



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	Johannesburg Business School
<b>DEPARTMENT</b>	Transport Economics and Supply Chain Management
<b>CAMPUS(ES)</b>	APK
<b>MODULE NAME</b>	Logistics Management 3B
<b>MODULE CODE</b>	LBE3B01/LMA23B3
<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	FSAO November 2019

<b>ASSESSMENT DATE</b>	9 Nov 2019	<b>SESSION</b>	08:30 - 11:30
<b>ASSESSOR(S)</b>	Prof JH du Plessis and Dr J. Mageto		
<b>MODERATOR(S)</b>	Int: Mr T Mbara Int: Mr H. Lemmer		
<b>DURATION</b>	3 hours	<b>TOTAL MARKS</b>	180

<b>NUMBER OF PAGES (Including cover page)</b>	6
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#### INFORMATION/INSTRUCTIONS:

- Question papers must be handed in
- This is a closed-book assessment.
- Read the questions carefully and answer only what is required.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
- Structure your answers by using appropriate headings and sub-headings.
- The general University of Johannesburg policies, procedures and rules pertaining to the written assessments apply to this assessment.

**PLEASE NOTE: SECTION A AND SECTION B SHOULD BE ANSWERED IN SEPARATE WORK BOOKS.**

**SECTION A**

**MULTIPLE CHOICE QUESTIONS**

**[30 MARKS]**

1. 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
2. The international environment presents challenges for the international logistician. Which aspect of the international business environment is most likely to create frustrations?
  - a. cultural differences
  - b. economic issues
  - c. currency differences
  - d. infrastructure constraints
  - e. None of the above
3. Information on foreign countries, including their economic environment, their political environment, and their geography, can easily be found in several publications. Which is NOT one of the organizations that publishes background information on countries?
  - a. *The Economist's* Intelligence Unit
  - b. The Central Intelligence Agency
  - c. The U.S. Department of Commerce
  - d. The United Nations' UNICEF
  - e. None of the above
4. Because some ports are becoming increasingly limited in their ability to handle ever-larger ships it is possible that
  - a. ship sizes will become smaller.
  - b. massive government programs will do what is necessary to upgrade the smaller ports.
  - c. large ships will go to "hub" ports where "feeder" ships will traverse to and from the smaller ports.
  - d. ocean shipping costs will rapidly decline.
  - e. None of the above
5. 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
6. 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.

7. Which of the following sustainability initiatives have not been adopted or tested by airlines and/or airports?
  - a. use of bio-fuels to power aircraft engines
  - b. changes in the routing of aircraft to reduce fuel consumption
  - c. reduced air speed to reduce carbon emissions
  - d. use of airports outside of large cities to limit noise during night activities
  - e. All of the above
8. A characteristic of breakbulk ships is that they are
  - a. increasing in usage.
  - b. labor-intensive.
  - c. able to be loaded and unloaded by one type of equipment.
  - d. very fast to load and unload, unlike containerships.
  - e. designed to carry liquid cargo.
9. Standardized units of cargo on a breakbulk ship have a capacity of
  - a. 385 metric tons of deadweight tonnage.
  - b. 30 long tons.
  - c. 50 metric tons.
  - d. 100 long tons.
  - e. There are no standardized units of cargo on a breakbulk ship.
10. 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.
11. Which of the following is a marine insurance company?
  - a. Lloyd's
  - b. Cigna
  - c. the International Underwriting Association
  - d. *Inchmaree*
  - e. Liberty Mutual
12. 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
13. A special cargo policy
  - a. is an insurance policy that covers only one shipment.
  - b. allows a firm to purchase coverage that specifically fits a particular shipment.
  - c. results in cumbersome efforts to purchase insurance for each shipment.
  - d. All of the above
  - e. None of the above
14. Coverage A of the Institute Marine Cargo Clauses requires a special endorsement to cover
  - a. an unseaworthy vessel.
  - b. improper packing.
  - c. strikes and other civil disturbances.
  - d. nuclear war.
  - e. ordinary leakage.

15. Institute for Marine Cargo Clauses Coverage B
- a. is a "named-perils" policy.
  - b. includes coverage for goods washed overboard.
  - c. includes coverage for water damage, and total losses during loading and unloading.
  - d. covers goods that are damaged by improper packing.
  - e. covers goods in the case of inherent vice.
16. Airfreight insurance policies
- a. are more complicated than ocean marine policies.
  - b. are written as "All Risks" policies.
  - c. have none of the traditional exclusions of ocean marine policies.
  - d. All of the above
  - e. None of the above
17. At Lloyd's, individuals assuming (insuring) risks on their personal fortunes are called
- a. agents.
  - b. barristers.
  - c. Bespoke Names.
  - d. speculators.
  - e. None of the above
18. More companies are selling their goods on an "open-account" basis because
- a. countries are providing more export subsidies.
  - b. the nationalization of Compagnie Francaise d'Assurance pour le Commerce Exterieur has allowed more policies to be issued.
  - c. the World Trade Organization is now encouraging the practice.
  - d. countries have implemented quotas for exporters.
  - e. it is possible to purchase credit insurance to cover the risk of non-payment.
19. Condensation damage is covered by All Risks policy and
- a. Coverage A of the Institute Marine Cargo Clauses.
  - b. Coverage B of the Institute Marine Cargo Clauses.
  - c. Coverage C of the Institute Marine Cargo Clauses.
  - d. All of the above
  - e. None of the above
20. "Warehouse-to-Warehouse" coverage is an extension to the traditional
- a. All Risks policy.
  - b. With Average policy.
  - c. Free of Particular Average policy.
  - d. All of the above
  - e. None of the above
21. Hazardous cargo shipped by sea is regulated by the
- a. IMO.
  - b. country of the ship's flag.
  - c. IATA.
  - d. ICAO.
  - e. Warsaw Convention

22. The three functions of correct packaging are
- a. to reduce costs, speed delivery, and to provide correct instructions.
  - b. to provide attractive packaging for consumers, to provide for recycling, and to publicize the product while in transit.
  - c. to protect goods in transit, to facilitate proper handling of goods in transit, and fulfill the shipper's customer service strategy.
  - d. to provide protection for the goods, to make shipping costs as low as possible, and to maximize pallet utilization.
  - e. None of the above
23. An intermodal container is designed to withstand the weight of up to how many similar containers placed on top of it?
- a. five
  - b. six
  - c. seven
  - d. eight
  - e. nine
24. The standardized size of pallets in South Africa is
- a. 120 centimeters by 100 centimeters.
  - b. 30 inches by 48 inches.
  - c. Identical to the measurements of standardized pallets in the United States.
  - d. as diverse as the pallet sizes in the United States
  - e. set by the International Pallet Organization
25. The strongest type of shipping crates are
- a. built about 3 percent larger than the goods they contain.
  - b. constructed with three-way corners.
  - c. reinforced woven polymer fibers such as polyethylene or polypropylene.
  - d. made of fiberboard rather than wood.
  - e. built with staples rather than nails.
26. To protect cargo, markings should
- a. display only the net weight.
  - b. display only the gross weight.
  - c. only be in metric units.
  - d. only be in English units.
  - e. None of the above
27. To protect breakbulk or LCL cargo from being lost or shipped to the wrong consignee, it should be clearly marked with
- a. the freight carrier's name.
  - b. the consignee's name.
  - c. the product's consumer or trademarked name.
  - d. the Bill of Lading information.
  - e. the Shipper's Information Number (SIN)
28. The biggest problem(s) in transportation of air cargo is/are
- a. plane crashes.
  - b. jettisoning cargo.
  - c. pilferage and theft.
  - d. dry air.
  - e. turbulences while aloft.
29. Color-coding to identify a company's shipments
- a. should be avoided.
  - b. should be replaced with consumer names or trademarks.
  - c. should be changed on a regular basis.
  - d. should be in the shipping company's colors.
  - e. should be in the carrier company's colors.

30. A letter of credit usually requires
- a. an open ocean cargo policy.
  - b. a special cargo policy.
  - c. a Certificate of Insurance.
  - d. proof of hull insurance.
  - e. an Incoterms® Rule that includes insurance

**QUESTION 1**

**[30 MARKS]**

- 1.1 Explain three elements of air transport infrastructure that are likely to impact airport operations. (6)
- 1.2 Discuss three ways in which open skies agreement between countries in Africa is likely to impact international trade. (6)
- 1.3 Identify six sources of revenue for a typical freight forwarding entity in South Africa. (6)
- 1.4 Identify the four types of ocean cargo and explain how each is likely to influence port operations. (12)

**QUESTION 2**

**[30 MARKS]**

- 2.1 Discuss the purpose of proper packaging of goods for ocean transportation. (6)
- 2.2 Marine insurance policies can be categorised into Institute Marine Cargo Clauses – Coverage A, B and C. Critically examine the three clauses, that is, Coverage A, B and C. (15)
- 2.3 Describe three types of cargo ships that operate in international waters and are likely to be insured. (9)

**SECTION B**

**ANSWER THIS SECTION IN A NEW WORK BOOK**

**QUESTION 1**

**[30 MARKS]**

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

**QUESTION 2**

**[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 3**

**[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 fruit by sea, from Johannesburg to Hamburg in Germany on a Cost Insurance and Freight (CIF) basis to a new client.

**[180]**

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