V. COORDINATION MECHANISMS FOR LOGISTICS DEVELOPMENT

Logistics development involves the cooperation of many government and private sector stakeholders. The development of logistics strategy and policy requires a continuing dialogue among stakeholders. A formal national coordination mechanism, rather than ad hoc consultation, can therefore be beneficial to promote cooperation and decision making.

A. Examples of Coordination Mechanisms

1. Indonesia17

In Indonesia the implementation of the National Logistics Blueprint is divided into several levels, presented in Figure 6.

At the top, the Coordinating Minister for Economic Affairs chairs the Committee on Acceleration and Expansion of Indonesia’s Economic Development 2011-2025. This national economic strategy consists of several taskforces around the three major strategies, i.e. increasing the economic potential through economic corridors, strengthening national connectivity, and strengthening human resource capabilities and national science and technology. Of the three taskforces, the one relevant to logistics is the National Connectivity Taskforce, lead by the Vice Minister of National Development Planning. The Connectivity Taskforce takes responsibility over the coordination of activities on logistics, transport, ICT and development areas.

The National Logistics Team operates under the Taskforce and is headed by the Deputy Minister for the Coordinating of Industry and Trade Policy Affairs. The Team is responsible for the implementation of the National Logistics Blueprint. To complement

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the expertise and perspective of the Ministry, the National Logistics Team is supported by an expert group of academics and practitioners. Additionally, the Team has a Secretary General.

The Team also includes six Working Groups, one for each of the key drivers of human resources, ICT, logistics service providers, infrastructure, harmonization of regulation and policy, and key commodities. The members of the working groups include representatives of relevant ministries or agencies, academics and practitioners.

**Figure 6. Implementation structure of the Indonesian National Logistics Blueprint**

2. Malaysia\textsuperscript{18}

The Malaysian National Logistics Development Council, set up in February 2007 as part of the Third Industrial Plan, acts as the focal point for coordination of logistics strategies, policies, regulations and rules. Its role is to provide leadership on issues relating to the development of the industry, to align logistics policies with the Industrial Plan and to assist in the streamlining of strategies and policies for the logistics industry. It also monitors and coordinates the implementation of programmes and activities by other relevant ministries, agencies and authorities at state and federal level. The council consists of representatives of “relevant ministries, departments, and agencies, as well as trade and industry associations, and academia.”

The council has seven main responsibilities. Firstly, it assesses global developments which may impact the logistics industry at a national level. Secondly, it monitors domestic developments and acts as a mediator for conflicts of interests of logistics stakeholders. The council is also responsible for the development of a comprehensive database on the requirements of the industry, with particular focus on the relationship between transport and supply chains, both domestically and internationally.

The council is responsible for the development and monitoring of training programmes and related funding to promote human capacity development. The council is also responsible for initiating research on logistics. In addition to the general mandate on research, particularly relating to transport of specific commodities, SMEs and ICT, the council is tasked with the comprehensive review of the cabotage policy and its regulatory and structural implications on the domestic shipping industry. Additionally, the council is responsible for measures to promote greater outward-orientation of the Malaysian trading community, and promoting beneficial changes in practices (such as shifting to exporting CIF and importing FOB).

\textsuperscript{18} Based on “Third Industrial Master Plan (IMP3) 2006 – 2020” (available through: http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.article.Article_8e595aba-7f000010-72f772f7-733da6e4).
A supply chain and logistics research and training body was also established under the supervision of the Council to undertake research as assigned by the council. The National Plan covers a range of issues relating to transport and logistics, from infrastructure (including the extension of the double-tracking project nationwide, support for inter-modal transport networks, development of national transport corridors, and development of distribution parks) to human resources development and institutional and regulatory frameworks. The research centre is set up as joint Government and private sector entity, with Government providing most of the funding. The private sector contributes to the funding, and may participate in research through the secondment of staff.

3. Republic of Korea

The role of the National Logistics Policies Committee is set out in the Framework Act on Logistics Policies as a body deliberating matters concerning national logistics policies, under the control of the Ministry of Land, Transport and Maritime Affairs (MLTM). Matters of particular relevance are:

- Policies concerning enhancing efficiency in the national logistics system;
- Matters concerning the development of logistics facilities;
- Policies concerning the development of the logistics industry; and
- Any matters falling under the effect of the Act or presented to the meeting by the chair as important for the interest of the national logistics industry.

The Committee is comprised of up to 20 members. The chair of the Committee is the Minister of Land, Transport and Maritime Affairs. In addition, the Committee consists of high-ranking representatives from several government agencies, reflecting the range of actors relevant to the logistics industry: the Ministry of Strategy and Finance; the

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20 Following government reorganization, the current name of the Ministry is Ministry of Land, Infrastructure and Transport.
Ministry of Education, Science and Technology; the Ministry of Foreign Affairs and Trade; the Ministry for Food, Agriculture, Forestry and Fisheries; the Ministry of Knowledge Economy; the Ministry of Labor; the Minister for Land, Transport and Maritime Affairs; the Korea Customs Service; and the Small and Medium Business Administration.  

In addition, up to ten persons with specialized knowledge and substantial experience can be appointed by the chair to sit in the committee. For investigations on specific matters, external expert advisors can be used by the committee.

The committee has three subcommittees, on logistics policies, logistics facilities, and on international logistics. The role of the subcommittees is to carry out preliminary research on matters to be discussed by the committee, according to their focus. In addition, the committee can request the subcommittees to consider particular topics. The Act also delegates some responsibilities directly to the subcommittees. For example, on matters concerning the construction of logistics information networks, the subcommittee on logistics facilities is tasked with coordinating with the MLTM.

Regional Logistics Policies Committees can also be formed under the control of mayors or governors.

4. Thailand

The Strategy on Logistics for the Kingdom of Thailand describes the National Logistics Council, which is set up as the responsible body for the implementation and further development of the logistics White Paper, and to act as the chief advisory body to the government. It consists of two parts: a Steering Committee on Logistics Development, chaired by the Prime Minister, and the Logistics Development Council. For the purpose of the implementation and further development of the White paper, six working groups

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21 Following government reorganization, several Ministries have been renamed. The current names are as follows: Ministry of Education, Science and Technology is Ministry of Education; Ministry for Food, Agriculture, Forestry and Fisheries is Ministry of Agriculture, Food and Rural Affairs; Ministry of Foreign Affairs and Trade is Ministry of Foreign Affairs; Ministry of Knowledge Economy is Ministry of Trade, Industry and Energy; Ministry of Labor is Ministry of Employment and Labor; the Minister for Land, Transport and Maritime Affairs is Ministry of Land, Infrastructure and Transport.

22 Based on “Strategy on Logistics for the Kingdom of Thailand”.

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are also formed: logistics infrastructure, legislation, cyber and IT infrastructure, human resources and education, marketing and promotion, and support of SMEs. The Logistics Development Council selects the members of the project groups, steers and evaluates their work against benchmarks and performance indicators, and generally supports their work. The implementation of the recommendations of the working groups is decided on by the Steering Committee on Logistics Development, who also appoints the 40-50 members of the Logistics Council.

The National Logistics Committee described in the Strategy, 23 chaired by the Prime Minister, was established in 2007. It consists of representatives of several ministries, including Commerce, Transport, Industry, Finance, Education, Agriculture, ICT, Labour, and the National Economic and Social Development Board (NESDB). The private sector is represented by several industry associations and federations, such as the Thai National Shippers’ Council, Thai Chamber of Commerce, Federation of Thai Industries and Thai Bankers’ Association. In addition, seven experts are appointed by the Cabinet. Three sub-committees on industrial logistics development, agricultural logistics development, and data harmonization, work with the Committee.

The Committee is responsible for policy and planning for the logistics sector; measures to promote the logistics industry; following and reporting on the development of logistics; recommending measures on financing, marketing, research, human capacity and tax policy; recommending measures for customer protection; and improving and amending institutional frameworks when necessary. An example of the work of the Committee is the designation of government agencies for the strategic agendas of Thailand’s Logistics Development Strategy (2007-2011), which enhances the effectiveness of the Strategy. 24

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23 The Steering Committee on Logistics Development.
24 “Thailand’s Logistics Development and Supply Chain management towards ASEAN Economic Community”, keynote speech by Mr Arkhom Termpittayapaisith, NESDB, 8-9 October 2010.
B. Features of National Logistics Council/Committee

National logistics councils/committees, as described in Section A, have been established in several countries in the region to coordinate and serve as a focal point for policy matters relating to logistics. An important function of the coordinating mechanism is to offer leadership in response to national and international developments influencing the industry. Additionally, the national councils/committees may promote policy consistency and coordination between different stakeholders in the logistics system, and the streamlining of policy development. Other key areas of work for the council/committee may include:

- The development of logistics facilities;
- Measures to promote the development of the logistics industry;
- Initiatives for enhancing the efficiency of the logistics system;
- Development of human capacity in the industry; and
- Marketing and promotion activities to benefit the logistics service providers.

The work of the council/committee is closely connected to the national logistics strategy or master plan, and the wider policy framework, such as economic development plans. It may serve as the monitoring agency for the implementation of the national strategy. In addition, the national strategy may serve as the terms of reference for the council/committee. It is important that the implementation process of its recommendations is clear, and the national logistics strategy offers a natural framework for this.

The council/committee is a fixed body which meets regularly, as opposed to an ad hoc group addressing a particular policy problem. This ensures that there is continuity in policy planning processes and faster reactions to new developments and issues. To enhance the effectiveness of operations, the council/committee may have a formal secretariat, as in the case of the Indonesian National Logistics Team. The secretariat may take responsibility over administrative aspects and follow up to council meetings. This
also ensures that adequate resources are provided to support the council/committee’s functions and recommendations.

Various public sector agencies have a stake in the development of logistics policy, such as transport, trade, customs, information and communication, industry, finance and health, in addition to many others. The national logistics council/committee may apply a multiagency approach by including a large number of these stakeholders as members. Additionally, the council/committee may include representatives of the private sector such as national logistics associations, chambers of commerce, and key companies in the field of logistics. The national logistics plan may, as in the case of Malaysia and the Republic of Korea, address the competitiveness of national carriers and public logistics operators. In these cases the relevant companies should also be included in regular consultations with the council/committee. Academics and other experts may also be invited to join, particularly for discussions on matters which require specialized expert knowledge. The membership of the council/committee should also reflect high-level government participation in order to send a strong signal of commitment to the improvement of the industry and increase the credibility of the council/committee, both nationally and internationally. The diverse membership may increase policy consistency and promote a more comprehensive view in policy development. It may also act as a platform for the mediation of conflicts of interest between stakeholders when necessary.

The work of the council/committee may be enhanced by setting up subcommittees or working groups on particular topics. The role of the subcommittees is to work on strategy and plans in more detail, and provide preliminary suggestions and analysis for the discussions. The work of the national logistics council/committee can also be supported by establishing a research institution to provide academic analysis and evidence to support policy making. The role of the logistics council/committee is then to direct the research of the institute, and suggest topics of national interest for their closer study. The establishment of a research institute also supports the general development of skills in the wider industry.