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Review of ASEAN Commitments in Courier Services Under AFAS 10 and RCEP

Notes

The terms country and/or economy as used in this study also refer, as appropriate, to territories or areas; the designations employed and the presentation of the material do not express any opinion whatsoever on the part of the ASEAN-Japan Centre concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The tables use the following symbols:

- Two dots (..) indicate that data are not available or are not separately reported.
- A dash (-) indicates that the item equals zero or its value is negligible.
- Use of an en-dash (–) between dates representing years, *e.g.*, 2015–2016, signifies the full period involved, including the beginning and end years.

Reference to "dollars" ($) means United States dollars, unless otherwise indicated.

Prepared by Hikari Ishido (Chiba University, Japan), Mateus Silva Chang (Keio University, Japan) and ASEAN-Japan Centre. The manuscript was edited by Tora Estep. Errors and omissions are only those of authors and should not be attributed to their respective organizations.

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I. Introduction

Courier services, also known as express delivery services (EDS), are an essential service sector especially for any kind of economic activities. The industry is a catalyst for ASEAN's trade and investment growth. The General Agreement on Trade in Services (GATS) administered by the World Trade Organization (WTO) lists[1] one job category under courier services: 02B Courier services.

Operators in the courier services industry cater to all in the form of both business-to-business and business-to-consumer services. As such, the growth of the industry is intrinsically linked to the population and economic growth of the ASEAN region.

Out of the "three sources of value added", *i.e.*, provisions of (1) tangible products, (2) information and (3) amenities, courier services correspond to the first and tend to increase with economic development. In the ASEAN region, which is undergoing rigorous economic advancement, the role of courier services is becoming larger year after year.

Figure 1 illustrates the role of courier services in the value chain (in the form of smile curves). The courier services industry covers establishments engaged in parcel deliveries. The terms courier and EDS have no universal definition (see Annex A for legal definitions of EDS by ASEAN member states). However, just as with transport services, courier services enable smooth transmission of documents and parcels, thereby contributing to productivity enhancement along value chains horizontally and vertically. Courier services at times compete with national postal administrations; establishing an international-level playing field is required for fair competition in courier services. Defining the scope of the monopoly narrowly to allow a minimum level of scale economies and introducing courier services where needed (especially in remote areas in the ASEAN region) will stimulate economic efficiency and increase consumer choice.

Swift delivery times distinguish courier services from mail services. These are usually only "optional" for ordinary mail services. Courier services are therefore costlier than ordinary mail services, and their use is limited based on cost considerations.

Courier services' value chain is complex and entails numerous activities and participants. Service providers offer a complete chain of time-bound logistics solutions from consignment collection at the customer's location to packaging, transportation, storage, clearances and final delivery of the shipment. Express delivery may either be local, intercity or international, depending on the operator's capabilities. For cross-border delivery, express delivery service providers also handle customs clearances and duty payment. Courier service suppliers charge fees to clients based on the classification of parcel (documents/non-documents[2]), its weight, the distance to be transported and the urgency of delivery.

Growing e-commerce is an important factor spurring courier services development. Increasing consumption and growing Internet penetration are boosting the ASEAN e-commerce sector. To maintain cost-competitiveness, companies in the online business prefer to work with third-party courier providers instead of hiring in-house delivery staff workers. Furthermore, the strong presence of courier companies provides the added advantage of greater access for e-commerce companies. Thus, growth in the e-commerce sector has been driving demand for the ASEAN courier industry. Courier service operators usually provide visibility of the shipment through real-

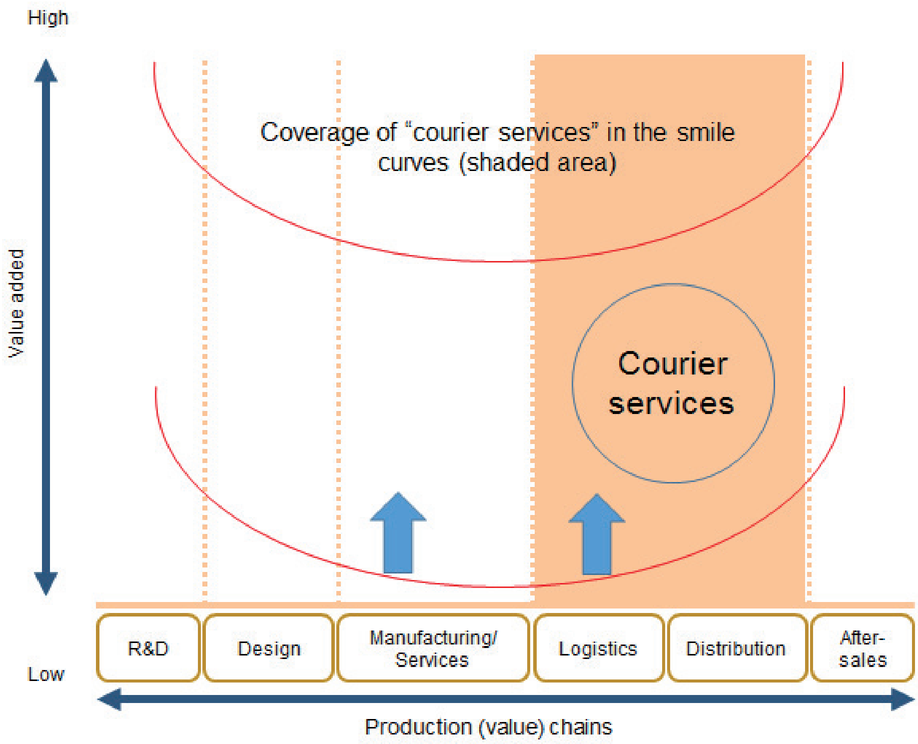
[1] See WTO, "Services Sectoral Classification List" (MTN.GNS/W/120, released 10 July 1991).

[2] Documents include letters, trade documents, applications, check books, bank statements and promotional materials. Non-documents include equipment parts, electronic products, spare parts and trade samples, among others.

time tracking mechanisms.

Conceptually, courier services use a "hub-spoke" distribution network: this is a traffic system shaped like a wire wheel in which all traffic moves along spokes connecting the hub (at the center) and the nodes at the other end of the spokes. The benefits of such a network lie in the limited number of routes necessary to connect all nodes and the ease with which new spokes can be created. Consignments are moved from the collecting branch/franchisee to collection and distribution hubs through various transport means. Deliveries are either completed directly by distribution hubs or through local agents. The latter route is especially used by medium and smaller players.[3]

Figure 1. Value chains and courier services



Source: ASEAN – Japan Centre.

3 Drawbacks of the hub-spoke network include that day-to-day operations may be rather inflexible and changes in demand may have unexpected consequences throughout the network. However, the hub-spoke model significantly reduces the cost of courier traffic, thus supporting the standard business model used globally.

II. Number of International Express Items in ASEAN

Table 1 shows the number of international express items (dispatch and receipt) in 2013–2019. Express items, as defined by the Universal Postal Union, cover items dispatched or received mainly through post offices; hence, these data might not cover private-sector-mediated express delivery services. Despite lacking such data, the information in the table is useful in capturing the increasing demand for express delivery services at large.

The number of international express items handled increased in Cambodia, Myanmar and Viet Nam, while that number oscillated in other countries such as Indonesia and Philippines. Comparing with China, Japan and the Republic of Korea reveals scope for further increase: The population of Indonesia is four times larger than that of Japan, for example, yet the number of internationally dispatched items for Indonesia is considerably smaller. The "express" nature of courier services is much needed for ASEAN participation in global value chains because the timely delivery of essential business items (*e.g.*, signed contracts or badly needed spare parts) would surely facilitate business operations in the ASEAN region.

Table 1. Number of international express items, 2013–2019 (thousands)

Country	Dispatch						
	2013	2014	2015	2016	2017	2018	2019
ASEAN Member States							
Brunei Darussalam	10.7	10.3	10	9.5	8.6	7.5	7
Cambodia	..	..	..	55.8	68.8	83.5	84.1
Indonesia	458	444.4	527.8	410	385.1	378.5	264.4
Lao PDR	42.6	..	..	5.7	5.5	6	15.3
Malaysia	335	..	359.6	326.3	263.3	242.9	205.3
Myanmar	25.6	28.1	34.5	34.5	26.1	21.5	19.1
Philippines	415.3	..	2,465.4	433.8	350.7	..	318.4
Singapore	..	..	..	..	..	600	..
Thailand	..	..	905	..	522	602.9	496.6
Viet Nam	141.1	..	..	113	178.7	182.4	205.3
Memorandum							
China	10,655.8	10,010.2	7,440	11,596.7	10,780.8	12,884.7	14,299.7
Japan	11,000	14,000	19,000	15,000	14,000	14,000	13,000
Korea, Republic of	7,518.8	8,522.3	10,039.7	9,386	6,832	6,042	6,268
Country	**Receipts**						
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
ASEAN Member States							
Brunei Darussalam	41.5	46.3	44.5	37.4	29.3	28.3	26.4
Cambodia	0.7	..	..	60.3	62	78.9	78.3
Indonesia	411.8	368.3	407.5	324.7	333.9	403.7	365.4
Lao PDR	48.4	..	..	3.2	5.6	7.5	25.8
Malaysia	611.9	..	543.6	514.3	481.1	472.2	433.4
Myanmar	41.1	44.3	44.5	44.1	42.7	42.7	42.2
Philippines	307.3	..	739.1	313.5	719.2	..	542.7
Singapore	..	..	..	..	..	860	..
Thailand	..	..	1,004	..	851.9	1,075.9	1,123.5
Viet Nam	297.9	..	..	435.6	465	507.3	528.3
Memorandum							
China	7,934.5	13,100.9	28,106.8	26,255.8	24,021.7	15,327.7	14,672.3
Japan	..	..	..	..	..	..	..
Korea, Republic of	1,832.1	2,118.2	2,429.5	2,244	2,821	4,476	5,912

Source: Universal Postal Union database,
http://pls.upu.int/pls/ap/ssp_report.main?p_language=AN&p_choice=BROWSE.
Note: Covers items passed through post offices only.

Innovation in the courier services industry has been limited in ASEAN to date because of the labour-intensive nature of the industry. In the countries where further recruitment is difficult such as in Japan, some progress has been made in compensating labour shortages (box 1).

While estimating the volume of private-sector-mediated courier services is difficult (table 1 captures just part of them), demand for the services is surely expected to increase in the ASEAN region.[4]

[4] According to a study by Facebook and Bain & Company, digital consumers in ASEAN will spend three times as much as they currently do in 2025. The study mentions an increase in the number of consumers purchasing lower-cost daily items such as groceries, clothes and personal care products on the Internet. Consequently, ASEAN e-commerce has expanded seven times in just four years (increasing from $5.5 billion in 2015 to more than $38 billion in 2019), and it is expected to exceed $150 billion by 2025. (The ASEAN Post, 22 October 2019, https://theaseanpost.com/article/e-commerce-spending-expected-triple-asean).

Box 1. Innovation in courier services: Delivery drone and courier boxes

Technological advancement in courier services is changing how courier services are provided: Express delivery using drones (remote-controlled flying devices) enables unmanned and hence efficient delivery of express items. The government of Japan and companies started a trial of a drone home delivery service in Chiba Prefecture (Japan) in April 2016. The joint project involving the central government, the city of Chiba, research institutions and companies, including e-commerce giant Rakuten Inc., is the first drone delivery trial in an urban area. The city of Chiba has been designated as a special deregulation zone to conduct the trial. ASEAN can possibly make legal deregulation efforts for this type of new express delivery services.

(*The Japan Times*, 11 April 2016, http://www.japantimes.co.jp/news/2016/04/11/business/japan-starts-trial-drone-home-delivery-service-chiba/)

Another innovation useful for ASEAN would be the installation of "courier boxes" at customers' homes: The express delivery items are subject to direct handover, yet more than 20 per cent of delivered items have to go through second- or third-time delivery (based on the information from a Japanese courier service company). Using courier boxes into which courier deliverers can put the first-time delivery item(s) would surely facilitate the delivery process and reduce the use of unnecessary human resources.

Box 2. Courier services during the COVID-19 pandemic

Courier sector growth is directly connected to population growth and tends to expand with economic development. As the economy has advanced constantly and the population is increasing in the ASEAN region, growth in courier services was naturally expected. However, the spread of COVID-19 has raised doubts over continued growth in courier services. Although it is still early to make conclusions, clearly the COVID-19 pandemic has opened new possibilities for the courier services sector, along with the negative effects.

The COVID-19 pandemic and the measures adopted to curb the spread of the virus, such as social distancing and lockdowns, affected economies around the globe. The fear of infection and the difficulties imposed by restrictive policies directly affected the population's consumption habits. The demand for entertainment, food and tourism, for example, decreased or was channeled to new ways of consumption, boosting the e-commerce and the delivery service sectors. According to Google, Temasek and Bain's e-Conomy SEA 2020 study, one in three digital service consumers (in a group composed of Indonesia, Malaysia, Philippines, Singapore, Thailand and Viet Nam) started using digital services due to COVID-19, and nine in 10 users intend to continue using digital services in the post-COVID-19 era. (Google et al., 2020). These changes in habits are expected to positively affect the courier services sector.

According to The ASEAN Post, these lucrative new sectors attracted new players from China like Best Inc., which started express delivery services in Malaysia, Cambodia and Singapore following its entry into the Thai and Vietnamese markets in the previous year. Now the company is also considering expanding its services to Indonesia and Philippines in the near future (The ASEAN Post, 8 July 2020, https://theaseanpost.com/article/logistics-services-race-intensifies-asean).

III. Ascendency of Courier Services

Like other transport services (air, marine, road and rail transport services), these particular services are not delivered via Mode 2 (supply through consumption abroad) and Mode 4 (supply through movement of natural persons) (table 2) because delivering such services requires physical facilities that are not movable. Although non-residents can act as couriers when travelling abroad (Mode 2), and courier professionals travel in executing courier services (Mode 4), both of these are very limited and assumed to be close to zero.

Table 2. Estimated value and share of courier services supply in ASEAN, by mode of supply, 2015

(Billions of dollars and per cent)

	Receipts from the world (imports)				Supply to the world (exports)			
	Courier services		Total services		Courier services		Total services	
Mode of supply	Value	Share	Value	Share	Value	Share	Value	Share
Mode 1	19[a]	86	308	30	14[a]	100	302	30
Mode 2	0	0	103	10	0	0	101	10
Mode 3	3[b]	14	565	55	-[b]	0	554	55
Mode 4	0	0	51	5	0	0	50	5
Total	22	100	1,027	100	14	100	1,007	100

Source: AJC, based on own estimates, UNCTAD for total services and the WTO for the mode shares of total services.
Note: For total services, each mode share estimated by the WTO for the global supply is applied to ASEAN. The basic data for estimates by mode are cross-border services (Mode 1) from UNCTAD; the WTO data on shares have been applied to the UNCTAD data to calculate the value of each mode.

[a] Courier services are part of transport services in the balance of payments (BoP), under the "Other (including Postal and Courier)" category. Therefore values in this table include other services such as postal.
For Brunei Darussalam, as data are not available for courier services alone, the ratios of courier services to transport services which are available for other ASEAN Member States for respective years are used to estimate the value of courier services. For 2010, transport services data were not available. Therefore, the average of 2009 and 2011 data were used as an estimate.
For Cambodia, data for 2015 were not available. Therefore, the average of 2013 and 2014 were used as an estimate.
For Malaysia, data from IMF were used up to 2009. Data from the Department of Statistics Malaysia were used for 2010 onwards, converted into US dollars by using IMF's annual exchange rate.
For Myanmar, while imports data for 2011 is not available, it is assumed to be insignificant.
For Singapore, data on passenger services are also included.
For Viet Nam, as data are not available for courier services alone, the ratios of courier services to transport services which are available for other ASEAN Member States for respective years are used to estimate the value of courier services. Data for transport services are based on BPM5. For 2015, transport services data were not available. Therefore, the average of 2013 and 2014 was used as an estimate.

[b] See table 5 and 6.

The estimated value of courier services supply to ASEAN (imports) was $22 billion in 2015, while those from ASEAN (exports) were only $14 billion (table 2). In both directions of the services supply of this sector, cross-border supply (Mode 1) overwhelms supply through commercial presence (Mode 3).

1. Mode 1: International trade

Courier is a component of transport services in the trade statistics based on the balance of payments. Courier services, including postal services, account for at most 5 per cent of total transport services in ASEAN. Therefore, delivery of documents and non-documents remains limited and does not assume an important business position in economic activities. The trade balance has been positive in ASEAN during the periods 2005–2010 and 2016–2020 (tables 3–4), with exports 20–30 per cent larger than imports after 2015.

Exports of courier services have been concentrated in Singapore, followed by Viet Nam. These two countries accounted for four-fifths or more of ASEAN exports after 2010. The importance of this service in total services exports stands out for Viet Nam at more than 40 per cent after 2010, almost three times higher than the ASEAN average.

Imports are more concentrated, with Singapore and Viet Nam accounting for more than 90 per cent of total imports of courier services into ASEAN, for about a decade after 2010. Near absence of domestic courier services companies handling international courier services in the country has made Viet Nam use foreign services companies.

Table 3. Exports of courier services and their share in total exports of services and in total exports of goods and services, 2005–2020 (millions of dollars and per cent)

Country	Annual average 2005–2010	Annual average 2011–2015	2016	2017	2018	2019	2020
Courier service exports							
Brunei Darussalama	5	1	2	1	1	1	0
Cambodia	16	0	0	0	0	0	0
Indonesia[a]	37	10	17	7	11	20	4
Lao PDR	6	3	0	0	0	0	..
Malaysia[a]	70	13	20	9	16	26	5
Myanmar[b]	0	2	3	1	0	1	2
Philippines	15	4	9	5	9	14	3
Singapore[c]	185	324	423	445	509	486	335
Thailand[a]	79	16	27	14	24	36	6
Viet Nam	13	42	82	89	91	98	..
ASEAN total	**426**	**416**	**582**	**572**	**662**	**682**	**355**
Share in total exports of services							
Brunei Darussalam	0.7	0.2	0.3	0.1	0.2	0.3	0.1
Cambodia	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.3	0.0	0.1	0.0	0.0	0.1	0.0
Lao PDR	1.7	0.5	0.0	0.0	0.0	0.0	..
Malaysia	0.2	0.0	0.1	0.0	0.0	0.1	0.0
Myanmar	0.1	0.1	0.1	0.0	0.0	0.0	0.1
Philippines	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	0.2	0.2	0.3	0.3	0.3	0.3	0.2
Thailand	0.3	0.0	0.0	0.0	0.0	0.1	0.0
Viet Nam	0.2	0.4	0.4	0.5	0.4	0.4	..
ASEAN total	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**
Share in total exports of goods and services							
Brunei Darussalam	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cambodia	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lao PDR	0.4	0.1	0.0	0.0	0.0	0.0	..
Malaysia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Myanmar	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Viet Nam	0.0	0.0	0.0	0.0	0.0	0.0	..
ASEAN total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source: AJC based on own data from UNCTAD and ASEAN stats.

[a] Data are available only for telecommunications, computer and information services. Therefore, Philippines' ratio of courier services to this sector is applied to estimate the courier services sector only.

[b] Data are available only for telecommunications, computer and information services. Therefore, Myanmar's ratio of courier services to this sector in 2012 is applied to estimate only the courier services sector for the years 2005–2011.

[c] Data are available only for telecommunications, computer and information services. Therefore, Singapore's ratio of courier services to this sector in 2011 is applied to estimate only the courier services sector for the years 2005–2010.

Table 4. Imports of courier services and their share in total imports of services and in total imports of goods and services, 2005–2020 (millions of dollars and per cent)

Country	Annual average 2005–2010	Annual average 2011–2015	2016	2017	2018	2019	2020
Courier services imports							
Brunei Darussalam[a]	1	0	0	0	0	0	0
Cambodia	15	0	0	0	0	0	0
Indonesia[a]	26	10	4	5	5	1	2
Lao PDR	3	3	0	0	0	0	..
Malaysia[a]	29	10	5	5	5	1	2
Myanmar[b]	0	2	4	6	8	5	4
Philippines	8	3	2	2	2	1	1
Singapore[c]	282	348	408	396	394	420	258
Thailand[a]	50	18	7	8	8	2	4
Viet Nam	5	29	45	44	48	49	..
ASEAN total	**419**	**424**	**475**	**467**	**472**	**480**	**270**
Share in total imports of services							
Brunei Darussalam	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cambodia	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Lao PDR	3.1	0.4	0.0	0.0	0.0	0.0	..
Malaysia	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Myanmar	0.0	0.1	0.2	0.2	0.3	0.2	0.1
Philippines	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Thailand	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Viet Nam	0.1	0.2	0.3	0.3	0.3	0.3	..
ASEAN total	**0.2**	**0.1**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**
Share in total imports of goods and services							
Brunei Darussalam	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cambodia	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lao PDR	0.2	0.1	0.0	0.0	0.0	0.0	..
Malaysia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Myanmar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Singapore	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Thailand	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Viet Nam	0.0	0.0	0.0	0.0	0.0	0.0	..
ASEAN total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Source: AJC based on own data from UNCTAD and ASEANstats.

[a] Data are available only for telecommunications, computer and information services. Therefore, Philippines' ratio of courier services to this sector is applied to estimate the courier services sector only.

[b] Data are available only for telecommunications, computer and information services. Therefore, Myanmar's ratio of courier services to this sector in 2012 is applied to estimate only the courier services sector for the years 2005–2011.

[c] Data are available only for telecommunications, computer and information services. Therefore, Singapore's ratio of courier services to this sector in 2011 is applied to estimate only the courier services sector for the years 2005–2010.

Box 3. The impact of COVID-19 on courier services

As mentioned previously, the COVID-19 pandemic led to measures of social distancing and lockdown in many countries, including ASEAN member states. Especially in the beginning of the COVID-19 pandemic, lack of knowledge about the virus and how to deal with it contributed to the imposition of stricter measures, possibly negatively affecting the courier sector. However, changes in consumption habits, like the increase in the use of e-commerce, created new opportunities for courier services, especially in domestic markets. From the point of view of international trade, disruptions in global value chains due to the lack of components to be traded and/or disruptions in trade due to the closing of borders may have negatively affected courier services. To grasp the real impact on the courier services sector we observe the trade data from tables 3 and 4 for the year 2020. Data for exports reveal a strong decline in values and in the shares in total services. Data for imports reveal the same negative trend solely for Myanmar and Singapore. Interestingly, import values increased for Indonesia, Malaysia and Thailand.

2. Mode 3: Commercial presence

Nearly 100 foreign courier service companies operate in ASEAN (table 5). However, they operate mainly in Thailand, Singapore, Philippines, Malaysia, Viet Nam and Indonesia. While they may exist, no foreign firms are identified in Brunei Darussalam, Cambodia, Lao People's Democratic Republic and Myanmar. Their estimated sales were $3.3 billion in 2015, the bulk of which are generated in Thailand and Singapore only (table 5). However, ASEAN courier services firms supplying to the world reside mainly in Singapore with a total sales value of $100 million (table 5).

Table 5. Estimated sales of courier services through foreign presence, 2015

(Number and millions of dollars)

Country	Receipts from abroad		Supply to the world	
	Number of foreign entities[a]	Estimated sales	Number of ASEAN entities abroad	Estimated sales
Brunei Darussalam	0	0	0	0
Cambodia	0	0	0	0
Indonesia	1	24	0	0
Lao People's Democratic Republic	0	0	0	0
Malaysia	5	197	1	-
Myanmar	0	0	0	0
Philippines	7	358	0	0
Singapore	33	1,240	8	98
Thailand	44	1,395	0	0
Viet Nam	4	44	0	0
ASEAN total	94	3,258	9	98

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters and Orbis.
Note: For estimated sales, see the estimation procedure in Paper 1, box 2. Zero does not necessarily mean that there is no foreign affiliate. It means that either no physical existence of foreign affiliate is identified or foreign companies extend only business alliance to domestic firms.
[a] Includes the affiliates whose sales cannot be estimated (5 for Singapore and 2 for Thailand).

Box 4. The impact of COVID-19 on Japanese foreign affiliates engaged in courier services

As previously indicated, measures adopted to mitigate the COVID-19 pandemic such as lockdowns and border closures negatively affected courier services. Concomitantly, the new situation forced the adoption of new consumption behaviors such as an increase in e-commerce, generating new opportunities for courier services. Based on these facts, whether to expect an increase or a decrease in sales from foreign affiliates established in ASEAN countries is unclear.

Given the lack of foreign affiliate statistics for ASEAN member states, investigating changes in their sales is not possible. Another option is to collect data from each foreign affiliate in each country. Unfortunately, obtaining sales data for companies (an already challenging task given that many companies do not publish this kind of data) after the spread of COVID-19 is also extremely hard, given that the pandemic situation is relatively recent.

Aiming to illustrate the changes in sales during the COVID-19 pandemic, foreign affiliates compiled in Toyo Keizai's database for Japanese affiliates in ASEAN were identified. Table 6 collects those with sales data for the year 2020.

Table 6. Sales of Japanese foreign affiliates engaged courier services in ASEAN (thousands dollars)

Name of foreign affiliates	Host Country	2019	2020
K Line (Thailand) Ltd.	Thailand	62,228.1	55,781.7
Suzuyo (Thailand) Ltd.	Thailand	27,534.2	25,345.8
Toyofuji Logistics (Thailand) Co.,Ltd.	Thailand	1,709.0	1,955.1
Goyo Kaiun (Thailand) Co.,Ltd.	Thailand	1,345.0	1,435.3
Shinano Kenshi Trading Co.,Ltd.	Thailand	7,819.5	4,790.0
Suzuyo Distribution Center (Thailand) Ltd.	Thailand	19,722.9	18,556.1
Mitsui & Co.Global Logistics & Insurance (Thailand) Ltd. [a]	Thailand	12,710.1	7,260.8
Goto Southeast Asia Pte.Ltd.	Singapore	5,470.0	2,391.5
Suzuyo Singapore Pte.Ltd.	Singapore	3,893.6	3,647.2
IEC Express (Vietnam) Co.,Ltd.	Viet Nam	140.0	145.7
Sojitz Logistics Vietnam Co.,Ltd. [b]	Viet Nam	1,031.2	528.5
"K"Line (Vietnam) Ltd.	Viet Nam	663.3	728.5
Suzuyo Malaysia Sdn.Bhd.	Malaysia	712.8	480.8
Toyofuji Logistics Malaysia Sdn.Bhd. [a]	Malaysia	1,323.4	5,519.6
"K"Line Maritime (M) Sdn.Bhd.	Malaysia	129.2	203.6
Suzuyo Whitelands Logistics,Inc.	Philippines	2,229.4	5,064.5
P.T.Nohhi Indonesia Co.,Ltd.	Indonesia	509.3	346.4
P.T.Ikeda Indonesia	Indonesia	5,810.5	6,050.9
P.T.Toyofuji Logistics Indonesia [a]	Indonesia	5,632.5	5,059.3

Source: AJC based on own data from Toyo Keizai Shimposha.
Note: the data are provided for illustrative purposes. Readers should use these data with utmost caution.
[a] Sales data for 2019 were not available. Sales data for 2018 was employed.
[b] Sales data for 2019 were not available. Sales data for 2016 was employed.

Before analyzing the changes, note that companies without sales data for the year 2020 were excluded, leaving only 19 out of 330 companies.[5] Consequently, care should be taken before generalizing these specific results.

[5] These companies were classified as having their main activity related to warehouse and logistics. Consequently, the data may include companies that are not related to courier services.

The data indicate that for 11 companies sales decreased, while for eight companies an increase was observed. Here it is important to state that the Japanese fiscal year starts in April, meaning that the data published in the year 2020 were collected before March 2020, while the data published in 2019 were collected before March 2019. Suzuyo and Sojitz are exceptions, with Suzuyo's affiliates collecting data in August of the given year, while Sojitz's affiliate data are collected in September of the given year.

Interpreting these data requires caution, given that they reflect only the beginning of the pandemic situation. Naturally, a negative initial shock would be expected to prevail in the beginning of the pandemic. Indeed, the data indicate that the amplitude of negative changes was higher than the amplitude of positive ones, possibly indicating that even for companies with growth, the pandemic negatively affected the rate of growth.

Foreign courier services companies in ASEAN originate in Europe, Japan, the United States and Hong Kong (table 7, for the year 2015), including world-known FedEx, Deutsche Post, TNT and Japan's big courier firms such as Sagawa and Yamato. ASEAN courier services firms, especially Singaporean ones, operate mainly in Australia and India. Singapore Post and DHL Express Singapore are large investors from ASEAN.

Table 7. Foreign affiliates in ASEAN and ASEAN affiliates abroad in courier services by source/destination country (number and millions of dollars)

		Foreign affiliates in ASEAN		ASEAN affiliates abroad	
	Country	Number of affiliates	Estimated sales	Number of affiliates	Estimated sales
Developed countries	United States	10	678	1	..
	Europe	9	132	0	0
	Australia	0	0	2	16
	Japan	75[b]	1,778	1	..
	Others	0	0	0	0
	Subtotal	**94**	**2,588**	**4**	**16**
Developing countries	ASEAN[a]	3	1	1	..
	China	0	0	1	..
	Korea, Rep. of	0	0	0	0
	India	0	0	2	82
	Hong Kong (China)	2	677	1	..
	United Arab Eirates	1	..	0	0
	Others	0	0	0	0
	Subtotal	**6**	**678**	**5**	**82**
Unspecified / Supernational		**0**	**0**	**0**	**0**
World		**100**	**3,266**	**9**	**98**

Source: AJC, based on data from Toyo Keizai Shimposha, UNCTAD, Thomson Reuters and Orbis.
Note: For estimated sales, see the estimation procedure in Paper 1, box 2. Zero does not necessarily mean that there is no foreign affiliate. It means that either no physical existence of foreign affiliate is identified or foreign companies extend only business alliance to domestic firms.
[a] The number of foreign affiliates in ASEAN and ASEAN affiliates abroad should balance. However, either the destination or the source country of some of these affiliates is not available. Therefore they do not match.
[b] Includes 7 affiliates whose sales cannot be estimated.

IV. Trade Agreements and Regulations in ASEAN Member States

The barriers to entry by companies increase exponentially when a company chooses to cover a bigger area, regardless of its original geographical focus at the national, regional and international levels. To attain broader coverage and a larger network, firms must dedicate funds for higher set-up costs and a larger amount of capital investment to infrastructural development, which may include a larger fleet of trucks, computerized documentation, a real-time GPS tracking system and even professional systems for sorting and consolidating parcels. In addition to these fixed costs are variable costs, which tend to be large, as the labour-intensiveness of the industry raises staff costs, which make up a major portion of such costs.

The ASEAN member states entered into the ASEAN Framework Agreement on Services (AFAS), 10th package, in November 2018 and into the Regional Comprehensive Economic Partnership (RCEP) in 2020. These free trade agreements (FTAs) cover commitments of market liberalization and national treatment for courier services, and hence the sector is expected to capture benefits.

Table 8 provides Hoekman index[6] values for trade in courier services under AFAS (10th package). As shown, all ASEAN members are fully committed to Mode 1 and Mode 2; as for Mode 3, some members are fully committed for market opening, while others are partially committed. Overall, though, the degree of liberalization in courier services is quite high.

Table 8. Hoekman index for trade in courier services under AFAS (10th package)

	Mode 1	Mode 2	Mode 3	Average
Brunei Darussalam	1	1	0.75	0.92
Cambodia	1	1	1	1
Indonesia	1	1	0.5	0.83
Lao PDR	1	1	1	1
Malaysia	1	1	0.75	0.92
Myanmar	1	1	0.5	0.83
Philippines	1	1	1	1
Singapore	1	1	1	1
Thailand	1	1	0.75	0.92
Viet Nam	1	1	1	1

Source: AJC calculations based on the specific commitment tables of AFAS (10th package).

Table 9 lists the results of Hoekman index calculations for courier services under RCEP. Note that Brunei Darussalam, Indonesia, Malaysia and Singapore have adopted negative listing, for which indexation is not applicable.

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[6] Hoekman (1995) proposes an indexation method for measuring the GATS-style degree of commitment in the services sector. This method assigns values to each of eight cells (four modes and two aspects: market access, MA, or national treatment, NT), as follows: First assign the value 1 when the sector at issue is "fully liberalized", 0.5 when "limited (but bound)", 0 when "unbound" (government has not committed to liberalize), by subsector, by mode and by aspect (MA or NT); take the simple average for aggregation and then calculate the average value by services sector and by country. The higher the figure, the more liberal are the country's service trade commitments to the FTA members. Using the database the ASEAN-Japan Centre constructed, the Hoekman index was derived for 155 subsectors. Then the simple average at the level of the 11 sectors was calculated. The Hoekman index takes a value between 0 and 1, with 0 referring to the most restricted status and 1 being the most open situation.

Table 9. Hoekman index for trade in courier services under RCEP

	Mode 1	Mode 2	Mode 3	Average
Brunei Darussalam	negative	negative	negative	-
Cambodia	1	1	1	1
Indonesia	negative	negative	negative	-
Lao PDR	1	1	1	1
Malaysia	negative	negative	negative	-
Myanmar	1	1	0	0.67
Philippines	0.75	1	1	0.92
Singapore	negative	negative	negative	-
Thailand	0	0	0	0
Viet Nam	1	1	0.75	0.92

Source: AJC calculations based on the specific commitment tables of RCEP.
Note: For ASEAN members with a negative listing (indicated as "negative"), indexation method is not applicable.

Table 10 lists shares of foreign ownership allowed in courier services (in per centage) under AFAS (10th package). Five ASEAN member states (Cambodia, Lao People's Democratic Republic, Philippines, Singapore and Viet Nam) allow 100 per cent foreign ownership. As postal agencies can also provide express delivery services, opening the market would enhance international competition, thereby leading to supply of varieties of convenient courier services.

Table 10. Maximum of foreign ownership allowed in courier services under AFAS (10th package) and RCEP, (per cent)

Country	Foreign ownership allowed	
	AFAS (10th package)	RCEP
Brunei Darussalam	70	49
Cambodia	100	100
Indonesia	49	49
Lao PDR	100	100
Malaysia	70	51
Myanmar	NA	NA
Philippines	100	40
Singapore	100	NA
Thailand	70	NA
Viet Nam	100	100

Source: Specific commitment tables of each ASEAN member state under AFAS (10th package) and RCEP.
NA: Not applicable/available because of the need for government approval (for Myanmar), no mention in the positive list (for Thailand under RCEP) and reservation under negative listing (for Singapore under RCEP).

Table 11 shows the status of restrictions on courier services under AFAS (10th package) and RCEP. As shown, the status of no restriction (N in the table) is now dominant, with D (limitations on the total number of natural persons), E (measures that restrict or require specific type of legal entity) and F (limitations on the participation of foreign capital) are used sparsely. As for the comparison of AFAS and RCEP, the former is more liberalized than the latter overall (albeit with some similarities), implying the closer integration of ASEAN member states among themselves. As courier services have the feature of network externality (*i.e.*, the more stakeholders connected, the more productive the whole sector becomes), more commitments as "N" (instead of D, E or F) would be desirable.

Table 11. Status of restrictions on courier services under AFAS (10th package) and RCEP

	Number of Measures									
	N=none/no limitation		D=limitations on the total number of natural persons		E=measures that restrict or require specific type of legal entity		F=limitations on the participation of foreign capital		U=Unbound (no commitment)	
	AFAS 10	RCEP	AFAS 10	RCEP	AFAS 10	RCEP	AFAS 10	RCEP	AFAS 10	RCEP
Brunei Darussalam	5	-	1	-	1	-	1	-	0	-
Cambodia	6	6	0	0	0	0	0	0	0	0
Indonesia	4	-	0	-	2	-	1	-	0	-
Lao PDR	6	6	0	0	0	0	0	0	0	0
Malaysia	5	-	0	-	0	-	1	-	0	-
Myanmar	4	4	1	0	2	0	1	0	0	2
Philippines	6	5	0	0	0	1	0	0	0	0
Singapore	6	-	0	-	0	-	0	-	0	-
Thailand	5	0	0	0	1	0	1	0	0	6
Viet Nam	6	5	0	0	0	0	0	1	0	0

Source: Calculated from each country's specific commitment table under AFAS (10th package) and RCEP.
Note: The way commitments are recorded differs across ASEAN members, hence the diversity in the number of N (no limitation); only those commitments defined under GATS are counted.

Aside from AFAS and RCEP, ASEAN-wide regulatory cooperation in connection with courier services is needed. The US-ASEAN Business Council (2005) mentions that the courier industry thrives in countries with efficient import and export procedures, including customs procedures. The business environment for courier services in ASEAN is diverse, ranging from those that are highly liberalized to those in which postal administrations continue to maintain control over courier services (see Section V). ASEAN member states should therefore make concerted efforts to improve border clearance procedures and liberalize customs procedures.

In this context, ASEAN has its "ASEAN Customs Cooperative Framework": the first ASEAN Finance Ministers' Meeting held in 1997 in Thailand established the customs principles of consistency, simplicity, efficiency, transparency, access to appeals (legal actions) in cases of damages or loss and mutual assistance. This sort of regulatory framework should also be put into practice for courier services.

V. Impacts of Further Liberalization of Courier Services on the Economy

Courier services prosper in countries with efficient import and export procedures, open aviation regimes and attractive investment climates. The environment for courier services in ASEAN ranges from highly liberalized and open economies with independent regulators to those in which postal administrations continue to maintain jurisdiction and control over the provision of such services. To avail themselves of the benefits that accrue to economies with efficient courier services, ASEAN member states must take immediate steps to improve border clearance procedures and liberalize aviation regimes. Over the medium term, greater market access, including the liberalization of investment regimes, fair competition and closer regional integration should be pursued with vigor.

For courier-based delivery, 25 per cent of costs and 20 per cent of transit time are spent in and/or on customs practices (The US-ASEAN Business Council, 2005). While these figures might have decreased over the past years, continuing to promote reduction of costs and time spent on customs-related practices remains important. Table 12 provides an updated version of the customs capability index (CCI) based on the most recently available data from Global Express Association (the global industry association for courier services).[7] ASEAN member states vary significantly, ranging from the lowest score for Myanmar (2.0) to the highest score for Singapore (9.5). Because the nature of courier services require standardized customs capability across countries, more policy efforts are needed to harmonize the scores.

Table 12. Customs capability index, 2020

Country	CCI score
ASEAN member states	
Brunei Darussalam	5
Cambodia	8
Indonesia	7
Lao PDR	-
Malaysia	6
Myanmar	2
Philippines	7
Singapore	9.5
Thailand	9
Viet Nam	6.5
Memorandum	
China	5.5
Japan	9
Korea, Republic of	10
United States	9

Source: AJC, adapted from Global Express Association.

Table 13 displays regression results estimating the impacts of customs-related indices on trade in the world, including some ASEAN member states[8] (Frontier Economics, 2015).[9] A common

[7] Section VI discusses this indexation method in detail in the context of policy suggestions.

[8] ASEAN member states covered include Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam.

[9] The customs-related indices are related, but not specific, to courier services by nature; in the absence of indices

implication by these indices is that through their improvement, around 5 per cent of trade can be additionally created. As table 12 shows, ASEAN members states still have room to improve their indices, meaning that fully adopting the necessary policy measures to improve an index can increase the countries' trade considerably.

Table 13. Regression results for the impacts of customs-related industry indices on trade in the world (including some ASEAN member states), 2015

	World Bank Ease of Doing Business Index	World Bank Logistics Performance Index (for infrastructure)	Custom Capability Index (CCI)
Exports	4.80%	6.00%	5.00%
Imports	4.50%	4.60%	3.70%
Average of exports and imports	4.70%	5.30%	4.40%

Source: Frontier Economics (http://www.frontier-economics.com/).
Notes: Average impacts of improving the index scores by 1unit (10% of the full score) on exports, imports and average of exports and imports are shown. As for the World Bank's Ease of Doing Business index measures the degree of business-friendly regulation; the Logistics Performance

Several ongoing trends affect the courier services sector in ASEAN. National postal administrations are corporatizing and extending their services to include courier services. Initiatives have been launched to integrate the region into a single market for goods and services, with active participation by governments to liberalize air transport services and regional aviation markets. For WTO members, further commitments with regard to market access, national treatment and fair competition are expected under the Doha Round. Bilaterally, disciplines for the service sector including courier services have already been incorporated into the United States-Singapore FTA and are expected under the United States-Thailand FTA.

unique to courier services, these indices are considered here. Among these indices, CCI is most relevant.

VI. Conclusions and Policy Suggestions

1. General policy suggestions

As a priority and an achievable target for the immediate term, ASEAN member states could undertake measures to facilitate trade, including eliminating barriers to efficient customs clearance, establishing appropriate *de minimis* levels, introducing full electronic data interchange and integrating customs policies and procedures overall. Customs and trade facilitation is a priority for the industry and one of the four key areas[10] proposed under the WTO (since 1996).

The most efficient economies with the highest standards are those in which the distribution sector is competitive and has been freed from burdensome regulations and barriers to investment and market entry.

Frontier Economics (2015) indicates five attributes of courier services that customers value as high when they are met and as low when they are not met:

1. Global reach: being able to send items anywhere
2. Reliability: realizing the items' timely arrival
3. Transparency: being able to track items
4. Speed: being able to reach markets and customers quickly
5. Security: ensuring the item's safety while moving.

The US-ASEAN Business Council (2005) points out that in the face of heightened security requirements adopting customs facilitation measures is essential: further promotion of automated customs clearance, risk management strategies, the separation of goods release from accounting processes, the establishment of a *de minimis* level and the general simplification and modernization of customs processes and procedures.

With the application of electronic data interchange technology, ASEAN countries such as Singapore, Thailand, Philippines and Malaysia have successfully reduced average customs processing for air shipment to one day or less (US-ASEAN Business Council, 2005). Electronic data interchange enables exporters and importers to input data electronically, with links to customs and other supporting import-licensing agencies, for efficient approval and release of goods.

2. Workable policy suggestions

To promote regional flow of goods in the ASEAN region requires the implementation of policy initiatives that strengthen the domestic logistics sector and improve connectivity. These efforts are likely to benefit courier services ASEAN-wide. To make this happen in the foreseeable future, concrete policy measures must be implemented. Table 14 lists the 10 components of the CCI for formulating workable policy suggestions.

[10] The four key areas, known as "Singapore issues" (because the WTO ministerial conference in 1996 was held in Singapore), are government procurement, trade facilitation (customs issues), trade and investment and trade and competition.

Table 14. CCI components for workable policy suggestions

Customs capability variable	Corresponding question in customs capability questionnaire	Scoring method
(1) Electronic customs / pre-arrival processing	Does customs accept and process electronically the data required for release of shipments in advance of their actual arrival so that they can be released either prior to or immediately after arrival?	1 = yes 0.5 = sometimes 0 = no
(2) 24-hour / 7-day automated customs processing	Is full-time (24 hours and seven days) automated processing for the customs ports at which you operate available?	1 = yes 0 = no
(3) Adapted working hours customs personnel	Are the working hours of customs personnel adapted to commercial needs?	1 = yes 0 = no
(4) Inspection at operator facility or transfer	For shipments arriving by air, does customs inspect and release goods at the operator's facility or require their transfer to another facility?	1 = operator's facility 0.5 = depends on the situation 0 = transfer required
(5) Other agency inspections cause delays	If there are inspections by agencies other than customs, do those cause delays?	1 = no 0.5 = sometimes 0 = yes
(6) *De minimis* regime present	Does the customs administration apply a *de minimis* regime that allows goods that do not exceed a certain value to be exempted from duties and taxes?	1 = yes 0 = no
(7) If *de minimis*, simplified procedures	If yes, are those goods subject to simplified procedures, *e.g.*, consolidated release/clearance?	1 = yes 0 = no
(8) Threshold for informal customs procedure	Does the customs administration apply a *de minimis* regime that allows dutiable goods that do not exceed a certain value to be exempted from formal declaration procedures?	1 = yes 0 = no
(9) Necessity to provide a consular trade document?	Does customs or any other agency require in connection with importation of goods that the importer provide any of the following items?: - a consular invoice - a consular visa for a commercial invoice - other trade document	1 = no 0 = yes
(10) Third-party customs broker	Does customs or any other agency require clearance of import shipments by a third-party customs broker?	1 = no 0 = yes

Source: Adapted from Frontier Economics (2015), Table 1.

Table 15 provides the *status quo* of the ASEAN member states in terms of the custom capability variables in table 14.

Table 15. Scoring of ASEAN member states' custom capability by variable

Customs capability variable	Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
(1) Electronic customs / pre-arrival processing	0	0	0	..	0	..	0	1	1	0.5
(2) 24-hour / 7-day automated customs processing	0	0	1	..	1	..	0	1	1	0
(3) Adapted working hours customs personnel	0	1	0	..	1	..	1	1	1	0
(4) Inspection at operator facility or transfer	1	1	1	..	1	..	1	0.5	1	1
(5) Other agency inspections cause delays	1	1	1	..	0	0	0	1	0.5	0
(6) *De minimis* regime present	1	1	1	..	1	1	1	1	1	1
(7) If *de minimis*, simplified procedures	0	1	1	..	1	1	1	1	1	1
(8) Threshold for informal customs procedure	1	1	1	..	1	..	1	1	1	1
(9) Necessity to provide a consular trade document	0	1	0	..	0	..	1	1	0.5	1
(10) Third-party customs broker	1	1	1	..	0	..	1	1	1	1
Sum (CCI)	5	8	7	0	6	2	7	9.5	9	6.5

Source: AJC calculation. Adapted from Global Express Association.

To make workable policy suggestions, table 16 lists policy targets essential for courier services, connecting custom principles and custom capability variables. As for the "no match" policy issues in the table, holding a courier services seminar for sharing best practices by each ASEAN member state would be needed.

Concerning "global reach", what is important is access to "intermodal" markets (*e.g.*, smooth linkages between air and ground modes of transport), which allows courier service suppliers to practice flexible and seamless operations. Put differently, intermodal operations allow courier service firms to have control over their airline operations and conduct their own ground pick-ups and deliveries. Concerning "reliability" and "security", policies to encourage courier service suppliers to invest further in the downstream end of the supply chain including parking, information technology–based customer support and financial service centers are needed. To achieve the policy targets of "global reach", "reliability" and "security", a series of seminars sharing international best practices (some of them organized by the ASEAN-Japan Centre) would be necessary as a concerted effort for promoting trade in courier services.

Table 16. Policy targets for courier services

Policy target	Most relevant custom principle	Most relevant workable policy suggestion (in the table above)
Global reach	mutual assistance	No match (Sharing international best practices)
Reliability	consistency	No match (Sharing international best practices)
Transparency	simplicity and transparency	(9) Necessity to provide a consular trade document? (10) Third-party customs broker?
Speed	efficiency	(1) Electronic customs / Pre-arrival processing (2) 24 hour / 7 day automated customs processing (3) Adapted working hours customs personnel (4) Inspection at operator facility or transfer? (5) Other agency inspections cause delays (6) De minimis regime present? (7) If de minimis, simplified procedures? (8) Threshold for informal customs procedure
Security	access to appeals (legal actions) in cases of damages or loss	No match (Sharing international best practices)

Source: AJC.

The courier services developed country firms provide are highly concentrated and account for most of the industry's revenue. The local segment in the ASEAN region is much smaller and highly fragmented. Large courier service firms offer a wide range of services relying on highly capitalized delivery networks (in terms of handling equipment and sorting technology). Small firms, usually more labour intensive, provide specialized customer service in metropolitan areas.

With a view to formulating concrete policy proposals for trade in courier and transport services, the Third Seminar on Promoting Services Trade in ASEAN Member States was held 11–13 September 2017 in Kuala Lumpur, Malaysia.[11] The policy evaluation exercise (see Annex D) in the seminar identified the following needs: (1) narrowing of the development gaps across member

[11] The focus areas of the seminar, co-organized by the ASEAN-Japan Centre and Malaysia External Trade Development Corporation, were courier and transport services.

states for a more effective, ASEAN-wide courier services network; (2) synchronous implementation of cross-border customs cooperation and (3) harmonization of a *de minimis* threshold value across member states. With the spirit of "start small and grow big", a feasible option would be for ASEAN member states to boost coordination among themselves on the first three needs, with due consideration to the untapped policy targets (indicated in table 16).

To transform ASEAN into a more integrated platform for manufacturing and service activities, especially after the outbreak of COVID-19 in 2019, harmonization of business practices for courier services, as an "essential business service" without serious delays in delivering, must be paired with the vision of ASEAN as a single customs union, with an enhanced use of emerging digital technologies. The aforementioned policy suggestions for courier services are expected to facilitate not only ASEAN-wide promotion of trade but also ongoing negotiation for RCEP involving ASEAN member states and their dialogue partners (Australia, China, India, Japan, New Zealand and the Republic of Korea). Promoting trade in courier services in the ASEAN region should move to a new dimension of catalyzing the knowledge-oriented establishment of global value chains. It is therefore hoped that ASEAN governments, in collaboration with the private sector, continue to actively engage in further promoting trade in courier services in the ASEAN and broader East Asian region and on a more global scale.

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Annex A.
Definition of Express Delivery Services[12]

Brunei Darussalam

Brunei Darussalam does not have a formal definition of "courier services" or "express delivery services".

Cambodia

Cambodia does not have a definition of "express delivery services" under national legislation.

Indonesia

Law Number 38 of 2009 on Posts, Article 1, stipulates that a postal operator is a business entity that provides postal services that consist of several activities as follows

- A written communication and/or electronic mail
- Parcel services
- Logistics services
- Financial transaction services
- Postal agency service.

Courier services, as stated in the Decree of the Minister of Communications No.5/2005 concerning Courier Service Operator, is a service of receiving, transporting and or delivering packets, money and particular mail in the form of printed matter, newspaper, literature for the blind and small packets from sender to receiver by collecting fees.

Lao People's Democratic Republic

Based on the Law on Postal Services of the Lao People's Democratic Republic:

(i) Express services

refers to the acceptance, dispatch and delivery of letter post items and post parcels both in the form of ordinary and registered services, but delivery must be the first priority, and an additional charge will be collected for such services;

(ii) Express mail services refers to the acceptance, dispatch and delivery of letter post items and post parcels in the form of first priority and the items can be tracked and traced at any time, and the postage charge will be more expensive than the charge for other services.

Malaysia

"Express or Courier Service" means the integrated services for the collection, transmission and

[12] Based on the ASEAN website at http://asean.org/wp-content/uploads/images/2013/economic/aem/file%2007%20compilation%20of%20ams%20definition%20of%20eds%2013th%20ltsswg.pdf.

delivery of a letter, an envelope, a small packet, a package, a parcel, a wrapper, a container or goods that can be collected, transmitted and delivered in an expedited manner with premium features such as security, tracking, signature, specialization and individualization of services and acknowledgement with committed delivery times.

Myanmar

Courier services/express delivery services are governmental or non-governmental designated operators who deliver items on an on-time basis.

Philippines

Express and/or messengerial delivery services "firm":

- Includes every natural or juridical person who owns, operates, manages or controls such a firm in the Philippines, for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and for general business purposes.
- Any service for the personal delivery to other persons of written messages and any mail matter except telegrams.
- A person or his/her employee delivering any article owned by the former is not conducting an express delivery and/or messengerial service within the context of this circular.

Singapore

Singapore does not have a definition of "courier services" or "express delivery services" in its national legislation. The closest it has is a definition of "express letters", although "express letters" is not equivalent to "EDS", as "express letters" does not cover parcels, *etc.*

Definition of "express letters":

- Express letter means a local express letter or an international express letter, or both.
- Express letter service means a local express letter service or an international express letter service or both.
- International express letter means a letter
    - originating from a sender in Singapore and intended for delivery to a destination outside Singapore at a rate faster than the published delivery standard for air mail letters dispatched by the public postal licensee or
    - originating from a sender outside Singapore and intended for delivery within the same working day in Singapore.
- Local express letter means a letter originating from a sender in Singapore and intended for delivery within Singapore within the same working day.
- International express letter service means a service for the conveyance of international express letters.
- Local express letter service means a service for the conveyance of local express letters.

Thailand

Thailand does not have a definition of "courier services" or "express delivery services" under the current national legislation. Thailand is in the process of drafting the new Postal Act and will inform LTSSWG on the definition after the new Act is enforced.

Viet Nam

According to Article 4 (2) of the Decree No 128/2007/ND-CP dated 2 August 2007 of the Government of Viet Nam on delivery service, "Express delivery service" means providing delivery service in an expedited and reliable manner. Express delivery service also includes premium features such as collection at address of the sender, delivery at hand of the receiver, tracking, changing address of delivery while the package on the way, informing the delivery timing and other added value features.

Annex B. Specific Schedule of Commitments for “Courier Services” Under AFAS (10th package, signed in November 2018) by ASEAN Members

Legend for this annex:

(1) means Mode 1 (cross-border supply of services); (2) means Mode 2 (consumption abroad); (3) means Mode 3 (commercial presence); (4) means Mode 4 (movement of natural persons).

MA means market access. NT means national treatment.

The meaning of the alphabetical classification in the right-hand column of each specific commitment table is as follows:

N: none (no restriction)

U: unbound (no mention or no promise of liberalization)

A: limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test

B: limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test

C: limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test[13]

D: limitations on the total number of natural persons who may be employed in a particular service sector or whom a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test

E: measures that restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service

F: limitations on the participation of foreign capital in terms of maximum per centage limit on foreign shareholding or the total value of individual or aggregate foreign investment (Part III: Specific Commitments, Article XVI: Market Access, subparagraph 2).

Under AFAS, ASEAN member states do not actually use restriction types A, B and C in the sector “courier services”. In addition to the remaining five types of market access restrictions, the following two restrictions are observed:

G: Government approval requirement

H: Tax or fee payment requirement.

13 Subparagraph 2(c) does not cover measures of a member that limit inputs for the supply of services.

Brunei Darussalam

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT
B. Courier services (CPC 7512)	(1) None. (2) None. (3) Joint venture corporation with Bruneian individuals or Bruneian-controlled corporations or both; the aggregate foreign shareholding in the joint venture corporation shall not exceed 70% foreign equity.	(1) N (2) N (3) DEF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Cambodia

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT
Courier services (CPC 7512)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Indonesia

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT
Courier services (CPC 7512)	(1) None (2) None (3) Joint venture with foreign equity participation up to 49%	(1) N (2) N (3) EF49	(1) None (2) None (3) Allowed to establish within a provincial capital that has had an international airport and/or seaport	(1) N (2) N (3) E

Lao People's Democratic Republic

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT
B. Courier services Multimodal courier services (CPC 75121)	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Malaysia

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT
	COMMUNICATIONS SERVICES			
Courier services (CPC 7512)	(1) None. (2) None. (3) Foreign equity shall not exceed 70%.	(1) N (2) N (3) F70	(1) None (2) None (3) None	(1) N (2) N (3) N

Myanmar

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT
Courier services (CPC 7512) a. Multimodal courier services (CPC 75121) b. Other courier services (CPC 75129) (Courier services and respect of documents and parcels excluding letters and postcards)	(1) None. (2) None. (3) Commercial presence of foreign service suppliers and/or providers are permitted in accordance with the Myanmar Investment Law (2016) of the Republic of the Union of Myanmar. The investment may be carried out in any of the following forms: (i) Carrying out an investment by a foreigner with 100% foreign capital on the business permitted by the Commission (ii) Carrying out a joint venture between a foreign and a citizen or the relevant government department and organization (iii) Carrying out by any system contained in the contract approved by both parties.	(1) N (2) N (3) EG	(1) None. (2) None. (3) a. Foreign service suppliers and/or providers have to comply with existing laws, rules and regulations concerning investment, taxation, immigration and labour. b. Foreign organisations and persons are not allowed to own land in Myanmar. However, land may be acquired on long-term lease, depending on the individual circumstances.	(1) N (2) N (3) DE

Philippines

Sector or Subsector	Limitation on Market Access	A-H Classification of MA	Limitation on National Treatment	A-H Classification of NT
B. Courier services	(1) Commercial presence is required. (2) None. (3) None.	(1) E (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N

Singapore

Sector or Subsector	Limitation on Market Access	A-H Classification of MA	Limitation on National Treatment	A-H Classification of NT
B. Courier services Courier services in respect of documents and parcels, excluding letters and postcards	None (2) None (3) None	(1) N (2) N (3) N	None (2) None (3) None	(1) N (2) N (3) N

Thailand

Sector or Subsector	Limitation on Market Access	A-H Classification of MA	Limitation on National Treatment	A-H Classification of NT
B. Courier services Bicycle courier services for food delivery (part of CPC Version 1.1: 64340)	(1) None (2) None (3) As indicated in 3.1 of the horizontal section (foreign equity participation must not exceed 70% of the registered capital and shall only operate through joint venture with a juridical person of Thai nationality)	(1) N (2) N (3) EF70	(1) None (2) None (3) None	(1) N (2) N (3) N

Viet Nam

Sector or Subsector	Limitation on Market Access	A–H Classification of MA	Limitation on National Treatment	A–H Classification of NT	Additional Commitments
Courier services (CPC 7512**) *Express delivery services,[9] *i.e.*, services consisting of collection, sorting, transport and delivery, whether for domestic or foreign destination, of: (a) Written communication,[10] on any kind of physical medium, including - Hybrid mail service - Direct mail. Except for the handling of items of written communication, the price of which is less than: - 10 times the tariff for the handling of a standard domestic letter in the first weight level for domestic shipments; - US$9 for international shipments, provided that the gross weight of these items is less than 2,000 grams. (b) Parcels[11] and other goods. * Handling of non-addressed items	(1) None (2) None (3) None	(1) N (2) N (3) N	(1) None (2) None (3) None	(1) N (2) N (3) N	Services and services suppliers of any other member shall be accorded treatment no less favourable than the treatment accorded to the Vietnamese Post Office or its subsidiaries for its competitive activities.

Source: https://wtocenter.vn/chuyen-de/212-asean-framework-agreement-on-services-afas.

Annex C.
Specific Schedule of Commitments and Reservation Tables for "Courier Services" Under RCEP by ASEAN Members

Brunei Darussalam

28.	Sector	:	Communication Services
	Subsector	:	Courier Services
	Type of Obligation	:	National Treatment (Article 8.4 and Article 10.3) Market Access (Article 8.5) Local Presence (Article 8.11)
	Description of Measure	:	<u>Trade in Services and Investment</u> A foreign national or enterprise may not provide courier services through a commercial presence, unless through an enterprise established in Brunei Darussalam that is a partnership or joint venture, where the foreign national or enterprise does not own more than 49% equity shareholding in any such enterprise providing courier services.
	Source of Measure	:	Administrative Measures and Guidelines

Cambodia

B. Courier Services

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Courier services (CPC 7512)	(1) None (2) None (3) None (4) Unbound except as indicated in the horizontal commitments.	(1) None (2) None (3) None (4) Unbound except as indicated in the horizontal commitments.	

Indonesia

2.	Sector	:	Communication Services
	Subsector	:	(a) Postal Services (CPC 75111 and CPC 75112) (Indonesia Standard Industrial Classification 2015, Code 53102-Commercial Postal) excluding Intercity Delivery and Universal Post Services (b) Courier Services (CPC 75121) (Indonesia Standard Industrial Classification 2015, Code 53102-Commercial Postal) excluding Intercity Delivery and Universal Post Services
	Level of Government	:	Central
	Type of Obligation	:	National Treatment (Article 8.4) Market Access (Article 8.5)
	Description of Measure	:	Trade in Services Foreign service suppliers are not permitted to establish a commercial presence in Indonesia to supply postal or courier services, except through a joint venture with only one Indonesian postal service supplier with foreign equity participation not exceeding 49%. The Indonesian joint venture partner must be wholly owned by Indonesian nationals. The joint venture may only operate within a provincial capital with an international airport or seaport and is prohibited from providing postal and courier services between cities in Indonesia.
	Source of Measure	:	*Law No. 38 of 2009 concerning Postal*

Lao People's Democratic Republic

B. Courier Services		
Courier services (CPC 7512) consisting of express delivery services[1], except for the following services: (a) the collection, transport and delivery of domestic and cross-border addressed mail to Post Office (PO) boxes in the following categories: (i) addressed letters weighing not more than 200 grams; (ii) small items or packages weighing up to 2 kilograms; (b) the collection, transport and delivery to PO boxes of domestic and international postal parcels weighing up to 20 kilograms; (c) the provision of PO boxes; and (d) the issuing of postage stamps.	(1) None (2) None (3) None (4) Unbound, except as indicated in the horizontal section.	(1) None (2) None (3) None (4) Unbound, except as indicated in the horizontal section.

Malaysia

29.	Sector	:	Postal services including courier and express delivery services
	Subsector	:	-
	Obligations Concerned	:	National Treatment (Article 8.4 and Article 10.3) Market Access (Article 8.5) Most-Favoured-Nation Treatment (Article 8.6 and Article 10.4) Local Presence (Article 8.11)
	Description	:	Trade in Services and Investment Malaysia reserves the right to adopt or maintain any measure relating to postal services, including courier and express delivery services.
	Existing Measures	:	*Postal Services Act 2012* [Act 741] *Customs Act 1967* [Act 235]

Inside Reservation tables (positive list on market access only)

COMMUNICATIONS SERVICES **Courier services**	
Courier services (CPC 7512) Courier services in respect of documents and parcels, excluding letters and postcards	(1) None (2) None (3) Only through joint venture with Malaysian individuals or Malaysian-controlled corporations or both and the aggregate foreign shareholding in the joint venture corporation shall not exceed 51%.

Myanmar

B. Courier Services		
Other courier services (CPC 75129) - Courier services and respect of documents and parcels excluding letters and postcards	(1) None (2) None (3) Unbound (4) Unbound	(1) None (2) None (3) Unbound (4) Unbound

Philippines

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
2. COMMUNICATION SERVICES			
All subsectors	(3) No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under Philippine laws at least 60% of whose capital is owned by such citizens. (3) Limitations listed in the (4) horizontal commitments shall also apply.		
B. Courier Services	(1) Commercial presence is required (2) None (3) None (4) Unbound	(1) None (2) None (3) None (4) Unbound	

Singapore

42.	Sector	:	All
	Subsector	:	-
	Industry Classification	:	-
	Type of Reservation	:	Most-Favoured-Nation Treatment (Article 8.6 and Article 10.4)
	Description	:	Trade in Services and Investment: Singapore reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.* Singapore reserves the right to adopt or maintain any measure that accords differential treatment to member states of ASEAN under any international agreement in force or signed after the date of entry into force of this Agreement. Singapore reserves the right to adopt or maintain any measure that accords differential treatment to countries under any international agreement in force or signed after the date of entry into force of this Agreement involving D. aviation matters, including air services; E. maritime and services auxiliary to maritime matters and port matters; F. land transport matters; G. postal and courier services matters; H. telecommunications and information technology matters; I. electronic commerce matters; and J. environmental matters. * For greater certainty, the wording in this paragraph extends to any differential treatment accorded to a country pursuant to a subsequent review or amendment of the relevant bilateral or multilateral agreement mentioned in this paragraph.
	Existing Measure	:	-

Thailand

No listing

Viet Nam

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
2. COMMUNICATION SERVICES			
B. Courier Services (CPC 7512**) * Express delivery services[a], *i.e.*, services consisting of collection, sorting, transport and delivery, whether for domestic or foreign destination, of (a) Written communication[b], on any kind of physical medium, including: (a) Hybrid mail service; (b) Direct mail. Except for the handling of items of written communication the price of which is less than (c) 10 times the tariff for the handling of a standard domestic letter in the first weight level for domestic shipments; (d) US$9 for international shipments; Provided that the gross weight of these items is less than 2,000 grams. (b) Parcels[c] and other goods. * Handling of non-addressed items.	(1) None.[d] FL, MFN (2) None. FL, MFN (3) 100% foreign-invested enterprises shall be permitted. FL, MFN (4) Unbound, except as indicated in Viet Nam's Schedule in Annex IV (Schedules of Specific Commitments on Temporary Movement of Natural Persons).	(1) None. FL, MFN (2) None. FL, MFN (3) None. FL, MFN (4) Unbound, except as indicated in Viet Nam's Schedule in Annex IV (Schedules of Specific Commitments on Temporary Movement of Natural Persons).	Services and services suppliers of any other party shall be accorded treatment no less favourable than the treatment accorded to the Vietnamese Post Office or its subsidiaries for its competitive activities.

Note:

[a] Express delivery services may include, in addition to greater speed and reliability, value added elements such as collection from point of origin, personal delivery to addressee, tracing and tracking, possibility of changing the destination and address in transit, confirmation of receipt.

[b] Written communication includes letters, postcards, handwriting, or printed matters such as books, newspapers, periodicals, magazines, or commercial documents such as bills and invoices, *etc.*

[c] Books, catalogues are included hereunder.

[d] The cross-border supply of service can be performed in association with a local service provider for the collection or delivery.

Source: https://rcepsec.org/legal-text/.

Annex D.
Policy Evaluation for Courier Services

A policy evaluation was undertaken at the Third Seminar on Promoting Services Trade in ASEAN Member States, held 11–13 September 2017 in Kuala Lumpur, Malaysia. Table D1 shows subjective results of the evaluation of realizing a multiple-equilibria (or "many capitals") situation through the promotion of courier services. Wide disparity is observed across ASEAN member states. Table D2 lists further policy options needed.

Table D1. Subjective evaluation of realizing a "multiple equilibria" situation

	Trade in Courier Services: National level	Trade in Courier Services: ASEAN-wide
Brunei Darussalam	8	6
Cambodia	5	9
Indonesia	7	8
Lao PDR	4	4
Malaysia	9	9
Myanmar	..	..
Philippines	9	9
Singapore	10	8
Thailand	6	6
Viet Nam	6	6
Average	**6.4**	**6**

Source: Survey results from the Third Seminar on Promoting Services Trade in ASEAN Member States, 11–13 September 2017, Kuala Lumpur, Malaysia.
Note: Scale = 1 (least agreeable) to 10 (most agreeable).

Table D2. Further policy options needed (participant responses)

	Further Policy Options Needed		
	In-country level	**Neighbour-country level**	**ASEAN level**
Brunei Darussalam	(not provided)		
Cambodia	Courier service in Cambodia is at a lower stage of development. It needs more investment and cooperation with advanced technology companies to move courier services of Cambodia up to an advanced level.	We should cooperate with our neighbouring countries in developing our courier industry and better connect with them.	ASEAN should find ways for better cooperation in courier services in the new world context of digital economy.
Indonesia	(not provided)		
Lao PDR	Ministry of Post and Telecommunication and Ministry of Public Works and Transport should work jointly and in good cooperation.	Customs declaration must be improved to facilitate the movement of courier products between neighbouring countries.	The same case as the neighbouring-country level.
Malaysia	(not provided)		
Myanmar	(not provided)		
Philippines	(not provided)		
Singapore	Maintain current level of courier services liberalization.	Harmonize *de minimis* threshold with Malaysia and Indonesia.	Harmonize *de minimis* threshold for e-commerce transactions in ASEAN.
Thailand	(not provided)		
Viet Nam	- Implement cross-border transport policy to conduct either synchronously or efficiently due to the gap among countries in terms of economic development level, science and technology application and management capacity. - Require the involvement of different sectors and agencies such as transport, custom, border guard, immigration and quarantine to harmonize common regulations and enhance cooperation among line agencies.		

Source: Survey results from the Third Seminar on Promoting Services Trade in ASEAN Member States, 11–13 September 2017, Kuala Lumpur, Malaysia.
Note: Original memorandum style (as reported in the survey by ASEAN member states) is lightly edited.

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