



MODULE : LOGISTICS MANAGEMENT 3B
CODE : LBE3B01/LMA23B3
DATE : 21 NOVEMBER 2016
DURATION : 180 MINUTES
TOTAL MARKS : 180 MARKS

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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: 8 Marks)**

A company in Britain can manufacture, using one year of labour, five units of machinery or a hundred tons of wheat. A company in Brazil can manufacture, using the same input of labour, three units of machinery and ninety tons of wheat.

- 3.1 Define the **theory of absolute advantage** (4 marks).
- 3.2 Using the theory of absolute advantage, **would the two countries trade**? Give reasons for your answer. (4 marks)

QUESTION B4**(10 Min: 12 Marks)**

Differentiate between the **types of service** provided by ocean vessels. Using relevant examples to substantiate your answer.

PLEASE NOTE:**SECTION B AND SECTION C SHOULD BE ANSWERED IN DIFFERENT BOOKS****SECTION C [90 MARKS]****QUESTION C1****(30 Min: 30 Marks)**

Analyse the Terms and Conditions that appear on the back of the Bill of Lading.

QUESTION C2**(30 Min: 30 Marks)**

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

- **Free Alongside Ship** (insert named port of shipment)
- **Cost Insurance & freight** (insert named port of destination)

QUESTION C3**(30 Min: 30 Marks)**

An export order can only be successfully executed, received by the buyer and paid for if all the documents pertaining to the transaction are properly and accurately completed and promptly dispatched. Compile the documents required for the export of a full container of machinery by sea, from Johannesburg to Hamburg in Germany on a **Cost Insurance and Freight (CIF)** basis to a new client.

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