

A Contemporary Appraisal of Logistics Performance in Sri Lanka



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Logistics, in general, refers to the detailed organization and implementation of a complex operation. Logistics refers to a series of services and activities, such as transportation, warehousing, and brokerage, that help to move goods and establish supply chains across and within borders (Arvis, et al., 2016). Gani, (2017) identified eight factors that causes poor logistics services namely, (i) limited co-ordination among countries on border procedures; (ii) inefficiency of customs clearance process at the ports; (iii) fragmented and inferior quality of transportation related infrastructure; (iv) costly and infrequent shipping (with long and indirect shipping routes);(v) delays in tracking and tracing consignments; (vi) delays in terminal handling and clearance of goods; (vii) absence of cool storage facilities at ports; and (viii) the inability to certify product quality. Logistics performance plays a crucial role in servicing and attracting investment to a country (Edirisinghe, 2013). Therefore, a clear understanding about the status of logistics performance is the key to identify the potential gaps that needs to be bridged to compete with other countries in the region. Logistics services provide sectoral connections within the local economy. It also connects the domestic economy to the international economy (Gani, 2017).

A crucial role is played by logistics in terms of sequential impact to investment promotion of a country and lower performance is a common challenge to maximize FDIs particularly for developing countries. Despite logistics play an integral role in supporting commercial activities, there has generally been a low level of analysis and trade policy research focus from trade practitioners (Gani, 2017). Poor logistics leads to uncompetitive supply chain performances. A trade supply chain is only as strong as its weakest link. Progress in one area cannot always offset a lack of progress elsewhere. The policymakers must strengthen the weakest links with targeted development interventions (Edirisinghe, 2017). Poor logistics can cause significant hindrance to international trade thus may have serious negative consequences on investments. On contrary, improvements in logistics and transport services of a country will promote investments to a country. Investors are more particular about the access of their end products to foreign markets more competitively. Investing in a new location (country) is usually one-time activity, but the logistics and transportation of raw materials and finished goods are recurring activities. With respect to Sri Lanka shipping is the key mode of international transport. Shipping is highly sensitive with respect to timely delivery of cargo (Edirisinghe, 2017) Therefore, if the country's logistics and transport services (LTS) cannot provide a competitive edge to investors the investor attraction will be seriously declined. Exporters have limited patience and container shipping is a highly competitive sector (Edirisinghe, Jin, & Wijeratne,