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Item 7 of the provisional agenda

Transport and competitiveness

Supply Chain Challenges for National Competitiveness through Transport*

Note by the secretariat

1. At its twenty-third session, the Working Party on Transport Trends and Economics (WP.5 or Working Party) considered Informal document No. 1 “Transport and competitiveness”¹ as well as Informal document No. 2 Conclusions of the Round Table “Supply Chain Challenges for National Competitiveness through Transport”,² both prepared by the secretariat. These two documents highlighted the progress made in this project and outlined steps to be undertaken towards further progress of the project.

2. The Inland Transport Committee (Committee) at its seventy-third session in March 2011 considered Informal document No. 1 “Supply Chain Challenges for National Competitiveness through Transport” prepared by the secretariat. The document provided a review of the existing practices used for benchmarking and measuring the performance of the transport sector and its services. It identified several gaps in the existing literature and practice and showed that there is a need for development of a common methodology that will be able to measure contribution of transport services to national competitiveness and assist policymakers in benchmarking performance of their transport systems.

3. On the basis of this document and the ensuing discussion, the Committee approved the establishment of a Task Force under WP.5 to advance the work on the project and invited other relevant Working Parties to participate. The terms of reference of the Task Force have been already circulated and approved and its establishment envisaged during the twenty-third session of the Working Party.

* The present document was submitted late due to resources constraints.

¹ See www.unece.org/trans/main/wp5/inf23.html

² See www.unece.org/trans/main/wp5/inf23.html

4. Following-up on decisions by the Committee and the Working Party, the secretariat circulated an invitation to member countries, soliciting experts for the Task Force. The first meeting of the Task Force was held on 19 May 2011 with the participation of experts from France, Germany, Sweden, Switzerland and Turkey. Several other countries which expressed interest to participate were not able to send their experts to attend this meeting.

5. The meeting considered the objective, scope of the project and its timeline. The Task Force also discussed the role of transport in modern supply chains. It concluded that further assessment of the new role of transport would be necessary first step in analysis because it would contribute to better understanding of the complex relationship between transport and the overall economic competitiveness of a country. To this end, the Task Force agreed that the secretariat should prepare a draft of the theoretical paper which will be circulated among the Task Force members. This document will be the foundation for the development of a methodology. The analytical work will be carried out by the secretariat, but national inputs will be welcome. The Task Force members agreed to provide feedback to the theoretical document at the next meeting in September 2011, so that the theoretical foundation can be finalized in November 2011.

6. Furthermore, the Task Force considered the review of existing methods available in academic literature and of practices of international organizations and professional associations. After a brief discussion, the Task Force noted that none of the existing methodologies which assess the role of transport and its contribution to competitiveness is capable of providing the realistic result due to their various shortcomings. The Task Force therefore reiterated once again that development of the new methodology, which should be based on evidence and complemented by substantive inputs from member countries, is very much needed for Governments wishing to evaluate the contribution of the transport sector to the overall competitiveness of their economies and, and to implement appropriate policy interventions to improve performance and resolve problems identified in particular areas.

7. Following the request by the Task Force, the secretariat prepared the theoretical foundation of the part of the project that aims at developing a methodology for assessing the performance of a national transport system. This work should be considered as the building block in developing a methodology since it would help clarify the belief, often taken for granted, that transport plays an important role for national competitiveness. The analysis showed that there is solid academic evidence which confirms that transport infrastructure investments promote economic development. However, both in academic and professional literature a consensus is lacking on how to measure the performance of transport system. Moreover, there is a tendency to measure transport performance by using its traditional characteristics and indicators which may not be sufficient to account for its role in modern supply chains. The secretariat's paper which reviews the relevant literature and is intended to shed more light on and contribute to better understanding of the modern role of transport, is being circulated as Informal document No. 1.

8. The Working Party is invited to consider the Informal document No. 1, provide comments and guidance to the secretariat. Member countries, wishing to take part in the work of the Task Force on Transport and Competitiveness, are also invited to express their interest to the secretariat.
