

## India tops Ti's inaugural Emerging Market Logistics Index

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Transport Intelligence is pleased to announce the launch of its exclusive Emerging Market Logistics Index. The new Index ranks 38 countries from the developing world in terms of the attractiveness of their logistics markets to foreign investors. It measures the scale of opportunities by way of three key indices: 'Market size and growth attractiveness'; 'Market compatibility'; and 'Connectedness'.

The Emerging Markets Logistics Index is contained in Ti's latest report [Logistics Opportunities and Trends 2010](#), available for purchase at [www.transportintelligence.com](http://www.transportintelligence.com).

India (1) claimed the top spot of the overall rankings, scoring particularly highly in terms of market size and growth prospects. Brazil (2) took second place, helped not only by its economic performance but also by good levels of market accessibility and improving domestic and international transport connections. Indonesia (3) also scored well with Mexico (4) and Russia (5) making up the top five logistics markets.

At the other end of the rankings, Kenya (38) performed the least well. Poor global and domestic transport connections; a weak economy; an unstable security situation as well as well as major barriers to market entry, meant low scores across the board. The countries at the bottom of the index will take many years to develop to a stage when they will be mature enough to support the modern supply chain practices present in much of the rest of the world.

In terms of 'Connectedness' (that is, the rating of a country's international and domestic transport infrastructure links as well as the level of service it receives) the United Arab Emirates (1) came out top, followed by Malaysia (2). Bangladesh (38) and Paraguay (37) were the poorest performers.

The Market Compatibility sub-index, which rates the ease in which foreign logistics companies and investors can access a market and the extent to which the local market conditions are aligned to the services which global logistics companies provide, ranked Oman (1) as the leading market. At the other end of the scale Colombia (38) and Nigeria (37) were least aligned, largely due to issues of corruption and security.

The full ranking and commentary is available by downloading the Emerging Markets Logistics Index by following the link:

[http://www.transportintelligence.com/articles\\_papers/](http://www.transportintelligence.com/articles_papers/)

### **Editor's Note**

For more details on how the index is compiled please read the appendix below. Note that China was not considered for the rankings as it was considered no longer an emerging economy. If it had have been, it would have topped the rankings.

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## About the Emerging Market Logistics Index

The Emerging Market Logistics Index examined 38 developing countries against a range of criteria which were then compiled within three sub-indices (outlined below). The results were then aggregated and weighted to arrive at an overall rating and ranking.

The **Market size and Growth Attractiveness sub-index** rates a country's economic output, its projected growth rate and population size.

The **Market Compatibility sub-index** identifies how compatible a market is with the services which global logistics companies provide. For instance it measures:

- A country's development in terms of the importance of its service sector (indicative of the level of out-sourcing of logistics requirements);
- Urbanisation of population (a driver of manufacturers' centralised distribution strategies and the likely consolidation of retailing);
- Distribution of wealth throughout the population (indicative of the widespread need for higher value goods often produced by international manufacturers);
- Foreign Direct Investment (FDI) (this is an indicator for the penetration of an economy by international companies);
- Market accessibility (the regulatory regime facilitating – or otherwise – the entrance of foreign companies to the market. This includes factors such as bureaucracy, regulations etc).
- Security (measuring the risk to companies' operations from threats such as piracy and terrorism)

The **'Connectedness' sub-index** rates a country's international and domestic transport infrastructure links as well as the level of service it receives. It involves:

- The frequency and range of destinations of its liner shipping connections
- The level of airport infrastructure relative to the market's size
- A rating of its overall transport infrastructure
- A rating of the efficiency of its customs and border controls.

From these three sub-indices a weighted, total rating and ranking has been developed using established statistical techniques.

**Source: Transport Intelligence, Mar 09, 2010**