Global Logistics Guide

oing business with counterparts overseas continues to grow in importance each year. Many U.S. businesses look to their offshore networks to streamline processes and improve supply chain synergies. Getting a better handle on the inbound logistics leg - from supplier or manufacturer to port of entry - not only affords companies greater control over the cost and movement of their goods, but also provides a clearer perspective on how and where they should locate strategic global facilities to meet marketplace demands. On the export side, understanding

infrastructure limitations

help you compensate, and

keep products flowing at

level of customer service.

Given the trade obsta-

encountered during this

past year – the aftermath

of the Asian tsunami, hur-

ricanes Katrina and Rita,

ongoing conflict in the

Middle East, and growing

cles businesses have

the lowest cost and highest

in areas you sell to can

CRITERIA FOR RANKINGS

LEADER: Established transportation and logistics culture and infrastructure with few obstacles to growth.

RISING STAR: Up and coming transshipment location with growing foreign investment.

LAGGARD: Outdated or insufficient transportation and technology infrastructure further compromised by regressive political and/or economic policies.

security challenges - strategic sourcing and global logistics capabilities have become key competitive differentiators when considering which countries to do business with.

Whether entering new markets, realigning global distribution channels, or creating contingency options, businesses must perform due diligence to match logistics and supply management needs with available resources. IL's annual Global Logistics Guide offers a birdseye view of select countries' capabilities to support logistics, transportation, and supply chain management best practices. Use this macro view of capabilities to evaluate and qualify a country's ability to support your logistics challenges, expansion opportunities, and strategic blueprint.

The Global Logistics Guide identifies hotspots as excelling in three key areas:

- **1. TRANSPORTATION INFRASTRUCTURE:** The density and breadth of airport and port infrastructure.
- **2. IT CAPABILITY:** The ability to participate in efficiencies created by global information and communications technology (ICT), specifically in supply chain management and transportation.
- **3. PEOPLE POWER:** *The strength and expertise of logistics talent.*

This year we have added an X-factor proviso to countries that have extenuating conditions that either add to or detract from their categorical rankings. Business culture and politics, political strife, progressive fiscal policy, and regressive policies all have bearing on both foreign and domestic investment in transportation, technology, and logistics education. These X factors can ultimately stymie or stimulate your ability to conduct logistics operations in that area.

The Global Logistics Guide serves as a mile marker for measuring countries that are either driving or taking a back seat to investing in transportation and logistics infrastructure. If you have any comments about our selections or methodology, please e-mail: editor@inboundlogistics.com.

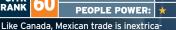
SOURCES: U.S. Department of State; World Port Rankings, American Association of Port Authorities (AAPA): Airports Council International: World Economic Forum's Growth Competitiveness Index: World Economic Forum's Global Information Technology Report; U.S. Census Bureau Foreign Trade Index

The Americas

IFXICO[®] GDP: \$717 billion







bly linked to the U.S., with 88 percent of all exports going north of the border. This trend will continue as 📐 Despite an outdated IT network and lagging English proficiency, transportation infrastruc ture in Mexico is among the densest in the Americas and will become even more vital to global trade as port volumes increase.

KEY TO COUNTRY RANKINGS				
* Below average				
★ ★ Average				
$\star \star \star$ Above average				
GITR RANK: The Global Information Technology Report ranks 104 countries on their ability to capitalize on global IT and communications technology developments.				
INFRASTRUCTURE: Density/breadth of airport/port infrastructure.				
PEOPLE POWER: Logistics talent strength/expertise				

CHILE: La EXPORTS: \$38 billion **IMPORTS:**

While Chile is making great efforts invest ing in information technology, infrast nt rates also re a result of restrictive labor laws - despite strong economic growth. Since 2003, Chile has been very proactive in pursuing trade agreements with the European Union, South Korea, the United States, and China among others, and has increased Foreign Direct Investment (FDI) from \$2.5 billion in 2003 to \$7.1 billion in 2004, thanks in great part to government incentives for investment.

\$97 billion

\$30 billion

NFRASTRUCTURE:

GDP:

GITR RANK

Mexic

RA7II :

GITR RANK

EXPORTS:

Canada

GITR

DA: Leader	CANADA: Lea
GDP: \$1 tril	GDP:
ORTS: \$365	EXPORTS:
ORTS: \$318	IMPORTS:
INCO	

STRUCTURE: PEOPLE POWER:

In 2005, Canada's GDP surpassed \$1 trillion for the first time and its ec Its bilateral rade partnership with the United States is the argest in the world. In 2005, 59 percent of its imports and 85 percent of its exports came from and went to the United States, accounting for 483 billion in trade.

GDP: \$606 billion \$115 billion IMPORTS: \$78 billion INFRASTRUCTURE: ***

PEOPLE POWER:

As the most progressive South American economy, Brazil has enjoyed strong export growth over the past few years, which many hope will balance out heavy government debt. While IT competency is still lacking, <mark>on the tra</mark>r waves. Three of its ports os - rank an e world in total cargo volume, and Sao Pac among the top 40 cargo airports globally

> Argentina **ARGENTINA: La** GDP: \$182 billion EXPORTS: \$40 billion IMPORTS: \$29 billion **INFRASTRUCTURE:** GITR RANK **PEOPLE POWER:** Argentina has been on the road to fiscal recovery since a major economic overhaul in 2002 curbed years of liberal government spending and borrowing, and political collusion. Exports continue to grow annually at a near double-digit percent clip thanks to the adoption of a market-based exchange rate. The second-largest economy in South America is making great strides as unemployment continues to drop, but for omy that is just re still wary about an ec

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ng back on its feet

^{*} The Global Information Technology Report published by the World Economic Forum ranks 104 countries by their capacity to exploit global information and communications technology (ICT) developments. It uses the Networked Readiness Index to measure a nation or community's degree of preparation to participate in and benefit from ICT developments.

^{**} All fiscal statistics have been converted to U.S. \$

Europe

RANCE GDP: \$2 trillion EXPORTS: \$443 billion IMPORTS: \$473 billion INFRASTRUCTURE: *** GITR RANK PEOPLE POWER: **

France has potential to become a major logistics and distribution player but faces challenges from competitive neighbors Germany, the Netherlands, England, Belgium, and Switzerland. Continued growth at primary ports in Marseille and Le Havre, and surging interest in Eastern Europe, will play to its favor but the country must do more to invite foreign investment.



Poor political relations with the U.S., excessive government taxation, and high labor costs may stifle U.S. foreign investment.

SPAIN: Rising Star			
	GDP: \$1 trillion		
EXPORTS:		\$194 billion	
IMPORTS:		\$272 billion	
GITR RANK 29		INFRASTRUCTURE:	*
		PEOPLE POWER:	*

Spain is strong in transportation infrastructure and logistics education. Valencia, Barcelona, and Algeciras are highly valued container ports and Madrid Baraja is a top cargo airport. The University of Zaragoza has partnered with MIT, local industry, and the government to sponsor the MIT-Zaragoza International Logistics Program, which offers faculty and students direct access to logistics activity and state-ofthe-art technology in a real-world setting. Spain has been proactive in developing strong tra with South America, North Africa, and the U.S. as it evolves into a true global crossroads.

IRELAN	D: Le	ader
(GDP:	\$194 billion
EXPO	RTS:	\$102 billion
ІМРО	RTS:	\$66 billion
GITR	22	INFRASTRUCTURE

RANK The Celtic Tiger roars as Ireland's transformation into one of Europe's most dynamic economies continues. Strengths in the IT, financial, and pharmaceutical sectors have enhanced the island's value proposition as a thriving European economy. Its ancestral ties with the United States have also helped. The United States is Ireland's second-largest export destination and more than 570 U.S. subsidiaries do business in the country.



ERMA	ERMANY: Leader				
	GDP:	\$2.8 trillion			
EXPO	ORTS:	\$1 trillion			
IMPORTS:		\$801 billion			
GITR ANK	14	INFRASTRUCTURE:	***		
ANK	14	PEOPLE POWER:	**		

Germany has traditionally relied on the strength of its export market, which accounts for nearof its export marker, which account a product ly one-third of its GDP. However, high product and labor costs, and the migration of man-ufacturing to cheaper locations in Eastern Europe highlight the lack of diversity and "social market econom ms. Germany's central Europe location could be pivotal if it shifts from production-oriented activities to distribution and logistics. Hamburg places ninth in the world for container traffic; Frankfurt ranks seventh for cargo airports.

NITED KINGDOM:

	GDP: \$2.3 trillion		
EXPO	EXPORTS: \$373 billion		6
IMPO	ORTS:	\$484 billion	
GITR	12	INFRASTRUCTURE:	**
RANK		PEOPLE POWER:	***
The commonality of language and culture are inherent advantages to locating facilities in the UK, though much like the United States, it is beginning to face similar capacity and conges- tion iscues. Fallistowe ranks among the too five			

container ports in Europe, and London Heathrow is among the world's top 20 cargo airports.

NETHERLANDS: Lea

GDP:		\$600 billion	
EXPORTS:		\$365 billion	1
IMPORTS:		\$327 billion	S.
GITR	16	INFRASTRUCTURE:	**
ANK	10	PEOPLE POWER:	**

Laying claim to the second-largest port global-ly in terms of cargo tonnage (Rotterdam), the Netherlands continues to pace the world in progressive transportation and technology policy. It ranks 11th in the world in IT readiness according to the World Economic Forum's IT Ranking, has ucated labor pool, and is a vanguard in tise. The United States is its largest investor, and 1,600 U.S. companies have subsidiaries or offices based there.

BELGIUM: Lea GDP: \$361 billion EXPORTS: \$270 billion IMPORTS: \$265 billion INFRASTRUCTURE: *** GITR 26 RANK PEOPLE POWER:

Centrally located in the heart of industrialized Europe, Belgium has one of the world's best networks of canals, railways, ports, and roads. Antwerp is among the top 15 ports in the world in terms of cargo tonnage and TEUs, and two top-50 airports - Brussels and Liege - are additional assets. Given its highly developed logistics and transportation infrastructure, and the fact it imports an abundance of raw material and parts that are finished then re-exported, Belgium has the foundation to become an even bigger player in European distribution.

SWEDEN: Laggard			
	GDP:	\$362 billion	
		\$127 billion	
IMPORTS:		\$104 billion	
GITR RANK	6	INFRASTRUCTURE:	*
RANK		PEOPLE POWER:	*

den excels in IT proficiency, ranks third in the World Economic Forum's Growth Competitiveness Index, and has a pedigree for xcellence in manufacturing. Despite all this, sti e in manufacturing ation makes it an unwelcome place the locate facilities. Its "socialor businesses to locate facilities. Its "social-/ democratic culture of innovation" continues to , threaten long-term foreign and domestic invest-ment, while homegrown businesses are looking to countries where government taxation is less restrictive and labor is cheaper.

Must do a better job balancing stagnant economic policies with socially progressive ones to attract and retain businesses. stagnant economic policies with



SWITZERLAND: Leader

GDP: \$374 billion EXPORTS: \$149 billion IMPORTS: \$135 billion INFRASTRUCTURE: ** GITR RANK 9 PEOPLE POWER: ***

Switzerland is a pivotal player in European logistics, thanks to increasing manufacturing growth in Eastern Europe, a favorable business climate, and well-developed transportation infrastructure. Home to global 3PLs Panalpina and Kuehne + Nagel, it has similarly made investments in devel-oping middle management expertise with executive level logistics programs at the oping middle management expertise with executive level logistics programs at the University of St. Gallen, among other schools. Construction of the Alp Transit project, which will be the longest tunnel in the world when completed, will only add to Switzerland's already developed transportation network.

INI AND \$191 billion GDP: EXPORTS: \$68 billion IMPORTS: \$57 billion INFRASTRUCTURE: ★ GITR RANK PEOPLE POWER: **

Finland's IT development ranks third in the world according to the IT index, with particu-lar strengths in innovation and its transition to a digital economy. Helsinki is among the world's top financial capitals, which has helped the country become one of Europe's best-performing economies. Finland ranked first in the World Economic Forum's Growth Competitiveness Index. More than 80 percent of its foreign trade involves waterborne transport, which accounts for nearly 60 ports along the Baltic Sea. Further infrastructure development, and increased man-ufacturing outsourcing to Eastern Europe, will weigh heavily in its favor.

1	ESTON	A: Ris	sing Star	
		GDP:	\$13 billion	
			\$7 billion	
	IMPO	ORTS:	\$9 billion	
	GITR RANK	25	INFRASTRUCTURE:	7
	RANK	23	PEOPLE POWER:	7
	Despite	a nalti	ry GDP Estonia's free-m	21

ket-based economy, which stresses economic reform by way of privatizing what were once primarily state-owned enterprises, has helped the country pave a path for future economic growth. It is nearly energy independent, sup-plying the majority of its electricity needs with its own natural resources. Despite a less-than-average standard of living, its acces-sion into the EU bodes well for export growth and foreign investment. Estonia ranked 20th in the World Economic Forum's Growth Competitiveness Index, the highest among Eastern European countries.

CZECH REPUBLIC: R

	GDP: EXPORTS:		\$113 billion	
			\$78 billion	
	IMPO	ORTS:	\$77 billion	
	GITR 40		INFRASTRUCTURE:	*
	RANK	40	PEOPLE POWER:	**

The Czech Republic has been very successful reforming economic policies to be more amenable to foreign investors. Its accession into the EU in 2004 eliminated trade barriers and privatized the financial sector, bringing great-er credibility and sustainability to the former communist stronghold. All this bodes well for American businesses looking to shift manufacturing to Eastern Europe. On the downside, rampant corruption has some investors wary.

	* Belo	w average	
	★ ★ Aver	age	
7	* * * Abov	ve average	
1	Technology Rep on their ability	The Global Informatic port ranks 104 count to capitalize on globa nications technology	ries
4	INFRASTRUC airport/port infi	TURE: Density/brea	dth of
		ER: Logistics talent	Г

KEY TO COUNTRY RANKINGS

HUNGARY: Rising Star			
GDP:		\$107 billion	
EXPORTS:		\$62 billion	
IMPORTS:		\$65 billion	
GITR RANK	38	INFRASTRUCTURE:	*
		PEOPLE POWER:	**
Along with the Czech Republic and Estonia, Hungary is among Eastern Europe's more tech- nologically evolved countries, and that bodes well for the newly initiated member of the EU. Like many of its peers, privatization has been a huge economic driver, accounting for 80 per- cent of its GDP. Much of the country's success in the post-Communist era has been a result of foreign investment. To date, investors have pumped nearly \$30 billion into Hungary's indus- trial sector, creating jobs and a lucrative export market.			

RUSSIA: Langar GDP: \$740 billion EXPORTS: \$245 billion IMPORTS: \$125 billion GITR 62 INFRASTRUCTURE:

PEOPLE POWER: Russia has come a long way, overcoming years of stagnant growth and little invest ment. Still, its transpor eeds improvement and IT development is gging behind the rest of the world. On the plus side, Russia's wealth of untapped natural resources will likely attract foreign investment. Sakhalin Island, for example, is poised to become the next major global oil reserve.

NDIA:

GITR

RANK

was the second

Africa

GDP: \$691 billion

INFRASTRUCTURE: **

China's neighbor to the southeast is building

on its already strong reputation as a location

for telecommunications outsourcing. India

has a well-educated workforce proficient in

English and the government is looking to further develop port infrastructure. India

e second-fastest-growing m ny in the world, with an 8.1-

GDP growth rate at the end of the first

transportation infrastructure and security remain obstacles to foreign investment.

KEY TO COUNTRY RANKINGS

Average

airport/port infrastructure.

developments.

strength/expertise.

Below average

Above average

GITR RANK: The Global Information

on their ability to capitalize on global

IT and communications technology

PEOPLE POWER: Logistics talent

Technology Report ranks 104 countries

INFRASTRUCTURE: Density/breadth of

PEOPLE POWER: ***

6. Still, concerns about

EXPORTS: \$76 billion

IMPORTS: \$100 billion

INITED ARAB EMIRATES: Leader

	GDP:	\$104 billion	Ν
EXPO	ORTS:	\$103 billion	
IMPO	ORTS:	\$60 billion	
GITR RANK	22	INFRASTRUCTURE:	*
RANK	23	PEOPLE POWER:	*

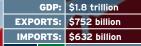
The oil-rich desert nation is fast making a name for itself as a logistics and transportation crossroads. UAE ranks high in IT readiness and lays claim to the 11th-largest container port (Dubai) and two top-50 cargo airports (Dubai and Sharjah). The country supports the U.S. war on terror, and has benefited from increased port and airport usage.

SOUTH AFRICA: Rising Star			
GDP:		\$191 billion	
EXPORTS:			
IMPORTS:		\$53 billion	
GITR	34	INFRASTRUCTURE:	\star
RANK		PEOPLE POWER:	**

The abolition of Apartheid has set a tone for economic liberalization in South Africa. The government has put its best foot forward to play a lesser role in the country's broader economic scheme, reducing tariffs and subsidies and encouraging privatization to lure foreign investment. Still, unemployment remains high and threatens to counter GDP growth. South Africa's tra ion infr ure is we developed thanks to an abundance of natural resources and a thriving mining industry. The Port of Richards Bay ranks 31st in the world in total cargo volume.

CHINA: Leade

Russia

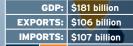


INFRASTRUCTURE: GITR RANK **PEOPLE POWER:**

China's pace of change, aggressive government investment in infrastructure, and push to lure businesses to its shores is unparalleled. But, cultural, political, and language differences make "going it alone" difficult, so most U.S. businesses rely on global 3PLs for help. While China is hot at the moment, many businesses are looking elsewhere in Asia and around the world as manufacturing costs along the coast rise with demand. Shanghai and Hong Kong rank among the top five ports globally for total cargo tonnage and containers. Five airports - Hong Kong and Shanghai Pudong included - rank among the top 50 cargo airports in the world.



THAILAND:



INFRASTRUCTURE: 🛨 🛨 GITR RANK **PEOPLE POWER:** A strong transportation backbone, which

includes a major cargo airport (Bangkok) and seaport (Laem Chabang), is a huge asset to Thailand's economy. Because the country is still reeling from the deve astation of the 2004 tsunami, some ign investors may be concerned about rt-term stability especially as the government has been prone to liberal spending and sweeping economic reform.

SINGAPORE: Leader

RANK



PEOPLE POWER: *** Singapore is rich in more ways than one. The country remains a global leader in transportation and trade, excelling in every category. It ranks first in the IT index, sixth in the World Economic Forum's Growth Competitiveness Index, and is home to the busiest cargo port and eighth-busiest air-port in the world. English is among its three primary languages, it has a well-educated workforce, and its proximity to China and

India make it a viable transshipment loca-

tion for U.S. businesses.

Africa, Asia and The Middle East



China

GDP: \$124 billion EXPORTS: \$147 billion IMPORTS: \$119 billion INFRASTRUCTURE: ** GITR RANK PEOPLE POWER: ** Kuala Lumpur, the capital of Malaysia, ranks

among the top 30 airports in the world for total cargo volume, joining Port Kelang as the two primary gateways into the country. English is spoken prevalently, among many other languages. Malaysia is heavily dependent on U.S./Asia trade; low inflation and little out debt have helped the country maintain st economic growth over the past two years.

Australia



Australia continues to shift its export identity from agricultural goods to more high-value products and services, despite an overall decline in manufacturing activity. It shares many cultural similarities with the U.S., as well as a mutual bond as an English colony. Its economy also shares elite company with the U.S., according to the World Economic Forum's Growth Competitiveness Index, where Australia s 10th. English is the spoken language and IT competency is in the top tier of the IT Index. Five of its ports are among the top 50 in the world in terms of cargo volume.





JAPAN: Leader			
GDP:		\$5 trillion	
EXPORTS:		\$551 billion	
IMPC	ORTS:	\$451 billion	
GITR	8	INFRASTRUCTURE:	***
RANK		PEOPLE POWER:	**
Japan is still coming to terms with the burst of its bubble economy in the late 1980s and government debt totalling 170 percent of GDP. Still, positive growth over the past two years has government optimistic that the economy is on the road to recovery. IT com- petency is among the best globally, and seven ports and three airports rank among the top 50 in the world in cargo volume.			
The world's second-largest industrial economy still struggles to move past the 1990s, when over-investment caused GDP to grow on average 1.7 percent.			

TAIWAN: Leader				
GDP:		\$334 billion		
EXPORTS:		\$185 billion		
IMPORTS:		\$173 billion		
GITR	15	INFRASTRUCTURE:	***	
RANK	D	PEOPLE POWER:	**	
Taiwan has all the resources for attracting more foreign investment: proximity to China, a top-tier IT foundation, and two major cargo facilities in Taipei and Kaohsiung. English proficiency is above average for the region and Taiwan's strength in electronics manufacturing is a highly valued asset among prospective outsourcers. Past strife with China may make investors wary, but recently Taiwan has been pro- actively cementing its trade alliance with the mainland as it taps into that growing import market.				

