

# TRADE & COMPETITIVENESS

## TRADE LOGISTICS REFORMS: CHALLENGES & OPPORTUNITIES



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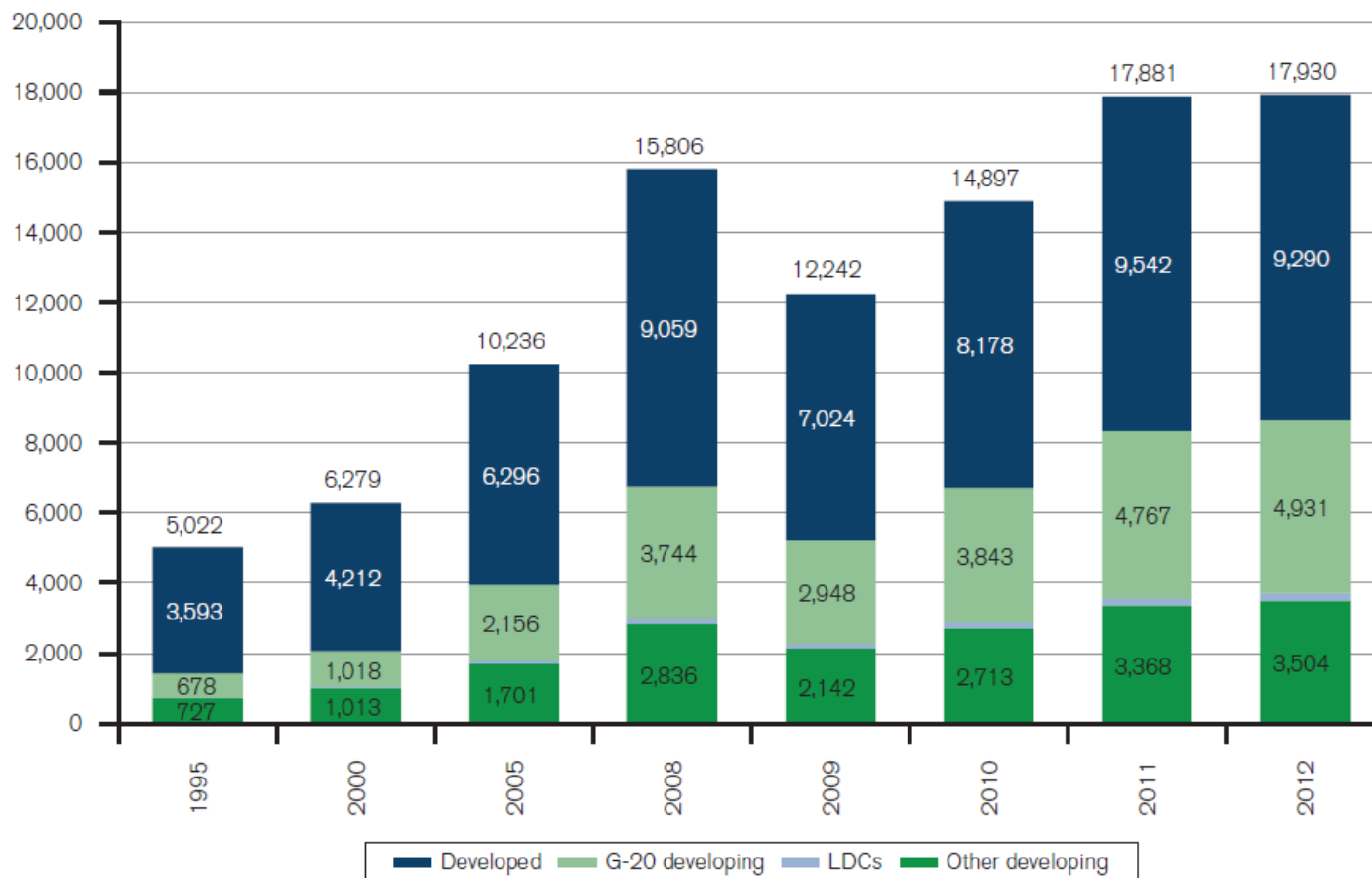
# **TRENDS IN GLOBAL TRADE & LOGISTICS**



# TRENDS IN GLOBAL TRADE & LOGISTICS

## THE RISE OF DEVELOPING COUNTRIES IN GLOBAL TRADE

**Figure 1.** Evolution of world merchandise exports by level of development (US\$ billion)

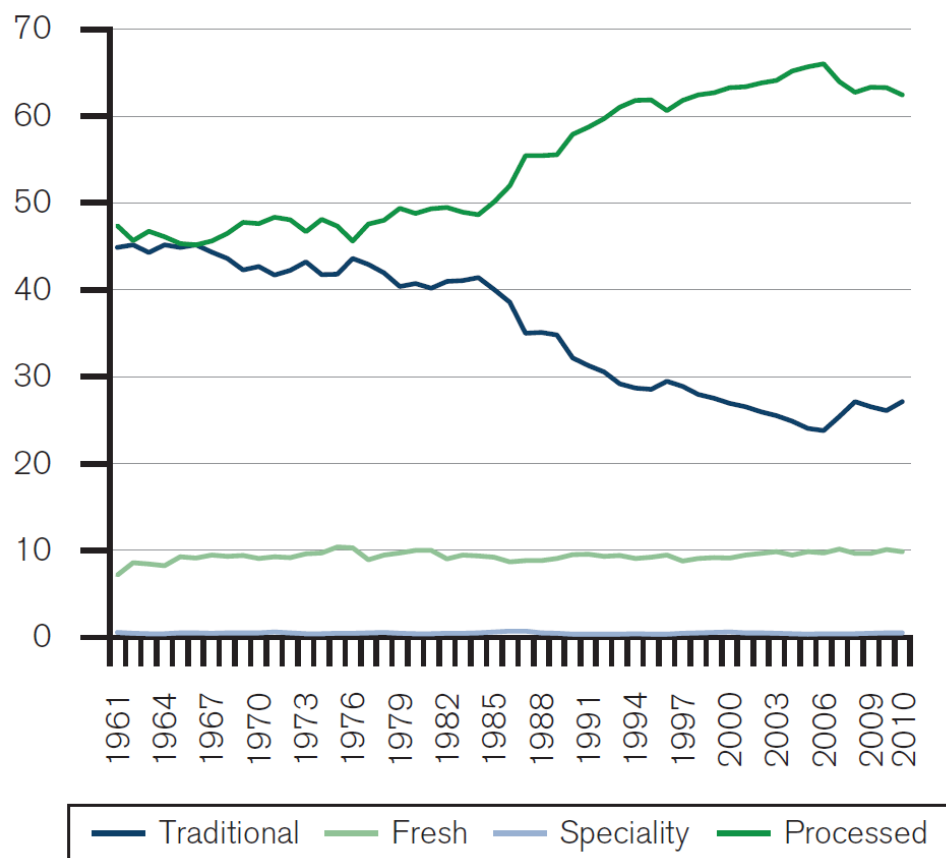


Source: WTO Secretariat

# TRENDS IN GLOBAL TRADE & LOGISTICS

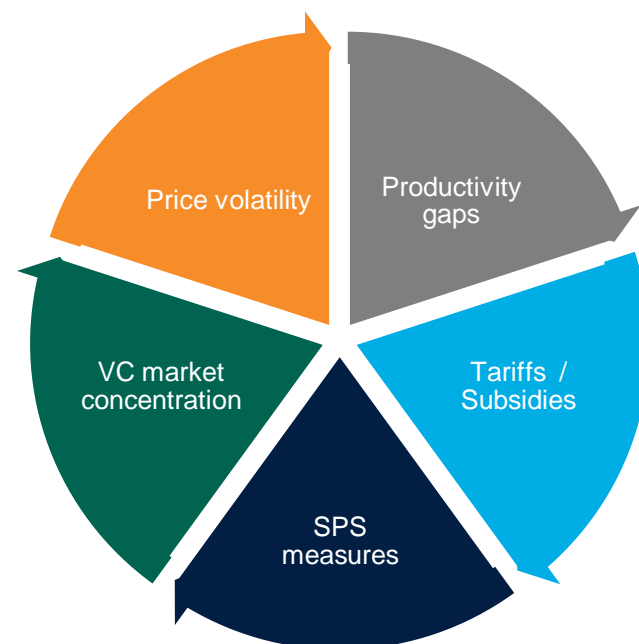
## THE IMPORTANCE OF AGRIBUSINESS SECTOR

**Figure 2.** Historical evolution of agricultural exports by type (% of total)



**Source:** WTO Trade Report 2014 and FAO data

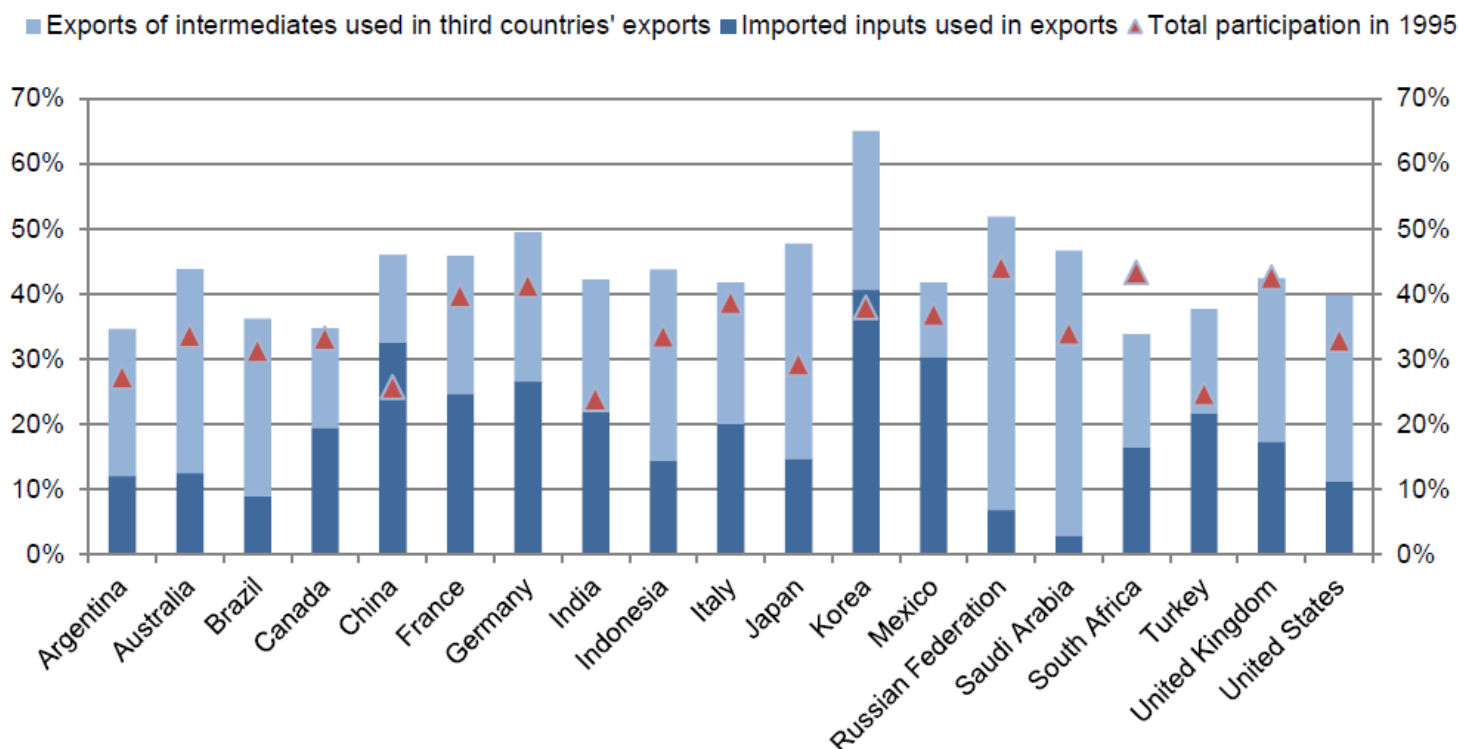
**Agribusiness Trade Challenges**



# TRENDS IN GLOBAL TRADE & LOGISTICS

## THE EXPANSION OF GLOBAL VALUE CHAINS (GVC)

**Figure 3.** GVC participation of selected countries

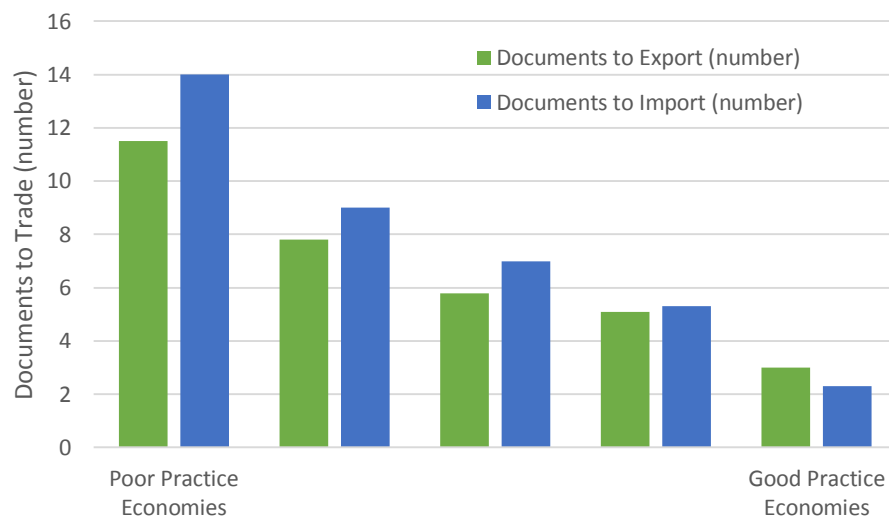


**Source:** Global Value Chains: Challenges, Opportunities and Implications for Policy, Report Prepared for submission to the G20 Trade Ministers Meeting, Sydney, Australia, July 2014, OECD, WTO and WBG

# TRENDS IN GLOBAL TRADE & LOGISTICS

## THE EMERGENCE OF THE TRADE FACILITATION AGENDA

**Figure 2. Categorization based on Trade Documentation Requirements**



**Source:** Doing Business Report, IFC 2014

### THE WTO TRADE FACILITATION AGREEMENT

- Agreed at the Bali Ministerial Conference in December 2013
- Contains provisions for faster and more efficient customs procedures
- Effective cooperation between customs and other appropriate authorities
- Compliance to 13 Articles
- Special and differential treatment (Categories A,B,C commitments)
- Technical assistance and capacity building support.

**Table 2. Rating the quality and competence of border agencies as “high” or “very high”**

LPI quintile	Customs agencies	Quality/standards & inspection agencies	Health/SPS agencies
Bottom quintile	18	9	9
Fourth quintile	35	27	25
Third quintile	19	22	11
Second quintile	40	30	26
Top quintile	68	53	50

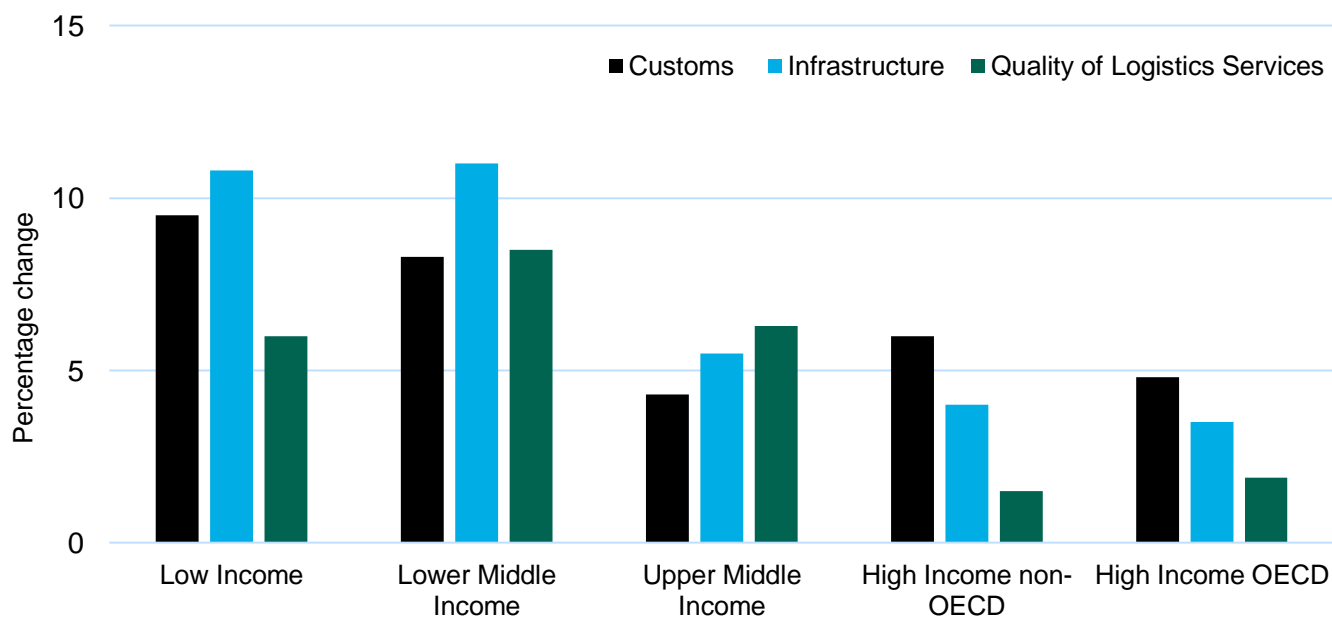
**Source:** Logistics Performance Index :Connecting to compete, World Bank 2014

# TRENDS IN GLOBAL TRADE & LOGISTICS

## THE SIGNIFICANCE OF LOGISTICS SERVICES

- Relevance to WTO TFA
- Vast room for improvement in developing countries

Figure 4. Percentage change in LPI scores, by component and income group, 2007–14



**Source:** Logistics Performance Index :Connecting to compete, World Bank 2014

# **TRADE LOGISTICS SERVICES**



# TRADE LOGISTICS SERVICES

## DEFINITION

### *Supply Chain & Logistics*

*“The process of planning, implementing, managing and controlling the flow and storage of (final and intermediary) goods, finance and related information for the point of origin to the point of consumption”*

*US International Trade Commission (USITC)*



# TRADE LOGISTICS SERVICES

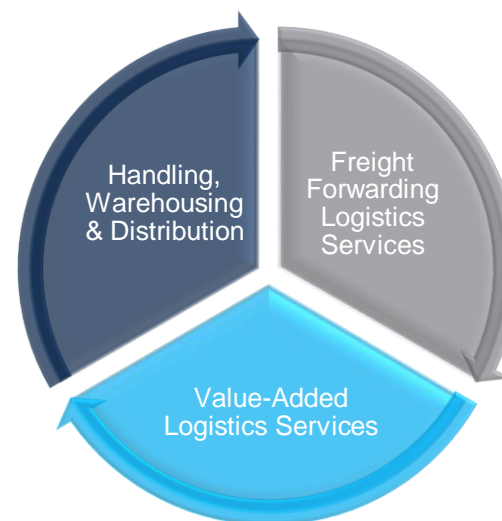
## SETTING THE STAGE

Figure 5. Global 3PL Logistics Market Size

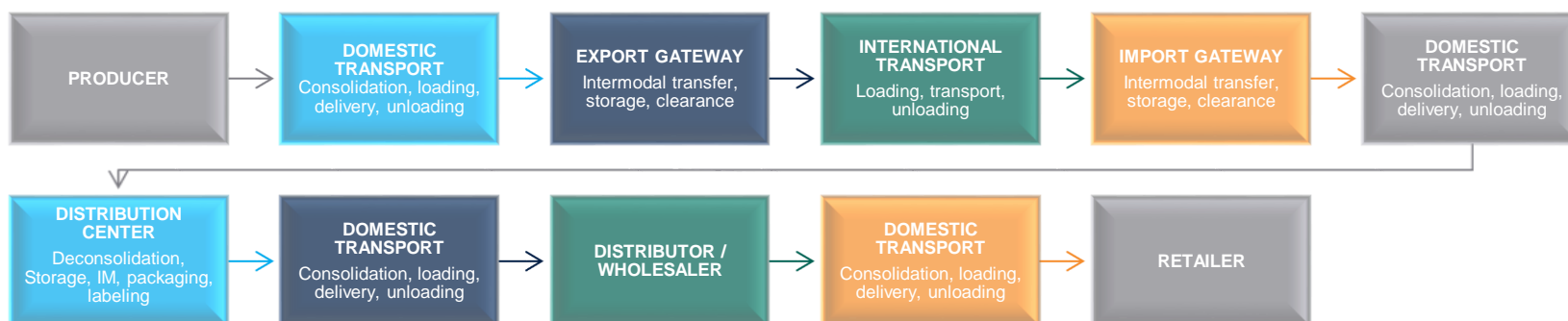
Region	Market Revenue (\$USbillion)
Asia	255.6
North America	176.2
Europe	158.1
South America	44.9

Source: Armstrong & Associates, Global 3PL Market Size Estimates, 2014

### LOGISTICS SERVICES TYPOLOGY



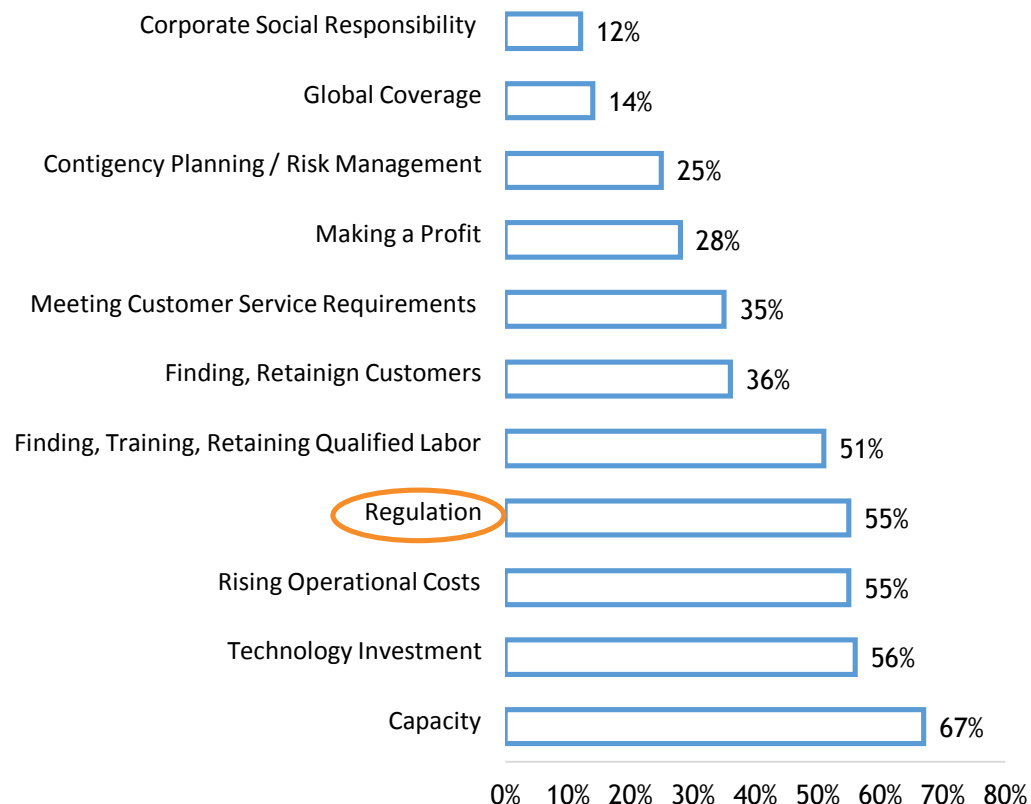
## WHAT IS THE GOVERNMENT'S ROLE?



# TRADE LOGISTICS SERVICES

## THE CHALLENGES OF 3PLs

**Figure 5. What is the greatest challenge 3PLs face?**



**Source:** Inbound Logistics. 3PL Perspectives, July 2014

### 3PL GLOBAL CHALLENGES

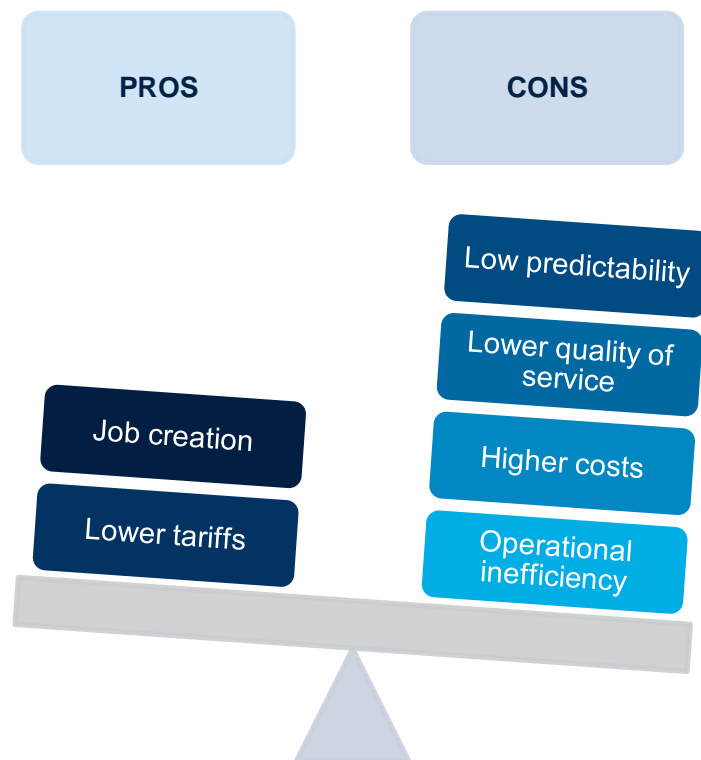
- Lack of clarity on the regulatory framework of both models
- Barriers for 3PLs to enter into international partnerships with foreign providers
- Market competition issues
- High truck operating costs
- Competition by informal service providers
- Licensing and opening-up a trucking company
  - Secondary market for trucking licensing
  - Barriers to entrance from abroad
- Unbalanced regulation between private and 3PL trucking companies

# TRADE LOGISTICS SERVICES

## PUBLIC OR PRIVATE?

- Provision of logistics services by the state still strong in many countries
- Poor quality of service with negative impact on time sensitive industries
- Market distortions and unfair competition
- Obstructs private sector development and hinders innovation

### GOVERNMENT PROVISION OF LOGISTICS SERVICES

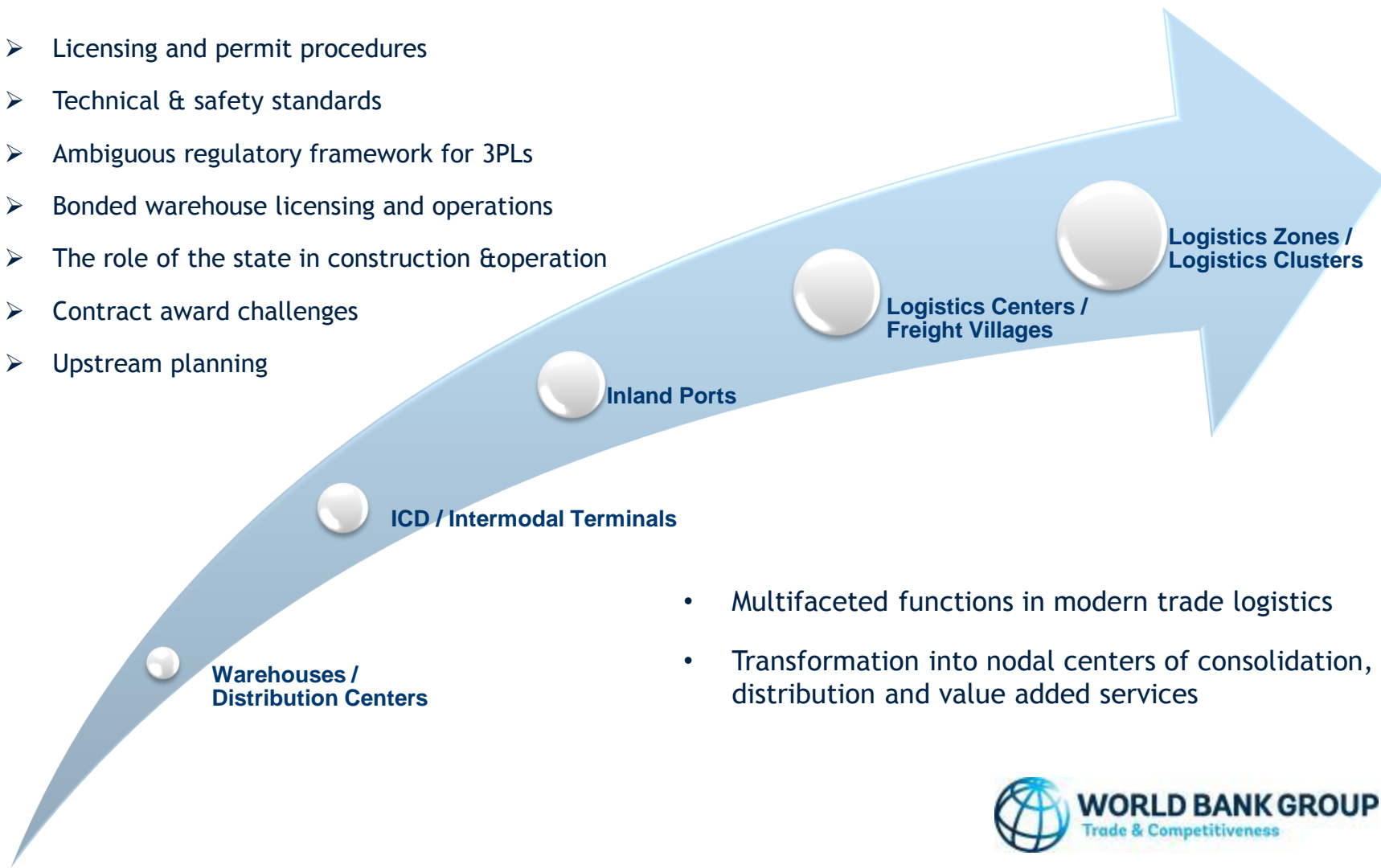


# TRADE LOGISTICS SERVICES

## WAREHOUSING & DISTRIBUTION

### Challenges of Warehousing & Distribution Services

- Licensing and permit procedures
- Technical & safety standards
- Ambiguous regulatory framework for 3PLs
- Bonded warehouse licensing and operations
- The role of the state in construction & operation
- Contract award challenges
- Upstream planning



- Multifaceted functions in modern trade logistics
- Transformation into nodal centers of consolidation, distribution and value added services

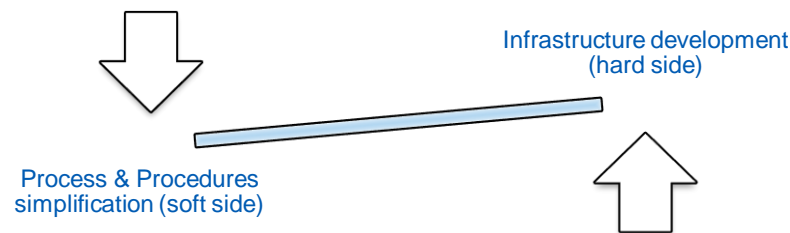
# TRADE LOGISTICS SERVICES

## PORT LOGISTICS

- Importance of ports for developing countries is growing
- Still public offers logistics services
- Large-scale infrastructure investments are not sufficient by themselves to max port's operational efficiency
- Priority to infrastructure expansion over regulatory reform
- Plenty of room for simplification in:
  - Intra-port processes
  - Intermodal processes (port-rail)
- Complex political economy

### Challenges of Port Logistics Services

- Poor handling and port operational services are still offered by the state
- Complex processes and procedures by control and regulatory agencies
- Lack of coordination amongst port logistics stakeholders
- Limited use of automation
- Disincentives for efficient use of port area
- Maritime Safety issues likely to have an impact on port operations
- Re-engineer & standardize port logistics business process (new trend !)

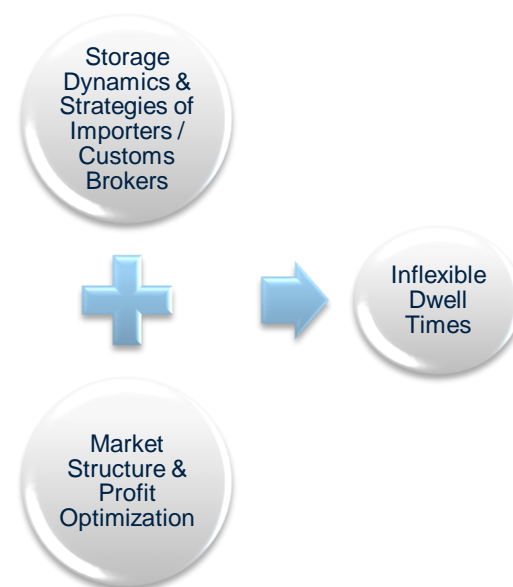


# TRADE LOGISTICS SERVICES

## THE CASE OF SUB-SAHARAN AFRICAN PORTS

- Collusion of interests between controlling agencies, port authorities, private terminal operators, logistics operators (freight forwarders), and large shippers drives up prices for consumers
- Inefficient port regulations have transformed port terminals become strategic storage units.
- Long cargo dwell time (two to three weeks) is a strong barrier to entry by competitors
- Disincentives by terminal operators and port authorities
- Customs & institutional reform together with infrastructure investment is the right solution?

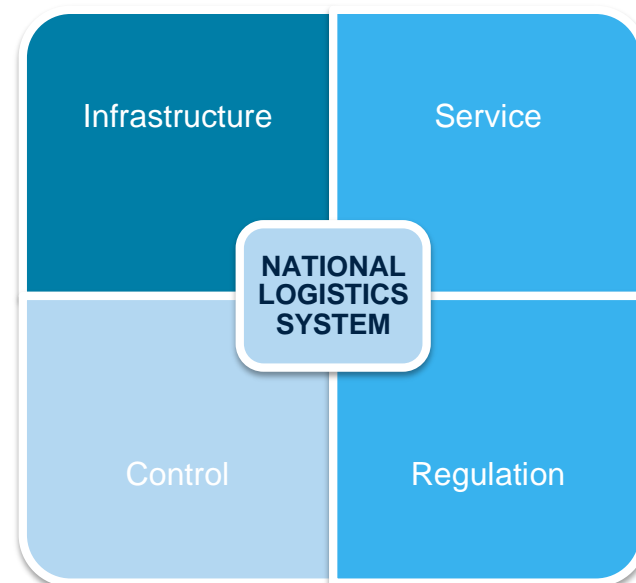
PORT	AVERAGE DWELL TIME
Durban	4
Douala	19
Lomé	18
Tema	20
Mombasa	11
Dar es Salaam	14



# TRADE LOGISTICS SERVICES

## LESSONS LEARNT

- Market regulation of logistics services often is not balanced
- Priority to infrastructure expansion over regulatory reform
- Gap between primary and secondary legislation
- Lack of coordination between key government agencies (large number of entities involved)
- Absence of a robust national logistics strategy and action plan
- Public/private vested interests prevent the implementation of reforms

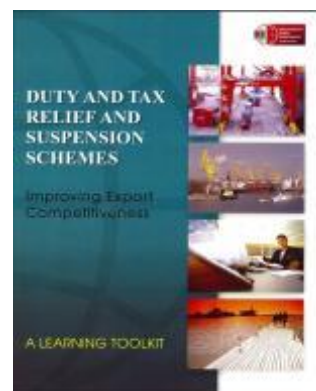
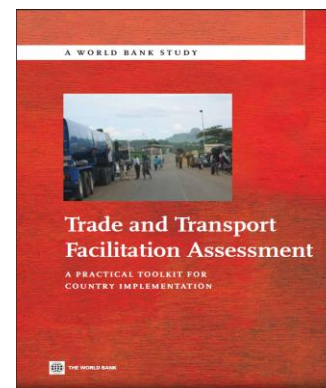
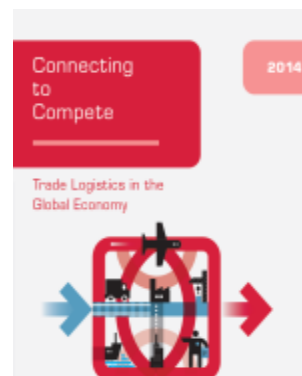
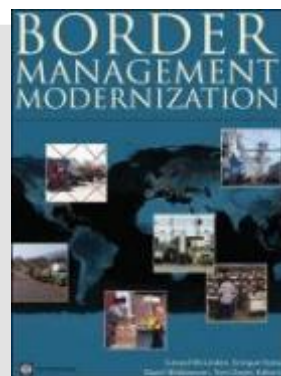
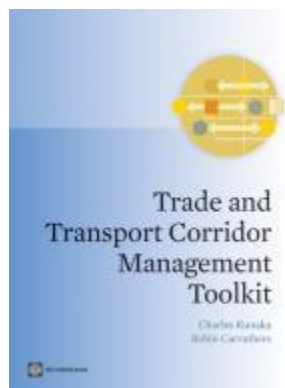


# **WBG TRADE FACILITATION & LOGISTICS ADVISORY SERVICES**



# TRADE FACILITATION & LOGISTICS ADVISORY SERVICES

## CORE TOOLS & IMPLEMENTATION SUPPORT

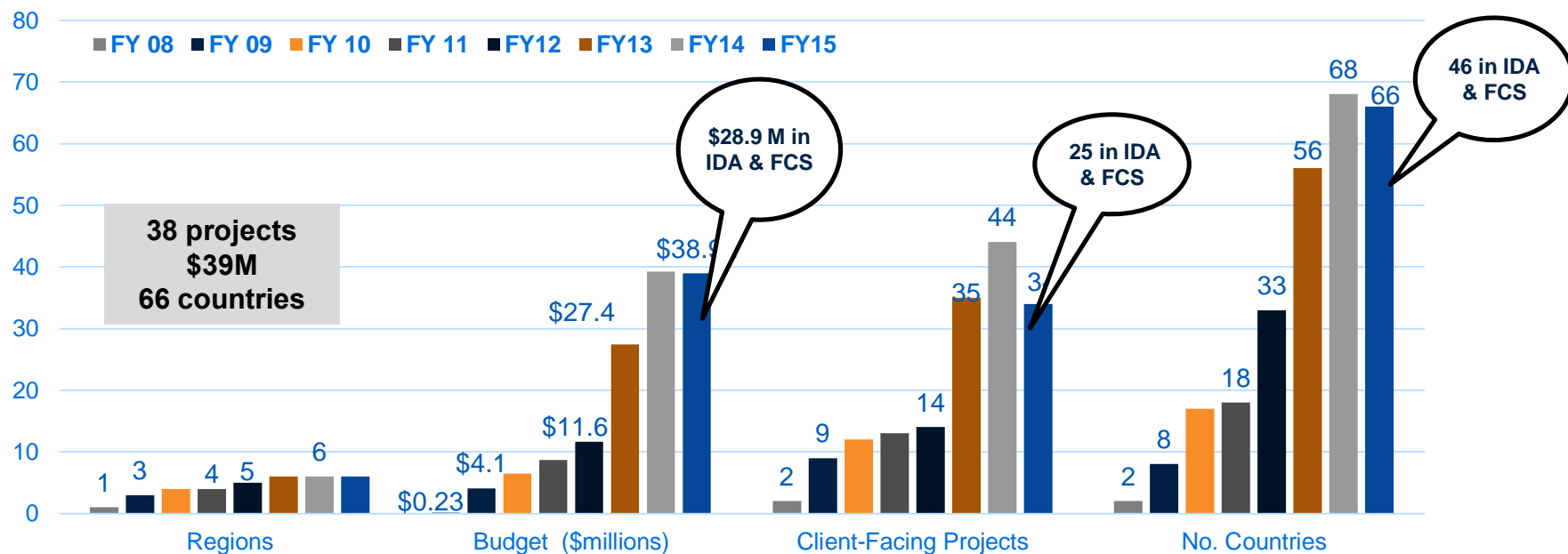


### New products

- Trade Information Portal software solution
- Selection, deployment and use of scanning technology ICT solution design toolkit
- Managing outsourced services

# TRADE FACILITATION & LOGISTICS ADVISORY SERVICES

## PORTFOLIO GROWTH & UNIQUE APPROACH



- Holistic approach
- Strong engagement with the private sector
- Rapid response to requests for support
- Practical assessment tools – Business Process Maps (BPM)
- Trade processes simulation, re-engineering, and optimization.
- Focus on design and implementation of reform programs

THANK YOU !

For further inquiries:  
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