



Thailand's Logistics Development Strategy (2007-2011)

Vision:

To establish a world-class logistics system to support Thailand as Indochina's trade and investment center.

Objectives:

1. To enhance trade facilitation with the aim of increasing cost efficiency, customer responsiveness and reliability and security.
2. To create added value for the logistics and other supporting industries.

Goal:

Lower logistics cost as a proportion of GDP from 19% in 2005 to 16% in 2011.

Strategic Agenda:

1. Business Logistics Improvement
2. Transport and Logistics Network Optimization
3. Logistics Service Internationalization
4. Trade Facilitation Enhancement
5. Capacity Building

1. Business Logistics Improvement

Goal:

Businesses in strategic industries will have an efficient logistics system that will be traceable throughout the supply chain.

Hosts:

Ministry of Agriculture and Cooperatives, Ministry of Industry, Ministry of Commerce, Ministry of Science and Technology, Ministry of Information Technology and Communications, National Economic and Social Development Board and the Thai Federation on Logistics.

Major Strategies:

1.1 To encourage businesses in agricultural, industrial and service sectors to implement sophisticated logistics-management techniques in their industries through the promotion of better understanding among business owners of the value of logistics management, logistics best practices and information technology, as well as the use of logistics and transportation software in both the business itself and in outsourced services.

KPIs:

1. Lower logistics costs.
 2. Greater customer responsiveness (convenient, fast and precise response to customer's needs).
 3. Increased number of logistics service providers or increased service values.
 4. Greater understanding among entrepreneurs of the importance of logistics and the need for an increased use of logistics services.
- 1.2 To support the development of logistics for supply-chain optimization by which the movement of goods can be tracked. This can be done by promoting collaboration in a cluster-like manner, developing the standardization of tools, material and equipment that is used in the movement of goods, supporting associations, manufacturers or specific business associations in managing logistics efficiently, encouraging traceability and tracking ability, and developing a temperature-controlled transport system for perishables and frozen foods.

KPIs:

5. Lower food transportation costs throughout the supply chain.
6. Increase the number of business associations collaborating in the development of logistics services.

2. Transport and Logistics Network Optimization

Goal:

To set up an integrated logistics-management system to accommodate Thailand's status as Indochina's logistics hub in terms of gathering, transferring and distributing merchandise, both regionally and internationally.

Hosts:

Ministry of Transport, Ministry of Commerce, Ministry of Energy, Ministry of Science and Technology, National Economic and Social Development Board and the Thai Federation on Logistics.

Major Strategies:

2.1 To develop an integrated logistics network, both locally and internationally, in such a way that the country is linked with overseas markets through the development of, among other things, feeder systems, motorways, logistics centers/distribution centers and container yards at strategic locations throughout the country. Such centers would include Thailand's business gateways or regional manufacturing and trading centers, and Suvarnabhumi Airport City, where local and internationally competent private operators will collaborate in joint ventures while co-managing the program.

KPIs:

7. Reduce transport times on main trade routes.
8. Lower investment costs of the private sector or private entities investing in the development of logistics/distribution centers.

2.2 To support the management of transport for energy-saving purposes. This will eventually lower transport costs at both business and national levels. The State will invest in the railway infrastructure while readjusting the role of the State Railway Authority of Thailand (SRT) to manage railway and passenger train networks and let the private sector be responsible for finding locomotives and merchandise bogeys, handling transport services, supporting waterway and pipeline transportation, switching to cheaper sources of energy, implementing the latest transportation innovations such as lower truckloads, milk runs, etc. as well as introducing the use of Global Positioning System, B-Double trucks or planning transportation procedures that use application software to increase management efficiency and reduce transport costs.

KPIs:

9. Companies enjoying lower logistics costs relative to sales revenues.

2.3 To develop new trade lanes to the Middle East, Africa and Europe via Thailand's Andaman Sea and to accommodate the expanding trade activities of its neighboring countries by developing deep seaports on the west coast as well as an Economic Corridor linking ports with the country's and the region's major transport bloodlines, and proceeding together with developing other supporting industries in a cluster-like manner in purpose-built industrial parks.

KPIs:

10. Andaman deep seaports ready to provide appropriate services.
11. A railway system linking ports on the western coast with regional transport routes, major trading centers and the major trading cities.

3. Logistics Service Internationalization

Goal:

To upgrade Thai logistics service providers in such a way that they remain competitive and in such a way that their services remain in the high value-added category.

Hosts:

Ministry of Commerce, Ministry of Industry, Ministry of Labor, Ministry of Education, National Economic and Social Development Board and the Thai Federation on Logistics.

Major Strategies:

3.1 To promote investment in the businesses of logistics service providers in both industrial groups/parks and individual business. Also, to support joint ventures and a strategic alliances between Thai logistics service providers and foreign small or medium sized service providers by supporting the formation of partnerships and alliances between universities, the private sector and the Federation on Thai Logistics through business-matching activities, in order to increase opportunities for information exchange and cost sharing about such aspects as trucking and warehousing while developing into an integrated logistics service.

KPIs:

- 12. Increasing the numbers of logistics service providers.
- 13. Increasing co-operation among businesses.

3.2 To promote a logistics service that caters for the specific needs of local industries such as an integrated logistics services for SMEs and OTOP businesses; a logistics service for farm products to handle the separation process and to provide HACCP, GMP and GAP accreditation; an integrated logistics service for the gathering, moving, storage and delivery of farm products on a door-to-door basis; a multimodal transport operator service and a transport-insurance service for local and international merchandise to reduce operating costs faced by logistics-related operators, in a bid to increase their competitiveness through the development of their human resources; other business-promoting activities and the updating of investment-promotion criteria and other related rules and regulations to accommodate private investment and business expansion.

KPIs:

- 14. Increasing the sales revenues of logistics-service providers whose majority shareholders are Thai.
- 15. Increasing the number of specific service providers.

4. Trade Facilitation Enhancement

Goal:

To reduce operators' import and export handling costs

Hosts:

Ministry of Finance, Ministry of Commerce, Ministry of Agriculture and Cooperatives, Ministry of Science and Technology, Ministry of Information Technology and Communications, Ministry of Health, National Economic and Social Development Board, and the Thai Federation on Logistics

Major Strategies:

4.1 To develop e-Logistics and Single Window Entry into a central system in order to provide import/export and logistics services; to link information in a G2G, G2B and B2B basis.

KPIs:

16. Less processing time for import or export documentation.
17. Lower transaction costs for importers and exporters.
18. Less use of paper in the process as part of a move towards a paperless system.

4.2 To improve the taxation system and customs-clearance procedures related to import and export transportation and shipping businesses with the aim of facilitating the import/export process.

KPIs:

19. Reduced time for transporting import and export goods or transferring goods between ships.
20. Reduced costs for transporting import and export goods and for transferring merchandise between ships.

4.3 To promote the setting up of distribution and logistics centers in priority markets in order to increase Thai business competitiveness in foreign markets.

KPIs:

21. Lower distribution costs for Thai exporters in target markets

4.4 To promote e-Commerce businesses with the aim of reducing documentation and information delivery costs by expediting the enactment of the Royal Decree (Section 3 of the E-Commerce Act, B.E 2544) on exemptions to the implementation of the law governing electronic transactions; the Royal Decree (Section 25) on safety procedures in conducting electronic transactions; the Royal Decree (Section 23) on service businesses involved in electronic transactions; the Royal Decree (Section 35) on electronic

transactions by the public sector; other relevant laws and regulations regarding electronic transactions.

KPIs:

22. The four Royal Decrees under the E-Commerce Act, B.E 2544, come into effect.
23. Setting up standardization with regard to data sharing.

4.5 To increase the efficiency and service quality with regard to the inspection of pesticides, toxic substances and contaminants in farm imports and exports with the aim of standardizing the inspection procedures so that they are acceptable to our trading partners; to speed up the process of moving goods from manufacturers to customers and to reduce exporters' reverse-logistics costs.

KPIs:

24. Reduce overall time spent by exporters in the merchandise-inspection process.
25. Lower total export costs.

5. Capacity Building

Goal:

To produce knowledgeable logistics personnel for both the manufacturing and the logistics service industries.

To establish a data system and a mechanism for planning and monitoring the performance of Thailand's logistics strategies.

Hosts:

Ministry of Labor, Ministry of Education, Ministry of Industry, Ministry of Commerce, Ministry of Information Technology and Communications, the Office of Civil Commission, National Economic and Social Development Board and the Thai Federation on Logistics.

Major Strategies:

5.1 To provide training to personnel in both the production sector and the logistics-service industry by creating awareness of the importance of logistics, making sure that entrepreneurs understand how to increase logistics efficiency, urging companies to send staff for training in the field, allowing tax deductions for training expenses, increasing the training capacity of various institutions, creating a system to accommodate the demands of labor, promoting cooperation among training institutes and workplaces to produce personnel with skills that match business needs through a multidisciplinary education process.

KPIs:

26. To produce 100,000 logistics personnel at senior-executive, management and operator levels in the industrial sector, especially in SMEs, and another 285,000 personnel in the logistics-service industry by 2011.
27. To produce 1,370 trainers/lecturers with an international-level of logistics skills by 2011.

5.2 To improve the training process, the research and development process and the standard of logistics professionals to meet business requirements and international criteria and to accommodate the process of developing personnel with higher skills so that they can compete in the international business arena. This will be done through cooperation between educational institutes, research institutes, private training institutes and businesses by updating training courses and teaching methods to ensure they are of international standard, promoting research and development activities to resolve problems for industries or businesses; standardizing the profession, labor standards and wage standards; determining a clear career path and supporting tertiary education institutions to build up excellence in logistics education and produce highly-skilled personnel to support the creation and transfer of logistics innovation.

KPIs:

28. Increase the number of education institutes offering logistics courses that meet international criteria.
29. Increase the number of research papers into improving logistics efficiency.
30. Introduce clear standards for logistics professionals and logistics labor skills.

5.3 To support the collection and development of data for logistics management both at the macro and the business levels, to help plot and drive strategy. The data will be collected at the national level; namely, information on commodity flows, operating costs and added value in the logistics industry, including KPIs for the country's logistics management.

KPIs:

31. Establishment of a data system which manages the country's logistics system linked in a network manner at both macro and micro levels.

5.4 To support the official establishment of the system for coordinating and monitoring policy to be the mechanism to drive the development of Thailand's logistics system. This can be done merging related government agencies and the private sector to play the role of regulator, monitor and evaluator of the continuously developing Thai logistics system.

KPIs:

32. The national logistics development committee is appointed and functioning