AGILITY EMERGING MARKETS LOGISTICS

index

2019

Agility

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China and India *dominate emerging markets logistics*

Who benefits from U.S.-China trade friction?

Arabian Gulf boasts best business fundamentals

New methodology *provides deeper understanding of emerging market logistics potential*

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FOREWORD

John Manners-Bell,
CEO Transport Intelligence

This year's Agility Emerging Markets Logistics Index (AEMLI) highlights the range of challenges and opportunities facing many countries in the developing world. At a policy level, the escalating tension between the U.S. and China threatens to destabilise the positive global economic environment which has hitherto supported growth across many of the regions covered by this report.

However, in parallel, the development of global e-commerce platforms such as Alibaba, Amazon and e-Bay, has allowed many micro, small and medium-sized enterprises (MSMEs) based in emerging markets to access consumers throughout the world. By extending their marketing and distribution channels globally, this is creating value and employment at a local level. At the same time, many multinationals are focusing their development plans on investment in emerging markets to take advantage of increasing levels of consumer spend and to cater for local tastes.

It is essential that obstructive trade policy does not stand in the way of the commercial opportunities which will help drive growth in emerging markets. The uncertainty which has surrounded trading relations e.g. the TPP, NAFTA and Brexit, combined with the implementation of new trade barriers, threatens to de-rail the integration of emerging markets with the rest of the developed world.

However, liberalisation of trade is not just an issue for countries in Europe and North America. It is important that initiatives such as the WTO's Trade Facilitation Agreement are embraced by emerging markets to allow the free flow of goods and investment. Customs duties, non-tariff barriers (NTBs) and process inefficiencies too often frustrate traders and limit the value which can be created from access to global markets. At the same time emerging markets must also focus on putting in place basic infrastructure (transportation, information and communications technology, energy and financial) without which businesses in these countries will always struggle on a global stage.

The AEMLI continues to be an independent and insightful source of information on markets in the developing world. In uncertain times its role in creating visibility on economic, trade, logistics and business environment is more crucial than ever.

Essa Al-Saleh,
CEO & President of Agility
Global Integrated Logistics

- World economy is slowing
- Emerging markets' 2018 resilience could pay off in 2019
- Infrastructure investment, smart policy pay off for emerging markets
- Smaller companies are lifting emerging economies

A year ago, the world economy was outperforming expectations, and emerging markets were leading the way. Then robust growth in the United States pushed up interest rates and hurt countries with dollar debt such as Turkey and Argentina. China's economy began braking. New international sanctions suppressed output and trade in Russia and Iran. Trade tensions – between the U.S. and China, U.S. and Mexico, and UK and its European Union partners – generated uncertainty that rippled through the global economy.

Heading into 2019, the world is bracing for deceleration in its three major economies: the U.S., China and the EU. Since July, the International Monetary Fund has cut its global growth 2019 forecast from 3.9% to 3.5% and dropped its forecast for emerging markets from 5.1% to 4.5%.

Concerns are valid, but remember that emerging markets as a group will still grow at more than twice the pace of developed economies. Also worth noting is that troubled emerging economies weathered their downdrafts in 2018 far better than they have in the past: there was no sign of the "contagion" that shot through them in 2013 and 2008.

The 10th annual Agility Emerging Markets Logistics Index gives readers the opportunity to get beyond the macro picture - to look at the narratives of individual countries and regions, and to marvel at the results that come from shrewd policy making and smart logistics infrastructure investment. There are reasons for optimism in the data and in our survey of 500+ logistics industry executives. Among the examples are India's astonishing transformation, the aggressive business reforms in Arabian Gulf economies, the growing middle class in Africa, or the fresh potential for renewal in sleeping giant Brazil.

Even where news is worrisome, it's not all gloom. Amid China's slowdown, rapid changes in buying habits are powering e-commerce and driving creation of a vast, modern domestic logistics and delivery network. The UK's problematic Brexit is seen by our survey respondents as something that will lead to favorable trade deals with London. And perhaps the best news is that long-forgotten small and medium-sized businesses are finally getting some attention and respect. Global logistics executives see SMEs – which account for most economic activity and job creation in emerging markets – as the businesses that will grow the fastest in the next few years.

Thank you for taking time to read the 2019 Agility Emerging Markets Logistics Index. The world's most vibrant markets deserve a closer look.

KEY FINDINGS

China's Agility Emerging Markets Logistics Index 2019 performance

China dominates the 2019 Agility Emerging Markets Logistics Index, ranking 1st overall and topping the domestic and international logistics opportunity rankings. More than 500 survey respondents also rated China as the market with the 2nd highest potential as an emerging logistics market, after India. This is the ninth consecutive year that China has been the No. 1 emerging market in the Index.

Survey respondents were bullish about prospects for China's Belt & Road Initiative (BRI) with 63.9% of indicating their expectations that projects would spur growth in China and boost trade with its neighbours. Some 41.4% also predict Belt & Road investments will better equip emerging markets to trade and grow. In addition, 44.9% of survey respondents expect rapid growth in China's e-commerce market to continue.

India establishes its position alongside China

Throughout the 2019 Agility Emerging Markets Logistics Index, India sits at or near the top of the rankings in line with ever dominant China. India ranks 2nd overall in 2019, as well as 2nd for both domestic and international logistics opportunities.

In addition, survey respondents showed their belief in the emergence of India's logistics market, ranking it as the market with highest potential over the next five years. At 48.1%, nearly half of those surveyed expect India's e-commerce market to grow as fast or faster than China's online retail sector.

It's not too late for Brazil to reverse its slide

The 2019 Agility Emerging Markets Logistics Index demonstrates that Brazil's political and economic troubles have reduced its performance and potential as an emerging logistics market. Brazil comes in at No. 15 in the Index, trailing several smaller countries and economies with fewer natural resources and less developed manufacturing bases. Of greatest concern, Brazil ranks 39th of 50 emerging markets for business fundamentals.

There are reasons to be optimistic, however. Around half (44.5%) of survey respondents remain either optimistic or strongly optimistic about Brazil's potential as a logistics market, while a rank of 4th in the domestic logistics opportunities sub-Index, and expectations of economic recovery in 2019 point towards a reawakening in Latin America's largest logistics market.

E-commerce – online retail ready to go in emerging markets

As emerging market e-commerce giants, such as Alibaba, JD.com, Lazada and Flipkart, rapidly expand sales in home markets and abroad, outsourcing of logistics services is expected to grow. Around half (47.7%) of those surveyed expect more e-commerce outsourcing in the coming years, with cross-border express and the management of e-fulfilment centres the opportunities with highest potential. Higher internet penetration and access to online payment systems are the most important technologies behind emerging markets trade growth, according to 33.2% of those surveyed.

SMEs – Well placed to grow but need help navigating red tape

One third of survey respondents see SMEs as better placed to grow in emerging markets than larger competitors. Long neglected but now a focus of logistics providers' growth strategies, SMEs are in need of help reducing and navigating trade bureaucracy, according to 23.3% of those surveyed. In a strong signal to emerging market governments and regulators, more than one fifth of survey respondents (21.6%) noted than modernisation of customs systems and processes is the most important use of technology in facilitating emerging markets trade.

Trade – tensions put volumes at risk with uncertain outcomes

Survey respondents show some uncertainty about prospects for emerging market growth in 2019. While 55.7% think the IMF forecast of 5.1%* emerging market growth in the coming year is 'about right', at 47.1%, nearly as many think an emerging markets financial crisis is 'likely' or 'very likely'.

Is a trade war ahead?

Trade tensions between the U.S. and China risk a 10.4% fall in volumes, according to survey respondents. South East Asian markets are expected to gain from a prolonged trade war, according to those surveyed. The region's key markets – Indonesia, Malaysia, Vietnam, Thailand and the Philippines – all feature in the Top 20 positions in the data driven Index.

Sanctions…

After several years of investment and economic growth, U.S. imposed sanctions appear to have eliminated much of the optimism surrounding Iran's logistics market potential. Some 74.8% of those surveyed said U.S. sanctions have reduced or eliminated Iran's potential as a logistics market and investment destination.

In the data-driven Index, Iran ranked 37th overall, while coming in 49th out of the 50 emerging markets analysed in the international logistics opportunities sub-Index.

…deals…

Despite the uncertainty caused by the U.S.-instigated renegotiation of NAFTA, the replacement USMCA appears to have calmed survey respondents' nerves – 65.0% think Mexico will maintain or boost trade with the U.S. and Canada in the coming years. This will help to maintain Mexico's 3rd rank in the international logistics opportunities sub-Index.

…and Brexit

At 70%, a significant majority of survey respondents think emerging markets will be unaffected or will benefit from Brexit. Indeed, any negative effects may be felt by the UK, with 58.9% expecting emerging markets to seek concessions from the UK in post-Brexit trade agreements.

**The IMF issued this forecast in April 2018. It was revised to 4.7% in October 2018, and again to 4.5% in January 2019.*

THE 2019 AGILITY EMERGING MARKETS LOGISTICS INDEX

As we move into 2019, we see an increasingly complex and unpredictable global picture. Risk factors include the looming threat of a trade war between Beijing and Washington, the prospect of a disorderly Brexit and tightening monetary policy, a particularly worrisome scenario for emerging markets with high volumes of U.S. dollar denominated debt, to name just a few.

As such, the Agility Emerging Markets Logistics Index 2019 makes use of an updated index methodology to reflect the new era of emerging market growth. For 2019 and beyond, the analysis of emerging markets requires **a greater degree of depth and a richer understanding of each market's specific drivers and growth inhibitors.** The methodology examines three key areas for logistics market development:

- Domestic Logistics Opportunities
- International Logistics Opportunities
- Business Fundamentals.

Across each, the updated and upgraded Agility Emerging Markets Logistics Index methodology introduces a new set of variables that measure **current, short-and medium-term performance across structural and cyclical factors in each country's logistics markets and in key vertical sectors. As a result, the 2019 Index weighs the current opportunity and future potential a market offers against the operational realities and the openness, robustness and fairness of the market's business environment.**

In sum, the new methodology presents an evolution of the Agility Emerging Markets Logistics Index, and updates it for a world that is more complex, more connected and more divided than at any point since Agility and Transport Intelligence have partnered to produce the Agility Emerging Markets Logistics Index.

Key measures used in the Agility Emerging Markets Logistics Index 2019

Domestic Logistics – 33%

- Domestic logistics markets – Size & growth
- Economy – size & growth
- Population – size & growth
- Income equality
- Urbanisation
- Development of business clusters

International Logistics – 33%

- International logistics markets – size & growth
- Logistics intensive trade – size & growth
- Infrastructure quality and connectedness
- Border procedures – time & cost

Business Fundamentals – 33%

- Regulatory environment
- Credit and debt dynamics
- Contract enforcement and anti-corruption frameworks
- Inflation & price stability
- Cost of crime & violence
- Market accessibility & domestic stability

China and India top the 2019 Agility Emerging Markets Logistics Index finishing some distance ahead of the remaining 48 emerging markets covered. The rest of the top 10 markets, however, are ranked much more closely together, with just 0.68 points separating them. The top 10 reflects the reality of emerging markets – that China and India dominate given both their scale and the initiatives undertaken to capitalise on those structural advantages, and that the remaining markets in the top 10 each present viable opportunities, between which it is difficult to discern at the surface level.

However, looking across all three sub-Indices of the top 10 reveals a picture of asymmetric competition most evident in the business environments offered by the Middle Eastern and South East Asian markets. **Building a significant advantage in business fundamentals through regulatory environments which create confidence for investors has proven a viable strategy for driving performance and potential as a logistics market, as the UAE and Malaysia demonstrate.** Conversely, the Philippines, which achieves top 15 rankings for both domestic and international logistics opportunities, ranks 34th overall for business fundamentals – primarily the result of a legislative and judiciary system that fails to ensure protection of investments and contracts.

The larger point here, though, is that success and potential as an emerging logistics market in 2019 requires coherence of policy across and throughout a market's business environment, and that this can significantly enhance a market's potential if designed and implemented effectively. Given that it is a measure over which markets have near full control, poor performance is an opportunity lost.

The Results: Overall Performance

Ranking	Country	Agility Emerging Markets Logistics Index 2019	Domestic Logistics Opportunities	International Logistics Opportunities	Business Fundamentals
1	China	8.87	8.82	9.70	7.12
2	India	7.39	8.09	7.20	6.35
3	UAE	6.16	5.56	5.48	8.89
4	Indonesia	6.09	6.32	5.94	5.94
5	Malaysia	6.00	5.23	5.64	8.39
6	Saudi Arabia	5.71	5.27	5.23	7.67
7	Mexico	5.67	5.34	6.23	5.13
8	Qatar	5.62	5.38	4.85	7.84
9	Turkey	5.56	5.27	5.85	5.49
10	Vietnam	5.48	4.88	6.12	5.31
11	Thailand	5.47	4.95	5.79	5.84
12	Oman	5.44	4.98	4.84	7.73
13	Chile	5.42	4.79	5.18	7.26
14	Russia	5.40	5.15	5.55	5.60
15	Brazil	5.35	5.67	5.58	4.17
16	Bahrain	5.24	5.05	4.72	6.80
17	Morocco	5.13	4.65	4.92	6.61
18	Kuwait	5.10	5.09	4.62	6.19
19	Jordan	5.04	4.87	4.78	5.99
20	Philippines	4.96	5.03	5.15	4.40
21	Uruguay	4.93	4.78	4.54	6.10
22	Kazakhstan	4.91	4.78	4.70	5.63
23	Peru	4.88	4.71	5.11	4.71
24	South Africa	4.86	4.66	4.93	5.09
25	Colombia	4.81	4.72	5.01	4.57
26	Egypt	4.80	4.95	4.64	4.84
27	Ukraine	4.75	4.78	4.95	4.25
28	Pakistan	4.74	5.17	4.46	4.44
29	Lebanon	4.71	4.93	4.69	4.30
30	Argentina	4.70	5.01	4.74	3.94
31	Kenya	4.68	4.49	4.62	5.22
32	Ghana	4.66	4.62	4.40	5.31
33	Tunisia	4.64	4.54	4.50	5.16
34	Sri Lanka	4.61	4.54	4.71	4.51
35	Algeria	4.59	4.86	4.25	4.80
36	Ecuador	4.57	4.49	4.62	4.62
37	Iran	4.57	4.83	4.18	4.89
38	Tanzania	4.48	4.57	4.22	4.91
39	Bangladesh	4.47	4.97	4.44	3.47
40	Paraguay	4.43	4.33	4.60	4.27
41	Ethiopia	4.43	4.59	4.39	4.18
42	Cambodia	4.41	4.49	4.50	4.04
43	Nigeria	4.38	4.84	4.29	3.63
44	Bolivia	4.36	4.40	4.57	3.83
45	Uganda	4.34	4.44	4.49	3.77
46	Libya	3.90	4.45	4.41	1.65
47	Mozambique	3.89	4.31	4.50	1.65
48	Myanmar	3.88	4.38	4.52	1.41
49	Angola	3.68	4.43	4.29	0.80
50	Venezuela	3.62	4.52	4.09	0.72

The 2019 Index uses a new methodology. As such, year-on-year ranking positions comparisons are not like-for-like comparisons.

China

The scale and value of China's domestic and international logistics markets propel it to the top of the ranking in 2019.

Domestically, China has seen huge growth in consumption in recent years, with e-commerce players like Alibaba and JD.com witnessing rapid sales expansion in major cities and increasingly in second- and third-tier cities and more rural locations. China has 156 cities with populations of one million or more, compared with just 10 U.S. cities with populations of one million or more. Goldman Sachs says China's population density has spurred development of a supply chain network responsible for delivery of 140m parcels a day. China's Inland cities are seeing increased demand for warehousing and investment in logistics operations as available real estate supply in traditional manufacturing and shipping hubs in coastal regions begins to run low and as more goods are shipped westwards via overland routes. China's international market is driven by the huge volume of manufactured goods that it exports, but cross-border e-commerce volumes, including demand for consumer goods imports from global retailers, are growing and have led to investment from global players in recent years.

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China faces headwinds in 2019. Prime amongst these is the impact of U.S. tariffs on some $200bn of its exports, and the threat of a wider trade war emerging. There are domestic risks, too, with China's economy slowing even before the Trump administration imposed tariffs, and a need to deflate bubbles in the finance and housing sectors. Tensions with the U.S. are being felt, though – retail sales increased at the slowest pace in 15 years in November 2018, while factory output was the weakest in nearly three years during the same month.

Forecasts put China's GDP growth at around 6.3% in 2019. During the year, it will come under significant pressure to change its trade practices, which will have an impact on its logistics market. It is likely the results of any ongoing trade tensions will be felt most acutely in the export-oriented coastal regions, such as Guangdong, which includes Shenzhen and is China's largest source of exports. Should the slowdown proceed as early indications suggest, it will only be a matter of time before labour markets are affected, potentially disrupting consumption and China's domestic logistics market as well.

India

India, at No. 2 in the Index, is driven by some of the same characteristics as China, namely the size of its domestic and international logistics markets as well as the scale of growth expected over the medium term. Specifically, this is driven by India's airfreight and international express markets, which Ti estimates will grow at a compound annual growth rate (CAGR) of 9.1% and 10.9% respectively over the five years to 2022.

Domestically, higher value manufacturing is expected to drive contract logistics growth, while investments to support the country's wealthier consumers – such as DSV and Volvo's spare parts operation established in May 2018 – are becoming more common and driving demand for higher value logistics operations. In addition, research by Nasscom and PwC India forecasts the country's e-commerce market will expand from $35bn in 2018 to $100bn by 2022 and create 1m jobs as an additional 100m users start shopping online. Over the same period, Ti forecasts a 13.0% CAGR in India's domestic express market, and a 17.7% CAGR in contract logistics.

India is also seeing progress in several key areas of its economy and business environment. Its cash conditions have broadly normalised following 2016's demonetisation process, while the disruptions caused by the implementation of the Goods and Services Tax in 2017 should soon be overcome and should facilitate the growth in the near-term. While a general election in mid-2019 provides some uncertainty in light of the ruling Bharatiya Janata party's poor performance in regional elections, Prime Minister Modi remains popular and is expected to retain power on a business-friendly platform.

UAE

The third-place ranking of the UAE is a result of exceptional performance in the business fundamentals sub-Index, combined with solid development of domestic and international logistics markets. Capabilities across the measures have been developed as part of a plan to position the UAE as a global trade and tourism hub.

The high ranking of the UAE's business environment is primarily a result of its network of free trade zones, and the rules that govern foreign businesses within them. Inside free zones, foreign companies can own up to 100% equity, receive a 100% import and export tax exemption, and repatriate 100% of capital and profits. These free zones form a vital component of the local economy and serve as major re-export centres to the Gulf region. Free zones in the UAE are home to more than 20,000 companies. For the logistics sector, the most important is the Jebel Ali Free Zone, where more than 300 logistics providers from 30 countries are based, many offering contract logistics and freight forwarding services.

The UAE is trying to position itself to be the region's e-commerce hub by encouraging new businesses and start-ups such as Shipa.com and luring global talent and investment through ambitious projects such as Commercity in Dubai.

The UAE's logistics markets have also benefitted greatly from vast investment in physical infrastructure. Domestically, the UAE is investing in big ticket infrastructure projects such as the $3.5bn Al Mafraq-Al Ghuwaifat road upgrade and the creation of a 1,200 km rail network. The market is also undertaking expansions at its main air and sea ports. Jebel Ali, which serves as a multi-modal hub and free zone and facilitates domestic, regional and global trade flows, connecting the UAE with 140 ports worldwide, is undergoing expansions to increase handling capacity to 22.1m TEU.

Indonesia

Indonesia's relatively large domestic logistics markets are expected to see strong growth, with Ti estimating a domestic parcel market CAGR of 11.3% between 2017-2022. The country's sea freight market has also become part of high volume regional and global supply chains. Although Indonesia's business environment possesses a relatively higher regulatory burden than some neighbouring markets, overall it presents an environment in which domestic and international businesses can invest and grow. To boost investment, Indonesia's government announced plans in late 2018 to relax foreign-ownership rules in numerous economic sectors, which should support FDI inflows going forward. Also in late 2018, Indonesia concluded a trade deal with the four European Free Trade Association (EFTA) members – Iceland, Lichtenstein, Norway and Switzerland – although the boost to the external sector will likely only be mild.

Domestic consumption is a key driver of investment into the Indonesia's e-commerce market, which by December 2018 had received a total of $6bn of investment from Chinese investors. Last-mile delivery is a challenge in Indonesia, which is made up of some 17,000 islands spanning an area larger than the EU. Lazada, in which Alibaba has invested some $4bn, uses the Chinese giant's inventory management system and ride-hailing companies to fulfil delivery, often using small bikes to navigate clogged roads. Infrastructure remains a significant problem in the country, with the World Bank estimating logistics costs in the market account for around 25% of GDP, nearly double the global average of 13%, weighing heavily on efficiency.

Indonesia's logistics market is set to continue healthy growth over the coming years as e-commerce and wider domestic consumption expand and consolidate the market's position in the top 10. However, tighter monetary policy globally, delays to public infrastructure projects and cooling Chinese momentum could present headwinds for Indonesia in 2019, and a resurgence of U.S.-China trade tensions poses a downside risk.

Malaysia

Malaysia's overall performance is driven by its business fundamentals score, a sub-Index in which it ranks second overall. Malaysia has created an environment in which domestic and foreign businesses can invest and grow, while also offering favourable and robust regulatory frameworks both domestically and particularly in terms of customs and import-export rules. Alongside this, its domestic and international logistics markets benefit from the presence of advanced and value-added manufacturing and the domestic oil & gas sector.

Growth has been robust in Malaysia for a number of years, with domestic consumption improving and the country's export sector achieving its highest trade surplus in seven years in October 2018. **This comes as Malaysia aims to position itself as the ASEAN logistics hub. The Malaysian government has identified two main priorities achieving this – the development of the country's logistics infrastructure across port upgrades and expansion, road networks and IT systems, and the development of skills and expertise amongst the local workforce.** Malaysia estimates its logistics workforce will increase by 161,000 by 2022, with logistics operations to support e-commerce growth - one of the fastest growing sectors. In addition, the plan requires that Malaysia develops the capability to offer high value-added logistics services and aims to develop local capability across supply chain network design, integrated warehouse management, information technology application and sophisticated crane operations. It is an ambitions plan, and one that will be supported by economic growth that is expected at around 4.6% in 2019.

Saudi Arabia

Saudi Arabia's 6th overall ranking is primarily a result of notable improvement in its business environment, a theme which is common across Middle Eastern markets. It is a strength that will be key to the Kingdom's ability to transform its economy under the ambitious Vision 2030 strategy.

Announced in 2016, Vision 2030 aims to position Saudi Arabia as an investment powerhouse and a logistics hub connecting three continents. To achieve this, the strategy emphasises economic diversification away from dependence on oil, aiming to grow non-oil revenues tenfold by 2030. The Saudi government has instigated significant expansion of the road and rail networks, as well as the country's airports in recent years, while also creating free trade and industrial zones, such as the Industrial Valley in King Abdullah Economic City, to boost economic growth.

Saudi Arabia has prioritised development of its sea ports in particular. Some 95% of its imports and exports pass through its sea ports, of which all but one are owned by the Saudi Ports Authority, whilst being managed and operated by the private sector. The new King Abdullah Port has a single-window Port Community System which integrates regulatory and logistics data, and makes port operations more efficient. It also has a Smart Gate System which automates security functions such as authenticating the identity of the driver, vehicle and cargo, as well as reducing the volume of traffic inside the port by only allowing in trucks that have an appointment.

Vision 2030 will also create demand for logistics services in other areas of the Saudi economy. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP and 90% of export earnings. At a time of low oil prices, Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and employ more Saudi nationals. The government has approached investors about expanding the role of the private sector in the healthcare, education and tourism industries. Its Vision 2030 strategy aims to increase the private sector's contribution from 40% to 65% of GDP. The Saudi e-commerce market is estimated to have reached $5.7bn in 2017, as increasing numbers of Saudis gain access to the internet. However, consumer preference for cash on delivery and cyber security remain barriers to growth. In addition, November 2018 saw the inauguration of Waad Al-Shamaal mining city, which is expected to create around 10,000 jobs.

Mexico

Mexico's 7th overall rank is a reflection of strong international logistics opportunities, primarily driven by manufacturing in high value sectors such as automotive. It is a strong market for trade into and out of the U.S., with a large cross-border market demanding high-value logistics services to support manufacturing activities. Domestic problems, however, hinder Mexico's overall performance, with well documented crime and disorder challenges most prominent. **As such, despite top 10 rankings for both domestic and international logistics opportunities, Mexico ranks a relatively low 23rd for business fundamentals.**

Over the last several decades, much of Mexico's economy has been opened up to international investment, but a stated desire by the U.S. to renegotiate trade across North America has created uncertainty. **However, Mexico's appeal to foreign investors remains strong – in 2017, there was overall growth in the number of FDI projects, as well as a slight increase in capital investment, and the U.S. remained the top**

investor in the country. There are positive signs that the uncertainty will soon end too, as Mexico has agreed to replace NAFTA with the United States-Canada-Mexico Agreement (USMCA) which looks set to preserve much of the established manufacturing and supply chain operations that support Mexico's trade with the U.S..

Qatar

Qatar's position of 8th overall is a result of solid performance in the domestic logistics opportunities sub-Index, driven by high per capita incomes and high urbanisation in particular, which help to create demand for goods and aid efficiency in its domestic parcel market, while its international market boasts particular strengths in efficient border control systems. **However, as is common amongst the top performing Middle Eastern markets, it is Qatar's business environment that powers its overall score, with improvements to protections against corruption and an efficient financial sector both playing a significant role.**

Qatar has also dealt well with attempts by Saudi Arabia, the UAE, Egypt and Bahrain to isolate it economically and diplomatically. Despite the blockade, Qatar's economy has continued to grow, and in late 2018, the IMF noted that Qatar's fiscal position was improving and that the Central Bank's foreign exchange reserves were growing. This was affirmed in September 2018 with a merchandise trade surplus, which had grown 26% year-on-year. The positive trend is expected to continue, driven by increased oil and gas production, and by infrastructure projects related to the 2022 World Cup of football. Although the blockade by some of its neighbours is having an effect, Qatari GDP growth is forecast at 2.8% in 2019.

Turkey

Turkey's large economy and population, as well as high per capita income, support a healthy domestic express market that is set to grow over the next five years at an 8.9% CAGR, according to Ti forecasts. This drives its top 10 rank within the domestic logistics opportunities sub-Index, while a sizable freight forwarding market across sea and air has a similar effect in the international logistics opportunities sub-Index.

Turkey sits at the crossroads of both east-west and north-south trade lanes and is particularly keen to exploit this position and increase trade volumes that pass through its gateways. Over the past decade, the Turkish logistics sector received close to $2bn in foreign investment, according to its International Transportation and Logistics Service Providers Association. During the same period, the Turkish logistics sector saw a four-fold increase in capacity, and now accounts for around 15% of national GDP, both of which suggest it is achieving its aim.

There are a number of downside risks in the country's economy, however, including high exposure to foreign debt that is becoming more expensive to service as U.S. interest rates rise and the dollar gains strength. In addition, Turkey has high oil import costs and investor confidence has weakened as a result of uncertainty over the country's domestic political direction, and geopolitical tensions on its borders with Syria, Iraq and Iran. As such, economic forecasts for the year ahead expect growth to weaken, exchange rate volatility to continue, and inflationary pressures to increase.

Vietnam

Vietnam's international logistics market is the standout driver of its overall performance in the 2019 Index. Domestically, the country has solid but not remarkable logistics opportunities – both contract logistics and domestic express markets are around $750m in value per year with healthy growth rates, and GDP per capita is amongst the higher of the 50 emerging markets in the Index, reinforcing likely positive development.

On the international side Vietnam has developed real strength. It rates as the fifth largest market for logistics intensive goods trade by value – a measure where it is broadly in line with the significantly larger Indian economy and double the size of much larger Brazil. This advantage is expected to strengthen further as strong growth in both imports and exports is expected over the next five years. The country's sea freight market also plays a key role in strong international logistics performance. A network of more than 160 ports throughout the country – with main gateways at Ho Chi Minh City, Hai Phong and Da Nang – have annual capacity of more than 11m TEU, while Ti estimates that Vietnam's sea freight market will grow at a 15.3% CAGR over the five years to 2022.

A rank of 20th in the business fundamentals sub-index suggests room from improvement, with the need to address regulatory burden in particular.

Domestic Logistics Opportunities		
1	China	8.82
2	India	8.09
3	Indonesia	6.32
4	Brazil	5.67
5	UAE	5.56
6	Qatar	5.38
7	Mexico	5.34
8	Turkey	5.27
9	Saudi Arabia	5.27
10	Malaysia	5.23
11	Pakistan	5.17
12	Russia	5.15
13	Kuwait	5.09
14	Bahrain	5.05
15	Philippines	5.03
16	Argentina	5.01
17	Oman	4.98
18	Bangladesh	4.97
19	Egypt	4.95
20	Thailand	4.95
21	Lebanon	4.93
22	Vietnam	4.88
23	Jordan	4.87
24	Algeria	4.86
25	Nigeria	4.84
26	Iran	4.83
27	Chile	4.79
28	Uruguay	4.78
29	Kazakhstan	4.78
30	Ukraine	4.78
31	Colombia	4.72
32	Peru	4.71
33	South Africa	4.66
34	Morocco	4.65
35	Ghana	4.62
36	Ethiopia	4.59
37	Tanzania	4.57
38	Tunisia	4.54
39	Sri Lanka	4.54
40	Venezuela	4.52
41	Ecuador	4.49
42	Kenya	4.49
43	Cambodia	4.49
44	Libya	4.45
45	Uganda	4.44
46	Angola	4.43
47	Bolivia	4.40
48	Myanmar	4.38
49	Paraguay	4.33
50	Mozambique	4.31

With China and India topping the overall ranking in 2019, it should come as no surprise that both also top the ranking for domestic logistics opportunities. In part, this is driven by the current scale of both markets, both in terms of GDP and population size, but perhaps more significantly, it is also a result of the growth expectations in both.

In China, already the second largest economy in the world, the World Bank forecasts GDP growth of 6.3% in 2019. Domestically, its logistics markets are also already vast, with high growth expectations. Ti estimates the Chinese contract logistics market will expand at a 12.4% CAGR over the five years to 2022, while the country's domestic parcels market will see a 16.5% CAGR over the same period. This will be driven in part by the rapid expansion of e-commerce giants including Alibaba and JD.com into second and third tier cities and more rural areas as well as the increasing presence of global players in the market in high value sectors such as healthcare and pharmaceuticals.

There is a similar picture in India. A large economy and increasingly wealthy population are driving demand for goods that sees a rapidly expanding contract logistics and domestic parcels market propel India up the ranking. In several measures, however, India lags China, including in terms of GDP per capita and urbanisation. **The UN estimates that approximately 34% of the Indian population lives in cities. Over the next 20 years, however, India's urban population is expected to increase by some 250m. Research from McKinsey Global Institute estimates that India's cities could generate 70% of new jobs by 2030, while also producing 70% of India's GDP, and driving a near fourfold growth in per capita income.**

In sum, the domestic advantages of China and India look to be both structural and highly sustainable over the long-term. However, viewed from the same perspective, the effect of Brazil's economic woes on its domestic market performance becomes clear. Despite a similarly sized economy and near 10x higher GDP per capita, Brazil's recent recession has depressed its domestic logistics markets to around half the size of India's, according to Ti's data, while growth in the Brazilian logistics markets and economy more widely is expected to lag India's by a significant margin. While Brazil's domestic logistics opportunities rank of 4th is still impressive, its score being in line with the much smaller UAE and Qatari markets serves to highlight how it has so far failed to capitalise on its inherent structural advantages. The year ahead will be important for Brazil's prospects. Latin America's largest economy is on the brink of a cyclical recovery from its biggest-ever recession, which many hope will be aided by new President Jair Bolsonaro's proposed economic reforms. An indicator of progress may well come in the form of FDI into the country. In 2017, Brazil experienced a 1% and 15% decline in project numbers and capital investment, respectively, and a reversal of this trend would signal the return of investor confidence.

A similar story can be found across the remaining BRICS markets. In Russia, the economy and per capita incomes remain large amongst the group of 50 emerging markets covered, and have shown a fair degree of resilience to western sanctions and the lower price of oil. It does, though, rank outside of the top 10 markets for domestic logistics opportunities, with prospects remaining low despite strengthening private consumption and an improving labour market as political uncertainty remains. In South Africa, greater political stability is supporting government efforts to attract investment, and there are signs of wage rises and higher household spending. However, data from the World Bank shows the South African economy is smaller than it was in 2010.

Elsewhere in the domestic logistics opportunities ranking, markets with potential to rise in coming years can be found. In Ethiopia, for example, a massive public infrastructure investment programme over the last decade has played a key role in rapid economic growth over the last decade. While efficiencies are still to be gained and infrastructure gaps remain, the partial opening of the country's logistics sector to foreign investors in September 2018 should boost private sector participation in the wider development of logistics operations in the country. Ethiopia still has room to go further in its reforms and further incentivise international investment – while restrictions on foreign investment in packaging, forwarding and shipping agency services have been lifted and tax holidays and subsidised loans to boost investment have been introduced, bureaucracy and regulatory burdens remain high.

> Despite a similarly sized economy and near 10x higher GDP per capita, Brazil's recent recession has depressed its domestic logistics markets to around half the size of India's, according to Ti's data, while growth in the Brazilian logistics markets and economy more widely is expected to lag India's by a significant margin.

Agility's Take

Agility

In 2018, China's economic growth slowed to 6.6%, the lowest rate in three decades. Key indicators – retail sales, household spending, property and auto sales, government investment and industrial output – all reflected weakness amid continued upward pressure on the cost of living and wages. Policy makers face tough choices because of uncertainty caused by the U.S.-China trade conflict and a decline in global demand. International businesses are looking to see if they revisit policies that favour state enterprises over the private sector and how they choose to address the concerns of foreign companies that have been reconfiguring their supply chains and moving production to hedge against risk in China, criticised for subsidising state-favoured companies, limiting market access for foreigners, and pressuring foreign companies to give up technology and trade secrets. Despite those concerns and worries about household spending, there is reason for optimism on the domestic logistics scene. As Goldman Sachs has pointed out, online sales are on pace to hit $2 trillion in 2020 as more Chinese go online to buy goods and services. China's urban population continues to grow – there are 156 cities of 1m or more people vs. just 10 in the United States. The cost of delivery is $5 a parcel in the U.S., but just $1 (and falling) in China, where 600m shoppers are making online purchases and spending about one-quarter of their annual disposable income on e-commerce. Apparel, electronics and other sectors dominated online purchasing until recently, when there was a surge in other purchasing: food takeout, supermarket deliveries, big-ticket purchases such as furniture. The domestic logistics market is a bright spot for delivery and trucking companies, but also for e-commerce retailers looking to develop brick-and-mortar stores and sales outlets to complement online operations.

International Logistics Opportunities		
1	China	9.70
2	India	7.20
3	Mexico	6.23
4	Vietnam	6.12
5	Indonesia	5.94
6	Turkey	5.85
7	Thailand	5.79
8	Malaysia	5.64
9	Brazil	5.58
10	Russia	5.55
11	UAE	5.48
12	Saudi Arabia	5.23
13	Chile	5.18
14	Philippines	5.15
15	Peru	5.11
16	Colombia	5.01
17	Ukraine	4.95
18	South Africa	4.93
19	Morocco	4.92
20	Qatar	4.85
21	Oman	4.84
22	Jordan	4.78
23	Argentina	4.74
24	Bahrain	4.72
25	Sri Lanka	4.71
26	Kazakhstan	4.70
27	Lebanon	4.69
28	Egypt	4.64
29	Kenya	4.62
30	Kuwait	4.62
31	Ecuador	4.62
32	Paraguay	4.60
33	Bolivia	4.57
34	Uruguay	4.54
35	Myanmar	4.52
36	Cambodia	4.50
37	Tunisia	4.50
38	Mozambique	4.50
39	Uganda	4.49
40	Pakistan	4.46
41	Bangladesh	4.44
42	Libya	4.41
43	Ghana	4.40
44	Ethiopia	4.39
45	Nigeria	4.29
46	Angola	4.29
47	Algeria	4.25
48	Tanzania	4.22
49	Iran	4.18
50	Venezuela	4.09

China tops the international logistics opportunities sub-Index by a large distance, driven by a high value logistics intensive trade market, and large international forwarding and express markets that are expected to continue strong growth trajectories. **The real key to China's position, though, is the vast global network the country's international logistics market connects with through high quality infrastructure in key coastal export regions.** India's 2nd position, meanwhile, is powered by strong growth expectations in airfreight forwarding and international express.

China and India are joined by four other Asia Pacific markets in the top 10, all of which are from South East Asia, a region that has become highly integrated with global value chains as the manufacturing sector growth has risen over the last several decades. Markets in the region have increasingly moved up the manufacturing value chain, and several benefitted from rising labour costs in China, undertaking the manufacture of higher value components and finished products as global manufacturers sought cheaper alternatives. An example is Vietnam – 4th overall in the international logistics opportunities sub-Index – where average wages in the manufacturing sector are approximately four times lower than in China. Its expertise and infrastructure have improved to such an extent that it is a major global exporter in a number of sectors, including textiles and apparel which have come to account for approximately 40% of air freight trade with the U.S.. Such exports are helping fulfil the rapid delivery expectations of fast-fashion and online retail. More widely, Vietnam's ability to negotiate and sign new bilateral (such as with the EU) and multilateral (such as with ASEAN members) trade agreements has bolstered its ability to access new markets and should see it continue to grow over the longer term too. To date, it has signed 17 FTAs, although not all are implemented.

Southeast Asian markets are susceptible to falling Chinese growth, however, and may experience spillovers from an escalation in the U.S.-China trade tension. While Thailand has a more robust domestic market than other countries in the region, it has seen weakening export growth in late 2018 in addition to negative PMI ratings that indicate contraction in its manufacturing sector. The outlook for Thailand remains positive overall, with GDP growth of 3.8% in 2019, but vulnerabilities in export markets across the region will need to be watched carefully.

Mexico's 3rd place ranking is driven by its trade with the U.S.. As the Mexican economy has opened to private investment over the last several decades, high value manufacturing sectors, including automotive, have grown to the extent that Mexico exported more than 2m passenger vehicles to its northern neighbour in 2017. Trade such as this – as well as the import of raw materials and components that support Mexico's wider manufacturing sector – contribute to its ranking score in this sub-Index. **Mexico, for example, has the second most valuable logistics intensive trade sector of the 50 markets under consideration, second only to China. In addition, while its trading relationship with the U.S. has become uncertain in recent years, Mexico has shown an ability to adapt quickly – in 2018, it signed an 'agreement in principal' with the EU with regard to a future free trade agreement, and proved able to switch steel imports to the EU rapidly, with steel import volumes growing 826.5% over the first nine months of 2018 following tariffs imposed on U.S. steel.**

The imposition of U.S. sanctions against Iran have contributed significantly to its 49th ranking position. After several years of positive sentiment and investment in the country, the impact of the sanctions is expected to see the Iranian economy remain in a recessionary period until 2020.

Several other Latin American markets also saw strong ratings in the international logistics opportunities sub-Index, including Chile and Colombia, which ranked 13th and 16th respectively. Both have FTAs in place with the U.S. which has helped to support growth over a number of years – in Colombia, sea freight imports from the U.S. have grown at a CAGR of 19.4% from 2012-2017, the same timeframe the bilateral FTA has been in place, while Chile's FTA, in place since 2014, has allowed it to take advantage of U.S. demand for perishables imports, particularly seafood. Chile's international logistics market also benefits from relatively efficient border documentation processes.

Trade in perishables also helps drive Kenya's 29th ranking, where a robust trade in cut flowers and associated airfreight and value-added services has seen investment in the country from global and specialist forwarders. In Nigeria, however, the fall in oil prices has caused significant disruption in the economy and resulted in weak expectations for trade growth, as well as in air and sea freight markets, leaving it in 45th.

The imposition of U.S. sanctions against Iran have contributed significantly to its 49th ranking position. After several years of positive sentiment and investment in the country, the impact of the sanctions is expected to see the Iranian economy remain in a recessionary period until 2020. There are positives, however, notably the intent of the EU to find mechanisms that allow Iranian trade with international markets to continue. In addition, Iran was the world's 14th largest producer of steel in 2017, according to the World Steel Association and has emerged as a major export market. It benefits from relatively low production costs, as well as high-quality captive iron ore mines and cheap natural gas, with steel exports to the EU growing 20.2% year-on-year in the first nine months of 2018.

Agility's Take

Agility

Chile's economy has been the quiet star of Latin America. Its position as a leading exporter of perishable and fresh goods means there is a strong market for sophisticated, value-added logistics, including freight tracking and reporting systems, temperature control, and end-to-end monitoring and quality control. Retailers sourcing in Asia, Europe and throughout the Americas seek advanced order management systems and, increasingly, are interested in final-mile delivery. Investment and consumer sentiment have been relatively strong in Chile, and we see policymakers taking steps to create a more investment-friendly regulatory environment in key areas such as energy. Chile has been able to buffer itself from the prolonged troubles in Argentina but would undoubtedly benefit from a return to stability and growth in its neighbor and from a stronger Brazil.

Business Fundamentals		
1	UAE	8.89
2	Malaysia	8.39
3	Qatar	7.84
4	Oman	7.73
5	Saudi Arabia	7.67
6	Chile	7.26
7	China	7.12
8	Bahrain	6.80
9	Morocco	6.61
10	India	6.35
11	Kuwait	6.19
12	Uruguay	6.10
13	Jordan	5.99
14	Indonesia	5.94
15	Thailand	5.84
16	Kazakhstan	5.63
17	Russia	5.60
18	Turkey	5.49
19	Ghana	5.31
20	Vietnam	5.31
21	Kenya	5.22
22	Tunisia	5.16
23	Mexico	5.13
24	South Africa	5.09
25	Tanzania	4.91
26	Iran	4.89
27	Egypt	4.84
28	Algeria	4.80
29	Peru	4.71
30	Ecuador	4.62
31	Colombia	4.57
32	Sri Lanka	4.51
33	Pakistan	4.44
34	Philippines	4.40
35	Lebanon	4.30
36	Paraguay	4.27
37	Ukraine	4.25
38	Ethiopia	4.18
39	Brazil	4.17
40	Cambodia	4.04
41	Argentina	3.94
42	Bolivia	3.83
43	Uganda	3.77
44	Nigeria	3.63
45	Bangladesh	3.47
46	Mozambique	1.65
47	Libya	1.65
48	Myanmar	1.41
49	Angola	0.80
50	Venezuela	0.72

The business fundamentals sub-Index is dominated by the Middle East, with five of the top 10 ranking positions occupied by emerging markets from the region.

In top position is the UAE, where business fundamentals are strong across much of the economy for foreign investors. In particular, the Emirates have put into place a business environment that provides a robust financial sector, a transparent regulatory system and frameworks that offer protection from corruption, ensure property rights and enforce contracts. Saudi Arabia's 5th rank is driven by a similar set of strengths, although access to certain sectors of its economy remains more restrictive. The Kingdom's ambitious Vision 2030 strategy aims to attract foreign investors with the expertise to power more diversified growth and develop local capabilities. This, however, will require consolidation of regulations to attract foreign investment, create new jobs and transfer private sector skills to the public sector, areas where the Saudi business environment still lags behind global standards. The region's other high performing markets are Qatar – where improved management of corruption has resulted from efficient management of public finances, improved public procurement and better access to public services and infrastructure – Oman and Bahrain, which both gain top 10 ranking positions as a result of favourable regulatory environments for foreign investors and low disruption to business from crime and violence.

The UAE remains the top location for FDI in the region, taking up 26% of all FDI projects in 2017, according to fDi. In the same year, though, Saudi Arabia saw capital investment fall 42% and a 14% decrease in overall FDI projects. Indeed, attracting foreign investors is a key pillar in many of the economic diversification plans across the region, and developing strong business environments has taken on new impetus since the price of oil began to fall in 2014. A diversified economy is essential in dealing both with the dynamics of global energy markets, but also in creating opportunities for investment and job creation. While nearly all hydrocarbon-centric markets felt the effects of lower commodity prices, two in particular have so far failed to address fundamental issues – Nigeria and Venezuela.

Nigeria's oil sector accounts for close to 90% of the nation's exports, while poor regulatory frameworks, weak enforcement of contracts and property rights, high costs of crime and violence and failure to deal with corruption have weighed down its ability to attract the investment needed to drive growth in other sectors. There are positive signs, however, with services accounting for around 50% of Nigeria's GDP, according to the government's Export Promotion Council. In Venezuela, meanwhile, an overreliance on the oil sector within the economy has led to a dire economic situation, with economists forecasting a sixth straight year of recession in 2019. A lack of diversification was a problem prior to the fall in oil prices, with Venezuela heavily reliant on imports for many consumer goods, and is further hindered by a poor regulatory environment, weak investor protections and a financial sector that is struggling to survive.

The business fundamentals sub-Index is notable in that it sees China and India slide from the top ranking positions. In this sub-Index, Asia Pacific's top performer is Malaysia which has risen to second by ensuring favourable access to financing in its private sector, strong property rights frameworks and low regulatory burdens on business. Its score, however, is undermined by higher susceptibility to corruption relative to the other top performing markets. China, in 7th, and India, in 10th, still rank favourably amongst the 50 emerging markets, however the distance both sit behind the top ranking markets of the Middle East and Malaysia suggest room for improvement. In China, weak frameworks for property rights and contract enforcement are prime areas that need addressing to come into line with best performers. Weak contract enforcement frameworks also weigh down India's business fundamentals ranking, as does a relative weakness in addressing corruption.

Ghana scores well in the business fundamental sub-index to rank in 19th position, markedly outperforming its domestic and international logistics opportunities ranking positions of 35th and 43rd, respectively. **Access to credit, relatively strong corruption protections and a favourable regulatory environment for business were drivers of Ghana's score, although a relatively low rate of electrification hinders its score.** Without reliable access to fundamental infrastructure such as electricity, Ghana's ability to operate more sophisticated and value-added logistics services such as cold chain warehousing is limited. So too is its ability to ensure continuity of operation for support systems, such as inventory management and warehouse management systems, which will be key in developing other logistics markets, such as e-commerce.

In 45th, Bangladesh's overall ranking in this year Agility Emerging Markets Logistics Index is undermined by weak performance in the business fundamentals sub-index. Weak frameworks covering finance, property rights and contract enforcement as well as poor corruption protections are behind this. Similarly, Mexico sees its overall performance weighed down by a poor business fundamentals score. While performing well in several aspects, notably those related to its financial sector, Mexico's problems with crime and violence, and to an extent corruption, present the potential for severe disruption.

Agility's Take

Agility

Every year, the economies of the Arabian Gulf have been the pacesetters when it comes to emerging markets business fundamentals among the 50 Index countries. This year is no different. There has been a healthy competition among Gulf nations – UAE (1), Qatar (3), Oman (4), Saudi Arabia (5), Bahrain (8), Kuwait (11) – which have pushed themselves to improve the business environment in order to diversify their economies, attract investment and technology, spur new-business growth, nurture startups, create private sector jobs, and establish conditions for long-term growth and prosperity. The Index draws, in part, on data from the World Bank's annual Doing Business report, which looks at what it takes to start a business, get a permit, hook up electricity, register property and get credit, in addition to protections in place for minority and foreign investors. The World Bank rankings show emerging markets alongside developed markets and mature economies. It's clear from those rankings that the Gulf countries and others emerging economies still have much ground to cover before they rank with New Zealand, Singapore, Denmark and the other developed nations in business fundamentals. What's encouraging is that policy makers in the Gulf and other emerging markets are more eager than ever to listen, innovate, adapt and change.

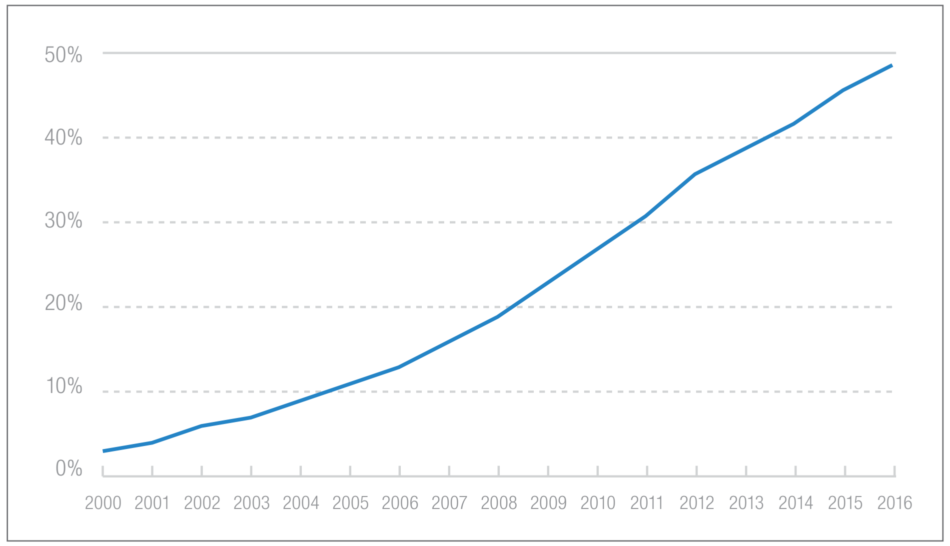
THE KNOWLEDGE EFFECT

Unlocking potential: why technology will power the next emerging market logistics revolution

During the decade that Agility and Transport Intelligence have been analysing emerging logistics markets, many have become more integrated with regional and global value chains. They've continued to manufacture ever more sophisticated components and finished goods, and domestic markets have developed as value is created and captured, helping per capita incomes to rise. While a focus on logistics enabling factors such as physical infrastructure, economic growth and retail sales is key to understanding the opportunities offered by emerging logistics markets, many of those same markets are rapidly embracing technology and innovation as levels of education and digital literacy increase. **As we look ahead to the next decade of growth in emerging logistics markets, it is increasingly clear that technology and innovation will shape the character and speed of growth to come, with those adopting the technology and the internet best placed to reap rewards in a tech-enabled era.**

Getting online: more connections faster

The internet is the fundamental technology that will drive the next revolution. Across the 50 emerging markets included in the Index, access and usage have risen rapidly since 2000*.



INTERNET USERS: % OF POPULATION* IN THE 50 AEMLI COUNTRIES

*Data is from the World Bank and is for the 50 markets included in the Index only. 'Internet users' are 'individuals who have used the internet from any location in the last three months'.

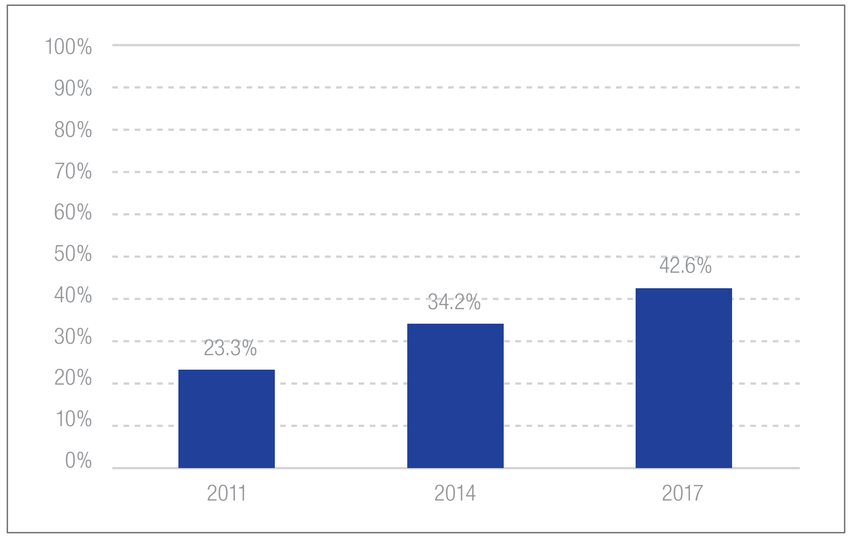
Internet Users % of Population 2000-2016 Comparison	2000	2016
Bahrain	6.2	98.0
Qatar	4.9	94.3
UAE	26.6	90.6
Chile	16.6	83.6
Malaysia	21.4	78.8
Kuwait	6.7	78.4
Oman	3.5	76.9
Lebanon	8.0	76.1
Saudi Arabia	2.2	74.9
Kazakhstan	0.7	74.6

Logistics is a real-world operation, and fundamental factors of that are inescapable – roads, ports, trucks and ships will always be vital elements in the movement of physical goods. As supply chains become more sophisticated, however, t**he flow of data and information alongside the movement of goods is not only an expectation amongst LSPs' clients and end consumers, it is a point of competitive advantage for LSPs seeking to win business, for ports seeking volumes and for markets seeking investment.**

A new internet era

The shift towards cloud computing, underpinned by wide and reliable internet access, has been key in enabling the LSPs in emerging markets to access sophisticated inventory management systems, TMS, and to link seamlessly with client systems to enhance the speed, scale and value-add of operations. Perhaps most vitally, though, it has lowered the cost of doing business in emerging markets for local and global LSPs, and allowed both to leverage and exchange knowledge, systems, best practices and skills.

Internet access is also powering development in consumer markets. As domestic markets have grown, so too has the spending power of emerging market populations as millions have entered the global middle class. In some emerging markets, though, cash on delivery remains the most popular payment option, which presents challenges and risks for LSPs and retailers who must process and deliver goods before payment. Mobile banking is helping to change this, however, bringing millions of previously un- or under-banked into consumer markets they previously found hard to access.



ACCESS TO BANKING - SUB-SAHARAN AFRICA

Source: World Bank

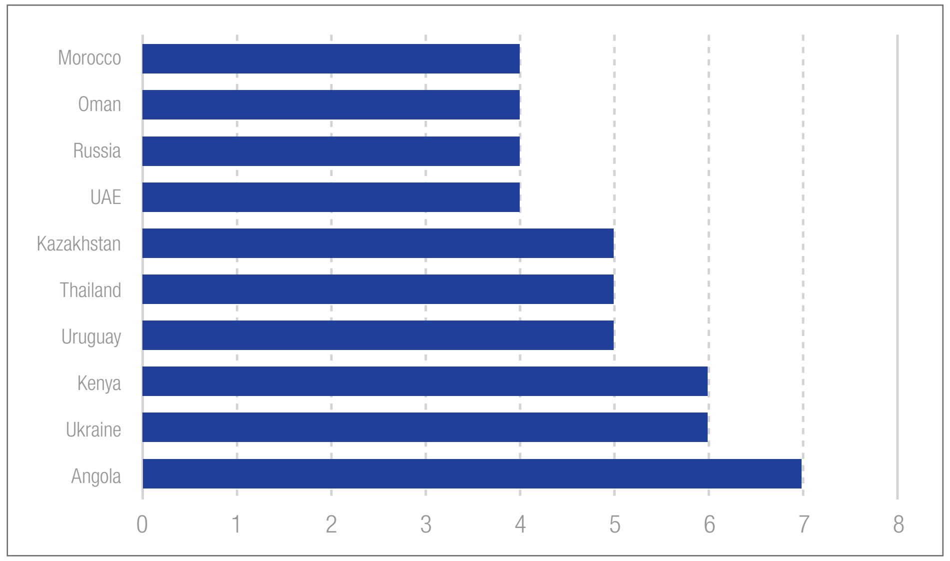
Mobile banking is particularly significant in Sub-Saharan Africa, where adoption is expanding rapidly and providing a vital link between previously unconnected businesses and consumers, both of whom require a secure online payment system to undertake transactions. Moreover, online financial services are providing new routes to funding for entrepreneurs in emerging markets, such as in Pakistan, where Alibaba's Ant Financial subsidiary invested $184.5m in Telenor Microfinance Bank to offer a mobile platform for micro and small business in the country. Such initiatives are no doubt one of the reasons this year's survey respondents expect SMEs to power growth in emerging markets in the coming years.

THE KNOWLEDGE EFFECT

Creating conditions for success

Being connected to a world of suppliers and consumers, exposed to global best practice and partnerships, and able to access a new range of financing and transaction options only increases opportunity for those able to create and capture it. The business environment in which domestic and foreign LSPs operate still plays a significant role in their ability to take advantage of the new opportunities on offer. In part, this can be seen in the Business Fundamental rankings of the 50 markets, which measures how conducive a market's business environment is to successful growth.

This is an important dynamic as growing economies require growing businesses to support wealth creation, jobs and consumer spending power, as is the ease and speed with which new ventures can be created and the work done by central governments to bolster private sector investment. As with many avenues of growth in emerging markets, a unified approach to technology, innovation and entrepreneurial culture will be vital in encouraging and sustaining economic growth over time. As the costs of starting businesses, accessing the internet and adopting new technologies fall, and the knowledge and skills of labour forces rise, the emerging markets best able to nurture growth and capture value will benefit the most.



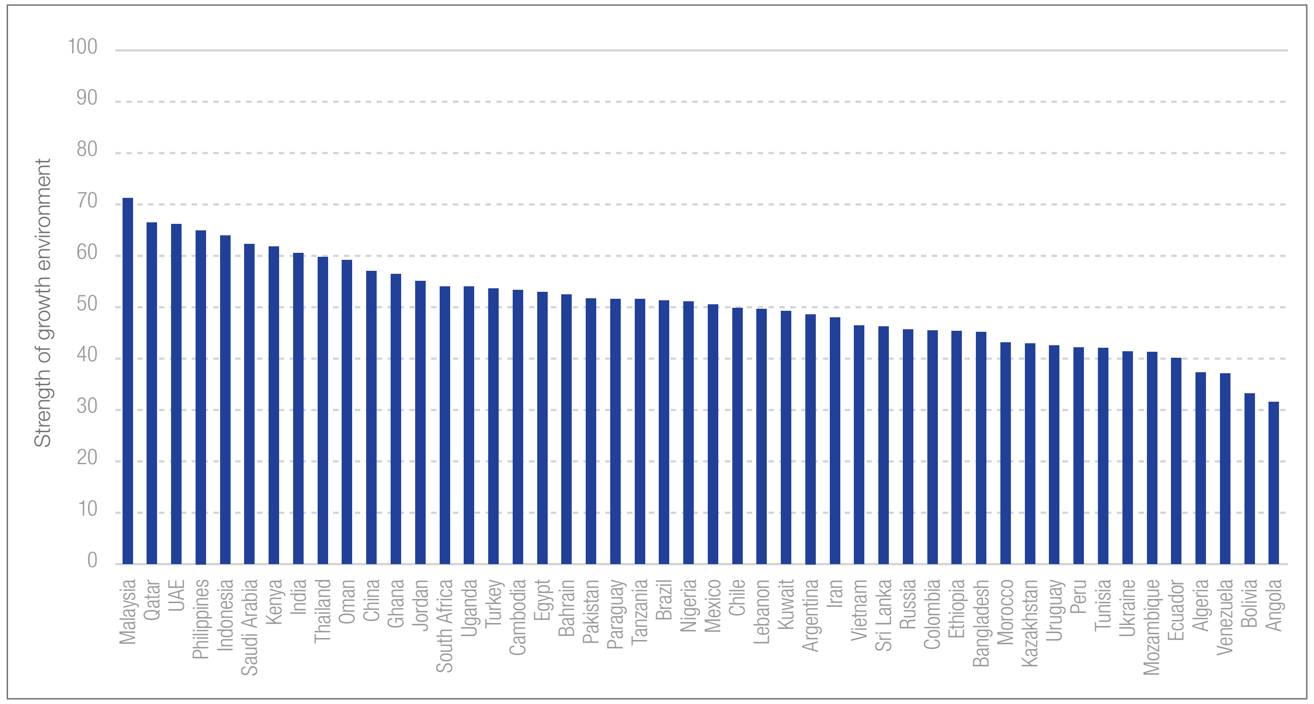
NUMBER OF PROCEDURES REQUIRED TO START A BUSINESS 2017

Source: World Bank

Encouraging entrepreneurship is one way of developing and capturing new value in an economy. Notable inclusions in the chart above are the UAE and Oman, both of which feature at the top of the Business Fundamentals rankings are a part of the competition amongst several GCC markets to create business environments which attract foreign investment. Business environments and regulatory frameworks are complex, however, and as is demonstrated by the 10 markets listed above, strong performance in one measure does not necessarily tell the full story.

GROWTH OF INNOVATIVE COMPANIES

Source: World Economic Forum



In its Global Competitiveness Report, the World Economic Forum rates countries based upon their ability to offer disruptive and innovative companies environments in which they can successfully grow. This measure – where a score of 100 equates to the 'optimal' scenario – presents similar high performers as those seen in the Business Fundamentals ranking, indicating that many of the underlying traits of a strong business environment resonate for mature and disruptive businesses alike.

Over the first decade of the Agility Emerging Markets Logistics Index, it has been markets in the MENA region – and most notably those in the GCC – which have recognised this and moved to encourage the development innovation and knowledge-based businesses. Over the next decade, tens of millions in emerging markets across the world will gain access to the internet and financial services enabled by smartphones and a new generation of lenders, while new and existing business large and small will be connected to new markets and consumers. As this happens, logistics services will be required in new locations, new formats and to serve new demands.

THE 2019 AGILITY EMERGING MARKETS LOGISTICS INDEX SURVEY

Between October and December 2018, Transport Intelligence surveyed more than 500 logistics industry professionals to gather their opinions on prospects and challenges for emerging markets in the years ahead.

Emerging markets play a more significant role in the global economy than ever before. Their share of global GDP has risen from 20.9% in 2000 to 39.5% in 2018. Their share of the global output has risen with their economic integration and importance to global supply chains and value chains. This integration has brought about an era of rapid growth and prosperity in emerging markets, but the closer ties also bind them more closely to a range of downside risks and leave them more susceptible to global economic trends. Moreover, the rise of several markets, most notably China, bring about a new set of domestic, regional and global challenges.

Since recovering from the 2009 global downturn, many emerging markets have not only enjoyed a period of rapid economic expansion, but many powered it, supplying goods to new markets globally and supplying labour to new investors. In turn, some developed new domestic capabilities, to improve productivity and to propel millions amongst their collective population to higher incomes and into new found opportunity.

The recent foundation of emerging market growth, though, dates to 2000, a year when IMF data shows emerging market growth moving decisively ahead of advanced economies. The acceleration in growth amongst emerging markets came about as many opened their markets to trade and introduced more robust policy frameworks that encouraged and protected investment. Since the mid-2000s, growth has generally trended downwards amongst advanced economies as productivity and worker income growth have slowed, populations have aged, and economic dynamism has eroded.

Looking to the future, longer term economic forecasts amongst advanced economies put growth below current levels. While this clearly suggests that advanced economies are not doing enough to address their own structural problems, it bodes well for those seeking and powering growth in the world's emerging markets. Indeed, the growing weight of emerging markets in global growth suggests it is those markets that will benefit the most over the coming decades, and that the higher growth rates compared with advanced economies will sustain over time.

The 2019 Agility Emerging Markets Logistics Index Survey contains the most up-to-date insights from logistics industry leaders across the globe. This year's findings serve as bold assertions of the opinions respondents hold on the future of trade and the scale of potential impacts and headwinds being created by uncertainty coming from all angles, but also restate the faith that global emerging markets will continue to show deep resilience and offer opportunities to domestic populations and international investors alike.

GDP growth of **5.1%** is 'about right' say **55.7%** of survey respondents.

PREDICTIONS FOR THE YEAR AHEAD

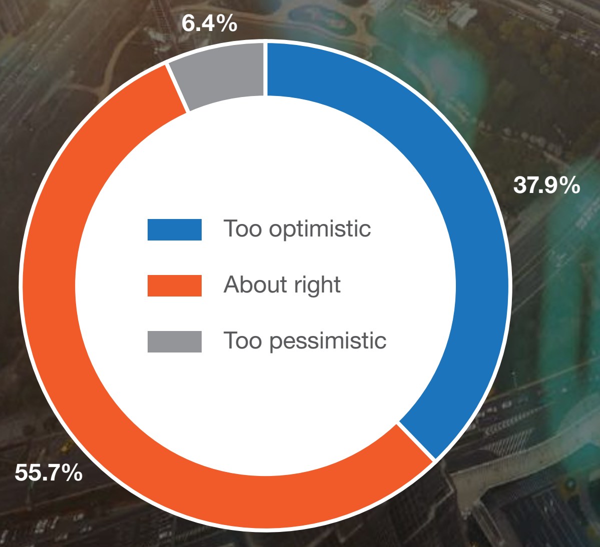
As emerging markets take up an increasing share of the gains from more open global trade, some in advanced economies have questioned whether those gains are at the expense of advanced economies, and have questioned the multilateral global systems on which underlying trade and cooperation are based.

The questioning of and resistance to globalisation, however, come at a time when global economic interdependence is greater than ever. Whether through trade, finance, knowledge transfers, migration or environmental concerns, both emerging and advanced economies, their citizens, and the supply chains which facilitate global economic activity are more dependent on multilateral cooperation than ever before. Moreover, in both emerging and advanced economies, doubts about globalisation have given rise to broader scepticism toward leaders, policies and institutions that have traditionally supported global cooperation.

Added to this is continued oil price volatility, tightening U.S. monetary policy, which could leave emerging market borrowers exposed to higher repayments and currency volatility, as well as a range of structural challenges in individual emerging markets.

**The IMF issued this forecast in April 2018. It was revised to 4.7% in October 2018, and again to 4.5% in January 2019.*

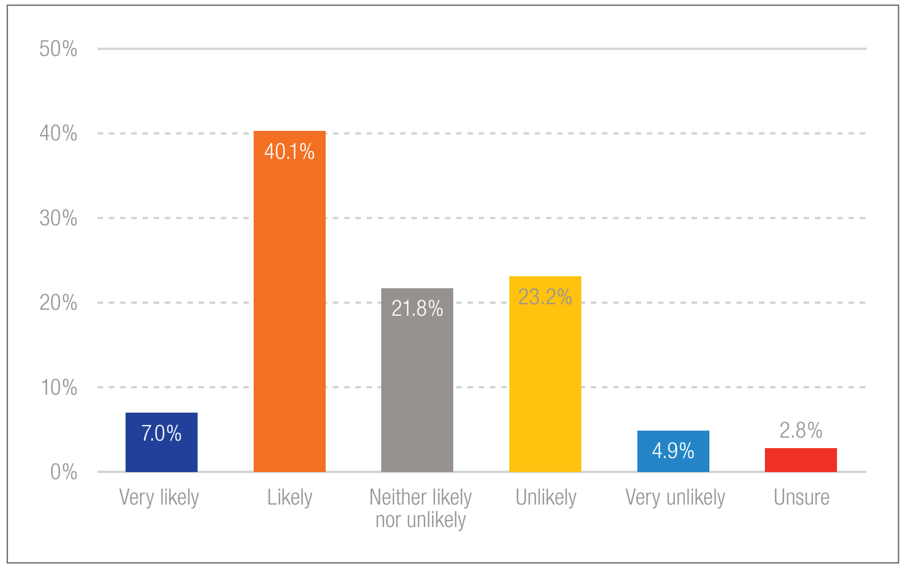
THE IMF HAS PREDICTED AVERAGE 2019 GDP GROWTH OF 5.1% FOR EMERGING MARKETS. IN YOUR OPINION, IS THIS:



47.1% of survey respondents say an emerging markets financial crisis is likely or very likely in 2019.

EMERGING MARKETS CRISIS

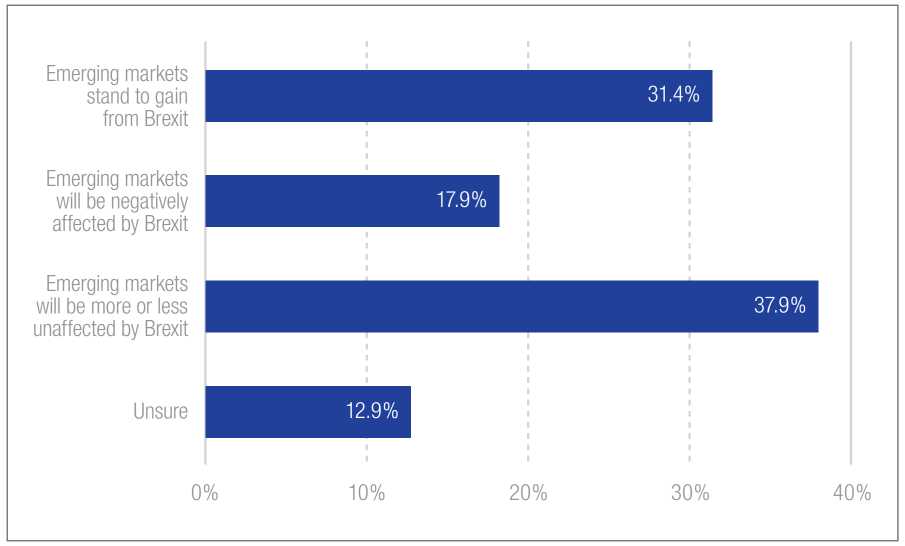
HOW LIKELY IS AN EMERGING MARKETS ECONOMIC CRISIS IN 2019?



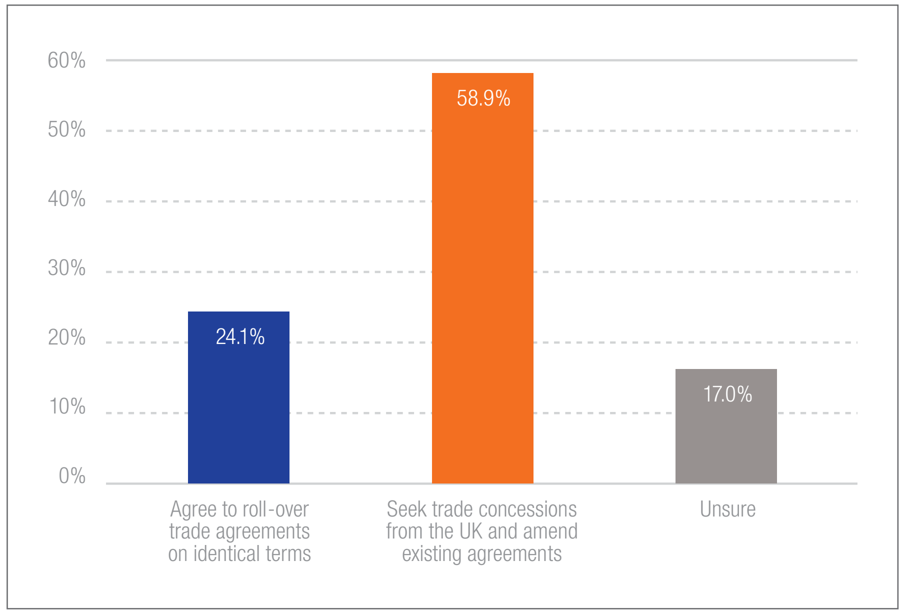
The uncertainty across a range of economic, trade and political factors which characterised 2018 looks set to continue in the year ahead. Of the headwinds, perhaps most prominent is the stance of the U.S. as it seeks to redefine accepted global trade rules, particularly in its bilateral relationships with China and its North American neighbours. In another move away from multilateralism, the potential for a failure in negotiations between UK and European Union over the Brexit process creates further uncertainty in the world's largest trading block and 7th largest economy.

BREXIT: ANY WINNERS?

WHAT IMPACT DO YOU THINK BREXIT WILL HAVE ON EMERGING MARKETS?



FOLLOWING THE BREXIT PROCESS, DO YOU THINK MOST THIRD COUNTRIES WILL:



Survey respondents appear to have a broadly pessimistic view on the UK's negotiating position in post-Brexit trade negotiations. The UK has a stated position that it will seek early and numerous trade deals with a number of markets in the period after Brexit. Currently, as an EU member, the UK's trading relationship with external partners is governed via the EU's wider trade agreements. Survey respondents indicated that their expectation in aggregate is that these agreements will form the basis of bilateral agreements and emerging markets will seek to roll over or, more aggressively, seek concessions from this starting point.

Nearly **70%** of survey respondents think emerging markets will be unaffected or will benefit from Brexit.

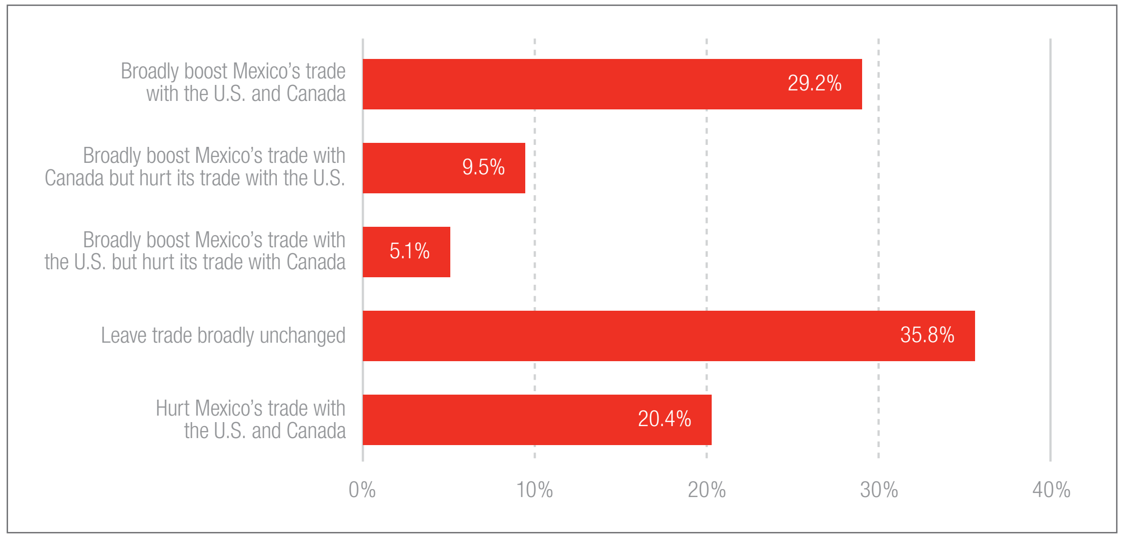
58.9% expect emerging markets to seek concessions from the UK in post-Brexit trade agreements.

THE FUTURE OF TRADE: FOR ONE OR FOR ALL?

Since taking office in January 2017, U.S. President Donald Trump has sought to rebalance trade agreements in hopes of returning lost manufacturing jobs to the U.S., creating commercial disincentives to the continued outsourcing of manufacturing overseas, and stimulating job growth in industries that have seen decline in recent years.

During the first year of his presidency, the U.S. trade deficit widened to $566bn, with the President seeing NAFTA renegotiation as one priority in addressing the imbalance.

EFFORTS BY THE U.S., CANADA AND MEXICO TO RENEGOTIATE THE NAFTA AGREEMENT WILL:



The United States-Mexico-Canada Agreement (USMCA), announced in late 2018 as the successor to NAFTA, includes provisions that target a number of sectors in Mexico's economy, although as survey respondents point out, they may well become a long-term positive for its trade with the U.S..

The automotive sector is one target. The 'rules of origin' for the car industry have changed, both in terms of the location of parts-making and rules around the price of labour in the supply chain. Largely focussed on vehicle assembly in Mexico, passenger vehicles will be required to have 75% of their total make-up, including certain core components, originate from within North America in order to qualify for duty free status, up from 62.5% under NAFTA. The automotive sector should not find this onerous. Similarly, the demand of a base level of $16 an hour for workers for 45% of the value of the automotive supply chain will be not too difficult to achieve for more sophisticated component suppliers. It appears that the supply chains that stretch from central Mexico to Ontario are secure.

A second sector targeted is e-commerce. Here the bar for 'duty-free' e-retail purchases has been raised as high as $115. Presumably this will result in greater cross border e-retail trade.

While the USMCA must still be ratified by the U.S. Congress and as well as the legislatures in Canada and Mexico, the Agreement is significant in and of itself, notably for the future of North America's automotive manufacturing market, but is perhaps at least as significant for the indicators it offers for the (re)negotiation of other trade deals the Trump administration has prioritised. Wage thresholds, raising import duty levels and aggressive access to previously closed off markets are prominent signals other countries are likely to pay attention to. More subtle but perhaps more significant, though, is that the USMCA largely prohibits the restriction of business-related data flows across borders, and effectively bans any of the countries involved from requiring companies to locate data storage or computing infrastructure within its borders. China has practically made such practices a condition of doing business in the country, and with ever more global and connected supply chains emerging, such provisions are likely to have increased relevance for logistics service providers in coming years.

65.0% think Mexico will maintain or boost trade with the U.S. and Canada following the renegotiation of NAFTA.

Agility's Take

Despite a momentous political transition and uncertainty about the future of trade with its largest trading partner, the United States, Mexico has been remarkably resilient. Most Mexican businesses are relieved that the U.S., Canada and Mexico were able to agree on a successor to NAFTA, but passage of the new pact in the U.S. Congress is not guaranteed. Any pullback in the U.S. economy or in global trade will ripple through Mexico, where household spending has been a bright spot. Mexico's new president, Andres Manuel Lopez Obrador, has been a fiery, left-wing populist and fixture on the national political scene for years. What is unclear is how much of his populist agenda he intends to pursue and how it would affect the logistics sector and broader business climate. He recently cancelled Mexico City's $13bn airport project. Businesses are hoping for restraint. He has indicated that his national development plan is focused, in part, on the border zone, where he wants to raise wages, cut income and corporate taxes, attract new investment, create more jobs, and entice workers to stay rather than go north for opportunity. Mexico continues to grapple with security challenges and organised crime, and has focused lately on trying to slow rampant theft of gasoline from pipelines. Logistics providers and shippers are looking for steps to reduce theft and vandalism plaguing road freight and rail.

U.S.-CHINA – IS A TRADE WAR COMING?

In early 2018, the U.S. and China began imposing punitive tariffs on goods traded with one another. With U.S. motives rooted in the perception that China has for decades indulged in trade-distorting practices and shifted the balance of power unfairly to its advantage, tariffs were imposed quickly on vast swathes of imported goods. China responded with tariffs of its own until a reprieve came late in the year as both sides suspended any further tariff impositions and began to negotiate changes to their bilateral relationship. While the eventual outcome remains highly uncertain, effects are starting to filter through.

But what is the true effect of trade tensions between the world's two largest economies? Survey respondents this year are clearly pessimistic, indicating a belief that trade volumes between the U.S. and China will fall more than 10% in 2019 as tariffs and wider uncertainty see businesses in both markets seek alternative sourcing and sales opportunities.

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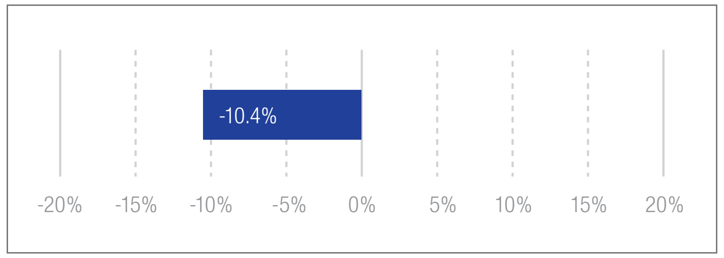
HOW MUCH ARE U.S.-CHINA TRADE VOLUMES LIKELY TO CHANGE IN 2019 AS A RESULT OF ONGOING TRADE TENSIONS?



In addition to survey respondents' clearly pessimistic outlook, there are several indicators which may point to how events will unfold and which indicate potential fallout for both sides.

Firstly, in late 2018, China started to report numbers that indicate sectors of its economy are being affected by the tensions. Retail sales growth in November 2018 was at its lowest rate in 15 years, while factory orders were at their lowest level in three years. In addition, there is anecdotal evidence that demand for labour in manufacturing and export hubs in coastal regions in China is falling. This comes while China's economy has been slowing anyway.

In addition, as the U.S. imports a vastly higher volume of goods from China than travel on the opposite lane, China has indicated a more forensic approach targeting specific U.S. supply chains, including by halting exports of components crucial to American supply chains. This would force American companies to find alternatives outside of China in what could become a long-term and troublesome problem given China's strategic position in global value chains. In addition, China has signalled willingness to impose non-tariff barriers, such as withholding operating licenses from U.S. companies.

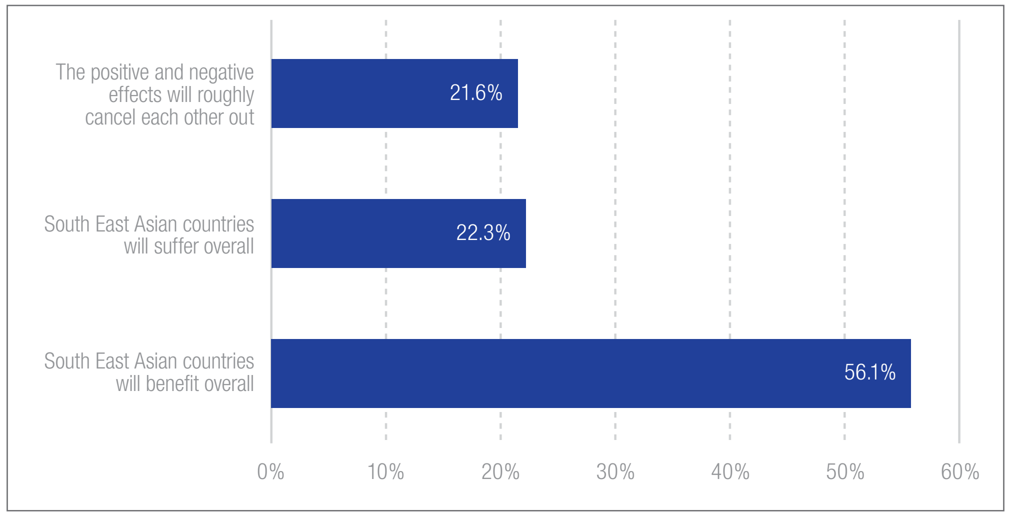
These indicators suggest any negotiated end to the tension will be hard won, but for logistics providers, they may be keys to understanding how to find opportunity in the coming years.

It is certainty true that falling trade barriers between markets has enabled multinational companies to integrate their supply chains across large geographic areas and a large number of suppliers while gaining efficiencies, minimising costs and maximising product choice. As such, what we see in logistics today is much more accurately described as supply networks, rather than two-directional supply chains supporting individual trading relationships.

As Michael Pettis, an expert on China's economy, points out disruption of one particular trade route will lead to displacement; "a 10 percent tariff on Chinese widgets, for instance, might cause Chinese widget sales to collapse, to be replaced by a surge in Korean widget sales".

It is also a perspective shared by survey respondents, with 56.1% demonstrating a belief that Southeast Asian markets stand to benefit from ongoing trade tensions between the U.S. and China.

HOW WILL SOUTH EAST ASIAN COUNTRIES THAT BOTH FEED CHINESE SUPPLY CHAINS AND COMPETE WITH CHINESE MANUFACTURERS BE AFFECTED BY U.S.-CHINA TRADE TENSIONS?



Indeed, this is a perspective reinforced by the strong performance of Southeast Asia's major emerging markets – Indonesia, Malaysia, Vietnam, Thailand and the Philippines – in the 2019 Index. Three are positioned inside the top 10 overall, while Thailand and the Philippines also make the top 20 in this year's ranking. However, it is in the international logistics opportunities sub-Index where the real strength and potential of these markets to benefit from ongoing trade disruption lies.

Malaysia is perhaps best placed to benefit from a prolonged U.S.-China trade war and as an alternative source of manufactured goods and imports. The country's international trade and industry ministry deputy secretary-general, Norazman Ayob, recently commented that U.S.-China trade tensions provide the country with opportunities to increase exports and attract investments. Should a drawn out trade war ensue, Malaysia stands to benefit from import substitution in commodity groups including integrated electronic circuits, communications equipment and liquefied natural gas.

> Malaysia is perhaps best placed to benefit from a prolonged U.S.-China trade war and as an alternative source of manufactured goods and imports.

Trade tensions between the U.S. and China risk a **10.4%** fall in volumes, according to respondents.

56.1% say South East Asian markets stand to benefit from ongoing U.S.-China trade tensions.

Agility's Take

Economists warn that the Malaysian economy faces headwinds in 2019, but Agility continues to see strong demand for warehousing in the contract logistics sector and has opened new facilities in Klang Valley and on Penang Island to meet it. Private consumption remains strong, so e-commerce and other spending are fueling demand for final-mile delivery services, a niche where there are new providers, including Agility. Some view U.S.-China trade friction as a source of concern for Malaysia, but we see it being a net benefit because manufacturers and other logistics customers are looking closely at Malaysia as an alternative operations base. Finally, the continued development of east Malaysia should remain a source of growth.

63.9% of survey respondent expect the Belt & Road Initiative to spur growth in China and boost trade with its neighbours.

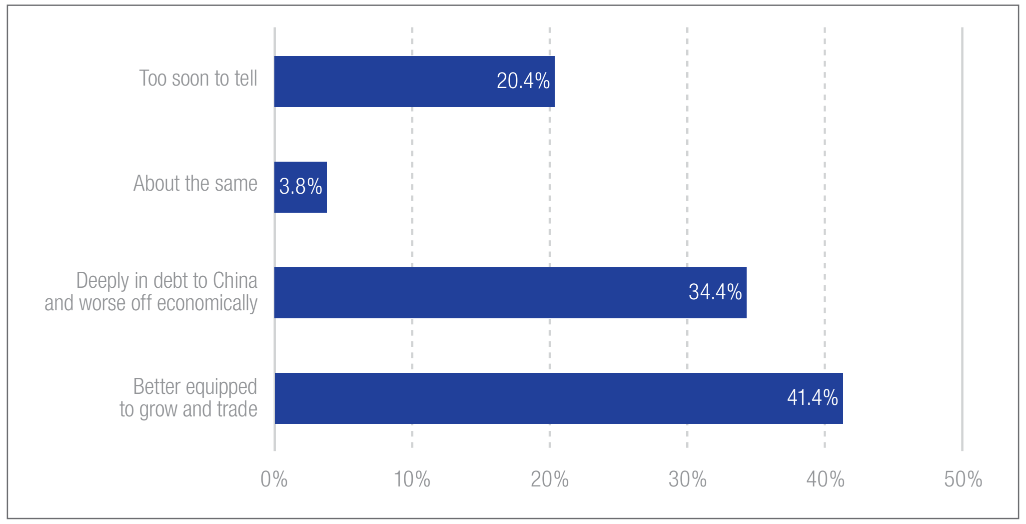
41.4% of survey respondents predict Belt & Road investments will better equip emerging markets to trade and grow.

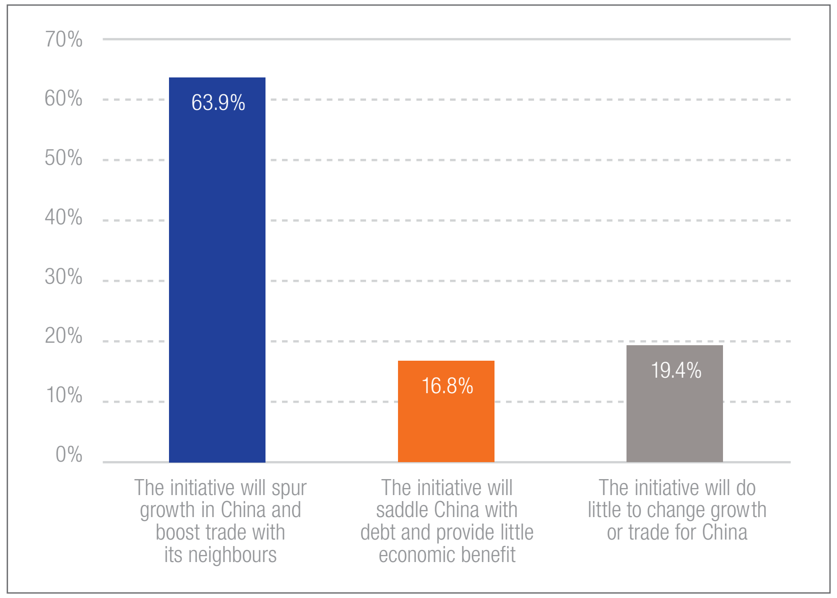
CHINA'S BELT & ROAD INITIATIVE: UNCERTAIN BENEFITS

At its 19th National Party Congress in 2017, China's Communist Party formally adopted the Belt and Road Initiative (BRI) under its Party Constitution. This ensures the continuation of a project that has seen China invest in or finance infrastructure development projects across Asia Pacific, the Middle East and Europe. These investments have been vast, with the BRI spanning no fewer than 68 countries. A study by the Centre for Global Development concluded that announced investment had, by early 2018, reached a staggering $8tn across projects encompassing transportation, energy and telecommunications infrastructure, which aims to link countries on European, African, and Asian continents.

While the headline ambition and financing seems almost unbelievably vast, an Asian Development Bank study assessing the need for infrastructure development in Asia alone concluded total investment of some $26tn was required over the 2016-2030 period to maintain 3-7% economic growth, eliminate poverty and respond to climate change. In that context, the scale BRI of investments and projects become clearer.

CHINA IS SPENDING AND LENDING BILLIONS FOR INFRASTRUCTURE DEVELOPMENT IN OTHER EMERGING MARKETS AS PART OF ITS BELT AND ROAD INITIATIVE. HOW WILL THESE PROJECTS LEAVE EMERGING MARKETS?





HOW WILL CHINA BE AFFECTED BY THE BELT AND ROAD INITIATIVE?

Survey respondents, on the whole, are bullish about the positive impact BRI infrastructure development will have for China, its neighbours and the countries in which investments are being made. Infrastructure is and remains a key enabler of economic activity, with poor infrastructure restricting logistics providers from transporting goods predictably and efficiently, holding back the development of formal logistics provision in emerging markets.

BRI projects have not all progressed smoothly, however, and construction on others has been suspended. This includes the East Coast Rail Link (ECRL) in Malaysia, for example, set to link the South China Sea with port infrastructure on the west coast of the country, after costs spiralled. In Sri Lanka, meanwhile, Beijing acquired a 99-year lease to Hambantota port and 15,000 acres surrounding it, in return for forgiving some of the billions of dollars owed to China for its construction.

Across the BRI nations, though, the strategic development of infrastructure will help to enable trade. Markets such as Kazakhstan, which has seen the development of the world's largest dry port at Khorgos, are already seeing benefits. Indeed, Central Asia is an area of particular attention, especially in terms of rail freight capacity development around the 'Europe-Asia Land Bridge'. An example is the new Turkey-Georgia rail line. This politically controversial development linking the two countries via Azerbaijan opened in mid-2018. The 500-mile route connects the northern Turkish town of Kars to the Georgian capital and is also being marketed as means of accessing the China trade. The long-term plan is to link this new railway to a new container terminal on the Caspian Sea, south of Baku, giving a direct link to the Central Asian freight railways into China either via Turkey's Black Sea Coast or from Georgia's ports. The potential for further improvements to the speed and quality of the Europe-Asia Land Bridge service is significant, but the obstacles are also substantial.

The other axis of the Belt and Road plan is the seaborne trade links through Southeast Asia, the Indian Ocean and Suez Canal. The Chinese state-owned shipping line COSCO has already announced a project to invest approximately $26bn in new port capacity in these regions, something backed by the China Development Bank. It appears that the idea is to build a string of COSCO-owned ports across the trade lane to rival the already substantial infrastructure. Whatever the motives, it is having a catalytic effect on the development of transport infrastructure across Central Asia and beyond.

EMERGING MARKET E-COMMERCE: THE NEXT GREAT OPPORTUNITY?

Those who have spent time watching emerging markets over the past decade will have noticed their remarkable ability to innovate and implement new solutions at rapid speed, often leapfrogging past major development steps seen in more advanced markets. Examples of this include the rapid adoption of smartphones and mobile internet which have empowered both consumers and e-commerce entrepreneurs to meet online without the need for fixed internet infrastructure or store-based retail networks from which to fulfil orders, a common approach for developed market retailers in the early days of e-commerce growth.

Similarly, online banking services have been enabled by mobile internet access, allowing online retail to flourish in markets that either don't have, or have a deep distrust of, traditional banking and financial services. The availability of such services is helping to drive down the share of cash payments in e-commerce transactions in emerging markets – research by Credit Suisse, for example, found the proportion of cash-based online retail transactions in China fell from 61% in 2010 to 38% in 2016.

Examples from Africa help illustrate survey respondents' assertion. The adoption of smartphones and mobile internet access are helping drive internet adoption across large parts of Sub-Saharan Africa, with growth in the middle class and a generally young population also aiding this. Currently, internet access amongst consumers is still low at around 20-25%, so while the trend is positive there's still a long way to go. **And as Africa's emerging markets increasingly get online, there are potentially huge benefits to be won as research from the World Economic Forum shows – for each additional 10 percentage points of internet penetration, 1.2 percentage points is added to per capita GDP growth in emerging markets.**
Payment systems, meanwhile, are particularly important as trust in banking infrastructure across the region is generally low and cash on delivery remains the preferred payment method. In Kenya, for example, transactions equivalent to 49% of the country's GDP are processed via mobile phones, creating an industry around mobile payments companies like M-Pesa. Overtime, the signs are that the adoption of both mobile devices and online payment systems will help bridge the gap between retailers and consumers.

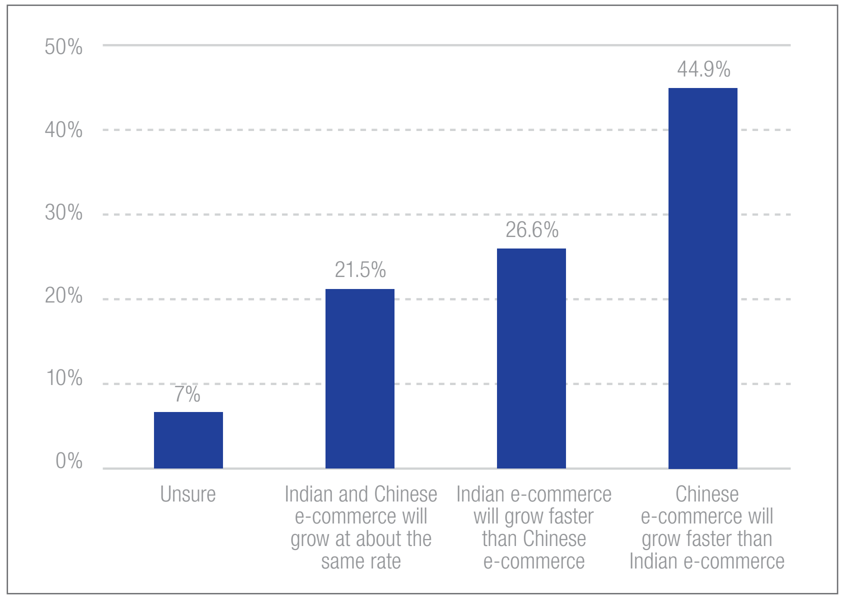
It is also increasingly recognised that the development of both physical and digital infrastructure in tandem is returning higher levels of growth in emerging markets. The China-Pakistan Economic Corridor is a centrepiece of China's Belt & Road Initiative. The total value of projects – which includes the development of transportation infrastructure, energy and power generation, and special economic zones – totals some $62bn, but is running in parallel with private sector investment in digital infrastructure. Ant Financial, a subsidiary of Alibaba, for example, invested in Telenor Microfinance Bank in Pakistan, to provide financial services to the country's unbanked and underbanked population. The aim is provide the type of online payment system that can power growth in the logistics intensive e-commerce market.

Looking ahead, developments such as these are adding the layers of capability needed for emerging market e-commerce to become an evermore significant opportunity in 2019 and beyond. And even at a more fundamental level, structural drivers are also converging around the same theme.

Urbanisation is one such driver. Urbanised populations are key in generating the density needed to make online retail's logistics solutions more efficient. In India, some 200m people are expected to move from rural to urban areas by 2030, for example. Not only will that provide massive additional economies of scale for last-mile providers to unlock, but also increased productivity and higher GDP per capita in the economy, longstanding benefits associated with higher urban populations and a relationship which reinforces the development of online retail.

Agility's Take

Africa's 54 countries deliver different spectrums of growth. All face challenges, yet seven of the top 10 fastest-growing economies in the world are in Africa. The continent's combined GDP is expected to grow at 4.5% a year for the next 10 years. Its demographic profile will give it a young population of over 2bn by 2050 with a workforce larger than both China and India combined. Continuing rural depopulation will have half of all Africans living in cities by 2050, and the continent will have eight mega-cities of over 10m inhabitants. We remain bullish about Africa because of its rapidly expanding middle class and growing levels of consumption. FDI continues to increase amid significant oil and gas discoveries. Africa is uniquely aligned with key macro-economic trends: it is at the forefront of mobile connectivity with over 700m cellphone users; and 57% of all the world's mobile banking wallets are in Africa. Online capability is generating efficiencies and access to information that enables commerce to expand rapidly. Africa's young population has easily adopted online services, enabling consumers and businesses on the Continent to leapfrog developed markets. The African SME sector is forecast to drive 70%+ of GDP growth and is already propelling localised manufacturing to meet growing regional trade and as a substitute for imports. Momentum on the AfCFTA could knock down barriers to intra-continental trade and be a huge plus in 2019, but growing concerns over public-sector borrowing loom in the background.



INDUSTRY ANALYSTS FORECAST RAPID GROWTH FOR BOTH CHINESE AND INDIAN E-COMMERCE OVER THE NEXT 5 YEARS. HOW DO YOU ASSESS THEIR GROWTH PROSPECTS?

33.2% of survey respondents think higher internet penetration and access to online payment systems are the most important technologies behind emerging markets trade growth.

47.4% of survey respondents expect more outsourcing of e-fulfilment in emerging markets, while **60.0%** expect more outsourcing of last mile delivery.

Nearly half **(44.9%)** of those surveyed think the Chinese e-commerce will continue to grow faster than India's online retail market.

Cross-border express and the management of e-fulfilment centres are the most significant emerging market e-commerce opportunities.

As with much of the conversation around emerging markets, it makes sense to treat China somewhat differently from many, if not all, the other markets. This is certainly the case when it comes to e-commerce. Reasons to do so when talking e-commerce are numerous, but there are two especially relevant to this discussion.

Firstly, is the development of vast and sophisticated fulfilment and last-mile networks and operations in China's domestic e-commerce market in order to meet demand. This has been driven by a number of local players, with none more significant than Alibaba and JD.com, both of which are not only developing online retail platforms, but an infrastructure on which an entirely new retail can run.

Secondly, is heavy investment from international express and last-mile providers in China to meet the demand for cross-border e-commerce transactions. Nielsen's Online Shopper Trend Report revealed that 64% of online consumers in China had purchased goods from international websites, around double the number that did so in 2014. Trends such as these are drivers behind initiatives like the UPS-S.F. Express joint venture, and DHL Express investments to expand its network in the country.

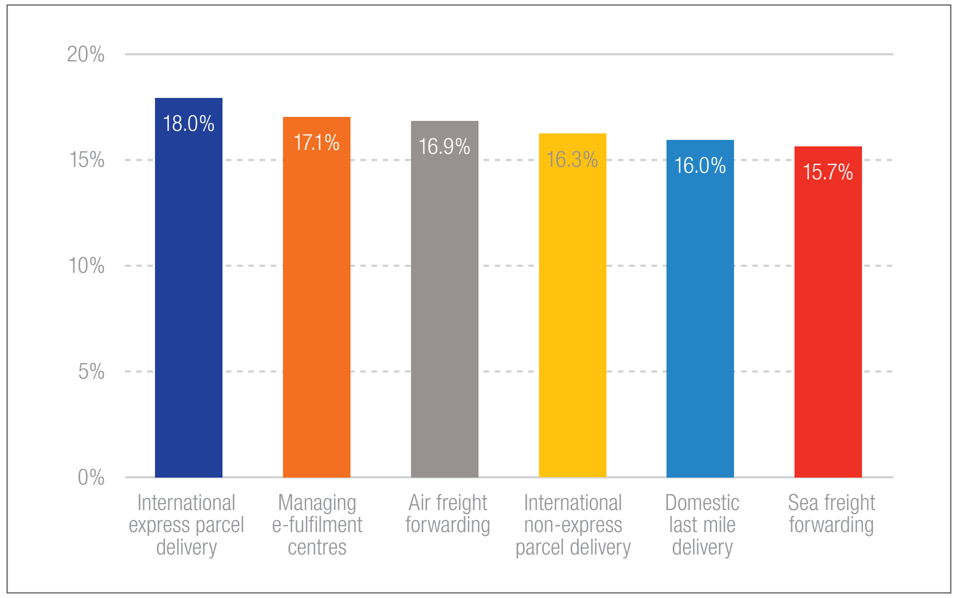
We can be sure of a number of developments in 2019 and beyond. Emerging markets will continue to provide significant opportunities for logistics service providers, online retail sales will continue to grow, and new innovations will create new channels that connect retailers and consumers in the digital world. Connecting those retailers and consumers in the real world will also continue as the key challenge in 2019 and beyond.

There are a few key measures, such as growth in per capita income and retail sales as well as general economic growth, that seem to indicate potential for growth in e-commerce, but as has been seen, internet access, payment systems, and physical infrastructure development are just as important.

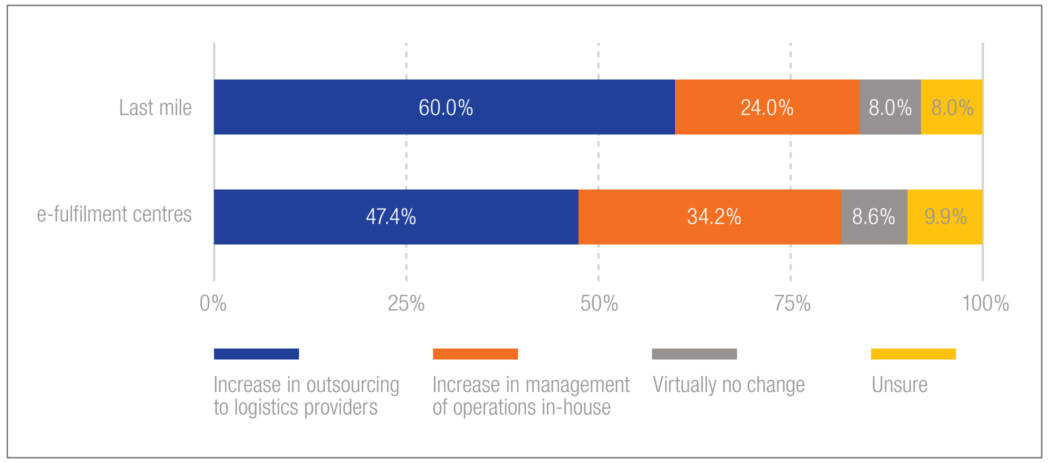
As such, it could be said that Asia Pacific is the region that has the most immediate cross-border South-South opportunity. However, again, it's worth remembering that domestic e-commerce is still the larger market, with cross-border volumes generally nascent or making up a minority of the overall market.

One of the biggest challenges to overcome in developing markets is logistics costs. Generally, logistics tends to be considerably more inefficient in emerging markets compared to developed markets. This arises for numerous reasons, including poor or under-developed infrastructure, higher tolls and taxes, excessive bureaucracy, a complex customs and regulatory environment, corruption and a lack of integrated logistics service providers, to name just a few. This inefficiency associated with emerging markets increases e-commerce logistics costs as a percentage of sales. Offsetting this is the fact that labour costs are lower in emerging markets, which is particularly important when it comes to e-commerce logistics as picking and packing is highly labour intensive, as is last-mile delivery.

WHICH SEGMENTS OF LOGISTICS DOES E-COMMERCE IN EMERGING MARKETS OFFER THE BEST OPPORTUNITIES FOR FOREIGN LOGISTICS PROVIDERS?



WHAT APPROACH TO LOGISTICS WILL ONLINE RETAILERS AND E-COMMERCE PLATFORMS TAKE OVER THE NEXT 10 YEARS IN EMERGING MARKETS?



Policymakers need to ensure it's as easy as possible to set up and operate businesses domestically to encourage entrepreneurs and established businesses to start online retail operations, while at the same time addressing corruption, streamlining tax regimes and reducing complexity in customs and regulatory frameworks.

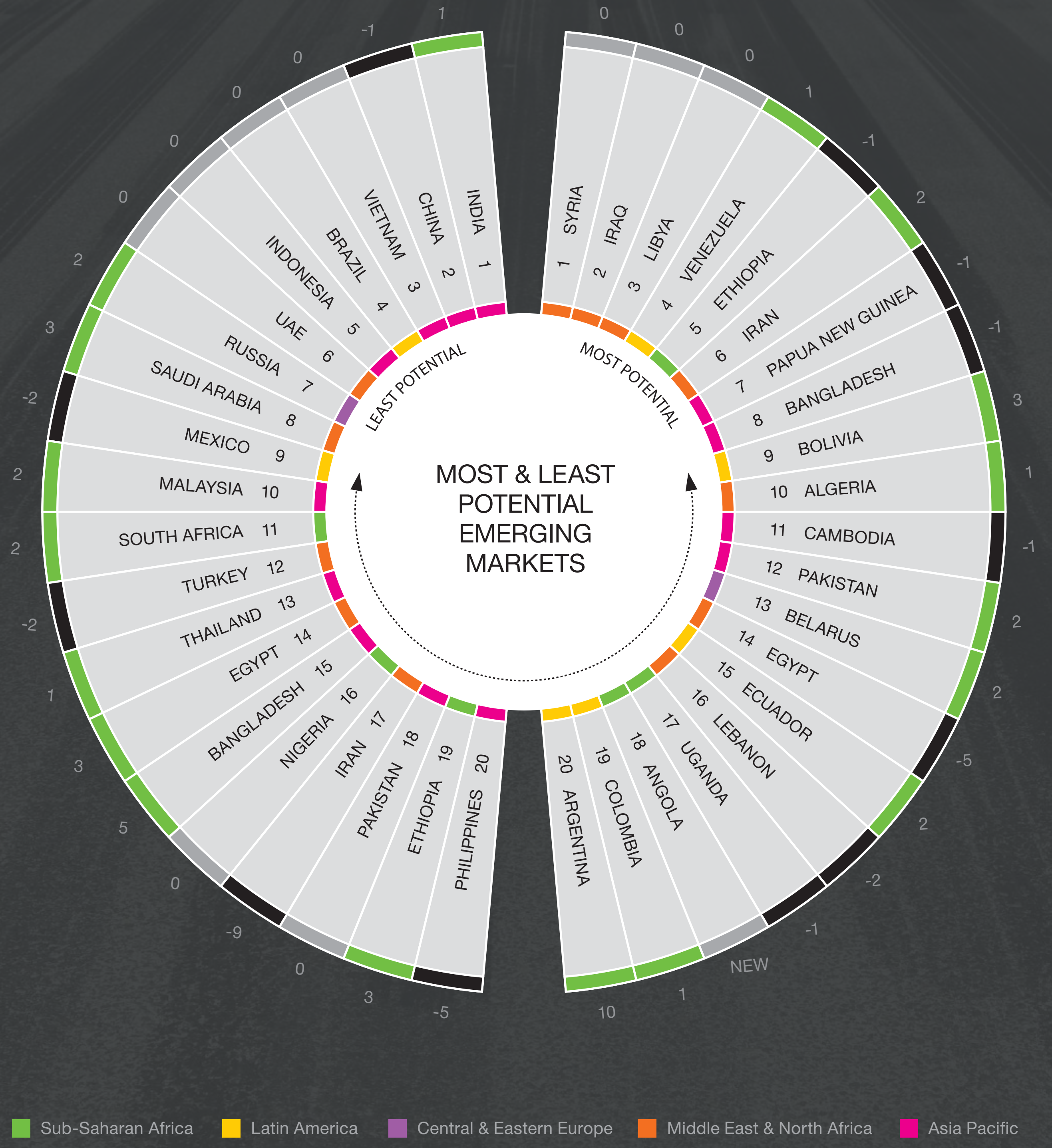
Domestic actions such as ensuring online retailers have reliable supplies of electricity and high-speed internet access are important too. As retailers also need inventory, policy makers should ensure that's it easy to import finished products components and raw materials. In addition, there is the need to ensure domestic manufacturing capabilities are in place and the ability of domestic and international businesses to invest in their development is facilitated.

For cross-border trade specifically, policymakers need to make sure there are robust frameworks in place to facilitate exports, and that online retailers have access to foreign exchange, so they can turn international revenue into domestic currency. Clearance procedures at major export gateways also need to be efficient - speed-to-consumer is vital, and having a shipment held at a port for days or even weeks means a lost sale versus a retailer that can guarantee quicker delivery. As such, there's a bureaucratic process to ensure exports and clearance is as straightforward and speedy as possible, as well as a physical infrastructure need that makes the movement of goods by road, rail and through air and sea ports as efficient as possible.

Agility's Take

Agility

Logistics executives in our survey are extremely optimistic about e-commerce opportunities in emerging markets. We share their optimism, and we think that small and medium-sized companies are going to be the big beneficiaries over the long haul. Sixty-percent of executives in our survey expect more outsourcing of last-mile delivery in emerging markets, and more than 47% expect more outsourcing of e-fulfilment. Driving the numbers, in our view, is the growing shift to online purchasing that is taking place in virtually every market, the increasing urbanisation of populations in emerging markets, and the availability of new, easy-to-use digital tools such as Shipa.com that are giving consumers more choice and small businesses a better ability to manage their logistics.



Rankings derived from a survey of 507 logistics industry professionals asked to name the emerging markets with the most and least potential to become major logistics markets over the next five years

EMERGING MARKET POTENTIAL

Which of the following countries do you believe have the MOST potential to grow as logistics markets in the next five years?

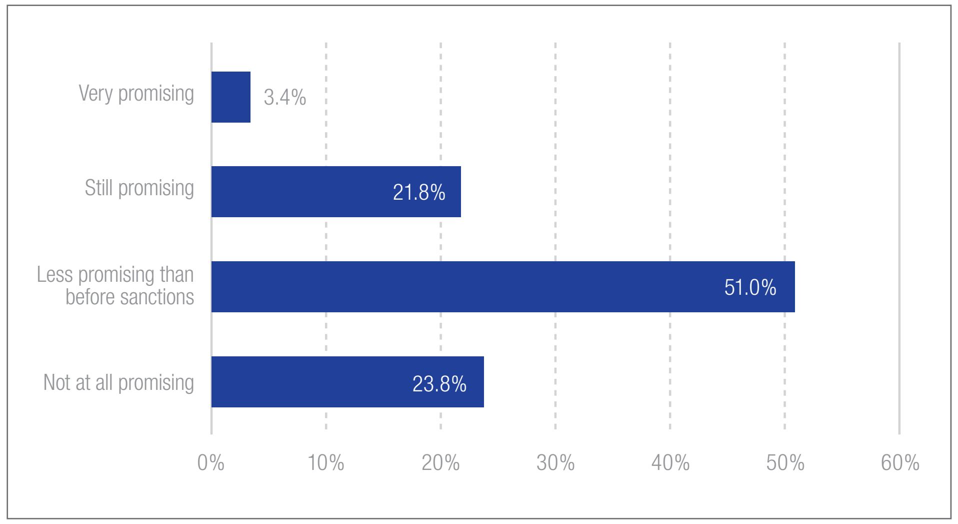
Rank	Country	YoY Change
1	India	1
2	China	-1
3	Vietnam	-
4	Brazil	-
5	Indonesia	-
6	UAE	-
7	Russia	2
8	Saudi Arabia	3
9	Mexico	-2
10	Malaysia	2
11	South Africa	2
12	Turkey	-2
13	Thailand	1
14	Egypt	3
15	Bangladesh	5
16	Nigeria	-
17	Iran	-9
18	Pakistan	-
19	Ethiopia	3
20	Philippines	-5

A number of countries in the top 20 displayed a healthy degree of continuity, with India and China remaining by far the most compelling opportunities. As China grapples with trade tensions, India's growth engine has picked pace, propelling it to the first place and helping it to overtake China, though by a very thin margin.

The improvement in India's ranking has a number of drivers, including the easing of bureaucracy under the Goods and Services Tax (GST) regime. One and a half years after its implementation, India claims to have benefitted from the replacement of as many as 17 levies with a single tax. According to Economic Times India, long queues of trucks at state borders, which increased costs in the logistics sector, have disappeared following the creation of a seamless national market. Moreover, the tax base has widened and an estimated 13% rise in tax revenues was recorded compared to the pre-GST period.

China's move into second position comes as it faces several headwinds over the short- and medium-term. Amid a wider slowdown that is seeing its economic growth rate gradually decline, China must also handle a trade dispute with the U.S. that has placed tariffs on some $200bn of goods. These, along with other concerns such as overcapacity in China's manufacturing sector and slowing retail sales growth, are perhaps leading respondents to look for more favourable growth conditions in other markets.

Bangladesh is the biggest winner in the ranking, jumping five places to claim 15th. Bangladesh's gain is likely related to robust economic growth driven by strong private consumption and investment. The economy of Bangladesh has been one of the top performers in Asia over the past decade, averaging 6.3% growth annually and earning it the title 'the new Asian Tiger'. However, political uncertainty, long-standing risks of natural disasters as well as a struggling domestic banking system cloud growth prospects. Labour costs, which have played a key role in attracting FDI, have also been climbing. In December 2018, the minimum wage for garment workers increased by 51%, however this was followed by protests from garment worker unions which are pushing for a threefold increase. The country's approach to the issue will be a balancing act of offering competitive wages to maintain its role as a low cost manufacturing location, whilst carefully managing labour disputes.



FOLLOWING THE IMPOSITION OF U.S. SANCTIONS, RATE IRAN'S POTENTIAL AS A NEAR-TERM (2-3 YEARS) LOGISTICS MARKET AND INVESTMENT DESTINATION.

The most significant move in the ranking was Iran which declined nine positions to 17th. Iran's economy remains in dire straits with U.S.-imposed sanctions disrupting economic activity, fuelling inflation and weighing on business sentiment. Earlier this year, the Trump administration re-imposed a series of sanctions, adding barriers on trade involving Iranian metals, as well as its automotive and airline industries. It then followed with another set of sanctions which targeted Iran's oil and banking sectors, which threaten to plunge the country into further economic troubles. Fearing a price spike, the U.S. granted waivers to Iran's biggest trading partners. These will allow the eight countries – China, India, South Korea, Japan, Italy, Greece, Taiwan and Turkey, which account for about 75% of all Iran's oil exports – to continue imports of Iranian oil, but the concessions are not permanent. With the prospect of more economic pain ahead, the indication from survey respondents is that Iran's potential to grow as a logistics market will remain limited.

Brazil's recovery, meanwhile, is expected to pick up pace next year, thanks primarily to a cyclical recovery and a market-friendly government agenda. GDP is expected to grow 2.3% in 2019 and expand 2.5% in 2020. Moreover, business sentiment has been upbeat since Jair Bolsonaro was elected as president, due to his pro-market campaign promises, while the unemployment rate is declining. In the three months to November of 2018, Brazil recorded the lowest unemployment rate since the second quarter of 2016. These factors are likely driving optimism among survey respondents.

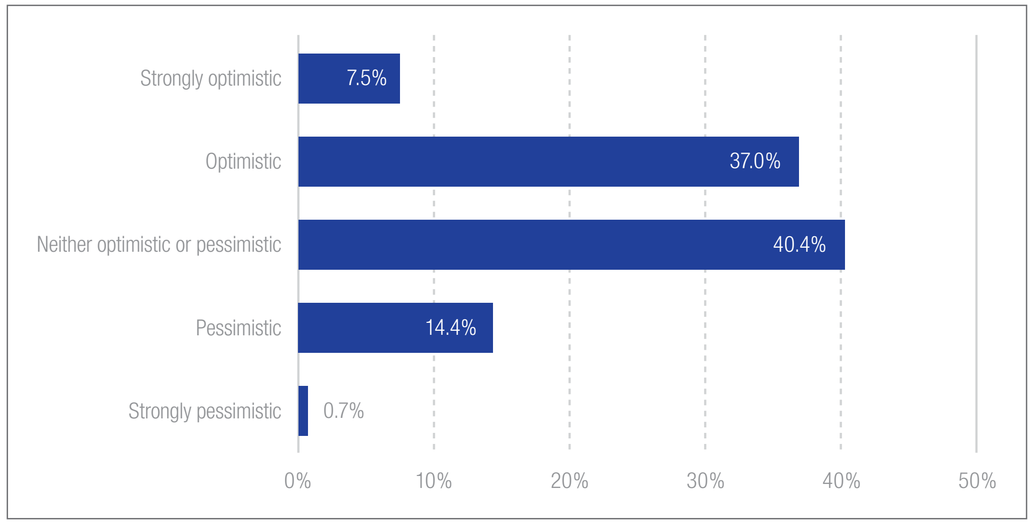
Agility's Take

Agility

After two years of recession and political upheaval, Brazil is led by a new president, Jair Bolsonaro, and a finance minister, Paulo Guedes, who come with an ultra-liberal economic agenda that would represent a radical shift for the country toward market-friendly policies. They promise a new era of deregulation, financial and pension reforms, and an overhaul of Brazil's tax structure. Foreign investors and multi-nationals have grown weary of Brazil, where doing business has gotten much more difficult and expensive in recent years. Logistics providers and foreign investors alike are eager to see changes that will revive growth and make it easier to operate in Brazil. Infrastructure supporting international trade and domestic movement of goods and commodities requires massive new investment.

44.5% of those surveyed are either optimistic or strongly optimistic of Brazil's potential as a logistics market.

74.8% of respondents think Iran's near-term potential as a logistics market has been diminished by sanctions imposed by the U.S..



HOW OPTIMISTIC ARE YOU ABOUT OPPORTUNITIES IN BRAZIL'S LOGISTICS SECTOR OVER THE NEXT FIVE YEARS?

Survey respondents' sentiment held for Nigeria and South Africa. Nigeria maintained its position as the 16th most attractive logistics markets respectively, with South Africa moving up two positions to 11th.

While Nigeria's oil dependence persists and continues to dampen its economic outlook, respondents clearly recognise grounds for optimism. As the government begins to implement the structural reforms outlined in its Economic Recovery and Growth Plan 2017–2020, growth can be expected to strengthen in the medium term, reaching around 2.8% by 2019. Investments in infrastructure projects continue and President Muhammadu Buhari announced in November 2018 that his administration would sustain massive investments to upgrade and develop the country's transport and power infrastructure. Moving forward, investors will be looking closely at the diversification of the Nigerian economy with emphasis on the agricultural and solid mineral sectors.

Factors such as low productivity growth in its core agriculture and mining sectors and the lack of FDI in more advanced manufacturing sectors as well as the wider economic malaise didn't dampen optimism about South Africa's potential to grow as a logistics market in the next five years. Respondents appear to show faith that the Ramaphosa administration will deliver on its promises to accelerate land reform and "unlock economic growth, by bringing more land in South Africa to full use, and enable the productive participation of millions more South Africans in the economy."

Overall, this discrepancy between business sentiment and Index rankings for Brazil, Nigeria and South Africa point to optimism that these three economies will outperform despite respective problems. It remains to be seen whether this optimism will fuel a material uptick in economic performance or if business confidence will start waning as the challenges facing these countries become more acute.

Agility's Take

Agility

Businesses in India are closely watching the run-up to the April-May general elections. Prime Minister Modi can re-energise his economic reform agenda if the BJP wins a majority but might have to slow down or reformulate plans if he is forced into a coalition government. Acceleration would likely mean lowering of taxes on business and faster movement toward a single Goods & Services Tax rate, the ultimate aim of his harmonisation effort and, in our view, a powerful boost for an already fast-growing Indian economy and its logistics sector. Also on the horizon: much-needed banking reforms. Meantime, India has improved its ranking in the 2018 World Bank's Doing Business report by 23 spots – a massive leap validating many of the steps Modi has taken to cut or streamline bureaucracy and regulation. Experts predict India will have 100,000 startups by 2025 and will achieve middle-income status by 2027. Problematic areas remain corruption; high unemployment in a nation trying to find jobs for 12m new workers every year; a weak rupiah; and concerns about central bank independence.

EMERGING MARKETS WITH THE LEAST POTENTIAL

Rank	Country	YoY Change
1	Syria	-
2	Iraq	-
3	Libya	-
4	Venezuela	1
5	Ethiopia	-1
6	Iran	2
7	Papua New Guinea	-1
8	Bangladesh	-1
9	Bolivia	3
10	Algeria	1
11	Cambodia	-1
12	Pakistan	2
13	Belarus	2
14	Egypt	-5
15	Ecuador	2
16	Lebanon	-2
17	Uganda	-1
18	Angola	New Entry
19	Colombia	1
20	Argentina	10

According to survey results, businesses will continue to steer clear of a number of markets across the Middle East and North Africa region. For the fourth year in a row, Syria tops the list of the least promising countries followed by Iraq and Libya, with all markets in unchanged positions year-on-year. The violent conflict in Syria, now in its seventh year, has all but destroyed the Syrian economy and removed essentially all potential it once held as a logistics market and investment opportunity.

The biggest mover in the list was Argentina which climbed 10 places to 20th. The country has seen turmoil in financial markets and a sharp depreciation of the peso, with forecasts that the country will likely remain stuck in recession during 2019. Private consumption and investment remain depressed due to lower real incomes and high interest rates, and unemployment has increased, contributing to Argentina's lessening appeal. To stem the currency crisis, President Macri sought financial support from the IMF. Whilst the agreement reached with the IMF for a bailout might be good news in the short term, it is unlikely that it will bring the robust economic recovery many international investors are hoping for. The IMF will only allow the Argentine central bank to support the peso if it falls beyond a certain level, and only by spending a maximum of $150m. Moreover, to remedy its inflation problem, the central bank will be forced to keep the amount of money it issues unchanged and the government will need to drastically reduce its budget deficit.

Venezuela is the only South American country to place in the top 5 markets with the least potential. It moved up one spot to 4th amid continuing turmoil. Venezuela's outlook remains dire and GDP is forecast to contract for the sixth year in a row in 2019, while it is expected to see a continuation of hyperinflation, declining oil production and exchange rate misalignments.

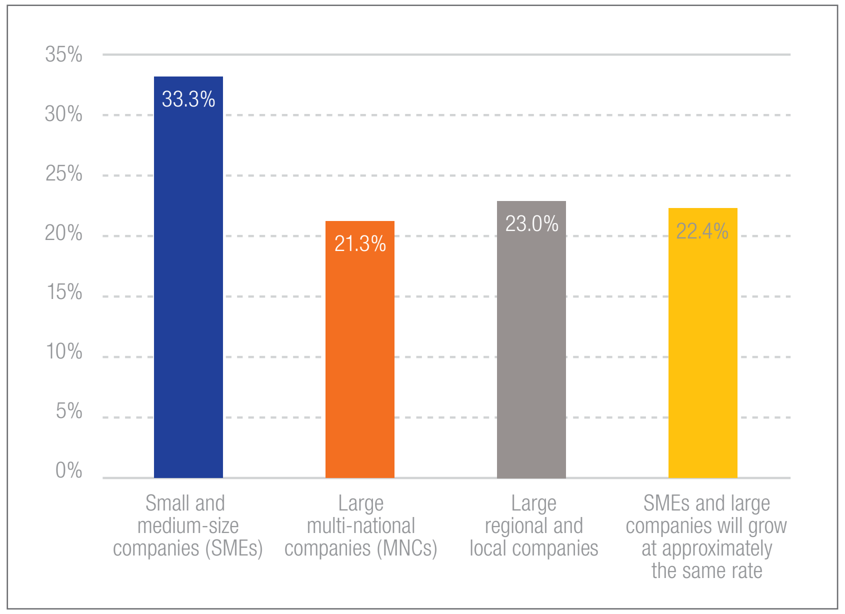
> Venezuela's outlook remains dire and GDP is forecast to contract for the sixth year in a row in 2019, while its expected to see a continuation of hyperinflation, declining oil production and exchange rate misalignments.

Egypt features in both the most and the least attractive logistics market rankings. Overall, this year's movement in both rankings suggest that confidence in Egypt's economy has improved. In 2014, Egypt started implementing a transformational reform program, aimed at spurring the economy and enhancing the country's business environment. The first wave of reforms focused on rebalancing the macroeconomy while the second wave focused on improved governance and the investment climate, including policies to remove investment barriers and attract local and foreign investments. **The implementation of these reforms appears to be contributing towards gradual restoration of confidence and has started yielding positive results. The country is performing better than many of its peers in terms of overall economic growth since the Arab Spring.** A weaker currency has boosted exports and attracted overseas capital, not least from China, which signed infrastructure and energy deals worth $18bn as part of the Belt and Road Initiative in Egypt.

Having said that, there are clearly many challenges ahead that risk eroding Egypt's potential, with regional and domestic security risks being the most prominent. In addition, the absence of a level-playing field, especially in sectors where there are state-led activities, remains a key issue and can stifle the private sector.

EMERGING MARKET SME'S: THE ENGINE OF GROWTH

WHICH SIZE COMPANY DO YOU BELIEVE WILL GROW FASTEST IN EMERGING MARKETS OVER THE NEXT FIVE YEARS?

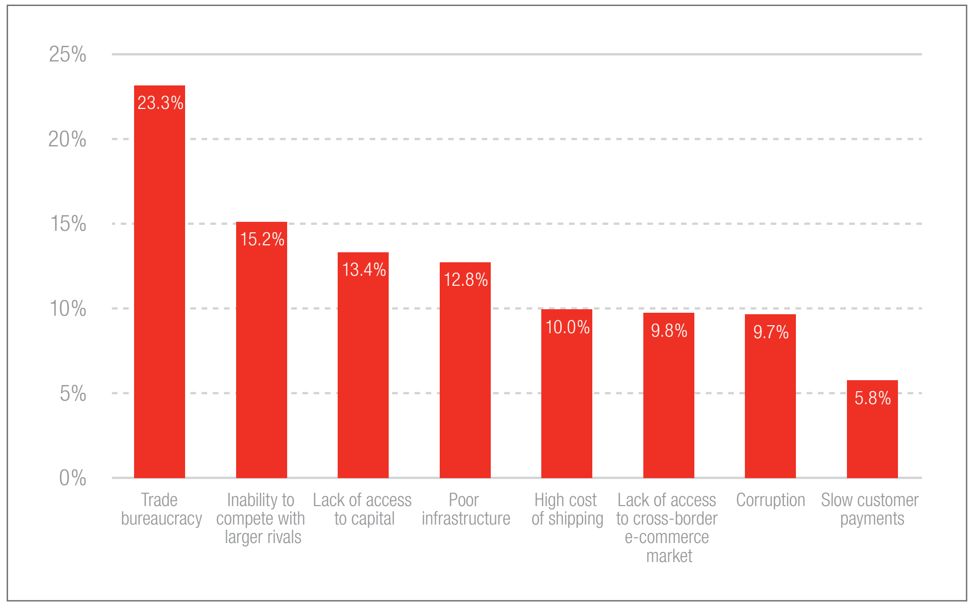


One third of respondents believe that small and medium-size companies (SMEs) will grow fastest in emerging markets over the next five years, as opposed to 21.3% who envisage faster growth in large multi-national companies. Some respondents suggested that local manufacturing and sourcing strategies from multinational companies will add further growth to the SME sector.

Winning additional business from SMEs has been an ambition of many of the world's largest LSPs, with the widespread rollout of online freight quotation and booking platforms renewing the focus. With e-commerce making sales to international markets easier, and technology being used to reduce the complexity of global trade, it is conceivable that SMEs will see both act as drivers in their growth over the coming years.

Having said that, challenges clearly remain for SMEs participating in cross-border trade. Trade bureaucracy is the most significant growth inhibitor according to survey respondents. The challenge for emerging economies will be to reduce bureaucracy relating to trade permits and customs clearance to minimise the administrative requirements for imports and exports and ultimately provide a business-friendly environment for the SME sector.

WHICH FACTORS MOST INHIBIT SMES FROM PARTICIPATING IN CROSS-BORDER TRADE?



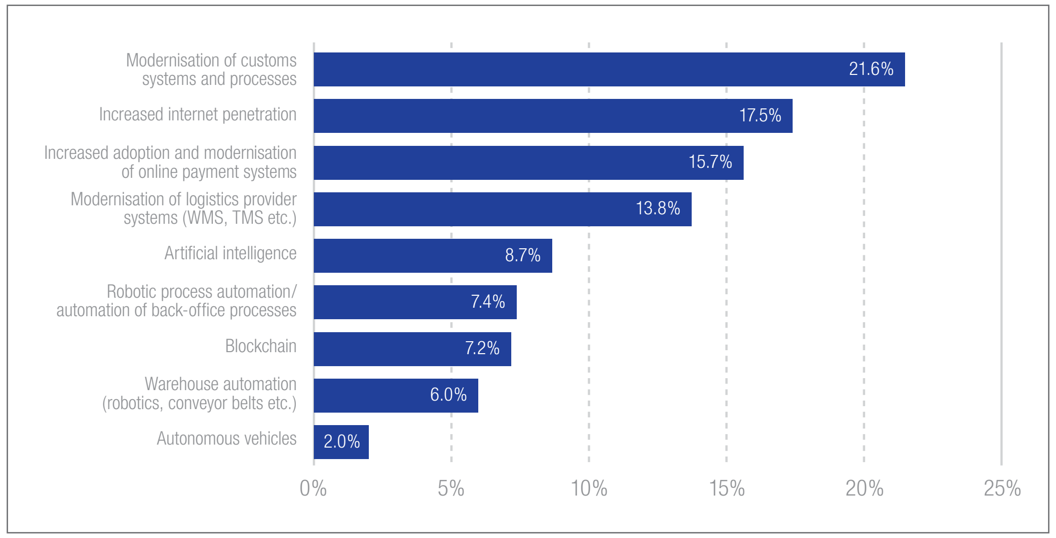
However, as evidenced by the survey, no single factor determines SME success in cross-border trade, but there is a combination of internal and external factors that inhibit SMEs from growing internationally. A key enabler of cross-border growth will be the selection of the most appropriate shipping partners. As one of the respondents asserted, when an SME aligns with a logistics provider that has the capabilities to perform cross-border shipping and most importantly, simplifies the shipping, cross-border traffic is not so difficult.

The implications of faster SME growth in emerging markets are significant for LSPs. SME shippers are typically associated with higher margins for forwarders than large shippers. The main reason for this is that larger shippers leverage their greater volume requirements to squeeze forwarders and secure lower rates.

Agility's Take

Executives in the Index survey see small and medium-sized companies growing faster than others over the next few years. We see it the same way. More and more SMEs have access to technology that is helping them achieve "virtual" scale that allows them to do cross-border trade efficiently and compete with companies that are much larger. Shipa Freight and other online freight services have entered the market to provide them with competitive, no-obligation quotes, compliance guidance, customer service and tracking that, in the past, have been reserved for big shippers. Financing, working capital and other pieces of shipping transactions that require trust are being digitised in ways that make them easily accessible for smaller businesses. SMEs continue to be at a disadvantage when it comes to dealing with trade bureaucracy and when it's time for their interests to be represented in big global trade forums, such as the WTO. But there's finally a recognition on the part of emerging markets countries and developed economies alike that these companies are the ones that are going to be producing the most growth and the most jobs in years to come.

TECHNOLOGY WILL UNLOCK EMERGING MARKET POTENTIAL



WHICH TECHNOLOGICAL DEVELOPMENTS WILL BE MOST IMPORTANT IN FACILITATING EMERGING MARKETS TRADE GROWTH OVER THE NEXT 5 YEARS?

Utilising technology to modernise customs systems and processes will be the most important factor in facilitating emerging markets trade growth over the next five years, according to survey respondents. This is due to the impact trade facilitation has on competitiveness and its increasing importance in attracting FDI. Border procedures, i.e. those concerning customs clearance and inspection, account for the largest proportion of costs and time associated with imports. Such costs and time delays are more acute among emerging economies than among developed economies.

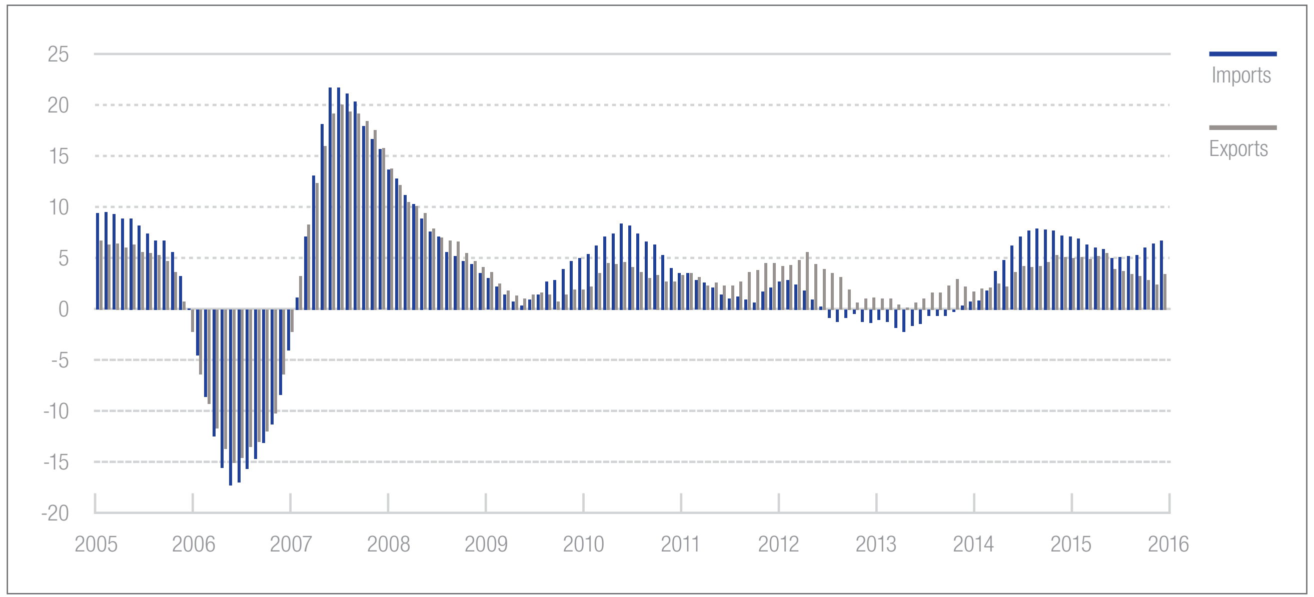
Automation and information technology (IT) are assuming an increasingly important role in modern customs administration. For example, companies across ASEAN are benefitting from smoother regional trade thanks to the digital platform ASEAN Single Window (ASW) that went live in January 2018. Companies handle all cross-border customs documentation through the platform, which expedites cargo clearance and reduces paperwork by enabling the electronic exchange of trade-related documents. The platform was launched in five ASEAN member states: Indonesia, Malaysia, Singapore, Thailand and Vietnam. The goal is to implement the ASW digital system in all 10 ASEAN members by the end of 2019. While the modernisation of customs systems and processes is undoubtedly one of the most important factors in facilitating emerging markets trade growth, the use of technology can also be supported by regulatory reform. This is to ensure that customs administrations do not require paperwork in addition to the electronic submission of customs documentation.

Survey respondents asserted that increased internet penetration will be the second most significant factor in facilitating emerging markets trade growth over the next five years. Internet access is one of the key factors enabling the adoption and implementation of modern customs systems, as well as a key technology in the growth of e-commerce. Internet penetration rates may still be low across much of Central Africa and Southern Asia, for example, but these regions are also seeing the fastest growth in internet adoption, and therefore represent the most compelling opportunities for e-commerce growth.

However, whilst gaining access to millions of new customers is an attractive proposition for online retailers, targeting purchasers in emerging markets is not necessarily the easiest of strategies. Emerging economies have independent regulatory environments, different languages and currencies. This results in a completely different set of issues that retailers must navigate, with payment security and fraud also a major hurdle.

Fraud is a major challenge faced by e-retailers operating on a cross-border basis in emerging economies. Consumers in these markets often rely heavily on 'cash on delivery' (COD) payments which comes with its own set of unique issues, including a high return rate, especially on cross-border transactions where the transit time is far longer. The significance of this factor is acknowledged by survey respondents who consider the increased adoption and modernisation of online payment systems the third most important technological development in facilitating emerging markets trade growth. e-commerce sites need to use a reputable and robust payment system that is cognisant of local customer behaviour to reduce possible fraudulent purchases.

EMERGING MARKET MERCHANDISE TRADE VOLUMES, SIX-MONTH AVERAGE, % CHANGE ON A YEAR EARLIER



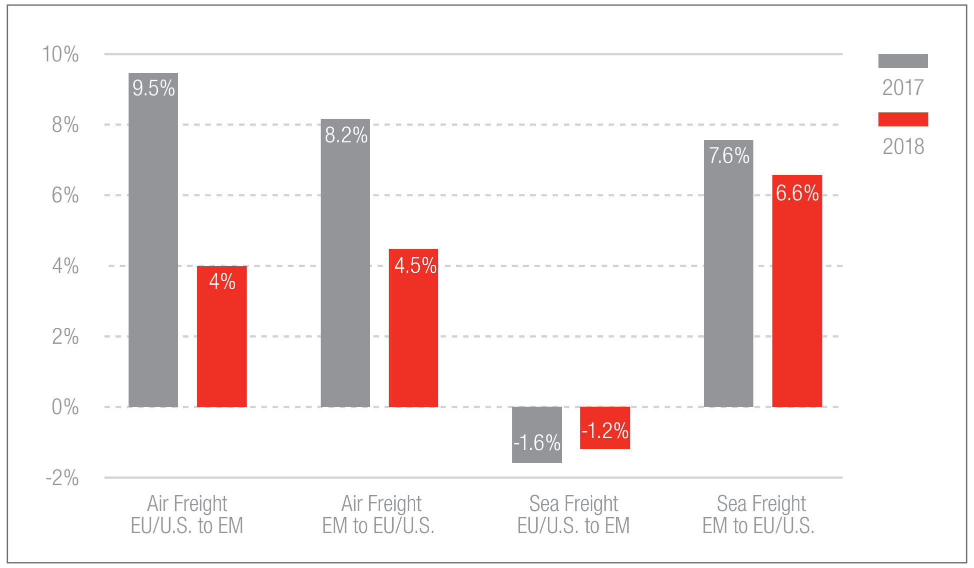
After a strong 2017, emerging market trade volume growth has slowed. From January to September 2018, measured monthly, year-on-year growth of emerging markets trade volumes has averaged 6.2% for imports and 3.3% for exports. For all of 2017, the corresponding averages were 7.2% and 4.3% respectively.

On a regional basis, trade growth has been strongest in emerging Asia, with average import volume growth of 7.4% and export volume growth of 4.8%. Eastern Europe/CIS has seen import and export volume growth figures of 2.5% and 4.9% respectively. In Latin America, export volume growth has been slow, expanding by just 0.9%, although imports grew by 5.8%. Volume growth in the Middle East and Africa has been weak, with import and export expansions of 0.6% and 0.4% respectively.

Asian import growth is being caused by growing consumer demand in China and higher imports from Southeast Asian producers, due to a shift of supply chains to lower cost manufacturing bases. Higher commodity prices have also strengthened imports for a number of resource-exporting countries. This is because higher revenues from commodities give greater spending power to resource-exporting countries.

Air freight volumes have returned to low single-digit growth after a bumper 2017. During that year, a surge in global demand began an inventory re-stocking cycle which drove market growth in air freight, as shippers rushed to get goods to market. This faded a few months into 2018 and growth has reduced down to low single-digit percentage increases since then. According to IATA's October 2018 Air Freight Market Analysis, growth in freight-tonne kilometres is now expected to underperform compared against global goods trade in 2018.

Growth in container freight volumes has largely held firm through 2018. Estimates from Clarksons and Drewry suggest full-year box growth of 5.3% and 6.5% respectively. Unlike air freight market growth, which shows considerable volatility around wider macroeconomic trends, sea freight usually grows at much steadier rate, more in tune with global trade growth. For 2018, the IMF predicts that global trade growth will expand at between 4%-5%. Emerging market import volumes are expected to grow 6.3%, with exports growing 4.5%. Both on a global- and emerging markets-level, this represents a slowdown from 2017.



EMERGING MARKET MERCHANDISE TRADE VOLUMES, SIX-MONTH AVERAGE, % CHANGE ON A YEAR EARLIER

Considering all air and sea freight volumes (excluding oil for sea), trade between the emerging markets in this index and the EU and U.S. is down from 2017. The only improvement in growth rates is in sea freight imports, but even here, growth is negative. Much of the decline on this lane can be accounted for by bulk goods, so freight forwarders ought to be witnessing stronger growth than this figure suggests.

By trade lane, tariffs appear to be having the most profound effect on China's sea freight imports. These are forecast to fall by 25.9% in volume terms over 2018.

U.S. Trade Deficit Reduction

By trade lane, tariffs appear to be having the most profound effect on China's sea freight imports from the U.S.. These are forecast to fall by 25.9% in volume terms over 2018. China's decision to initially impose tariffs on U.S. agricultural products is key to this fall. In the first nine months of 2018, cereals imports were 40.7% lower year-on-year, whilst oil seeds, grains, fruit & plant products were down 42.5%. These commodities alone accounted for nearly 25m tonnes of Chinese sea freight imports in 2017. However, other products that have fallen were not affected by tariffs. China banned waste imports earlier in the year, which has also led to a substantial reduction in tonnage. In value terms, imports have fallen 10.5%. In the other direction volumes have grown 7.5%, but in value terms, the increase is only 4.0%

By air, neither trade lane has shown any great sign of damage so far. The U.S. appears to be exporting more high-value items to China. Its export growth by value is up 16.4%, with just an 8.1% growth in volumes. China, conversely, is exporting proportionally more low-value goods. Its export volumes to the U.S. are up 11.1%, but in value terms, the increase is 6.2%.

	U.S. Exports	Chinese Exports
Sea Freight Value Change YoY (Excludes HS Code 27: Oil)	-10.5%	4.0%
Sea Freight Volume Change YoY (Excludes HS Code 27: Oil)	-25.8%	7.5%
Air Freight Value Change YoY	16.4%	6.2%
Air Freight Volume Change YoY	8.1%	11.1%

Source: USA Census Bureau

2018 EMERGING MARKETS IMPORT GROWTH

Emerging markets look set to have a mixed year in terms of imports from the EU and U.S.. Sea freight imports performed better than in 2017, but still fell by 1.2% in volume terms. In air freight, volumes grew by 4.0%, down from 9.5% in 2017. Despite the widely reported issues around emerging market currency weakness, the overall picture remains broadly positive.

Sea Freight Top 5 Trade Lanes - EU/US to Emerging Markets

Rank	Origin	Destination	2012 index	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index
1	US	China	100	105	107	105	110	101	75
2	EU	China	100	103	104	109	103	105	96
3	EU	Turkey	100	104	103	99	104	119	112
4	US	Mexico	100	91	96	104	114	124	125
5	EU	Saudi Arabia	100	123	107	126	128	119	120
EU and US		All 50 Emerging Markets	100	105	108	106	109	107	106

There are a number of notable stories that emerge when looking at individual country trade lanes. The most striking of which relates to China's sea freight. Its retaliatory tariffs are having a profound effect on sea freight imports, which are forecast to fall by more than a quarter in 2018. In the first nine months of the year, volumes of cereals were down 40.7% and oil seeds, grains, fruit and plants were down 42.5%. These two product groups alone account for 8m tonnes of lost volume. The fall in volumes, which also accounts for the majority of the decline in the European trade lane, can be attributed to China's ban on waste imports implemented earlier this year.

Air Freight Top 5 Trade Lanes - EU/US to Emerging Markets

Rank	Origin	Destination	2012 index	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index
1	EU	China	100	127	112	132	138	160	161
2	US	China	100	101	108	118	122	143	154
3	EU	United Arab Emirates	100	108	119	139	144	160	163
4	EU	India	100	92	97	98	110	122	132
5	EU	Mexico	100	94	98	120	130	154	182
EU and US		All 50 Emerging Markets	100	107	113	117	116	124	133

Removing China from the equation presents a very different picture for emerging market imports by sea. Growth is forecast at 5.7% year-on-year excluding China. Among the largest lanes, EU-Algeria, U.S.-Colombia and EU-India are the only ones expected to show substantive growth. Outside of the largest markets, U.S.-Tunisia, U.S.-Egypt and U.S.-Vietnam were standout performers.

Air freight volume growth is down quite substantially from the year before, (4.0% versus 9.5% last year), but this is to be expected following the strong economic growth rates in 2017. Air freight volumes usually expand quite significantly when global demand surges, as shippers rush to re-stock inventories. This cycle is now over and growth has returned to lower levels.

Unlike sea freight, Chinese air imports from both the EU and U.S. are expected to grow year-on-year. Imports from the U.S. are expected to grow by 7.7%, but this may be dampened by recent tariff impositions. European exports to Russia, India, Brazil, Turkey and Mexico are expected to perform well, for different reasons. Russia and Turkey are importing more oil-based products and lubricants. Indian import growth is largely accounted for by machinery, whilst Brazilian automotive parts imports are feeding its booming finished vehicle export market. Mexican steel imports from the EU account for a large proportion of its growth, after various dumping duties and protectionist policies were applied to other trading partners.

A look at the fastest growing lanes shows strength in U.S. exports to South-East Asia, with the Philippines, Malaysia, Indonesia and Vietnam among these. This can largely be attributed to strength in the electronics sector, and more specifically the semiconductor industry which is one of the U.S.' fastest growing exports. The region is home to a growing number of lower-cost fabrication plants, utilised by U.S., Korean, Japanese, Chinese and Taiwanese firms. These generally provide value-added manufacturing services and the globalised nature of the high-tech supply chain means the region is sharing in the U.S.' growth story.

2018 EMERGING MARKETS EXPORT GROWTH

In both sea and air freight, emerging market export volume growth is expected to fall in 2018. However, export growth in sea and air of 6.6% and 4.5% respectively still outpaces import growth in both modes. A stronger U.S. dollar, as well as currency weakness in the likes of Brazil, Turkey, Argentina and Indonesia, could be making emerging market exports more competitive at a global level. However, the more difficult operating conditions in these economies could also be stifling growth somewhat.

Despite tariff implementations, Chinese exports to the U.S. are expected to grow in volume terms in both sea freight (+4.3%) and air freight (+3.8%). Exports to the EU are projected to be even stronger (+9.6% by air and +7.8% by sea).

Sea Freight Top 10 Trade Lanes - Emerging Markets to EU/US

Rank	Origin	Destination	2012 index	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index
1	China	US	100	103	116	120	116	123	128
2	China	EU	100	110	121	122	122	123	133
3	Russia	EU	100	96	115	121	113	111	130
4	Brazil	EU	100	159	95	103	105	108	113
5	Ukraine	EU	100	102	119	125	124	146	159
All 50 Emerging Markets		EU and US	100	107	113	117	116	124	133

Air Freight Top 10 Trade Lanes - Emerging Markets to EU/US

Rank	Origin	Destination	2012 index	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index
1	China	EU	100	122	145	120	136	144	158
2	China	US	100	98	116	122	111	124	129
3	India	EU	100	106	112	106	112	137	135
4	Kenya	EU	100	121	127	131	140	138	134
5	Colombia	US	100	106	105	99	105	111	115
All 50 Emerging Markets		EU and US	100	108	119	116	119	129	135

Among the largest markets, Russia and Turkey are expected to show strong export growth to the EU, due primarily to the steel sector. Despite tariff impositions and trade tensions, Mexico-U.S. sea freight growth is expected to be strong, growing by 16.3% for the year. Salts and steel exports have grown particularly fast in the first nine months of 2018. The latter product benefits from tariffs being applied three months later than those applied to other trade partners. Also of interest is auto exports – 2.34m vehicles were shipped to the U.S. in the first 11 months of 2018, up 9.3% year-over-year. The automotive sector has been a key focus of the Trump administration's NAFTA renegotiations and in future, the USMCA states that 25% tariffs could be applied to Mexican vehicle exports to the U.S. after a 2.4m vehicle quota is reached.

A number of smaller trade lanes are expected to be the fastest-growing in 2018, including Kazakhstan-EU, Iran-EU, Qatar-U.S. and Egypt-U.S.. Chile-U.S. is the only trade lane with expected volumes of above 10m tonnes to appear in the top 10 fastest-growing trade lanes.

In air freight, the reduction in export volume growth from 2017 is less severe overall than imports. Growth of 4.5% is mainly driven by exports to the EU. The largest markets show mixed performances. India-EU, Kenya-EU, India-U.S. and Vietnam-U.S. are all expected to see contractions. Meanwhile, EU-Mexico should be strong, helped by improving trading relations. After signing an Agreement in Principle for an FTA, Mexico's export growth could be boosted in the coming years. However, this year it will be surpassed by extraordinarily strong growth in Chile-U.S. and Bangladesh-EU lanes.

Among the fastest growing air freight trade lanes, South American countries account for five of the top 10, with Chile appearing twice after a surge in fish exports. Thailand is the only other country to appear twice as a result of its booming high tech and apparel industries.

APPENDIX

SOURCES & METHODOLOGY

Source

The Agility Emerging Markets Logistics Index has three main components.

- First is the Index country rankings: a look at the composite scores of the 50 Index emerging markets based on a combination of their domestic and international logistics markets, and their business environment.
- Second is a survey of trade and logistics industry professionals.
- Third is an examination, by volume and mode of transport, of the largest and fastest-growing major trade lanes linking emerging and developed markets.

The Index country rankings are underpinned by data from the International Monetary Fund, Organisation of Economic Cooperation and Development, World Bank, government statistical agencies, Transparency International, United Nations and UN agencies, World Economic Forum, International Trade Centre and International Air Transport Association. In addition, Ti's own proprietary market size and forecast data is used.

Trade lane data is derived from United States Census Bureau and Eurostat data.

Methodology

Definition of 'Emerging Markets'

The term 'emerging markets' was first coined by the World Bank's International Finance Corporation (IFC) in 1981. According to its definition, an emerging market is a country making an effort to improve its economy, with the aim of reaching the same level of sophistication as nations defined as 'developed'.

An emerging market is further characterised by the IFC as meeting at least one of the two following criteria:

1. It is a low- or middle-income economy, as defined by the World Bank
2. Its investable market capitalisation (IMC) is low relative to its most recent Gross Domestic Product (GDP).

The Agility Emerging Markets Logistics Index

The Agility Emerging Markets Logistics Index uses three metrics to assess and rank 50 emerging markets. The metrics measure the countries':

- Domestic Logistics Opportunities (33%)
- International Logistics Opportunities (33%)
- Business Fundamentals (33%)

Domestic Logistics Opportunities rates the performance, potential and drivers of a country's domestic logistics market. This includes measures which assess each individual emerging market's economic strength, development and growth forecasts, as well as:

- Urbanisation of population – a driver of manufacturers' centralised distribution strategies and the likely consolidation of retailing
- Distribution of wealth throughout the population – indicative of widespread demand for higher value goods
- Cluster development – an assessment of the depth and economic development of business clusters within a market.

In addition, Ti's proprietary market sizing and forecast data is used to assess the strength of performance and potential growth opportunities within a country's domestic contract logistics and express markets.

International Logistics Opportunities rates the performance, potential and drivers of a country's international logistics market. This includes measures which assess each individual emerging market's trade volumes and tariff regimes, as well as:

- The frequency and range of destinations of its international connections across air and sea
- A rating of the efficiency of its customs and border controls.
- The value of logistics intensive trade by a country, that is goods which account for the vast majority of volumes handled by traditional LSPs, discounting product groups such as oil and bulk items. Ti has developed a proprietary method for calculating logistics intensive trade.

In addition, Ti's proprietary market size and forecast data is used to assess the strength of performance and growth opportunities within a country's air and sea forwarding markets, as well as each individual country's international express market.

Business Fundamentals assesses factors that either aid or hinder the operations of business in a country. This determines the market's regulatory and financial health, whilst also assessing the overall state of the wider business environment. Specifically, this measures:

- Market accessibility – how easy it is for foreign companies to enter and compete effectively in the market, including measures which assess their ability to deal with existing bureaucracy and regulation
- Security – the risk to companies' operations from threats such as theft, corruption and terrorism
- Domestic stability – wider financial health and a market's capacity to ensure property rights, enforce contracts, and minimise corruption.
- Infrastructure – to what extent does underlying transport and technological infrastructure aid or hinder the growth of business.

Trade Lanes

The trade lane section measures the volume of goods shipped by air and sea between the emerging markets included in the Index and the U.S./EU. The trade lane section includes two parts:

1. Top Trade Lanes – Air and Sea, Import/Export

A list of trade lanes with the highest volumes, as measured by tonnes, split by air and sea, and by import and export (from emerging markets to the EU/U.S. and to emerging markets from the EU/U.S.).

2. Fastest-Growing Trade Lanes – Air and Sea, Import/Export, presented in an appendix.

For air and sea, by imports and exports, the 25 fastest-growing trade lanes for each case have been ranked by their growth in 2018. In addition, an index has been calculated with a base year of 2012 to offer a long-term perspective on each trade lane's performance.

2012-2017 data are 'actual' figures, whereas 2018 data are forecast figures based on actual monthly data from January-July 2018. A forecast model which accounts for seasonality has been applied to estimate full-year 2018 figures. For sea freight, tonnage relating to HS2 product group 27 "mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes" has been subtracted from total figures. No product groups are excluded from air freight figures. To qualify as one of the 25 fastest-growing trade lanes, a certain volume must be reached. For sea freight trade lanes this threshold is 1m tonnes. For air freight, it is 10,000 tonnes. This prevents relatively insignificant trade lanes entering the rankings.

CAGRs have been used to measure each trade lane's performance. CAGR stands for Compound Annual Growth Rate. It measures the constant annual percentage growth rate of a time series between a particular start and end point. While CAGRs can be a quick and useful way to analyse medium- and long-run performance, caution should be taken as they can often disguise volatility. Inspection of each year's index value over time reveals volatility.

AIR FREIGHT EU/U.S. TO EMERGING MARKETS

Fastest Growing Trade Lanes (Index of tons, 2012=100)

Rank	Destination	Origin	2017 Tons	2018* Tons	17-18 growth	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index*	2012-2018 CAGR
1	U.S.	Philippines	18,748	29,908	59.5%	104	112	114	104	103	165	8.7%
2	EU	Malaysia	37,836	46,017	21.6%	105	100	92	85	86	105	0.8%
3	U.S.	Mexico	139,256	165,319	18.7%	94	98	120	130	154	182	10.5%
4	EU	Nigeria	21,833	25,791	18.1%	93	92	100	59	58	68	-6.2%
5	EU	Indonesia	14,416	16,984	17.8%	101	91	90	88	87	102	0.3%
6	U.S.	Vietnam	26,382	30,950	17.3%	122	175	216	214	225	263	17.5%
7	EU	India	66,964	77,669	16.0%	91	97	99	97	114	132	4.7%
8	EU	Kenya	12,031	13,774	14.5%	89	44	47	48	46	52	-10.2%
9	U.S.	Ethiopia	10,411	11,746	12.8%	132	122	193	154	164	185	10.8%
10	EU	Russia	86,900	97,103	11.7%	102	93	102	99	103	115	2.4%
11	EU	Turkey	21,600	24,054	11.4%	99	110	105	102	119	132	4.8%
12	U.S.	Brazil	104,117	115,797	11.2%	104	99	88	78	92	103	0.5%
13	U.S.	Turkey	111,727	123,046	10.1%	114	112	135	122	134	148	6.7%
14	EU	Brazil	94,923	104,106	9.7%	97	95	77	67	75	83	-3.2%
15	U.S.	Bangladesh	10,119	11,051	9.2%	109	110	244	206	166	182	10.5%
16	EU	India	194,654	211,184	8.5%	92	97	98	110	122	132	4.8%
17	EU	Peru	12,598	13,578	7.8%	109	112	129	129	129	140	5.7%
18	EU	China	374,041	402,736	7.7%	101	108	118	122	143	154	7.5%
19	U.S.	Chile	27,284	29,347	7.6%	117	103	119	130	119	129	4.3%
20	EU	Thailand	39,735	42,393	6.7%	97	97	98	93	97	104	0.6%
21	EU	Saudi Arabia	47,235	50,331	6.6%	109	117	118	109	116	123	3.6%
22	U.S.	Argentina	23,007	24,365	5.9%	107	94	102	102	109	115	2.4%
23	EU	Philippines	21,368	22,500	5.3%	112	126	150	153	146	154	7.5%
24	EU	Peru	22,122	23,256	5.1%	93	95	88	83	91	96	-0.7%
25	U.S.	South Africa	91,831	96,220	4.8%	95	85	90	83	88	92	-1.4%
n/a	EU	All 50 EM	2,742,185	2,808,261	2.4%	109	103	120	119	130	133	-4.6%
n/a	U.S.	All 50 EM	1,149,315	1,236,987	7.6%	99	102	97	92	102	110	-1.6%
n/a	EU and U.S.	All 50 EM	3,891,500	4,045,248	4.0%	105	103	112	110	120	125	-3.6%

SEA FREIGHT EU U.S. TO EMERGING MARKETS

Fastest Growing Trade Lanes (Index of tons, 2012=100)

Rank	Destination	Origin	2017 Tons	2018* Tons	17-18 growth	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index*	2012-2018 CAGR
1	U.S.	Tunisia	489,957	1,272,645	159.7%	96	119	107	126	84	217	13.8%
2	U.S.	Egypt	2,818,522	7,216,906	156.1%	115	151	85	62	63	162	8.4%
3	U.S.	Vietnam	5,167,117	11,409,717	120.8%	117	142	136	202	164	363	23.9%
4	U.S.	Morocco	2,496,732	3,215,243	28.8%	91	101	100	199	194	250	16.5%
5	EU	Pakistan	3,170,818	4,039,071	27.4%	111	128	131	169	167	213	13.4%
6	U.S.	India	8,523,852	10,694,708	25.5%	85	90	93	100	120	151	7.1%
7	U.S.	Argentina	1,705,800	2,135,912	25.2%	110	90	75	82	89	111	1.8%
8	EU	Indonesia	3,117,645	3,803,631	22.0%	101	97	86	91	85	104	0.6%
9	U.S.	Ecuador	1,470,851	1,784,782	21.3%	99	107	96	78	85	103	0.5%
10	EU	Kuwait	1,201,391	1,440,688	19.9%	111	126	134	113	125	150	7.1%
11	U.S.	Malaysia	2,860,489	3,407,696	19.1%	101	90	77	79	117	140	5.7%
12	EU	Bangladesh	1,314,376	1,560,509	18.7%	115	141	224	218	192	228	14.7%
13	EU	Philippines	1,645,354	1,936,297	17.7%	111	139	137	149	144	170	9.2%
14	U.S.	Thailand	5,618,866	6,605,174	17.6%	83	114	127	134	154	181	10.4%
15	EU	Malaysia	2,536,306	2,909,820	14.7%	98	91	76	92	84	96	-0.7%
16	EU	Vietnam	3,697,236	4,221,970	14.2%	116	136	146	255	196	224	14.4%
17	EU	Chile	1,991,336	2,262,418	13.6%	92	96	94	96	96	109	1.5%
18	U.S.	Pakistan	2,767,365	3,124,444	12.9%	101	98	153	211	342	386	25.3%
19	U.S.	UAE	2,000,217	2,245,760	12.3%	108	104	92	96	82	92	-1.4%
20	EU	India	10,327,746	11,470,296	11.1%	77	86	92	102	98	109	1.5%
21	EU	South Africa	5,405,207	6,000,265	11.0%	109	108	118	117	122	135	5.2%
22	U.S.	Philippines	6,274,760	6,906,099	10.1%	100	113	111	135	134	147	6.7%
23	U.S.	Indonesia	8,197,967	8,890,126	8.4%	103	110	89	121	137	149	6.8%
24	EU	Brazil	9,456,743	10,253,049	8.4%	101	96	83	76	77	84	-2.9%
25	U.S.	Colombia	11,047,409	11,957,753	8.2%	122	207	224	229	243	263	17.5%
n/a	EU	All 50 Em	230,249,761	227,604,243	-1.1%	106	108	107	107	103	102	-0.3%
n/a	U.S.	All 50 Em	210,091,950	207,607,062	-1.2%	104	108	104	112	112	111	-1.7%
n/a	EU and U.S.	All 50 Em	440,341,711	435,211,305	-1.2%	105	108	106	109	107	106	-1.0%

Air Freight Emerging Markets to EU/U.S.

Fastest Growing Trade Lanes (Index of tons, 2012=100)

Rank	Destination	Origin	2017 Tons	2018* Tons	17-18 growth	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index*	2012-2018 CAGR
1	U.S.	Cambodia	8,644	12,023	39.1%	79	76	78	65	82	114	2.2%
2	EU	Chile	13,086	16,521	26.2%	84	75	73	33	22	28	-19.3%
3	U.S.	Brazil	52,580	64,397	22.5%	74	75	83	93	102	125	3.8%
4	EU	Peru	39,504	48,012	21.5%	102	125	119	132	122	149	6.8%
5	EU	Bangladesh	94,192	113,659	20.7%	133	97	118	148	152	184	10.7%
6	U.S.	Chile	144,499	173,740	20.2%	113	108	103	101	104	125	3.8%
7	EU	Cambodia	17,861	21,416	19.9%	138	158	145	158	236	283	19.0%
8	EU	Thailand	60,876	72,203	18.6%	101	114	98	107	112	132	4.8%
9	U.S.	Thailand	65,566	75,060	14.5%	99	101	103	101	104	119	2.9%
10	EU	Philippines	19,363	22,159	14.4%	95	107	118	113	138	158	7.9%
11	EU	Colombia	26,148	29,405	12.5%	107	144	114	115	115	130	4.5%
12	U.S.	Ecuador	55,878	61,843	10.7%	99	94	107	109	110	122	3.4%
13	U.S.	Bangladesh	26,025	28,722	10.4%	171	87	133	148	166	183	10.6%
14	EU	Brazil	81,171	89,575	10.4%	94	134	103	118	122	134	5.1%
15	U.S.	Turkey	31,501	34,697	10.1%	114	142	170	172	201	222	14.2%
16	EU	China	1,310,819	1,436,801	9.6%	122	145	120	136	144	158	7.9%
17	EU	Ecuador	30,301	33,029	9.0%	96	108	108	127	123	134	5.0%
18	EU	Mexico	100,117	107,913	7.8%	106	121	130	162	157	169	9.2%
19	U.S.	Philippines	31,949	33,956	6.3%	108	148	148	133	149	158	7.9%
20	EU	Tanzania	17,998	19,002	5.6%	106	99	87	117	129	136	5.3%
21	EU	Malaysia	48,890	51,357	5.0%	137	118	112	131	139	146	6.5%
22	U.S.	Mexico	64,682	67,875	4.9%	102	98	93	97	119	125	3.8%
23	EU	Uganda	30,853	32,263	4.6%	153	142	144	157	148	155	7.6%
24	EU	Turkey	61,404	63,676	3.7%	90	96	120	120	106	110	1.5%
25	U.S.	China	1,284,231	1,330,875	3.6%	98	116	122	111	124	129	4.3%
n/a	EU	All 50 EM	2,882,852	3,029,470	5.1%	114	126	115	126	133	140	-5.5%
n/a	U.S.	All 50 EM	2,517,377	2,613,155	3.8%	101	111	117	112	124	129	-4.1%
n/a	EU and U.S.	All 50 EM	5,400,229	5,642,625	4.5%	108	119	116	119	129	135	-4.8%

SEA FREIGHT EMERGING MARKETS TO EU U.S.

Fastest Growing Trade Lanes (Index of tons, 2012=100)

Rank	Destination	Origin	2017 Tons	2018* Tons	17-18 growth	2013 index	2014 index	2015 index	2016 index	2017 index	2018* index*	2012-2018 CAGR
1	EU	Kazakhstan	874,934	1,634,496	86.8%	65	100	66	88	104	194	11.7%
2	EU	Iran	1,084,805	1,482,280	36.6%	59	162	246	236	171	234	15.2%
3	U.S.	Peru	3,373,091	4,580,897	35.8%	94	143	139	130	147	200	12.3%
4	U.S.	Ukraine	1,671,802	2,156,805	29.0%	105	86	95	90	143	185	10.8%
5	U.S.	Qatar	1,499,504	1,884,390	25.7%	198	260	263	233	253	318	21.3%
6	U.S.	Chile	8,043,971	10,027,400	24.7%	107	168	183	117	121	150	7.0%
7	EU	Uruguay	2,331,287	2,840,362	21.8%	127	100	157	150	135	165	8.7%
8	U.S.	South Africa	2,761,987	3,254,806	17.8%	94	104	86	85	97	114	2.2%
9	U.S.	Egypt	1,568,869	1,839,327	17.2%	73	95	95	86	131	153	7.4%
10	EU	Saudi Arabia	4,084,276	4,778,317	17.0%	100	97	113	115	113	132	4.7%
11	EU	Russia	28,502,088	33,251,906	16.7%	96	115	121	113	111	130	4.5%
12	U.S.	Mexico	16,389,538	19,054,449	16.3%	130	153	158	143	136	158	7.9%
13	U.S.	Colombia	1,388,566	1,604,830	15.6%	94	106	97	90	94	109	1.4%
14	EU	Turkey	24,260,771	27,996,844	15.4%	108	112	118	132	161	186	10.9%
15	U.S.	Vietnam	5,898,290	6,764,564	14.7%	106	117	130	167	180	207	12.9%
16	EU	Bangladesh	1,108,369	1,270,960	14.7%	114	129	141	152	156	179	10.2%
17	EU	Vietnam	4,236,704	4,838,337	14.2%	102	124	125	133	153	175	9.8%
18	EU	Tunisia	2,801,467	3,192,583	14.0%	104	86	88	89	100	114	2.3%
19	EU	UAE	1,698,619	1,919,622	13.0%	102	114	116	126	137	155	7.6%
20	EU	Pakistan	1,394,338	1,545,406	10.8%	144	143	134	140	153	170	9.2%
21	EU	Indonesia	9,461,538	10,418,178	10.1%	107	111	109	105	118	129	4.4%
22	EU	Mexico	3,510,928	3,853,145	9.7%	97	135	100	114	137	150	7.0%
23	EU	Ukraine	26,194,778	28,627,355	9.3%	102	119	125	124	146	159	8.1%
24	U.S.	Saudi Arabia	1,468,028	1,602,982	9.2%	96	105	109	125	118	129	4.4%
25	EU	China	52,992,266	57,126,115	7.8%	110	121	122	122	123	133	4.8%
n/a	EU	All 50 EM	296,763,606	315,918,005	6.5%	109	109	112	114	123	131	-4.4%
n/a	U.S.	All 50 EM	181,810,436	194,179,819	6.8%	105	121	124	118	127	136	-4.9%
n/a	EU and U.S.	All 50 EM	478,574,042	510,097,824	6.6%	107	113	117	116	124	133	-4.6%

ABOUT TI

Ti is one of the world's leading providers of expert research and analysis dedicated to the global logistics industry. Utilising the expertise of professionals with many years of experience in the mail, express and logistics industries, Transport Intelligence has developed a range of market leading web-based products, reports, profiles and services used by many of the world's leading logistics suppliers, consultancies, banks and users of logistics services.

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ABOUT AGILITY

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