



CONNECTING TO COMPETE

The 2014 Logistics Performance Index

UNESCAP, Bangkok
April, 2014

Connecting
to
Compete

2014

Trade Logistics in the
Global Economy



The Logistics Performance Index and Its Indicators

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World Bank Logistics
Performance Index (LPI)

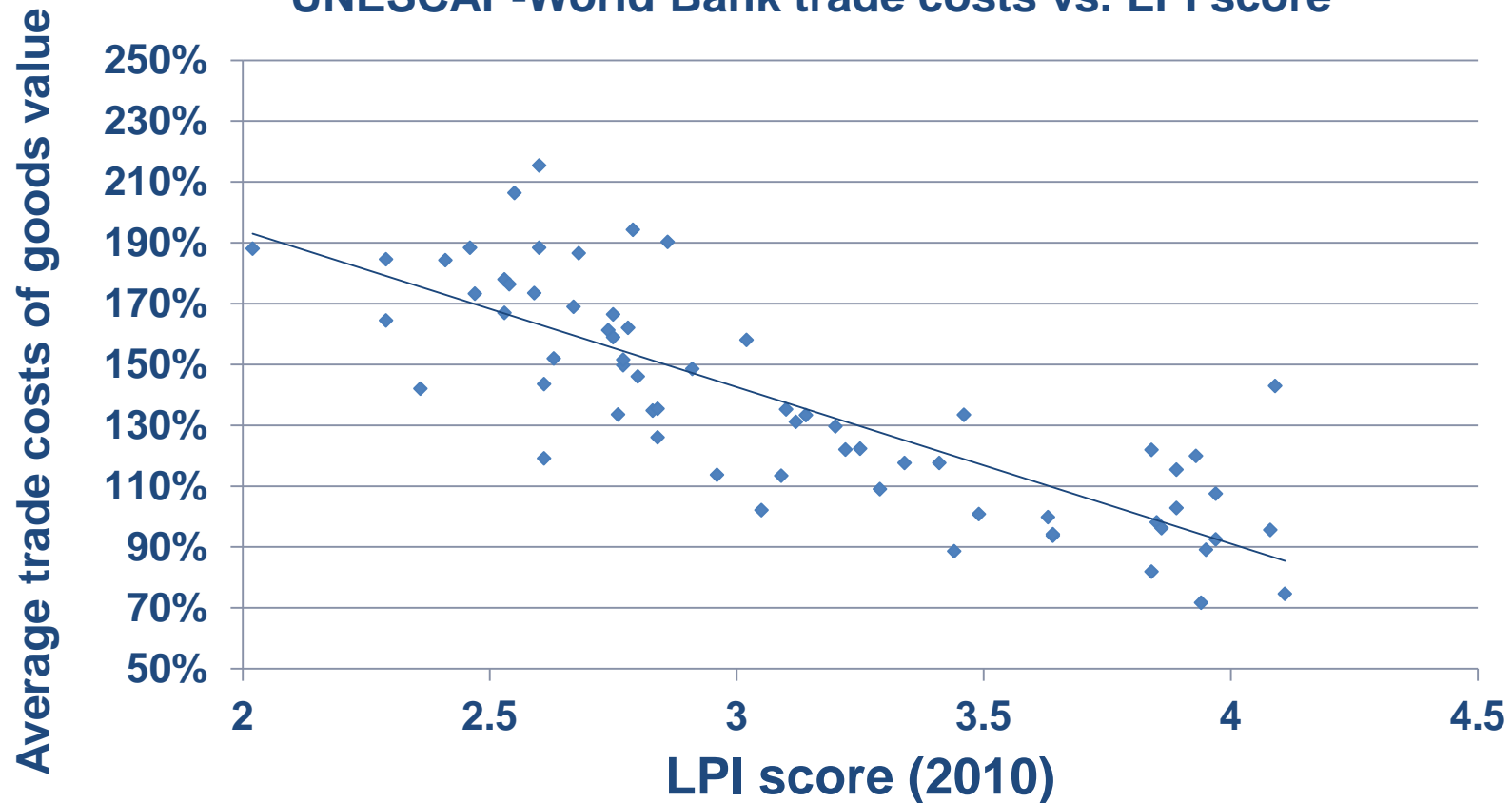


Outline

- 1. Why care about logistics?**
- 2. What is the Logistics Performance Index?**
- 3. LPI 2014 Results**
- 4. Key messages**
- 5. The LPI's role in policy dialogue**
- 6. How the World Bank supports countries in logistics policy-making**

Why Logistics Matters

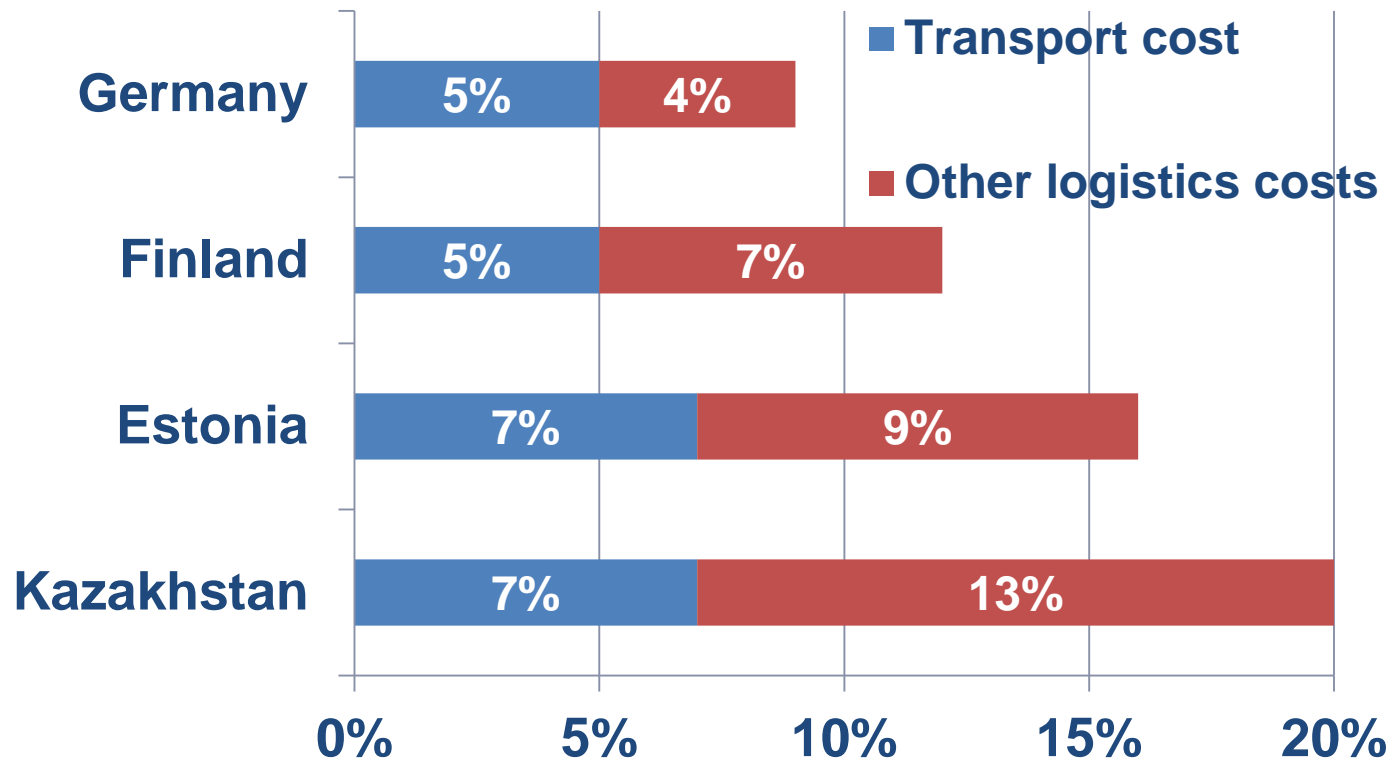
UNESCAP-World Bank trade costs vs. LPI score



Supply chain bottlenecks are the primary cause of friction in trade (trade costs). Reducing them by half would raise trade by 15% and production by 5% globally.

Logistics costs impact productivity

Firm-level logistics expenditures as % of sales in 2011-2012



Reliability is often more important than freight costs

Logistics costs increase with decreasing logistics performance. Most of this increase comes from lower reliability and the need to increase inventory (“other costs”).

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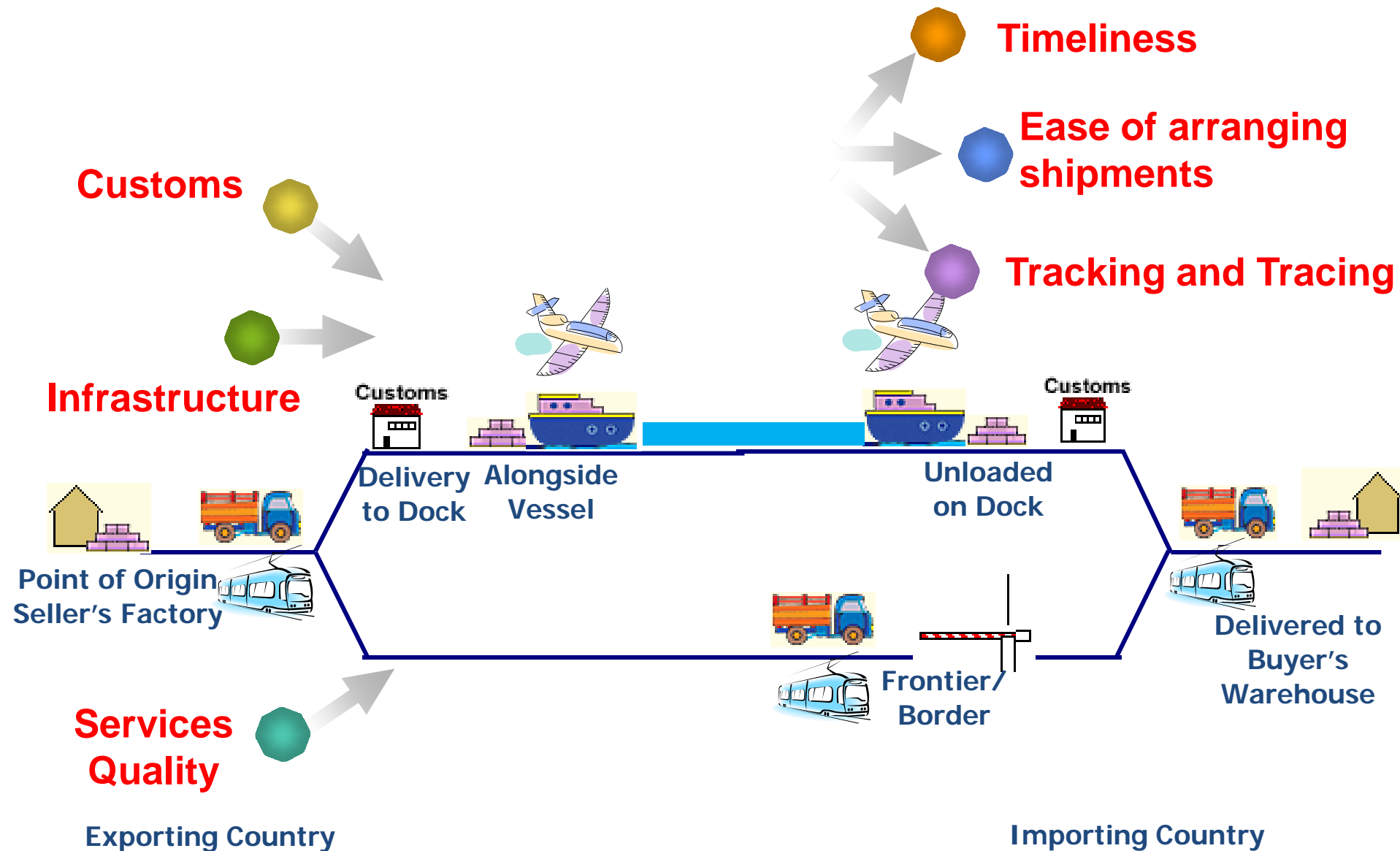
Trade Logistics in the
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The Logistics Performance Index and Its Indicators

**What is the
Logistics
Performance
Index
(LPI)?**

The 6 LPI dimensions along the supply chain framework



LPI outline

Partnerships



International Federation
for Freight Forwarders
Associations



Global Facilitation Partnership for Transportation and Trade

GEA *Global
Express
Association*



Turun yliopisto
University of Turku



THE WORLD BANK

- Published **every 2 years**
- Built on **>5,000 country assessments** by **> 1,000 logistics professionals**
- Respondents rate logistics performance of own country and 8 other countries on a **scale of 1 to 5**
- Coverage: **160 countries in LPI 2014**

What do we measure?

A sample question from the Domestic LPI:

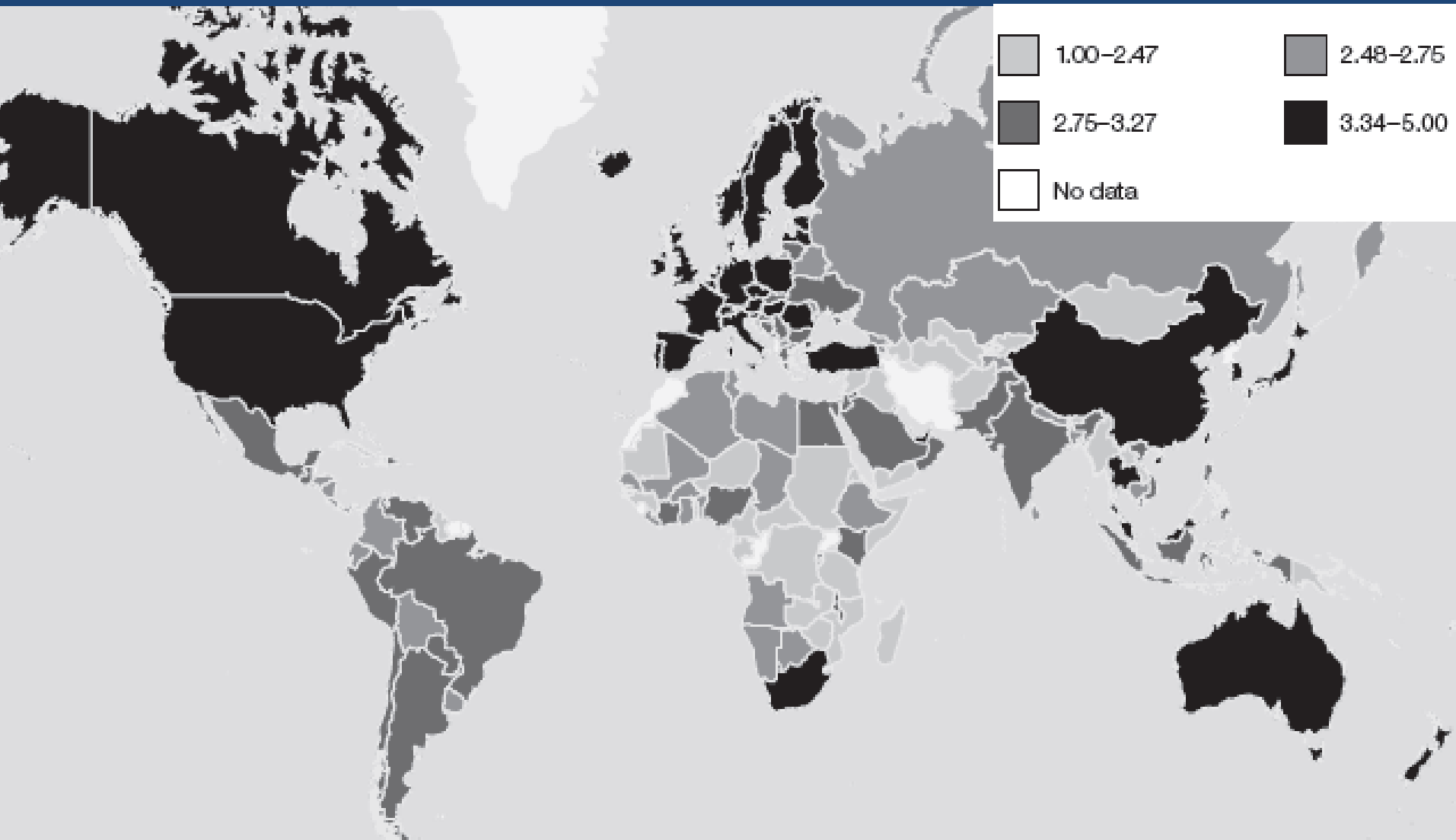
Evaluate the quality of trade and transport related infrastructure (e.g. ports, roads, airports, information technology) in your country of work (Australia)

	Very low	Low	Average	High	Very high
Port infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Airport infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Road infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rail infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Warehousing/transloading facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Telecommunications infrastructure and IT services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

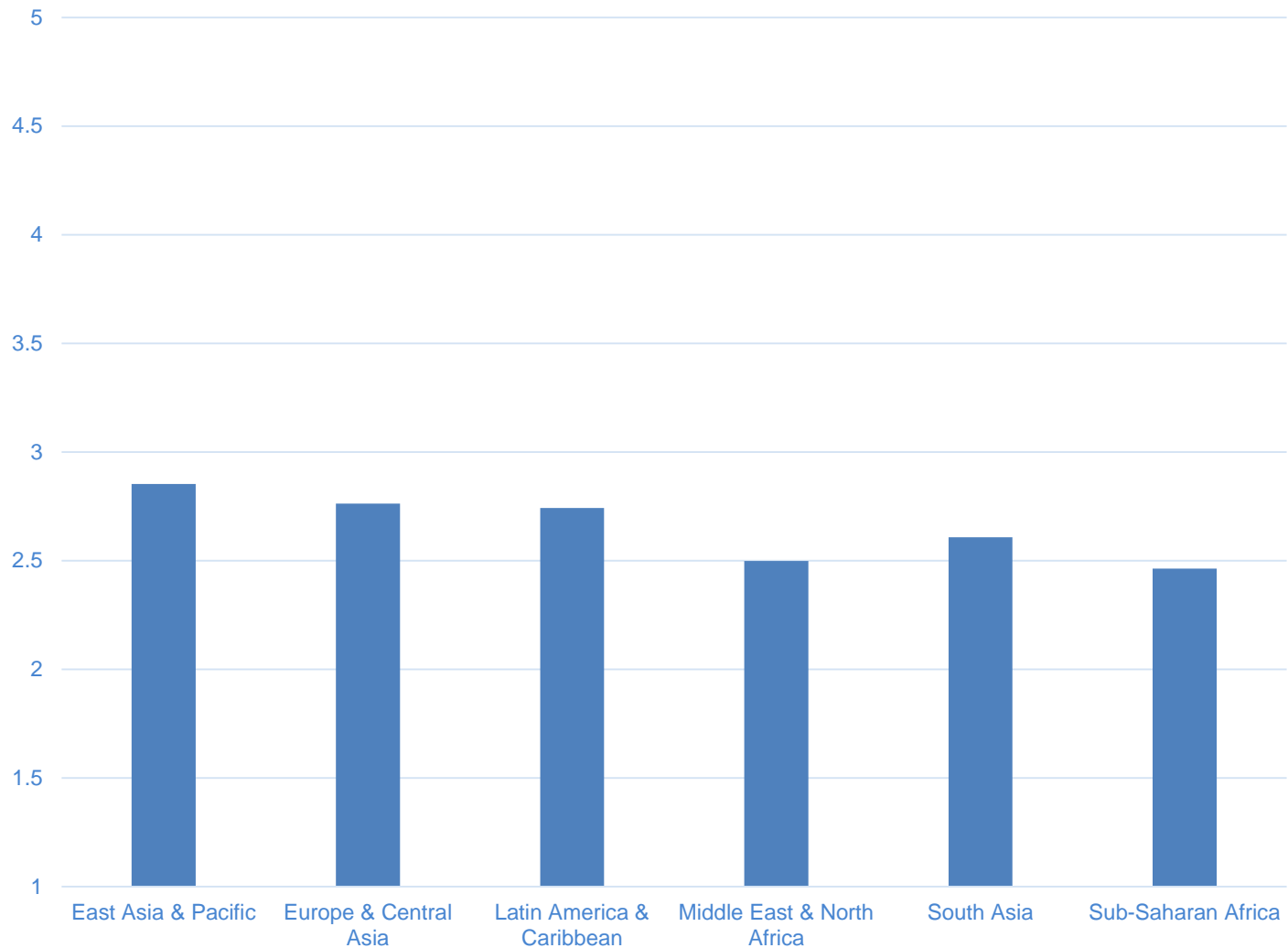
Source: LPI 2013/2014 Survey

The LPI survey is based on assessments of logistics professionals (perception-based)

LPI 2014 overall scores: Performance converging around the world

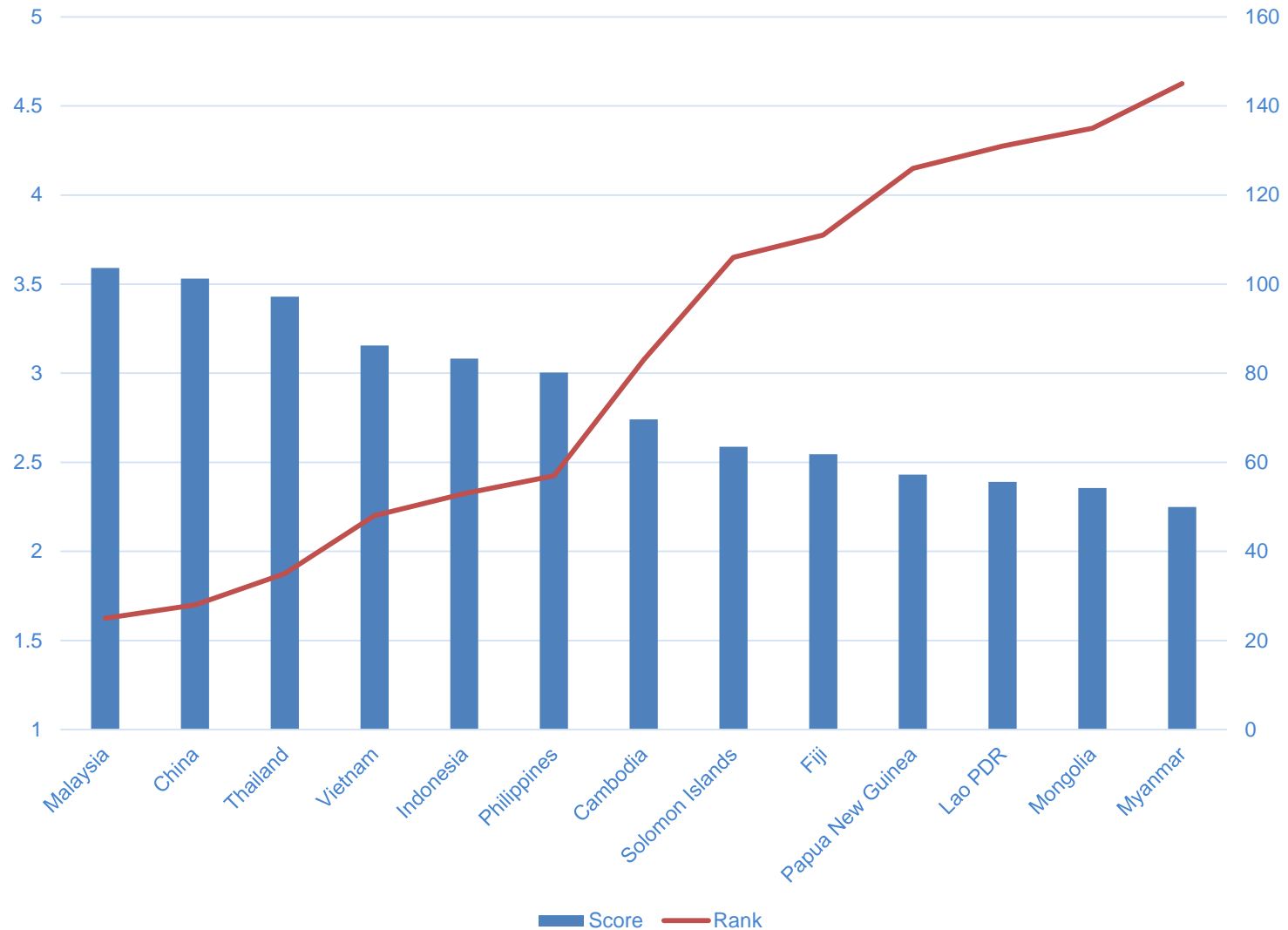


Performance by Developing Region



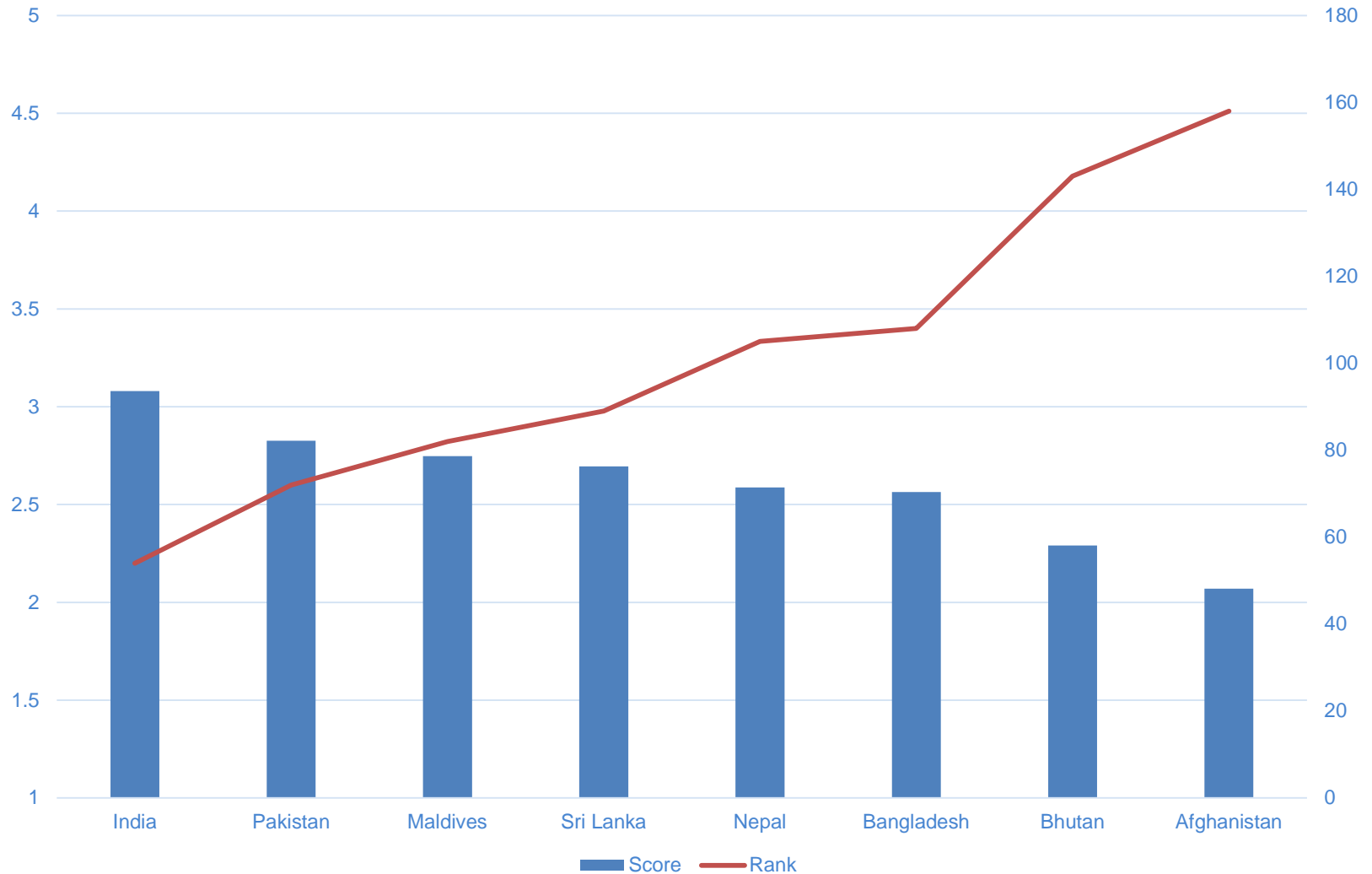
Average LPI 2014 score

Performance in East Asia & Pacific



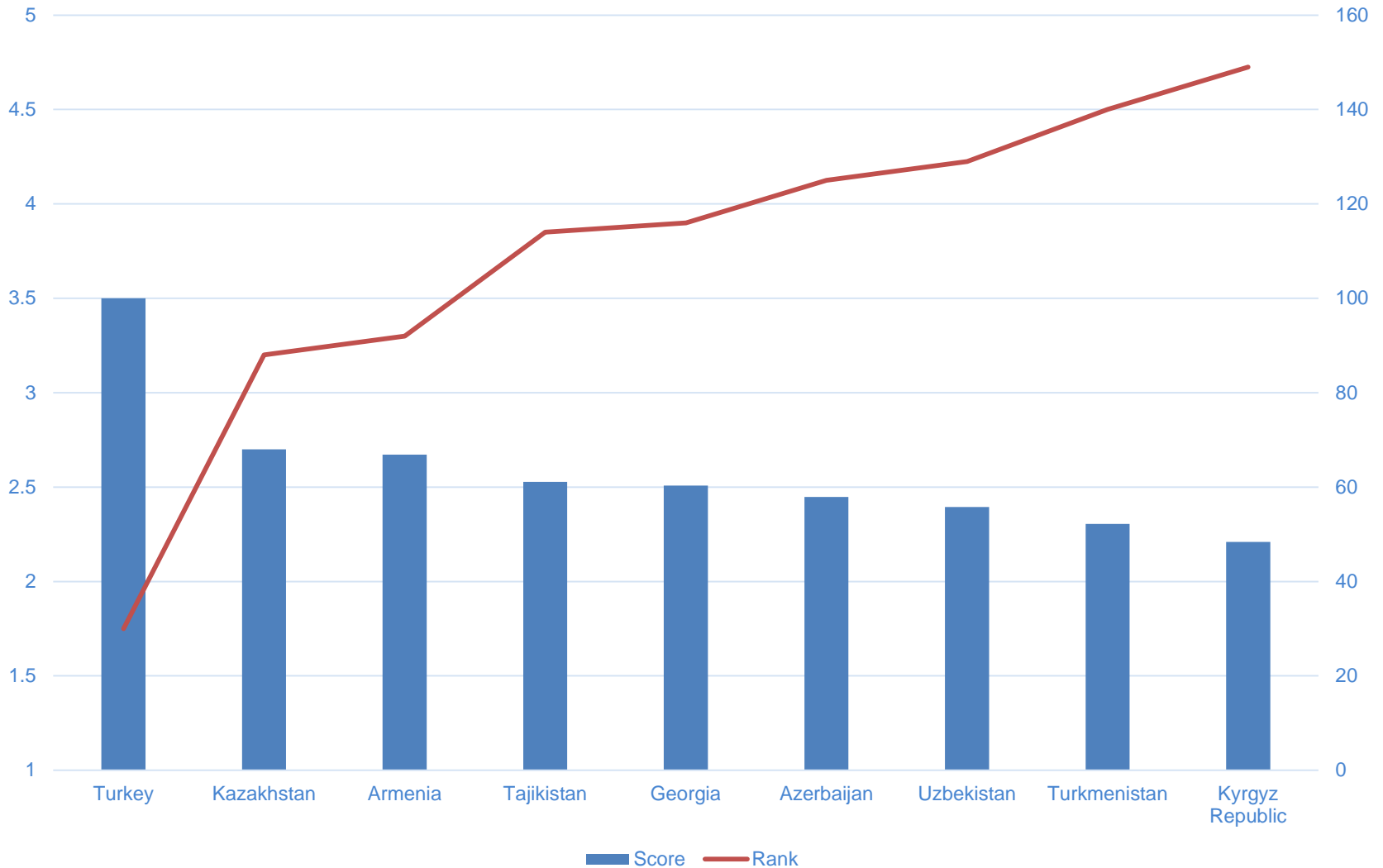
Note: rank out of 160 economies

Performance in South Asia



Note: rank out of 160 economies

Performance in Europe and Central Asia



Note: rank out of 160 economies

LPI 2014: Top 10 performers by income group

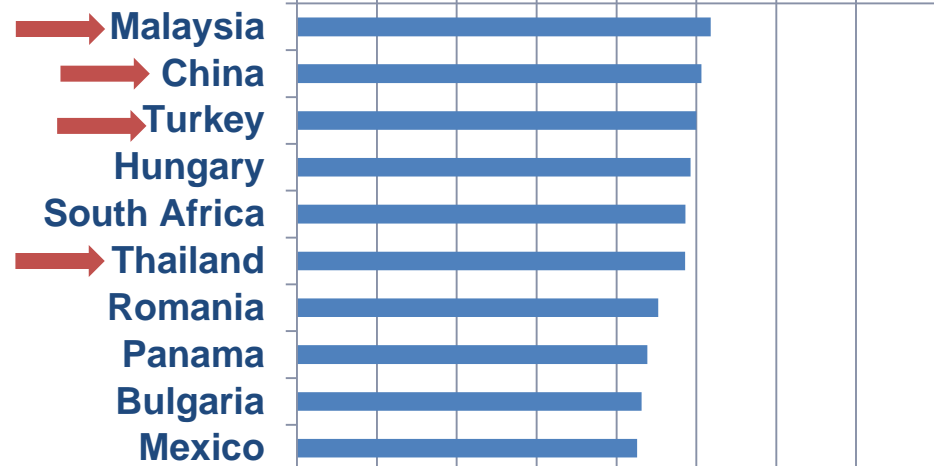
Top 10 overall

By overall LPI score

Top 10 upper middle-income

1.0 2.0 3.0 4.0 5.0

1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5 5.0

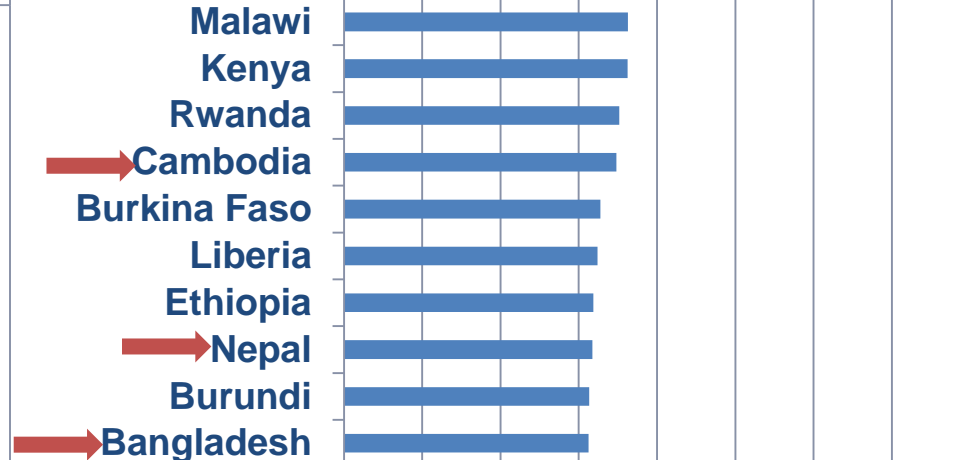
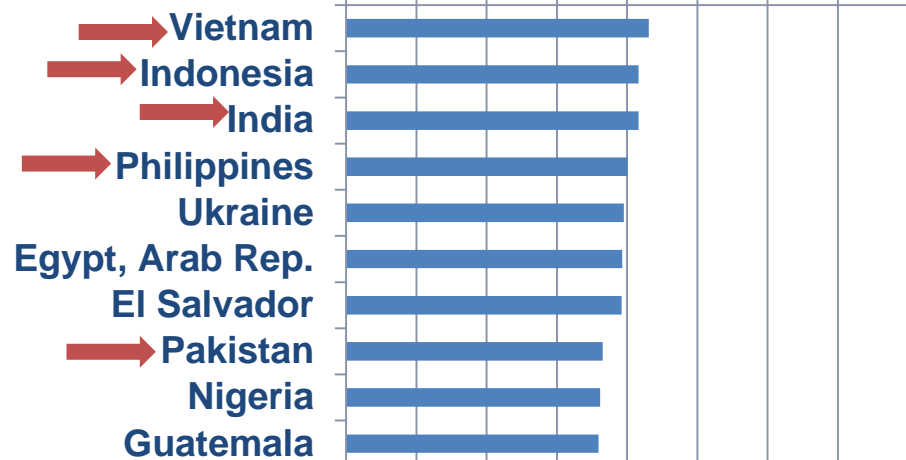


Top 10 lower middle-income

Top 10 low-income

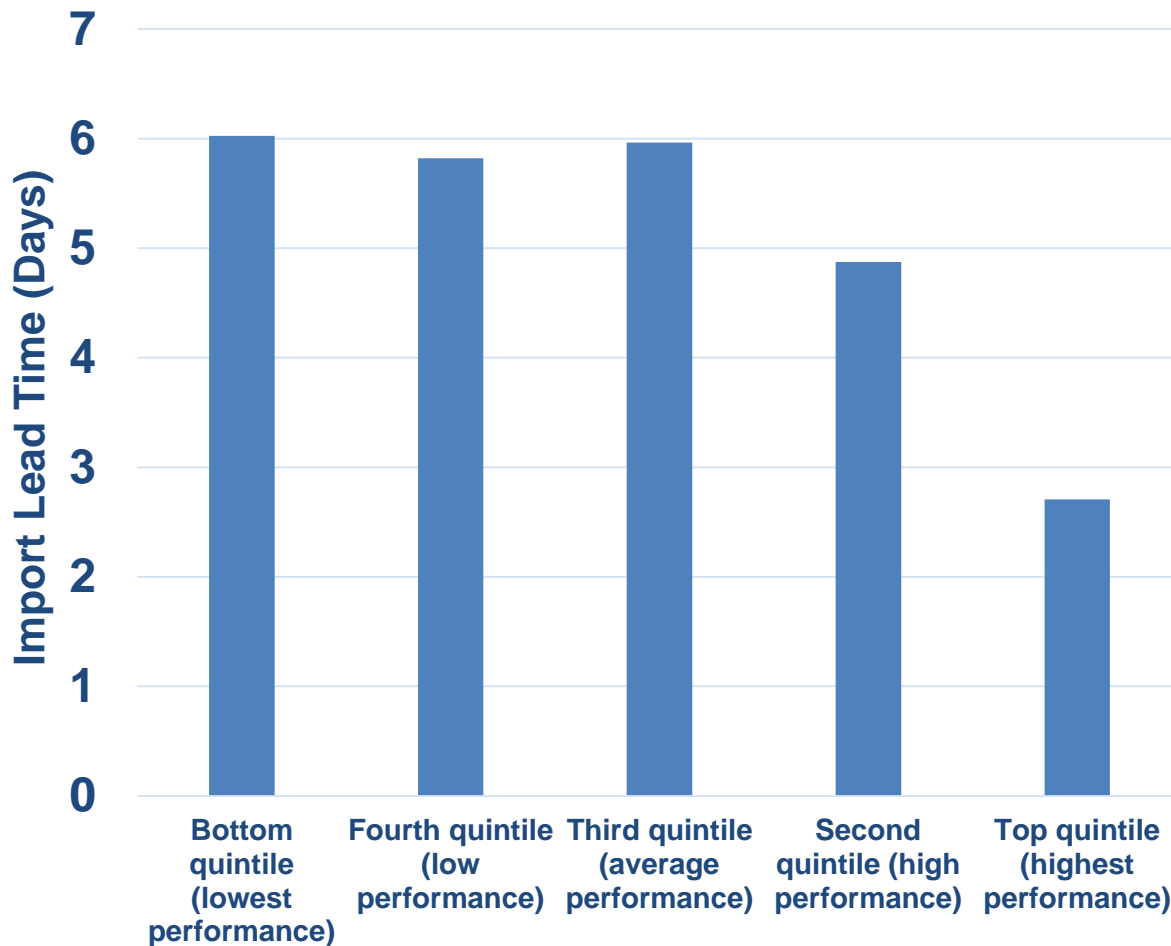
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1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5 5.0



Persistent & large differences in border process efficiency

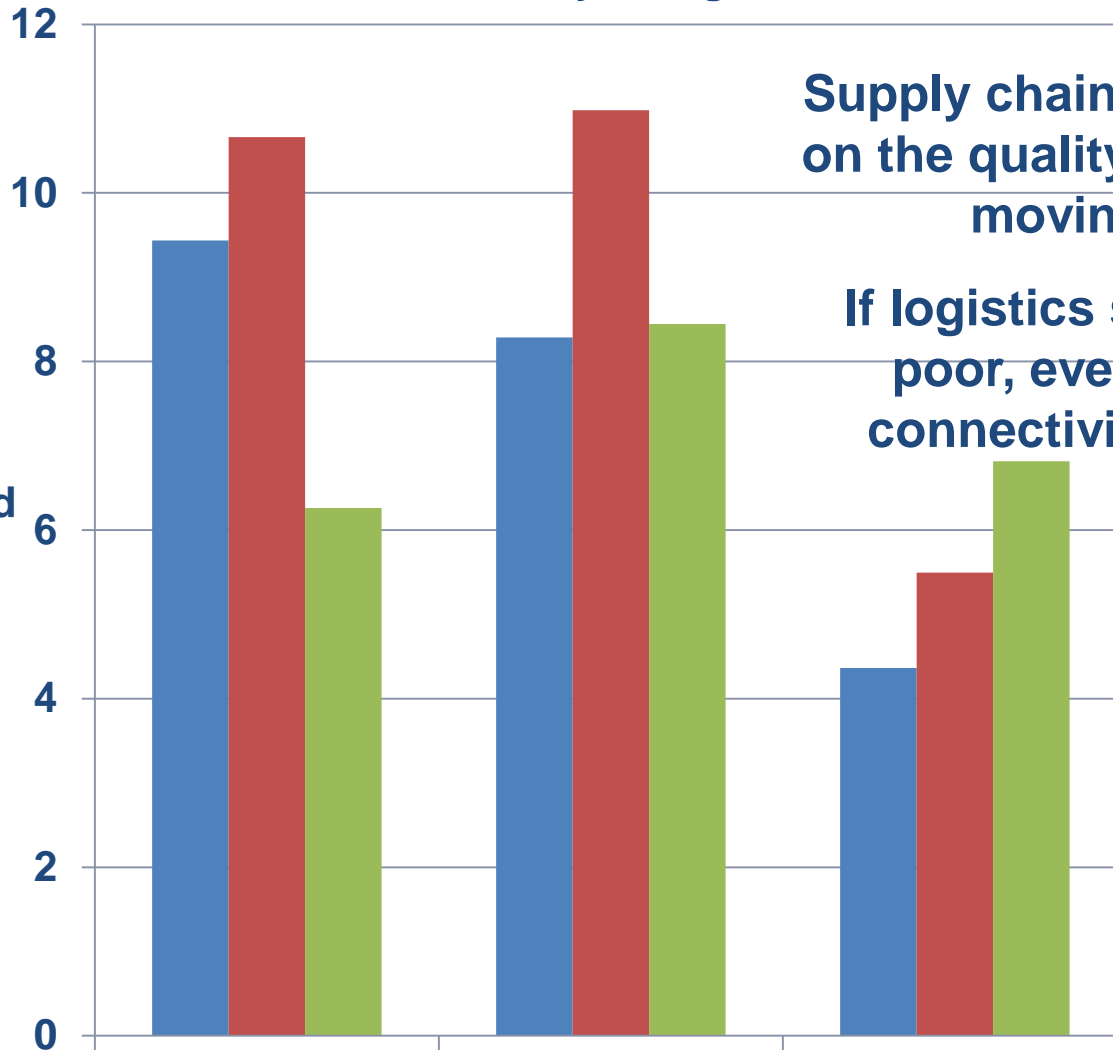
Import lead time in days (port/airport) by LPI quintile



The import lead time for port and airport supply chains is more than twice as long in low-performing countries as in high-performing ones.

The “Services Gap”

■ Customs ■ Infrastructure ■ Quality of logistics and services



Supply chain efficiency depends on the quality of private services moving the goods.

If logistics service delivery is poor, even good physical connectivity is not enough.

%-change in LPI component as measured against the highest performer, 2007-2014

Low income Lower middle income Upper middle income

World Bank LPI, Transport Business Summit 2014, Brussels

Key messages from the LPI 2014

Key message for low-income countries:

Progress in logistics performance is **driven by improvement in infrastructure** and basic border management reforms.

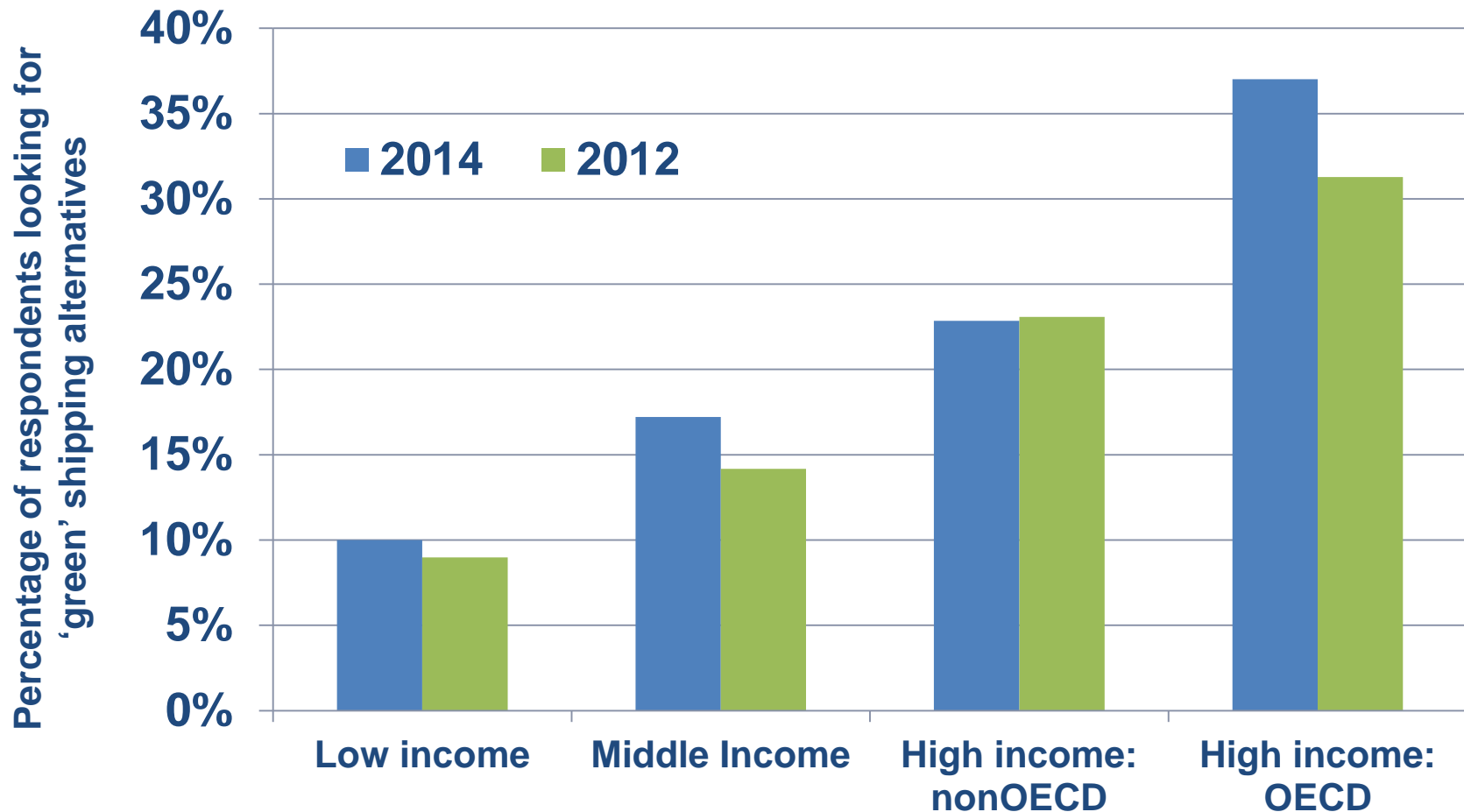
Key message for middle-income countries:

Focus moves from infrastructure and border management to **logistics services** with growing demand for outsourced logistics.

Key message for high-income countries:

Demand for “green” logistics services is growing in advanced economies. The “**low hanging fruit**” **have largely been reaped**. The new generation of reforms is complex, involves many stakeholders, and takes time.

Looking for environmental logistics solutions



The percentage of respondents looking for environmentally friendly shipping alternatives is growing, and is the highest in advanced economies.

Policies matter to Logistics Performance

Infrastructure

- Ports
- Road/rail corridors
- Airports

Procedures and Trade Facilitation

- Customs & payments
- Simplification & automation
- Harmonization & standardization

Services

- Forwarders, truckers, brokers etc.
- Regulation of entry
- Market structure and competition

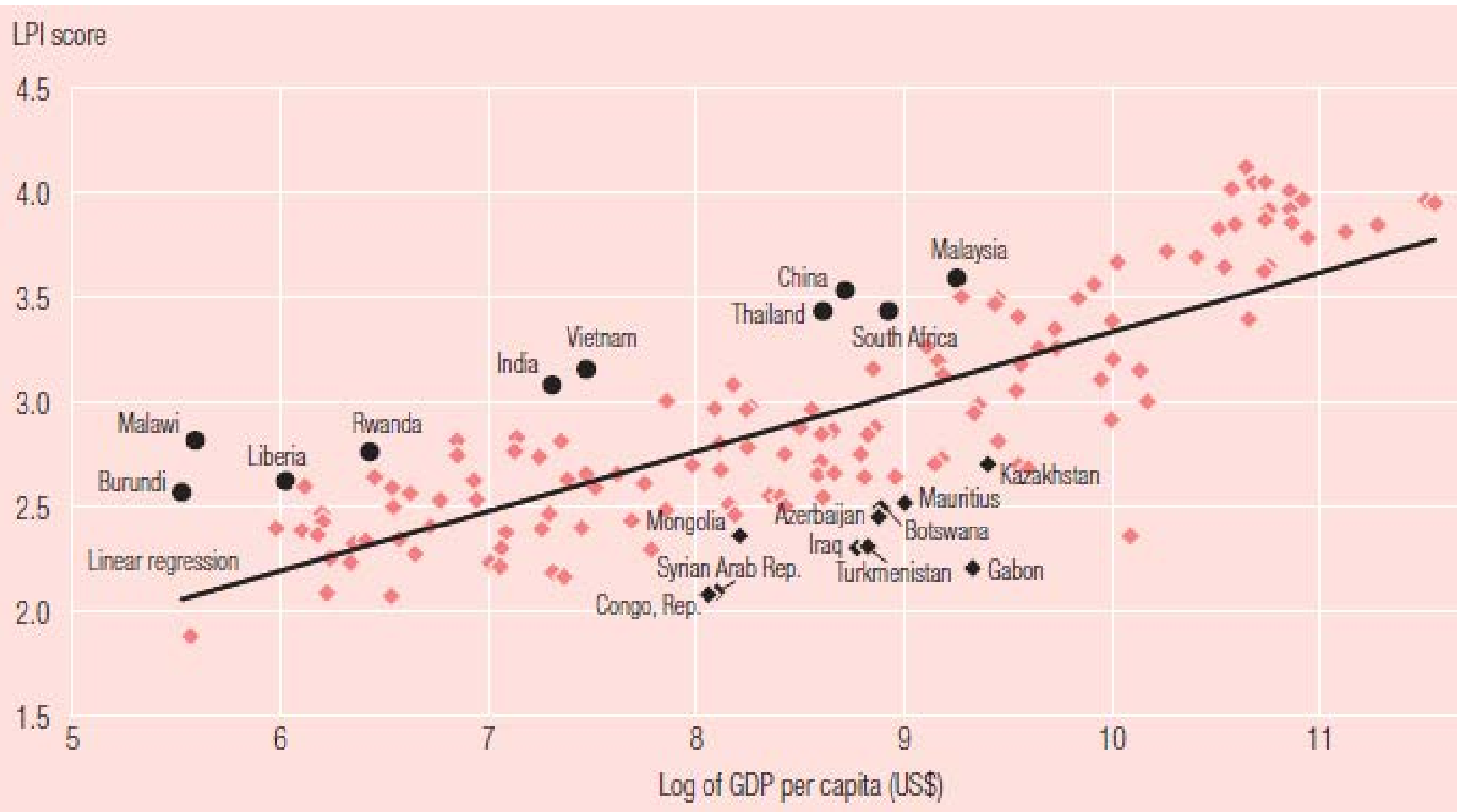
Sustainable Logistics

- 'Green Logistics'
- City Logistics

Regulations (customs, services) are increasingly regional, but implementation is national.

Income level helps little without aligned policies

Countries by LPI 2014 overall score and GDP/capita



What is the role of the LPI?

The LPI

- Is an overall metric of supply chain efficiency.
- Provides information of where a country stands and a broad indication of problem areas.
- Is not a diagnostic tool and needs to be supported by specific tools designed to perform that function.

The LPI has had a significant impact in raising awareness and pushing for comprehensive “connectivity” and logistics policies, e.g. in Kazakhstan, APEC and Indonesia.

World Bank lending projects in logistics

World Bank Group lending in FY 2013 USD 52.6 bn

→ 7-8% of the lending portfolio is logistics-related, e.g. in:

- **International Trade corridors:**
 - Central Asia, India, Nepal
- **Internal corridors, ports:**
 - China, Indonesia
- **Customs & fiscal reforms:**
 - Kazakhstan, Laos, Philippines, Cambodia
- **Export development**

World Bank advisory work in logistics

Advisory services to national governments and increasingly to regions, for example, in:

- Eastern Europe, Central Asia
- Indonesia, Vietnam, Philippines, Cambodia, Laos

⇒ ***Increasingly “fee for service”***

Concept: Exploit synergies between institutional reforms and infrastructure investment.

LPI data and report at: lpi.worldbank.org

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Logistics Performance Index

LPI Home

About

International LPI


Domestic LPI

Reports

Glossary

QUICK DOWNLOAD


Full LPI Dataset:
2007, 2010, 2012,
2014

 [Download](#)

AROUND THE WORLD

Vietnam LPI Scores
Compares Vietnam
from 2007 to 2014

LPI Top performer



FEATURED



Welcome to the LPI 2014

The LPI is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. The LPI 2014 allows for comparisons across 160 countries.

[Read more »](#)

LPI Dataset Sections

International LPI



Domestic LPI

