Logistics observatories: international experiences

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International Transport Forum at the OECD

► An **inter-governmental organisation** with 54 member countries focussing on transport

► A strategic **think tank** for global transport policy issues

► An **annual summit** of Ministers

Why focus on logistics performance

All components of trade logistics impact trade more significantly, by several magnitudes, than do distance or freight costs

To What Extent Are High-Quality Logistics Services Trade Facilitating?(OECD, 2011)

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1% cost reduction in logistics

could increase world income by

USD **40 billion**

Overcoming Border Bottlenecks, The Costs and Benefits of Trade Facilitation, OECD (2009)

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Eliminating supply chain barriers: Improving border administration and transport infrastructure halfway to world's best performers would alone lead to

+5% increase in global GDP

6 times more

than a complete worldwide tariff elimination

Enabling Trade: Valuing Growth Opportunities, World Economic Forum (2013)

Logistics costs as a percentage of GDP
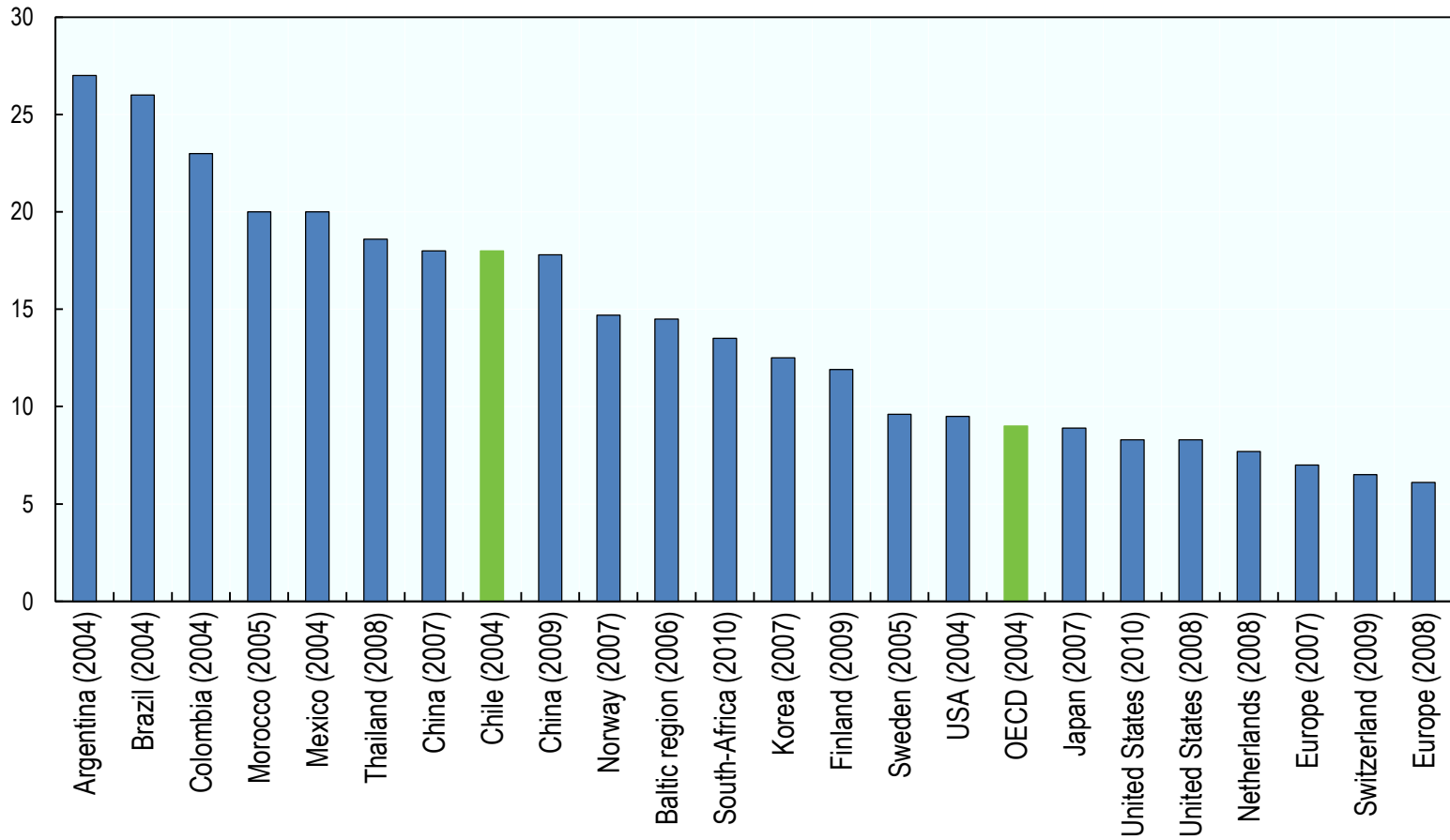
Logistics Performance Index

Customs

Infrastructure

Ease of arranging
shipments
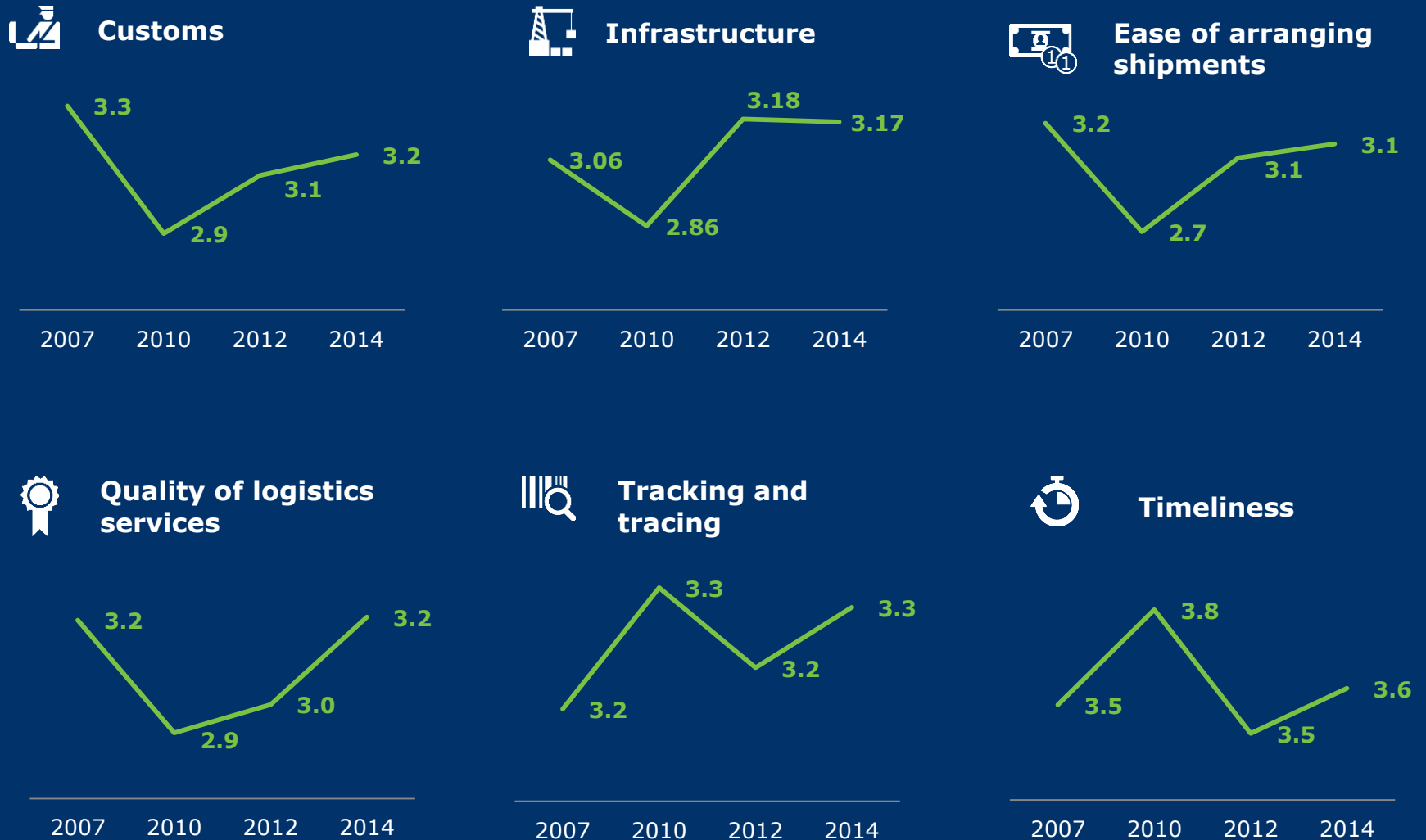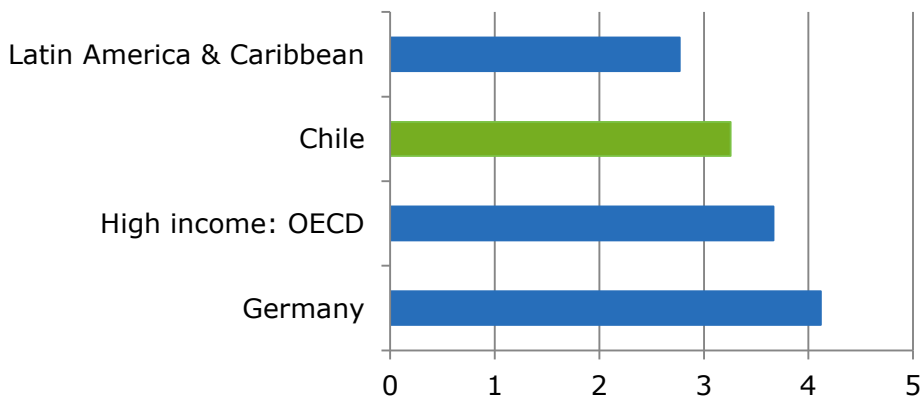
Quality
of logistics services

Timeliness

Tracking
and tracing

"Connecting to Compete, Trade Logistics in the
Global Economy" World Bank (2014)

Chile's logistics performance

Customs

3.3
2.9
3.1
3.2

2007 | 2010 | 2012 | 2014

Infrastructure

3.06
2.86
3.18
3.17

2007 | 2010 | 2012 | 2014

Ease of arranging shipments

3.2
2.7
3.1
3.1

2007 | 2010 | 2012 | 2014

Quality of logistics services

3.2
2.9
3.0
3.2

2007 | 2010 | 2012 | 2014

Tracking and tracing

3.2
3.3
3.2
3.3

2007 | 2010 | 2012 | 2014

Timeliness

3.5
3.8
3.5
3.6

2007 | 2010 | 2012 | 2014

Trade impact of logistics performance

LPI score of selected regions

Chart: LPI score of selected regions (horizontal bar chart, x-axis 0 to 5)
- Latin America & Caribbean: ~2.8
- Chile: ~3.2
- High income: OECD: ~3.7
- Germany: ~4.1

Trade impact of logistics performance

+40% to 50%

LPI score of selected regions
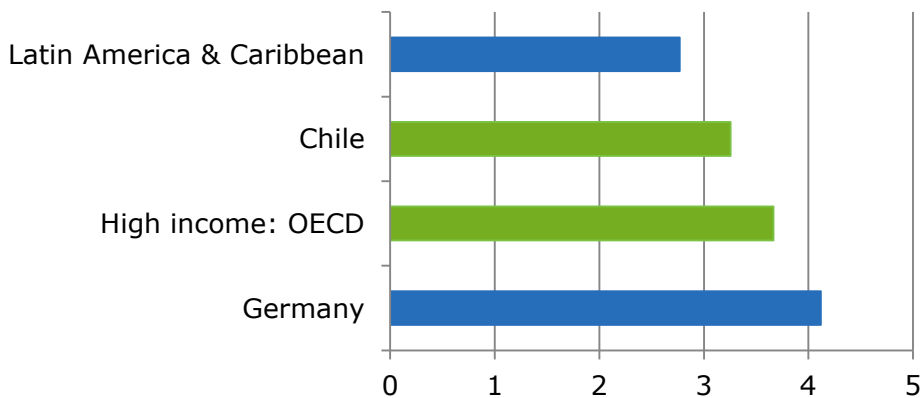
Region	Score
Latin America & Caribbean	
Chile	
High income: OECD	
Germany	

(x-axis: 0, 1, 2, 3, 4, 5)

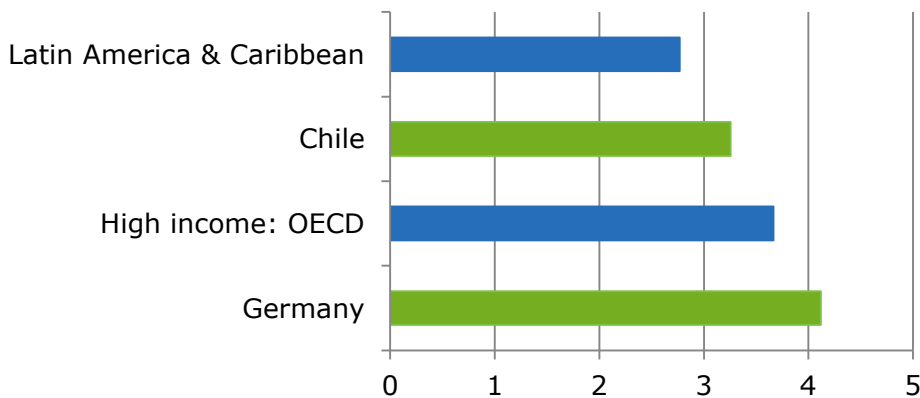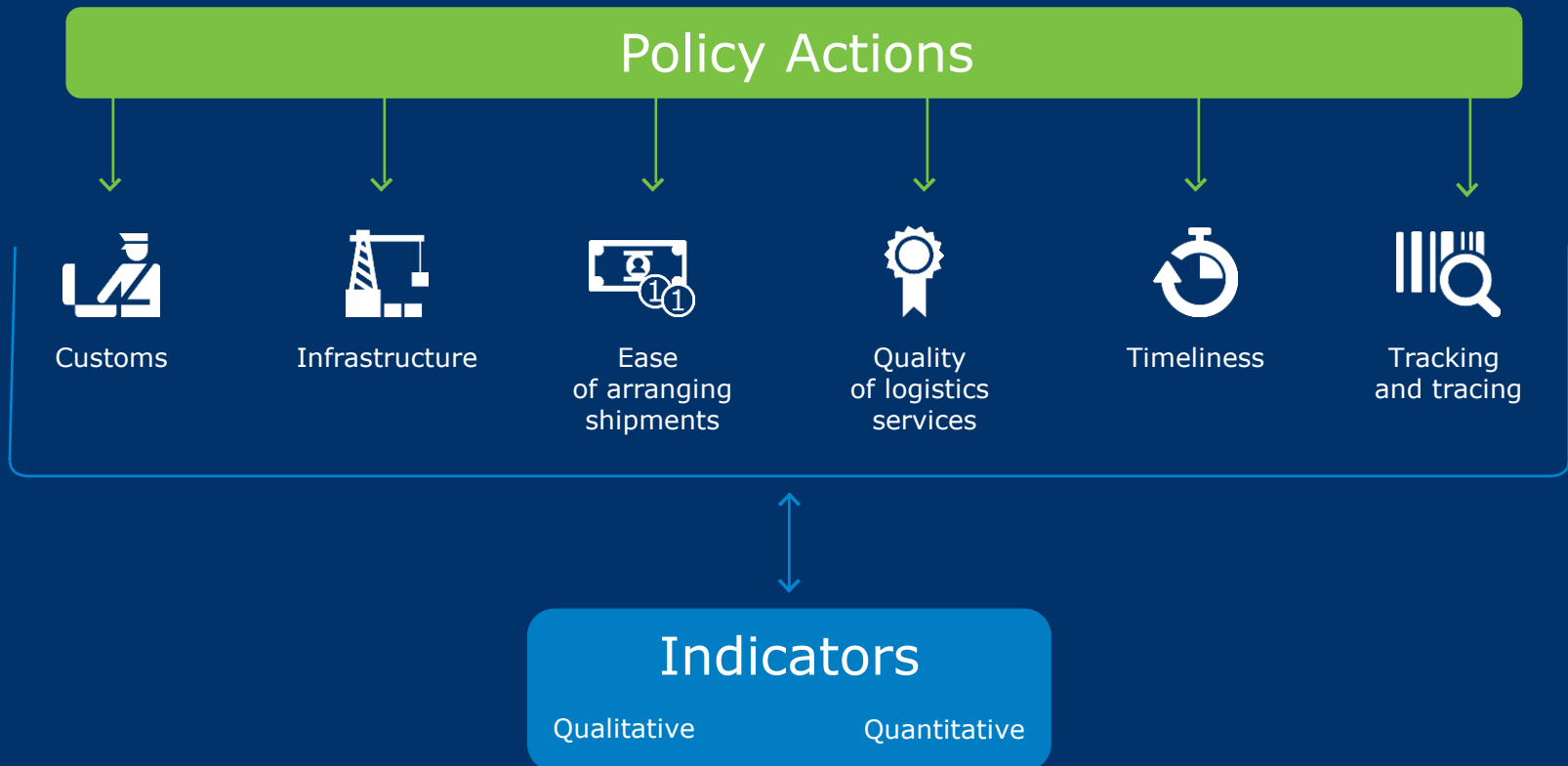*ITF Secretariat based on LPI and Korinek & Soudin (2011), To What Extent Are High-Quality Logistics Services Trade Facilitating?, OECD.*

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Trade impact of logistics performance

+140% to 180%

LPI score of selected regions

Region	LPI score
Latin America & Caribbean	(≈2.7)
Chile	(≈3.2)
High income: OECD	(≈3.6)
Germany	(≈4.1)

ITF Secretariat based on LPI and Korinek & Soudin (2011), To What Extent Are High-Quality Logistics Services Trade Facilitating?, OECD.

Need to understand better how policies affect the logistics performance under different trade and transport facilitation components

Policy Actions

| Customs | Infrastructure | Ease of arranging shipments | Quality of logistics services | Timeliness | Tracking and tracing |

Indicators

Qualitative   Quantitative

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Logistics an elevated priority

❑ Several countries acknowledge importance of implementing a national logistics strategy

❑ Need objective, fact-based, metrics to:

  ❑ Provide reliable benchmarks;

  ❑ Monitor and compare global advances in logistics;

  ❑ Assess impact of policies;

  ❑ Improve country's logistical competitiveness;

  ❑ Attract foreign direct investment, etc.

Logistics observatories

A word of caution

❑ A wide range of types of observatories

❑ Definition of logistics itself is vague

❑ Institutional arrangements vary depending on composition, mandate, size, etc.

❑ This is a stylised description – not detailed review

❑ Difficult to access information – mainly secondary sources used and expert interviews

❑ Limited information on performance of logistics observatories

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A growing number of "logistics observatories"

❑ International benchmarking

    ❑ International Transport Forum at the OECD (logistics costs, freight performance indicators, Transport Outlook), World Bank (Logistics Performance Index, Doing Business, Eurostat (transport statistics), IDB (Regional freight observatory, Customs performance indicators, etc.), World Economic Forum (Global competitiveness report), UNCTAD, ICAO, UIC, IMO, IATA, etc. (mode specific indicators and statistics)

❑ National research centres, observatories, other initiatives

    ❑ Canada, Netherlands, Germany, Spain, France, Finland, Norway, United States, Panama, Colombia, Mexico, Argentina, Paraguay, Uruguay, Thailand, Indonesia, South Africa, Singapore, Malaysia, Indonesia, several in South East Asia, etc.

❑ Other data collection

    ❑ National statistical offices, corridor/regional level logistics studies, etc.

Wide range of functions

❑ Diagnostic and monitoring logistics performance

❑ Building reliable indicators and packaging them to drive policy-making

❑ Knowledge dissemination/platform for best practices

❑ Supporting training and education in logistics

❑ Strategic policy advice / evidence base for government decision-making

❑ Raising profile of logistics and the country

Wide range of activities

❑ Information pooling (repository for information);

❑ Information synthesis (overviews and synthesis in terms of periodic reports;)

❑ Flagship publications

❑ Research (from filling data gaps to setting research agenda for logistics);

❑ Workshops, public events, training;

❑ Advice to specific policy questions, etc.

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Several business models

❑ One-shot or specific financed activities still common

❑ Knowledge still developed in isolation – no network between observatories

❑ No definitive business model for observatories yet

  ❑ Public-private partnerships are being explored more

  ❑ Not so dependent on government funding alone

❑ Sense of ownership is critical

Many have failed

❑ Sustainability a key challenge

    ❑ Initial interest fades away and the purpose of the exercise is forgotten

❑ Objective is not crystalised

❑ Indicators are too complex and not linked to real policies or business needs

❑ Lack of strategies for funding

❑ Lack of institutionalisation/sense of ownership

Success factors

❑ A clear objective/purpose (why are we doing this);

❑ A clear policy connection (what are we doing, indicators linked to actionable policies);

❑ Measurable targets (success breeds success);

❑ Strong commitment both from public and private side (ownership of the exercise);

❑ Regular feedback on indicators and their usefulness (with periodical reviews of them); and

❑ Sustainability (need a well defined business plan);

Data areas to support decision-making

❑ Thorough exercise with stakeholders and experts to identify key data areas

   ❑ Modal split

   ❑ Market diversity (characterisation of sector)

   ❑ Logistics activity and expenditure (volumes, prices, costs)

   ❑ Resource utilisation/productivity (labor, fuel use)

   ❑ Service quality (KPIs, transit time, reliability)

   ❑ Sustainability (environmental and social costs and benefits)

Thank you

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