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## **China Tops 45-Country Logistics Index for Fifth Year**

*Mixed outlook for BRICS offset by optimism in 'next-tier' economies*

**BAAR, Switzerland – Jan. 19, 2015** – Despite concerns that its economy is slowing, China ranks No. 1 among 45 emerging markets for the fifth consecutive year in an annual index watched closely by the logistics industry.

Dynamism in ASEAN, GCC countries and Sub-Saharan Africa, along with the large, next-tier economies of Pakistan, Bangladesh, Nigeria and Mexico, is offsetting mixed performance in the BRICS countries that powered emerging markets growth in recent years. The more balanced picture for growth is reflected in the 2015 Agility Emerging Markets Logistics Index, an annual data-driven ranking of 45 emerging economies accompanied by a separate survey of nearly 1,000 global logistics and supply chain executives.

The Index, now in its sixth year, ranks emerging markets based on their size, business conditions, infrastructure and other factors that make them attractive for investment by logistics companies, air cargo carriers, shipping lines, freight forwarders and distribution companies.

Large BRICS nations Brazil, Russia, India, China and South Africa have accounted for much of the growth and investment in emerging markets and have dominated the Index. China, the perennial No. 1, finished atop the rankings again, but its economy continues to cool. Saudi Arabia climbed to No. 2 in the Index, ahead of much larger Brazil and India.

China ranked third among the 45 countries for business conditions and fourth in the Index for transport and logistics infrastructure. “The size of the Chinese economy and consumer market obscure the fact that, relative to other emerging markets, it is among the leaders when it comes to creating a receptive business climate,” said Soren Poulsen, CEO of Greater China Area for Agility Global Integrated Logistics.

The Philippines, Bangladesh, Pakistan and Vietnam also improved their rankings in the overall Index. Improving business conditions raised the “market compatibility” scores of Malaysia, the Philippines and Pakistan. Malaysia and China were among the countries with the best “market connectivity,” a reflection of their transport infrastructure and links.

Indonesia (No. 4 in the Index), Pakistan (25) and Bangladesh (28), along with Mexico (9) and Nigeria (27), are among the “next-tier” non-BRICS economies with populations topping 100 million.

ASEAN’s ten member states have been taking steps toward becoming a single economic market in 2015. The International Monetary Fund forecasts a rebound for one of ASEAN’s largest economies, Thailand (No. 14 in the Index), which has been dogged by political instability and remains under martial law.

In the survey, logistics executives were most upbeat about 2015 trade flows between Asia's emerging markets and other emerging markets. Survey respondents also identified risks to growth by region and provided views on near-sourcing, e-commerce and other trends affecting emerging markets.

India divided the logistics and supply chain executives who responded to the survey. They ranked India as the No. 2 choice to emerge as a major logistics market **and** ranked it relatively high -- No. 17 -- among countries least likely to become a major logistics market. In the data portion of the Index, India was leapfrogged in 2014 by Brazil and Saudi Arabia, and it slipped again in the 2015 Index, falling past Indonesia to No. 5. India's "market compatibility" – a gauge of business conditions – deteriorated, despite optimism about reform under new Prime Minister Narendra Modi.

"Southeast Asia continues to be one of the world's most vibrant, fast-growing areas. What is even more encouraging are the signs of strength in large southwest Asian markets Pakistan and Bangladesh," said Chris Price, CEO of Asia for Agility Global Integrated Logistics. "Indonesia, Pakistan and Bangladesh are those 'next-tier' emerging countries – huge consumer markets with the potential to drive growth when performance in China, India and the other BRICS economies slows."

Other Index findings:

- Gulf states UAE, Qatar and Oman, ranked as having the best "market compatibility" – the most ideal business conditions – among the 45 countries in the Index. They were followed by Uruguay, Saudi Arabia and Morocco.
- UAE, Malaysia, China, Oman, Saudi Arabia and Chile led in "connectivity," indicating they have the best infrastructure and transport links.
- The Philippines climbed three spots (to No. 16) in the data portion of the Index – after jumping nine spots in the 2014 Index. The country also improved its standing among supply chain executives surveyed. They pushed the Philippines up five spots (to No. 15) among countries they said will emerge as a major logistics market.
- Russia's growing economic isolation has damaged its appeal to logistics and supply chain professionals. More than 75% of survey respondents said they were pessimistic about Russia's prospects.
- The fastest-growing trade lanes linking emerging and developed markets were US-Vietnam (up 42.7% by volume) and Cambodia-EU (up 41.9%) for air cargo; and Ukraine-EU (up 35.8%) and EU-Egypt (up 23.2%) for ocean shipments. But for 2015, trade flows between Asia's emerging markets and other emerging markets are the ones that had logistics professionals most upbeat in the survey. Survey respondents also identified risks to growth by region and provided views on near-sourcing, e-commerce and other trends affecting emerging markets.

"A year ago, there was talk of an emerging markets meltdown and of a new 'fragile five' based concerns about weakness in South Africa, Brazil, India, Turkey and Indonesia," said Essa Al-Saleh, President and CEO of Agility Global Integrated Logistics. "Emerging markets as a group turned out to be far more resilient – even vibrant – than expected despite continued sluggishness in the global economy."

Al-Saleh said a number of developing countries have invested in infrastructure and taken steps to address long-standing problems such as labor and tax rules, investor protections, contract law, property rights, capital restrictions, trade and land-use regulations. He said risks to emerging markets growth in 2015 will come from

falling commodity prices, the cooling Chinese economy, U.S. monetary tightening and Russia's economic woes.

For 2015, the International Monetary Fund forecasts average growth for the 45 countries featured in the Index at 4.57%.

"The factors driving growth are increases in population, size of the middle class, spending power and urbanization rates, along with steady progress in health, education and poverty reduction," Al-Saleh said. "That's why we remain optimistic about emerging markets and continue to see them on an upward trajectory."

*Transport Intelligence (Ti)*, a leading analysis and research firm for the logistics industry, compiled the Index.

John Manners-Bell, Chief Executive *Ti*, said: "Five years after the global recession, prospects for all economies, developed and emerging, are still unclear. Economic fragility, a falling oil price and increasing security concerns in Africa and the Middle East have created uncertainty. Despite the challenges, interest remains high in these volatile markets as indicated by increased infrastructure investment, expanding international trade and increased domestic demand. Global manufacturers, retailers and their logistics service providers need to remain cognizant of the shifting dynamics if they are to exploit the significant opportunities which exist."

#### **About Agility**

Agility brings efficiency to supply chains in some of the globe's most challenging environments, offering unmatched personal service, a global footprint and customized capabilities in developed and developing economies alike. Agility is one of the world's leading providers of integrated logistics. It is a publicly traded company with more than \$4.8 billion in revenue and more than 20,000 employees in over 500 offices across 100 countries. Agility's core commercial business, Global Integrated Logistics (GIL), provides supply chain solutions to meet traditional and complex customer needs. GIL offers air, ocean and road freight forwarding, warehousing, distribution, and specialized services in project logistics, fairs and events, and chemicals. Agility's Infrastructure group of companies manages industrial real estate and offers logistics-related services, including e-government customs optimization and consulting, waste management and recycling, aviation and ground-handling services, support to governments and ministries of defense, remote infrastructure and life support.

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#### **Media contact:**

Russell Green

RTG Communications

Tel: +852 2858 7176

[rtgc@rtgcommunications.com](mailto:rtgc@rtgcommunications.com)