INFRASTRUCTURE: UNDERPERFORMING DIMENSION OF LOGISTICS PERFORMANCE INDEX (LPI) IN SRI LANKA

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Sri Lanka has designed key development agendas in recent years to uplift its trade facilitation. One of the main aims is to convert Sri Lanka into a logistics hub to facilitate international trade. The perception of the logistics sector in executing such agendas is indeed supportive in terms of proper policy planning. As a multi-dimensional evaluation indicator, LPI has seemingly taken the interest of potential investors. However, the LPI scores of Sri Lanka have not been satisfactory when compared with major competing countries in the region. Therefore, assessing the logistics performance of the country has become a contemporary requirement. The role of freight forwarders is vital in such assessments. Particular to this context, this research mainly aims to analyze the reasons for the most underperforming dimension of LPI. Quality of trade and transport related infrastructure was identified as the most underperforming dimension. The findings were based on a survey questionnaire with a sample of 60 logistics professionals from 20 freight forwarding companies and personal interviews. A prioritization of infrastructure development was identified through Analytical Hierarchy Process. The structured model with the indicators of each dimension in the infrastructure dimension of LPI was verified through Factor Analysis. The key findings highlighted that eventhough rail infrastructure was identified as the most underdeveloped, the respondents ranked the priority order for development as port infrastructure, warehouse and transloading, ICT infrastructure, road infrastructure, airport infrastructure and rail infrastructure respectively. In addition, poor cargo handling facilities at ports and warehouses, road congestion, not having separate lanes for trucks, not implementing a national level single window system, unsuitability of the current railway network for freight operations, lack of collaboration between private sector and government, not revising the tax structure for cargo handling equipment imports and not having an independent regulatory body for logistics were recognized as major reasons for poor infrastructure.

Keywords: *Logistics Performance Index, Infrastructure, Trade and Transport, Analytical Hierarchy Process, Freight Forwarding*