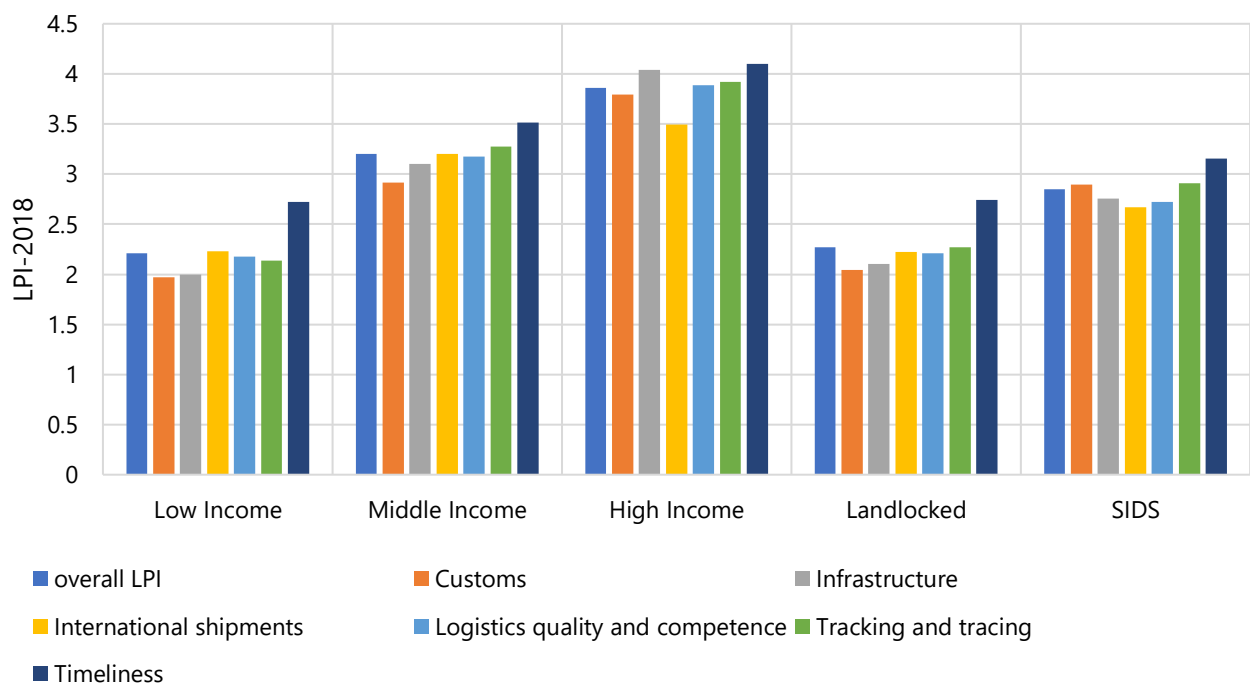


# Asian Transport Outlook (ATO)

## What is the status of Logistics Efficiency in Asia?

The World Bank's Logistics Performance Index (LPI) (Fig. 1) is based on a global survey of logistics operators (international freight forwarders and express carriers), providing feedback on the logistics "friendliness" of the countries in which they operate and those with which they trade. The Index includes parameters such as: customs, infrastructure, international shipments, logistics quality and competence, tracking and tracing and timeliness to explain how efficiently supply chains connect firms to domestic and international opportunities.

**Figure 1: Logistics Performance Index**



Source : <https://lpi.worldbank.org/>, ATO indicator used - TAS-TSG-004

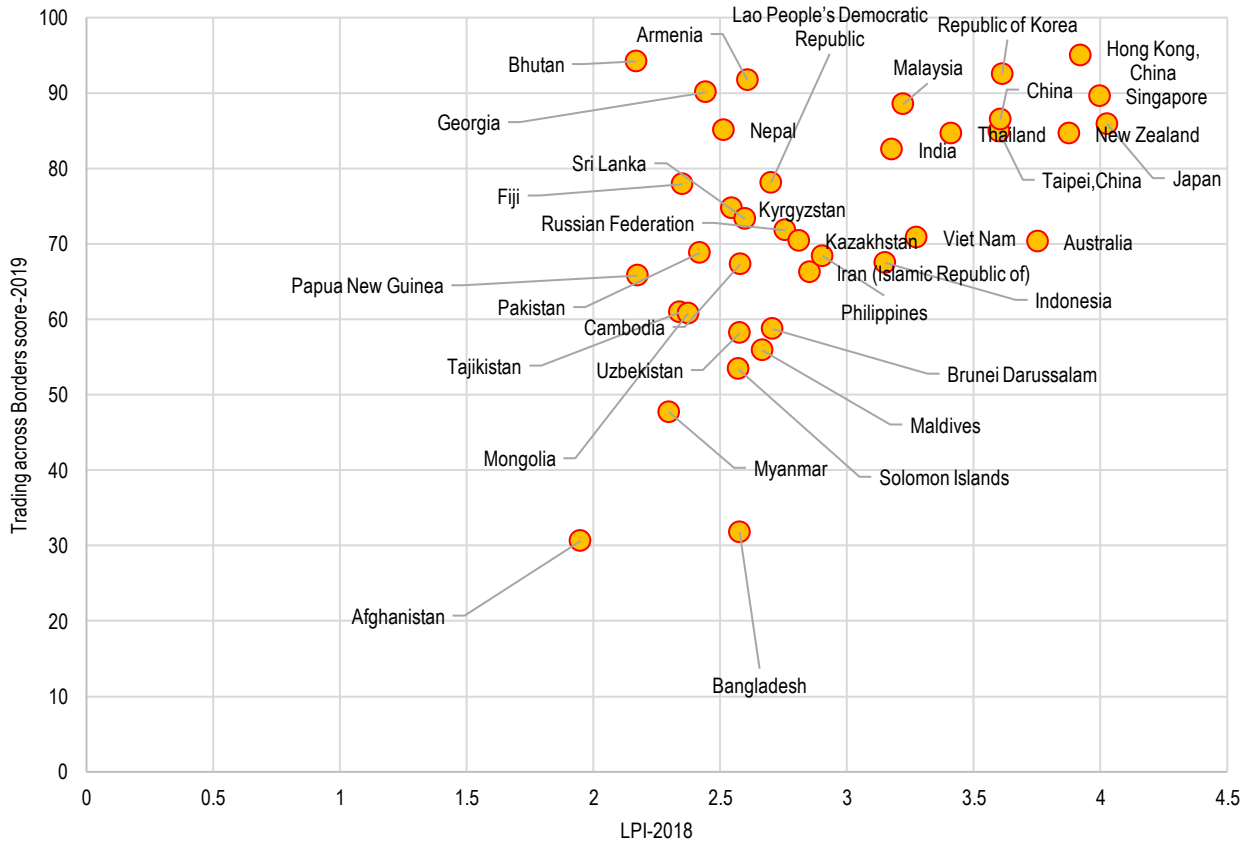
In the ATO economies, logistics services are provided under quite different operational environments. There are significant gaps in logistics performance between the high-income, middle-income and lower-income group ATO economies. This gap has worsened to some extent in the lower and high-income economies since 2010.

The logistics barrier tends to be much higher in landlocked and small island developing states for various reasons – isolation from significant markets, small size of the economies, limited natural resources, weak institutions, etc. For example, in 2019, the average cost to export<sup>1</sup> (documentary compliance (USD), border compliance (USD)) of an average ATO economy, a landlocked ATO economy and SIDS ATO economy are – 360 USD, 420 USD and 630 USD, respectively.

<sup>1</sup> Based on analysis of ATO indicator - SEC-SEG-009

In the ATO economies, logistics efficiency is positively correlated with international trade<sup>2</sup> and economic growth (Fig. 2). It has been established that improved logistics infrastructure and services, combined with a liberalised economic environment, can significantly enhance the trade volume and economic development.

**Figure 2: Trading across Borders (2019) and Logistics Performance Index (2018)**



Source: World Bank

ATO indicators used: TAS-TSG-004, SEC-SEG-009

<sup>2</sup> <https://www.sciencedirect.com/science/article/pii/S2092521217300688> . The trade proxy indicator considered is the score for trading across borders is a simple average of the cost to export and import, time to export and import, and the number documents to export and import.