



Discussion Paper

Sustainable Supply Chains and Logistics

STRATEGIC INITIATIVES SUPPORTING THE
PHILIPPINES' 2026 ASEAN CHAIRSHIP

PREPARED BY:

*US-ASEAN Business Council in partnership with the
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Discussion Paper

Sustainable Supply Chains and Logistics:

Strategic Initiatives Supporting the Philippines'
2026 ASEAN Chairship

This paper was developed by the US-ASEAN Business Council (USABC) and the ASEAN Business Advisory Council Philippines (ASEAN-BAC) to frame the roundtable discussion on sustainable supply chains and logistics scheduled for March 18, 2026, focusing on key issues and private-sector proposals.

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About the US-ASEAN Business Council

For more than 40 years, the US-ASEAN Business Council (USABC) has been the premier advocacy organization for U.S. corporations operating within the dynamic Association of Southeast Asian Nations (ASEAN), serving as the leading voice of the U.S. private sector in promoting mutually beneficial trade and investment relationships between the United States and Southeast Asia. USABC believes that opening and investing in efficient, resilient, and competitive markets are critical to the continued growth of its member companies and innovation and job creation in the United States and Southeast Asia. ASEAN now represents more than 650 million people and a combined GDP of US \$2.8 trillion across Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Timor Leste, Thailand, and Vietnam. USABC's members include many of the world's largest American multinational corporations in numerous industries and range from those that have been working in Southeast Asia for more than a century to newcomers entering Asia's most dynamic regional economic community. USABC has its headquarters in Washington, D.C. and offices in New York, Bangkok, Hanoi, Jakarta, Kuala Lumpur, Manila, and Singapore.

Over the next decade, by virtue of its growing middle class, infrastructure development and strategic position at the center of Pacific trade routes, ASEAN's eleven members will enjoy growth rates among the most robust in the world. With more than 65 percent of ASEAN's population under the age of 35, ASEAN's demographic trends will continue to fuel growth well into the future. USABC is convinced on strategic grounds that America's economic vitality depends on its success in the Asia-Pacific region, and ASEAN plays a central role.

USABC is the only U.S.-based organization recognized in the ASEAN charter as a supporting organization of ASEAN. In service to its members, USABC leads major business missions to all eleven ASEAN countries, convenes multiple meetings with ASEAN heads of state and ministers and is the only U.S. organization to be given the privilege to raise member company concerns in consultations with the ASEAN Economic, Energy, Finance, Transport, Travel & Tourism, and Forestry & Agriculture Ministers, as well as the ASEAN Customs Directors-General, at their annual meetings.

USABC's committees serve as umbrellas for its membership's initiatives at both the local and regional level. The committees include one for every ASEAN country, ASEAN, APEC, Customs, Aerospace, Defense & Security, Energy, Financial Services, Food & Agriculture, Health & Life Sciences, Information & Communications Technology, Supply Chains, Travel & Tourism, and Sustainability.

About the ASEAN Business Advisory Council

The ASEAN Business Advisory Council (ASEAN-BAC) was established in 2001 to serve as the region's apex private sector advisory body, providing essential business insights and recommendations to ASEAN Leaders. As the primary platform for private sector engagement, the Council advocates for economic cooperation and plays a pivotal role in advancing the ASEAN integration agenda. Each ASEAN member government appoints three high-level CEOs to the ASEAN-BAC—including a dedicated representative for small and medium-sized enterprises—to ensure a diverse and influential business voice in regional policy.

The ASEAN-BAC's mandate is driven by a commitment to inclusive growth and the modernization of the regional economy. By focusing on critical areas such as MSME empowerment, digital transformation, and sustainable development, ASEAN-BAC works to bridge the gap between government policy and the practical needs of the marketplace. Through its various working groups and legacy projects, it addresses cross-border challenges, promotes circular economy practices, and facilitates the adoption of emerging technologies like AI to ensure that the region remains globally competitive and resilient.

In 2026, ASEAN-BAC Philippines assumes the Chairship under the leadership of Chair Joey Concepcion, alongside members George Barcelon and Michael Tan. Guided by the theme "Advancing Prosperity for All," the Philippine leadership focuses on four strategic pillars: People, Planet, Platform, and Productivity. To turn these goals into action, the ASEAN-BAC is spearheading tangible deliverables such as the ASEAN Food Security Alliance (AFSA) and ASEAN Business and Investment Summit (ABIS), alongside policy papers and recommendations presented directly to ASEAN Leaders to shape the economic landscape toward ASEAN 2045.

Executive Summary

The Sustainable Supply Chains and Logistics Initiative is a portfolio of projects proposed by the US-ASEAN Business Council (USABC), in collaboration with its member companies to support the Philippines' ASEAN Chairship in 2026, under the theme, "*Navigating Our Future, Together*". The initiative responds to growing recognition within ASEAN that efficient, transparent, and resilient supply chains are essential to sustaining economic competitiveness, yet fragmented customs systems, regulatory divergence, and inadequate enforcement mechanisms continue to constrain trade flows, enable illicit products, and undermine investment in sustainable logistics.

The initiative is set against persistent customs inefficiencies, regulatory barriers that generate duplicative compliance and excess inventory, illicit trade that threatens fiscal stability and public health, and limited corporate access to renewable energy essential for supply chain decarbonization. Although ASEAN has made progress through trade facilitation frameworks and sustainability commitments, limited coordination across customs, regulatory, and enforcement agencies continues to constrain impact. The Philippines' ASEAN Chairship offers an opportunity to address these gaps through targeted initiatives linking customs modernization, regulatory harmonization, strategic trade management, and supply chain sustainability.

Building on Malaysia's 2025 ASEAN Chairship and aligned with the ASEAN Economic Community's long-term vision, the initiative emphasizes continuity, feasibility, and investment readiness, and supports the Philippines' Priority Economic Deliverables (PEDs) for 2026 and existing ASEAN workstreams.

The initiative advances four mutually reinforcing projects:

The **ASEAN High-Level Dialogue on Sustainable and Secure Supply Chains** creates a regional platform strengthening coordination across trade, finance, customs, and regulatory authorities through evidence-based exchange on customs modernization, regulatory convergence, Strategic Trade Management capacity, and sustainable logistics.

The **ASEAN Technical Program on Digital Customs and Paperless Trade** develops capacity for implementing digital customs platforms that integrate with the ASEAN Single Window, advancing interoperability standards and risk-based border management to reduce clearance times and enable legitimate trade flows.

The **ASEAN Regulatory Harmonization Dialogue for Market Access and Circular Economy Integration** examines regulatory divergences creating compliance obstacles and identifies pathways for mutual recognition arrangements, harmonized standards, and frameworks that enable regional circular economy models.

The **ASEAN Joint Program on Strategic Trade Management and Illicit Trade Prevention** builds coordinated enforcement capacity and ASEAN Single Window-compatible digital tracking to protect fiscal stability, public health, and legitimate supply chains from counterfeit goods and smuggling.

Overall, the Sustainable Supply Chains and Logistics Initiative offers practical, regionally relevant, investment-ready projects aligned with ASEAN priorities. The proposed projects are anchored in existing ASEAN institutions, scalable beyond 2026, grounded in ASEAN Centrality, and position sustainability as a driver of competitiveness rather than a cost. As global supply chains realign and investment capital seeks predictable regulatory environments, policymakers face a narrow but decisive window to lock in ASEAN’s competitive advantages through concrete action on customs modernization, regulatory convergence, and strategic trade management—positioning the Philippines’ 2026 ASEAN Chairship to deliver a credible, forward-looking agenda that strengthens the region’s economic integration and global standing.

I. Context and Rationale

The US-ASEAN Business Council (USABC) has developed this implementation-focused discussion paper to support the Philippines' ASEAN Chairship in 2026. The paper consolidates private sector perspectives into actionable, high-impact, and regionally scalable recommendations to guide upcoming high-level roundtable discussions with government and industry.

This discussion paper is one of five Philippines-focused papers organized around the following priority pillars identified by USABC:

- (1) Sustainability and Food Security;
- (2) Healthcare;
- (3) Sustainable Supply Chains and Logistics;
- (4) Digital Economy and Workforce Development; and
- (5) Artificial Intelligence (AI).

In addition to outlining key issues and priorities, the paper proposes concrete programs aligned with ASEAN priorities to help guide Philippine government decision-makers as they shape the Chairship agenda and related deliverables.

This paper builds on Malaysia's legacy as ASEAN Chair (see Appendix 1), particularly its role in shaping the *ASEAN 2025: Forging Ahead Together* blueprint and advancing the ASEAN Economic Community's vision of a unified, competitive, inclusive, and globally integrated region. Drawing from the joint [USABC-SERI white paper](#) developed under Malaysia's Chairship, which identified priorities such as digital transformation, AI, the green economy, energy transition, workforce upskilling, healthcare innovation, and inclusive growth, USABC seeks to carry forward this momentum into the Philippines' ASEAN Chairship in 2026. This approach supports continuity across Chairships and helps lay the groundwork for a seamless transition to Singapore's turn in 2027.

II. Background of the Discussion Paper

The ASEAN region is at a critical juncture where supply chain efficiency, regulatory coherence, and enforcement coordination increasingly determine economic competitiveness. Yet fragmented customs systems, regulatory divergence, and inadequate Strategic Trade Management capacity undermine the predictable logistics, efficient customs processes, harmonized regulations, and secure trade systems that have sustained the region's industrial competitiveness. The growing complexity of global value chains, compounded by disruptions such as pandemics, geopolitical tensions, and climate-related shocks, has intensified the urgency of developing resilient and sustainable supply chains, yet policy and institutional responses across customs modernization, regulatory harmonization, and enforcement mechanisms continue to evolve largely in parallel rather than in an integrated manner. As a result, important nexus challenges remain under-addressed.

A. ASEAN's Economic Performance and Regional Integration

ASEAN has demonstrated remarkable economic resilience despite global headwinds. The region achieved a growth rate of 4.7 percent in 2024, outpacing the global average, driven by robust manufacturing exports and increased public capital spending in key Member States (ASEAN Secretariat 2025). ASEAN's role as a supplier to the United States has strengthened significantly, accounting for 14.6 percent of America's total merchandise imports in 2025, reflecting a 27 percent increase over 2024 levels (Appendix 2). The region's preliminary growth projection for 2025 remained at 4.7 percent, positioning ASEAN as a dynamic economic region on track to become the world's fourth-largest economy by 2045 as envisioned under the ASEAN Economic Community Strategic Plan 2026-2030 (ASEAN Secretariat 2025).

At the ASEAN Plus Three Foreign Ministers' Meeting in July 2025, ministers emphasized ASEAN's central role in keeping markets open and enhancing connectivity, resilience, and sustainability in regional logistics and supply chains. The meeting welcomed progress in implementing the Regional Comprehensive Economic Partnership (RCEP) Agreement, which covers approximately 2.3 billion people and represents roughly 30 percent of global GDP, and looked forward to its effective utilization by the private sector, particularly MSMEs, to strengthen regional supply chains (ASEAN Secretariat 2020). ASEAN's deepening market access through upgraded free trade agreements further reinforces supply chain resilience, with the ASEAN-China Free Trade Area 3.0 covering commitments across the digital economy, green economy, and supply chain connectivity, supported by bilateral trade reaching USD 771 billion in 2024 (Strangio 2025; ASEAN Secretariat 2024).

B. Trade Facilitation Performance and Digital Customs Progress

ASEAN has achieved strong regional trade facilitation performance. Based on the 2025 ASEAN Trade Facilitation Report, the region achieved an overall score of 83 percent—well above the global average of 70.4 percent. This success is underpinned by mechanisms such as the ASEAN Trade in Goods Agreement (ATIGA), ASEAN Trade Repository, and ASEAN Single Window (ASW) (ASEAN Secretariat 2025; ERIA 2021).

According to the Chairman's Statement of the Post-Ministerial Conference with Dialogue Partners (July 2025), the completion of the Study on the Next-Generation ASEAN Single Window (ASW 2.0), supported by the ASEAN-US Partnership Program (AUPP), provides a roadmap for enhancing interoperability and future-proofing ASW systems. The expansion of digital customs and single-window systems offers opportunities to further reduce trade transaction costs beyond the current 83 percent facilitation performance.

The Chairman's Statement of the 46th ASEAN Summit (May 2025) welcomed the adoption of the Implementation Roadmap for the ASEAN Unique Business Identification Number (UBIN) initiative, endorsed at the 31st AEM Retreat in February 2025. This initiative will support cross-border digital verification, improve interoperability, and enable a trusted regional digital trading environment benefiting economic development, particularly for MSMEs.

C. Customs Efficiency and Regulatory Coherence Challenges

Despite ASEAN's trade facilitation frameworks and digital customs initiatives, significant implementation gaps persist across Member States. According to the World Bank's Logistics Performance Index 2023, ASEAN member countries demonstrate varied performance, with Singapore ranking 1st globally while the Philippines ranks 43rd, Cambodia 115th, and Lao PDR 115th, reflecting differences in customs efficiency, infrastructure quality, and tracking capabilities that create friction points in regional supply chains (World Bank 2023). Fragmented digital customs systems and inconsistent implementation generate unpredictable clearance times, enable illicit products to circulate while causing legitimate goods to face delays, and create avoidable emissions from emergency logistics and re-shipments.

Regulatory divergence across Member States continues to impede market access and complicate compliance with technical standards. Once products receive regulatory approval in one ASEAN country, requiring separate approvals in each additional market generates duplicative compliance processes, administrative delays, increased carbon footprint from prolonged storage, and substantial waste from products that expire during regulatory review periods. Inconsistent regulations across packaging, recycled materials, and extended producer responsibility systems prevent companies from designing products for ASEAN-wide use and scaling regional recycling markets. These regulatory barriers increase the cost of compliance and create inefficiencies in supply chain operations.

D. Strategic Trade Management and Enforcement Coordination

Strategic Trade Management systems are unevenly developed across the region, creating vulnerabilities in monitoring and controlling sensitive goods. The ASEAN Declaration on Strategic Trade Management, adopted at the 32nd ASEAN Regional Forum in 2025, underscores Member States' commitment to implementing effective frameworks that balance security requirements with trade facilitation, though STM capacity and implementation vary substantially across the region (ASEAN Secretariat 2025). Growing adoption of strategic trade controls is evident, with examples including the Philippines' Strategic Trade Management Act (STMA), Republic Act 10697, which prevents the proliferation of weapons of mass destruction, and Malaysia's permit requirement for high-performance AI chips of US origin (Reuters 2025).

However, not all ASEAN members have comprehensive strategic goods lists, licensing systems, and enforcement capacity. This fragmented STM implementation and enforcement creates gaps that may be exploited for proliferation or sanctions evasion (Pryor and Fujii 2021; ASEAN Secretariat 2021). Beyond STM frameworks for controlled goods, illicit trade remains a persistent challenge that undermines legitimate commerce. Since the COVID-19 pandemic, illicit markets have expanded rapidly across ASEAN, exploiting regulatory misalignment through mislabeling shipments, falsifying documents, and routing products through jurisdictions with weaker controls. When counterfeit and smuggled goods circulate freely, they undermine consumer trust in legitimate products, distort market pricing, damage brand integrity, and create unfair competition for companies bearing compliance costs.

E. Opportunities for Reform and Investment

Taken together, these challenges suggest that the core constraint facing ASEAN is not the absence of strategies or institutional frameworks, but the lack of operational integration across customs modernization, regulatory harmonization, Strategic Trade Management, and supply chain sustainability agendas. While ASEAN has adopted frameworks including the ASEAN Single Window, trade facilitation agreements, Strategic Trade Management declarations, and circular economy commitments, implementation remains uneven and under-coordinated, limiting their impact on supply chain resilience and competitiveness. Despite these challenges, ASEAN's supply chain landscape presents significant opportunities for reform and investment that could enhance competitiveness, resilience, and sustainability.

Digital transformation of customs and trade facilitation systems offers high-impact opportunities. Scaling up digital customs and single-window systems through the expansion of the ASEAN Single Window, risk-based customs, and full use of ASEAN Trade Repository can further reduce trade transaction costs beyond current 83 percent facilitation performance (ERIA 2021; ASEAN Secretariat 2025). Investments in national single window systems that integrate with the ASEAN Single Window, deployment of risk-based inspection systems linked to authorized economic operator programs, and adoption of advanced cargo information systems could substantially reduce clearance times and costs.

Regulatory harmonization and mutual recognition arrangements offer pathways to reduce compliance costs without compromising safety or quality standards, with ASEAN's existing frameworks including the ASEAN Harmonized Tariff Nomenclature, ASEAN Cosmetic Directive, and ASEAN Medical Device Directive demonstrating feasible models. Strategic Trade Management capacity building represents an investment in both security and trade facilitation. Targeted capacity-building for STM and security-related customs through frameworks like the WCO's Strategic Trade Control Enforcement (STCE) project and US-ASEAN STM cooperation can support risk-based inspections of dual-use and strategic goods, strengthening ASEAN's reputation as a secure supply-chain hub (ASEAN Secretariat 2024; McCol 2019). International partners including the United States, European Union, and Japan have expressed willingness to support ASEAN Member States through technical assistance, training, and technology transfer.

Climate adaptation investments in logistics infrastructure generate multiple co-benefits, not only reducing climate risks but also improving overall supply chain reliability and efficiency through strengthened transport networks, climate-resilient cold chain systems, and contingency logistics routes. Supply chain decarbonization pressures are mounting as governments implement carbon border adjustment mechanisms, with the European Union's CBAM operational in 2023 representing climate-related trade measures that will increasingly affect ASEAN exporters (European Commission 2023).

The Philippines' ASEAN Chairship in 2026 presents a strategic opportunity to advance targeted, cross-sectoral initiatives that explicitly address these intersections. By focusing on practical solutions such as digital customs interoperability, regulatory mutual recognition arrangements, and coordinated enforcement mechanisms, the

proposed initiatives can help translate regional commitments into implementable outcomes that strengthen ASEAN's position in global supply chains while advancing economic and environmental objectives. The Chairship provides convening power to bring together government agencies, private sector stakeholders, technical experts, and international partners; political momentum to advance reforms that might otherwise face bureaucratic inertia; and visibility that can attract investment commitments and technical assistance. The key is translating high-level commitments into concrete, implementable projects with clear deliverables, defined timelines, responsible agencies, and measurable outcomes.

III. Key Priorities and Alignment with Priority Economic Deliverables

Reflecting perspectives from USABC members, this section outlines priorities and their alignment with the Priority Economic Deliverables (PEDs) set for the Philippines' 2026 ASEAN Chairship.

A. Customs Modernization and Digital Trade Facilitation

USABC members consistently identify customs efficiency and digital trade facilitation as foundational priorities for supply chain competitiveness. Inefficient customs processes generate unpredictable clearance times, increase logistics costs, enable illicit products to circulate, and cause legitimate goods to face delays that result in spoilage, temperature excursions, and increased emissions from re-shipments or emergency logistics. Members emphasize the need for comprehensive digital customs platforms that integrate with the ASEAN Single Window, enabling seamless data exchange across Member States and expediting clearance for compliant traders through risk-based systems.

Specific priorities include digital licensing systems that reduce administrative processing time, electronic certificates of origin that enable instant verification, real-time supply chain monitoring systems that provide visibility for temperature-sensitive products and high-value goods, and blockchain-based traceability for pharmaceuticals and other regulated products. For example, 2D barcodes offer greater data capacity, and when integrated into the global standards frameworks, help address challenges associated with older technologies. Members also emphasized harmonized customs classification for recyclable materials and packaging inputs essential for circular economy frameworks and tracking systems interoperability across ASEAN to support sustainable monitored movement of goods. Practical training programs that build capacity among customs officials and trade regulators to implement and effectively utilize digital customs platforms are essential to translate policy commitments into operational improvements.

B. Regulatory Harmonization and Mutual Recognition

A second priority is regulatory harmonization and mutual recognition arrangements that reduce duplicative compliance processes, enable regional economies of scale, and facilitate legitimate trade flows while maintaining safety and quality standards. USABC members emphasize that requiring separate regulatory approvals in each ASEAN market generates administrative delays, increases carbon footprint from prolonged storage and multiple shipments, and creates substantial waste from products that expire during regulatory review periods.

Members highlight specific areas where harmonized standards or mutual recognition arrangements could add value, including recycled materials classification where inconsistent regulations across Member States impede circular economy models; pharmaceutical approvals and distribution systems where harmonized processes would enable safe intra-ASEAN distribution while reducing overproduction and warehousing requirements; packaging standards and extended producer responsibility frameworks where region-wide harmonization would enable companies to design packaging for ASEAN-wide use; and food product regulations where mutual recognition of safety certifications could reduce trade costs while maintaining standards. Members emphasize that regulatory harmonization does not require uniform regulations across all Member States, but rather shared principles, mutual recognition pathways, or phased convergence frameworks that support trade facilitation while preserving national regulatory authority and recognizing different development contexts.

C. Strategic Trade Management and Illicit Trade Prevention

Strategic Trade Management and illicit trade prevention represent a third priority, addressing intertwined challenges of security, enforcement, and legitimate trade facilitation. USABC members highlight illicit trade as a regional threat that distorts markets, displaces legitimate producers, and weakens sustainable value chains, noting that counterfeit and smuggled products bypass environmental and safety standards.

Members underscore the need for coordinated Strategic Trade Management systems that create transparent records of legitimate operators, verify destination market compliance before shipments leave origin countries, and enable real-time information sharing and coordinated interventions. ASEAN-wide digital tracking systems interoperable with the ASEAN Single Window could create end-to-end visibility for regulated products, incorporate anti-counterfeiting technologies, and enable customs and regulatory authorities to distinguish legitimate products from illicit goods. Members also stress that regulatory misalignment across ASEAN creates enforcement gaps that illicit operators exploit. Products that are prohibited or heavily restricted in some Member States but legal in others can be legally manufactured and exported yet destined for markets where they have no legal import pathways, creating complex enforcement challenges that require coordinated pre-export validation and destination verification mechanisms.

D. Alignment with Philippine Priority Economic Deliverables

These USABC member priorities align with several PEDs identified for the Philippine ASEAN Chairship in 2026. PED 1 on the ASEAN Declaration on Strategic Trade Management for Secured Trade in the Region directly supports efforts to strengthen coordinated enforcement capacity, build digital tracking systems, and address regulatory gaps that enable illicit trade. PED 6 on the ASEAN Critical Minerals Strategy for Regional Resilience and Sustainable Growth relates to supply chain transparency and traceability for strategic minerals essential to clean energy and advanced manufacturing supply chains. The Regional Investment Promotion Action Plan (PED 18) provides an umbrella for mobilizing investment in digital customs infrastructure, climate-resilient logistics, and circular economy systems. More broadly, the ASEAN agenda on trade facilitation, sustainable development, and climate resilience provides a strong policy foundation for the proposed initiatives. A comprehensive alignment table linking the proposed projects to specific PEDs and USABC member priorities is included in Appendix 3.

IV. Proposed Activities and Projects For 2026

The Sustainable Supply Chains and Logistics Initiative proposes four integrated projects that support the Philippines' ASEAN Chairship priorities on supply chain resilience, customs modernization, regulatory harmonization, and Strategic Trade Management. While each project has a distinct focus, they are designed to reinforce one another and together form a coherent regional program.

A. Proposed Project One: ASEAN High-Level Dialogue on Sustainable and Secure Supply Chains

This project is designed to convene senior trade and finance officials, customs commissioners, regulatory authorities, and private sector representatives to shape a cohesive regional agenda for sustainable and secure supply chains. As global value chains face increasing disruptions from geopolitical tensions, climate-related shocks, and evolving security requirements, ASEAN Member States require coordinated approaches to strengthen supply chain resilience while advancing sustainability objectives.

The dialogue would provide a structured platform for discussing customs modernization as the foundation for efficient, transparent border processes; advancing regulatory convergence to reduce compliance costs and facilitate legitimate trade flows; building Strategic Trade Management capacity to prevent sensitive goods diversion while supporting legitimate commerce; and promoting sustainable logistics frameworks that minimize environmental impact while maintaining supply chain efficiency. Sessions would feature panel discussions on risk-based customs procedures, case studies demonstrating digital documentation systems, presentations on Strategic Trade Management frameworks that balance security with trade facilitation, and technical exchanges on sustainable logistics solutions such as cold chain management and green corridors. Expected outputs include actionable recommendations for strengthening the ASEAN Declaration on Strategic Trade Management, proposals for addressing regulatory barriers that

cause excess inventory, and a roadmap for advancing mutual recognition of standards to enable predictable regional operations.

B. Proposed Project Two: ASEAN Technical Program on Digital Customs and Paperless Trade

The second project is intended to support customs modernization and trade facilitation objectives by building capacity among customs officials and trade regulators across ASEAN Member States to implement and effectively utilize digital customs platforms. It would establish a comprehensive technical training and implementation support program that complements the ASEAN Single Window development, elevating national digitalization efforts into a coordinated regional approach on interoperability standards that enable seamless data exchange across Member States, and deploy risk-based systems for efficient border processing that expedite clearance for compliant traders. Training sessions would examine digital licensing systems, electronic certificates of origin, real-time supply chain monitoring, and blockchain-based traceability for pharmaceuticals and other regulated products.

Expected outputs include training manuals on digital customs platform implementation, data security protocols, and change management strategies; implementation toolkits with technical specifications, system architecture guidance, and integration roadmaps; proposed pilot projects for customs interoperability between selected Member States; and recommendations for expanding the ASEAN Single Window to support emerging trade requirements such as digital product passports and sustainability declarations.

Based on USABC's recent discussions with the ASEAN-US Partnership Program (AUPP), the ASEAN Single Window Steering Committee (ASWSC) is expected to hold a Regional ASW Symposium in Q2/Q3 2026 to discuss private sector feedback from the ASW trader survey, which may provide an opportunity to engage as co-organizer and propose a plenary session aligned with this project.

C. Proposed Project Three: ASEAN Regulatory Harmonization Dialogue for Market Access and Circular Economy Integration

The third project seeks to systematically examine regulatory divergences across ASEAN Member States that create obstacles to efficient supply chain operations and market access. Its objective is to identify areas where harmonized standards, mutual recognition arrangements, or common regulatory frameworks could reduce compliance costs, facilitate legitimate trade flows, and advance the circular economy.

The dialogue would bring together regulatory agencies, industry groups, and private sector stakeholders to determine areas where regional convergence could reduce compliance complexity, improve regulatory predictability, and unlock cross-border recycling and materials recovery value chains. Discussion themes would include challenges in managing recycled materials across borders; pharmaceutical approvals and distribution systems; packaging standards and extended producer responsibility frameworks; and food product regulations where mutual recognition could reduce trade costs while maintaining safety standards.

Expected outputs include a regulatory convergence matrix mapping divergences across key sectors; policy recommendations for establishing mutual recognition frameworks with clear criteria, and transparent processes and enforcement mechanisms; sector-specific roadmaps for advancing regulatory alignment in pharmaceuticals, recycled materials, packaging, and food products; and proposals for preventing illegal dumping and waste leakage through coordinated regional compliance mechanisms.

D. Proposed Project Four: ASEAN Joint Program on Strategic Trade Management and Illicit Trade Prevention

The fourth project seeks to strengthen the capacity of trade ministries, customs authorities, and enforcement agencies to implement coordinated Strategic Trade Management systems and illicit trade prevention frameworks.

The program would establish a Regional Coordination Platform that brings together trade ministries, customs enforcement agencies, regulatory authorities, and private sector stakeholders to elevate illicit trade as a shared regional security and economic challenge requiring coordinated responses rather than fragmented national enforcement. Participating Member States would engage in policy alignment discussions on registration and licensing requirements that create transparent records of legitimate operators, pre-export validation protocols that verify destination market compliance before shipments leave origin countries, and enforcement cooperation mechanisms that enable real-time information sharing and coordinated interventions. Rather than prescribing uniform enforcement approaches, this workstream would focus on identifying shared principles, interoperable systems, and coordinated mechanisms that support both security objectives and trade facilitation while preserving national enforcement authority. The initiative would advance implementation of ASEAN-wide digital tracking systems interoperable with the ASEAN Single Window that create end-to-end visibility for regulated products, incorporate anti-counterfeiting technologies, and enable customs and regulatory authorities to distinguish legitimate products from illicit goods at border checkpoints.

Expected outputs include model Strategic Trade Management implementation plans that outline institutional arrangements, legal frameworks, and operational procedures for countries seeking to strengthen controls; an enforcement guide for coordinated regional operations that establishes protocols for information sharing, joint investigations, and mutual assistance; a real-time ASEAN directory of registered brands and legitimate operators accessible to customs authorities across Member States for verification purposes; frameworks for export verification that ensure products are destined for markets where they can be legally sold; and proposals for linking Strategic Trade Management platforms with customs digital systems to enable automated risk assessment and targeted inspections.

This initiative could be conducted at the 40th ASEAN Customs Enforcement and Compliance Working Group (CECWG) Meeting in August 2026 in the Philippines, which would convene customs enforcement officials of ASEAN and would enable targeted technical engagement, or alternatively, alongside the 45th ASEAN Coordinating Committee on Customs (CCC) tentatively in November 2026 if higher-level policy engagement is preferred, with efforts aligned during the Customs

Directors General (DG) business mission in June 2026 to secure endorsement and demonstrate tangible U.S. private sector support for ASEAN customs capacity development.

V. Matters for Roundtable Consideration

The roundtable discussions are intended to facilitate open and constructive exchanges on priorities, feasible actions and practical pathways for advancing sustainable supply chains initiatives during the 2026 Philippine Chairship.

Recognizing the time, resource, and coordination constraints inherent in a Chairship year, the roundtables aim to provide an opportunity to identify areas where focused public-private collective efforts may generate the greatest impact. The discussions are designed to be exploratory and inclusive, helping surface shared perspectives and realistic opportunities for cooperation.

The session will seek to:

- Invite government reflections on private sector perspectives on supply chain resilience, customs modernization and sustainable logistics,
- Exchange views on the feasibility and timing of proposed activities outlined in this paper; and
- Explore how private sector engagement, where appropriate, can complement public sector efforts.

VI. Conclusion

The Sustainable Supply Chains and Logistics Initiative presents a coherent portfolio of four high-impact projects that support the Philippines' ASEAN Chairship objectives for 2026. The initiative systematically links customs modernization, regulatory harmonization, Strategic Trade Management, and enforcement coordination in a way that responds directly to USABC member priorities and aligns with multiple PEDs of the Philippine Government.

By focusing on integrated frameworks, digital platforms, capacity building, and investment roadmaps, this initiative seeks to create institutional and technological foundations that will continue to deliver benefits beyond the Chairship period. USABC and its member companies can use this portfolio to demonstrate practical and strategic support for ASEAN's transition toward more resilient, sustainable, and secure supply chains.

Appendices

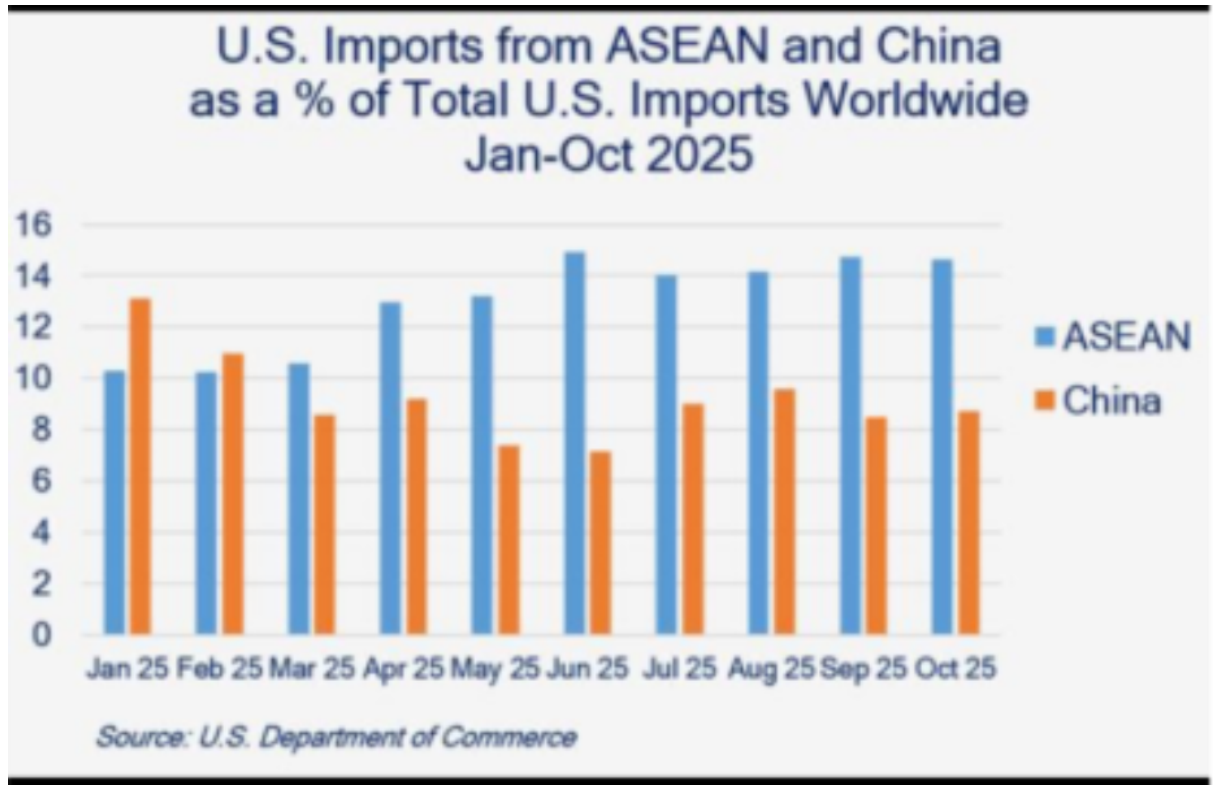
APPENDIX 1: Malaysia's 2025 ASEAN Chairmanship: Building Sustainable Supply Chains

Under the theme “Inclusivity and Sustainability,” Malaysia's 2025 ASEAN Chairmanship advanced key initiatives specifically supporting sustainable, resilient, and secure supply chains:

- **Supply Chain Connectivity and Resilience:** The Chairman's Statement of the 46th ASEAN Summit (May 2025) underscored deeper economic integration with focus on supply chain connectivity to ensure ASEAN's competitiveness, while the Chairman's Statement of the 26th ASEAN Plus Three Foreign Ministers' Meeting (July 2025) emphasized ASEAN's central role in keeping markets open and enhancing connectivity, resilience, and sustainability in regional logistics systems and supply chains.
- **ASEAN Single Window 2.0:** Completion of the Study on the Next-Generation ASEAN Single Window (ASW 2.0), supported by the ASEAN-US Partnership Programme, provides a roadmap for enhancing interoperability and future-proofing ASW systems to reduce trade transaction costs and improve customs efficiency (Chairman's Statement of PMC, July 2025).
- **ASEAN Unique Business Identification Number (UBIN):** Adoption of the Implementation Roadmap for ASEAN UBIN initiative to support cross-border digital verification, improve interoperability, and enable a trusted regional digital trading environment benefiting MSMEs (Chairman's Statement of the 46th ASEAN Summit, May 2025).
- **Trade Facilitation and Digital Economy:** Implementation of the 2024-2025 ASEAN-US TIFA Work Plan furthered cooperation on trade facilitation, sustainability, and good regulatory practices. Substantial progress on the Digital Economy Framework Agreement (DEFA) to serve as a future-ready agreement propelling ASEAN's digital economy and supply chain digitalization.
- **ASEAN-China FTA 3.0 and Supply Chain Integration:** Conclusion of ACFTA 3.0 Upgrade negotiations with enhanced cooperation in digital economy, green economy, and supply chain connectivity to deepen regional production networks (Chairman's Statement of the 46th ASEAN Summit, May 2025).
- **Cybersecurity for Supply Chains:** Progress in operationalizing the ASEAN Regional Computer Emergency Response Team (CERT) to strengthen regional cyber resilience by facilitating timely information exchanges which are critical for protecting digitalized supply chains.

These achievements provide a strong foundation for the Philippines' 2026 Chairship to advance customs modernization, regulatory harmonization, Strategic Trade Management, and sustainable logistics which are the core pillars of resilient supply chains.

APPENDIX 2: US Imports from ASEAN and China as a % of Total US Imports, January-October 2025



APPENDIX 3: Project Alignment with Philippine PEDs and USABC Member Priorities

The following table demonstrates the comprehensive alignment of the proposed projects with the Philippines' 2026 Priority Economic Deliverables (PEDs) and the specific priorities identified by USABC member companies during consultations. The third column describes how each project directly responds to partner concerns about customs efficiency, regulatory harmonization, Strategic Trade Management, and sustainable logistics:

Identified Project	PED Supported	How This Project Addresses Member Companies' Priorities
PROJECT ONE. ASEAN High-Level Dialogue on Sustainable and Secure Supply Chains	<p>PED 1 – ASEAN Declaration on Strategic Trade Management for Secured Trade in the Region</p> <p>PED 7 – Conclusion of the ASEAN Canada FTA Negotiations</p>	<p>Convenes stakeholders to discuss customs modernization, risk-based procedures, and digital documentation reducing waste. Addresses harmonized STM frameworks preventing illicit trade and regulatory barriers causing excess inventory.</p>

	(Strengthening Trade and Investment Linkages)	
PROJECT TWO. ASEAN Technical Program on Digital Customs and Paperless Trade	<p>PED 1 – Strategic Trade Management</p> <p>PED 7 – Trade Facilitation and Integration</p> <p>PED 8 – Signing of the ASEAN Digital Economy Framework Agreement (DEFA)</p>	Builds capacity for digitalizing customs, ASEAN Single Window integration, and real-time tracking to reduce illicit flows. Addresses customs delays causing temperature excursions for medicines and supports circular economy through harmonized classification for recyclables.
PROJECT THREE. ASEAN Regulatory Harmonization Dialogue for Market Access and Circular Economy Integration	<p>PED 7 – Trade and Investment Facilitation</p> <p>PED 16 – ASEAN Implementation Plan for Regenerative and Resilient Agriculture (circular economy linkages)</p> <p>PED 18 – Greener Future: Implementation of the Regional Investment Promotion Action Plan 2025-2030</p>	Promotes mutual recognition reducing duplicative compliance and administrative delays. Examines regulatory divergences causing excess inventory. Enables harmonized circular economy frameworks for ASEAN-wide packaging design and regional recycling markets while preventing illegal dumping.
PROJECT FOUR. ASEAN Joint Program on Strategic Trade Management and Illicit Trade Prevention	<p>PED 1 – ASEAN Declaration on Strategic Trade Management</p> <p>PED 5 – Semiconductors Strategic Framework: Developing Strategies to Attract</p>	Illicit trade threatens fiscal stability and economic integrity. Establishes Regional Coordination Platform, strengthens policy alignment through mandatory registration and licensing, enhances enforcement through ASEAN-wide digital tracking interoperable with ASW, promotes intelligence exchanges, and addresses regulatory barriers. Includes blockchain traceability for pharmaceuticals and

	<p>Semiconductor Investment into ASEAN</p> <p>PED 6 – ASEAN Critical Minerals Strategy for Regional Resilience and Sustainable Growth (secured trade and traceability)</p>	<p>compliance mechanisms for packaging and waste management.</p>
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