COMPETITIVENESS OF SOUTH ASIA'S CONTAINER PORTS

TRADE IS CRITICAL TO ECONOMIC GROWTH – AND PORTS ARE CRITICAL TO TRADE.

SOUTH ASIA’S TRADE ALMOST DOUBLED IN THE PAST DECADE.

South Asia’s trade almost doubled in the past decade, with trade as a percentage of GDP increasing by 18 percentage points between 2000 and 2014. Since 2000 the region has also enjoyed the second-highest economic growth in the world (after East Asia), growing at an average annual rate of 6.8 percent.

Despite this progress, trade accounted for a smaller share of GDP in South Asia (47 percent) than in East Asia (55 percent) in 2014, and South Asia’s economic competitiveness continued to lag that of other regions. Global indicators, such as the Global Competitiveness Report, point to shortcomings in the institutional, business, and investment environments and highlight concerns that the region may not have the infrastructure needed to compete more successfully in the global economy. In all countries in the region except Sri Lanka, such indicators rank inadequate infrastructure among the most problematic factors for doing business.

WEAK TRANSPORT AND LOGISTICS SERVICES, INCLUDING SLOW EXPANSION OF PORT CAPACITY, CONTRIBUTE TO SOUTH ASIA’S LACK OF COMPETITIVENESS.

- South Asia ranks far behind East Asia in logistics performance
- Average trade time compared to East Asia: 1.5X
- Average trade cost compared to East Asia: 2X
- Increases in container traffic in the region: 4X

INCREASE IN TRADE AS % OF GDP
18% PERCENTAGE POINTS

AVERAGE ANNUAL ECONOMIC GROWTH RATE
6.8%

SOUTH ASIA
47%

EAST ASIA
55%

TRADE AS % OF GDP
Container port performance in South Asia is better than it was — but there is still much room for improvement, particularly at lagging ports.

Private sector participation, good governance, and strong competition are key drivers of performance.

A three-pronged approach that strengthens private sector participation, governance, and competition promises to yield the greatest improvement in South Asia’s container ports.

Improving performance of existing container ports would increase South Asia’s global competitiveness.

80% 55%
South Asia East Asia
Improvement in total factor productivity (TFP)

80% 70%
Ports handle about 80 percent of global trade by volume and more than 70 percent by value.

In a globalized world in which technology and know-how can be easily acquired and the constant search for the most efficient supply chain drives international container flows, the performance of a region’s ports relative to that of competing ports is a crucial determinant of growth.

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If the port sectors of Bangladesh, India, and Pakistan had been as efficient as the port sector of Sri Lanka the results would have been:

Up to 8.8% Up to 7.0%
Lower maritime transport costs to the United States Higher value of exports to the United States

1 33/34 days to import/export compares to 20/22 in East Asia.
2 Increase in average efficiency score on a scale on which 0 is the most inefficient and 1 is the most efficient.