

TERMS OF REFERENCE

Study on the Soft Environment of Regional Supply Chain Connectivity

1 Background

The international trade is the key factor in determining the economic development of a country or region, and it depends on the engagement of the supply chain. In recent years, GTI member states have been combining the resources in and beyond the region and making many substantial progresses in international cooperation, channel construction, foreign investment, and transformation and upgrading. However, there still exist many difficulties and challenges, to name just a few: insufficient infrastructure to connect the borders, ports, logistics and roads within GTR, the lack of transparent regulation system in international economic and trade investment, the disunity over the standards of customs clearance, quarantine inspection and transport standards, and lack of integrated customs system. All these problems have really prevented the further development of trade and investment cooperation. Therefore, to seek new fields for further cooperation, to promote the regional integration level and realize the sustainable growth in GTR economy have become the common tasks for the GTR countries.

To fuel the economy, China, Russia, Mongolia and ROK have made and implemented strategies of their own, like “The Belt and Road Initiative ” of China, “Euro-Asia Economic Alliances” of Russia, Mongolia’s “Steppe Road” and Korea’s “Euro-Asia Initiative”. The core of GTR cooperation is to promote the member countries to change their modes of economic development, which means to set up the regional supply chain. By innovating and improving the value chain, supply chain and industry chain, the resource allocation is optimized, the key economic factors flow freely and complement each other, the comprehensive power and competitiveness of each country are thus improved. In GTR, the important strategies of China, Russia, Mongolia and ROK overlap each other. Implementing strategies for each member is in fact to establish and develop its supply chain.

The significance of studying soft environment of the connectivity of GTR supply chain lies in:

- a) it helps to construct a just, reasonable and transparent rules system in international economy and trade and investment, to integrate resources in market, capacity and logistics, to improve the efficiency in customs clearance, and to promote the cooperation in trade and investment.
- b) it facilitates the deeper collaboration in industries and international capacity among the member countries and improve the position of GTR member countries in global industry chain and value chain.
- c) it enables countries to use the supply chain and create new value, new trade opportunities and more development space, realizing the win-win to all the participants.
- d) it can further promote the development and opening-up of GTR.
- e) it can accelerate the integrity of NEA economy.

Therefore, it is of great practical significance to analyze the supply chain and the soft environment in GTR and to find the factors that restrict the linking and cooperation between trade investment and supply chain.

2 Goal and Objectives

This research project intends to 1) analyze the present situation of GTR supply chain and soft environment, 2) detect factors that prevent the development of trade and investment, supply chain connection and cooperation, and streamlined inspections and customs clearance, and 3) put forward the specific solutions to realize the orderly growth in supply chain connection.

3 Scope

The study focuses on GTR supply chain and soft environment, and adopts the method of state analysis. It also puts forward some suggestions in policy to further improve the supply chain and soft environment in GTR.

The study explores ways to set up a just, reasonable and transparent regulation system for the international trade and investment, improves the environment of trade and investment, realize the optimal allocation of resources among member countries and the free flow and complementary advantages of the economic factors, increase the connection level of the supply chain and promote the common prosperity of economy in the region.

4 Activities

Activities related to the project objectives are organization of a study team, analysis of current situation, drafting the preliminary report, organizing seminar, and drafting the final report., which may include but not be restricted to:

Activities 1: To organize a study team

CAIT (China Association of International Trade) will lead the organization of a study team which consists of experts on supply chain connectivity in Northeast Asia

Activities 2: To analyze situation of supply chain connection with soft environment in GTR

1.1 Data collecting and sorting

The study team members will do the desk research, collect and comb the research literature on regional supply chain and soft environment to get the second-hand materials.

1.2 Consultation

The study team members will consult with relevant policy-making agencies in GTR to get the strategic guidance and suggestions.

1.3 Field research

The study team members will visit the relevant divisions like local government, enterprises, ports and customs offices to get the first-hand materials.

Activities 3: To draft the preliminary report

With the analysis of the current situation, the study team members will draft and issue “The Preliminary Report”.

Activities 4: To organize an interim-Seminar

The Study team members and experts invited will organize an interim-Seminar to discuss the result of “The Preliminary Report”.

Activities 5: To draft and submit “the Final Report”.

With the suggestions from the interim-Seminar, the study team will draft a final report and submit it to the GTI Secretariat.

5 Expected Outputs

The study team will complete “*The Study Report on the Soft Environment of Regional Supply Chain Connectivity*”. The Report will include the following contents:

- To describe the construction situation of GTR supply chain and soft environment, including that of GTR economic and trade cooperation, industry cooperation and logistics cooperation.
- To give suggestions on improving GTR supply chain and soft environment connection, such as a sound trade mechanism, a more convenient trade, a closer industry cooperation, an optimal allocation of resources, smooth logistics cooperation and logistics facilitation.

6 Inputs

Expenses may include costs for study, business trips, meetings, seminar, etc. and will be covered by the GTI Special Account.

The GTI Secretariat, as a coordinating agency, will provide necessary administrative support.

The study team will report the GTI Secretariat the progress of the study. The Secretariat will, according to the project’s Terms of Reference, monitor and evaluate the progress and report the progress and result of the research to the GTI member states for review and if necessary for approval.

The GTI National Coordinators together with the members of the GTI Research Institutions Network (RIN) will assist the implementation of the project. Over the course of the implementation, the GTI National Coordinators with the assistance of the GTI Secretariat will facilitate close consultations and coordination with government agencies involved such as related ministries, local governments, private enterprises, academia, etc. from the GTI member countries.

7 Timing and Reporting

The project starts from OCT 2017 and should be finished by AUG 2017. The detailed arrangement is as follows:

OCT 2017: GTI Trade and Investment Committee approves ToR of the project

NOV 2017: UNDP China (GTI Secretariat) signs the Letter of Agreement with CAIT

DEC 2017: CAIT organizes the study team

JAN 2018: The study team members discuss and fix detailed plans for conducting study

FEB 2018 – MAR 2018: The study team collects data and sorts out them

APR 2018 – MAY 2018: The study team drafts the preliminary report and reports it to the GTI Secretariat

JUN 2018: CAIT and the study team organize a seminar to share the result of the preliminary report with experts invited

JUL 2018: The study team further improves the draft report

AUG 2018: The study team submits the final report to the GTI Secretariat

8 Budget

The budget is tentatively estimated at 66,000 USD, and will be largely comprised of the costs for business trips, organizing meetings, business trips, honorarium for study team members and other related expenses. A tentative project budget is presented below.

Tentative Budget Breakdown

No.	Item	Expenses (USD)
1	Field Research expenses	20,000
2	Seminars and meetings	30,000
3	Others (office supplies, etc.)	10,000
4	Translation fee	6,000
	Total	66,000