

Where in the world are the best hubs?



Area Development Site and Facility Planning

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Lookin gt to site a new facility? Here's where to fin the best distribution hubs worldwide.

GLOBALLY COMPETITIVE manufacturers know that BE renting superb manufacturing, sales, and marketing plans d developing a well-trained work force is not enough to ensure success. They also have to successfully discern which distribution points are the best for moving their products cheaply, safely, efficiently, and in a timely manner.

Around the globe, regions have their own distribution nodes of note that are recognized nationally and/or internationally. Some have flourished for centuries; others have only recently earned excellent reputations in the world of trade. And although different industries often have different types of hub there are.rs clearly centers that are wellknown for their high levels of mixed commer,cea..ity.

What ovs is a brief introduction to valuable followed by an identification of the world's tc-performing warehousing/distribution hubs as identified by economic development and trade industry experts.

The Big Picture: Where to Find Resources

Finding warehouse logistics solutions is -vital for a company's distribution activities. That's where the International Warehouse Logistics Association (IN, LA) comes into the picture. IWI.A, whose roots stretch back more than RX) years, is the global trade group for about 500 public- and private-contract warehouse logistics providers. (The organization is the product of a recent merger of the American Warehouse Association and the Canadian Association of Warehousing and Distribution Services.)

"Our principal area of membership operations is in North America," says Joel Hoiland, IWLA president and CEO. "We're part of an international federation of

warehouse logistics associations, so we do have a lot of international contacts."

For manufacturers seeking product-specific warehousing facilities, Hoiland suggests that they try the IWLA's "Logistics Service Locator," scheduled to be launched in the very near future on the group's website (www.warehouselogistics.org). Initially this Internet-based matching service will allow site users to find available warehouse space and space providers in the United States and Canada. Eventually the IWLA plans for the locator to be more global in scope.

Another organization, the U.S. Commercial Service, exists to promote and protect American business interests around the world. Companies can tap into its wide array of services by logging on to the group's website at www.usatrade.gov and accessing copious amounts of international-trade information. For example, firms can find qualified distributors and buyers, financing assistance, trade leads, and videoconferencing and counseling services in addition to detailed country-by-country commercial guides (referred to later in this article) and customized market-research data. The site supports the work of the service's 1,700 trade exports working in U.S. and foreign offices.

Europe

The perennially popular European market provides its own set of challenges in regard to distribution.

John Flick is the international spokesperson for United Parcel Service (UPS), which serves customers in more than 200 nations and territories worldwide through a well-designed hub-and-spoke distribution system.

"A strong infrastructure plus great intermodal capabilities - both ground and air access - are important factors when deciding where to set up a warehousing and/or distribution facility," says Flick. "People don't care how a product gets somewhere as long as it makes their time schedule. Particularly in this day of e-commerce, they order online and want immediate gratification, so the faster you can get it to the consumer, the better." To speed delivery, he says, many corporations are establishing new warehousing operations on or near major air facilities.

Twenty years ago, Germany served as the company's "beachhead" operation in Europe, allowing UPS to serve the continent efficiently. Today it's still important: Cologne, Germany, is the firm's primary air facility for distribution. Other sites are vital to the company's operations, too. "Eindhoven, the Netherlands, serves as our primary European location for warehousing, inventory fulfillment, and the like," says Frick, who praises its exemplary infrastructure and intermodal assets and the fact

that it's found in a centrally located nation. "We can reach all of western Europe overnight," Flick notes.

John Coppedge, executive managing director for international services at Cushman & Wakefield consulting services, says that "hands down, Amsterdam in the Netherlands is tops for warehouse distribution in Europe. It's a very important location for large companies. Amsterdam has one of the finest airports in the world; is smack dab in the middle of Europe; has excellent road, rail, and air transportation; and offers a highly intelligent work force."

For many of the same reasons, Frankfurt, Germany, is another excellent distribution center, says Coppedge. "However, its labor market tends to be more expensive than Amsterdam's and has more labor regulations."

Typically, ports are also the location of important distribution/warehouse centers. Europe's largest container handler is the Port of Rotterdam. In 1999, containerized traffic there (on the export side) grew 9.6 percent over the previous year.

In southern Europe, ports on the Mediterranean "have improved their efficiency and service quality in recent years," reports Aviv Freudmann, a maritime writer based in London. "A wave of privatization has brought new investment and know-how to ports that previously were viewed as laggards." The most far-reaching privatizations have occurred in Spain and Italy, Freudmann writes in a recent trade-- industry story. "France has so far declined to follow its neighbors' policy of allowing private firms to own and operate major terminals."

Canada

The cities of Vancouver, Calgary, Toronto, Montreal, and Halifax are the five main distribution centers across Canada, maintains David Long, president of the Canadian Association of Supply Chain & Logistics Management based in Toronto.

It is that city that ranks first in importance in Long's estimation. "Toronto is Canada's financial capital, a key part of the nation's manufacturing center, and has the largest city population." Other points in its favor are a central location between the extreme eastern and western parts of Canada, a dominant airport, and a well-established multimodal center, he adds. "Toronto has a great transportation infrastructure plus lots of warehousing facilities and truck transportation companies."

The Caribbean

"What's unique about the Caribbean is its numerous locational advantages for

companies distributing to the United States and South America," says Joan Herron, senior consultant with Lockwood Greene in Chicago. "It's close to American shores, it's in the same or similar time zones as Canada and the United States, its people speak English, and many of its governments are stable and show economic growth."

None of the Caribbean islands have the natural geographic advantage of the two-island nation of Trinidad and Tobago, Herron says, noting that the country is only a four-hour flight from Miami and seven miles from Venezuela. This small country is definitely a big Caribbean distribution hub. "Trinidad is now upgrading its international airport and has operated a huge port that has been in existence for decades," according to Herron.

Numerous North and South American companies are locating in the Caribbean due to just-in-time manufacturing, adds Herron. "They can inexpensively locate their parts here and access them quickly. I see phenomenal future growth in distribution, manufacturing, and information technology services." Economic development here is destined to strengthen, she notes, as infrastructure improves.

Latin America

Latin America, comprising Mexico and Central and South America, has its distribution giants as well. In Mexico, the leading candidate to take top distribution hub honors is Monterrey, says Coppedge. "It's located within close proximity to the U.S. border and has a quality of life surpassing Mexico City. Also, it has a good transportation hub and cheap labor." Next in line is Tijuana. "It's the closest major city to California, attracting a lot of cross-border manufacturing and distribution, also due to its proximity."

Coppedge says "there's only one place" in South America that can be called a major distribution hub: Sao Paulo, which is "the financial and trading capital of Brazil and South America. If there's a good transportation network, this city has it. It's the best there is." In agreement with this assessment is Sabrina Crow, publisher of Latin Trade, the leading panregional business magazine for Latin America. However, she adds another city to the list: Guayaquil, located in Ecuador.

Crow mentions a few cities that are recognized for their commerce business, but not necessarily for their distribution/warehouse activities. "Valparaiso is a major port city on the western side of South America in Chile, and its trade is mainly with Asia, " she says. "Additionally, there are six major seaports on the coast of Brazil that are known for their trade with Europe: Fortaleza, Suape, Salvador, Rio de Janeiro, Santos, and Rio Grande."

Flick says that UPS operates a large operation in Brazil - a cargo airport in Sdo Paulo. "Another major area for warehousing is the capital city of Costa Rica, San Jose. Costa Rica is becoming the Silicon Valley of Latin American, so there's a lot of electronics sourcing from that area." In general, he says that Latin America "is beginning to come on strong" in regard to increased trade due to positive labor and natural resources factors. Further north, UPS operates a key facility in Guadalajara, Mexico.

Africa

In Africa distribution centers of prominence are only found in South Africa, says Coppedge. Specifically he cites Port Elizabeth as the best distribution center in the continent.

The U.S. Dept. of Commerce's South Africa guide maintains that about 90 percent of South Africa's population is found in areas around the cities of Johannesburg, Cape Town, Durban, Pretoria, and Port Elizabeth, which also represent the nation's major economic activity and consumer markets,

Presently UPS "is in the process of establishing an air feed," according to Flick. "Right now we're prominent in Nigeria and South Africa. But in the next 18 to 24 months we will be implementing a much stronger infrastructure in Africa. It's really a situation of customer demand; currently there's more sourcing from Latin America and Asia than there is from Africa."

Asia

The largest container port on the planet is in Hong Kong, "clearly making it the gateway into Asia," points out Coppedge. About a year ago, he notes, the city opened a new airport that greatly supports Hong Kong's trading activities. Another great Asian port city is Singapore. "It offers good water and air transportation and a highly intelligent work force."

"Hong Kong is still the best filtering city for anything going in and out of China," concurs Flick. "Singapore is our warehouse area for southeast Asia; it has good proximity to developing nations." Taipei, Taiwan, he adds, is a key UPS distribution hub due to its location close to "the real titans of industry in the region: China, Korea, and Japan. It's just ideal. Before we chose Taipei we looked at Manila, but one thing we were concerned about was the fact that the Philippines gets lots of lousy weather. Weather is very important when choosing a [UPS] site."

The trend now, he says, is for companies to begin setting up distribution networks in secondary developing countries - several of which are in Asia - due to labor and raw

material advantages. In addition, Flick explains that location selections for UPS hubs worldwide typically are not dictated by his firm, but by the specific distribution needs of its customers.

Regarding China, the U.S. Commerce's country guide clearly states that doing business in China "is not easy" due to transportation/distribution infrastructure and social/government restrictions. The country can be roughly divided into at least five major regions: the South (Guangzhou), the East (Shanghai), Central/North (Beijing-Tianjin), West China, and the Northeast. Companies seeking distributors, warehouses, and agents in a specific geographic area should contact the U.S. Foreign Commercial Service's (USFCS) agent/distributor service (ADS) program. Regional ADS offices are found in the more industrialized cities of Beijing, Shanghai, Guangzhou, Shenyang, and Chengdu.

On the topic of Australia, Flick says UPS has extensive warehouse operations in Sydney and Melbourne in order to reach every regions of that vast country as well as other parts of Asia.

United States

Although America is home to numerous key distribution/warehouse centers, the "A" list must at least include Louisville, Chicago, the Port of New York/New Jersey, Memphis, Columbus, Jacksonville, the Port of Houston, Miami, Atlanta, Dallas, Los Angeles, and Seattle, according to consultants.

Dave Forberg, senior manager for Arthur Andersen's Chicago office, works in the distribution end of the firm's supply-chain practice and is involved with both network strategies and site selection for distribution operations. Currently he is working almost exclusively on the U.S. side of the business.

Companies seeking warehousing/ distribution facilities on the West Coast usually go with a combination of Seattle and Los Angeles," says Forberg. "Or, if they want just one distribution center in northern California to hit the whole coast from one location, they'll generally pick either Sparks, Nev., or the Sacramento/Stockton area." On the East Coast, a major site for third-party warehousing is Camp Hill, Penn., he maintains. "From there you can serve the Philadelphia, New York, and New Jersey markets a little easier."

In the southern United States, companies serving businesses in Florida will typically choose a Dallas/Atlanta combination, adds Forberg. "Some will use Atlanta just to serve the Southeast, while those who want to work out of one site to serve Dallas and Atlanta generally choose Memphis."

Louisville, Ky., serves as the worldwide air facility for UPS. "It's a match made in heaven as far as reliability and on-time delivery issues are concerned," says Flick. The city's gentle year-round weather supports the company's operations superbly, and its location is ideal: Transportation vehicles originating from Louisville can easily reach 70 percent of the U.S. population. Other key UPS facilities are found in Philadelphia; Newark; Miami; and Rockford, Ill.

The Port of Miami is a hot spot for maritime trading/distribution activity for moving goods out of the country. In March the port announced that volumes for crane usage had reached their highest point ever.

"This is a first in the port's history," says seaport director Charles A. Towsley. "This milestone can be attributed to the return of cargo movement in and out of South America and Europe." Chris Morton, director of Port Crane Maintenance Company LLC, believes much of this increased volume "comes from the container carriers that shifted their operations from other parts of the country to Miami, as well as additional containers coming predominantly from Europe." Adds Jorge Roviroso, principal/director of the port's Terminal Operating Company: "This [underscores the fact that] Miami continues to be the `Gateway to Latin America.'"

Up north, Chicago is very strategically located for U.S. and international trade, says Herron. "It has always been a distribution location, and its [setting] on Lake Michigan and proximity to the Atlantic Ocean are some of the reasons for its founding." The Windy City boasts a major rail center, says Herron, plus the presence of O'Hare International Airport that ships "a phenomenal amount" of air cargo; by virtue of its name, much of it is international. "Many airlines coming from points in Europe come in over the Arctic. They stop in Chicago because it's the longest distance they can fly before they have to stop to refuel for gas." MM

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