



**CLECAT-FIATA contribution
in response to the ITF Consultation on
Transport for a Changing World;
Capturing the opportunities for better global trade**

FIATA and CLECAT, representing the freight forwarding and logistics industry respectively at international and European level, jointly submit their views on the questions raised by the International Transport Forum on how transport will deliver prosperity, ensure environmental sustainability and facilitate social inclusion in a changing world.

The associations are particularly pleased to see that the ITF is taking the opportunity to seek to capture the intimate connection between the level of logistics connectivity and the development opportunities in a country/region. Many studies have revealed that the lack of logistics connectivity in many parts of the world is one of the biggest non-tariff barriers to the growth of global trade and severely affects growth opportunities in various countries. Equally, a well performing logistics system is indispensable for maintaining the competitiveness of a country/region and conducive to creating the business opportunities that make countries and regions thrive.

Most of today's modern and dynamic industries are transnational since they are the result of an integrated system of global production and trade. The creation of value is no longer confined to a specific area, but it is spread all along the value chain that is sometimes spreading over several countries or territories. Therefore, the development of many developing countries depends on the trade roles they assume in the global economy. With past research stressing the importance of international trade to boost economic prosperity, the associations regret to see that the powerful contribution that logistics provides to development is in general insufficiently visible or perceived. The intimate connection between good logistics, good trade and prosperity is sometimes overlooked or even underestimated.

CLECAT/FIATA priorities addressing challenges raised by the ITF:

1 Support Logistics at the Political Agenda

If logistics development is to continue being the catalyst to boost economic growth, enhanced measures need to be taken to facilitate the distribution of goods across nations through facilitation and harmonization of the global regulatory framework. As a first and obvious recommendation the associations believe that logistics should figure more prominently on the political agenda of decision makers. Ensuring access to global trade by proving the logistics connectivity is the best political investment policy makers can.

2 Prepare for Investments in Infrastructure and Innovation

Over recent years growth of GDP in mature markets has stalled, supply continues to outstrip demand, and businesses and consumers remain cautious and risk-averse. It is likely that the years following the recession will be a period of *more difficult growth* than the seven to eight years preceding it. Global markets continue to be impacted by *volatility in many economies* throughout the world. Demand for transport and logistics services remains variable. It must be noted that this less than optimal development has coincided with the lowest transport and logistics related

investment portfolio in the last few decade, at least in the most developed countries. In other words avoiding investments in logistics is an exceptional contributor to depressing the economy in general.

The volume of cross-border trade has increased considerably in 2013 with extra-regional trade strongly outpacing intra-regional trade in many regions. *Increasing complexity of global trade* requires shippers to take a comprehensive approach to sourcing and distribution decisions. As a consequence of the recession in certain markets, we have seen the *tightening of logistical schedules* as companies have cut inventory levels and compressed order cycle times. This has made their production and distribution systems more vulnerable to delays at a time when globalisation has extended their supply lines and made them more dependent on deep-sea container services. This pressure on the supply chain coincides with problems related to border control, interoperability problems and inadequate infrastructure. This increased complexity requires more and more targeted investments in logistics.

In view of these developments decision-makers need to focus on

- Continued focus on trade facilitation and logistics connectivity. Insufficient infrastructure capacity is equally an important element, but the optimisation of process and the introduction of trade facilitation instruments all play a crucial role.
- Continued efforts towards standardisation are necessary if we wish to avoid lambasting the progress of trade globalisation.
- Continued efforts to introduce innovation to develop smart and seamless networks of interconnected corridors allowing efficient logistics operations and supporting supply chains.
- Continued efforts to integrate modes and infrastructure more closely in support of interoperability

3 Invest in Logistics and Human resources/Education

In view of the unquestionable demographic changes that will have an impact on our societies over the next few decades decision-makers need to address to the challenges this will provoke for logistics and mobility. Logistics depends strongly on well trained blue-collar workers and we have witnessed a scarcity of resource of for example qualified truck drivers. Equally measures are needed to increase the attractiveness of a career in the logistics/transport industry, which at the moment does not present the same appeal as other industries seem to guarantee.

FIATA is providing a world level benchmark in this area as the FIATA DIPLOMA is a portable certification that can be used all over the world. Reference is also made to the FIATA Foundation of Vocational Training, a foundation established to promote training initiatives in order to drive sustainable development in the developing world, has successfully teamed up multiple times with UNCTAD to deliver “Train the Train” courses in Afghanistan and Pakistan to help establish country specific sustainable training program within the region. FIATA is open for collaboration in this area, where we believe collaboration with other entities can only be beneficial for the trading community.

4 Support industry with standardisation in measuring emissions and support environmentally friendly services

The demand for environmentally accountable transport services/green logistics will increase significantly. It will become more important for companies to know the quantitative environmental load and to positively disclose information via environmental reports and/or other means. However for this to happen in the most sustainable way there is a need for standardised solutions that are

recognised and trusted by stakeholders and other parties and ultimately for an *international standard*. We wish to remind the reader of the FIATA position on emissions, which clearly stipulates the requirement of a universally recognised measuring system at least to start with.

5 Support logistics in Securing of Compliance

As noted in the recently published report from DHL 'Understanding Big Data' the sustained success of Internet powerhouses such as Amazon, Google, Facebook, and eBay provides evidence of a fourth production factor in today's hyper-connected world. Besides resources, labour and capital, there is no doubt that information has become an essential element of competitive differentiation.

At the same time one increasingly important risk is caused by cyber-attacks: paralysing cloud computing networks on which logistics systems are becoming increasingly dependent. In view of this decision-makers need to focus on the following:

- More needs to be done to "stress-test" supply chains against potential risks and fall-back facilities in infrastructure.
- Improvement of safety measures in logistics. The use of technology, i.e. e-seals, e-freight, e-customs, e-security, track and trace technologies are pre-requisites for reducing transit time and to increase transparency in the logistics supply chain, but these are capital intensive investments and such investments need to be made knowing how much "sovereignty" in the processes is outsourced and therefore placed at additional risk.
- Compliance is more and more crucial in modern logistics. Compliance can provide the gratifying impression of having done "the right thing", but it is also a significant contributor to the prevention of accidents and risk avoidance. Indirectly it can make our supply chain safer and more business friendly.

We should like to conclude by saying that much is generally expected from the private sector and even from what is often evoked as a panacea, i.e. public private partnership. This has its own part of truth, but there is an inherent risk of misplacing expectations if too much is expected from the private sector. In particular there is almost nothing that the private sector can do to ensure the alignment of legislative measures, notably in areas such as Customs, security, trade control, if governments do not embrace this approach wholeheartedly. Mutual recognition agreements, regional and multilateral agreements will be powerful engines pushing toward development if governments will adopt them. In this light the newly reached WTO agreement has the potential to give international trade a boost especially if it is used in the direction of further promoting the progress that is already available and further expand it.

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