

examined. In the third section, the logistics performance of Canadian companies is compared with the performance of American companies on the basis of various cost categories and by key economic sector. The fourth section covers innovative practices for managing supply chains and the degree of success achieved by Canadian companies in adopting these practices. The chapter concludes with final observations and implications for government decision makers and policy.

1. Comparative analysis of the performance of global supply chains

The World Bank has just published its second classification of countries based on a Logistics Performance Index (LPI) it developed using the following six criteria (Arvis et al., 2010).

1. Efficiency of the customs clearance process and security measures
2. Quality of transport-related and communication infrastructure
3. Ease of arranging competitively priced international shipments
4. Competence and quality of logistics services
5. Ability to track and trace consignments
6. Frequency with which shipments reach the consignee within the scheduled or expected time.

This index is calculated on a scale of 1 to 5, with a rating of 5 for the best performance and 1 for the worst. It is obtained for 155 countries by assessing each of the criteria listed above using a questionnaire sent to nearly 1,000 managers and specialists working for freight forwarders (e.g., DB Schenker, Kuehne + Nagel and Panalpina) and international courier companies (e.g., DHL, Fedex and UPS). The scores obtained for each of the six criteria used are statistically analyzed using principal component analysis in order to obtain a composite index of logistics performance. The results are presented in Table 1.