Session 6
Customs-Trade Partnership: Is open debate the best means to foster knowledge exchange?

International trade facilitation by SCM Visibility Initiative

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Content

1. Why Visibility

2. Application use case of Visibility

3. Initiatives to support realizing Visibility Platform

4. Challenges for realizing Visibility Platform
1. Why Visibility

What happen in Global Logistics Chain

- Manufacturers are trying to reduce lead time and inventory, but No visible!
- There are many processes in end to end logistics. Sorting, Aggregation, Re-sorting, disaggregation .................
- Every shipper gives up to control logistics to improve efficiency!
1. Why Visibility

Current status of international – Collaboration with SCM parties involved…Maybe complicated situation!!

Responsibility for Export

- 4% Whole company / All business functions (procurement, production, logistics, sales)
- 7% Whole company / Some business functions
- 19% Division / All business functions
- 26% Division / Some business functions
- 38% Whole company / No business functions (commissioned to logistics providers)
- 6% Others

N=68

Responsibility for Import

- 5% Whole company / All business functions (procurement, production, logistics, sales)
- 7% Whole company / Some business functions
- 20% Division / All business functions
- 25% Division / Some business functions
- 36% Whole company / No business functions (commissioned to logistics providers)
- 7% Others

N=55

Commissions logistics providers to handle all or part of international logistics functions.

Source) questionnaire survey conducted by the Ministry of Economy, Trade and Industry, JPN in 2009
1. Why Visibility

Alread available - Visibility facilitated by IT

- Unique Identifier, Standard data carrier, Interoperable database
- Combination of existing technologies (Bar Code, RFID, ITS and GPS etc.)
1. Why Visibility

Visibility – Events (Cargo movements) can be triggers in Data Exchange

Trigger Events generate Data Exchange

1. Leaving Factory
2. Coming into CFS
3. Gate-in

Factory Container Freight Station Container Yard

Electronic Data Interchange

Trigger Events (cargo movements)

Party A  Party B
2. Application use case of Visibility

Monitoring cargo/vehicle/equipment movements at a designated area

① Monitoring movement of cargo and fleet by unique code and unique number
② Refer the cargo movement/handling history with where, when and How!
③ Much more information about clearance unit by associating with such identifiers as clearance unit, Container Number, B/L Number, P.O. number, ……

③ Much more information by associating identifiers
① Monitoring
② Movement history by Shipment identifier
④ Monitoring
Bonded Area
2. Application use case of Visibility

Concept: Pipeline Inventory Control

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Short Sea: Intra Asia within a week, But what happen in Deep Sea for North America and Europe
2. Application use case of Visibility

Visibility with every consignment and transport

How to identify transport unit – We are considering how to prove the concept of operation of UCR
3. Initiatives to support realizing Visibility Platform

Challenges of establishing a visibility platform

- Possible to establish a visibility platform by utilizing standardized database
  - Ensure **interoperability** among standards currently used
  - Set up an **operational rule**; a data set, code structure

Possible to establish a visibility platform by utilizing standardized database
- Ensure **interoperability** among standards currently used
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3. Initiatives to support realizing Visibility Platform

Interoperability of Global ID Code, Information and Interface

From APEC to the worldwide

Database
Standard interface

Systemized code

Information to be shared

Source: Ministry of Economic, Trade and Industry, Japan
3. Initiatives to support realizing Visibility Platform

Supply Chain Visibility Initiative in APEC

CY 2010 (Japan)
- SOM1@Hiroshima
  - APEC ICT Global Value Chain Workshop, ECSG
- SOM2@Sapporo
  - Supply Chain Connectivity Framework, CTI
- SOM3@Sendai
  - Supply Chain Visibility Workshop, SCSC
  - Supply Chain Connectivity Action Plan, CTI
- Ministerial Meeting @Yokohama
  - Joint Statement

CY 2011 (U.S)
- SCV Feasibility Study (Phase 1~3)
  - Phase 1 Questionnaire survey (APEC funding)
  - Phase 2 Pilot project (Self funding)
  - Establish best practices

CY 2012 (Russia)
- Phase 3 Workshop (APEC funding)
- Issuance of the recommendation

CY 2013
- 1. Strengthen business competitiveness
- 2. Reduce the burden on the environment
- 3. Achieve both security improvement and trade facilitation

Based on “APEC Supply Chain Connectivity Framework Action Plan for Chokepoint 6”

Source: Ministry of Economic, Trade and Industry, Japan
4. Challenges for realizing Visibility Platform

Visibility of Every Container Movement at Container Yard

- Exploiting existing container movement information in Terminal Operation Systems
  - Develop relay server and collect information
  - Share information among users with internet and standardized format
  - Will cover about 80% of container movement of JPN in/out in 2013

Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan
4. Challenges for realizing Visibility Platform
Strategic phased approach from Container level to ‘End to End’ Transport

ID: BIC, ISO06346 Container Number + pallet level + carton and box level
Event: UN/Trade and Transport Status Codes + Longitude and latitude
Location: UN/LOCODE + Specific code

Extend Carton and item level from container Factory, warehouse, and store level from ports

Port to Port
4. Challenges for realizing Visibility Platform

Next Opportunity after GS1/TLS global Pilot by using RFID

- Exploring automatic clearance submission ---- use visibility as a trigger event
- Seeking 100% reliability of RF-tag and back end system

2009: Phase 3
- Tokyo → Amsterdam
- Electronic Goods
- Ocean
- February 2009
- Fully automated reading of tags (fixed readers)
- Use of electronic seals on container (proof of closure)
- Parties involved are AEO (Authorised Economic Operator)
- Involvement of Customs (use of UCR; draft of “green lane”)

2007: Phase 1
- Hong Kong → Tokyo
- Footwear
- Ocean
- February 2007
- Handheld readers
- Connect EPCIS’s in several countries

2008: Phase 2
- Shanghai → LA
- Electronic Goods
- Agricultural Machinery
- Air, Ocean, Overland
- February 2008
- Handheld readers
- Hibernating active tags in plane
- Connect EPCIS’s in several countries between different industries
4. Challenges for realizing Visibility Platform

Collaboration opportunity with customs and industry

- ‘100% reliability of visibility platform‘ will facilitate automation clearance process, must learn the conversation process between express service industry

- How to treat ‘Active RF-tag devices for container monitoring’ -- needs standard specification for devices and authorization

- **ABL** (Asset Based Lending) ---- use visibility for custodian control