



THE TEN COMMITMENTS OF THE PHILIPPINES LOGISTICS SERVICES SECTOR

LSPH LOGISTICS SERVICES PHILIPPINES



LSPH AIR



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Today, we -- members of the Philippine logistics services sector, composed of industry associations representing cargo handling, storage and warehousing, freight transport and customs brokerage services; and responsible agencies in the government sector -- gather at the first Logistics Services Philippines (LSPH) Conference and Exhibition on December 06-07, 2018.

We are here to recognize the logistics services sector's role as prime movers of the Philippine economy and to support the government's Inclusive, Innovation-Led, Industrial Strategy (I3s), which includes the transport, logistics and construction industries.

Together, we reaffirm the role of logistics services as one of the country's Key Employment Generating Sectors (KEGs) that will help create 7.5 million jobs and achieve full employment at 5% by 2022.

Together, we also reaffirm the need for collaboration between stakeholders in the public and private sector to ensure the development of the logistics services sector, so it may fulfill its role in economic development.

To this end, we shall together transform the logistics services sector in the Philippines as an efficient enabler of the manufacturing, agriculture and service industries.

We hereby reaffirm the following Ten Commitments:

- 1** We recognize supply chain management, particularly logistics, as a necessary component of any competitive business. We shall give priority to initiatives that will realize our vision of a "globally competitive logistics services sectors that enables business to provide its customers with the right product, at the right time, in the right price and quality, in a reliable manner".
- 2** We shall not make for ourselves any additional step that will be burdensome to businesses. We shall cut red tape and eliminate corrupt practices. We shall prioritize automation, streamlining and decentralization of the permit issuance process and reportorial requirements across government agencies that deal with trade facilitation, transport, logistics and supply chain.
- 3** We shall establish a platform for genuine dialogue between the public and private sector with the goal of realizing a globally competitive logistics services sector, ultimately leading to a competitive supply chain and a competitive economy. Together, we will collaborate on policies and regulations that are responsive to current and future industry requirements, consistent with international standards and practices, and continually foster an environment of innovation.
- 4** We recognize the role that the logistics services sector plays in ensuring ease of doing business. We shall abide by the provisions of Republic Act 11032, also known as the Ease of Doing Business Act. Government agencies shall adhere to the standard processing times for issuance of permits and licenses. The private sector, on the other hand, shall strictly comply with full requirements, above board, and also monitor compliance among government agencies.
- 5** We shall encourage and develop government investment commitments, particularly in the supply chain and logistics services sectors, that will foster competitive business and improve quality of life in the Philippines.
- 6** We commit to finding long-term solutions that address problems that affect the logistics services sector's ability to enable business competitiveness. These include high shipping costs, unnecessary fees and charges, management of empty containers, and concerns raised by the trucking sector, among others.
- 7** We shall adopt a high standard of regulatory practices. To this end, we will a) avoid conflicting functions and interests within government agencies responsible for the logistics services sector; b) amend or repeal unreasonable and outdated laws that cause undue burden to the sector; and c) align domestic policies with international agreements.
- 8** We shall foster a culture of knowledge-sharing and benchmarking through the establishment of a Logistics Observatory. This will make available data, information and knowledge resources for use by all stakeholders, allowing for effective decision-making. Through the Observatory, the private sector can optimize transport and logistics costs through the help of quantitative data, resulting in improved competitiveness and further integration into global value chains. At the same time, government agencies can utilize the Observatory to inform policies affecting trade facilitation and supply chain competitiveness.
- 9** We shall continue to promote and encourage investments in infrastructure, in critical areas and strategic points in the country, both from the public and private sectors, that will further facilitate the logistics service sector's ability to serve its customers. This includes development of a holistic and responsive transport network serving land, sea and air; support for infrastructure such as container depots, storage facilities, and logistics hubs; and promotion of comprehensive ICT infrastructure systems that support the need for better visibility and trackability across the supply chain.
- 10** We shall develop a competitive and future-ready logistics workforce that will address the current and future needs of the logistics services sector. We will invest in the development of programs and policies that will allow those working in the sector to effectively fulfill their responsibilities to customers and stakeholders alike. We shall develop our people to be an indispensable tool for businesses both here and around the world. We shall also take the opportunity to increase awareness of the logistics service sector's role in economic development.



Commitment #1 - Globally Competitive Logistics Sector



Commitment #2 - Eliminate Red Tape and Corruption



Commitment #3 - Private Sector Engagement



Commitment #4 - Streamlining of Government Processes



Commitment #5 - Public Infrastructure Investments



Commitment #6 - Addressing Competitiveness Issues



Commitment #7 - Regulatory Framework



Commitment #8 - Knowledge Management



Commitment #9 - Private Sector Infrastructure Investments



Commitment #10 - Skills and Workforce

Commitment No. 1 GLOBALLY COMPETITIVE LOGISTICS SECTOR

We recognize supply chain management, particularly logistics as a necessary component of any competitive business. We shall give **priority to initiatives that will realize our vision of a globally competitive logistics service sectors** that enable business to provide its customers with the right product at the right time in the right price and quality in a reliable manner.

LOGISTICS PERFORMANCE INDEX (LPI) 2012

- Philippines now **among top third countries** in LPI at 43 of 139 economies from a middle third position at 60 of 160 economies in 2018.

LPI RANK OF THE PHILIPPINES (2010-2023)		
YEAR	LPI RANK	LPI SCORE
2010	44 (out of 155 economies)	3.14
2012	52 (out of 155 economies)	3.02
2014	57 (out of 160 economies)	3.00
2016	71 (out of 160 economies)	2.86
2018	60 (out of 160 economies)	2.90
2023	43 (out of 139 economies)	3.30

Source: World Bank

TRANSPORT COST RESEARCH

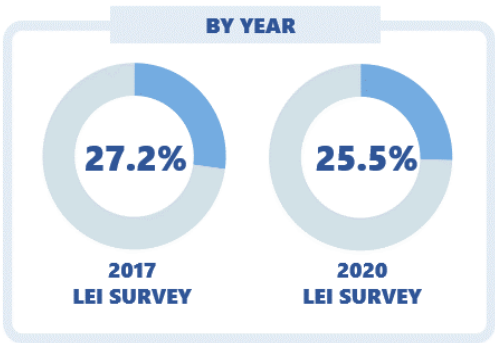
- Canned Sardines** - The study revealed that logistics cost reached **0.97 cents per can** or **5.5% of the total price of canned sardines**.

COST COMPONENT	AMOUNT IN PHP	
Price Ex-Factory	Php 15.50	88.6%
Trucking	Php 0.27	1.5%
Port charges	Php 0.06	0.3%
Shipping	Php 0.44	2.5%
Warehousing	Php 0.20	1.1%
Mark-Up	Php 1.03	5.9%
SRP	Php 17.50	100%

LOGISTICS EFFICIENCY INDICATOR (LEI) SURVEY

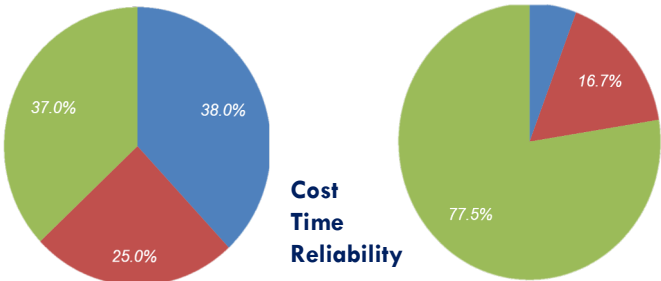
LEI 2020 for MSMEs

Logistics cost over sales



LEI 2022 for LSPs

Performance through 3 dimensions
2017 vs 2022



PHILIPPINE NATIONAL STANDARDS (PNS)



PNS 2135:2018: Road Freight Transport Standard



PNS 20854:2021, 23412:2021, and 10368:2021: Cold Chain Standards



PNS 2142:2020: Sea Freight Transport – International Shipping



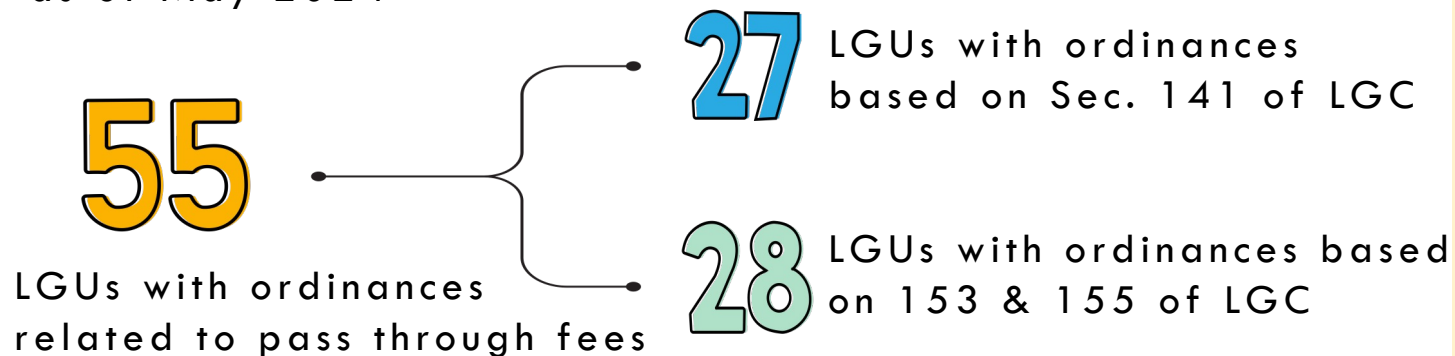
PNS on Domestic Shipping (under development)



ADDRESS PASS-THROUGH FEES

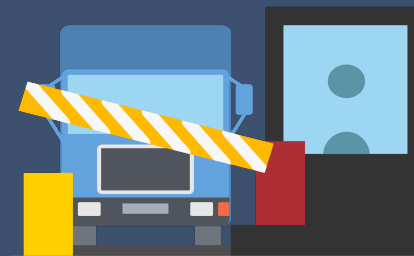
- President issued EO41, s. 2023 or “Prohibiting the Collection of Pass-through Fees on National Roads and Urging Local Government Units to Suspend the Collection of Any Form of Fees Upon All Types of Vehicles Transporting Goods under Section 153 or 155 of Republic Act No. 7160 or the ‘Local Government Code of 1991’ on 25 September 2024
- IRR published on 20 January 2024
- President Ferdinand Marcos Jr in his SONA speech renewed his call on local government units to stop collecting fees that make it more expensive to do business in the country.

UPDATES ON THE IMLEMENTATION OF EO 41
as of May 2024



Commitment No. 2 ELIMINATE RED TAPE AND CORRUPTION

*We shall not make for ourselves any additional step that will be burdensome to businesses. We shall **cut red tape and eliminate corrupt practices**. We shall prioritize automation, streamlining and decentralization of the permit issuance process and reportorial requirements across government agencies that deal with trade facilitation, transport, logistics and supply chain.*



Commitment No. 3

PRIVATE SECTOR ENGAGEMENT

We shall establish a platform for genuine dialogue between the public and the private sector with the goal of realizing a globally competitive logistics services sector, ultimately leading to competitive supply chain and a competitive economy. Together, we will collaborate on policies and regulations that are responsive to current and future industry requirement, consistent with the international standards and practices and continually foster the environment of innovation.



LSPH 2018
DECEMBER 6-7, 2018



LSPH 2019
JULY 15-16, 2019

Memorandum Circular Nos. 20-08, 20-11, 21-14, 21-19, others

- “Ensuring Unhampered Movement of Cargo and Transit of Personnel of Business Establishments Allowed to Operate in Various Community Quarantines” – Logistics Service Providers identified early as APOR to support policy of unimpeded movement of cargo.

Issuance of IATF IDs to Logistics Workers

- DTI issued IATF IDs to 3,578 companies (176,333 IDs) from Customs Brokerage, Freight Forwarding, Port Operations, Trucking, Shipping Lines, Warehousing, and other Logistics Services Sectors.

Logistics Sector Viber Community

- Strong private-public sector collaboration during time of pandemic, in support of IATF to ensure unimpeded movement of cargo during period of quarantine.

Pasasalamat sa mga #LogisticsBayani

- Video message produced to thank Logistics Heroes

LSPH Meetings on COVID-19 Issues

- On Quarantine Checkpoints and LGU Entry Requirements for Logistics Workers

AVP – 10 COMMITMENTS

- Accomplishment Report of the 10 Commitments of the Philippine Logistics Services Sector

Development of National Logistics Strategy (NLS)

- 5 Supra Regional Consultations
- 5 Brown Bag Meetings
- 2 NLS Dialogues
- Pre-Conference Workshop on NLS
- 5 Meetings on Air Sector
- Meeting with DOTR on Rail, Planning, Air, & Maritime
- LSPH Forum

Commitment No. 4

STREAMLINING OF GOVERNMENT PROCESSES

We recognize the role the logistics services sector plays in ensuring ease of doing business. We shall abide by the provisions of Republic Act 11032, also known as the Ease of Doing Business Act. Government agencies shall **adhere to the standard processing times for issuance of permits and licenses**. The private sector, on the other hand, shall strictly comply with full requirements, above board, and also monitor compliance among government agencies.

LSPH PROJECT STREAMLINING PHASE 1 – INVENTORY OF PERMITS AND LICENSES ISSUED TO SIX LOGISTICS SUBSECTOR OVERALL SAB2CAB



SECTOR	Regulatory Agencies	Permits / Licenses	Documentary Requirements	Steps / Processes	Processing Time	Total Cost
COLD STORAGE	11 to 15	27 to 61	101 to 594	82 to 452	3 months, 3 weeks, 1 day, 4 hours, and 55 minutes to 8 years, 8 months, 4 weeks, 7 hours, and 18 minutes	₱38,597.40 to ₱536,150.19
CUSTOMS BROKERAGE	6 to 15	10 to 38	39 to 202	31 to 138	2 weeks, 1 day, 1 hour, and 40 minutes to 1 year, 1 month, 2 weeks, 7 hours, 4 minutes	₱7,874 to ₱140,027.55
DOMESTIC SEA SHIPPING	14 to 16	52 to 71	216 to 476	334 to 371	9 months, 11 days, and 57 minutes to 2 years, 10 days, 4 hours, and 43 minutes	₱130,651 to ₱1,446,257.90
FREIGHT FORWARDING	8 to 19	21 to 62	97 to 614	63 to 410	2 months, 1 day, 1 hour and 22 minutes to 9 years, 2 months, 1 week, 2 days, 4 hours and 34 minutes	₱43,005.35 to ₱703,923.19
TRUCKING	10 to 16	26 to 54	99 to 532	86 to 353	7 months, 2 weeks, 3 days, 1 hour, and 4 minutes to 8 years, 7 months, 7 hours, and 59 minutes	₱44,287.41 to ₱578,431.30
WAREHOUSING	10 to 20	44 to 93	195 to 706	183 to 480	1 year, 8 months, 3 weeks, 2 days, 6 hours, 23 minutes to 3 years, 9 months, 1 week, 1 day, 2 hours, and 51 minutes	₱79,514 to ₱994,880

PHASE 2 –

- DTI endorsed Project Streamlining Phase 1 to ARTA

ONGOING:

- DTI and CAB agreed on the harmonization of the sea and air freight forwarding accreditation.

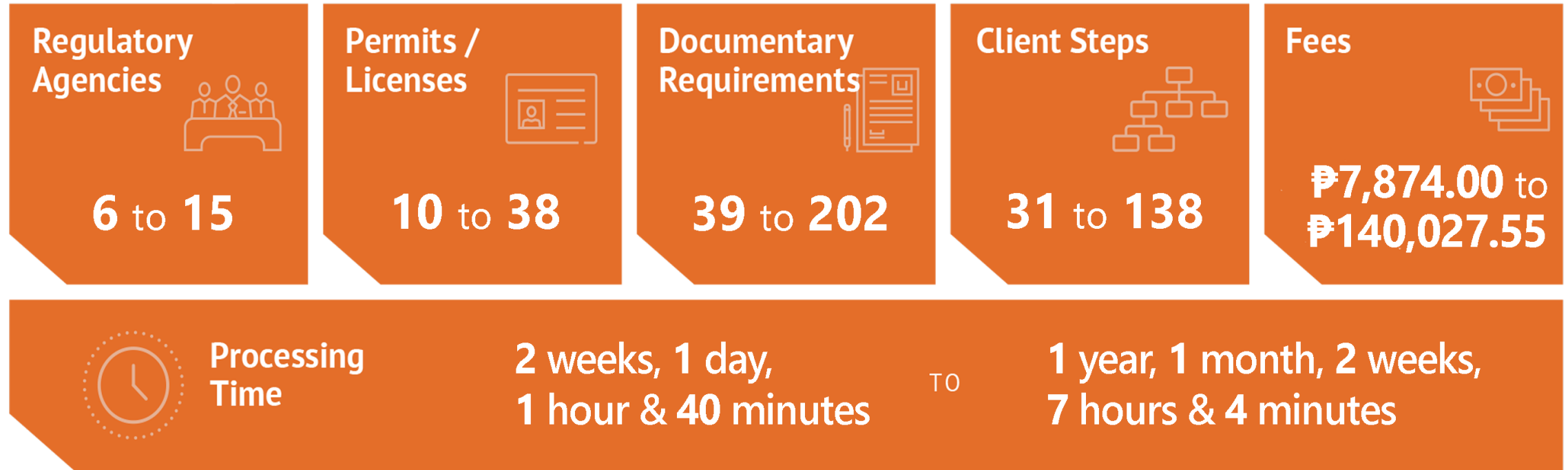


SUMMARY: LIFE OF A COLD STORAGE BUSINESS



LSPH Project Streamlining: Promoting Ease of Doing Business in the Logistics Services Sector

SUMMARY: LIFE OF A CUSTOMS BROKERAGE BUSINESS



LSPH Project Streamlining: Promoting Ease of Doing Business in the Logistics Services Sector

SUMMARY: LIFE OF A DOMESTIC SHIPPING BUSINESS



LSPH Project Streamlining: Promoting Ease of Doing Business in the Logistics Services Sector

SUMMARY: LIFE OF A FREIGHT FORWARDING BUSINESS



LSPH Project Streamlining: Promoting Ease of Doing Business in the Logistics Services Sector

SUMMARY: LIFE OF A TRUCKING BUSINESS



LSPH Project Streamlining: Promoting Ease of Doing Business in the Logistics Services Sector

SUMMARY: LIFE OF A WAREHOUSING BUSINESS



LSPH Project Streamlining: Promoting Ease of Doing Business in the Logistics Services Sector

HARMONIZATION OF FREIGHT FORWARDER ACCREDITATION

Improvements for Sea Freight Forwarders:

Process Steps: Reduced from 7 steps to 6 steps.

Document Requirements: Decreased from 16 to 5.

Processing Time: Improved to as fast as 55 minutes and a maximum of 1 day.



Improvements for Air Freight Forwarders:

Process Steps: Reduced from 9 steps to 6 steps.

Document Requirements: Set at 7.

Processing Time: Reduced from 21 days to 15 days.

Current Status: The HOFFFA system is in its final stage of development. Once fully implemented, it will significantly enhance the efficiency and effectiveness of the accreditation process for freight forwarders.

STREAMLINED PROCESS OF FREIGHT FORWARDER ACCREDITATION

1. Receive Application
Form w/ Complete
Documents

2. Assessment &
Validation

3. Payment (Filing
and Application
Fees)

4. Onsite
Validation (when
necessary)

5. Approval

6. Issuance of
Certificate

Commitment No. 5 INVESTMENTS IN PUBLIC INFRASTRUCTURE

*We shall encourage and **develop government investment commitments**, particularly in the supply chain and logistics services sectors, which will foster competitive business and improve the quality of life in the Philippines.*

30-Year National Infrastructure Program Act

- Institutionalizes long-term framework of infrastructure projects including Transport and Logistics Infrastructure and Food Logistics Infrastructure.
- House Approved: HB 8078

PHLPOST Transport Management System

- Proposal for PHLPOST to establish Shared Warehouses, Sorting Hubs, Transport Fleet, and Digital Inventory System, in partnership with USAID BEACON.

“Build for Tomorrow” Port Modernization Plan

- Sorsogon RORO Terminal Expansion Project
 - Matnog Port (Terminal 1)
 - Santa Magdalena Port (Terminal 2)
 - Building of truck holding area
- Php 550 million under 2022 GAA, Program of Work (POW) finalization.

LOGISTICS CONVERGENCE PROGRAMS

- DTI-DOTR MOA on Logistics Efficiency and Transport Seamlessness for Growth Outcome (LETS GO) Program
- DTI-DPWH MOA on Logistics Efficiency and Transport Seamlessness to Enhance Agribusiness Trade (LETS EAT) Program

DTI x DA-BAFE Farm to Market Road Development

• Status Update:

The following data of roads and markets (list, location, coordinates, and length) for the Farm-to-Market Road Development Program (FMRDP) Strategic Plan 2022-2031:

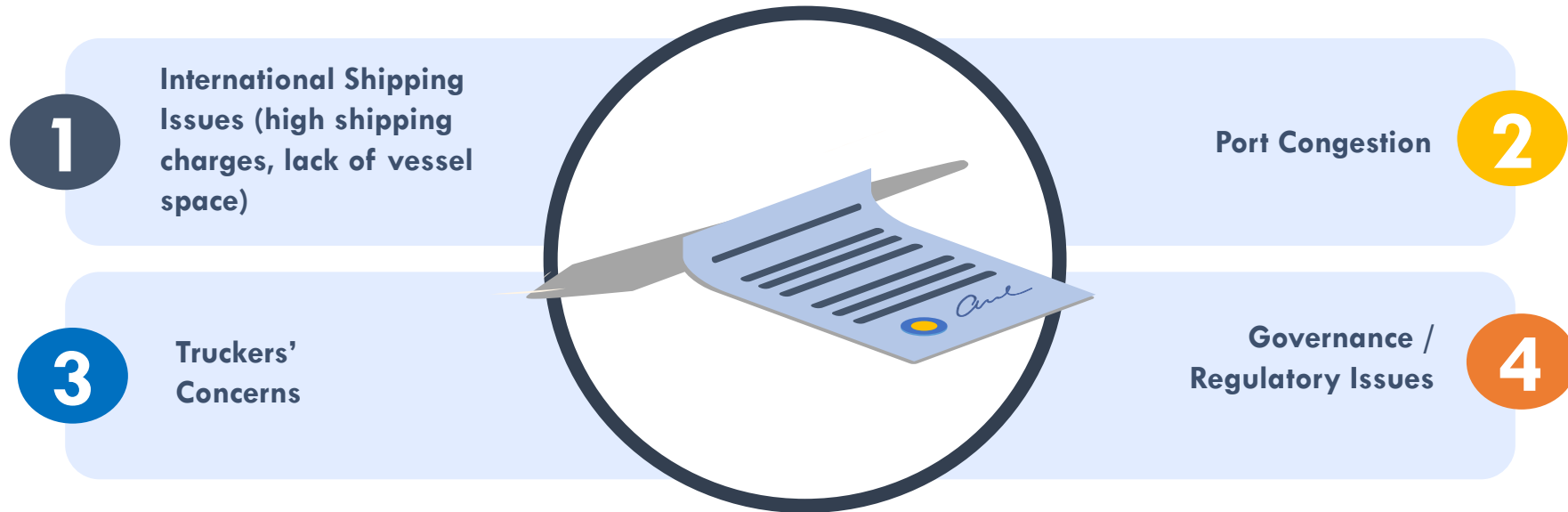
List of Infrastructure Projects		
Agency	Type of Infrastructure Projects	No. of Infrastructure Projects
DPWH	ROLL-IT projects	191
DTI	ROLL-IT projects	543
DOTR	Road Infrastructure	5
NIA	Irrigation Infrastructure	197
DOE	Energy Infrastructure	149
DOT	Accredited Farm Tourism Sites	187
DA-BAFE	Farm-to-market Roads	827
DA-AMAS	Agri-Pinoy Trading Centers	32
DA-NMIS	Meat processing Infrastructure	96
PPA	Port Infrastructure	87
CAAP	Airport Infrastructure	95
DICT	Free Wi-Fi Sites	9214
TOTAL		11623

List of Private and Public Markets		
Region	Province/s	No. of Markets
CAR	Benguet, Mountain Province	11
Region 1	Ilocos Norte	22
Region 2	Batanes, Cagayan, Isabela, Nueva Vizcaya, Quirino	66
Region 3	Aurora, Bataan, Bulacan, Pampanga, Nueva Ecija, Tarlac, Zambales	211
Region 4A	Rizal, Laguna	125
Region 4B	Oriental Mindoro	43
Region 5	Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, Sorsogon	138
Region 6	Aklan	23
Region 7	Bohol, Cebu, Negros Oriental, Siquijor	191
Region 8	Leyte, Southern Leyte, Samar, Biliran, Northern Samar, Eastern Samar	131
Region 9	Zamboanga del Sur	14
Region 10	Lanao del Norte, Camiguin	27
Region 11	Davao del Sur, Davao Occidental, Davao de Oro	54
Region 12	Cotabato, South Cotabato, Sarangani, Sultan Kudarat	123
Caraga	Surigao del Sur, Surigao del Norte, Agusan del Sur, Agusan del Norte, Dinagat Islands	98
TOTAL		1,277

Commitment No. 6

ADDRESSING COMPETITIVENESS ISSUES

We commit to finding long-term solutions that address problems that affect the logistics services sector's ability to enable business competitiveness. These include high shipping costs, unnecessary fees and charges, management of empty containers, and concerns raised by the trucking sector, among others.



- **International Maritime Trade Competitiveness Act (House Bill No. 4933)** is under Technical Working Group (TWG) deliberations. DTI is conducting consultation meetings on various concern stakeholders to gather inputs on the draft Substitute Bill of HB4933
- DTI, together with DOTr, endorsed **Container Ledger Account (CLA) as alternative to container deposits**. **11** international shipping lines newly onboarded since.
- DTI facilitated MOA between SBCorp and ACTOO – **Bayanihan CARES Program (financial assistance) for truckers**.
- DTI urged DOTR to **uphold Roadworthiness Policy** vs. Truck Phase-Out. CPC Renewal for trucks 15 y.o. above permitted.
- DTI conducted NLS Dialogue attended by NLEX, DPWH, DOTR, LGU, and Rep Anne York Bondoc. Alternate routes proposed by Cong Bondoc, as well as the proposed 3rd Viaduct considered.
- DTI and BOC visited **26** container yards.

Commitment No. 7

REGULATORY FRAMEWORK

*We shall adopt a **high standard of regulatory practices**. To this end, we will*

- a) avoid conflicting functions and interests within government agencies responsible for the logistics services sector;*
- b) amend or repeal unreasonable and outdated laws that cause undue burden to the sector; and*
- c) align domestic policies with international agreements.*

Decoupling the regulatory and developmental functions of PPA

- **Recommendation:** Enact law that separates regulatory and developmental functions of PPA.

Conducted RIA - LTFRB's CPC and PEZA's Letter of Authority (LOA):

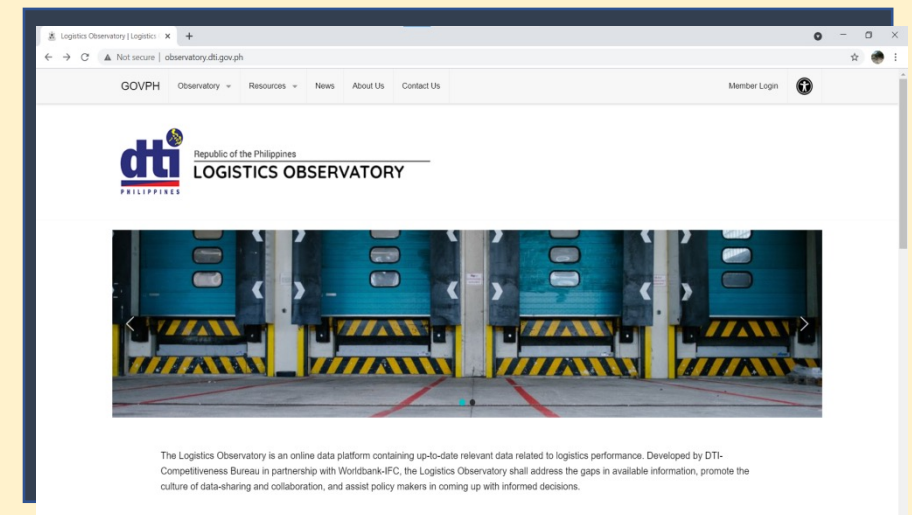
- Validity - Provisional Authority extended from 90 days to 1 year
- Validity - LOA extended from 1 year to 3 years
- Reduced LOA requirements from 19 to 9 documents

Commitment No. 8

KNOWLEDGE MANAGEMENT

*We shall foster a **culture of knowledge-sharing and benchmarking through the establishment of a Logistics Observatory**. This will make available data, information and knowledge resources for use by all stakeholders, allowing for effective decision-making. Through the Observatory, the private sector can optimize transport and logistics costs through the help of quantitative data, resulting in improved competitiveness and further integration into global value chains. At the same time, government agencies can utilize the Observatory to inform policies affecting trade facilitation and supply chain competitiveness.*

LOGISTICS OBSERVATORY



Commitment No. 9

PRIVATE SECTOR INVESTMENTS

*We shall continue to **promote and encourage investments in infrastructure, in critical areas and strategic points in the country**, both from the public and private sectors, which will further facilitate the logistics service sector's ability to serve its customers. This includes development of a holistic and responsive transport network serving land, sea and air; supporting infrastructure such as **container depots, storage facilities, and logistics hubs**; and comprehensive ICT infrastructure systems that support the need for better visibility and trackability across the supply chain.*



E-Commerce and Logistics Infrastructure Convergence Program

- Development of National Logistics Strategy and Logistics and E-Commerce Infrastructure Plan
- Ongoing collection of priority infra projects from experts, stakeholders, DTI Regional Offices (RDC-approved projects).



Warehouse and Storage Sectoral Study

- Project with USAID DELIVER to identify regulations, sectoral gaps, areas for improvement, investment in warehousing sector.
 - 6,500 total warehouse and storage facilities operating across the Philippines
 - Need for additional investment in infrastructure, technology, and manpower to accommodate market growth



Modular Cold Chain

- Exploring project Frigid Air and HK Climate Controls to reduce food waste from farm-to-market by improving cold storage, cold chain in delivery of agricultural products.

Commitment No. 10

SKILLS AND WORKFORCE

We shall develop a competitive and future-ready logistics workforce that will address the current and future needs of the logistics services sector. We will invest in the development of programs and policies that will allow those working in the sector to effectively fulfill their responsibilities to customers and stakeholders alike. We shall develop our people to be an indispensable tool for businesses both here and around the world. We shall also take the opportunity to increase awareness of the logistics service sector's role in economic development.

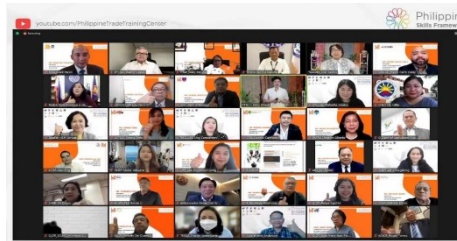
PHILIPPINE SKILLS FRAMEWORK ON SUPPLY CHAIN AND LOGISTICS



- 25 June 2021, DTI and PTTC launched the first ever Skills Framework in the Philippines.

PHILIPPINE LOGISTICS MANPOWER TRAINING AND DEVELOPMENT PROGRAM

- MOA between DTI, TESDA, Logistics Industry Associations to provide scholarship assistance for upskilling, reskilling of logistics services workforce.



TOP 10 PRIORITY SKILLS FOR LOGISTICS

- DTI-SCLMD, TESDA-NCR, DTI-NCR, and logistics associations working for rollout of scholarship programs, provision of free trainings for logistics sector.
- | | |
|--|--|
| 1. Rigging | 6. Truck Driving |
| 2. Container Checking | 7. Heavy Equipment Operation |
| 3. Automotive Chassis Service / Chassis Repair | 8. Cargo Handling |
| 4. Welding | 9. Dangerous Goods Handling for Sea Transport |
| 5. Mechanics | 10. Multimodal Transport Operation & Logistics |

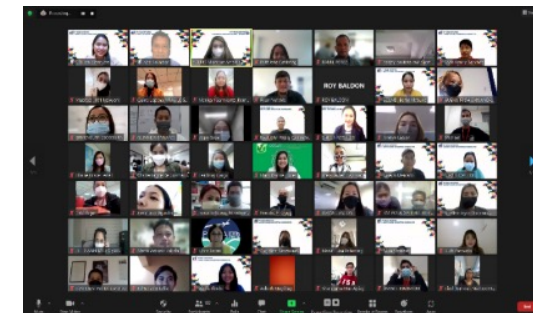
SKILLS INITIATIVE FOR MSMEs

- The DTI conducted a free training for MSMEs to help them develop their own Logistics Plan which they may use to increase efficiency in logistics operations.



SKILLS INITIATIVE FOR FREIGHT FORWARDERS

- The DTI conducted FREE 20-hour training, aligned to the PSF-SCL, with a course title of Shipping Coordinator held from 28 February to 18 March 2022.





THANK YOU!