SPECIALTIES OF LOGISTIC OUTSOURCING DEVELOPMENT IN THE REPUBLIC OF BELARUS

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The main tendency of present transport services market development is the extension of service list, which are suggested by forwarding companies. In connection with thisarises a necessity of appearance of certain organizations, which would provide qualitative integrated performance of the process of goods delivery from a manufacturer or a seller to an ultimate consumer. The point is so-called “logistic centers”, which are widespread in the Eastern countries. According to the program of Belarusian logistic system development by 2015 such centers should have become the main element of corridor cargo traffic system in the Republic of Belarus.

In spite of the fact, that the first logistic organizations, which in some degree fit with the international standards, appeared in Belarus in 2003, it should be mentioned thatuntil recently transit logistic services have not become a leadinginvestment development sphere[1]. According to the different rates the world demand for outsourcing services, which are provided by transport-logistic centers in the field of international transit constitutes about $450 billion, only 18 percent of which has been realized. Experts said that in tote Belarusian logistic service market grows annually at 5-6 percent. At the same time in the segment of transport and cargo traffic services growth rate is from 2 to 5 percent and in the segment of the logistic logistics – 10-15 percent a year.

Charges for cargo transportation are more than 15 percent of their cost and about 50 percent of the logistic charges. All this make possible to evaluate a “transport part” of the country in the formation of gross national product, especially in such a transit country as Belarus.

The executives of the Ministry of Transport of Belarus say thatat the weight average tariff rate of $2500 for a truck round, a Belarusian carrier transfers to the state budget about 10 percent. And the volume of currency from each foreign truck passing the territory of Belarus has climbed almost 50 percent over recent years, and it is about (at the present intensity of foreign carrier’s transit traffic) $65 million annually.

At the same time the rate of storage room area per 1000 of Minsk residents makes up less than 100 sq. m., while in the capitals of Eastern Europe countries it exceeds 250 sq. m. (Budapest – over 280 sq. m., Prague – near 475 sq. m., Warsaw – over 550 sq. m.).

The creation and further development of logistic centers in our country take placeon the basis of existing big freight terminals, which possess potentialities for rendering the whole list of international cargo delivery, or by new ones building (transport-logistic center in the area of the airport Minsk-2,

[1] A segment of such services in the volume of export transactions in Belarus constitutes only 12 per cent.This is three times lower than the world average.

transport-logistic center “Prilesye” in free economic zone Minsk, transport-logistic center in the area of “Novinki” and Rakovvillage). All this centers in their activity should focus on the high level of clients’ requirements to the quality, completeness, time and cost of services.

As we can see from international practice inadequate conveying system development in the state results in unjustified overcharge in the sphere of manufacturing and services rendering, retarded growth of practically allthe economical activity branches, restriction of social safeguards for the population. The rational usage of transport traffic abilities inspires the development of associated trades and spheres of economy. Otherwise the transport strategy selection predetermines the efficiency of social and economic progress in the Republic of Belarus[2].According to this the priority is assigned for the foreign traffic and transit market growth[3]. As a result,in the terms of world economy globalization Belarus has a high demand for transport logistic service, corresponding with world standard.

The integration of the European countries into European Union (EU) resulted in the necessity of the creation of international transport corridors (ITC), which would cover the main cargo traffic. Such corridors have now become not just the form of cargo traffic, but the basis for innovative perfectionof transport logistic conceptions. ITC allow to provide the flexibility and stability of different transport systems, their balanced operation and growth, the convergence of states transport systems into global one, the development of international transport-logistic infrastructure.

The conception of single transport corridor network creation was passed by the second Pan-European transport Conference in 1994. The program of ITC development allows reducing of transport cost in all countries. Interests of EU and CIS countries on the territory of the Republic of Belarus concentrate on development of ITC № 2(Paris-Brest-Minsk-Moscow-Yekaterinburg), № 9 (St.Petersburg -Minsk-Gomel-Kiev) and the branch of ITC №9 (Gomel-Minsk-Vilnius-Klaipeda-Kaliningrad).

Present conception of the main logistic providers (LP) is turned into a table in accordance with accelerated system character and increasing of added cost (Table 1).

Table 1: Logistic providers’ description

Characteristic	Ordinary logistic provider	3 PL-provider	4 pl-provider
Services	Single function	Multifunctionality	Integrated multifunctionality. Complexity of services
Access to outlet	Local and regional	Interregional	Global. Door-to door shipping
Interrelations in the delivery chain	One-time bargain (one year contract)	Long-term relations (3-5 years)	Strategic partnership
Competiveness	Separate	Cooperation of logistic mediators, alliance forming	Several big alliances on market
Company competence	Great number of assets, Performance of certain operations	Shift from assets to information possession	The emphasis on in-formation management, integration on the IT-decision basis

Characteristic	Ordinary logistic	3 PL-provider	4 pl-provider

[2] The condition and the development of Belarusian forwarding market should be considered in the combination with the goods and services market development and the figures of foreign trade turnover. In Belarusthe portion of all the services in the total export accounts 12 percent.This is three times lower than the world average. The main services export is the forwarding activity of Belarusian agents.
[3] In Belarus the main part of goods transportation is fulfilled by motor (69%) and railway transport (30.5%). In the volume of nonpassenger ton-kilometers leads the railway transport (75.3%), and the air transport has less than 0.1 percent.

	provider		
Company value for clients	Costs reduction due to the optimization of certain functions	Costs reduction due to the complex optimization of business processes	Costs reduction and optimization of all business processes due to delivery chain integration

The system of logistic services on the 5 PL – provider level has just formed in West European countries.

Narrowly specialized logistic mediators (carrier companies, forwarding agents, freight terminals, public warehouses, customs brokers, agents, stevedoring and insurance companies, consulting firm in the logistics field, etc.) work on the market of classical logistic services. Multifunctional logistic providers often emerge on the basis of focused companies, which decide to master related business sectors.

3 PL – providers (third party logistics providers) – are firms, which render all-inclusive logistic service to their clients (industrial, trading and service companies). Such companies take control of some or of all logistic functions. Representing the wide range of services, logistic provider becomea closely integrated customer partner and ensures the functioning of the main links in the company distribution chain. That's why his work is usually carried out on the basis of medium-term and long-term contracts. Contracts frequently fix the responsibility of such providers for the service quality of the certain part in logistic chain. It creates the atmosphere of logistic service individualization and positively influences the market of contract logistics in general.

Foreign sources define logistics outsourcing as delegation of several or of all mainly nonproduction functions to outside logistic companies or to logistic providers (3 PL- and 4 PL-providers).

Logistics outsourcing conception excludes the necessity of own resources usage for logistics companies, because company can entrust it to the external partner. It's more rationally and efficiently to transfer logistic chain functions to specialized service company because usually logistics isn't a main activity of many organizations.

Logistic provider or logistic service providers or 3 PL-providers (logistic service providers-LSPs, 3-5PLs, TPLs) are commercial organizations, which perform logistic service, execute certain or complex logistic functions (stocking, transportation, order management, physical distribution, etc.) and also fulfill integrated management of logistic chain of their clients.

Generally, PL-providers are subsidiary companies, which separated from parent company business (forwarding agent company, storage company, etc.) to satisfy high consumers' demand and to provide them with wider range of services.

A world experience witness that a strict system of docking links, or so-called logistic providers, is essential for effective operating of ITC. They are able to provide a number of services which are directly bounded up with logistics. In the international practice terms of 4PL-provider is widely used as transport and logistics center (TLC). 4PL provider is a combination of strategic management of logistic operating successions to control the realization of process and the fulfillment of strategic decisions, that combines functions of consulting company and 3PL provider. As the international experience says the creating of a national logistic organization which posses all features of 4PL provider is not possible without governmental support, cooperation with custom service, developing partnerships with all-freight services and other participants of logistic process.

Most of EU countries create TLC according to the special state programs with the government's assistance and stimulating development of modern transportation technologies, reduction of economic restrictions and barriers for application of innovations in transport sphere. In this case as the state itself private companies control the process of transportation and logistics. These centers function on the principals of partnership, integration of several companies in one center.

Stations, airports, terminals, means of transportation, transshipment elements which help to solve tasks using modern logistic technologies and providing concomitant services are elements of TC. Creating TLC allows to realize a system of scaled international and regional routs with shorter terms and lower costs due to the using modern information processing methods under management of trance logistic systems[4].

Nowadays TLC of EU countries are united in several associations, so-called "euro platform", interaction between which predetermines their role in common European transport system. Such centers are base for central and distributive stocks of leading goods' producers. The world experience confirms the great role of such logistic centers. Thus in Holland trans logistic centers' activity makes 40 per cent profit of all transport complex, in France this number is 31 per cent, in Germany – 25%. In the countries of central and east Europe this share is 30 per cent.

Today there are about 1300 legal entities and individual businessmen on the logistic services market of the Republic of Belarus. By the way a great number of expeditors does not provide clients with wide complex of transport and logistic services and is strict with transportation, expedition, organization of freight, filling custom, goods and transportation documents, also they are able to find as transporters as cargoes holders. Since 2003 when the national laws in the sphere of international shipping changed lots of firms have left this market. About 20 per cent of car park has come away with them what effected on the income of the republic's budget.

Nowadays development of the transport and logistic services and logistic system in general has become one of the most important problems for Belarus which is situated in the crossroads going from East to West and from North to South. Solving this problem will help to change the situation on the domestic transportation market and get currency income of the budged.

Conclusion

Profitable geographical position of the Republic of Belarus crossed by the number of strategic international transport corridors which connect West and Central Europe with Russian Federation, significant role of transportation services and currency's revenue from transit through the territory of the republic in formation of the incoming share of the budget and high profits from investments in the sphere of transport services and also low level of development of infrastructure of transport and warehousing services and good-providing chains from current requirements – all these factors illustrate the necessity and profits of creation of the effective logistics service and main logistics providers (PL) in Belarus. It would allow to minimize and optimize all the business-processes due to effective integration of the supply chain.

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[4] Overall index of transport functioning efficiency can be quantity of transport component in total price. In Belarus it is about 33-35 per cent, that thrice more than European one. It witnesses the lack of proper logistic management and transports' interaction. International experience says that application of modern transport and logistic technologies let reduce transport component by 10 per cent and the total costs for the goods' producers by 10-30 per cent.

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