



MODULE : LOGISTICS MANAGEMENT 3B
CODE : LBE3B01/LMA23B3
DATE : 11 JANUARY 2017
DURATION : 11:30 – 14:30
TOTAL MARKS : 180 MARKS

EXAMINER : PROF J DU PLESSIS AND MS S NABEE
MODERATOR : MR G DE VILLIERS
NUMBER OF PAGES : 7 PAGES

INSTRUCTIONS TO CANDIDATES:

- Answer all the questions
- Multiple choice questions must be answered on an MCQ sheet
- Question papers must be handed in.
- This is a closed book assessment.
- Read the questions carefully and answer only what is asked.
- Number your answers clearly.
- Write neatly and legibly
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

SECTION B [60 MARKS]**QUESTION B1****(20 Min : 20 Marks)**

A Gauteng based company, Letaba Resources, exports packaging material to Brazil and China on a bi-weekly basis. The company has the option to export their products either through the port of Durban or Cape Town. Considering these two ports, answer the following questions.

- 1.1 Give a **brief description of the port of Durban and Cape Town** including their current throughput and operating efficiency (10 marks)
- 1.2 Considering the **quality and dependability** of each ports infrastructure, which port would you advise Letaba Resources to export through? Motivate your answer. (10 marks)

QUESTION B2**(20 Min : 20 Marks)**

Read the case study below and answer the questions that follow.

There's a hole in my container

A line of clothing that is manufactured in Asia needs to be shipped directly to an Australian buyer just in time for its seasonal release. However, it would only take a fresh water leak from a hole in one of the sea containers carrying a part of the shipment of clothing during the course of transit, to cause a humidity condition within the container. While the clothing would not directly be damaged by the water, the moisture would allow a mildew odour to affect that part of the shipment.

➤ Shipment rendered un-saleable

When delivered to the distribution centre, the clothes, while physically undamaged, would have a smell that would deter any would-be buyer, also affecting the other clothes on the store shelves. It might be that not all the clothes would be affected, perhaps only particular sizes, but the clothes would be rendered un-saleable. The result would be that the entire clothing line, and its launch, could be threatened.

➤ Risk mitigation

Such a problem can be avoided by a simple loss prevention measure. Having a container inspection program put in place by the supplier, the hole in the container could be identified before the container is loaded with the cargo for shipment to Australia, and the entire loss could be avoided.

2.1 What are some of the **issues and risks** that international packaging faces that are not present in domestic shipments? (10 marks)

2.2 How does improper packaging affect the exporter in terms of **insurance coverage and protection of the damaged cargo**? (10 marks)

QUESTION B3**(10 Min: 10 Marks)**

Explain the main elements of service infrastructure

QUESTION B4**(10 Min : 10 Marks)**

Explain the **concept of a flag** with specific reference to the **need** for a ship to be registered under a flag and why ship owners choose to fly a flag of convenience. Use the table below to substantiate your answer.

Table 1: Flags of registration with the largest registered fleets, as of 1 January 2015 (dwt)

Flag of registration	Number of vessels	Share of world total, vessels	Deadweight tonnage (1,000 dwt)	Share of world total (dwt)
Panama	8 351	9.33	352 192	20.13
Liberia	3 143	3.51	203 832	11.65
Marshall Islands	2 580	2.88	175 345	10.02
Hong Kong (China)	2 425	2.71	150 801	8.62

Singapore	3 689	4.12	115 022	6.58
Malta	1 895	2.12	82 002	4.69
Greece	1 484	1.66	78 728	4.50
Bahamas	1 421	1.59	75 779	4.33
China	3 941	4.41	75 676	4.33
Cyprus	1 629	1.82	33 664	1.92

Source: UNCTAD (2016:42)

PLEASE NOTE: SECTION A AND B SHOULD BE ANSWERED IN DIFFERENT BOOKS

SECTION C [90 MARKS]

QUESTION C1

(30 Min: 30 Marks)

Discuss the role and types of Bills of Lading as found in international trade.

QUESTION C2

(30 Min: 30 Marks)

Compare the seller and buyer's obligations under the following terms:

- EXW Ex Works (Named Place)
- DAT Delivered at Terminal (Named terminal at port or place of destination)

QUESTION C3

(30 Min : 30 Marks)

Compile an export check list for the export of a sea freight consignment to a new client in Seoul, South Korea.

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