

*Inbound Logistics'* 16th annual Global Logistics Guide provides an around-the-world look at the issues, opportunities, and concerns likely to affect global supply chain networks.

2020

**inbound  
logistics**  
a **ii THOMAS**™ company

# GLOBAL LOGISTICS GUIDE

Contagion. Protectionism. Localization. When one of the largest economies sneezes, the world catches cold. When the two largest economies engage in a tariff fight, world trade bystanders get hurt.

Uncertainty is causing many companies to rethink globalization in favor of localization. The coronavirus is having a large impact beyond sickness and death—global supply chains that send high volumes of commodities and components to China are seeing large downward revisions in their GDPs. Global supply chains that depend on the output of components and finished goods based on those materials are feeling pinched as well.

Tariff threats and growing global tendencies toward higher levels of protectionism contribute to reduced trade flows. On a positive note, the continued communications revolution is expected to ease trade and consumption. The Internet of Things (IoT) and 5G are promising greater capabilities and efficiencies for procuring, producing, and tracking the international flow of goods using cloud-based software as a service.

It appears 2020 will be a year of supply chain hesitations, and then continued growth. *By Mike Ogle*

# ASIA

Asia remains the most dynamic region in the world, accounting for more than 70% of global growth in 2019 (China accounts for 40% of that). A tremendous volume of goods flows within the region as well, and all these countries have strong import/export and production capabilities.

All other countries in the region have benefited from the diversification away from China, but have also been hurt by trade tensions overall.

Tourism remains strong and welcome. Continued growth is expected throughout the region, resulting from substantial infrastructure investments. Hong Kong's long-standing role as the open financial and trade capital of the region may shift to Singapore.

## KEY

**US FDI** Foreign Direct Investment.

**ALL AMOUNTS** in \$U.S. billions.

**X FACTOR** provides a +1, 0, or -1 score based on a country's major existing or potential disruptions or opportunities/strengths.

### WORLD BANK LPI SCORE

The Logistics Performance Index ranges from 1 to 5, with a higher score representing better performance. The World Bank provides the score based on its global survey of freight forwarders and express carriers on the logistics "friendliness" of countries where they operate and trade. Countries are scored based on customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.



## CHINA

GDP **\$13,608**  
EXPORTS **\$2,656**  
IMPORTS **\$2,549**  
US FDI **\$117**

X FACTOR

**-1**

Doubly challenged due to the coronavirus and trade tensions with the United States.

- Highly criticized internationally for authoritarianism and ever-changing adjustments to views about Hong Kong and Taiwan.
- The second-largest economy, leader of the ASEAN Economic Community, and still growing strongly despite all other issues.
- Has developed into a highly influential world power with many investments in countries around the world, primarily for access to commodities.
- Infrastructure investments are still strong through the Belt and Road Initiative and the Greater Bay Area plan.

WORLD BANK LPI SCORE

**3.61**



## VIETNAM

GDP **\$245**  
EXPORTS **\$260**  
IMPORTS **\$251**  
US FDI **NA**

X FACTOR

**1**

One of the strongest GDP performers during the past decade, with projected growth of 6.5%.

- Economic and political reforms led to rapid growth, primarily as a manufactured products and components exporter. Also seeing a robust growth in services.
- Foreign investment continues to be strong.
- Unlike the rest of the region, 70% of the population is under 35 years old. Average age is rapidly rising, however.
- Education quality is high, with strong Program for International Student Assessment (PISA) scores.

WORLD BANK LPI SCORE

**3.27**



## SOUTH KOREA

GDP **\$1619**  
EXPORTS **\$713**  
IMPORTS **\$631**  
US FDI **\$42**

X FACTOR

**0**

Strong industrial leader and exporter. Expected to grow 2% in 2020.

- Diversified manufacturer of steel, automobiles, electronics, and semiconductors (its largest export category at 20%).
- High tech and highly educated. Recently announced \$51 billion in infrastructure spending and interest-rate cuts.
- On-again, off-again disputes with Japan cause some uncertainty.
- K-pop and the Academy Award-winning movie *Parasite* are well-known exports, but don't move the needle economically.

WORLD BANK LPI SCORE

**3.61**



## JAPAN

GDP **\$4,971**  
EXPORTS **\$917**  
IMPORTS **\$904**  
US FDI **\$125**

X FACTOR

**0**

Facing a recession after the effects of a value-added tax increase from 8% to 10% in October 2019, hurting private consumption.

- Economy also hurt by both trade tensions in the region and the coronavirus. Ultra-low interest rates are attempting to counter the trend.
- Hosting the 2020 Tokyo Summer Olympics can help (if they happen). Growth will be small, if any, in 2020.
- Still a stable, diversified, well-educated country with strong tech and road infrastructure. However, population is aging and shrinking.

WORLD BANK LPI SCORE

**4.03**



## HONG KONG

GDP **\$363**  
EXPORTS **\$683**  
IMPORTS **\$683**  
US FDI **\$83**

X FACTOR

**-1**

Social unrest is hurting Hong Kong, and current projections find no growth in 2020.

- Heavily dependent on the flow of people and goods. Tourism is expected to drop sharply, as is domestic spending.
- There are typically four times the number of visitors compared to the population.
- Exports, which include tourism, are twice the GDP.
- The government is pursuing stimulus measures to ride out the current storm.
- Trade with China is high in both directions as many goods are re-exported worldwide.

WORLD BANK LPI SCORE

**3.92**

# SOUTHEAST ASIA & INDIA

Countries in Southeast Asia and India have benefited from the diversification away from China, but have also been hurt by trade tensions. India's growth pace and size is the counterweight to China. Malaysia and Indonesia together are large, business-friendly sites with a combined population approaching that of the United States.

Tourism has been welcomed and is strong. Singapore may be turning into the open financial and trade capital of the region, shifting slightly from Hong Kong's historical role. Continued strong growth is expected as infrastructure investments are substantial throughout the region.



## THAILAND

GDP **\$505**  
EXPORTS **\$337**  
IMPORTS **\$285**  
US FDI **\$18**

X FACTOR  
**1**

Southeast Asia's second-largest economy is experiencing its slowest growth in five years.

- Experiencing high household debt. Trade tensions hurt a country heavily dependent on exports and investment.
- A surge in value of the Baht against the dollar hurt exporters and tourism, which has been a focus for the country.
- Population is rapidly aging.
- Offering a 50% tax cut for five years to manufacturers relocating production.
- Labor rules are easing and training support is provided to further stimulate foreign investment.

WORLD BANK LPI SCORE

**3.41**



## INDIA

GDP **\$2,719**  
EXPORTS **\$537**  
IMPORTS **\$643**  
US FDI **\$46**

X FACTOR  
**0**

Amazon CEO Jeff Bezos told the *Financial Times*: "I predict that the 21st century is going to be the Indian century."

- The United States and India are strongly connected democracies in trade and the exchange of expertise, but tariffs create a cloudy outlook.
- Logistics costs as a percentage of GDP are well above those of other developing countries.
- Vast country with the second-largest population at 1.3 billion.
- Larger cities need significant infrastructure investment to reduce congestion and delays.
- E-commerce is growing quickly.
- Has been called the electric scooter capital of the world.

WORLD BANK LPI SCORE

**3.18**



## MALAYSIA

GDP **\$359**  
EXPORTS **\$247**  
IMPORTS **\$221**  
US FDI **\$14**

X FACTOR  
**0**

One of the most open economies in the world and Southeast Asia's third-wealthiest country.

- Its diversified economy includes agriculture and commodities, but it is a leading exporter of electrical appliances, parts, and components.
- Labor is tight, and 40% of jobs are linked to exports.
- Growth has averaged more than 5% since 2010.
- Recently created two national cars and a national motorcycle to spur development and exports.
- Benefiting from diversification away from China.
- Leadership transition uncertainty is a concern.

WORLD BANK LPI SCORE

**3.22**



## SINGAPORE

GDP **\$364**  
EXPORTS **\$642**  
IMPORTS **\$546**  
US FDI **\$219**

X FACTOR  
**1**

The regional center for fast, open, high-volume global trade.

- Global trade is three times the GDP, which was revised downward due to the coronavirus.
- Investing strongly to become a global hub for tech firms, but also spending heavily on protection from rising seas.
- Phasing out petrol and diesel vehicles by 2040.
- Small, agile economy is also a strong financial center.
- Manufacturing focused on value-added electronics, which have taken the strongest hit due to contagion fears.
- Low unemployment makes it challenging to find new employees. Land constrained, but converting islands into mini-hubs for industries.

WORLD BANK LPI SCORE

**3.20**



## TAIWAN

GDP **\$590**  
 EXPORTS **\$336**  
 IMPORTS **\$286**  
 US FDI **\$18**

X FACTOR

**0**

Reelected a pro-growth leader in January 2020.

- Encourages Taiwanese companies to invest capital back into the country while building infrastructure.
- Modern, highly diversified manufacturer and exporter that also has well-developed and growing private consumption.
- Growth is slowing and should hit slightly more than 2%.
- Democracy and level of independence clash with China, causing uncertainty in long-term plans.
- The United States is its third-largest trading partner behind China and Hong Kong.

WORLD BANK LPI SCORE

**3.60**



## INDONESIA

GDP **\$1,042**  
 EXPORTS **\$218**  
 IMPORTS **\$230**  
 US FDI **\$11**

X FACTOR

**1**

Growth expectations of 5% should continue, aided by government incentives and stronger infrastructure spending.

- Many troubled, state-owned enterprises have been targeted to become more efficient and less wasteful.
- Labor regulations are being overhauled and foreign investment is strongly encouraged.
- New leadership with a business background is seen as a strong positive.
- Building a new \$34 billion capital city, involving a planning committee of international business leaders and former government chiefs of state.

WORLD BANK LPI SCORE

**3.15**



## BANGLADESH

GDP **\$274**  
 EXPORTS **\$41**  
 IMPORTS **\$64**  
 US FDI **NA**

X FACTOR

**0**

With an average of more than 6.5% GDP growth during the past decade, the country is becoming a fast-growing, low-cost manufacturing resource for the world, primarily in labor-intensive apparel; however, exports of ready-made garments have slowed.

- Infrastructure growth is not keeping pace, resulting in congestion and delays related to movement of goods.
- Continues to face weather-related risks, such as flooding and cyclones, because 60% of its land surface is five meters or less above sea level.
- Financial concerns rising due to underperforming loans.

WORLD BANK LPI SCORE

**2.58**

## KEY

**US FDI** Foreign Direct Investment.

**ALL AMOUNTS** in \$U.S. billions.

**X FACTOR** provides a +1, 0, or -1 score based on a country's major existing or potential disruptions or opportunities/strengths.

### WORLD BANK LPI SCORE

The Logistics Performance Index ranges from 1 to 5, with a higher score representing better performance. The World Bank provides the score based on its global survey of freight forwarders and express carriers on the logistics "friendliness" of countries where they operate and trade. Countries are scored based on customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.

# NORTH AMERICA



The biggest development in 2019 was renegotiating the North American Free Trade Agreement (NAFTA), replacing it with the United States-Mexico-Canada Agreement (USMCA). USMCA is more of an adjustment to NAFTA, but adds provisions that greatly affect agriculture and wages.

The U.S.-Mexico border flow and operations remain strong as both countries benefit greatly from the back-and-forth trade to produce products in stages. The border wall between the countries is controversial, but has little effect on trade flow so far, despite occasional threats to close the border for not curbing the flow of people and drugs from Mexico into the United States.

Canada and the United States continue a strong, stable trade relationship that is highly interdependent. Infrastructure links are good, but cross-border crossings using highways can get highly congested at some points.

## KEY

**US FDI** Foreign Direct Investment.

**ALL AMOUNTS** in \$U.S. billions.

**X FACTOR** provides a +1, 0, or -1 score based on a country's major existing or potential disruptions or opportunities/strengths.

## WORLD BANK LPI SCORE

The Logistics Performance Index ranges from 1 to 5, with a higher score representing better performance. The World Bank provides the score based on its global survey of freight forwarders and express carriers on the logistics "friendliness" of countries where they operate and trade. Countries are scored based on customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.



## CANADA

GDP **\$1,713**  
EXPORTS **\$551**  
IMPORTS **\$584**  
US FDI **\$402**

X FACTOR

0

Natural resources of oil, minerals (potash in particular), and timber are abundant.

- Highly educated and more open to immigration than the United States, but does apply strong standards.
- May need better internal trade policies as IMF says non-tariff trade barriers resulting from different regulations among provinces hurt labor mobility, limit consumer choice, fragment markets, stifle competition, and limit scale of production, lowering productivity growth.
- The United States' second-largest trading partner (China is first), but its No. 1 export market.

WORLD BANK LPI SCORE

**3.73**



## MEXICO

GDP **\$1,221**  
EXPORTS **\$480**  
IMPORTS **\$502**  
US FDI **\$115**

X FACTOR

0

Stands to benefit from the USMCA, primarily due to reduced uncertainty rather than specific policies.

- GDP growth is only about 1% and slowing.
- Corruption is still a concern overall, despite a national strategy to reduce it.
- U.S.-Mexico border continues to have strong connection with heavy flow of goods.
- Uncertainty associated with new leadership, which is viewed as less supportive of free-market policies.
- The trend toward localizing supply chains will benefit border areas.

WORLD BANK LPI SCORE

**3.05**



## UNITED STATES

GDP **\$20,544**  
EXPORTS **\$2,510**  
IMPORTS **\$3,148**  
US FDI **NA**

X FACTOR

0

The No. 1 economy in the world expects to grow 2% in 2020.

- Tariffs and other trade tensions with China and the EU result in shifts of alternate sourcing to limit future risk, but imports are heavy.
- Debt continues to grow as a result of a large tax cut that stimulated the economy, but resulted in large annual deficits.
- Important election coming in November 2020 with a politically and economically divided nation.
- Infrastructure initiative promises are on-again, off-again.
- Trade hubs and innovation in IoT and cloud-based visibility are strengths.

WORLD BANK LPI SCORE

**3.89**

# SOUTH AMERICA

Growth overall in the region has been low and looks to stay that way during the next few years. GDP per capita has declined and is below low, long-term rates. International Monetary Fund forecasts for the next five years show growth below the global average for emerging market economies.

Social unrest in several countries doesn't help, but reforms continue to show promise. Large amounts of natural resources resulted in a heavy reliance on commodity trade, but prices have stayed low. Improvement of trade-friendly policies looks to reverse the trend, but will take time.

Venezuela continues to drag down every measure of trade and growth for the region. Chile, Panama, Colombia, and Brazil continue to be the bright spots in the near-term for trade as well as internal development.



## PANAMA

GDP \$65  
EXPORTS \$26  
IMPORTS \$28  
US FDI \$5

X FACTOR

1

Panama Canal revenue (more than 10% of GDP) uncertain due to global trade issues related to tariffs and the coronavirus.

- Still a strong trading hub with continued higher growth than the rest of the region.
- Operating a new copper mine can help, but low commodity prices are an obstacle.
- Great location for the region's services trade—logistics, finance, and insurance.
- Strong for consolidation and reexport services, making it a great base within the region.

WORLD BANK LPI SCORE

3.28



## COLOMBIA

GDP \$331  
EXPORTS \$53  
IMPORTS \$69  
US FDI \$8

X FACTOR

1

The third-largest economy in South America is rising strongly as an open, pro-business country with a good talent pool.

- An emphasis on IT capabilities (Medellín is now a world-renowned tech hub) and English as a second language results in stronger ties with U.S. companies.
- Growth is still relatively strong at around 3%.
- Infrastructure outside of major cities is challenged, but investment is in progress.
- Open-border policies have resulted in a large number of Venezuelans seeking better opportunities.

WORLD BANK LPI SCORE

2.94



## BRAZIL

GDP \$1,869  
EXPORTS \$277  
IMPORTS \$267  
US FDI \$71

X FACTOR

1

By far the largest country and economy in South America (and ninth largest worldwide) with many large ports and population centers.

- China encompasses 28% of exports, decreasing 2020 GDP.
- After three years of weak growth, instituting reforms is expected to attract further investment.
- A member of the Mercosur group of trading countries in the region, focusing on free movement of goods by reducing restrictions.
- Agriculture is strong and agritech is a focus. Infrastructure is sound for access deep into the country.

WORLD BANK LPI SCORE

2.99



## CHILE

GDP \$298  
EXPORTS \$86  
IMPORTS \$86  
US FDI \$26

X FACTOR

0

Although one of the most open and diversified economies in South America, recent widespread protests are a concern.

- Commodity export levels still dramatically affect trade health (e.g., China is the top copper consumer, Chile is the top copper producer).
- GDP forecasts for 2020 and 2021 cut to about 1%.
- A long coastline, many ports, and business-friendly policies overall are strong pluses.
- 2019 was a busy year for trade agreements with the U.K., New Zealand, and Singapore.
- The United States is Chile's second-largest trading partner.

WORLD BANK LPI SCORE

3.32

# EUROPE

The region is a large producer of manufacturing and transport equipment, but that is where growth has turned negative. A general slowdown puts 2020 projected growth at less than 2%. Export volumes and industrial production rate remain flat.

No-deal Brexit increases uncertainty and will result in many supply chain shifts in the region. Car production is weak across Europe, particularly in Germany. The EU's new emission standards may reduce GDP.

Negative interest rates are new; when they will end is unknown. Also concerning are the tendencies toward protectionism and the types of leaders and coalitions gaining influence. The Brookings Institution views U.S.-European relations as being at a low 3.1/10.

The EU still serves as a consistently large, diverse market that is attractive for a base of operations nearly anywhere because of its consistent rules and agreements.



## FRANCE

GDP **\$2,778**  
EXPORTS **\$870**  
IMPORTS **\$892**  
US FDI **\$87**

X FACTOR

**-1**

Debt rises to 100% of GDP. Unrest strong as protests erupt each time leaders try to apply reforms for competitiveness.

- Logistics infrastructure solid.
- Unemployment at 8%, a new low from the economic crisis. President Macron is pushing pension reform to reduce debt.
- A reduction in taxes and red tape for startups results in a sharp rise in new businesses—transport and storage, real estate, manufacturing, and business support services.
- Factory outputs have low growth, primarily due to consumer goods. Food and beverages (expected from cheese and wine) make up 20% of French production.

WORLD BANK LPI SCORE

**3.84**



## UNITED KINGDOM

GDP **\$2,855**  
EXPORTS **\$857**  
IMPORTS **\$907**  
US FDI **\$758**

X FACTOR

**-1**

For several years it was uncertain what kind of Brexit would take place, but it appears that the no-deal version is in progress.

- Consumer confidence has grown since the final decision.
- Prime Minister Johnson is pushing hard to reduce, if not eliminate, most tariffs to encourage strong trade. GDP growth up in the air, but expected to land at 1%.
- Trade talks with the United States are planned, but automobiles may be an unpleasant hot topic.
- Uncertainty regarding London's leadership role in the region's finances when Brexit is complete.

WORLD BANK LPI SCORE

**3.99**



## SWITZERLAND

GDP **\$705**  
EXPORTS **\$466**  
IMPORTS **\$380**  
US FDI **\$278**

X FACTOR

**0**

Saw growth in pharmaceutical and precision instruments, including watches.

- Central bank expects less than 1% inflation.
- Projecting growth of slightly more than 1%.
- Unemployment is low.
- Zurich and Geneva rank as highly livable cities, but costs are high.
- Overall one of the best educated and healthiest countries. Strong in high-tech components.
- Was leading in 5G implementation, but now halted for health concerns needing more study.
- Third-highest GDP per capita.

WORLD BANK LPI SCORE

**3.90**



## CZECH REPUBLIC

GDP **\$245**  
EXPORTS **\$192**  
IMPORTS **\$177**  
US FDI **\$7**

X FACTOR

**0**

Predicting 2020 growth around 2%.

- Low unemployment raising inflation. Industrial production is declining.
- Current leadership reversing growth in ties to China.
- Labor shortages hurting growth on production lines.
- Evaluating whether to replace aging nuclear reactors or turn to alternative sources.
- Rising interest rates, but still relatively low historically.
- Recently ranked the No. 1 manufacturing location in Europe by Cushman Wakefield.
- Still seen as a lower-cost producer, but wages are rising.

WORLD BANK LPI SCORE

**3.68**



## BELGIUM

GDP **\$543**  
 EXPORTS **\$448**  
 IMPORTS **\$449**  
 US FDI **\$64**

X FACTOR  
**0**

Debt at 100% of GDP is one of the highest in Europe. Growth expected to be only slightly more than 1%.

- Lack of new government coalition that needs to deal with debt, an aging population, and climate change.
- Brussels faces heavy congestion and pollution due to its role as the EU hub for politics and industry, but still highly attractive for services growth and company regional headquarters.
- Seen by the Organization for Economic Cooperation and Development as having a rising skills shortage.
- Ranked highly as investment destination.

WORLD BANK LPI SCORE

**4.04**



## GERMANY

GDP **\$3,948**  
 EXPORTS **\$1,872**  
 IMPORTS **\$1,629**  
 US FDI **\$140**

X FACTOR  
**0**

World leader in exports of value-added manufacturing goods with expertise in production machinery, but factory outputs are recently weak.

- Strictest fiscal discipline in the region.
- Planning for a new Tesla Gigafactory near Berlin, but faces concerns about environmental impact.
- New international airport opening near Berlin.
- Minimum wage increase several years ago appears to be having the desired effect without drawbacks.
- Concern that successors to Chancellor Merkel's leadership may be too protectionist.
- Unemployment at around 5%.
- Plans to phase out coal by 2038, but needs more generation clarity to replace it.

WORLD BANK LPI SCORE

**4.20**



## NETHERLANDS

GDP **\$914**  
 EXPORTS **\$770**  
 IMPORTS **\$670**  
 US FDI **\$883**

X FACTOR  
**0**

The Dutch government cut the maximum speed limit to 100 km per hour to lower emissions.

- Concern regarding rising seas and great amount of infrastructure dedicated to regional logistics.
- Economic stimulus plan of tax cuts and extra investments. 2020 growth expected to be about 1.5%.
- Ranked first in language skills by IMD Talent Rankings. About 70% of masters degrees are taught in English.
- Has seven of the world's top 80 universities.
- Weaker regional supply chain demands may impact the country. Housing market tight with a dense population.
- Port of Rotterdam ranked "most attractive" to serve the region.

WORLD BANK LPI SCORE

**4.02**

## KEY

**US FDI** Foreign Direct Investment.

**ALL AMOUNTS** in \$U.S. billions.

**X FACTOR** provides a +1, 0, or -1 score based on a country's major existing or potential disruptions or opportunities/strengths.

## WORLD BANK LPI SCORE

The Logistics Performance Index ranges from 1 to 5, with a higher score representing better performance. The World Bank provides the score based on its global survey of freight forwarders and express carriers on the logistics "friendliness" of countries where they operate and trade. Countries are scored based on customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.



## POLAND

GDP **\$586**  
 EXPORTS **\$326**  
 IMPORTS **\$305**  
 US FDI **\$13**

X FACTOR  
**0**

Solid growth in domestic demand and rising wages.

- Labor market is tight. GDP gains are around 3.5% in 2020.
- Increasing concerns about political influence on judiciary system. Household consumption growing strongly, greatly changing urban centers.
- Tourism continues to break records. Aging population and tighter labor market lead to more automation, primarily in lower-tech industries.
- Fighting its reputation as a cheap labor location by greatly increasing minimum wages.
- Lower investments in research and development.
- High coal use. Plans to focus on energy security versus carbon footprint.

WORLD BANK LPI SCORE

**3.54**

# RUSSIA, TURKEY, UKRAINE



The region is expected to grow 2.5% in 2020. Russia and Ukraine have both had slowdowns, but Turkey was not as bad as originally expected.

Turkey-Russia ties have strengthened and resulted in distancing from the United States. Ukraine and Russia tensions continue, but the new natural gas agreement for flows to the EU eases one major tension in the region.

Russian budget balancing for the past two years has been a surprise while debt greatly increased in Turkey.

## KEY

**US FDI** Foreign Direct Investment.

**ALL AMOUNTS** in \$U.S. billions.

**X FACTOR** provides a +1, 0, or -1 score based on a country's major existing or potential disruptions or opportunities/strengths.

## WORLD BANK LPI SCORE

The Logistics Performance Index ranges from 1 to 5, with a higher score representing better performance. The World Bank provides the score based on its global survey of freight forwarders and express carriers on the logistics "friendliness" of countries where they operate and trade. Countries are scored based on customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.



## UKRAINE

GDP **\$131**  
EXPORTS **\$59**  
IMPORTS **\$70**  
US FDI **NA**

X FACTOR

0

President Zelensky, a former comedian, leads a country that has an uneven relationship with the United States overall.

- Tensions with Russia still high, but generally has strong worldwide support. Recent Russia-Ukraine deal eases one of the EU's biggest concerns.

- Moved to higher natural gas prices, which helped finances. Highly valued soil for agriculture, plus capable of heavy industrial production.

- Labor productivity continues to increase. Software exports rose to 10% of GDP.

WORLD BANK LPI SCORE

**2.83**



## TURKEY

GDP **\$771**  
EXPORTS **\$228**  
IMPORTS **\$236**  
US FDI **\$5**

X FACTOR

0

Country leaders take measures to support the lira, pushing for 5% growth in 2020 after the previous year's slump.

- Disputes over new natural gas found in the Mediterranean and a multicountry pipeline it hasn't been invited to join.

- Closer cooperation with Russia troubles the United States, which passed an act excluding Turkey from the F-35 jet program.

- Agricultural/industrial growth ended on an upswing in 2019.

- Rapid growth of more than 5% during the past decade.

- Women's participation in the labor force has grown.

- Construction investment high through external investments and credit, but debt grows.

WORLD BANK LPI SCORE

**3.15**



## RUSSIA

GDP **\$1,658**  
EXPORTS **\$510**  
IMPORTS **\$344**  
US FDI **\$15**

X FACTOR

0

Instituted a new value-added tax rate early in 2019 that increased inflation.

- One of the top five producers of precious metals.

- Continued high level of state-owned companies. Their long-time leadership is becoming a greater concern and potentially cuts growth prospects.

- Expecting 2% growth in 2020.

- Government expenditures to increase by more than 10% to stimulate growth.

- United States and EU sanctions from the 2014 Crimea annexation continue.

- Spent trillions to develop internal substitutes for goods that were previously imported.

- Had budget surplus the past two years.

- Plans item traceability by implementing codes and tags for all consumer goods.

WORLD BANK LPI SCORE

**2.76**

# MIDDLE EAST & AFRICA

These regions' dependence on commodity resource exports disrupts supply chains and lowers demand forecasts due to uncertainty.

In Nigeria, every \$10 drop in oil prices is a \$500 million drop in income per month, according to economists. Most of this region's countries face similar drops in oil, gas, and other commodities. Once the crisis passes, similar disruptions will fill gaps using infrastructure that is not yet developed to ramp back up as well as down.

Bright spots include the Expo 2020 World's Fair in the United Arab Emirates and the FIFA World Cup coming to Qatar in 2022.



## SOUTH AFRICA

GDP **\$368**  
EXPORTS **\$110**  
IMPORTS **\$109**  
US FDI **\$8**

X FACTOR

-1

The IMF sees the second-biggest economy in the continent as having weak private investment and productivity growth, with pockets of high unemployment in a divided society.

- Services are growing, but other traditional industrial sectors are flat or declining.
- State-run power firm in heavy debt, causing power outages particularly in mining.
- Growth predicted at less than 1%.
- Credit rating drop is a threat.

WORLD BANK LPI SCORE

**3.38**



## QATAR

GDP **\$191**  
EXPORTS **\$103**  
IMPORTS **\$66**  
US FDI **\$11**

X FACTOR

0

This export-dependent oil producer has become a significant liquefied natural gas supplier. Reserves are estimated to be strong, so the country plans to export even more throughout the 2020s.

- Investing in education and health to diversify the economy.
- Building its first large-scale solar energy plant to provide 10% of demand.
- Spending greatly on infrastructure to prepare to host the 2022 FIFA World Cup.
- Is part of the Gulf Cooperation Council.

WORLD BANK LPI SCORE

**3.47**



## SAUDI ARABIA

GDP **\$787**  
EXPORTS **\$314**  
IMPORTS **\$210**  
US FDI **\$11**

X FACTOR

0

Oil economy is still clearly No. 1 (80% of exports) and has dramatically raised the country's standard of living.

- Working heavily on diversification, but petrochemicals and plastics still dependent on oil. National Industrial Development and Logistics Program helps with diversification to increase focus on mining, other energy sources, and logistics.
- Saudi Aramco's initial public offering made news in worldwide stock markets.
- New laws open up foreign ownership, bankruptcy, and mortgages. Finally providing greater freedoms to women.

WORLD BANK LPI SCORE

**3.01**



## UNITED ARAB EMIRATES

GDP **\$414**  
EXPORTS **\$389**  
IMPORTS **\$282**  
US FDI **\$17**

X FACTOR

0

Committing \$23 billion to Indonesian infrastructure and energy projects, which involves 11 business agreements in energy, oil, gas, petrochemical, seaport, telecommunication, and research.

- Recently low oil prices have hurt finances.
- Ties its own rates to U.S. interest rates.
- Property prices have dropped.

Dubai will host the Expo 2020 World's Fair, where a demonstration of high-bay freight container storage is planned, similar to storage racks for pallets.

- Tourism and service industry is stronger than oil.

WORLD BANK LPI SCORE

**3.96**

### KEY

US FDI Foreign Direct Investment.

ALL AMOUNTS in \$U.S. billions.

X FACTOR provides a +1, 0, or -1 score based on a country's major existing or potential disruptions or opportunities/strengths.

### WORLD BANK LPI SCORE

The Logistics Performance Index ranges from 1 to 5, with a higher score representing better performance. The World Bank provides the score based on its global survey of freight forwarders and express carriers on the logistics "friendliness" of countries where they operate and trade. Countries are scored on: customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.