The Relationship between Liberalisation in the Logistics Sector and Trade Facilitation

Dariel De Sousa
Visiting WTO Fellow, Institute for International Trade
(The University of Adelaide, Australia)

UNDP/ESCAP ARTNeT Consultative Meeting on Trade Facilitation and Regional Integration
The Logistics Supply Chain

- Inputs
- Production
- Distribution
- Consumption

Flow of goods
Logistics services
Logistics infrastructure and information systems
Logistics Service Suppliers

Transportation

Storage, warehousing

Freight forwarding
Liberalisation of Logistics in Australia: Three Tiers of Reform

- Overarching competition policy: 1995
- Market access commitments: 1994
- Domestic regulatory reform (Rail, road, sea and air freight): 1990s
Liberalisation of Logistics in Australia: e.g. Results of Rail Freight Reform

**Usage**

- Billion-tonne kms

**Prices**

- Real Rail Freight Rate

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>80</td>
<td>70</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Governmental Measures that may have an Impact upon Supply of Logistics Services

Australian Customs Service

EXIT: Electronic Clearance
EXDOC: Electronic Health Certification

Australian Quarantine Service

ICS: Integrated Cargo System
ICON: Import Conditions Database
Logistics Liberalisation and Trade Facilitation: Case Study

- Port Lincoln, South Australia
- Adelaide, South Australia
- Melbourne, Victoria
- Sydney, New South Wales
- Tokyo, Japan
Logistics liberalisation and trade facilitation: what is the relationship?

Positive, symbiotic, mutually reinforcing?

Negative, conflicting, undermining?
Some Features of the Australian Seafood Industry

- Australian seafood industry worth in excess of AUD 2 billion
- South Australia accounts for 20% of total seafood production
- South Australian tuna renowned worldwide for its superior quality
Some factors affecting the supply of South Australian tuna

- Global quota to prevent over-fishing
- Efforts of the Australian Tuna Boats Association to enhance quality
- Waning competition for high-end tuna from China, Taiwan, Indonesia and the Philippines
Logistics Supply Chain: Export of tuna from SA to Japan

Chilled

- Packaging and cold storage
- Road freight to airport
- Cold storage and loading
- Air freight to Japan

Frozen

- Road freight to port
- Loading and processing on ship
- Sea freight to Japan
- Customs clearance in Australia
- Customs clearance in Japan
Some factors affecting the logistics supply chain

• Maintaining the “cold-chain” for chilled and frozen tuna
• Improvements in freezing technology for frozen tuna
• Emergence of specialist vehicles to transport chilled and frozen tuna
• Need for infrastructure to store chilled tuna
• Increasing air freight capacity for chilled tuna
• Lower costs for sea freight of frozen tuna due to port reform
• Role of freight forwarders, particularly for chilled tuna
Special trade facilitation measures applying to South Australian tuna

• AQIS “Approved Arrangements” for seafood products

• Food promotion bodies e.g. “Food Adelaide”

• Nippon Automated Cargo Clearance System (NACCS)

• Industry considers that the involvement of ACS and AQIS helps to enhance competitive advantage rather than to hinder trade
The Virtuous Cycle

- Liberalisation of logistics services
- More efficient delivery of logistics services
- International trade facilitated
- Increased demand for logistics services
Implications for Developing Countries and Policy Makers

• The importance of efficient logistics services for economic growth

• Acknowledgement of the relationship between logistics liberalisation and trade facilitation

• Logistics liberalisation and reform of border measures to be undertaken on a complementary basis
Implications for Developing Countries and Policy Makers

• Need to consult all relevant stakeholders (government bodies, suppliers of logistics services, exporters and importers)

• Designing the regulatory framework:
  • Reform measures
  • Striking the balance to achieve prudent regulation
  • Public or private control of logistics infrastructure
  • Prioritisation and sequencing