The “currency events” of the past year expose how interconnected the global supply chain has become. While North America has been beset by various stages of economic recession during the past three years, the more recent debt crisis in Europe threatens to shake the resilience of Asian markets—which in the past have weathered economic storms favorably. When one domino falls, its quake has far-reaching effects.

As a backdrop to this financial drama, social upheaval and political instability in the Middle East and North Africa, recurring natural disasters, terrorism and piracy, and the approaching completion of the Panama Canal’s expansion project twist U.S. supply chains in countless directions. Companies are forced to confront latent risks and opportunities as they scope out sourcing, manufacturing, distribution, administrative, and selling locations. Secondary and tertiary sourcing strategies, nearshoring, and business expansion—especially with total logistics costs and demand responsiveness in mind—are bringing peripheral targets into focus and casting rutted routes in new light.

Inbound Logistics’ eighth-annual Global Logistics Guide presents a transportation and logistics world atlas to help you map and ordinate locations for further exploration.

**IL identifies global hotspots as excelling in three key areas:**

1. **Transportation Infrastructure.** The density and breadth of airport, port, and road infrastructure.

2. **IT Competency.** The progressiveness of information and communication technology investment and development as measured by The World Economic Forum’s Networked Readiness Index.

3. **Business Culture.** The strength and expertise of homegrown logistics talent, cultural and language similarities, government leadership, historical U.S. foreign direct investment outflows, and economic freedom. This index takes into account variables that might appeal to U.S. businesses, as well as pro-business sensibilities ranging from investment trends to future economic potential.

There are intangibles at play, as well. Our X-Factor provision considers other factors such as political stability, labor availability, and foreign investment policy that may give businesses greater pause, or greater purpose, as they evaluate a country’s logistics capabilities.

Our Global Logistics Guide offers a macro-perspective of global regions to help you quantify and qualify expansion opportunities. We then break each area down with country-specific snapshots that identify strengths and weaknesses to help you align logistics and supply chain needs. If you have questions or suggestions about our methodology and selections, please email: editor@inboundlogistics.com

**Methodology:**
Countries are ranked on three criteria: transportation infrastructure (1 to 4 points), IT competency (1 to 3 points), and business culture (1 to 3 points). Points are totaled for all categories—taking into consideration X-Factor +/- points—to determine final ranking: 10 is highest, 3 is lowest.

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; Central Intelligence Agency’s World Fact Book; Bureau of Economic Analysis, U.S. Direct Investment Abroad; 2012 Index of Economic Freedom, The Wall Street Journal & The Heritage Foundation.
The Americas

Canada is the primary export destination for U.S. goods. The country’s abundance of natural resources is a growing target for Asia, creating more balance between inbound and outbound flows.

Central and South America are manufacturing and sourcing focal points for U.S. companies as transport costs and risk aversion favor nearshoring strategies. South America, and Brazil specifically, is primed to become the next logistics hotspot by virtue of its raw materials, labor, and proximity to the U.S. market. But inland infrastructure limitations and political apathy are barriers to entry. Progressive economies such as Chile, Peru, and Colombia provide a foil for Venezuela, Bolivia, and Ecuador, where anti-capitalist governments thaw interest and investment.

Chile is the continental leader in technology infrastructure, ranking 39th globally in network readiness and second among middle-income economies, according to the World Economic Forum.

An abundance of natural resources, and growing export demand from Asia, have kept the economy relatively stable.

Chinese sourcing interests and a free trade agreement with the United States are cause for international intrigue. Bogota is also a new entrant among the world’s Top 50 cargo airports.

Despite political bureaucracy and nebulos inland transportation networks, Brazil teems with potential. As host to the 2014 World Cup and 2016 Summer Olympics, infrastructure development will be a matter of necessity rather than choice.

All amounts in $US billions.

FDI: U.S. Foreign Direct Investment, 2010
T: Transportation Infrastructure
I: IT Competency
B: Business Culture
X: X-Factor

GDP:
EXPORTS:
IMPORTS:
FDI 2010:

X-FACTOR Location. Location. Location. With total landed logistics costs at a premium, U.S. companies continue to favor the country’s proximity to U.S. markets—in spite of rampant drug violence and limited technology infrastructure.

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GDP:
EXPORTS:
IMPORTS:
FDI 2010:
If you want to keep up, you better take giant steps.

Through these uncertain times, we’re staying focused on billions of dollars in smart upgrades. Why? Like the ocean carriers ordering bigger ships and shippers building giant distribution centers, we know that tomorrow’s success depends on big investments today. We’re not just ahead of other ports, we’re staying an enormous leap ahead.

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Europe

The financial crisis has had a marked impact on the region’s prospects as bailouts, currency speculation, and ongoing economic integration present their share of obstacles. While the European Union has created a platform for countries to collaborate, compete, and trade on, it has also created considerable imbalances between member states. Perennial logistics hotspots such as Germany and France expect marginal GDP growth in 2012.

The financial failures of Greece, Portugal, and Ireland cast a pall across the continent. Political and economic stability are now at a premium for foreign investors. Countries such as Switzerland and the Netherlands have benefited the most. Apart from the United Kingdom, both countries rank among the highest destinations for U.S. FDI and have become popular locations for American companies locating financial services, research and development, information technology, and administrative operations.

On the transportation side, Europe is still struggling to fully integrate rail freight into the supply chain. Recent moves by European carriers to harmonize standards across countries mirror similar efforts to create intermodal landbridges linking Europe and Asia, as well as the Mediterranean.

FDI: U.S. Foreign Direct Investment, 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP</th>
<th>EXPORTS</th>
<th>IMPORTS</th>
<th>FDI 2010</th>
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<tr>
<td>Belgium</td>
<td>$529</td>
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<td>$332</td>
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<tr>
<td>Switzerland</td>
<td>$666</td>
<td>$308</td>
<td>$300</td>
<td>$144</td>
</tr>
</tbody>
</table>

All amounts in $US billions.
France

**GDP:** $2,808  
**EXPORTS:** $578  
**IMPORTS:** $685  
**FDI 2010:** $93

**X-FACTOR** Efforts to privatize transportation have been largely successful. But balancing capitalist mechanisms with a social agenda remains a challenge. Labor has too much leverage for many investors.

Germany

**SCORE 8**

GDP: $3,629  
EXPORTS: $1,543  
IMPORTS: $1,339  
FDI 2010: $106

**X-FACTOR** As a leading exporter, the country is more vulnerable to an expanding global recession, placing more pressure on its social welfare system.

Italy

**SCORE 5**

GDP: $2,246  
EXPORTS: $509  
IMPORTS: $541  
FDI 2010: $29

**X-FACTOR** Despite challenges enacting economic reform, the country is fast becoming Europe’s Mediterranean trade hub with a world Top 50 cargo airport in Milan and port in Gioia Tauro.

Russia

**SCORE 4**

GDP: $1,885  
EXPORTS: $499  
IMPORTS: $310  
FDI 2010: $10

A highly volatile global oil market dictates the country’s success. There is some optimism that an emerging intermodal landbridge between Europe and Asia could stimulate hinterland development.
Middle East/Africa

The Arabian Peninsula has been party to considerable development and growth in the past decade, with the United Arab Emirates, Qatar, Oman, Kuwait, Bahrain, and Saudi Arabia benefiting from more liberal economies. But the absence of major domestic export industries created a risky imbalance that threatens future growth. And the U.S. military’s drawdown in Iraq and Afghanistan will similarly impact freight volumes and revenue moving through the region.

The 2011 Arab Spring uprisings in North Africa and the Middle East cast the region in a new light as social and political reform continue to shape economic transformation. Despite current volatility, Europe recently reached out to Egypt, Tunisia, Morocco, and Jordan in an effort to grow trade alliances and likely inroads into a new continent – Africa.

The last frontier for economic development remains mired in political instability, war, and poverty. Africa’s wealth of natural resources has lured China to prospect new sourcing locations, which will only stimulate further interest from around the world. African nations now confront the task of working together to coordinate transportation networks so they can begin to compete as a continent.

FDI: U.S. Foreign Direct Investment, 2010

T: Transportation Infrastructure
I: IT Competency
B: Business Culture
X: X-Factor

All amounts in US billions.

Egypt

GDP: $232
EXPORTS: $28
IMPORTS: $57.00
FDI 2010: $12

X-FACTOR: Despite recent development around the Suez—a critical valve in the Eurasian trade—recent political upheaval has only exposed the country’s social inequalities.

United Arab Emirates

GDP: $358
EXPORTS: $265
IMPORTS: $186
FDI 2010: $4

The Emirates is the Middle East’s shining star in terms of transport, with two ports and an airport among the world’s Top 50. Questions remain how the economy will fare in the long term given its lack of diversified industries.
A Unique Perspective

From the Pacific Rim to the Atlantic basin and all of the oceans in between, COSCO uses a half century of experience sailing the world to help you move containerized cargo quickly, securely and cost effectively.

With one of the world's largest fleets and equally vast resources for simplifying the logistics challenge, COSCO has advanced the science of supply chain efficiency far beyond the port, customizing and streamlining the process exactly to your requirements. Find the value in a relationship with COSCO. Call our North American headquarters or one of the hundreds of local COSCO representatives worldwide today.

Ship with Confidence. Ship with COSCO.
Asia

China’s role in shaping the Asian market continues to evolve. A new regime in North Korea is looking to its northern neighbor as an example of “Communist capitalism.” Japan, facing uncertainties in the aftermath of the 2011 earthquake and tsunami, called for greater communication and integration with China to expand trade interests. South Korea, meanwhile, sees its recent free trade agreement with the United States as a means to draw more investment from both Japan and China as it stimulates business and job growth.

While China remains a top target for offshore manufacturing, it is adapting to global shifts in demand. Declining exports to North America and Europe stirred domestic consumption, more aggressive infrastructure projects, and further development of domestic industries such as aerospace. These progressions paved the way for the U.S. and other foreign companies to make tentative overtures selling products and services into an otherwise isolationist market. As China’s manufacturing costs increase and production moves farther inland—thereby raising transportation spend—Southeast Asia is becoming an alternative location for cheaper labor.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP 2011</th>
<th>Exports 2011</th>
<th>Imports 2011</th>
<th>FDI 2010</th>
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<tr>
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</tr>
<tr>
<td>Vietnam</td>
<td>$122</td>
<td>$97</td>
<td>$104</td>
<td>0.623</td>
</tr>
</tbody>
</table>

**China**

The government continues to pull strings as dropping export demand is channeled into domestic development and growth. The country continues an aggressive path building its own industries.

**Thailand**

Severe flooding capped growth in 2011, and had a great impact on high-tech manufacturers sourcing components. But the country is expected to fully rebound with the help of a Top 50 airport and port.

**India**

The country is counting on more liberal FDI rules to help grow logistics expertise and spur market growth. On the transportation side, railroad development between ports and hinterland industrial pockets is critical.

**Malaysia**

Outside of Singapore, Malaysia commands the most U.S. FDI in the region. But the country’s reliance on commodity exports makes it highly vulnerable to global price fluctuations.

**Singapore**

X-FACTOR: Heavily reliant on global trade flows, and home to the top container port in the world, it has felt the full impact of the global recession. Political stability has kept FDI fluid.

**Vietnam**

China’s inflationary trajectory has created a void for new low-cost labor countries in Southeast Asia, and Vietnam is capitalizing. Ho Chi Minh is a new entrant among the world’s Top 50 cargo ports.
Southeast Asia

India’s recent decision to ease FDI rules is expected to unleash a flood of pent-up demand from foreign companies seeking an inside track into one of the world’s largest consuming populations. The government’s strategy is aimed at triggering more domestic competition while raising the standard of transportation and logistics performance. India’s transportation capabilities, especially from coastal ports to inland manufacturing and consumer pockets, are still largely antiquated.

Elsewhere, Southeast Asian countries find themselves in a purple patch courting foreign demand for low-cost manufacturing. Chinese inflation has only raised the profile of countries such as Thailand, Malaysia, Vietnam, and the Philippines. While recent tsunamis and floods have devastated supply chains concentrated there, ports and airports are well-developed, even if inland transportation remains lacking.

On the downside, as the European debt crisis continues to unfold, less-developed markets reliant on exports will feel the pinch.