

Asia in 2035: A Logistics Connectivity Perspective

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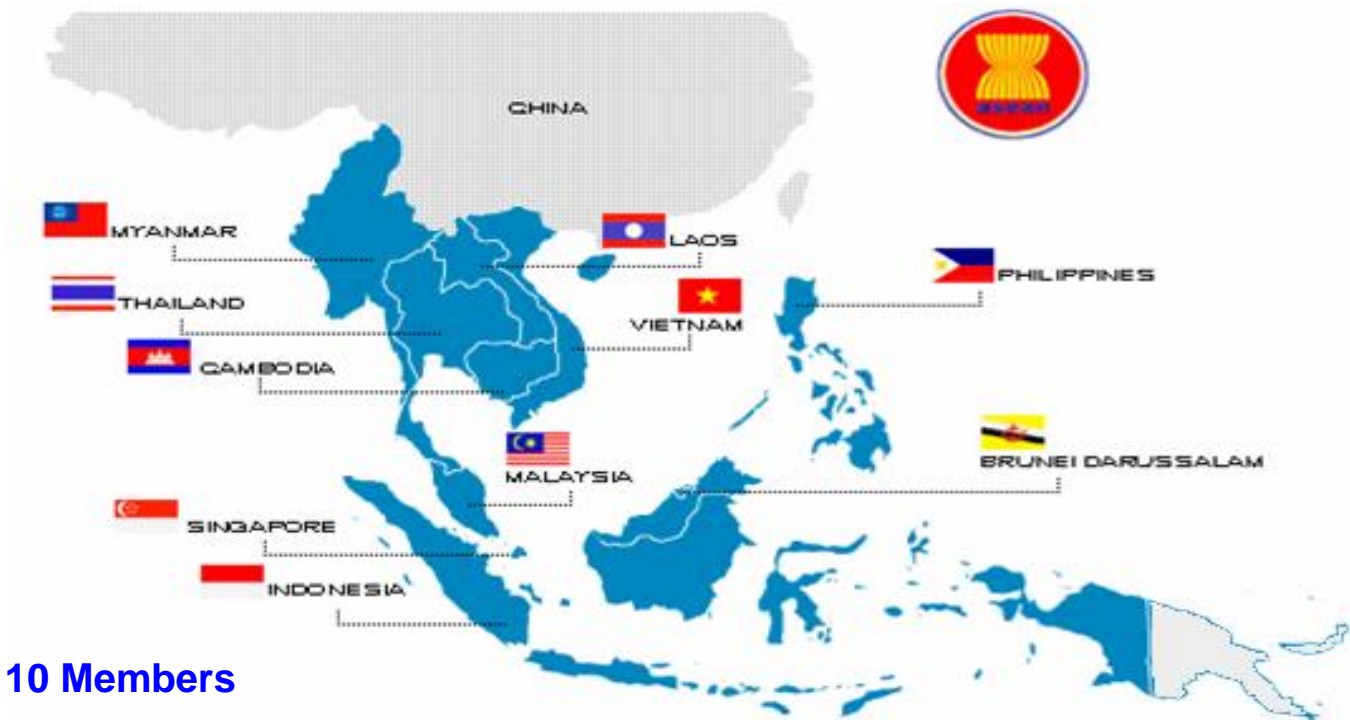
Agenda

- ASEAN
 - The ASEAN Transport Strategic Plan (2016-2025)
- Logistics Connectivity Framework
 - ASEAN Connectivity Challenges
- The IDE-Geographical Simulation Model
 - Best Case
 - Most Likely Case
- Food for thoughts...



ASEAN

"One Vision, One Identity, One Community"



10 Members

4.4 Million KM²

600+ million people (Growth 1.5%)

The ASTP vision

- The ASEAN Strategic Transport Plan or the Kuala Lumpur Strategic Plan (2016-2025) is the successor plan of the Brunei Action Plan (2010-2015)
- A revised vision in line with ASEAN's 2025 vision has been endorsed:

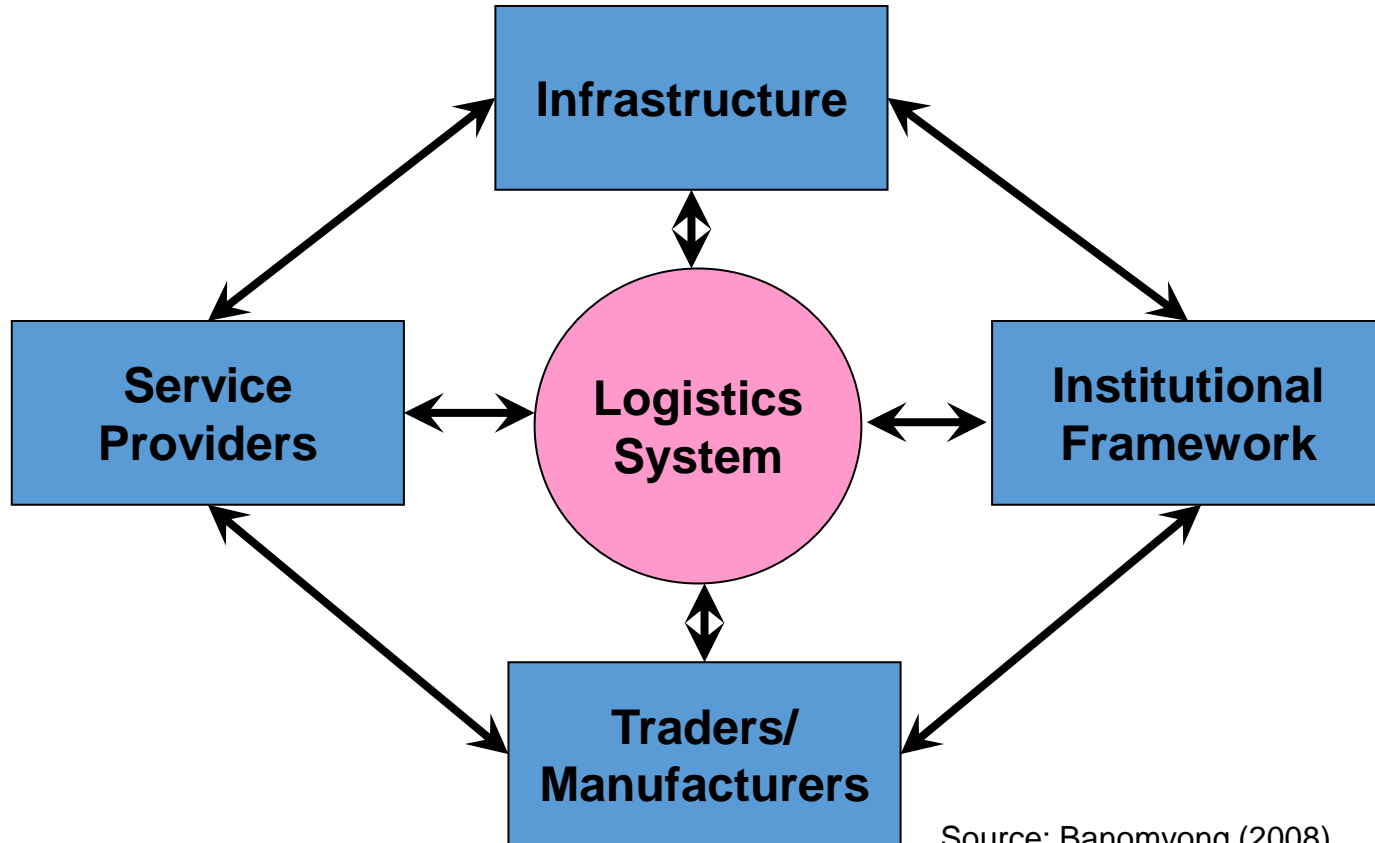
“Towards greater connectivity, efficiency, integration, safety and sustainability of ASEAN transport to strengthen ASEAN's competitiveness and foster regional inclusive growth and development”

ASTP

AREAS	STRATEGIC GOALS
Air Transport	Strengthen the ASEAN Single Aviation Market for a more competitive and resilient ASEAN
Land Transport	Establish an efficient, safe and integrated regional land transport network within ASEAN and with the neighbouring countries to support the development of trade and tourism
Maritime Transport	Establish an ASEAN Single Shipping Market and promote maritime safety, security and strategic economic corridors within ASEAN
Sustainable Transport	Formulate a regional policy framework to support sustainable transport which includes low carbon modes of transport, energy efficiency and user-friendly transport initiatives, integration of transport and land use planning
Transport Facilitation	Establish an integrated, efficient and globally competitive logistics and multimodal transportation system, for seamless movement of passengers by road vehicles and cargos within and beyond ASEAN

Source: ASEAN

Logistics Connectivity Framework

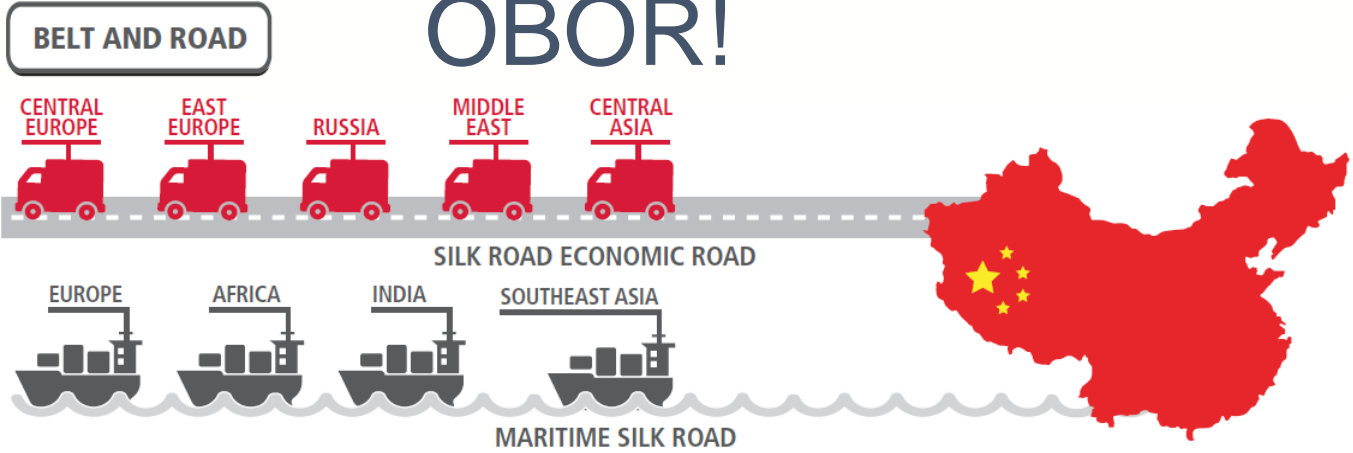


Source: Banomyong (2008)

ASEAN Connectivity Challenges

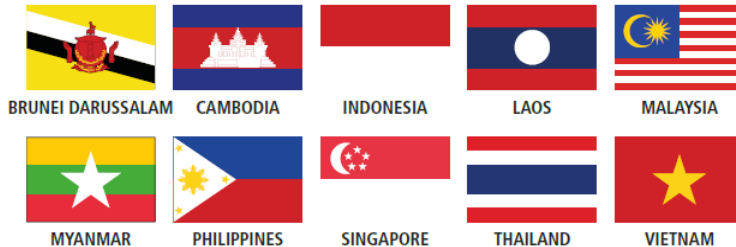
- Air transport emphasis with external dialogue partners
- Land infrastructure connectivity still limited in certain member countries
- Establishment of an ASEAN single shipping market to improve maritime connectivity
- Sustainable transport is becoming an issue
- Transport facilitation focus on operationalising the 3 main agreements
 - Facilitation of Goods in Transit
 - Multimodal Transport
 - Inter-State traffic
- Intra-ASEAN connectivity is less than inter-ASEAN connectivity...need to understand ASEAN+3 connectivity

Outside of ASEAN...the OBOR!



ASEAN ECONOMIC COMMUNITY (AEC)

TRADE FACILITATION INITIATIVES SUCH AS THE **BELT AND ROAD**, AND THE **ASEAN ECONOMIC COMMUNITY BOOST REGIONAL ECONOMIC INTEGRATION** ACROSS MEMBER NATIONS.



Awareness...

OBOR

- 45% of respondents are aware of the initiative
- 94% of those who are aware do not know how to leverage opportunities

AEC

- 73% of respondents are aware of the initiative
- 61% of those who are aware do not know how to leverage opportunities

What is IDE-GSM Model?

IDE-GSM is a simulation model based on spatial economics, theoretically originated by Paul Krugman.

- a) Simulate the long-term evolution of population and the location of industries
- b) Estimate the economic effects of infrastructure development and trade facilitation

at a sub-national level(States/Prefecture/Division).



*Paul Krugman is Professor of Economics and International Affairs at Princeton University. He was awarded the **Nobel Prize for Economics in 2008** for his analysis of trade patterns and location of economic activity.*

Example of input: Malaysia



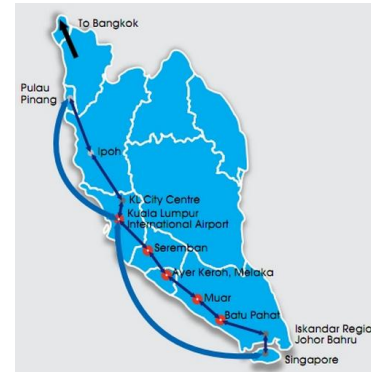
Malaysia



Malaysia – Infrastructure Projects : 10th MY Plan

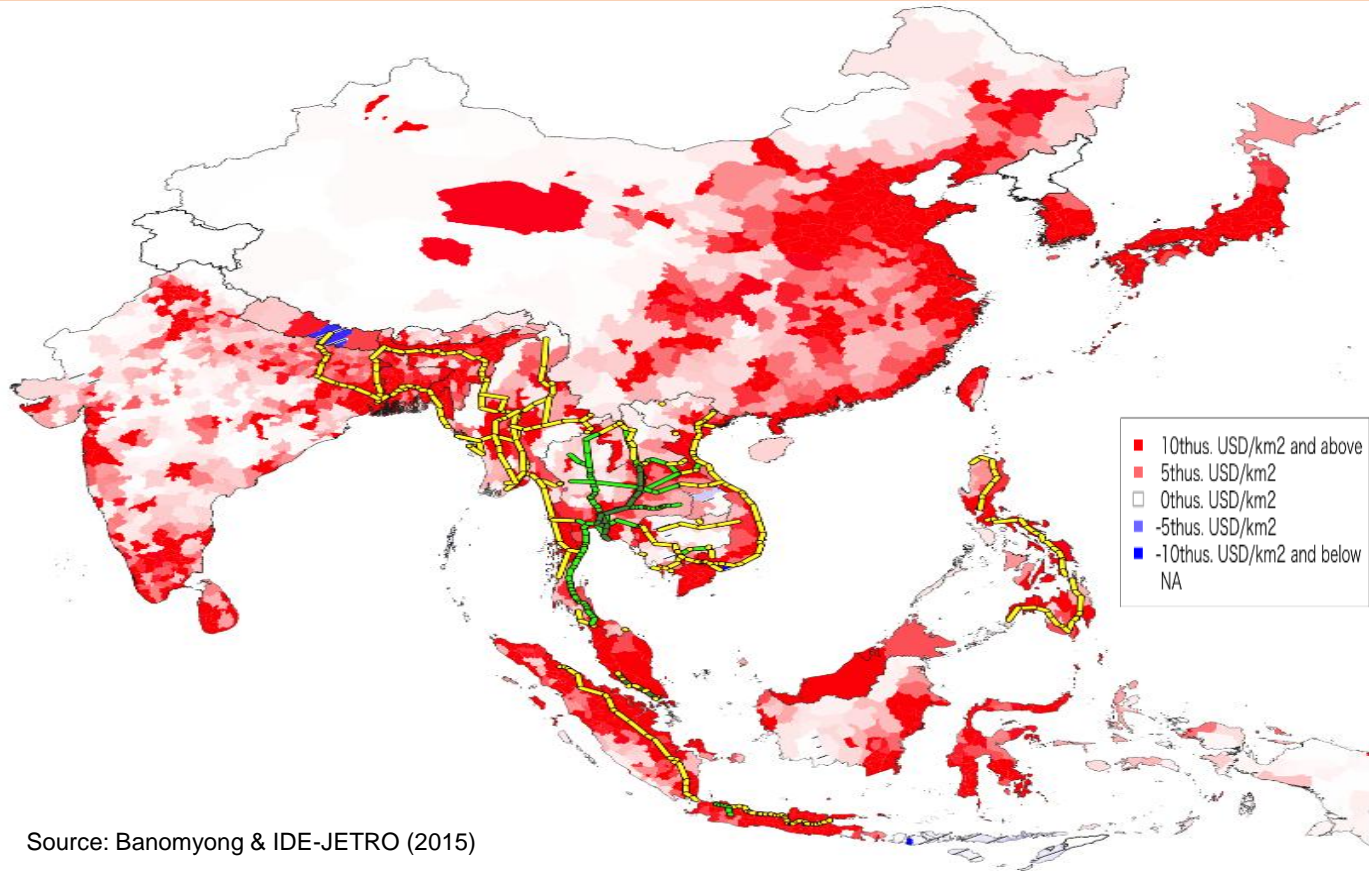


	Key Projects	Best Case (Year)	Likely Case (Year)
1	High Speed Train SG-KL (5 stations)	2020	2025
2	Upgrade Port Klang (North Port)	2014	2014
3	Upgrade West Port	2014	2014
4	Port Klang Net (Facilitation)	2015	2015
5	Customs Facilitation - U-Customs	2015	2015



GDP Difference in 2035 (Best)

GDP Difference in 2035 (Baseline 2015 vs Best Case)

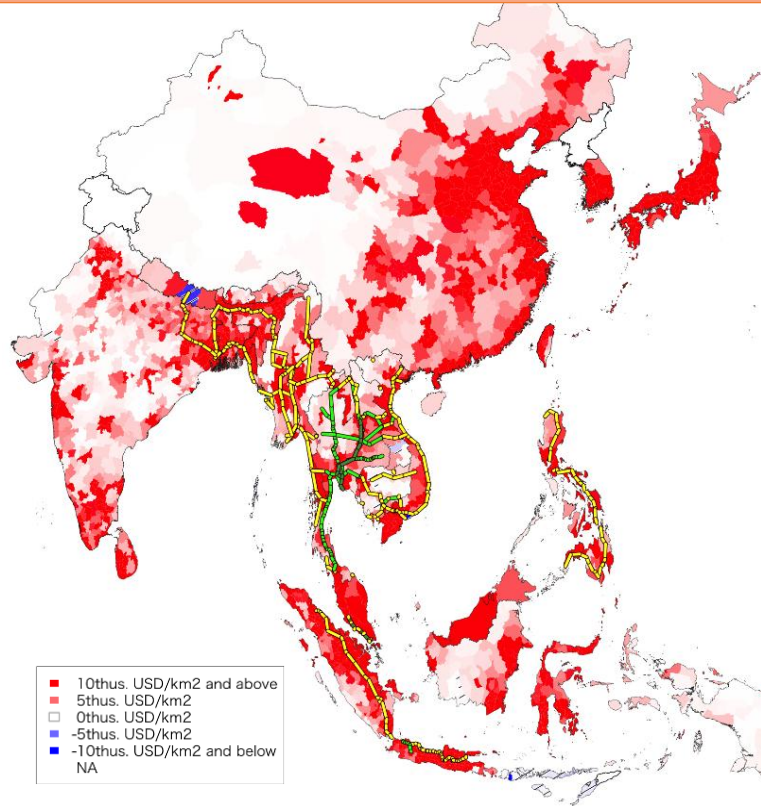


Source: Banomyong & IDE-JETRO (2015)

GDP Difference in 2035 (Best)

Marginal GDP Difference in 2035 (Baseline 2015 vs Best Case)

Country	GDP Value (US\$ Bil.)	Share (%)
China	101.07	31%
Indonesia	91.36	28%
Thailand	27.13	8%
Malaysia	22.53	7%
Vietnam	19.47	6%
Japan	18.95	6%
Myanmar	17.39	5%
Philippines	13.00	4%
South Korea	7.08	2%
Singapore	4.83	1%
Cambodia	3.03	1%
Lao PDR	1.89	1%
Brunei	1.68	1%

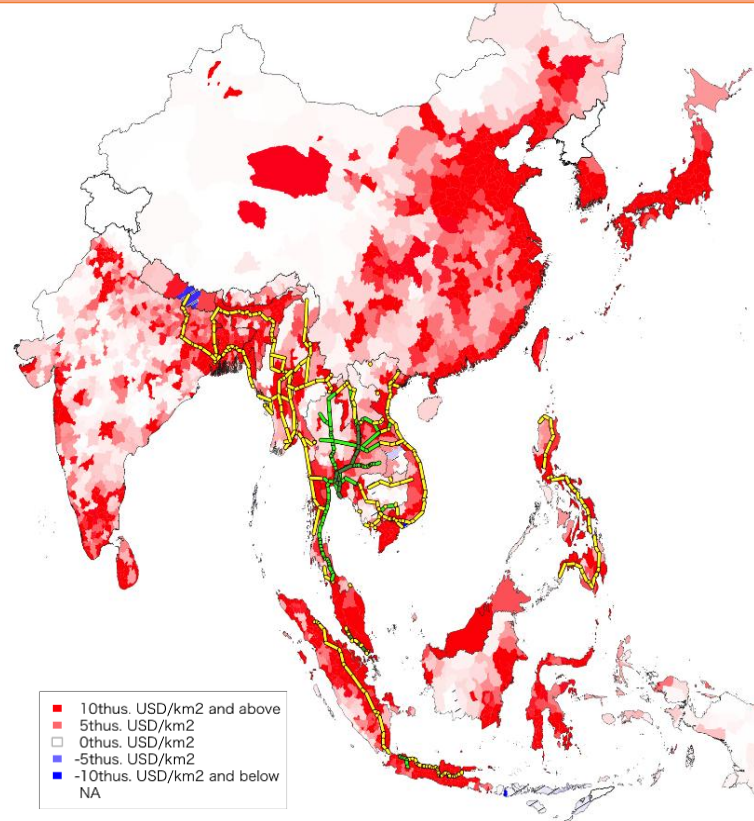


Source: Banomyong & IDE-JETRO (2015)

%GDP Difference in 2035 (Best)

Marginal %GDP Difference in 2035 (Baseline 2015 vs Best Case)

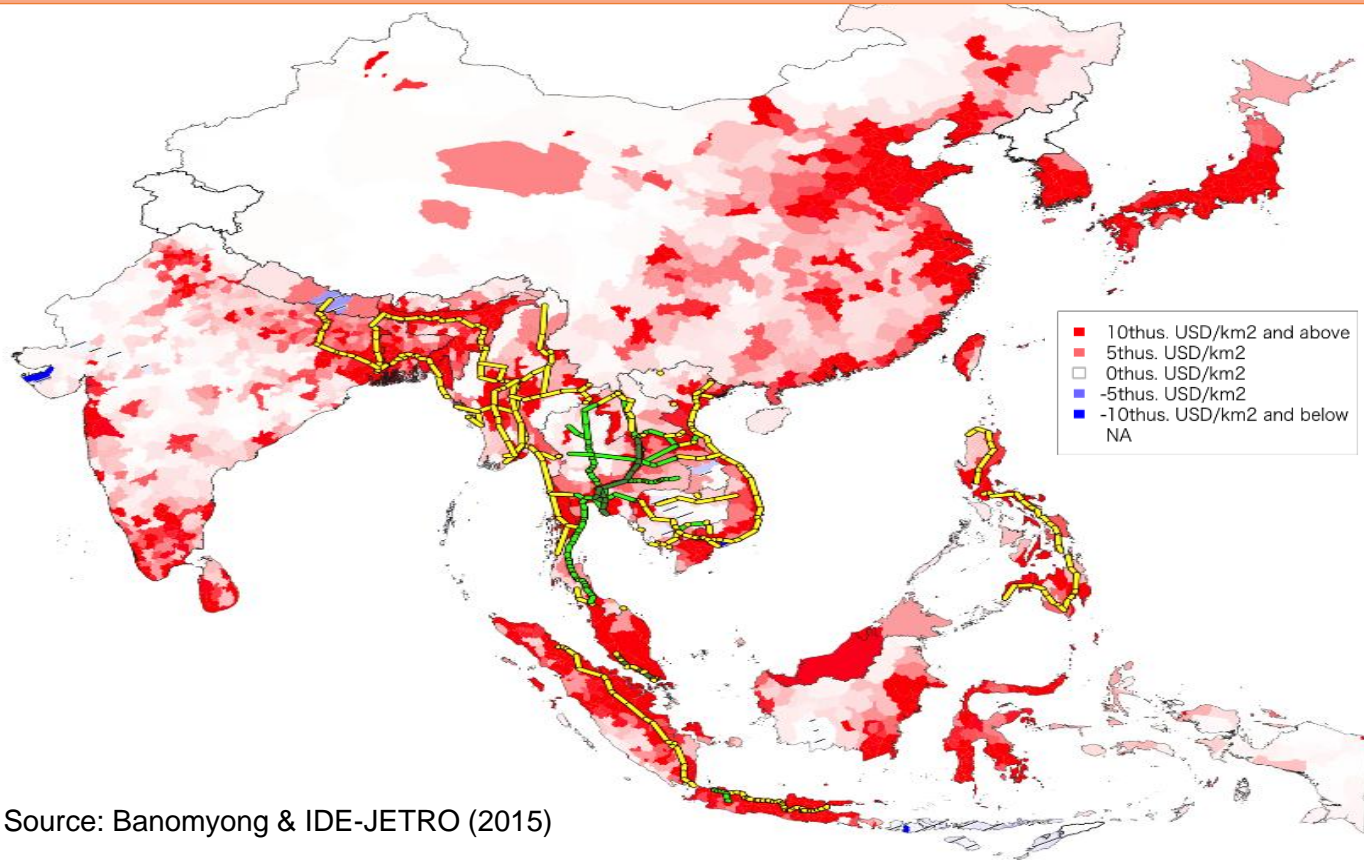
Country	GDP % Growth
Myanmar	7.74%
Brunei	6.85%
Lao PDR	5.52%
Cambodia	5.21%
Indonesia	4.46%
Vietnam	3.88%
Thailand	3.67%
Malaysia	3.28%
Philippines	1.60%
Singapore	1.00%
China	0.52%
South Korea	0.40%
Japan	0.27%



Source: Banomyong & IDE-JETRO (2015)

Asia in 2035 : MOST LIKELY SCENARIO

Marginal %GDP Difference in 2035 (Baseline 2015 vs Most Likely Case)



Source: Banomyong & IDE-JETRO (2015)

ASIA in 2035

MOST LIKELY CASE SCENARIO

<u>GDP Value (US\$ Bil.)</u>	<i>Most Likely</i>	<u>GDP Growth</u>	<i>Most Likely</i>
Indonesia	79.13	Myanmar	6.93%
China	47.17	Laos	5.15%
Myanmar	15.56	Cambodia	5.06%
Thailand	15.48	Indonesia	3.86%
Vietnam	14.24	Brunei Darussalam	3.34%
Japan	13.11	Vietnam	2.84%
Malaysia	11.18	Thailand	2.10%
Philippines	8.13	Malaysia	1.63%
Korea	4.52	Philippines	1.00%
Singapore	3.49	Singapore	0.72%
Cambodia	2.94	Korea	0.25%
Laos	1.76	China	0.24%
Brunei Darussalam	0.82	Japan	0.19%

Source: Banomyong & IDE (2015)

Food for thoughts...

- Mega infrastructure projects important for economic development but not sufficient...
- Trade facilitation implementation will further enhance positive impact
- National policies have higher impact on development than regional policies but combined the impact is even higher....alignment is critical
- Important to identify potential growth location...having a national perspective is not sufficient anymore...