

# THE ASEAN HUMAWEALTH PROGRAM

OCTOBER 2010

## A JOINT PROPOSAL TO SUSTAIN ASEAN'S NEW ERA OF ECONOMIC GROWTH & INTEGRATION



GLOBAL COALITION  
FOR EFFICIENT LOGISTICS

ASEAN-BAC

## PREFACE

The leaders of ASEAN-BAC and the Global Coalition for Efficient Logistics (GCEL) are especially grateful for the opportunity to present our joint proposal to the 2010 ASEAN Business and Investment Summit (ASEAN-BIS) accompanying the 17th ASEAN Leaders Summit in Hanoi. This proposal grows out of an ongoing dialogue that began earlier this year. The dialogue has focused on practical ways ASEAN-BAC and GCEL can cooperate to address three critical issues that lie at the very heart of ASEAN's economic vision: (1) assist in overall economic integration; (2) help the region's businesses better engage the ASEAN Economic Strategy agreed in 2007; and (3) provide a 21st century trade platform that can reduce the region's cost of trade, improve its competitiveness, and better connect its businesses with markets around the world. GCEL has analyzed these three issues to see how our two organizations can best work together to advance mutual objectives. This white paper builds on the extensive consultations that GCEL has had with ASEAN-BAC leaders and with other leading economies in East Asia. Consultations have taken place with many institutions, including the Indonesian Chamber of Commerce (KADIN) and Bank Indonesia; the Vietnam Chamber of Commerce and Industry; the Singapore International Chamber of Commerce; the Association of Banks in Singapore; the Malaysian International Chamber

of Commerce; the Malaysia Multimedia Development Corporation, the Association of Banks in Malaysia and the Malaysian Ministry of International Trade and Industry. Beyond ASEAN, GCEL has had extensive consultations with the Confederation of Indian Industry and with Chinese authorities in Guangdong, Beijing, and Taiwan. We conclude that the joint ASEAN-BAC / GCEL proposal and road map, which are set out in Sections Two, Three, and Four of this paper, represent the basis for a collaboration that will both strengthen ASEAN's trade capacity and provide a major stimulus to the growth and development of all ASEAN businesses, but especially its SMEs. It also delivers a 21st century trade platform to make ASEAN a true benchmark for global commerce. GCEL is providing the tools and road map for this platform as part of its HumaWealth Program. This Program will be deployed in a way that is open and equitable to all companies and all regions of the world; based on partnership rather than competition; and available to all potential users throughout the world and free of cost to all. In addition, the HumaWealth Program addresses ASEAN's ongoing concerns about cargo security and its capacity to respond swiftly to disasters when they strike. This paper lays out the blueprint for building The ASEAN HumaWealth Program, a joint program by ASEAN-BAC and GCEL. The paper contains six sections:

- **Executive Summary** Provides an overview of the program and its benefits.
- **Section One** Lays out the overall road map of the program.
- **Section Two** Describes the steps to implement the road map.
- **Section Three** Outlines the key economic and business benefits from the program.
- **Section Four Our shared commitment to success.**
- **Appendix** Explains GCEL's global HumaWealth Program.



**Executive Summary**

**Section One: ASEAN's New Era of Economic Growth And Integration**

**Section Two: Steps to Implement the Program**

**Section Three: Program Benefits to ASEAN**

**Section Four: Our Shared Commitment to Act**

**Appendix: The Global HumaWealth Program**



## EXECUTIVE SUMMARY

ASEAN is a highly dynamic region with 580 million people. In the rapidly evolving economic and financial landscape being redrawn by globalization, it represents one of the most sought-after markets in the world.

It lies at the very heart of the strategic and vital region of East Asia. It will also be one of the vital linchpins in a massive re-balancing of global trade in the aftermath of the Global Financial Crisis. Simply put, ASEAN is about to provide much stronger leadership on the global economic stage.

The global re-balancing of trade represents a critical moment in ASEAN's economic ambitions. The region has done much to prepare for this moment. It has worked hard to facilitate trade by reducing tariffs and trade barriers. Still, big hurdles remain. Non-tariff trade barriers are still high in many cases. The ASEAN regional single window has not yet achieved its full potential. Above all, the region's trade infrastructure remains highly uneven. The cost of trade is stubbornly high in many ASEAN countries, representing a chokepoint for development in many cases.

In short, the real question facing the region is how it can prepare for a huge global economic re-balancing in a way that ensures continued economic progress, and strengthened trade and economic ties with the rest of Asia and the world.

To answer this question, the region cannot afford to ignore what makes all trade possible—the trade infrastructure that supplies the essential pipeline of commerce. ASEAN has made significant gains in physical trade infrastructure. However, with the exception of one or two countries, the digital Soft Infrastructure that facilitates trade is uniformly lacking across the region. This digital Soft Infrastructure is crucial to trade in the 21st century, because the information attached to the movement of goods is now as important, and in some cases more important, than the physical flow of goods themselves. Such information forms the

essential intelligence by which competitive businesses optimize on highly dynamic opportunities in today's economy. This digital Soft Infrastructure is also the essential catalyst for forming the new supply chains and distribution channels that will connect ASEAN with the rest of Asia and the world. While global rebalancing is a term that finds great currency around the world today, this concept will only find expression by connecting businesses in powerful new ways—digital ways.

ASEAN-BAC and GCEL are committed to making ASEAN the new global benchmark for digital Soft Infrastructure, laying the foundation for sustaining economic growth and integration across the region. Setting the standard for the rest of the world is ambitious, but it is within ASEAN's grasp. One need only look at the communications transformation that has already occurred in the region to see how. Indonesia was one of the first nations in the world to deploy digital communications despite starting out far back in the pack. It deployed cellular towers swiftly, triggering rapid adoption of digital telecommunications. In fact, it surpassed the United States, where copper lines and analog switches (the existing hard infrastructure) were a legacy that actually delayed the transition to digital communications.

In exactly the same way, the ASEAN region has the bold opportunity to become the global leader in deploying digital Soft Infrastructure. This rapid deployment will create a powerful 21st century platform for trade and commerce that will integrate the region, connect it with the global economy, and make its businesses much more competitive.

Such a trade platform is highly timely. It positions ASEAN for global leadership just as it takes its place on the global economic stage. And it provides the answer to the economic question of the moment— positioning ASEAN to benefit significantly from the huge re-balancing about to take place in global trade.

With a new digital trade platform, ASEAN can be at the very nexus of the global economic rebalancing. It can be a bigger trade partner with China, who is anxious to reduce its dependence on Europe, Japan, and the United States. It can grow its trade with Australia, Korea, and Japan, eager to expand their Asian markets. And with high-growth SMEs and rising consumer income, ASEAN can attract new investment from Asian partners and from around the world. ASEAN-BAC and GCEL have put together a road map to build a 21st century trade platform that will make ASEAN a new benchmark for global commerce and spark trade, faster economic integration, and sustain economic growth. The digital Soft Infrastructure will be delivered to end users at no cost and represents a major leap forward in innovation and economic performance, including these major benefits:

- Reducing the cost of trade within ASEAN from the current average of 10% to 6%, saving the region \$44 billion a year and reducing average unit operating costs for ASEAN businesses by up to 15%.

- Making ASEAN's millions of SMEs more competitive, more connected with global markets, and more bankable.
- Opening a vast new market for ASEAN's finance, insurance, and technology industries, projected to reach USD 6 trillion by 2020.
- Laying the foundation for a trade increase of up to USD 288 billion across Asia, and the corresponding potential to create up to 14.7 million jobs, 12.1 million in ASEAN and 2.6 million in the rest of Asia.
- Maximizing throughput through existing trade infrastructure, while enhancing cargo security, boosting environmental sustainability, and improving disaster impact response.

**Implementing** this road map will fall heavily to the private sector in ASEAN. The private sector will be deeply engaged in deploying digital Soft Infrastructure, since they are the principal drivers of regional economic integration—indeed of economic growth. This road map represents a golden opportunity for them to lead in connecting ASEAN with the world. We believe it is time to seize this future for the good of all of ASEAN's 580 million citizens.



## SECTION ONE: ASEAN's New Era of Economic Growth And Integration

This program will establish ASEAN as the global benchmark for 21st century digital Soft Infrastructure and trade efficiency. This 21st century digital trade platform will give a powerful economic advantage both to ASEAN and its key trading partners as the global economy rebalances. It will also make ASEAN's businesses more competitive and grow vital new service industries in ASEAN countries.

The dominant economic trend on the horizon is a dramatic re-balancing of the global economy. The Global Financial Crisis highlighted trade imbalances (and debts in many countries) that simply cannot be sustained. ASEAN is in a strong position to benefit from the re-balancing that must take place. The question is not whether ASEAN will benefit. The question is whether it is prepared to seize the most from this historic opportunity.

To do so, ASEAN must manage many critical economic issues at once. Five seem especially critical in the period ahead:

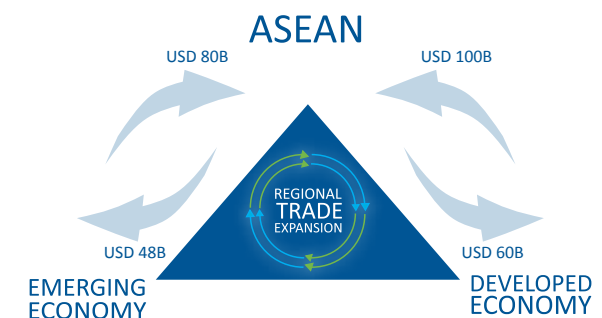
- Strengthening the capacity of small and medium sized firms to develop and improve export/import activities with regional and international markets;
- Boosting trade with other parts of the world, but especially within Asia;
- Building stronger consumer demand and better supply chains within ASEAN;
- Investing in the infrastructure that best positions ASEAN for sustained future growth;
- Fortifying the service sector as a source of economic growth as well as addressing environmental and disaster response challenges

In short, ASEAN faces the challenge of rebalancing its economy—finding new trading partners even as it repositions its economy internally for more sustained, consumer-led growth. The ASEAN countries represent one of the world's prime markets for trade expansion. The ASEAN-BAC GCEL program will supply a tangible means and powerful catalyst to trigger this rebalancing. First and foremost, the program will slash the overall cost of trade by more than 30 percent. It will also reduce business operating costs by up to 15 percent, giving businesses a big competitive edge. At the same time, ASEAN must recognize that its own economic rebalancing will be accompanied by a significant rebalancing all across Asia. The East Asia economy as a whole will reduce its dependence on the rest of the world as Europe, Japan, and the United States experience what is expected to be an extended period of weakness in consumer demand. China, in particular, will be looking for new trading partners to trim its reliance on the EU, Japan, and the U.S. This will lead to an acceleration of trade with ASEAN and other parts of Asia. Japan and Korea will also be looking for new growth markets, and ASEAN will be a prime target. With so many cross currents in this overall re-balancing, it is critical for all parties to find a way to benefit as this happens. At this critical economic moment, the best way forward is one that recognizes the common denominator that provides the foundation for economic progress

for all. Any rapid and comprehensive response to the re-balancing challenges in ASEAN and Asia must start with the common denominator between ASEAN and its trading partners: the Global Logistics Industry (GLI). No one should underestimate the GLI. A secure and efficient GLI boosts trade (nationally, regionally, and globally), stimulates economic growth, and improves our daily lives in myriad ways. Just consider the paradigm shift in globalization delivered through the advent of containerization. This powerful innovation in the GLI fueled decades of economic development worldwide—and powered much of the progress in ASEAN's economy over the past few decades. Today's highly interdependent global economy and the growing integration of regional economies, such as Southeast Asia, all demand an efficient and secure GLI. Indeed, an effective GLI is a necessary ingredient for reigniting national, regional and global commerce. Economic evidence shows over and over again that trade is the best driver of economic progress. The GLI, therefore, is a key to sustainable economic growth.

What can trigger this rebalancing in a way that benefits all parts of Asia? The answer lies in creating a much more efficient trade platform that will connect Asia's great strengths in the best possible ways. ASEAN countries can build on their low-cost, youthful labor force to expand manufacturing and gain a foothold in services. Emerging countries in Asia can use their trade surplus to grow their domestic economy and foster growth in high-value industries. And developed Asian economies can supply capital and services to growing the ASEAN region while boosting purchases of rising output.

ASEAN countries have put significant emphasis on hard infrastructure to grow trade. At this critical moment, though, the answer is not found in bridges, roads, and ports. No, the answer lies in building the digital Soft Infrastructure that can connect ASEAN with the rest of Asia and the world.



Asian Trade will Shift, New Digital infrastructure triggers shifts that benefit all

Just consider two major scenarios that are likely to define Asian economic re-balancing and how digital Soft Infrastructure can put ASEAN in the middle of a major expansion of regional trade. These scenarios are illustrated in the accompanying diagram.

## Emerging Economy Rebalances

In one case, the region's emerging economy must accomplish three things at once. It must shift away from a major dependence on the world's mature, developed economies, which remain under the cloud of debt left over from the Global Financial Crisis, to ASEAN economies positioned to grow rapidly going forward. This also corresponds with an ongoing objective of shifting to higher value goods and services. It must overcome global concerns of building too many "made in nation" products. And it must offset growing cries around the world that its currency is overvalued.

With a highly efficient, secure trade platform in place, this nation can choose to shift a portion of its trade to ASEAN and satisfy all of its requirements at once. Given the current scale of its trade position, this emerging nation might choose to shift 20 percent of its current large trade surplus to new production in ASEAN factories. This represents roughly USD 80 billion of new trade to ASEAN. As ASEAN countries recycle this beneficial growth in trade into new buying power, it seems reasonable that they could spend 60 cents of each new dollar in trade on goods from this emerging nation. That means a total trade increase of approximately USD 128 billion. This overall shift would likely unfold over a long period. Based on global studies on the links between trade and employment, the trade expansion in ASEAN could lead to the creation of more than 5.4 million jobs.<sup>1</sup> At the same time, the emerging economy could grow its high value goods and service job rolls by 2.3 million.

## Developed Economy Rebalancing

Another likely scenario involves the dominant developed economy in Asia. This nation has a different set of challenges it must navigate in the global re-balancing. It must grow new markets for its manufacturing industries that are highly developed, but require growth in distant markets to justify further expansion and the capture of economies of scale. It also seeks new capital markets in which to make long-term investments. And it wants to tap into the dynamism of young vibrant region to offset its own rapidly aging population.

Again, with a highly efficient, secure trade platform in place, this nation might choose to redirect some of its trade with the region's emerging economy to ASEAN instead. If it chose an amount equal to its current trade deficit with that economy, then ASEAN could experience an expansion of trade of approximately USD 100 billion. As in the scenario above, ASEAN receives a major stimulus to economic growth as the trade expansion boosts productivity, lifts in-

comes, and drives new consumer spending. This virtuous cycle will also attract new foreign direct investment, another objective of the developed nation. With new buying power, it seems reasonable that ASEAN could spend 60 cents of each new dollar in trade on goods from the developed nation. That means a total increase of approximately USD 160 billion. Drawing again on the global studies on the links between trade and employment, the trade expansion in ASEAN could lead to the creation of more than 6.7 million jobs. At the same time, the developed economy could grow its high-value goods and service job rolls by 0.4 million.<sup>2</sup>

Which of these scenarios defines the future will, of course, be determined by the collective business decisions of businesses across Asia. Still, with digital Soft Infrastructure powering a new global benchmark for trade efficiency and security, ASEAN has a golden opportunity to find itself right in the middle of two powerful economic shifts. One has the potential for 5.4 million new jobs, the other 6.7 million jobs. Whether these two scenarios combine or stand-alone remains to be seen. What is clear is that a new trade pipeline is the trigger for powerful new economic growth and integration—growth that will be sustained year after year.

The key to triggering these benefits is the digital Soft Infrastructure that makes possible the new trade connections all across the Asian region. But what is this Soft Infrastructure? And how does it help to trigger the rebalancing just discussed? Just as the Asian economic rebalancing resembles a triangle, so does the Soft Infrastructure that makes it possible (Figure 2).



<sup>1</sup> See John Tschetter, Exports Support American Jobs: Updated measure will quantify progress as global economy recovers, International Trade Research Report No. 2, U.S. Department of Commerce, International Trade Administration, 2010. This study represents the best currently available on the impact of trade on jobs. That report shows that \$1 billion in exports creates 6,700 jobs. ASEAN countries, however, have a much lower cost structure and different level of capital usage than the United States. Thus, recognizing that GDP per worker is some 21 times higher in the US than in ASEAN as a whole, we have made a conservative assumption that the impact of \$1 billion in trade will be roughly 10 times that of the United States. In the case of the emerging nation, we have assumed a slightly higher cost structure than in ASEAN, and thus a multiple of 7 times the United States. The final outcome depends, of course, on the response of ASEAN businesses, but these projections provide a useful target for ASEAN consideration.

<sup>2</sup> As in the previous example, we use the U.S. study as our benchmark. In this example, we assume the same impact on ASEAN employment. For the developed economy, we assume the impact resembles the United States, and jobs are created in both the goods and service sectors.

## 1) EMPOWERING ASEAN BUSINESSES: COMPETING IN THE GLOBAL ECONOMY

A successful economic program to reposition ASEAN's economy must be founded on giving private businesses the infrastructure they need to maximize their strengths in the global marketplace. In a world economy where globalization is now the dominant theme, business decisions increasingly can be characterized as one of three choices: centralize operations, decentralize operations, or create new operations. When an enterprise finds itself operating with high unit costs, centralizing operations is essential to cutting costs by capturing economies of scale. Expanding production allows business to spread overhead and administrative costs, thus lowering unit costs. Under this strategy, the business must find new markets for the expanded production, and these markets frequently lie far away. Under this scenario, efficient and secure logistics is an absolute must—to provide inputs “just in time” and to ensure timely delivery of finished products.

Some businesses, however, will choose to decentralize operations when the economies of scale are not sufficient to offset labor-intensive unit costs—or when political pressures make it easier to put plants inside trading partner

countries. In this situation, efficient and secure logistics is also a must: it provides the reliable connection between raw materials, dispersed production plants, and the many destinations for final products.

In still other cases, the objective is to create new business operations by attracting national and international investment. Here again, efficient logistics is essential to connect ASEAN's low-cost labor supply with large demand for finished products in global markets. The key in this case is slashing the cost of trade (as measured by Landed Import and Export Costs). While ASEAN has a strong competitive advantage in its relatively low-cost labor, its cost of trade is actually quite high, making it difficult to seize new markets. Regardless of the choice business leaders make, the common thread to success is a reliable, efficient, and secure logistics pipeline. While physical infrastructure is important, the real key to an effective logistics industry in the 21st century is digital Soft Infrastructure. The cargo container and associated port infrastructure drove globalization in the 20th century. Only a new generation of Soft Infrastructure can supply all the tools required to achieve the above in the 21st century.



## 2) Developed Economy Rebalancing

Digital Soft Infrastructure provides the necessary tools for businesses to achieve excellence—regardless of their strategy. It also underpins economic re-balancing plans by providing a commanding boost to innovation, supplying investment benchmarks and connecting ASEAN with new global markets in powerful new ways. The Soft Infrastructure Program is available at no cost and includes three key building blocks:

- An open source information technology platform (Global Logistics System - GLS) that drives powerful new levels of efficiencies for operations, logistics, finance and insurance, all at no cost to end users.
- A global network comprised of the world's best technology, finance, and insurance businesses to deploy the GLS around the world. These companies will be selected through a transparent Request for License (RFL) process, starting in the ASEAN/East Asia region.
- Rapid global deployment led by and monitored by a global nonprofit oversight body. This organization will be governed by a board comprised of public, private, and non-profit leaders from all parts of the world.

### 3) BUSINESS EXCELLENCE: OPTIMIZE OPERATING EFFICIENCY

ASEAN faces huge investment decisions over the next few years as it restructures its economy. These decisions will yield bigger economic returns if both businesses and ASEAN countries help guide those investments by demonstrating their operating efficiency in global markets. In other words, businesses and countries can attract investment funds through their own excellence on key efficiency benchmarks. The HumaWealth Program will provide the tools businesses and countries need to reduce the cost of trade and production costs through focused improvement in six critical efficiency and security factors:

Integration, Tracking & Visibility, Standard Processes, Cargo Security, Competence, and edocumentation.



### 4) SECURING ECONOMIC GROWTH

Not only will the Soft Infrastructure Program drive down the cost of trade and slash production costs, it will also make these gains visible through a national, self-monitored dashboard for each ASEAN member nation. This dashboard is comprised of indicators in all six critical logistics indicators mentioned above. The dashboard will open up two major benefits. First, it will make visible those businesses that are making great strides in operating efficiency, allowing them to attract still more commerce as well as trade finance. Second, it will help to maximize the capacity utilization of existing logistics infrastructure while also providing clear indicators on which locations can attract private investment or justify further investment by public authorities. In summary, ASEAN stands at a historic crossroads as the

global economy undergoes a massive rebalancing. ASEAN, like its Asian trading partners, must find a way to seize new economic benefits from this restructuring. ASEAN certainly knows the benefits of trade, having staked its economic future on it for the past two decades. But hard infrastructure alone will not fuel new growth, especially during the rebalancing now about to begin. Digital Soft Infrastructure can propel ASEAN into a strong position at the very heart of big new shifts in trade. Indeed, ASEAN can truly become the global benchmark in the new information age of trade. Just as Indonesia became one of the first leaders in digital telecommunications, so ASEAN can build the Soft Infrastructure that can make it the one to beat in 21st century trade efficiency.



## SECTION TWO: Steps to Implement the Program

For ASEAN to provide the global benchmark for 21st century trade efficiency, the digital Soft Infrastructure must be deployed swiftly and with a strong program to ensure success. ASEAN must also be in a position to be the captain of its own destiny. Thus, a critical element of the implementation is ensuring that ASEAN service companies participate, and that ASEAN is not dependent on any one country or company for deployment. With these considerations in mind, ASEAN-BAC and GCEL are committed to a road map with 8 milestones for making ASEAN the global leader in deploying a 21st century trade platform. These steps are:

- Selecting and Preparing the Network
- The Asia Benchmark Trade Lane: From Indonesia to India
- Operations Excellence Assessment (The Before & After)
- Education and Training
- Benchmark Trade Lane Deployment
- Regional Benchmark Campaign for Rapid Global Coverage
- National & Regional Deployment
- National Operations Excellence Assessment Transfer

### Selecting and Preparing the Network

Equal opportunity will be given to ASEAN and East Asian financial, insurance and technology organizations to join GCEL and participate in the Request For License process to become the first round of Gateways to provide access to and governance of the core GLS. GCEL guidelines for Gateway selection will be based on the following criteria:

- Technical capability;
- Offsetting geopolitical and monopolistic concerns;
- Reach in the global market place.

The Gateways will be integrated into the core GLS application over a six- to eight-month period, providing free portal access and offering logistics, financial and insurance services throughout the network. While there will be 28 Gateway organizations around the world at the outset, subsequent rounds will allow for additional Gateways.

### The Asia Benchmark Trade Lane: From Indonesia to India

The Asia Benchmark Trade Lane will be selected with care to ensure a rigorous and thorough process of assessing performance before and after the deployment of the Soft Infrastructure Program. Currently, the lane is anticipated to operate from Indonesia to India. GCEL has already executed a Memorandum of Understanding (MOU) with KADIN, Indonesia's national chamber of commerce, committing Indonesia's participation. Similarly, GCEL and the Confederation of Indian Industry are planning to sign in December 2010 an MOU that will secure India's participation. The Asia Benchmark Trade Lane includes sellers, buyers, carriers, logistics service providers—everyone who touches shipments from shelf to shelf. It is possible that Guang-

dong, China may also participate based on current, ongoing discussions between provincial officials and GCEL.

### Operations Excellence Assessment (The Before & After)

Six key efficiency & security indicators will be used to assess Operations Excellence:

- **Integration:** The extent to which information is shared dynamically and in real-time among lane participants and their supply chain partners with minimal standardization requirements.
- **Tracking & Visibility:** The level of visibility each participant has of all the events in the supply chain to enhance planning and decision-making.
- **Processes:** The soundness and ability of the process to ensure shipment handling in the most efficient manner and the capacity to respond swiftly when problems arise.
- **Cargo Security:** Efficiency in meeting import/export security compliance by providing Customs officials real-time visibility of shipment movement for advanced clearance.
- **Competence:** The skill and knowledge demonstrated by participants' employees in managing processes and procedures, the tools to sustain their productivity, and the self-monitored system to ensure optimal performance.
- **E-Documentation:** Elimination of paperwork so as to minimize redundancies (fewer keystrokes) and maximizing data validation (through multiple sources in the same pipeline), resulting in fewer delays and errors in documents.

### Education and Training

Through group seminars, forums, and online training, GCEL will educate participants on the value of the integrated system and train them fully in its use, giving special attention to helping participants complement their existing operational processes and knowledge. This training focuses on how to use the tools needed to become more efficient.

### Benchmark Trade Lane Deployment

The deployment of the regional Soft Infrastructure benchmark will involve:

- Document conversion (for example, import/export declarations).
- Implementation of country-specific server environments.
- Integration of lane participants via portal access or via non-intrusive electronic bonding to vertical in-house systems.
- GLS testing and deployment.

### Regional Benchmark Campaign for Rapid Global Coverage

A two-month benchmark period will follow the lane deployment. GCEL, the GLS gateways, and ASEAN officials will invite associations, logistics service providers and business leaders to attend "Benchmark Events" in selected countries at which they will witness the "live" system and a demonstration of the Operations Excellence achieved based on initial benchmarks.

### National & Regional Deployment

Upon completion of the benchmark period, full deployment will commence throughout Asia. The GLS is designed to be global production-ready upon completion of four deployment lanes throughout the world, providing global coverage in 18 months. During this period, gateway companies will invite their own customers to gain the benefits of GLS. These companies are entrusted to improve the efficiency of the logistics industry. Therefore, it is feasible to reach 60 percent of world volume rapidly when each technology gateway brings 100 of their own customers.

### National Operations Excellence Assessment (NOEA) Transfer

Upon completely deploying the Soft Infrastructure Program, each country will receive the tools and training used by GCEL to continue Operations Excellence Training and Monitoring. These shared experiences and “train the trainer” programs will equip businesses, local communities, and provinces to carry on the process. Through these tools, enterprises, provinces and countries can measure and enhance their Operations Excellence to attract national and international investment for physical infrastructure or expanded trade opportunities.



## SECTION THREE: Program Benefits to ASEAN

**This program will grow ASEAN trade, make SMEs and large businesses more competitive, and boost the region’s capacity to grow technology, finance, and other key service industries.**

The jointly supported ASEAN HumaWealth Program will deliver many benefits to ASEAN. These benefits are summarized below in terms of their overall impact, economic dividends, gains to governments, and the advantages created for various types of ASEAN businesses. This is just an overview. For a full discussion of the benefits that flow from HumaWealth, please see the GCEL publication that

documents the benefits proven in our program completed for trade flowing between Michigan and Ontario, one of the busiest trade corridors in the world.<sup>3</sup>

<sup>3</sup> See Global Coalition For Efficient Logistics, 2004. Benefits To All.

## OVERALL ASEAN BENEFITS

Provides the tools ASEAN economies need to reduce the cost of trade (landed import/export cost). Combined with growing regional market demand and low production costs, this completes the formula to attract national and foreign investment, thus creating jobs.

- Gives developing economies skilled training programs to train the workforce and attract production firms from developed economies in the region.
- Provides the tools to reach the required level of operational excellence, thus «earning» investment funds. Such investments can be focused on new enterprise zones to help build competitive clusters in new industries.
- New manufacturing plants and construction activity boost jobs and income, increasing consumer demand and lifting individual buying power and prosperity.
- Provides an early warning system for cargo security while lowering the cost of customs clearance.
- Reduce ASEAN's carbon footprint by increasing capacity utilization throughout the logistics pipeline—especially increasing throughput at ports and border crossings. Also reduce carbon monoxide emissions by reducing multimodal freight congestion at high-volume ports and other logistic chokepoints.

## ECONOMIC BENEFITS

- Reduce the cost of trade within ASEAN from the current average of 10% to 6%, saving the region USD 44 billion a year, and reducing average unit operating costs at ASEAN businesses by up to 15%, all at no cost to end users.
- Attract billions of dollars in physical logistics infrastructure investment.
- Maximize the impact of ASEAN's economic programs and strategic investments.
- Provide the systems, tools, processes, and world-class strategic partners to upgrade ASEAN's service industry infrastructure.
- Increase the flow of trade finance to ASEAN businesses by providing real-time data transparency of trading activities and thus reducing risk. Also expedites and facilitates trade finance underwriting requirements.

## BENEFITS TO GOVERNMENTS

### Customs and Border Protection

- Protects international borders and flow of commerce through multiple layers of cargo security defense.
- Assists in meeting international cargo security mandates, & reduces the cost of cargo security compliance, thus increasing global cargo security participation.
- Provides the world's first early warning system on cargo security—Advance Dynamic Global Cargo Visibility—that will combine multiple sources of information to confirm goods' sources of origin for proper customs duties and expedited advance clearance.

### Food Safety

- Ensure the source of origin and timely delivery of high-quality food, as defined by public regulations and private sector specifications.
- Provide a globally efficient agricultural health surveillance system that will contain food disease outbreaks proactively, not reactively.
- Cut the cost of agriculture industry regulatory compliance.

### Disaster Impact Readiness

- Provides global real-time information on the availability of all materials needed for emergencies, allowing the global logistics industry to mobilize rapidly and deliver necessary disaster supplies in the fastest and most efficient manner.
- Provides toolsets to re-route goods to avoid the impacted area while minimizing disruption to commerce.
- Delivers an Emergency Transportation Flow Management System that directs and re-directs traffic as required and rerouting shipments during emergency situations, ensuring a sustained flow of commerce.

## BENEFITS TO THE SERVICE INDUSTRY THAT DEPLOYS THE DIGITAL SOFT INFRASTRUCTURE

### Financial Institutions

- Provides seamless integration into the dynamic market for global trade financial activities. This represents a USD 5 trillion market opportunity by 2020.
- Allows real-time and dynamic monitoring of transactions, minimizing fraud and reducing compliance reporting efforts. It will also permit dynamic exception reporting, enhanced risk analysis, and better data validation and consistency.
- Links financial institutions to the world's top technology deployers through a global public-private initiative.

### Insurance Institutions

- Provides insurers with a seamless integration into the global trade insurance market, projected to be a USD 400 billion market by 2020.
- Delivers the technology capability to provide door-to-door competitive insurance premiums by reducing administrative costs while improving customer service and the speed of response to customer concerns.
- Provides the capability to analyze in a fully dynamic way historic and real-time data about customers and everyone involved in the shipment process. This enables proper risk assessments and accurate premium evaluations.

### Technology Deployers

- Gives IT companies a new business model, with a market opportunity in excess of USD 177 billion by 2020.
- Increases the return on investment for their current customer base by enhancing the efficiencies of current “vertical” logistics systems.

- Provides the capacity to add additional features to current customers' in-house vertical systems while also enabling new vertical systems that maximize the success of market expansion.

#### Tracking System Providers & Data System Integrators

- Gives tracking and data System business access to a market opportunity projected to reach USD 116 billion by 2020.
- Reduces their operation costs while enhancing the value proposition to their present and future customer base.
- Gives them new capacity to expand their global reach.

## BENEFITS TO THE PRIVATE SECTOR

### SMEs

- Reduces the cost of trade (landed import-export cost) by 30% and average unit operating costs up to 15%.
- Makes SMEs more bankable through real-time visibility, dynamic updates, data consistency, and third party corroboration.
- Provides the ability to leverage multiple modes of transport (Ocean, Truck, Rail, and Air) door-to-door with global personalized service provided by the selected carrier's agents. In the past, such capacity was simply unavailable to small businesses.
- Provides access to a simplified system process for on-line quoting, booking, and bill of lading instructions, while at the same time reducing personnel dedicated to manual faxing, e-mailing, postal mail, and phone calls.
- Increases the business' global visibility and its access to ancillary service providers.

### Large Enterprises

- Reduces the cost of trade (landed import-export costs) by 30% and average unit operating costs by up to 15%.
- Provides businesses with a coherent program for

regional market expansion and the tools they need to reach new markets quickly and efficiently.

- Provides businesses with the tools they need to minimize the costs of operating a supply chain-plus dynamic tools to monitor the ongoing performance of global service providers and trading partners.
- Assures ease of access to integrated ancillary services (e.g. finance, insurance, and technology). Carriers
- Maximizes capacity utilization and minimizes administrative costs, thus increasing carrier profitability.
- Reduces operating costs, enhances customer service, and enhances fraud detection through direct, point-to-world integration in global supply chains.
- Provides the tools to organize and expand the private market.

### Logistics Service Providers

- Enables global market expansion at no cost.
- Reduces operating costs and enhances customer service by removing the requirement for point-to-point integration of EDI and other transmitted data. This provides true point-to-world integration, boosting efficiency and reducing effort by avoiding redundant data entry (and fewer keystrokes minimize errors).
- Provides one system to meet global industry and country requirements.

### Points of Entry

- Maximizes capacity utilization of existing logistics infrastructure and meets global cargo security requirements at no cost.
- Reduces operating costs and enhances customer service through direct point-to-world integration in global supply chains.
- Provides port officials and others with advanced and dynamic tools to manage their inbound and outbound trade volume. This will greatly expedite the time required for documentation.



## SECTION FOUR: Our Shared Commitment to Act

In summary, this document provides an overview of the ASEAN-BAC/GCEL joint program and the major benefits it offers to ASEAN and the broader region. Together, we are confident that the road map and tools described herein will provide the 21st century platform for trade and commerce that can help ASEAN achieve strong, sustained economic growth.

These many benefits will be triggered through deploying digital Soft Infrastructure, first through a benchmark trade lane between ASEAN and its key trading partners in Asia. Over time, the trade platform will spread throughout the region, making it the 21st century benchmark to the world. To launch the program successfully, GCEL needs the full support of the host countries. Successful deployment will also require the engagement of and coordination among multiple businesses and government agencies.

GCEL and ASEAN-BAC are committed to the success of this critical program, to the benefit of ASEAN and the world. Therefore, we commit to providing the leadership and effort to see this program to timely and sure completion. Specifically, we commit to the following:

1. We pledge to provide regular updates to ASEAN economic ministers to ensure that this program will fully align and advantage other major initiatives of the ASEAN Economic Community.
2. We commit to selecting the participants of the Asia Benchmark Trade Lane before June 2011.
3. We commit to ensuring that ASEAN businesses will receive the training they deserve to use the new digital business tools this program provides.

4. We commit to ASEAN-BAC's participation in GCEL's Research and Development Program to help all of ASEAN reap the full benefits of this new 21st century trade platform.

5. We commit to working together to ensure that international organizations and foundations leverage ASEAN-BAC's leadership by bringing additional economic and trade initiatives to the region.

ASEAN has a unique, historic opportunity to reposition its economy in the wake of the recent global economic crisis. We believe that innovation, new public/private partnerships, creative and successful SMEs, and powerful connections to new global markets will be hallmarks of ASEAN's new economy. We look forward to building this new future together.

### Appendix The Global HumaWealth Program

#### HUMAWEALTH -THE BROAD OBJECTIVES

In the context of sluggish growth worldwide, the HumaWealth Program seeks to be one major innovative and practical response to G20 leaders' request to better link the needs and skills of developed and developing countries in a manner that fosters job creation and economic growth. It does this through addressing one core problem running



through all of the world's economy; the inefficiency of our global logistics industry.

The global logistics industry is the heart of world trade. It is the lifeline of world commerce. It connects our world and enables goods to move from one corner of the globe to another. Without this industry the world would simply come to a halt. However, the global logistics industry suffers from a huge but largely undiscussed problem: **INEFFICIENCY**. This industry is highly fragmented. It is made up of many discrete companies, most with their own proprietary vertical systems of information. Hence, information is not quickly and easily shared as a shipment passes through its many stages. Very few companies have been able to create effective horizontal integration of information. This means that there is great inefficiency as shipments are transferred from one party to another and the status of a shipment is often difficult to determine. According to a recent Asia Pacific Economic Cooperation (APEC) study, the average international trade transaction involves:

- 27-30 parties handling each shipment;
- 40 documents;
- 200 data elements, of which 30% are repeated 30 times; and
- Re-keying 60 - 70% of the data at least once.

The economic consequence of this is that landed import and export costs are massively higher than they would otherwise be if this problem were overcome. In a macro-economic sense the result of this problem is that ASEAN economies have unnecessary difficulties attracting foreign direct investment and maximizing the advantages of their relatively lower labor costs. The result is slower economic growth, lower incomes and higher unemployment. For developed countries like Singapore this, in turn means missed opportunities to sell their sophisticated products in neighboring countries.

The current situation harms all countries, developed and developing countries alike. In addition to this core problem, the global logistics industry poses two major related problems to our societies: **security and capacity**.

### **Security**

The shipping industry is extremely vulnerable to cargo terrorism, a problem that has been largely neglected. Responses since 9/11 have been meager in scope and often have added greater economic and logistics burdens.

### **Capacity**

Although the physical infrastructure may have operated at less stressful levels during the recent recession, it is still woefully inadequate to support projected growth in world trade from the current USD 6 trillion per year to USD 14 trillion by 2020. Container traffic has tripled since 1996, yet only Asian countries have invested significantly in ports.

The very high debt levels faced by most countries threaten future infrastructure investment.

## **THE UNDERLYING CRITERIA OF THE GCEL HUMAWEALTH SOLUTION**

These logistics problems may not appear daunting to you. At their core they are technical problems that need technical solutions. But if that were all that was needed to solve them they would have been solved a long time ago. Like so many intractable global issues, these logistics problems require far more than a technical solution because they have so many critical elements.

### **The solution must be global in scope.**

Trade extends to all parts of the world, so the logistics industry supporting this trade must provide comprehensive global coverage as well. How can a solution be of such scope? How can one entity- public or private - provide a solution of such magnitude?

### **The solution cannot be monopolistic**

Even if one company can develop a technical solution, it would require incredible capacity and market reach to implement its solution throughout all regions of the world. Even if a company had such capabilities, public and private leaders around the world would resist any monopolistic solution, or one that did not represent the unique concerns of their regions.

### **The solution must be founded on partnership not competition**

The private sector is based on competition. Each business struggles to win market share by providing better products and services. In this environment, companies don't collaborate easily or well. How can you bring sufficient number of companies together to provide a coherent solution to the entire world?

### **The solution cannot come from governments**

Much as they want a more efficient logistics industry to spur economic growth, governments are not equipped, nor is it their mission, to provide such solutions themselves. At best they can influence solutions through public policy and through incentives.

### **The solution must create a public/private partnership**

If neither the public nor private sectors can provide a solution to global problems separately, how can they work together to address the underlying problems? What forums exist to bring the various constituencies together in an effective way to solve core global logistics problems?

### **The solution must be available to all potential users throughout the world**

The cost of a solution will determine how rapidly a system is deployed and ultimately, who has access to the system. A solution that is too expensive for a large part of the world cannot claim to be a global solution—it does not respond to the demands of world leaders in the G20 or ASEAN membership needs and requests.

### The solution must be deployed rapidly

Global trade is so interlinked that a piecemeal approach will simply not work. A global logistics solution must be deployed rapidly. Because the global logistics problems are so multi-faceted, they require far more than a technical answer. In fact, with all these dimensions, these problems are so complex that they have defied global solutions. The GCEL's HumaWealth Program has developed a new approach for solving 21st century global problems. GCEL and its HumaWealth program bring together all those invested in the problem and organizes and motivates them in a way that enables each to contribute what they do best, so that collectively they can rapidly deploy a global solution readily available to all businesses and all countries around the world.

## HUMAWEALTH'S FIVE KEY STAGES

With its forum to incorporate both public and private trade concerns, and its organization structure to ensure quality and competitively priced services, the program is capable of deploying new solutions that tackle global logistics inefficiencies. There are five critical stages in the HumaWealth program that can be summarized as follows.

### 1. HumaWealth Genesis Event

The HumaWealth Genesis Event will be a major international meeting held at the United Nations in Geneva. Attendees will include government leaders, as well as prominent finance, insurance and technology (FIT) executives from the Americas, Asia, Europe and MEA. The FIT firms will be invited to join GCEL and introduced to a transparent equal opportunity Request For License (RFL) process. These firms will network with each other to form joint ventures, if necessary, to qualify for selection as World Logistics Council Network (WLCN) Gateways who will deploy the GLS globally.

### 2. Request for License (RFL) Process

Each of the attending companies at the HumaWealth Genesis Event will be invited to participate in an RFL process for Finance, Insurance or Technology positions as WLCN Gateways. A total of 28 positions will be selected, with 12 Finance, 4 Insurance and 12 Technology opportunities allocated equally among all 4 regions. Selection criteria include technical capability, the extent to which the company can offset geopolitical and monopolistic concerns, and their reach in the global marketplace. Selected companies will be announced 30 – 60 days after the conference.

### 3. Implement the HumaWealth Benchmark Trade Lanes

The GLS will be implemented through four HumaWealth Benchmark Trade Lanes, one in each region of the world. Each deployment lane will include sellers, buyers, carriers, and logistics service providers—everyone participating in

the shipping process from shelf to shelf. The deployment lane will be selected with care to ensure a “before and after” assessment of trade efficiency and security. A rigorous and thorough “Benchmarking Operations Excellence” process will assess performance before and after deployment of the digital Soft Infrastructure. GCEL will define trade lane parameters and location in consultation with regional government officials and Technology Gateways. The lane selection criteria include:

- Strategic locations of shipper and receiver
- Strategic relationship between regional countries
- Technology Gateway input regarding existing customers to speed integration
- Analysis of trade lane volumes and value of locations to promote benchmarking results to facilitate rapid and smooth deployment, the technology gateways will place priority on implementing the new horizontal system through integrating existing client systems.

### 4. “Showcase” the Benchmark

Benchmarks are critical to validate and promote the lanes. After a HumaWealth Trade Lane is deployed and benchmarking is completed, the Finance, Insurance and Technology Gateways, as well as the lane participants, will invite their public and private sector customers from throughout the global logistics industry to attend regional Showcase forums. There they will see firsthand the benefits achieved via the GLS. These “Showcase” events will build strong momentum for full regional and global deployment of GLS.

### 5. Accelerate Global Deployment

The initial HumaWealth Trade Lanes will be benchmarked and globally deployed in 18 months. Based on the extensive benefits received, the HumaWealth Trade Lane participants will promote the use of the GLS to their own extended supply chains and customers through a viral deployment effect. The global financial, insurance and technology Gateways will also engage their own worldwide customer network. It is enough that each regional Technology Gateway sign approximately 100 of their own customers by 2020 for the network to gain 60% of the world trade volume.

## THE TWO KEY PHASES OF THE PROGRAM

To understand how it addresses the challenges outlined, it is helpful first to describe the two key phases of the Program. The first phase provides a revolutionary set of tools and an associated road map over 18 months to build a 21st century platform for global trade, laying the foundation for a new era of trade efficiency. With this new platform in place, the second phase uses the tools to spur regional trade expansion and facilitate a rebalancing of the global economy.

## SETTING THE FOUNDATIONS FOR TRADE EFFICIENCY

The first phase focuses on providing the tools and road map needed to help public and private leaders around the world build a new more efficient pipeline for global trade. For the past century, trade development has focused on hard infrastructure—roads, ports, bridges, waterways, and the like. This physical infrastructure remains important, but today the information and intelligence associated with the shipment of goods has taken on much greater importance—to the businesses making the products, to the shippers and carriers that move products around the world, to the consumers buying them, and to the governments concerned about the borders they cross. The real problem is that businesses around the world are trying to conduct 21st century business with a 20th century system of information and tools for trade and commerce. This pipeline simply lacks the capacity to permit the seamless sharing of information, which today is as important as the physical movement of the goods themselves. More investment in hard infrastructure on its own will not radically improve the efficiency of the system. Only bold new Soft Infrastructure can create this 21st century pipeline. GCEL is providing the three critical elements of Soft Infrastructure needed to build this pipeline.

**The first element is the Global Logistics System (GLS), an open platform technology that provides non-intrusive integration and allows seamless sharing of critical business and trade information in a manner that does not require standardization. This path-breaking technology will be made available to all businesses at no cost to the end-user.**

Combining a robust set of technology features, the GLS maximizes the efficient movement of goods from shelf to shelf, resulting in a significant cost reduction for all entities involved in the logistics supply chain. These productivity gains are achieved by targeting all six factors that ultimately determine the efficiency of this chain. Many international organizations, including the World Bank, have recognized these critical elements that affect overall logistics efficiency (World Bank Logistics Performance Index 2008).

**The GLS** represents a bold new approach to supplying the digital Soft Infrastructure required in the 21st century because it addresses all six efficiency factors at once:

**Integration.** The GLS provides point-to-world integration, putting suppliers in touch with buyers anywhere in the world, regardless of the existing information systems they use and with minimal standardization. This allows information to be shared dynamically and in real-time among all supply chain partners.

**E-Documentation.** The GLS reduces paperwork to minimize redundancies (fewer keystrokes) and maximize data validation (through multiple sources in the same pipeline). This seamless electronic sharing of essential information roughly corresponds to what was achieved in the global airline passenger reservation systems, where Sabre and others created systems that minimized paper airline tickets.

**Tracking and visibility.** The GLS optimizes the visibility each participant has of all the events in the supply chain to enhance planning and decision-making. Shipments moving through the system trigger rapidly updated, multiple-source information regardless of the carrier used. This robust, real-time information enables shippers, buyers, and lenders to do business with minimal risk, at the lowest cost, and with the greatest capacity to execute on time.

**Competence.** Any system that facilitates trade is only as good as the people who manage, implement, and execute it. The GLS puts heavy emphasis on initial training—at no cost to users—but also provides the tools to sustain employees' productivity and a self-monitored system that provides real-time information on where performance is lacking so that any breakdowns in the supply chain can be quickly addressed.

**Processes.** A highly fragmented global logistics industry has left a legacy of many logistics processes operating around the world. The GLS enables sound processes that ensure the soundness and ability of participants to ensure shipment handling in the most efficient manner and the capacity to respond swiftly when problems arise.

**Cargo Security.** Last, but certainly not least, the GLS powers a quantum leap in cargo security, through multiple-source, dynamic information about the shipment and the supply chain. It also creates efficiency in meeting import/export security compliance by providing customs officials with real-time visibility of shipment movement for advanced clearance. In all, this amounts to a much richer database of information on which border security officials can flag anomalies. In effect, governments can shift from "2D to 3D."

**The second element is a 21st century business model the world can embrace.**

HumaWealth's Soft Infrastructure builds a strong worldwide network of finance, insurance and technology firms to deploy the technology. At the heart of this business model is a global network of trusted, worldclass companies who act as Gateways to the GLS. These companies have enormous technical capacity and already serve about 60% of the world's GDP. These Gateways are selected through an equal opportunity, transparent Request for License process. To ensure global acceptance and optimal delivery, the Gateways are allocated equally in two critical ways. First, they are shared among four global regions (seven each in Asia, Europe, MEA, and the Americas). Second they are shared among the three industries that service the logistics industry (Finance, Insurance and Technology). Altogether, there are 28 Gateways that comprise the World Logistics Council Network (WLCN).

The Global Logistics System (GLS) will be provided free of cost to the end user through an innovative revenue sharing model among the World Logistics Council Network (WLCN). For every \$1 of revenue generated, 10¢ will be shared with the Technology Gateways to build, deploy, maintain and enhance the core system. By sharing revenue this way, all the benefits of the GLS can be provided at zero cost to all end users, including shippers, receivers, LSPs, ports, governments, international organizations, and so on. What is more, this access is made available in a highly user-friendly manner, through easy web-portal access and non-intrusive integration of any existing systems.

GCEL, an independent non-profit entity, brings together public and private stakeholders to ensure that the network operates properly through a monitoring mechanism focused on addressing all monopolistic and geopolitical concerns. GCEL also undertakes an ambitious global R&D program to ensure that all corners of the globe benefit from the GLS. This R&D effort is also funded through the revenue sharing.

**The third element is rapid global deployment.**

It does little good to have elegant technology and a 21st

century business model if the solution is not global—and quickly global. Thus, HumaWealth triggers full global coverage through four deployment Benchmark Trade Lanes over an 18-month period, one in each of the four regions of the world. These Trade Lanes will provide in-depth assessments of actual benefits realized by industry participants, demonstrating how the GLS drives new efficiency. Showcase events will share these findings with business, financial, and public leaders in all four global regions.

What is more, global deployment is spurred by two other key factors in GCEL's deployment strategy. One is the public/private partnership that GCEL represents. All parties fully understand the benefits of a new era of trade efficiency and public and private leaders work together, each doing what they do best, to ensure the new technology is triggered around the world. Indeed, that spirit of cooperation will be nowhere more evident than at the HumaWealth Genesis Event itself, where global leaders will come together and commit to building this new pipeline for global commerce.

The other is the simple fact that this new pipeline will be free to businesses all around the world. Everyone agrees that businesses themselves drive the real growth in trade and gains in economic wellbeing. The key is ensuring they have the tools they need to thrive. GCEL's Soft Infrastructure provides the 21st century trade platform they need. GCEL's revolutionary business model goes one step further-making that platform available for free, deployed by a trusted global network. The rest is up to the businesses themselves.

These three elements add up to a new efficiency era for the pipeline of global commerce. However, this is not a "pipe dream." The Soft Infrastructure, technical capabilities and scalability were tested and proven in a multi-month project over one of the world's busiest trade corridors between Canada and the USA. This involved one of the most complex supply chains in the world—the automotive industry. Based on these results, GLS reduces the cost of trade (landed import and export costs) by an average 30% and cuts unit-operating costs by up to 15% (Secure Cargo Anti-Terrorism Coalition Report, 2003).





## PHASE II – REBALANCING OUR ECONOMY: CONNECTING THE STRENGTHS OF THE WORLD ECONOMY

The second phase of the HumaWealth Program aims to capture significant global benefits as use spreads of the 21st century pipeline for global commerce. These benefits fall into two main categories. The first is a set of macro benefits that result from more and more commerce flowing through a highly efficient trade pipeline. These benefits correspond roughly to the overall gains that result from a successful round of international trade talks. History shows that greater trade efficiency ultimately pushes global incomes higher. In this case, though, the gains actually extend well beyond incomes. When applied to global trade, the macro savings that HumaWealth triggers are huge—reducing the world’s landed import/export cost from the current average of 11% to 6%, saving the global economy nearly \$700 billion a year. Reducing average business unit operating costs by up to 15% adds even more to what the global economy saves every year. Enhanced cargo security, improved food safety, better disaster response and reduced carbon footprint are other major benefits from a new globally efficient and secure logistics supply chain.

The second set of benefits comes from facilitating a healthy rebalancing of the global economy by providing a potent catalyst for regional trade expansion. Whether in the Euro-Med, Asia, or the Americas, in the years ahead businesses will be focused on building new regional trade to reduce dependence on high-income countries. These countries are projected to experience sluggish growth in consumption for years to come as they put their financial house in order. Given that outlook, the HumaWealth Program is auspiciously timed.

It provides the tangible platform necessary to rebalance the global economy, one region at a time. At root, the Global Logistics System gives businesses the ability to connect

easily, cheaply, and reliably. Such advantages are even more important when businesses are seeking out new trading partners in the region. Put another way, a highly efficient logistics supply pipeline is the essential catalyst for combining the expertise, capital, and buying power of developed countries with the low-cost labor and ambitious growth plans of their developing neighbors in the region.

There are six important ways in which HumaWealth provides a powerful “push” for regional trade expansion and global economic rebalancing:

### **Expands the services that lubricate regional trade.**

Logistics has three supporting service pillars: finance, insurance, and technology, the enablers for innovation and efficiency. Together, these three service industries provide the ability to ensure the new pipeline works well. All three industries have powerful incentives to expand their services once the new trading platform is in place. This incentive is a USD 6 trillion new market opportunity by 2020 to deliver the HumaWealth business tools. As firms seize these markets, businesses small and large alike gain better access to the services that help them achieve optimal efficiency.

**Increases the flow of trade finance.** An immediate need to spark regional trade expansion will be expanding the flow of trade finance. The GLS provides real-time transparency for all trade transactions, allowing banks to better assess the quality of the underlying credit base and transaction collateral. Real time visibility, data consistency and third party corroboration help ensure that the related trade financing is both available and provided in the most efficient and effective manner. The reduced credit and transaction risk will assist to expand badly needed trade financing for businesses, large and small, who might not otherwise qualify for such financing facilities. Coupled with the huge market opportunity, the reduced risk will encourage banks to get back in the business of doing what they do best—financing commerce. This new activity will be especially important to

SMEs, which form the backbone of business in the developing nations who are crucial to regional trade expansion.

**Supplies public officials with robust tools to guide and monitor public investments.** Rebalancing the global economy will, necessarily, mean growing trade among new partners. That means new investments in roads, ports, and other physical infrastructure. The question is, which investments where? Physical infrastructure is costly and takes a long time to construct. Given the budgets that public officials are facing, they cannot afford to make mistakes. The HumaWealth Program provides a dashboard that will clearly show where businesses and regions are achieving excellence and efficiency. This helps public officials in two critical ways. It attracts private investment, shifting some of the burden to the private sector. And it puts businesses and regions in the position of earning public investment through their own commitment to excellence. This eases the burden of decision on major public investments.

**Boosts profits** and capital availability for business, especially SMEs. HumaWealth's Soft Infrastructure brings three powerful benefits to businesses large and small. It drives down business operating costs up to 15%, providing a corresponding lift to profits. It connects businesses with new, distant markets, helping them grow sales on the most competitive terms and with the assurance their products will arrive on time. And it facilitates real-time sharing of essential business information, effectively reducing the credit and transaction risks borne by lenders. In turn, lower risk allows capital providers to lend more readily, especially to SMEs who might not otherwise qualify for such financing.

**Builds regional buying power.** The essence of global economic rebalancing will be growing the buying power in the mid-income countries that represent 45% of the world's population. Businesses in these countries will play the main role in driving this growth. Using the highly efficient pipeline of commerce more and more will lead to higher profits, stronger capital, and the creation of new jobs. Together, this adds up to stronger buying power in the countries that need it most, triggering a virtuous cycle of trade and development across the region.

**Funds a major new R&D program to assist every region in the world.** The unique revenue sharing at the heart of the HumaWealth Program does far more than bring world-class firms to facilitate 21st century trade. It also funds a powerful new R&D program to help every region of the world seize the full potential of the new efficiency era. GCEL's R&D program creates seven subcommittees to invest in ongoing research programs, each aimed at a major benefit from HumaWealth. The seven are: economic development, trade development, cargo security, food safety, disaster impact readiness, technology, and academic. These collective public investments will underpin regional development, helping to ensure that each region finds the best path to exploiting its potential. Assigning a portion of the overall revenue pool will fund the program. The R&D fund has the potential to grow into a very large commitment, projected to surpass \$18 billion by 2020. Overseen by a global non-profit public/private partnership, the funds will be free of geopolitical constraints and invested for maximum humanitarian benefit.















