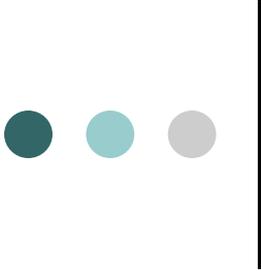


# **Multilateral Cooperation in Transport and Logistics in Northeast Asia: quo vadis?**

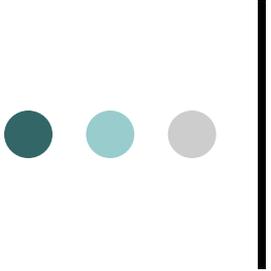
**Presented by Tagir Khuziyatov, Prof.,  
Head, Dept. of World Economy, and  
Program coordinator, APEC Study Center,  
Far Eastern National University,  
Vladivostok, RUSSIA**



# **Useful instruments**

**Considering transport and logistics system in NEA we need to identify its weakest elements.**

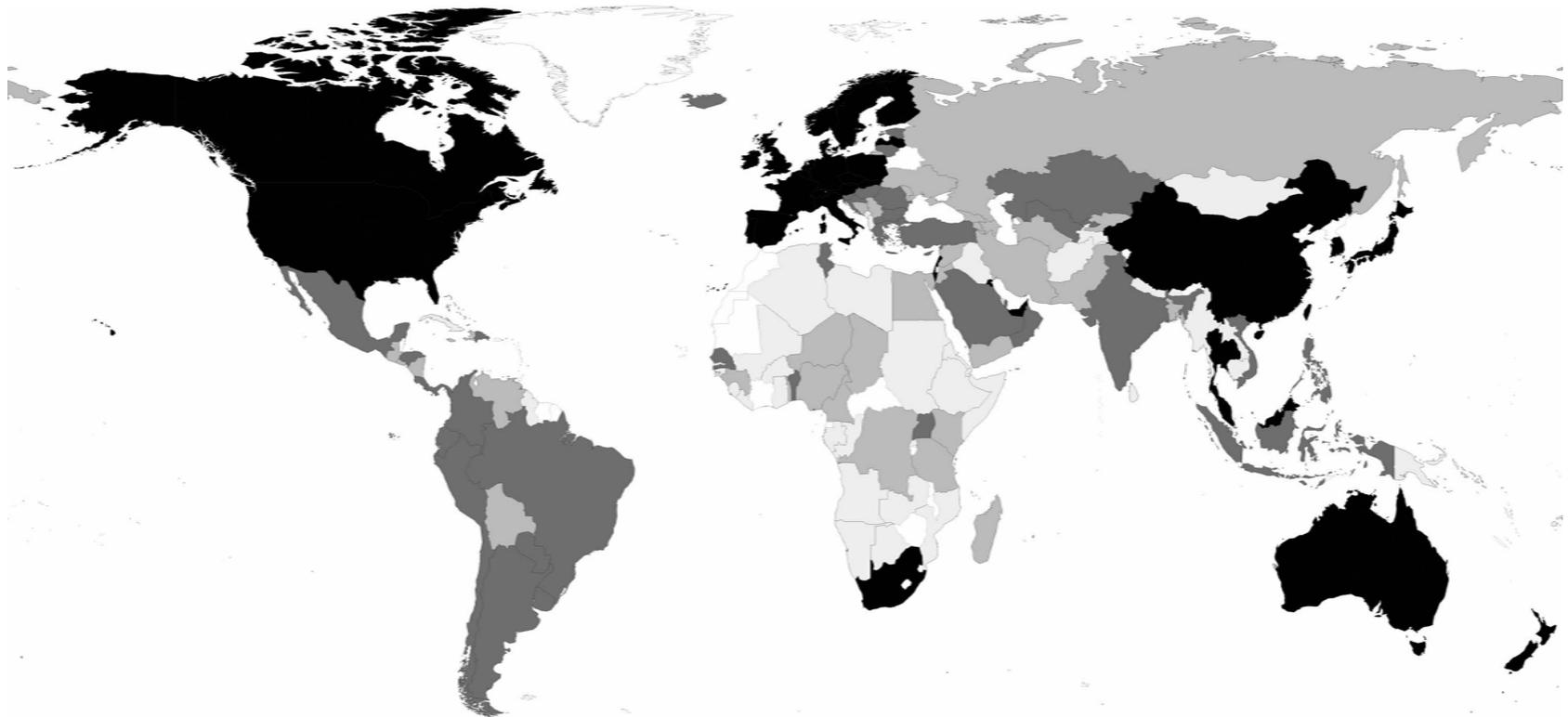
**One of the useful instruments is Logistics Performance Index (LPI) of the World Bank (2007 and 2010).**



## **Logistics Performance Index (LPI)**

**The LPI is a multidimensional assessment of logistics performance, rated on a scale from one (worst) to five (best). It uses more than 5,000 individual country assessments made by nearly 1,000 international freight forwarders to compare the trade logistics profiles of 155 countries.**

# The Logistics Performance Index 2010



□ LPI 1–2.48

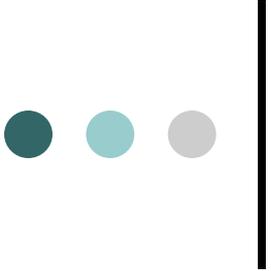
□ LPI 2.48–2.75

■ LPI 2.75–3.23

■ LPI 3.23–5

□ No data

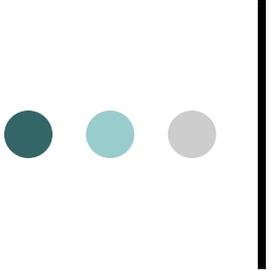
1 is the lowest score; 5 is the maximum score.



# Measuring logistics performance using the LPI

The World Bank's Logistics Performance Index (LPI) summarizes the performance of countries in six areas that capture the most important aspects of the current logistics environment:

- Efficiency of the customs clearance process.
- Quality of trade and transport-related infrastructure.
- Ease of arranging competitively priced shipments.
- Competence and quality of logistics services.
- Ability to track and trace consignments.
- Frequency with which shipments reach the consignee within the scheduled or expected time.

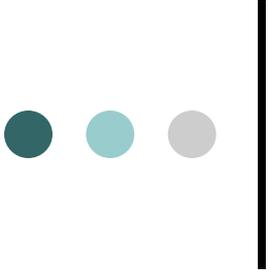


# Customs

**Efficiency of the clearance process**

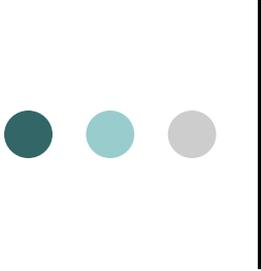
**(i.e. speed, simplicity and predictability of formalities)**

**by border control agencies including Customs**



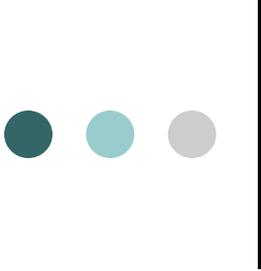
# **Infrastructure**

**Quality of trade and transport related infrastructure  
(e.g. ports, railroads, roads, information technology)**



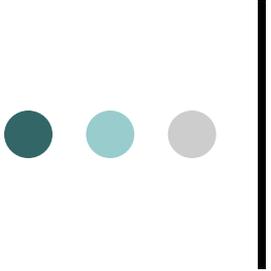
# **International shipments**

**Ease of arranging competitively priced  
shipments**



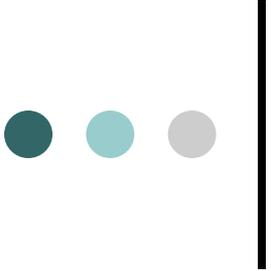
# **Logistics competence**

**Competence and quality of logistics  
services (e.g. transport operators,  
customs brokers)**



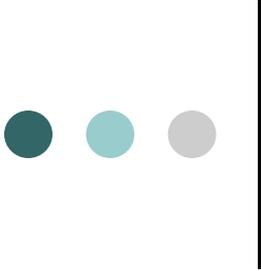
# **Tracking & tracing**

**Ability to track and trace consignments**



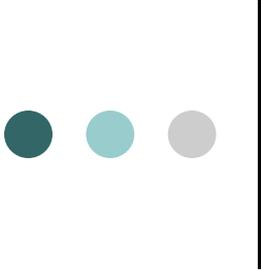
# **Timeliness**

**Timeliness of shipments in reaching destination within the scheduled or expected delivery time**



## International LPI: cross-country comparison

Country (world rank)	LPI	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Japan (7)	<b>3.97</b>	<b>3.79</b>	4.19	<b>3.55</b>	4.00	4.13	4.26
USA (15)	<b>3.86</b>	<b>3.68</b>	4.15	<b>3.21</b>	3.92	4.17	4.19
ROC (23)	<b>3.64</b>	<b>3.33</b>	3.62	<b>3.47</b>	3.64	3.83	3.97
China (27)	<b>3.49</b>	<b>3.16</b>	3.54	<b>3.31</b>	3.49	3.55	3.91
Russia (94)	<b>2.61</b>	<b>2.15</b>	<b>2.38</b>	2.72	2.51	2.60	3.23
Mongolia (141)	<b>2.25</b>	<b>1.81</b>	<b>1.94</b>	2.46	2.24	2.42	2.55



## **International LPI**

**Having an LPI lower by one point –**

**such as 2.5 rather than 3.5 –**

**implies two to four additional days**

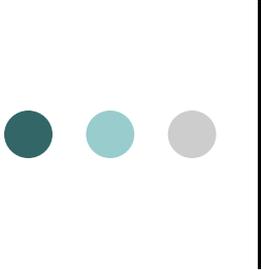
**for moving imports and exports**

**between the port and a company's warehouse.**



# Typology of countries according to impediments to logistics performance

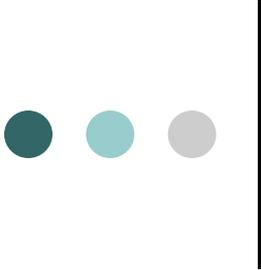
Logistics performance impediments	Logistics Unfriendly <b>1 – 2.48</b>	Partial Performers <b>2.48 – 2.75</b>	Consistent Performers <b>2.75 – 3.23</b>	Logistics Friendly <b>3.23 - 5</b>
Trade-related infrastructure	Serious constraint	Major constraint	Capacity bottlenecks to support trade expansion	Few bottlenecks, except rail
Quality and supply of logistics services	Low development	Weak market	Emergence of a diversified supply of logistics services	Industry leaders
Core customs modernization	Often still a major constraint	Potentially a major constraint	No longer a constraint	Best practice
Integration of border management	Comparatively a lesser problem	Major constraint	Typically the final binding constraint	Lesser problem
Regional facilitation and transit	Main issue for landlocked least developed countries	Problematic	Depends on the region	Streamlined



## **Supply chain reliability**

**A supply chain is only as strong as its weakest link.**

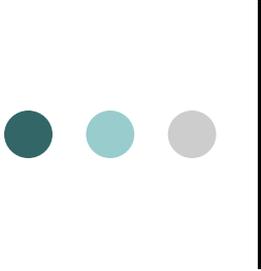
**This is right both for multimodal transportation, and for cross-boarder single-mode transportation, and for passenger transport, and for transport and logistics facilitation of trade.**



## **Regional facilitation: making trade corridors work better**

**Efforts should target not only the corridors infrastructure but also the transit regime or regional agreements. These arrangements are often at odds with the current paradigm of service quality and international logistics networks.**

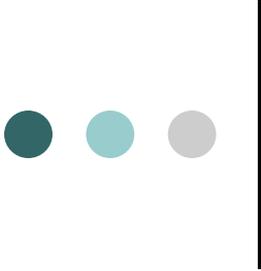
**Extensive changes may be needed.**



# **Financing – where to get huge money needed?**

**According to estimations made by ESCAP, ADB, and others institutions and experts required investments in transport infrastructure in NEA are very impressive.**

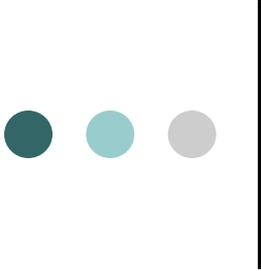
**The mechanism of PPP may not be applicable.**



# **Attractiveness of infrastructure segments for private investors**

**Taking into consideration such factors as**

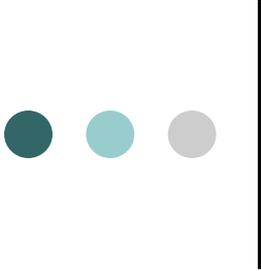
- Commercial market attraction**
- Regulatory complexity**
- Public services sensitivity**
- Incumbent interests**



# **Attractiveness of infrastructure segments for private investors**

**the ranking by volume of private investment is likely to be:**

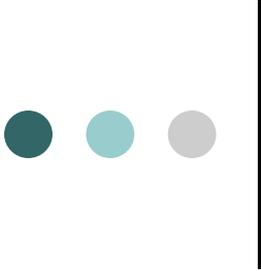
- 1. Telecommunications**
- 2. Electricity**
- 3. Airports**
- 4. Ports**
- 5. Roads**
- 6. Water**
- 7. Rail**



# **Soft infrastructure**

**We may start with projects “not-so-much-money-consuming”, e.g. with change and simplifications of rules, regulations, and procedures, or, in other words, with trade facilitation.**

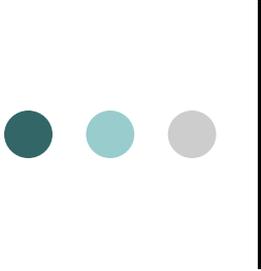
**Experience, accumulated in other regions (e.g. GMS) would be useful.**



# **Governmental awareness needed**

**Both for financing hard infrastructure projects, and for trade facilitation governmental involvement is needed.**

**While some decisions may be made on bilateral base, we need mechanisms of multilateral cooperation, as well.**



# **Institutionalization of international cooperation in NEA**

**We need appropriate institutionalization of international economic cooperation in NEA, as a whole, not only in transport and logistics. This institutionalization, in turn, would mean clear decision making and obligations by participants. We do not need just one more generator of words, we need generator of decisions.**



**Thank you!**