Annex II
ASEAN Transport Cooperation

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1. Introduction

The Association of South-East Asian Nations or ASEAN was established on 8 August 1967 in Bangkok by the five original Member Countries namely, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined on 8 January 1984, Viet Nam on 28 July 1995, Laos and Myanmar on 23 July 1997, and Cambodia on 30 April 1999. The ASEAN region has a population of about 500 million, a total area of 4.5 million square kilometres, a combined gross domestic product of US$737 billion and a total trade of US$720 billion.

ASEAN aims and purposes of the Association are to accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of South-East Asian Nations, and to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region and adherence to the principles of the United Nations Charter. In 1995, the ASEAN Heads of States and Government reaffirmed that Cooperative peace and shared prosperity shall be the fundamental goals of ASEAN.

ASEAN Member Countries widely recognize that transport is among the key catalysts of economic development and international competitiveness, in view of its role as a critical logistics and service support sector. The improvement of transport and communications facilities is among the major aims of the Association of South-East Asian Nations. In the recent past, Member Countries closely engaged in the successful implementation of the ASEAN Plan of Action in Transport 1996-1998 As ASEAM is moving towards an integrated regional market, enhanced cooperation in improving the level and quality of transport and communications services and infrastructure becomes more imperative.

In the Second ASEAN Transport Ministers Meeting in Chiang Mai, Thailand in February 1997, the ASEAN Secretariat was requested to identify options for convening a Group of Experts to formulate the directions and modalities of future ASEAN transport cooperation programmes, including the successor plan from 1999 onward. In the regard, a project on the National and Regional Workshops on the Role of Transport and Communications in the ASEAN Region in the 21st Century was developed, which subsequently received technical assistance from the Japan-ASEAN Cooperation Promotion Programme (JACPP), Consultancy service started in late September 1998, designated national experts and with the ASEAN Secretariat as project coordinator, on behalf of the ASEAN senior transport officials.
As a result of the above consultancy this ASEAN Transport Cooperation Framework Plan was developed to serve as the implementation road map for concerted cooperation in the transport sector in line with the transport priorities and action agenda set forth in the ASEAN Vision 2020 and the Hanoi Plan of Action. The Framework Plan specifically provides the overall policy and development framework to guide regional cooperation in the ASEAN transport sector up to the year 2000.

The accompanying Successor Plan for Action in Transport 1999-2004 presents some 55 projects and activities to be implemented during the six-year period in five sectoral programme areas; namely: Transport Facilitation, Air Transport, Land Transport, Maritime Transport, and Integrated Transport Development to achieve, among others, a harmonized, coordinated and integrated transportation system in the ASEAN region, through the following broad-based strategies:

- Development of infrastructure
- Promotion of Competitive Transport Services
- Capacity Building Initiatives (Institutional and Human Resources Development)
- Improving Transport Safety and Environment
- Greater Private Sector Participation/Involvement

More specifically, the strategic thrusts for ASEAN cooperation in the transport sector for the period 1999-2004 are, as follows.

I. Transport Facilitation

Intensify cooperation in the promotion and facilitation of an efficient, effective and reliable transport system for goods and peoples to support trade, investment and tourism in the ASEAN region.

II. Air Transport

Institute enhanced regulatory and competition policy for the ASEAN civil aviation sector and improve the quality and breadth of aviation safety standards, to promote greater economic integration in the ASEAN region and strengthen external linkages.

III. Land Transport

Enhance cooperation in the development of a harmonized and coordinated regional land transport infrastructure network and in the improvement of the interconnectivity and interoperability of land transport networks.

IV. Maritime Transport

Create a competitive policy environment for the ASEAN maritime transport sector, in which the private sector is encouraged to invest in infrastructure and in operating
transport service; where ports have improved capacity, efficiency and productivity and shipping has a liberalized regime; and with due recognition to maritime safety and the environment.

V. Integrated Transport Development

Enhance cooperation in the systematic planning, development and implementation of an integrated and coordinated transportation network in the ASEAN region.

The Senior Transport Officials Meeting (STOM) shall have the overall responsibility for the implementation of the Successor Plan of Action. Designated STOM Working Groups shall be responsible for elaborating the sectoral programme areas, and in particular, for the preparation of work programmes, fund requirements and other implementing arrangements. The ASEAN Secretariat shall assist STOM and the STOM Working Groups in carrying out their respective implementation responsibilities, including technical support and assistance in the supervision, coordination and review of the cooperation programmes, projects and activities.

Technical assistance from ASEM Dialogue Partners, ASEAN private sector, international and regional organizations and other related institutions are most welcome to ensure the successful implementation of the Successor Plan of Action in Transport 1999-2004.

2. Status of ASEAN Transport Cooperation

The work of the ASEAN Transport Ministers thus contributes substantially to ASEAN's economic and social integration. And it does so in concrete and tangible ways. The agreement on the recognition of inspection certificates of commercial vehicles that the Ministers will sign tomorrow is an example of this. So are the goods-in-transit agreement that is to be concluded later this year and the multimode and inter-state transport agreements, which are due for implementation in the future.

The primary role that road networks and railway links are taking in the development plans for the Greater Mekong Subregion underlines the importance of transport in ASEAN's work. So does the ASEAN members' commitment to liberalising air services regimes in the region. Air transport and maritime transport are among the leading sectors covered by the current ASEAN negotiations on trade in services.

In 2002, Lao People’s Democratic Republic, the Philippines, Singapore and Viet Nam assumed the chairmanship for the ASEAN Transport Facilitation, Air Transport, Maritime Transport and Land Transport Working Groups, respectively. Hereunder were the substantive accomplishments/developments in ASEAN cooperation in the transport sector to stay competitive, ASEAN’s transport sector needs to be a lead factor in economic growth, and a critical logistics and services support sector to trade.
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I. Land Transport Cooperation

(a) Successful conduct of the 2nd GRSP-ASEAN Road Safety Seminar in Ha Noi, Viet Nam from 25-27 March 2002, with a total of about 200 participants. Thailand will host the third seminar in Bangkok on 17-19 March 2003. The Philippines would host the fourth seminar in 2004;

(b) Convening of the first ASEAN ITS Experts Task Group Meeting on 8-9 July 2002 in Singapore, with the participation of ITS experts from Australia and Japan. The ITS Experts Task Group would develop a Decision Support Framework for planning, evaluating and prioritizing ITS projects and the necessary framework for the implementation of possible joint ITS projects. Malaysia will host the second ASEAN ITS meeting in 2003;

(c) Implementation of an ADB Regional Technical Assistance (RETA) grant of US$ 500,000 for the ASEAN Road Safety Study in March 2003. ADB dispatched a fact finding/consultation mission in October/November 2002, to work out the details of the scope of work, the cost estimates, and the implementation arrangements;

(d) Adoption of the standard definition for “fatality” and a standardized format for purposes of traffic accident reporting, statistical comparative analysis and data management on an ASEAN-wide basis. Conduct of the Road Safety Audit Course with the Road Engineering Association Malaysia (REAM) as organizer;

(e) Implementation of the ASEAN-China Workshop on Road Traffic Management and Applicable Technology on 13-27 October 2002 in Wuxi, Jiangsu, China, with 30 ASEAN participants;

(f) Holding of the Sixth ASEAN-Japan Workshop-cum-Seminar on Urban Transportation (AJUT) from 4-6 December 2002 in Osaka City, Japan, jointly with the 11th Seminar on Land Re-Adjustment and Urban Development. Singapore would host the 7th AJUT in 2004;

(g) Finalization of the ASEAN highway numbering system consisting of three numeric designations. Harmonization of the road signage for the ASEAN highway and national route numbering system, to include those for tourism purposes;

(h) Implementation of the ASEAN-Republic of Korea Preparation Studies for the ASEAN Highway Network and Inland Freight Development, with the Korea Transport Institute (KOTI) as implementing agency. The Study will focus on the preparation studies on ASEAN road sections of Below Class III standards and the missing links/sections totalling about 6,000 kilometres in five Mekong Basin countries.

II. Air Transport Cooperation

(a) Conduct of the ASEAN Search and Rescue Exercise (SAREX) 2002 in Singapore on 20-21 November 2002, with the official participation of aeronautical and maritime SAR agencies of all ASEAN member countries,
under the auspices of the Singapore Rescue Coordination Centre. The Philippines would host the ASEAN SAREX in 2003;

(b) Adoption of uniform standard SAR matrix, to include maritime SAR information, for future updating of ASEAN SAR Directory;

(c) Opening of new routes and increases in frequencies in other routes; expansion of air services agreements between some ASEAN countries and continuing efforts made by ASEAN airlines to promote the Visit ASEAN Campaign (VAC) in particular, and intra-ASEAN air travel;

(d) Continuing improvement of air navigation and air traffic services to further enhance safety and efficiency of ASEAN skies; through Communication, Navigation and Surveillance/ Air Traffic Management (CNS/ATM) implementation and operational trials, implementation of Reduced Vertical Separation Minimum (RVSM) in ASEAN, etc. Adoption of the phased implementation for the Global Positioning System (GPS) Non Precision Approach (NPA), as well as en-route, arrival and departure GPS procedures;

(e) Strengthening cooperation in the area of airworthiness and flight oversight capability. Continued support of the Asia-Pacific regional requirement for early implementation of the Airborne Collision Avoidance System (ACAS);

(f) Ongoing preparation of an ASEAN Civil Aviation Training Centre (CATC) exchange programmes and syllabi;

(g) Availability of training awards at the Singapore Aviation Academy and the CATC Malaysia for ASEAN countries and the ongoing networking cooperation between the ASEAN CATCs;

(h) Start up for the air transport sectoral negotiations for the fourth package of commitments under the ASEAN Framework Agreement on Services;

(i) Finalization of the Road map for ASEAN Competitive Air Services Policy. An internal ASEAN Secretariat study on Preparing ASEAN for Open Sky will be carried out under the ASEAN-Australia Development Cooperation Programme (AADCP) Regional Economic Policy Support Facility;

III. Maritime Transport Cooperation

(a) Completion of the ASEAN Maritime Transport Sector Development Study, with Thailand hosting the Regional Workshop on 29-30 July 2002, which assessed the Study’s major findings and recommendations. The ASEAN Maritime Transport Policy and Development Framework Plan 2003-2008 is being finalized;

(b) Implementation of the IMO-ASEAN project on the Drafting and Updating of Maritime Legislation to support Adoption and Accession by ASEAN Member Countries to IMO Conventions. Needs assessment missions are to be carried out by ASEAN Maritime Safety and Maritime Legislation Experts, for reporting at the first regional workshop in Singapore in
March/April 2003. The Project is slated to be completed in September 2003;

(c) Completion of the four (4) pilot courses at the ASEAN Inland Waterways and Ferries Training Centre in Palembang (Indonesia). These courses were on Port Management, Traffic Engineering, Infrastructure Management and Plan Evaluation;

(d) Conduct of the ASEAN-China Training Project for Vessel Masters, Chief Engineers and Safety Administrative Personnel on the Lancang-Mekong River (Phase 1) in Jinghong, China from 9-16 May 2002;

(e) Finalization of the ASEAN near coastal voyage limits and formulation of the common sets of requirements in terms of Grade and Syllabi for the certification of Deck Officers and Marine Engineer Officers for ASEAN near coastal voyages;

(f) Ongoing initiative for the conclusion of the bilateral Memorandum of Undertakings (MOU) for the mutual recognition of certificates of competency in line with the requirements of the 1995 amendments to the International Convention on the Standards for Training, Certification and Watch keeping (STCW 95);

(g) Uploading in the ASEANWEB www.aseansec.org of the Directory of ASEAN Maritime Training Centres and Educational Institutions and the ASEAN Search and Rescue (SAR) Cooperation Contact Points;

(h) Finalization of the SAR Maritime Directory, for eventual uploading in the ASEANWEB;

(i) Implementation of the German/GTZ-assisted project on dangerous goods planning for member-ports of the ASEAN Ports Association (APA);

IV. Transport Facilitation Cooperation

(a) Further study/analysis on the suitable and acceptable options and solutions for the prompt finalization/conclusion of the ASEAN multimodal transport and inter-state facilitation agreements and the remaining goods-in-transit protocols;

(b) Preparation for the convening of the first meeting of the regional Transit Transport Coordinating Board. To date, National Transit Transport Coordinating Committees (NTTCCs) have been duly established in nine ASEAN member countries; and

(c) Development of the ASEAN’s carrier liability scheme for international road transport.

Myanmar will convene the Special Working Group on the SKRL in December 2002 in Yangon, to follow up activities for the SKRL implementation. The ASEAN transport ministers supported the initiatives of ASEAN-Mekong Basin Development Cooperation (AMBDC) on the possible implementation modalities for SKRL, particularly the formation of consortia for funds mobilization and introduction of incentive packages
for private sector participation. Malaysia will assume the Chairmanship of the Special Working Group on SKRL for the next three years, starting 2003.

The ASEAN transport ministers also supported for the implementation of the transport infrastructure component of the IAI Work Plan containing six projects with the total budget of US$ 2.5 million, in the development studies and capacity building in the highway and inland waterway, railway and multimode transport sectors in the CLMV countries.

ASEAN's economic integration and cohesion are also vitally important for ASEAN's unity, now that our association has expanded to nine members from the seven that we had only four years ago. We can only be gratified by the active involvement of Laos PDR and Myanmar, as well as of Viet Nam, in the work of this forum and thus in ASEAN's closer economic integration.

Transport is so important to ASEAN cooperation and integration that it ought to occupy a prominent place in the Hanoi Plan of Action, which our leaders are expected to issue at their 6th Summit in December this year. The Plan of Action is designed to translate the ASEAN Vision 2020 into action through concrete measures to bring ASEAN's economies onto the path of economic recovery.

3. Transport Cooperation Agreements

We shall be completing the implementation of the Transport Plan of Action by the time of the 6th Summit in December. As the Ministers know, the ASEAN Secretariat, on behalf of the senior transport officials will soon embark on a Japanese-assisted study to develop the 1999-2004 Transport Plan of Action. This should be entirely consistent with the larger Hanoi Plan of Action. In this way, the transport sector shall help bring about the recovery of ASEAN's economies, the closer integration of the economies and societies of ASEAN, the building of a true ASEAN community, and a significant improvement in the lives of the people of ASEAN.

The 8th ASEAN Summit and related meetings in Phnom Penh in November 2002 have provided fresh impetus to ASEAN transport cooperation. The leaders of China, India, Japan and the Republic of Korea (ROK) accorded the ASEAN transport sector with greater attention and focus in their summit meetings with the ASEAN leaders.

In the 8th ASEAN Summit, the ASEAN leaders, to intensify actions to ensure the integration of the broader South-East Asian market, stressed that the liberalization of intra-ASEAN trade in services requires strengthening transport links, interconnecting telecommunications, increasing the use of information and communications technology and liberalising investment within ASEAN. The leaders welcomed Malaysia's offer to Cambodia to help build the missing link in the Singapore-Kunming Rail Link (SKRL). With the signing of the ASEAN Tourism Agreement, the leaders pledged to work hard to promote the ASEAN region as a single tourism destination through actions such as facilitating intra-ASEAN travel, liberalising passenger transport, attracting investment and ensuring the protection of ASEAN's cultural and natural heritage.
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China confirmed the co-financing towards the completion of SKRL. ASEAN tabled some specific additional proposals in the ASEAN-Japan Summit including official development assistance to help complete the SKRL and other transport networks. The Republic of Korea (ROK) expressed interest in supporting the improvement of transport networks in ASEAN and the sustainable development of the areas along the Mekong River. The ASEAN and Indian leaders agreed to work together to broaden and intensify joint efforts in the Mekong Basin, by promoting the transport links that span India, Myanmar, Thailand, Cambodia and Viet Nam.

In the Joint Declaration of the Leaders of ASEAN and Japan on the Comprehensive Economic Partnership, ASEAN and Japan agreed to seek broad-based economic partnership covering not only liberalization of trade and investment but also trade and investment promotion and facilitation measures and cooperation in other areas, such as financial services, information and communications technology, science and technology, human resource development, small and medium enterprises, tourism, transport, energy and food security. They welcomed and encouraged initiatives by ministers of other portfolios, such as transport, to promote cooperation for such economic partnerships.

Extending cooperation, to include transport, has been underlined in the ASEAN-China Framework Agreement on Comprehensive Economic Cooperation. Similarly, the Declaration on the Conduct of Parties in the South China Sea, ASEAN countries and China may explore or undertake cooperative activities in areas like safety of navigation and communication at sea, search and rescue operation, etc. The modalities, scope and locations, in respect of bilateral and multilateral cooperation should be agreed upon by the concerned Parties prior to their actual implementation.

To narrow the development gap between the newer and older ASEAN members, the ASEAN leaders approved the Initiative for ASEAN Integration (IAI) Work Plan along with 51 projects in the areas of infrastructure, human resource development, information and communications technology and regional economic integration. Of the total 51 projects approved, six were transport projects. ASEAN and China agreed to implement capacity building programmes and technical assistance, particularly for the newer ASEAN member countries, in order to adjust their economic structure and expand their trade and investment with China. Japan reaffirmed its support for fully implementing the IAI, including the consideration of financing IAI projects under both bilateral and multilateral mechanisms. In endorsing the Final Report of the East Asia Study Group, ASEAN and Republic of Korea agreed to work on implementing the recommendations to achieve closer economic partnership between the Republic of Korea and ASEAN and help lay the foundation for the formation of an East Asia Free Trade Area over the long term. The implementation will particularly consider the work plan and projects under IAI.

The 8th ASEAN Transport Ministers (ATM) Meeting in Jakarta in September 2002 stressed on the critical role of transportation for economic growth. The ministers shared the view that the integration of air, maritime and land transport in ASEAN will facilitate not just the greater flow of goods and people in the region, but also open up links to rest of the Asia. The ministers reiterated the importance of ensuring safety and security in the maritime and aviation sectors. Following the ASEAN Tourism Agreement, the ministers
agreed to work towards the facilitation of transport services covering air and cruise and ferry transport and in supporting safe and efficient land transport in ASEAN.

In the 8th ATM, the ministers signed Protocol 9 on Dangerous Goods. Protocol 9 provides for the simplification of procedures and requirements for the transit transport of dangerous goods in ASEAN, using internationally accepted standards and guidelines. This Protocol is one of the implementing protocols under the ASEAN Framework Agreement on the Facilitation of Goods in Transit.

The ASEAN Senior Transport Officials/Directors-General of Civil Aviation also signed the ASEAN Memorandum of Understanding (MOU) on Air Freight Services, as a first step in the full liberalization of air freight services in the ASEAN region. The MOU allows the designated airlines of each ASEAN member country to operate all-cargo services up to 100 tons weekly with no limitations on frequency and aircraft type.

The ministers adopted the ASEAN Road maps for the Land Transport Infrastructure Integration and Transport Facilitation of Goods. The Land Transport Infrastructure Integration Road map sets out the project development and implementation steps towards the realization of the ASEAN Highway and SKRL Projects, to promote greater land transport inter-connectivity and accessibility in the region. The Transport Facilitation of Goods Road map provides for the institutionalization and operationalization of the ASEAN transport facilitation agreements covering transit and inter-state transport of goods, as well as multimodal transport operations, to support AFTA and improve transport logistics in the region.

The year 2002 also marked the beginning of ASEAN formal cooperative partnership with the dialogue partners to further advance policy consultation and project cooperation in the transport sector. The ASEAN senior transport officials (STOM) had the first consultation with their counterparts from China in May 2002 in Yogyakarta in the 13th STOM, and those from India and Japan at the 14th STOM/8th ATM in September 2002 in Jakarta. During the 8th ATM, the ASEAN and Chinese transport ministers had their first meeting. The ASEAN and Japanese transport ministers will have their first meeting in the 9th ATM in Yangon in September 2003.

The ASEAN and Chinese transport ministers underscored that their first meeting augured well on pushing forward cooperation process in the transport sector and had great significance in promoting economic and trade relations between ASEAN and China. They highlighted that building an integrated transport network for smooth and speedy movement of goods and people is a vital supporting infrastructure to a free trade area between ASEAN and China. They endorsed the Terms of Reference (TOR) for ASEAN-China transport cooperation. They committed to pursue collaborative activities in land transport infrastructure and facilitation, including implementation of the SKRL Project; facilitation of maritime and river transport; and the expansion of air transport services. They have requested their senior officials to implement mutually beneficial programmes, for assessment in their next meeting in 2003.

ASEAN-India joint cooperative activities involve promoting transport infrastructure development and enhancing human resource development (HRD) in the road,
shipping and railway sectors. ASEAN-Japan transport partnership covers promoting policy
dialogue, enhancing human resource development including cooperation in the facilitation
of cargo distribution and logistics, promotion of safer and sustainable
shipping, enhancement of air transport safety and efficiency. Japan will host the ASEAN-
Japan Transport Policy Workshop in early 2003 in Tokyo, as launching activity for the
ASEAN-Japan transport partnership.

For the year under review, there were notable progress and developments achieved
in the implementation of the Hanoi Plan of Action/Successor Plan of Action in
Transport. In 2002, the ASEAN transport sector received technical assistance and
funding support to move forwards various ASEAN transport cooperation projects and
activities. China provided technical assistance for HRD activities in river transport and
road traffic management; Japan for maritime sector and cruise studies; road safety,
Intelligent Transport System (ITS), and urban transport seminar; the Republic of Korea for
highway preparation studies; Germany for dangerous goods planning in ports, Belgium for
HRD on inland waterways/ferries transport; the Asian Development Bank for road safety
studies and the International Maritime Organization for the study on ASEAN accession to
IMO conventions.

4. Development of Regional Seaport System

There are a large number of seaports in the region serving varied international and
domestic transport requirements. The Philippines and Indonesia port system is own
hierarchical system of national seaports network. The Philippine Ports composed of 19
base ports and 89 national ports managed by the Philippine Ports Authority. The network is
further supplemented by several hundreds of municipal and private ports. The Indonesia
port system comprises five major ports, 107 primary ports, 544 government ports, 1,233
private ports (serving remote and undeveloped areas).

At the regional level, Singapore serves as a regional hub handling about 15 million
TEU with 80 per cent transshipment rate. The relative strength of the Singapore port us
attributed to modern infrastructure and facilities with sufficient capacity, expeditious
clearance system, and EDI-based port-documentation procedure, efficient and convenient
port service, and availability of 400 shipping lines with direct links to more than 700 ports
worldwide. For these reasons, neighbouring countries rely heavily on Singapore not only
for interregional service but also for interregional goods transport.

To attract direct container cargo service, Malaysia and Thailand have started to
expand direct links with the ports outside the region through Port Klang and Laem
Chabang respectively. For instance, Port Klang has developed 15-metre deep container
berth to accommodate Post Panamax-type container berths, to accommodate vessels of
80,000 to 100,000 DWT with a capacity of more than 6,000 TEU. Port Klang has now 67
direct liner service, and 38 feeder service to/from 300 ports worldwide. Brunei
Darussalam Indonesia and the Philippines have also similar plans for deep seaport
development. These developments may affect and change the future direction of port
network development in the region.
With regard to seaports, the ASEAN Ports Association (APA) implements various cooperation programmes among ASEAN port authorities. Three cooperation areas have been indemnified to further strengthen maritime transport in the region, namely development of regional seaport system, enhancement of competitive maritime services and maritime safety.

The efficiency of seaports is critical to the development and integration of the region. A hierarchical system of the region’s seaports network will be developed to support shipping, which must correspond to diversified shipping needs that require different types of vessels and service. A total of 33 ports have been tentatively identified.

Figure AII-1  ASEAN Maritime Transport System
An important port development trend is port commercialization. More ports are being corporative and privatized even in countries with centralized governments. Many other ASEAN ports could learn from experiences and lessons in many cases available worldwide.

Further cooperation include information sharing on dangerous goods, exchange of data regarding port traffic, infrastructure, facilities, services, and tariff among ports and simplification of port, documentation and procedures including introduction EDI-based systems.

To make the regional seaport system competitive with other regions and to achieve the transport cooperation are that transport plays a key role in moving goods and peoples in ASEAN and beyond, and transport is critical for trade facilitation and regional integration.