



Executive Forum

# Breakout Session 5 (6 Oct 05, 2.00-4.00pm)

## EXPORTING TRANSPORT & LOGISTICS SERVICES - A MOVING TARGET

Introductory Remarks by  
**Moderator:** Dr. LOH Wah Sing  
International Trade Institute of Singapore





# Presentation Outline

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**THE INDUSTRY**

**THE ISSUE**

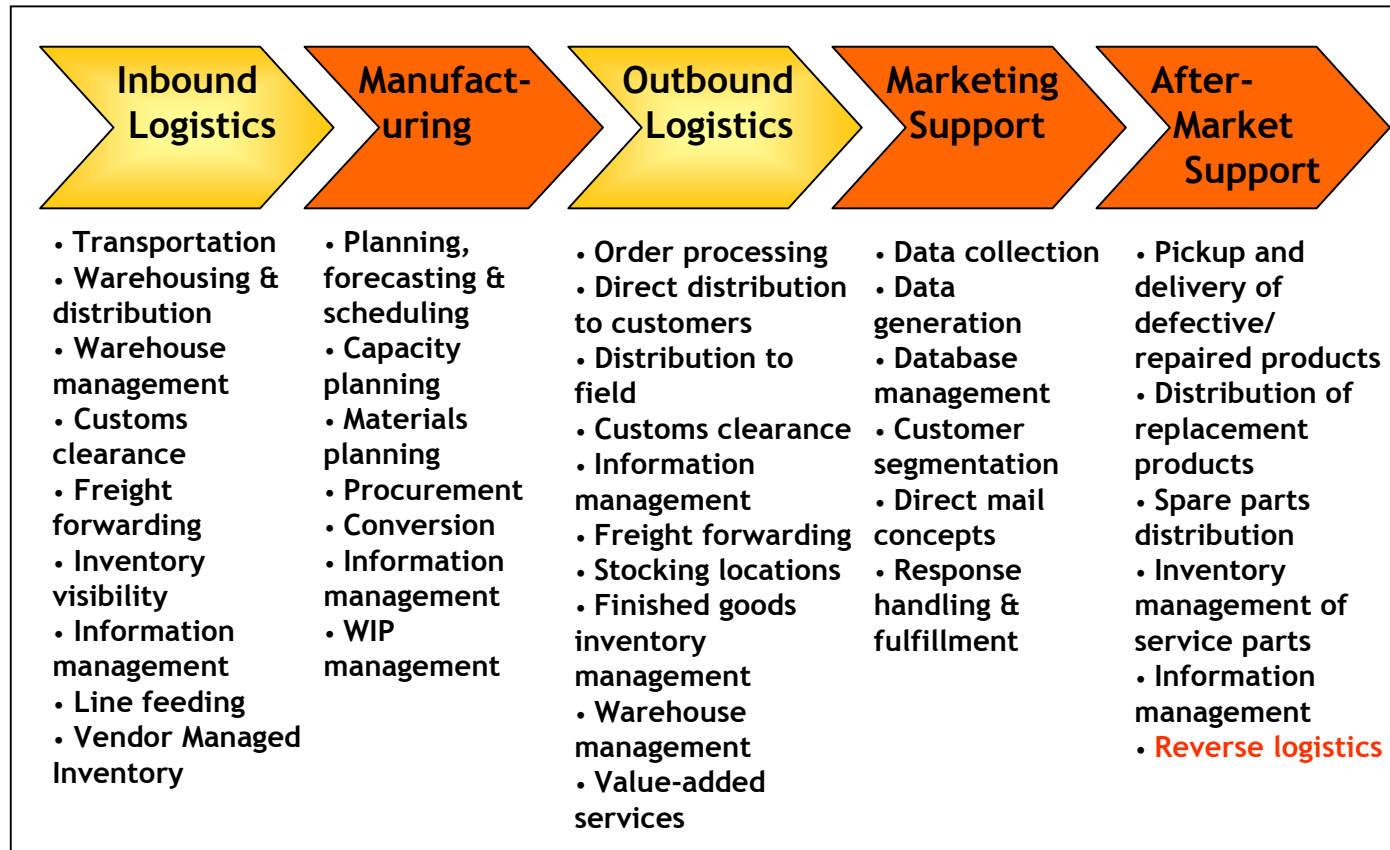
**THE PROPOSITION**

## Definition and Concepts

- **Transport** is the physical movement of goods from one place to another
- **Logistics** is ‘the process of planning, implementing, managing and controlling the flow and storage of goods, services and related information from the point of origin to the point of consumption’ (U.S.-based Coalition of Services Industries - CSI)

## Developments in the Industry

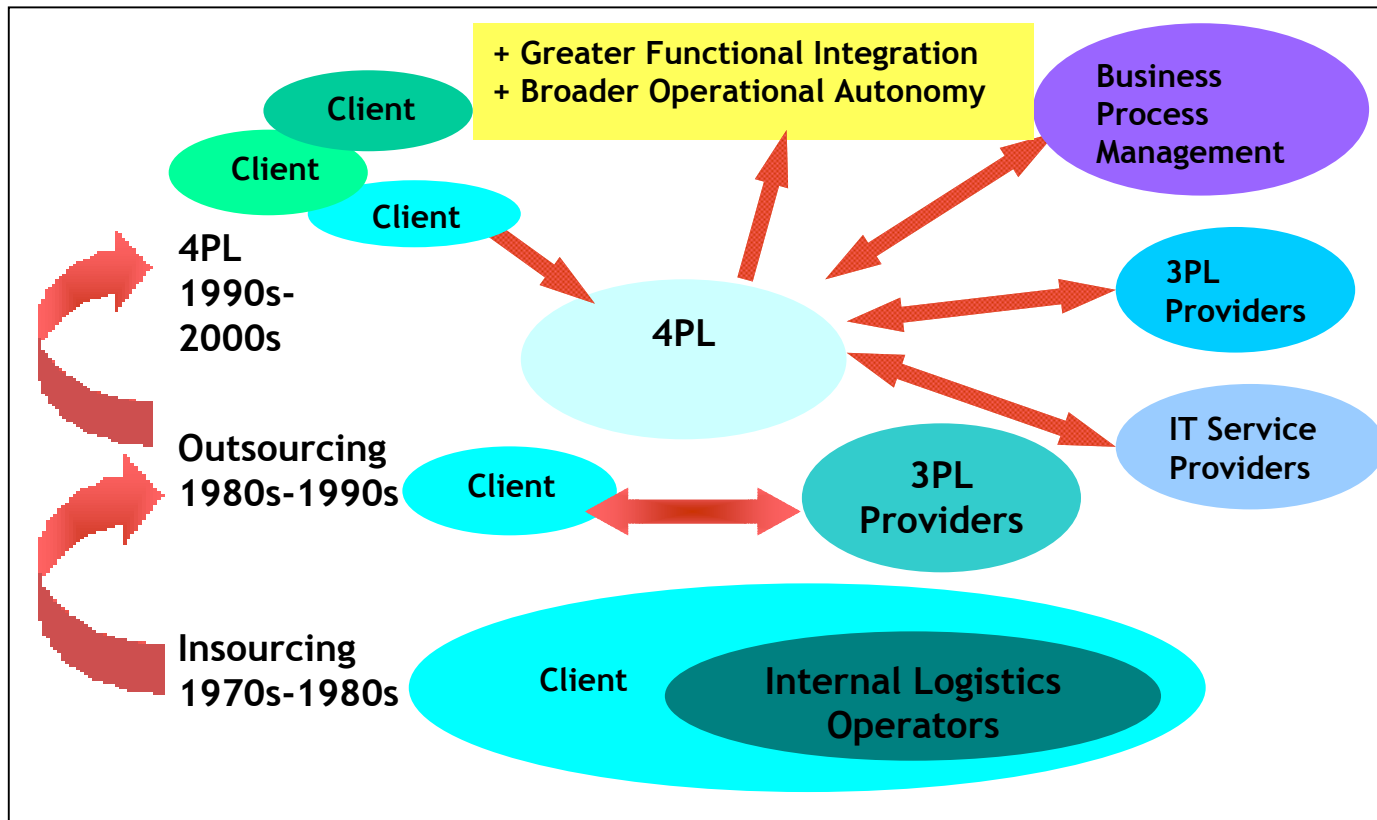
### Extended T&L Services for Shippers (Value Chain)



# The Industry

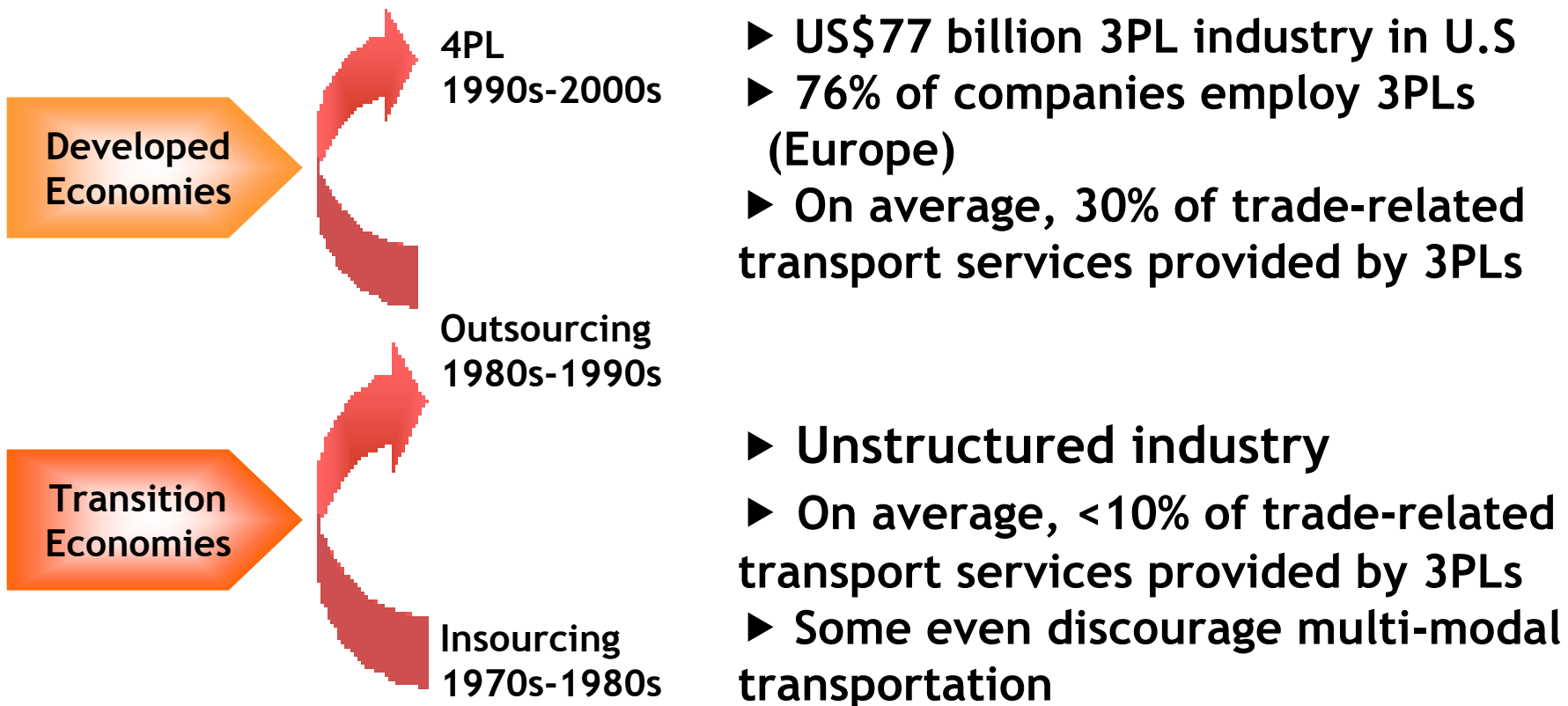
## Developments in the Industry

### Evolution in Outsourcing T&L Services



## Developments in the Industry

### Industry Practice in Developed Vs Transition Economies





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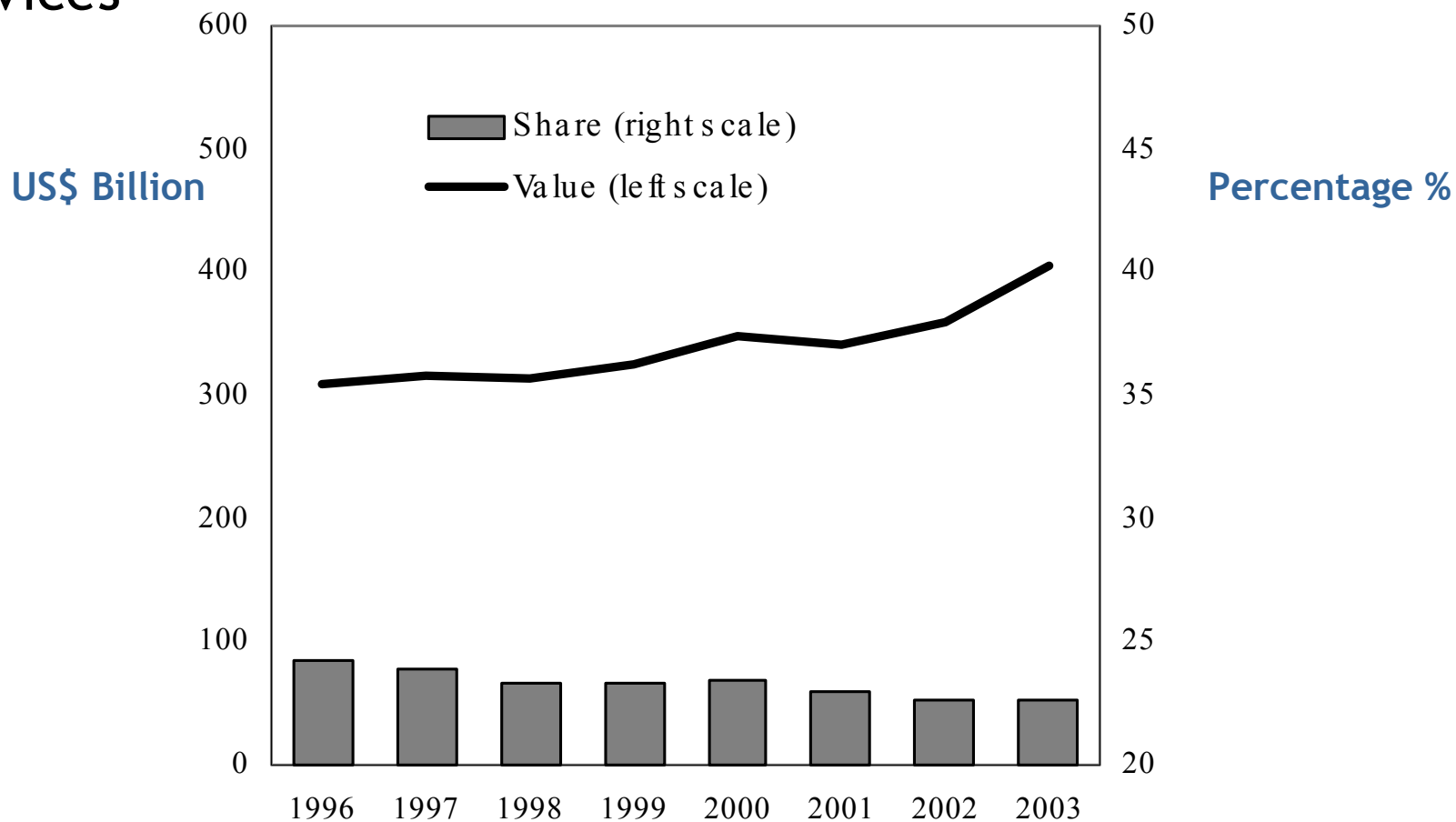
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## Market Growth

### World Exports of T&L Services & Share in Total Commercial Services



## Keeping Pace with Global Growth & Demands

- Strong global growth: China's T&L market to grow at 33% annually over next 3 years, Brazil's market at 20% annually
- Changing demands - shorter product life cycles, real-time cargo tracking (traceability/monitoring), increased outsourcing, JIT delivery, myriad types of products with different needs, security from theft, RFID, etc
- Transition economies facing difficulty keeping pace with international technical, organizational & business developments in logistics chain management

## Current Situation in Transition Economies

### A Typical Transition Economy's T&L sector analysis (SWOT)

#### Strengths

- Understanding of local / regional markets, including customer business practices & local regulations
- Many SMEs requiring 3PL service providers
- Low cost of human resources

#### Weaknesses

- Fragmented industry lacking scale & alliances
- Limited ability to influence government policies affecting the sector
- Bureaucracy & red tape to establish & operate
- Lack of coherence in regulations for different transport modes
- Limited financial resources & leverage
- Inability to offer comprehensive & global logistics solutions
- Poor image / Lack of trust
- Poor transport & logistics infrastructure
- Outdated / inadequate equipment & operating systems (handling, ICT, etc.)
- High government fees (direct and indirect)
- Scarcity of information on commercial opportunities
- Lack of skilled human resources

#### Opportunities

- Outsourcing trend for logistics solutions
- National economic growth
- Regional economic growth - enlarged markets
- Government support / direction
- National regulations
- Adopting best practices
- Progressive implementation of trade facilitation measures
- Development projects improving infrastructure

#### Threats

- Rising fuel prices / Threat of inflation
- Rising compliance costs of freight security and supply chain traceability
- WTO compliance (elimination of access restrictions to domestic market)
- Market access restrictions by foreign countries
- Continuing consolidation and integration in the sector, shutting out small-scale service providers

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# The Proposition

It is essential that strategy-makers in developing and transition countries ensure that a strategy for the transport and logistics sub-sector **forms part of the overall national strategy** for competitiveness and export development.

▶ ▶ So what are the steps and solutions?