

ASEAN

Logistics in ASEAN

ASEAN is an international organization of Southeast Asian countries that has 10 members and extends across the entire region. About 8 percent of the world's population lives in this area. The average annual growth rate of gross domestic product is 4 percent and is expected to continue in years ahead. In an effort to bolster this positive economic development, many member states have already expanded their logistics infrastructure.



Transport hubs in ASEAN

Geographic challenges in ASEAN

The 10 ASEAN members are: Indonesia, Thailand, the Philippines, Malaysia, Vietnam, Singapore, Myanmar, Cambodia, Laos and Brunei.

In much of the ASEAN region, high humidity levels and the tropical climate pose special challenges. Many of the association's countries also have mountainous regions and many islands that complicate the development of logistics services.

Core countries for trade

The core countries for trade are the [United States](#), [Japan](#), the members of the European Union, [China](#) and Korea [1].

Infrastructure in ASEAN

The infrastructure around the economic centers is well developed in most ASEAN countries. For the entire ASEAN region, the state of [road and rail transports](#) is considered to be the major barrier to the development of logistics. As a result of positive economic growth, some harbors and airports have reached their capacity limits. For this reason, logistics costs in countries like Thailand and Indonesia are excessively high [2, 3, 4].

Logistics requirements and service areas

In the area of contract logistics, international and domestic companies are competing for the business of international manufacturers. In the ASEAN countries, the producers want either to outsource their distribution networks or to turn over the entire logistics operations of their local manufacturing facilities. Major opportunities are arising in the area of the warehouse, particularly in the many free-trade zones. For instance, electronic manufacturers store laptops.

These computers can then be consolidated and flown to the sales market in western Europe at just the right time.

For CEP services , metropolitan areas continue to catch up with European cities. In all major cities in the ASEAN region, a major express service provider guarantees pickup of a shipment within 60 minutes.

Logistics centers in ASEAN

The largest logistics center in the region is located in Singapore, with one of the world's biggest harbors. Other centers are located in Malaysia and Thailand. Thanks to its excellent geographic position on the Strait of Malacca, Malaysia has emerged as a regional hub . In Thailand, DHL operates a large air-freight processing center at the old international airport in Bangkok. Centers are also located near the harbors. Because of the region's good geographic position, automakers operate large replacement-parts warehouses for the entire Asian-Pacific area here [2, 3, 4].

Important logistics service providers

Despite the major, largely geographic challenges posed by some countries, international logistics service providers continue to invest in some members of the ASEAN region. These decisions are based on the continuous economic growth and the expectation of another boom. In explaining why it was expanding its presence in Indonesia, DHL cited both the expected economic upswing and the intensifying integration in Southeast Asia. With the local partner PT Danzas Sarana Perkasa, DHL has six logistics centers in the area. Other important service providers are Schenker, Linfox, UPS, Nippon Express, TNT and Kühne & Nagel [2, 3, 4].

Recommended reading

Fundamentals of Logistics Management | Grant / Lambert / Stock / Ellram
 2005

References

- [1] The World Fact Book | Central Intelligence Agency 2007
- [2] Indonesien | Sauermost 2007. In: Transport und Logistik | Bundesagentur für Außenwirtschaft (Hrsg.)
- [3] Malaysia | Zell 2006. In: Transport und Logistik | Bundesagentur für Außenwirtschaft (Hrsg.)
- [4] Thailand | Bartsch 2006. In: Transport und Logistik | Bundesagentur für Außenwirtschaft (Hrsg.)

URL

<http://www.dhl-discoverlogistics.com/cms/en/course/trends/asia/asean.jsp>