

Thailand Transport and Logistics & Its Beyond

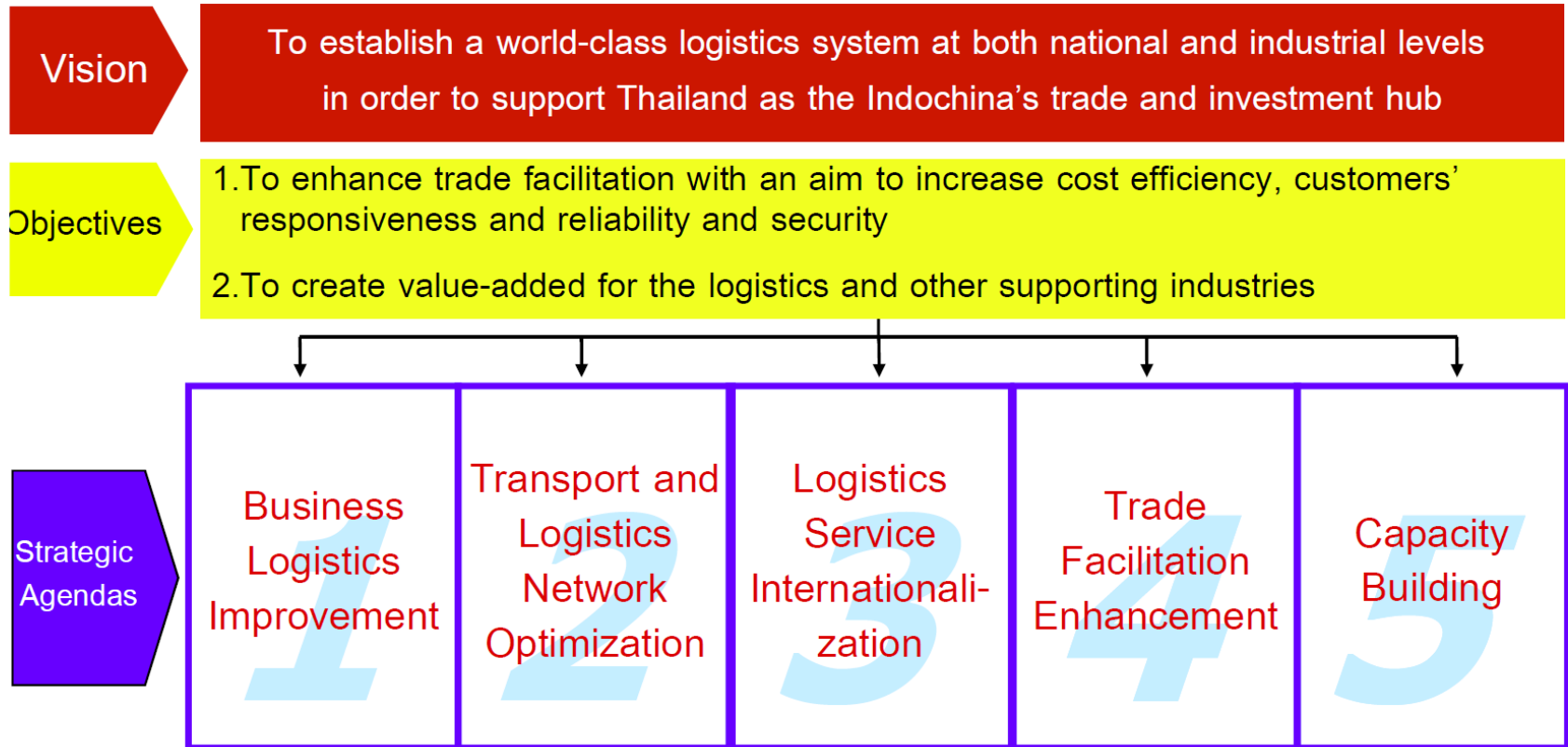
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Thailand's Logistics Development Strategy (2007-2011)

Government endorsed on February 27, 2007



Budget Allocation

Strategy	Allocated Budget
Business logistics improvement	34.5 million baht (0.03%)
New trade lanes and logistics network optimization	95,395.9 million baht (99.05%)
Logistics service internationalization	40.5 million baht (0.04%)
Trade facilitation enhancement	574.0 million baht (0.60%)
Capacity building	269.4 million baht (0.28%)

Performance: Logistics network optimization strategy

- Covered mostly transport system rather than total logistics system
- Physical infrastructure development focusing mainly on road development
- Some progress on network linking to gateway
- Development of rail transport and water transport not satisfied
- Modes of transport are not efficiently connected

Ranong Port

- Expectation: Second phase of the port development in 2006
 - Gateway linking Thailand with South Asia, Africa, and Europe
- Actual performances: October 2011-June 2012
 - Cargo 62,911 tons
 - Containers 36 TEUs

Major Issues

- Strategy contents: lack of focus and prioritization, silo mindset
- Strategy translation: Lack of clear key performance indicators
- Strategy implementation process: No mechanism to create cross-functional integration

Paradigm Shift for Future Plans

- “logistics development for logistics” → “logistics development for competitiveness”
- “reducing logistics cost” → “creating opportunities and value-added”
- “domestic logistics” → “ASEAN logistics”
- “single-mode transport model” → “multi-mode transport model”
- “quantity & hardware focus” → “quality & software focus”
- “government as trade regulator” → “government as trade facilitator”
- “policy maker” → “policy delivery”

Further Thoughts

- Physical hub → **Virtual** hub
- Focus on **“total logistics cost”** rather than **“transportation cost”**

Logistics Hub: What are the benefits for Thailand?



Better logistics for exports from Thailand

Attract foreign investment

Merely serve as a transit country for competing products from other countries?

Modern Perspectives

From Physical Center (Hub)



To Virtual Center (Hub)

**Physical Asset is Necessary Condition
but not Sufficient Condition**

Overseas Examples

Malaysia's Logistics Strategy

Efforts will be undertaken to enhance value-added supply chain management and support services, which cater for the needs of a broader regional hinterland. This will enable Malaysia to position itself as a virtual logistics hub, with the knowledge and skills to manage and control information, as well as track processes and manage payment flows across regional supply chains.

Overseas Examples

Singapore's Working Group on Logistics

Virtual Hub

- Physical excellence **necessary but insufficient** condition for countries to become a logistics hub.
- **Highest value is no longer found in moving the cargo, but in controlling and optimising the flow of the cargo via information management.**
- Provide specialised value-added SCM and supporting services catering to the needs of a broader hinterland beyond Singapore
- **Beyond Actual Handling of Goods:** Singapore to be the brain controlling the logistics limbs (Planning & Control Functions) that extends beyond Singapore
- Require strong expertise and capabilities **in SCM design and application** to be the hotbed for SCM innovation.

Overseas Examples

Director, Ireland's National Institute of Transport & Logistics

"We could easily have a virtual logistics hub in Ireland that is similar to a supply chain village. That doesn't mean you have to have boxes coming on to and off the island or that you need to make the stuff here. It just means you can manage a supply chain from here if you've got the right technology,"

"A lot of companies both indigenous and multinational who've moved their manufacturing away from Ireland have still retained their supply chain management in Ireland, so even though the physical side of it is gone the IT side of it – the knowledge intensive part of it – is still here,"

Logistics Costs in U.S.

