply Chain, a dynamic and technologically-advanced work space for logistics and supply chain management;

Experiential Workplace Learning for development of logisticians of the future;

Asia's Network of Supply Chain Thought Leaders; a place to network and connect with like-minded innovative thinkers who understand what it means to…

Reinvent Tomorrow, which relies on future-ready solutions developed by harnessing cutting-edge technology; and,

Nurturing Disruptive Innovators with an incubator for industry-related start-ups.

The LEARN ecosystem, coupled with the advanced technology in Supply Chain City, provides a platform of collaboration and innovation. Being part of this ecosystem, YCH is able to synergize various business activities to create a dynamic and vibrant community which includes Y3 Technologies, Supply Chain and Logistics Academy (SCALA), Supply Chain Asia (SCA) and Supply Chain Angels (SCAngels).

Best Practice

To find out more

https://www.ych.com
YCH Group website

https://eng.yidaiyilu.gov.cn/
China's Belt and Road Initiative official website

https://www.supplychaincity.com
Official Supply Chain City website launched by Singapore Prime Minister Lee Hsien Loong in September 2017

Findings

- Various bilateral and multilateral FTAs create complicated processes such as submitting different certificates of origin. The establishment of regional single window will provide simpler and faster processing time and a more transparent way of doing business.
- Building integrated and innovative national supply chain system allows domestic MSMEs to enter to a larger market through cross-border trade. The government-led logistics system mitigates risk and financial burdens by lowering barriers that hinder trade for MSMEs.
- Building a national integrated information service platform or establishing a national single window provides advantage to a country that wishes to support companies' trade efficiency. This can be done only by the joint effort between governments and private sectors. It will eliminate information barriers under governmental plan and promote trade facilitation and bring the foreign trade core competitiveness.
- Establishing a standardized supply chain system at regional level in specific logistic issues such as cold chain connectivity or food safety not only provides an international guideline but also integrates business know-how into local practices.
- Innovative technology in the era of the 4th industrial revolution optimizes supply chain flow.
- Connectivity driven by politically cohesive and economically integrated ASEAN fully taps the economic potential, is the link between the geographical areas and enhances business opportunity. Through ASEAN's institutional advancement, ASEAN+3 will even further enhance the regional connectivity.

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ISBN 979-11-88016-09-9