




Logistics Centers Can Become Hubs of Freight Activity in China

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Market-based logistics centers linking rails, flights, ships and other modes of transportation can facilitate the storage, handling and movement of Chinas containerized freight, more effectively connecting Chinas local markets with the rest of the world, according to a new World Bank research paper. Integrated Logistics Centers can play a critical role in the supply chain than more traditional logistics parks, because they are truly multimodal and enable a wider range of complementary logistics services, such as warehousing, distribution, light manufacturing, and financial services, according to the paper Integrated Logistics Centers: Experience from North America and Options for China. "These centers boost the efficiency of logistics by agglomerating volume across multiple shippers. They offer numerous, readily-accessible routing options via road, rail, air, or inland waterways. They also can become major sources of employment and regional economic growth in their own right," said Luis Blancas, a World Bank Senior Transport Specialist and lead author of the paper. Currently, China is dominated by logistics parks, clusters of logistics activities at well-defined locations. In response to the rapid growth in exports and the domestic manufacturing market, hundreds of such facilities have sprung up. Between 2006 and 2012, the number of logistics parks in China grew by 24 percent a year, about 2 times the rate of Chinas economy during the same period. The economic impact of many such parks, however, is in many cases constrained by a lack of capable logistics service providers, shallow planning, limited access to rail services, and the insufficient provision of basic infrastructure, such as utilities and telecommunication services. Integrated Logistics Centers can add value by addressing these shortcomings. To illustrate how China can promote a focused network of Integrated Logistics Centers, the paper looks at the development of such centers in the U.S., which has a similar economic geography, with high volumes of containerized freight shipments traveling long distances. The U.S. has fewer than a dozen full-fledged Integrated Logistics Centers, but they play an outsized role in the national supply chain. For example, its two most important centers - the Center Point Intermodal Centers near Chicago, Ill., and the Alliance Texas development near Fort Worth, Texas - were implemented through public-private partnerships. Real estate developers partnered with local governments to build these market-based facilities, which attracted private investment, facilitated multimodal logistics by offering, inter alia, ready access to rail services, and supported local economies. This paper is part of the China Transport Notes Series produced by the World Bank to share experiences about the transformation of the Chinese transport sector. The World Bank has supported numerous freight and passenger railway development projects in China. Media Contacts
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