

Joint Statement
of the Second China-Japan-Korea Ministerial Conference
on Maritime Transport and Logistics

Okayama Declaration
for Cooperation in Logistics in Northeast Asia

Okayama, Japan
May 17, 2008

1. We, the Maritime Transport and Logistics Ministers of China, Japan, and Korea, met in Okayama, Japan on May 17, 2008, and exchanged views and held discussion on the progress and future work of the Action Plan, which was agreed upon in the first conference in 2006 among the three countries. We express our gratitude to Okayama prefecture's excellent hospitality and elaborate preparations for the conference and other events.

2. During the conference, we exchanged views on the current situation surrounding logistics in Northeast Asia and agreed to take cooperative actions, such as mutual exchanges, cooperation, and joint researches, based on the Action Plan to accomplish the following three goals: 1) Creation of a seamless logistics system, 2) Establishment of environmentally friendly logistics, and 3) Achievement of balance between secure and efficient logistics.

1) Creation of a seamless logistics system

Today Northeast Asia is one of the centers of the world economic activity. The total trade value generated by China, Japan and Korea accounts for about 16% of the world trade value in 2006. In addition the total trade value among the three countries was about USD 400 billion in 2006 and is steadily increasing. Under these circumstances, we should continue to cooperate for the creation of seamless



logistics by developing a more efficient, cost-effective, and speedy logistics system in Northeast Asia in order not only to promote trade but also to maintain economic growth of three countries.

2) Establishment of environmentally friendly logistics

We recognized that global warming due to greenhouse gas emissions, such as CO₂-gases, is becoming a more and more serious problem and logistics activity is one of the major causes of greenhouse gas emission. Based on this recognition we promised to promote environmentally friendly logistics or “Green Logistics” in Northeast Asia taking into account that countermeasures against global warming are required in every field and on a global level. Since global warming countermeasures are never successfully achieved by any single country, we should make efforts to develop mutual cooperation on this important issue by sharing best practices and providing information regarding new technologies.

3) Achievement of balance between secure and efficient logistics

After the 9/11 terrorist attacks, various security measures have been required for international logistics. Since, however, enhancing only the security measures in the logistics field would likely result in interference with the smooth flow of cargo, a lot of countries and international organizations are trying to set up security programs to achieve a balance between security and efficiency of logistics. Under these circumstances, we should try to develop mutual cooperation in the security of logistics among the three countries to realize the balance between logistics security and efficiency while keeping in mind that necessary security measures should not impede efficient and smooth flow of cargo.

Today, we agreed to name the three goals as “The Three Goals for Logistics Cooperation among China, Japan and Korea”.

3. Toward accomplishment of the Three Goals, we endorsed the Progress and Future Work of the Action Plan, which is attached in the Annex, and expressed our satisfaction with it. Examples of the significant progress and promising future works in various areas are described below.

1) The three countries have made efforts for improving policy environment for logistics enterprises. We have promised to continue efforts to support their



efficient and low-cost overseas business activities, collaborating with other government agencies, if needed.

2) We evaluated the progress of research of mutual access of trailer chassis and agreed to establish a Working Group (WG) to carry out further research in 2008.

3) We shared the common understanding that standardization of logistics equipment would contribute to establishing a seamless logistics system in Northeast Asia. We understood the usefulness of relatively small size containers, such as 12 ft containers, and will conduct further study on the current situation of cargo container and on the possibility for standardization.

In addition, we will support experts' efforts for standardization of pallet size among the three countries.

4) For the purpose of sharing logistics-related information among the three countries, we seek to establish a logistics information network system and support the joint research project, which is being conducted by experts of the three countries. Furthermore, we will make efforts to explore the possibility to exchange information and statistics on air cargo transport.

5) We have endorsed the report from the Northeast Asia Port Director-Generals' Meeting for close cooperative relations among ports. The three countries initiated studies, shared the results and will analyze these basic data in 2008 on the following three themes:

(1) Promoting International Maritime Unit-Load Transportation Network in Northeast Asia

(2) Improving the Logistics Network System in Northeast Asia by Removing the Barriers of Logistics and Strengthening the Port Alliance

(3) Promoting Harmonized Development of Port Logistics and Industry

6) We have agreed to hold an experts' meeting on Green Logistics in 2008 in Japan to exchange our views on environmentally friendly logistics policy and to promote cooperation among the three countries.

7) We, collaborating with customs services, will develop cooperation to realize the balance between logistics security and efficiency among the three countries.



4. We have agreed to change the name of this conference to “China-Japan-Korea Ministerial Conference on Transport and Logistics” by deleting “Maritime” from the original conference name in order to explore the possibility of cooperation in other transport areas, such as air cargo transport, while keeping the main focus on maritime transport. The new name will be used from the next Ministerial Conference.
5. We agreed to form and continuously operate working groups that are jointly participated by the three countries in order to systematically implement and successfully achieve twelve items in the Action Plan.
6. Finally, we have promised that the three countries will maintain close communication and broaden and deepen our partnership. We also recognize that promoting mutual exchanges, cooperation and joint researches in the logistics field by private as well as public sectors are strongly needed. We will facilitate the progress of the measures included in the Action Plan and actively try to discuss other issues regarding logistics, if needed.
7. The next Ministerial Conference will be held in 2009 in China.

Annex : 2008 Progress and Future Work Sheets of the Action Plan



For the Ministry of Transport
of the Peoples' Republic of China

Li Sheng-Lin
Minister of Transport

For the Ministry of Land, Transport
and Maritime Affairs of the Republic
of Korea

Chung Jong-Hwan
Minister of Land, Transport and
Maritime Affairs

For the Ministry of Land,
Infrastructure, Transport and Tourism
of Japan

Tetsuzo Fuyushiba
Minister of Land, Infrastructure,
transport and Tourism

2008 Progress / Future Work Sheets

Action Plan 1

Improvement of inappropriate logistics related institutions and systems and solutions to the problems of making inroads into the foreign countries

The problems that impede the private enterprises' overseas operation of the three countries will be surveyed, and if necessary, each country can be called on to review and discuss the problems.

Progress / Future Work

China, Japan and Korea (hereinafter referred to as “the three countries”) recognize that logistics enterprises' cross-border operation plays an important role for establishment of a more efficient logistics system in Northeast Asia and they have made efforts for improving policy environment for logistics enterprises.

Based on this understanding, the three countries will continue to make efforts to assist their efficient and low-cost overseas business activities. Examples of measures to be conducted are to improve the policies on foreign companies' entry into logistics businesses and to improve complicated governmental procedures.

Also, to accomplish this objective, ministries participating in the Ministerial Conference on Maritime Transport and Logistics (hereinafter referred to as “the Ministerial Conference”) will conduct a survey to identify concrete problems in their countries and try to collaborate with other government agencies into improving related regulations and procedures, as needed.

Action Plan 2

Creation of conditions to realize the seamless logistics system in Northeast Asia

The three countries will exchange their views on measures to create the foundation to realize the seamless logistics system in Northeast Asia, and conduct the research of mutual access of trailer chassis in Northeast Asia.

Progress / Future Work

In China, foreign trailer chassis can travel only within port areas.

In Japan, basically foreign trailer chassis can travel only within port areas and other places where no general traffic is allowed without their compliance with domestic regulations.

In Korea, foreign trailer chassis can travel beyond port areas to nearby bonded warehouses or any other inland places if they obtain a temporary permission from the Korea Customs Service Authority.

A summary of current status of access of foreign trailer chassis among the three countries is as follows:

	China	Japan	Korea
Port area	Only chassis are allowed	Vehicles and chassis are allowed	Vehicles and chassis are allowed
Nearby bonded warehouse	Not allowed	Not allowed	Provisional permission is required
Inland	Not allowed	Not allowed	Provisional permission is required

* This chart, which is proposed by Korean side, is based on Korea's tariff related laws and regulations. In this chart, "Port Area" means an area of sea and/or land designated for the purpose of carrying out port functions and management operations. "Nearby bonded warehouse" means an area which foreign goods may be brought into without having completed the required import declaration procedures. "Inland" means an area where cargo is generated or arrives.

** In Japan, access of foreign vehicles and chassis is allowed in port area only where no general traffic is allowed.

Based on this understanding, Japan and Korea are conducting the research of mutual access of trailer chassis. The research covers needs analysis and comparison of related national legislation. So far some of possible benefits and concerns regarding mutual access of trailer chassis have been found. Examples of benefits are shortening lead-time, decreasing transshipment cost, and saving packing materials. On the other hand, examples of concerns are differences of vehicles' safety standards and road structural standards among the three countries and increase of cost for management of trailer chassis when they travel at inland places in foreign countries.

To carry out further research, the three countries agree to establish the WG of mutual access of trailer chassis in 2008.



Action Plan 3

Efforts to establish an inter-connected logistics information network between the three countries

The three countries will make efforts to build an effective inter-connected logistics information network.

Progress / Future Work

The three countries share a common understanding that this item 3 mainly focuses on the establishment of a logistics information network system. They recognize that it is strongly needed to establish such a network system, with which governments and private companies can access logistics-related statistics, data, and update news in the three countries, as addressed in the research project carried out by Korea in 2007. As one possible way to share such information among the three countries, they explore the possibility to construct a website where those who need such information can easily access. To discuss how to share information, they agree to establish a WG. This WG will collaborate with experts' study among the three countries which deals with contents of and ways to use logistics information to be shared as described in section 4.

Action Plan 4

Exchange of information on maritime transport and logistics in Northeast Asia

The three countries will support an experts' study for establishing a database on maritime transport and logistics in Northeast Asia and review the outcome of the study on it. In addition, the three countries will examine possible solutions to exchange the statistical data in the maritime transport and logistics field.

Progress / Future Work

Japan (the National Maritime Research Institute (NMRI)) and Korea Maritime Institute (KMI) started a joint research project on "Sharing and utilizing logistics information among China, Japan, and Korea" based on the Memorandum of Understanding (MOU) which was signed by both sides on January 31st 2007 and the 1st and the 2nd workshops were held in March and November 2007, respectively.

China (the Waterborne Transportation Institute of MOC (WTI)) also joined this joint research project and these institutes started a trilateral joint research project and signed a new MOU to clarify scope of the research in April 2008. Based on the new MOU, they continue the joint research project on logistics field, particularly on "Sharing, utilizing and applying logistics information network system among China, Japan, and Korea."

In addition, considering the volume of air cargo transport is growing among the three countries, these countries recognize that air cargo transport is an indispensable element to realize the seamless and high-speed logistics system in Northeast Asia. As the first step, these countries will make efforts to involve relevant authorities to explore the possibility to exchange information and statistics on air cargo transport.



Action Plan 5

Standardization of logistics equipment

The three countries can jointly study the issue of standardizing the domestic cargo containers which are being used in the three countries.

Progress / Future Work

To promote seamless logistics among the three countries, it is effective to use containers that are most suitable to ship cargo and types of cargo even if they are not internationally standardized ones, such as 20 ft or 40 ft containers. In Northeast Asia, there is a growing need to transport relatively small size cargo such as electronic parts frequently so that use of smaller size containers, such as 12 ft containers, is gradually spreading due to this high potential demand.

The three countries understand the usefulness of 12 ft containers and will conduct further study on the current situation of cargo container use in each country for the standardization of logistics equipments.

In addition, experts of the three countries are making efforts for standardization of pallet size in Northeast Asia as various sizes are now being used. For example the Asia Pallet System Federation (APSF) was established in 2006 and member countries, including China, Japan and Korea, agreed that 1,100 x 1,100 and 1,000 x 1,200 would be the basic standardized pallet sizes for Asian region. The three countries will support experts' efforts to extend use of those pallet sizes in Northeast Asia.



Action Plan 6

Promoting close cooperative relations among ports

The three countries can further strengthen close cooperative relations among ports in the three countries through Northeast Asia Port Director-General Meeting.

Progress / Future Work

The 7th Northeast Asia Port Director-General Meeting was held in Tokyo, Japan, on November 6th 2006. In this meeting, the three countries agreed that the Joint Study will be implemented on “Promoting Close Cooperative Relations among Ports” in response to the directions from the 1st Ministerial Conference and they confirmed that Northeast Asia Port Director-General Meeting will, if necessary, report the outcome with respect to the logistics field to the Ministerial Conference.

The 8th Northeast Asia Port Director-General Meeting was held in Seoul, Korea, on November 19th 2007. In this meeting, the issue “Promoting Close Cooperative Relations among Ports” was discussed in the WG 1 and the three countries also agreed to sub themes, which would be led by each country as follows:

- 1) Promoting International Maritime Unit-Load Transportation Network in Northeast Asia (to be led by Japan);
- 2) Improving the Logistics Network System in Northeast Asia by Removing the Barriers of Logistics and Strengthening the Port Alliance (to be led by Korea); and
- 3) Promoting Harmonized Development of Port Logistics and Industry (to be led by China).

The three countries will take note of the outcomes of the WG 1 and take appropriate actions to support the cooperation projects among them based on the progress report to the Ministerial Conference made by WG 1.

Action Plan 7

Measures to balance logistics security and efficiency

The three countries can share relevant information, exchange views on the establishment of secure and efficient logistics, and introduce the systems for logistics security and efficiency, which include the demonstration experiments utilizing the electronic tags in the maritime transport.

Progress / Future Work

After the 9/11 terrorist attacks, various security measures have been required for international logistics. For example, based on the International Ship and Port Facility Security Code (ISPS Code), which is implemented through chapter XI-2 in the International Convention for the Safety of Life at Sea (the 1974 SOLAS Convention), contracting governments including the three countries have implemented required measures to enhance maritime security.

Since, however, only enhancing security measures in logistics field would likely result in interference with smooth flow of cargo, a lot of countries and international organizations are trying to set up security programs to balance between security and efficiency of logistics. In Japan, the new AEO system which covers international logistics enterprises, such as airlines, shipping companies, and freight forwarders, as well as export/import companies has started in April 2008. Under the circumstances, the three countries should try to develop cooperation in security of logistics among them to realize the balance between logistics security and efficiency while keeping in mind that necessary security measures shall not impede efficient and smooth flow of cargo.



Action Plan 8

Promoting mutual exchanges, cooperation and joint researches

The three countries would welcome logistics related research institutions and universities to jointly promote logistics cooperation in Northeast Asia.

Progress / Future Work

There are several research institutes which provide their expertise in logistics to joint research projects for promoting logistics cooperation in Northeast Asia.

As described in the section 4, the joint research project on “Sharing and utilizing logistics information among China, Japan, and Korea” is being conducted by WTI (China), NMRI (Japan), and KMI (Korea).

As described in the section 6, the joint study “Promoting Close Cooperative Relations among Ports” is being conducted. Many research institutes such as the Waterborne Transportation Institute (WTI) and the China Academy of Transportation Sciences (CATS) from China, the Overseas Coastal Area Development Institute (OCDI) from Japan, and KMI from Korea are participating in the joint study.

To facilitate these research and others, the three countries continue to welcome such institutes and universities’ participation in research projects on logistics in Northeast Asia.

Action Plan 9

Sharing the outcomes of discussion in the field of logistics reported from Northeast Asia Port

Director-General Meeting and other meetings

The three countries will report the outcomes to the ‘Ministerial Conference’, with respect to logistics discussed in the trilateral meetings, which include Northeast Asia Port Director-General Meeting.

Progress / Future Work

As described in section 6, the 7th and the 8th Northeast Asia Port Director-General Meeting were held in 2006 and 2007 respectively and “Promoting Close Cooperative Relations among Ports” was discussed in WG 1.

The summary of the WG 1’s discussion with regard to logistics is as follows:

The three countries studied three items as follows;

Item 1: Study on the existing lines connecting three countries

To review the shipping networks from the viewpoint of promoting close cooperative relations among ports, the three countries collected data on container transport, ferry and RORO lines, port facilities and cargo volumes as basic materials for further study.

Item 2: Market analysis on shipping and port related industries and sister port relations

Sister port relations can enhance cooperative relations among ports (although the purpose of the scheme is limited to symbolic events like personnel exchange among port authorities at present). The three countries collected case studies of sister port relations as basic materials for further study.

Item 3: Relation between port logistics and regional economies in the three countries

To promote harmonized development of port and industries, the three countries collected case studies on port logistics and regional industries in the three countries as basic materials for further studies.

The three countries shared the results of the studies. The three countries will analyze these basic data in the 2008 session of the joint study.

The joint studies including the Progress Report identify several issues to be dealt with in order to achieve better Close Cooperative Relation among the three countries.

Furthermore the three countries recognize that participating ministers of the Ministerial Conference should pay keen attention to the discussion in other logistics related minister-level trilateral meetings such as the China-Japan-Korea Trade Ministerial Conference, whose last meeting was held in November 19th, 2007.

Action Plan 10

Establishing environmentally less burdensome logistics policies

The three countries will exchange their views on the environmentally less burdensome logistics policies.

Progress / Future Work

The three countries recognize that global warming due to greenhouse effect gas emissions, such as CO₂ emissions, is becoming more and more a serious problem all over the world and logistics activity is one of the major causes of emission of greenhouse effect gases. Based on this recognition, the three countries understand that they should provide policy measures to reduce greenhouse effect gases resulted from logistics activities. Such an environmentally friendly logistics policy can be called “Green Logistics” policy.

Examples of measures for “Green Logistics” policy include:

- 1) to increase the use of low-emission vehicles;
- 2) to promote joint delivery of cargos of more than one consigners by using larger trucks;
- 3) to promote shift of ways of transporting cargo from trucking to less-emission modes such as railroad and ships (such policy can be called “Modal Shift”);
- 4) to establish efficient distribution system by leading integration of logistics facilities; and
- 5) to introduce energy saving technology at ports.

The three countries understand that it is necessary for consigners as well as logistics companies to strengthen their partnership to facilitate “Green Logistics”.

In China, the Ministry of Communications launched the research project on Long-Term Planning of Energy Saving in Transport Industry and drafted an Action Plan on Market Access and Refusal of Operational Vehicles’ Fuel Consumptions in 2007.

In Japan, the “Green Logistics Partnership Conference” was established in 2005 and the government subsidized many projects which both logistics companies and consigners jointly planned and were authorized by the conference. In addition, under the new scheme of the ACT Concerning the Rational Use of Energy, which was amended in April 2005, special logistics companies, and special shippers (companies and shippers whose transport capacity and transport volume exceed the government-set standards) are required to submit an energy saving plan and to report their energy consumption annually.

In Korea, a research project "Establishment of Environmentally less Burdensome Logistics System" was carried out by KMI in 2007. The results of the research suggested the following measures:

- 1) Jointly develop equipment which can save energy or reduce emission of greenhouse gases;
- 2) Mutually favorable treatment for transportation equipment which can reduce emission of greenhouse gases;
- 3) In case a devise that reduces emission of greenhouse gases is developed, it will be required to attach



the devise to transportation equipments in Northeast Asia;

4) Render financial and/or tax support to companies which integrate and/or cooperate in logistics activities in Northeast Asia;

5) Share the know how on development and operation of environmentally friendly logistics equipments.

The three countries recognize that since global warming countermeasures are never successfully achieved by a single country, enhancing international cooperation, such as sharing of best practices and providing of information regarding new technologies, is strongly needed. As one of the measures to enhance such cooperation among the three countries, they will have an experts' meeting on Green Logistics in 2008 or early 2009 in Japan.



Action Plan 11

Creation of conditions to facilitate the 3PL Business

The three countries will introduce the status of promoting the advanced 3PL business in each country and exchange their views on creating conditions to facilitate the 3PL business.

Progress / Future Work

In general, Third Party Logistics (3PL) business can be defined as the business to undertake outsourced logistics services from companies in parts or all of their supply chain management by providing high-valued logistics services and consulting for efficient supply chain management based on customers' needs. The three countries recognize that 3PL business is beneficial for an efficient and environmentally friendly logistics system and that it is desirable to promote 3PL business among them.

In China, Guidelines on Promoting Modern Logistics Development was jointly issued by 9 ministerial-level governmental agencies in 2004, which contains a number of measures to promote the development of logistics, including 3PL business.

In Japan, to facilitate 3PL business, the government has promoted the "3PL Human Resource Development Program" in cooperation with related logistics service providers associations since 2004, made "The 3PL Contract Guidelines" in 2007, and is going to formulate new guidelines for environmentally friendly 3PL business. To promote the activities of 3PL business, the "Act of Logistics Integration and Efficiency" was established in 2005. It aims at supporting logistics companies to provide comprehensive logistics services which cover transportation, storage, and other value-added services and to integrate logistics facilities.

In Korea, to facilitate 3PL business, "Certification of composite logistics company" system was introduced in 2006. According to this system, the government issues certificates to qualified logistics companies.

The three countries will continue to exchange their views and share information to promote 3PL business in Northeast Asia.



Action Plan 12

Developing cooperation with ASEAN in the future

The three countries will explore the possibility of cooperation with ASEAN in the field of maritime transport and logistics in the future based on the Ministerial Conference.

Progress / Future Work

To strengthen cooperation with ASEAN in the field of logistics, the three countries exchange their views and information by taking advantage of high-level meetings with the ASEAN such as the ASEAN Senior Transport Officials Meeting (STOM) and the ASEAN Transport Ministers Meeting (ATM).

For example, China started STOM-China and ATM-China in 2002. Similarly,

Japan started STOM-Japan and ATM-Japan in 2002 and 2003 respectively.

Korea started STOM-Korea in 2007 and also proposed to start ATM-Korea at the earliest opportunity.

The three countries will explore the possibility of cooperation between STOM/ATM and the three countries (China, Japan, and Korea) after Korea can successfully launch ATM-Korea in the future.