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International Federation of Freight Forwarders Association (FIATA)



UNITED NATIONS COMMISSION ON SUSTAINABLE DEVELOPMENT

1 United Nations Plaza,

New York, NY 10017,

United States

Glattbrugg, 18th of September, 2013

Distinguished and Honourable Chairperson,
Distinguished and Honourable Delegates,

Subject: Enhanced focus on logistic connectivity at the upcoming 20th session of the Commission on Sustainable Development

In summary of this letter, FIATA would like to propose that more emphasis and focus be put on logistics connectivity within the main goals for sustainable development of the United Nations. FIATA's argument is strengthened by:

- Previous research and statistics from notable institutions which reveal the importance of logistics as a driver for economic growth.
- The importance of logistic connectivity and its impact on international trade especially in domestic economies which are restricted within the confines of their borders.
- Addressing UN Policy concerning Land Locked Countries and their difficulties in accessing international markets.
- The requirement for collective and globally accepted regulations in order to develop appropriate measures which can increase wealth through the facilitation of trade.
- Belief that UN delegates developing consistent global policy on sustainable logistics connectivity can significantly transform the outlook of our future trade.

FIATA will participate in the 20th session of the Commission on Sustainable Development which will set the stage for the establishment of the subsequent high level political forum. FIATA globally represents the interests of over 40,000 forwarding and logistics enterprises in 164 countries employing more than 10 million FTE's. Freight forwarding, logistics and Customs services are the main activities of our members. FIATA also has national representation in the majority of UN Member States through its Association Members which serve to promote the interest of the freight forwarding and logistics industry in an attempt to maintain and improve standards and best practices locally within their country.

Additionally, 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.

After reviewing the agenda of the CSD-20 set forth in the [document E/2013/L.37](#) with a view to understanding how logistics are perceived in terms of their contribution to the development of world

trade, hence to the overall sustainable development of the peoples of our planet, FIATA feels its members' ideas must be brought to your attention pursuant the statutory obligations of this organisation.

Past research has shown that the position in world trade is a large and increasingly important portion of the economies of all nations. Tanner (2001) focuses on the particular importance of trade to emerging nations arguing that the trade sector provides a certain degree of leverage for economic growth since international trade can release domestic industries from being restricted to only small local markets.

Ezeala-Harrison (1999) conducted a study that shed light on the different micro and macro factors that contribute to trade as an economic engine of growth. Such factors of the micro level included the availability of market, capital acquisition, technical acquisition and benefits, skilled labour and high-tech specialists. On the macro level, such factors include: openness, government, financial, infrastructure, technology, labour and institutions, all of which reflect a national policy to promote a desirable investment. These measures come closest to reflecting a nation's ability to meet the challenges of international markets while increasing the real income of its citizens.

Today the most modern and dynamic industries are transnational since they are the result of an integrated system of global trade and production. Therefore, the development options for many developing countries depends on the kind of export roles they assume in the global economy and their ability to proceed to more sophisticated high-value industrial niches.

With past research stressing the importance of international trade to boost economic prosperity, FIATA could not fail to notice that the focus on the powerful contribution that logistics provides to development is in general insufficiently visible or perceived. This however becomes particularly important when high level political deliberations take place. FIATA members believe that failing to capture the intimate connection between the level of logistics connectivity and the development opportunities of different countries may hamper their chances to develop or at least slow the process unacceptably.

The logistics system has been increasingly recognized as one of the important driving forces for economic growth. Zhu (2011) investigated the long-run relationship between logistics investment and economic growth in China. He discovered a positive impact of logistics investment on regional economic growth in China especially in undeveloped interior provinces.

Statistics released by the World Bank's Development Report in 1995 showed that the movement of goods and services across borders has grown tremendously in recent years accounting for over 45% of world GDP in 1990 - up from 25% in 1970. There was also a rapid shift to higher value-added activities such as the export share of manufactures in developing countries tripled between 1970 and 1990 from 20 to 60%.

In 1995, The Economist provided in depth analysis that showed world trade expanding nearly thirty-fold in the past three decades since 1960. Manufactured goods as a percentage of total world exports increased from 55% in 1980 to 75% in 1990. Export accounted for 22% of GDP in East and Southeast Asia, 11% for South Asia and 10% for Latin America.

However in recent years, the logistics industry has experienced slower growth. In 2010, The World Bank provided their results for the Logistics Performance Index, an interactive benchmarking tool created also with input from FIATA's constituents, in order to help countries identify the challenges and opportunities they face in their performance on trade logistics. The average index for all 155 countries was 2.86 out of 5 which displayed poor performances across many nations. If the world is to continue to use logistics as a catalyst to boost economic growth, enhanced measures need to be taken to facilitate the distribution of logistics across nations.

FIATA is well aware of the established and laudable UN policy addressing Land Locked Countries and their difficulties in accessing international markets and has been always active in promoting such

policy throughout its constituency. We take however the view that logistics connectivity is an item worth standing on its own even with a wider policy perspective. Land Locked Countries may indeed have additional difficulties to overcome, but good logistics connectivity is essential for all countries, whether they have direct access to deep sea or not.

There is no academia behind the concept that slower development in logistics coincided with the diminished attention to transport policy and logistics in the political agenda of many developed countries, but one cannot avoid making this connection. On the other hand the positive connection between logistics, improved trade and prosperity is sufficiently well established. The conclusion would no doubt be that lack of logistics connectivity in many parts of the world is one of the biggest non-tariff barriers to the growth of global trade.

For these reasons FIATA would like to propose that more **emphasis and focus** be put on logistics connectivity within the main goals for sustainable development of the United Nations. In our view logistics connectivity is a policy area that has the dignity to be inserted among the main sustainable development goals at global level.

FIATA would like to highlight that although some countries have established or are proposing appropriate legislation and measures aiming at sustainable logistics development, there is no global emphasis on the advantages that a global approach to facilitate logistics connectivity would bring and there still is no global agreement or clear indication of where our targets are or should be, in particular when environmental issues are on the table. The logistics industry needs to work collectively to develop globally accepted regulations and requires governments to sustain its development with appropriate measures that can facilitate the creation of wealth through better trade.

In this light FIATA believes that the high level political guidance of the United Nations can powerfully reflect in Member States' policies if these are appropriately considered at international level. We firmly believe that inserting logistics connectivity amongst the main facilitators of sustainable growth and prosperity will assist many governments in finding their own individual path towards the creation of better conditions for their populations.

With the complexity of regulations being established throughout the logistics industry, FIATA proposes that the UN Commission on Sustainable Development dedicate more space during its 20th session to discuss the contribution that logistics can make to sustainable development.

UN delegates developing consistent global policy on sustainable logistics connectivity can significantly transform the outlook of our future trade and therefore impress the required acceleration to our sustainable development. Whilst this did not happen in 2000, which was followed by a period of uncertain and unstable development, chances are now that including a solid block of policy focussed on logistics development may prove to be a far more effective move toward achieving the United Nations' laudable development goals.

The FIATA Presidency has unanimously embraced these objectives and thus created a high powered group to focus on this subject; the members of this group as well as FIATA's members at large are ready to play their part and are ready to contribute to this process, through the organization's democratic and well established policy making structure. All calls in this direction will be attended.

We thank you in advance for your consideration and remain at your fullest disposal to discuss these issues in greater detail.

Yours sincerely,



Stanley Lim
President of FIATA