China Logistics Standardization Facing the Problems and Making Progresses

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Part One China Logistics Standardization Facing the Problems

Logistics comes from the higher development stage of social economy and scientific technology, stretching over many industries, involving various technical fields.
So operating in standardization to achieve the best circulation order and social benefits is the key problem to solve for each country in the development of logistics industry.
As I know, in the development of logistics industry in Western Europe, USA, Japan etc, logistics standardization is not a special and outstanding problem. there is no any special standard technical organization with name of “logistics” either. However, it is difference in China. With the rapidly development of logistics industry, logistics standardization lag behind a lot with serial problems need to be solved urgently.

I. Logistics standardization should coordinate with the existing st andard systems of relevant industries

The concept of logistics was introduced into China in the end of 1970's. From that time to the first half of 1990's, we had engaged mainly in theory research and practicing in some few fields.

From the second half of 1990's to the beginning of the 21st Century, logistics began to develop in many industries, and became the hot point of economic development.

Only in recent years, the problem of logistics standardization was put forward in the way of System Theory. At this time, Chinese economy had developed at high speed over 20 years after opening-up and reform, and main industries had formed each standard system itself, including the industries of railway, highway, marine, aviation and manufacture etc.

These standard systems was setting up in various styles and editions only to suit the lower circulation level and can not meet the needs of modern logistics development now.

The standards in existing system have various technical differences, and restrict the logistics to performance correspond, especially in equipment and technical areas such as pallet, packaging, information technology, etc.

For the information technology, since the standards of bar code for goods are different, logistics firms have to replace the mark of bar code with uniform mark for each goods passed in and out of warehouse.

For pallet standard, the national standard for pallet was publicized in 1996, with 4 specifications similar with the ISO6780. Among the 4 specifications, specifications from European(1.2×0.8m) and North American (1.219×1.016m) are used more popular since pallets are mainly utilized in foreign trades in China.

However now some enterprises appeal to use the specifications (1.1×1.1m) form Japan and Korea.

Facing this situation, we should research the problem and promote Chinese pallet industry to growth more coordinately.

II. Logistics standardization should coordinate between the relevant industries in logistics.

According to the system of standardization performance in China, there are not only the uniform state standardization administration, but also different government departments of communication, railway, civil aviation, information industry, etc, representing different relevant industries in logistics. Various technical organizations and research institutes for standardization are dispersed in different above-mentioned government departments and other industries. In the standardization operation, there is no the correspond system between the government departments, and technical organizations and research institutes carry out logistics standardization only to proceed from their own industries, no interchange, no cooperation and coordinating between them.

The separate performance of standardization between relevant industries could not fit the high systematization of logistics, and restricts the correspond operation of logistics.

In this situation, logistics standardization relies on the government departments to a great exten t, technical organizations and industry associations could not play active role, many practical problems were put forward, but could not be solved for a long time.

III. Market base of logistics standardization is weakness and impact the implement of logistics standardization.

In general, standards are adopted by enterprises in order to meet market competition. So market base is the foundation of standardization, as well as the growth and mature of logistics market is the main condition for logistics standardization. In China, Logistics industry has been developing rapidly since the national economy retains steady and sustainable development, and the potential demands of logistics market is huge.
But compare with this, the actual demands of logistics market is very lack.
According to the investigation, the actual revenue of third party logistics (3PL) is the little proportion of potential demands of logistics . It may have two reasons:

First is for the management manner. In the Chinese traditional planning system, enterprises would always establish their own circulation organ and not want to depend on the 3PL, now these structures and concept remain to have effect on the circulation to some extent. Second is for the level of production development. In China now, the cost of materials and labors remain to have much potential to be reduced in enterprise. Therefore, as the third profit source, logistics is not to be the sole and urgent way for the enterprises development. The lack of the actual demand of the logistics directly impacts the practical implement of logistics standardization. For example, the issued national standard Bar code in Dispatch Unit is at the practical application rate of less 15%.

IV. Logistics standardization should start from the groundwork in many sectors.

General speaking, logistics industry in China started developing relatively late, and was congenitally deficient in many fields, such as basic installation, management system, managing level, personnel quality, growth of market etc.
At the same time, logistics industry in developed countries has reached a high level and set up a high target for us to choice. Because this contrast for China, on the one hand, many industries and local government promote the logistics positively; on the other hand, they have a smattering knowledge about logistics such as: distribution center, logistics center, intension and extension of logistics. So we should integrate the successful experience in developed countries with the Chinese practice, put forward the standards of performance according with Chinese situation to direct the development of logistics in China, starting the step from basic aspects..

Part Two China Logistics Standardization Making Progresses

In the recent years, with the fast development of logistics industry in China, the relevant government departments and industries have begun to promote the logistics standardization in different ways. I would like to introduce some progresses that are the part of the situations in China.

Firstly, the national standard Logistics Terms was issued as the basic standard for the development of logistics industry. The standard was drawn up by China Federation of Logistics and Purchasing (CFLP-the national logistics industry organization). It was publicized in April 2001 and implemented in August. The contents consist of the terms of basic concept, logistics operation, logistics technical equipment and installation, and logistics management. It can be considered as the crystallization of theory research and practice on logistics in China for many years, aiming at regulating and directing the research and practice in China. In addition, we are going to draw up the standard Classification and Function of Logistics Enterprises, in order to distinguish the various logistics firms.

Secondly, Promoting standardization of logistics technology in common use. For logistics information technology, we issued Bar Code for Commodity, Coding and Mark of Logistics Unit, Code 128 for auto-data-collection; for logistics universal equipment, we are drawing up standard Unloading Pipe Tie-in of Bulk Cement on Transportation Vehicle, Specification and Safety for Truck Box-body. There is also excellent progress on Container standardization. In the past, there was the container standard with sizes of 5 tons and 10 tons in Chinese railway industry, inconsistent with the size of international standard 20 inches and 40 inches used in Chinese marine. Nowadays, promoted by the logistics operation, the container used in railway has been same as the international standard while in the railway and marine coordinate transport.

Thirdly, Promoting standardization of using high and new technology in logistics.
National standard Bulk Stock Electronic Transaction Specification and Warehouse Information System Specification were publicized in 2002. Bulk Stock Electronic Transaction Specification raises the standardization of operation mode for the wholesale trade of stock goods by e-business system in spot market. Warehouse Information System Specification is the standard about storage operation with network information technology and automation technology. The two standards play positive role to improve the scientific technology content in logistics and promote e-logistics.

Fourthly, improving standardization of trade and service. In China, the standardization of trade and service is the weakness of standardization. It is more outstanding in logistics. There are many appeals and disputes for the timber floor during house decoration without a concrete standard for many years.
In 2002, government department in charge issued two industry standards Accept Standard for Wood Flooring Surface after Installation and Inspect Standard for Wood Flooring Surface during Guarantee, solving the problem. We are going to establish the standards about stock goods return, packaging return in storage and transportation, class mark for timber circulation.

Fifthly, we set up National Technical Committee of Standardization for Logistics last month, as the uniform technical organization for logistics standardization.
The Technical Committee is under the Standardization Administration of P. R. China.
The members of Committee are from research institutes, technical organizations, industry associations, and logistics enterprises in the relevant industries.

The Technical Committee will organize the relevant industries to make a draft of the system table of logistics standardization and the implement program, to study and solve some important and urgent problems of logistics standardization, and set up the system of working interchange about logistics standardization, in order to solve the interchange and cooperation problems to promote the corresponding development of China's logistics standardization.