

GLOBAL SUPPLY CHAIN FOCUS

For the second time, the World Bank has ranked more than 150 countries based on their logistics infrastructure and performance. The resulting Logistics Performance Index (LPI) for 2010, released by the World Bank last week, places Germany as number 1 in a top 10 dominated by Northern European countries; the US came in at number 15.

The first World Bank LPI report was released in late 2007 (See Supply Chain Graphic of the Week – Which Countries are the Most Logistics Friendly? and World Bank Report Ranks 150 Countries on Logistics Performance) and was noteworthy both for its attempt to rank total logistics performance by country, and its strong recognition of the role of logistics in a country's overall economic performance.

“Connecting to Compete 2007 helped spark dialogue in several countries among various stakeholders in the government and between policymakers and the private sector about measures to address logistics bottlenecks and facilitate international trade and transportation,” the report notes. “The optimistic messages from Connecting to Compete 2010 should encourage countries to do even more, particularly important for countries whose trade logistics performance continues to be low.”

The country performance index is based on survey responses from a large number international freight forwarders and third party logistics companies. All told, more than 5000 individual country assessments were collected.

World Bank Releases Latest Ranking of Logistics Performance by Country

Germany Moves to Number 1, Slightly Ahead of Singapore; US Comes in at Number 15

SCDigest Editorial Staff

The survey respondents are asked to evaluate a country on a series of international related logistics issues, as well as capabilities internal to a given country. The focus is primarily around time and cost logistics issues. In the end, the LPI is a composite of a country's rating across six different attributes:

- 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.

Survey respondents were asked to rank each of some 155 countries across each of those attributes on a scale of 1-5, with 5 being the best score. The World Bank intends to repeat the study every two years.

Germany Moves to Top Ranking

For 2010, based on survey data collected in 2009, Germany moved to the top spot, with a total index score of 4.11, just



2010 Ranking	Country	2007 Ranking
1	Germany	3
2	Singapore	1
3	Sweden	4
4	Netherlands	2
5	Luxemburg	23
6	Switzerland	7
7	Japan	6
8	United Kingdom	9
9	Belgium	12
10	Norway	16
15	USA	14

nudging out Singapore, the top ranked country in 2007, which had a score of 4.09 in this year’s survey.

The top 10 plus the United State are illustrated in the table above, along with each top 10 country’s 2007 rating.

Seven of the top 10 are from Northern Europe/Scandinavia. Austria, Hong Kong/SAR China, and Canada all dropped out of the top 10 this year, replaced by Luxemburg, Belgium, and Norway.

The US came in at number 15, down one notch from 2007, with an aggregate score of 3.95. In the individual attributes, the US scored as follows:

- Customs Efficiency: 15
- Logistics Infrastructure: 7
- International Shipment Ease: 36
- Competence and Quality: 11
- Track and Trace: 5
- Timeliness: 16

Germany outranked the US in all six categories. Singapore outranked the US in all but “track and trace.”

Again this year, the top ranking countries are also – not surprisingly - high income countries. The bottom 10 are primarily poor African nations, with the exception of Cuba and Iraq. Some countries (e.g., Iran, North Korea and others) are not ranked at all.

The top countries among what the report calls “Upper Middle Income Countries” were South Africa (28th), Malaysia (29th), and Poland (30th). The top three “Lower Middle Income countries” were China (27th), Thailand (35th) and Philippines (44th). China’s score represented a very high ranking versus its overall economic strength on a per capital basis, but that is a little deceiving because of the huge economic disparity across the country.

All told, 25 countries saw statistically significant increases in their LPIs in 2010 versus 2007 – 23 of those in economic brackets other than “high income.” In summary, this means many middle and less developed economies have made

Austria, Hong Kong/SAR China, and Canada all dropped out of the top 10 this year, replaced by Luxemburg, Belgium, and Norway.

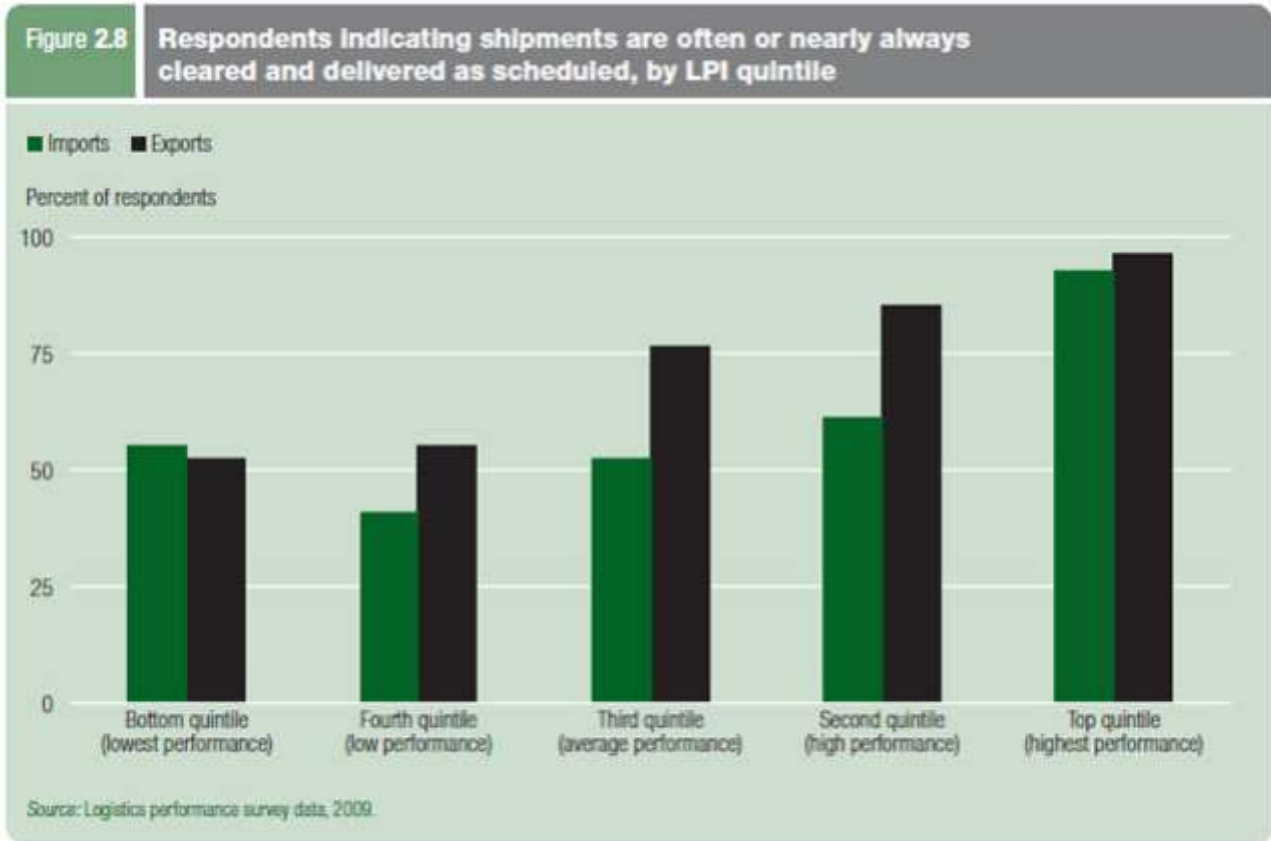
good progress in improving logistics infrastructure and performance. Columbia, for example, is one country that the report cites as having made many logistics improvements over the last few years.

Importance of Predictability

As the report notes and global logistics professionals know, predictability of lead times is as important if not more important than the actual number of days it takes to clear customs and execute delivery into or out of a country.

“Delay in and predictability of actual delivery may be more important than average import/export lead time in understanding logistics performance,” the report notes.

The chart on page 3 shows the differences between the countries with the most consistent logistics performance and those with more variability. For example, some 90% of imports to the top 20% of countries as ranked by this metric are cleared and delivered as scheduled, versus just about 55% of shipments in the lowest quintile of countries (those with the most variability).



Source: World Bank Report

The full World Bank report is available at the World Bank web site: see [2010 Logistics Performance Index](#). SCDigest will publish the full chart of the ranking of all countries as our Supply Chain Graphic of the Week in this Thursday's newsletter.

What is your reaction to the World Bank LPI ratings? Would you have scored it differently? Do you think the US rank is about right, or not? Let us know your thoughts at the Feedback button below.

[SEND FEEDBACK](#)