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Singapore ranked No. 1 logistics hub by World Bank

Its edge lies in a highly efficient and reliable supply chain combined with competitive costs

By Yang Huiwen

SINGAPORE has emerged as the top country in terms of logistics - the process of handling and shipping goods.

The Netherlands, home to Europe's biggest and busiest port, was second and Germany came in third, according to a World Bank survey.

Singapore's trump card is its highly efficient and reliable supply chain combined with competitive costs.

Part of that integration and efficiency can be attributed to Portnet, a network portal that helps the logistics industry - from shipping lines and hauliers to freight forwarders and government agencies - manage information better.

Portnet uses infocommunication technology to simplify, synchronise and integrate complex processes such as the moving and tracking of cargo.

It also makes the transfer of information more efficient. Partners overseas can make plans regarding the cargo in Singapore and the information is then distributed to all parties involved.

The portal has helped to 'transform the shipping and logistic industry into a proactive and connected hub driven by the intelligent management of information, making Singapore the world's busiest container port', said a spokesman for port operator PSA.

A spokesman for Neptune Orient Lines, a Singapore-based shipping and logistics company, said: 'The World Bank ranking is confirmation of Singapore's emergence as a true centre of excellence on the world stage in many areas of logistics.'

Two other Asian economies made the top 10 - Japan at sixth and Hong Kong at eighth. Mainland China surprised by making only the 30th spot, despite its booming global trade.

The survey polled 800 operators in the international freight sector and compiled the Logistics Performance Index (LPI) to gauge each country's effectiveness.

The LPI ranked performance in seven areas, including traditional benchmarks such as Customs procedures, logistics costs and infrastructure quality. It also introduced new areas like the ability to track and trace shipments, timeliness in cargo reaching a destination and competence of the domestic logistics industry.

Expertise in logistics, as the survey noted, indicates that a country is also likely to do well in areas such as growth and competitiveness, export diversification and trade expansion.

It noted that reliability and predictability of shipments are becoming far more crucial than domestic costs or the time taken to reach a destination.

'Being able to connect to global markets is fast becoming a key aspect of a country's capacity to compete, grow, attract investment, create jobs and reduce poverty,' said World Bank's vice-president for poverty reduction and economic management, Mr Danny Leipziger.

'But for those unable to connect, the costs of exclusion are large and growing.'

He was referring to low-income, landlocked and geographically isolated countries, especially those in Africa and Central Asia, which were the most logistically constrained.

Myanmar was fourth from the bottom, while Afghanistan came in last out of the 150 countries surveyed.

Highly ranked nations were typically hubs in the global logistics industry, such as the Netherlands and its port of Rotterdam.

While all developed countries emerged as top performers, the report found that there were significant differences among developing countries with similar levels of incomes.

Developing countries where trade was central to their economies outshone their peers. The survey cited China as an example - as a middle-income state, it ranked far higher than countries with greater levels of income, such as oil-exporting nations, which tend to underperform logistically.

The report also noted that high logistics costs and low levels of service were a barrier to trade and foreign direct investment, which in turn affected economic growth.

Coordinating border procedures between Customs and other agencies was also a key concern.

'You can have very good Customs, but poor performance in only one or two areas of the supply chain has serious repercussions in the country's economic performance, creating a perception of unreliability,' said World Bank trade director Uri Dadush.

This is the second time this year that Singapore has come out tops in a World Bank country survey. In September, it was ranked the best country in which to do business.

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