



MODULE:	LOGISTICS MANAGEMENT 3B EXAMINATION
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EXAMINER:	PROF. J DU PLESSIS MS. S NABEE
EXTERNAL MODERATOR:	MR. H. LEMMER
NUMBER OF PAGES:	8

INSTRUCTIONS TO CANDIDATES:

- Question papers must be handed in.
- Sections to be written in different coloured books
- 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.

**ANSWER ALL THE QUESTIONS.
PLEASE NOTE:**

SECTION A [40 Marks]

1. The total value of international trade (2015) in services and merchandise is about
 - a. \$ 21 billion.
 - b. \$ 21 trillion.
 - c. \$ 21 million.
 - d. \$ 21 thousand.
 - e. None of the above
2. On occasion, a firm will respond to a competitor's move by retaliating. For example, Linde Gas (an American firm producing industrial gasses) entered the French market when Air Liquide (a French company in the same industry) decided to enter the U.S. market under the name Liquid Air. Such a move is considered a
 - a. cost driver.
 - b. competition driver.
 - c. technology driver.
 - d. market driver.
 - e. None of the above
3. Russia can produce 25 tons of steel or 5 automobiles using the same amount of resources. Using the exact same amount of resources, India can produce 18 tons of steel and 3 automobiles. According to the theory of comparative advantage, at what price will Russia and India trade chairs?
 - a. India will buy automobiles as long as the price is lower than 6 tons of steel
 - b. India will sell automobiles as long as the price is higher than 5 tons of steel
 - c. Russia will buy automobiles as long as the price is lower than 6 tons of steel
 - d. Impossible to determine with the information given
 - e. None of the above
4. Porter's Cluster Theory holds that geographical areas with a large concentration of a certain type of companies allow that area to obtain an absolute or comparative advantage. How do those companies benefit from the presence of other companies like them in the same area?
 - a. they can attract talented employees
 - b. such concentration fosters creativity as employees' know-how travels from employer to employer
 - c. the concentration of talent fosters innovation
 - d. All of the above
 - e. None of the above
5. Post-Panamax ships have resulted in
 - a. ports being able to handle more ships.
 - b. cranes being unable to reach across post-Panamax ships.
 - c. the ability to load up to thirteen containers across the width of the ship.
 - d. All of the above
 - e. None of the above
6. Warehouse infrastructure of a country may determine
 - a. what the transport modes may charge for transportation.
 - b. how goods are packaged.
 - c. import duties.
 - d. All of the above
 - e. None of the above

7. In countries with poor traditional telephone services, communications infrastructure has rapidly been developed through
- a. fax machines.
 - b. satellite technology.
 - c. cellular telephones.
 - d. computers.
 - e. None of the above
8. There are sometimes problems with electrical supply in
- a. Sub-Sahara Africa.
 - b. Saudi Arabia.
 - c. some parts of a developed country like the United States.
 - d. All of the above
 - e. None of the above
9. The idea that containerized ocean cargo needs to take a shortcut across a landmass by rail has resulted in the development of
- a. TGV trains.
 - b. more port dredging.
 - c. land bridges.
 - d. Shinkansen trains.
 - e. None of the above
10. A typical container will be handled _____ times in each of the ports of departure and destination.
- a. four to six
 - b. fifteen to twenty
 - c. fifty to sixty
 - d. two to three
 - e. one to two hundred
11. According to John Waite, chief surveyor of the Salvage Association, the biggest hazard(s) for container ships is/are
- a. foreign exchange exposure.
 - b. risk retention.
 - c. leakage.
 - d. theft.
 - e. fire.
12. Most of the ships that sink each year
- a. are older ships.
 - b. are bulk ships.
 - c. are ships flying third world countries' flags.
 - d. All of the above
 - e. None of the above
13. The part of a trip during which cargo is at most risk for theft is
- a. the ocean voyage.
 - b. the inland leg.
 - c. on the quay of the dock.
 - d. while being loaded and unloaded.
 - e. while clearing Customs.
14. A ship valued at \$1,337,500 is carrying a cargo of iron ore valued at \$125,000, and a cargo of coal valued at \$100,000. The ship is stranded and the captain jettisons what is later determined to be \$12,500 worth of iron ore. The stranded ship is towed to port, receives a bill from the tug company of \$56,250 and is determined to have suffered \$71,875 worth of damage to the ship. The captain declares a general average. How much liability will the company shipping the coal have?
- a. \$7,750
 - b. \$9,000
 - c. \$11,250
 - d. \$140,625
 - e. None of the above

15. An exporter in a developing country sells under CIF terms to an importer in a developed country. The exporter provides the minimum required insurance coverage. If there is a loss, the importer would
- a. have to file a claim with an insurer in the developing country.
 - b. be subject to foreign exchange devaluation due to the length of time of claim processing.
 - c. be required under the CIF terms to pay the invoice despite the delay in receiving the claim.
 - d. have to file a claim with the International Insurance Commission.
 - e. be obligated to file a claim with his own insurance company, that would then file with the exporter's insurance company.
16. In containerized shipping, the term TEU stands for
- a. Trans-European Units.
 - b. Terminal Event Utilization.
 - c. Trip Extension Unit.
 - d. Two-Ended Undercarriage.
 - e. Twenty-foot Equivalent Units.
17. Countries with an open registry often provide
- a. secondary registries.
 - b. flags of convenience.
 - c. an opportunity for ship owners from developing countries to register their ships in the United States.
 - d. very strict regulation of ships.
 - e. excellent seamanship and maintenance requirements.
18. Break-bulk ships
- a. are expected to increase in number.
 - b. have low labor costs.
 - c. can call at just about any port to pick up different kinds of cargo loads.
 - d. are dependent on specific port cranes in order to be loaded and unloaded.
 - e. can carry liquid-bulk cargoes.
19. Ships dedicated to the transport of petroleum products are called
- a. liquid barges.
 - b. dry-bulk carriers.
 - c. Hague carriers.
 - d. crude carriers.
 - e. drugstore ships.
20. The type of ship in which coal is usually carried is called a:
- a. cabotage ship.
 - b. conference ship.
 - c. dry-bulk carrier.
 - d. carbon ship.
 - e. breakbulk ship.
21. LNG and LPG ships
- a. are obsolete.
 - b. cannot compete with container ships.
 - c. often operate on long-term contracts.
 - d. operate on the North Atlantic trade only.
 - e. can also carry frozen fruit juices.
22. Capacity of a ship used to determine taxation of the ship by its country of registry or by port or canal authorities is called
- a. displacement tonnage.
 - b. deadweight tonnage.
 - c. light tonnage.
 - d. gross registered tonnage.
 - e. net registered tonnage.

23. Ships too large to pass through the Panama Canal are called
- a. super-size ships.
 - b. Panamax ships.
 - c. post-Panamax ships.
 - d. capesize ships.
 - e. ultra-Panamax ships.
24. The increasing size in containerships may eventually result in
- a. more products being shipped by breakbulk ships.
 - b. more ports being able to handle these ships.
 - c. the development of a "hub" system.
 - d. an overall increase in freight costs.
 - e. a general decrease in the use of the Panama Canal.
25. Which is not one of the main types of aviation service?
- a. airmail.
 - b. express air freight.
 - c. scheduled freight.
 - d. charter airfreight.
 - e. freight forwarder.
26. Among freight often carried in the belly of scheduled international passenger airplanes are
- a. athletic shoes.
 - b. television sets.
 - c. critical machine or computer parts and fresh produce like fish.
 - d. DVD players.
 - e. mail.
27. OBC service stands for
- a. over ballast cresting.
 - b. onboard courier.
 - c. onboard computer.
 - d. old benefit connections.
 - e. onboard cargo.
28. Airfreighters are different from passenger airliners in that freight is carried in/on the _____ of the aircraft.
- a. belly hold.
 - b. main deck.
 - c. fuselage.
 - d. cockpit.
 - e. spoiler.
29. In calculating airfreight rates, airlines figure the volume-weight of the shipment based on the volume yielding a certain weight value. As a result,
- a. the airline will charge the lesser of the volume-weight or the actual weight of the cargo.
 - b. the airline will be more concerned about volume than weight.
 - c. the airline will charge the higher of the volume-weight or the actual weight of the cargo.
 - d. the airline will be concerned about the rates it will charge at different altitudes it flies.
 - e. the airline charges different prices in function of the commodity.
30. The international airfreight business is regulated by
- a. the Federal Aviation Administration.
 - b. the Civil Aeronautics Board.
 - c. the Civil Air Patrol.
 - d. Aeroflot.
 - e. International Air Transport Association
31. FCL cargo stands for
- a. Freight Carried Logistically.
 - b. First-Carry List.
 - c. Figero Citeria Logistica.
 - d. Federal Criteria Lessened.
 - e. Full Container Load

32. Cargo, such as trucks, that cannot be containerized because it is too large and won't fit in a traditional container or because it exceeds the maximum weight of a container load is called
- a. LCL cargo.
 - b. loose cargo.
 - c. moderated cargo.
 - d. breakbulk cargo.
 - e. project cargo.
33. Proper marking on cargo as it is shipped is important because proper marking
- a. protects the cargo from poor handling.
 - b. protects the cargo from theft.
 - c. protects the cargo from pilferage.
 - d. All of the above
 - e. None of the above
34. In terms of blockchain technology, which transport document is the most applicable and translatable?
- a. Bill of lading
 - b. Waybill
 - c. Letter of Credit
 - d. Marine insurance
 - e. Packaging list
35. Which shipping company is investing heavily in East Africa's container industry?
- a. Hapag-Lloyd
 - b. Maersk
 - c. Evergreen
 - d. MSC
 - e. COSCO
36. The port of Hamburg has reported a 2.7% decrease in throughput during the first half of 2018. The main reason for this decrease is?
- a. Empty containers
 - b. FCL containers
 - c. LCL containers
 - d. Lost containers
 - e. Imbalance of container distribution
37. The fourth largest freight forwarder in the world which has recently acquired a South African freight forwarding company is?
- a. DSV
 - b. UTI
 - c. DHL
 - d. Kuehne and Nagel
 - e. Maersk
38. The main airport in Dar es Salaam, Tanzania is named:
- a. Julius Nyerere
 - b. Julius Malema
 - c. OR Tambo
 - d. King Shaka
 - e. Jules Verne
39. According to Business Traveller, one of the smallest airports in the world and the smallest in Africa is located in:
- a. Lesotho
 - b. Liberia
 - c. Luanda
 - d. Los Angeles
 - e. Libya
40. The first scheduled passenger air flight in 1914 was from Saint Petersburg, Russia to:
- a. Tampa, Florida USA
 - b. Amsterdam, Netherlands
 - c. Hamburg, Germany
 - d. Hong Kong, China
 - e. Atlanta, USA

SECTION A AND B SHOULD BE ANSWERED IN SEPARATE WORK BOOKS

ANSWER THIS SECTION IN A NEW WORK BOOK

SECTION B [90 Marks]

QUESTION B1

(30 punte: 30 min)

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

QUESTION B2

(30 marks: 30 min)

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 B3

(30 marks: 30 min)

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

ANSWER THIS SECTION IN A NEW WORK BOOK

SECTION C [40 Marks]

QUESTION C1

(10 marks: 10 min)

ABC Holdings was founded in the early 1800s in Johannesburg and has grown to become a R10 billion annual company. Today, ABC Holdings publishes a variety of books and remains an industry leader and pioneer in digital content and warehousing. ABC Holdings ships the majority of product by air transportation through a multitude of common carriers. However, in order to meet spikes in consumer demand, they must rely on a freight forwarder that can ship additional books on-time, undamaged and in short notice, especially if their LTL ground shipments (to Durban, Upton and Port Elizabeth) do not arrive as scheduled. Many times, there will be a bestselling author on a book/signature tour and the bookstore will request additional books to account for increased sales. Other times, a bookstore may request more copies to arrive for next-day delivery when a new release is expected to hit the literary market. This is where our company SBA adds value.

In the past, our ABC Holding's carrier could not guarantee next-day delivery of urgent goods and provided a very limited, inflexible service.

SBA has been tasked to tackle and solve this problem. As a freight forwarder, you are required to propose solutions to this problem and expand on the benefits that these solutions will have to ABC Holdings.

QUESTION C2**(20 marks:20 min)**

The time to import and distribute to the end customer as shown in Table 1 below reflects some major differences with Singapore taking four days, Australia eight days, South Africa 21 days and Angola 43 days.

Country name	Import (days)	Cost US\$ (per container)	Number of documents
Australia	8	1220	7
Singapore	4	440	3
Russian Federation	19	2595	10
Saudi Arabia	17	1309	8
Egypt	15	790	10
Angola	43	2725	9
South Africa	21	2080	6
Brazil	17	2323	8
United Kingdom	6	1050	4
Netherlands	6	975	4
United States	5	1289	5

2.1 Explain some of the causes of time differences to import and distribute to final customers. Your answer must include a discussion of international infrastructure? (15 marks)

2.2 What impact would this “time difference” have on the importer? (5 marks)

QUESTION C3**(10 marks:10 min)**

Depending on the commodity, alternative means of packaging products that are not containerised are sometimes utilised in international shipping. Discuss what type of commodities are often not containerised and outline the various alternative packaging methods available

QUESTION C4**(10 marks:10 min)**

In international insurance, none of the insurance policies will cover five specific risks. Discuss these risks.

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