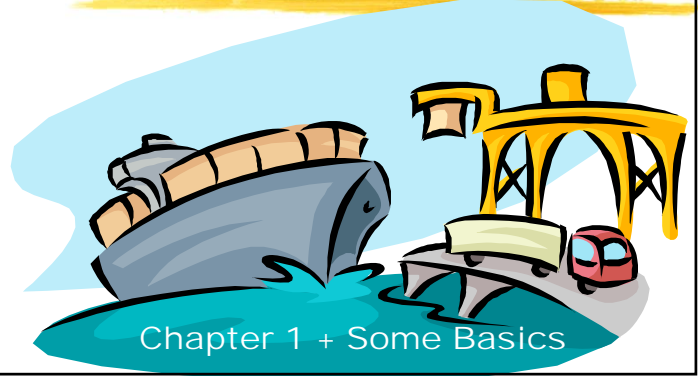
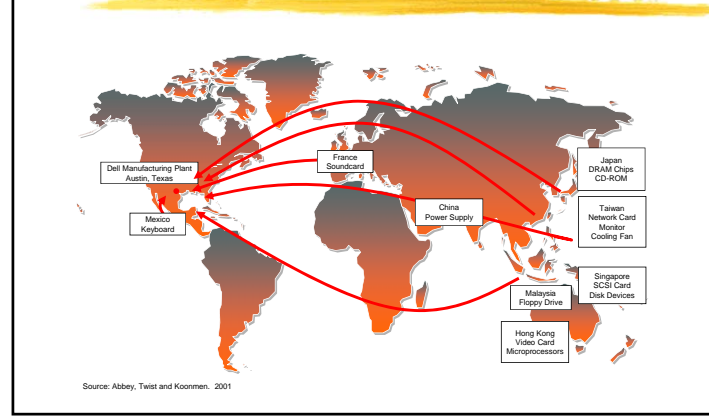


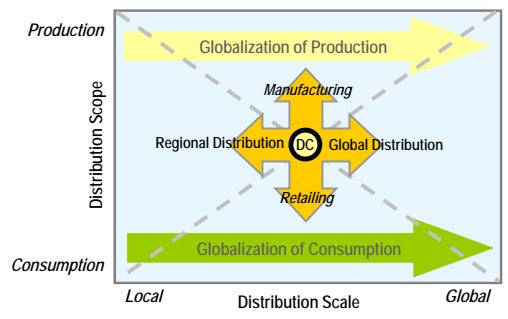
Overview of International Transportation and Logistics



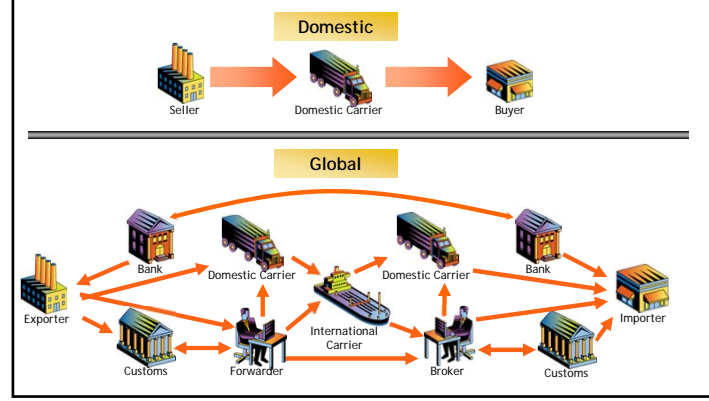
Global Supply Chain: Dell Computer



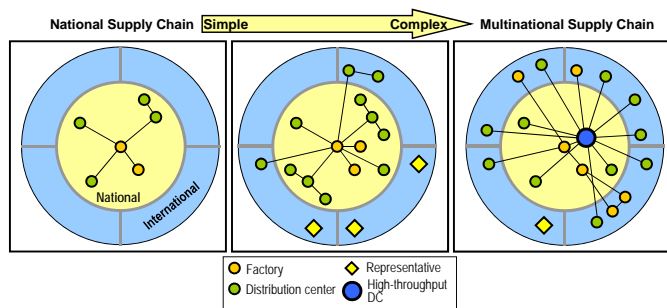
Global supply chains facilitate the flow of transactions between parties in two or more nations; people, goods, services, money and information



Much of the global supply chain complexity is due to multiple transfers and participants

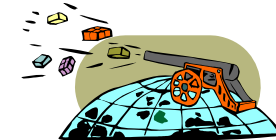


As companies move from national to global operations, the size and complexity of their supply chains grows dramatically



Challenges of International Transportation & Logistics

- ◆ Culture/Language Barriers
- ◆ Local Interest vs. Corporate Interest
- ◆ Extended and Unreliable Transit Times
- ◆ Information Overload/Poor Data
- ◆ Multiple Freight Modes and Intermediaries
- ◆ Currency Issues
- ◆ Cost



There are three major activity channels in a global supply chain

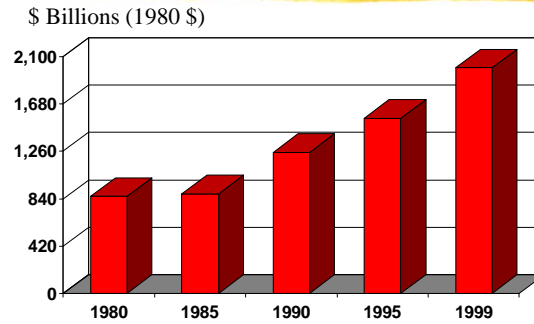
- ◆ Transaction Channel
 - ❖ transfer of ownership
 - sales terms, payment terms, etc.
- ◆ Communication Channel
 - ❖ Documentation
- ◆ Distribution Channel
 - ❖ physical movement of goods
 - mode selection, carrier selection, routing, etc.

Government involvement in trade & SCM can also create great challenges



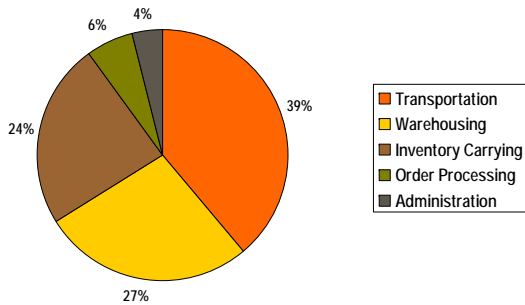
How large is the global marketplace for goods and services?

Worldwide Logistics Expenditures



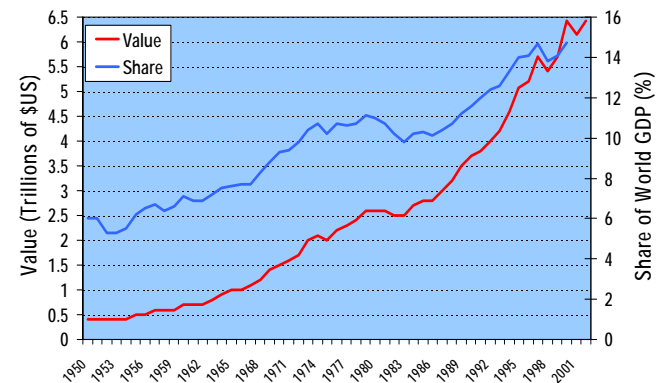
Source: TBS

Worldwide Logistics Costs

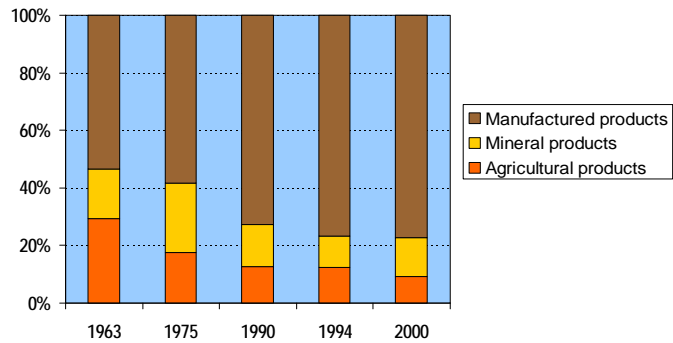


Source: Adapted from P.O Roberts, Supply Chain Management: New Directions for Developing Economies, http://www.worldbank.org/html/tpd/transport/ports/trf_docs/new_dir.pdf

Global Exports of Merchandise



Global Exports By Product Category

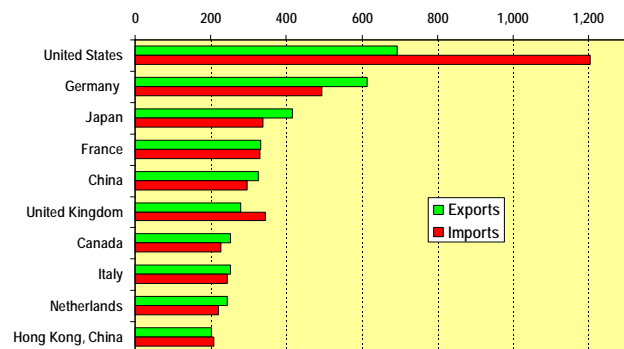


U.S. Imports & Exports (2003)

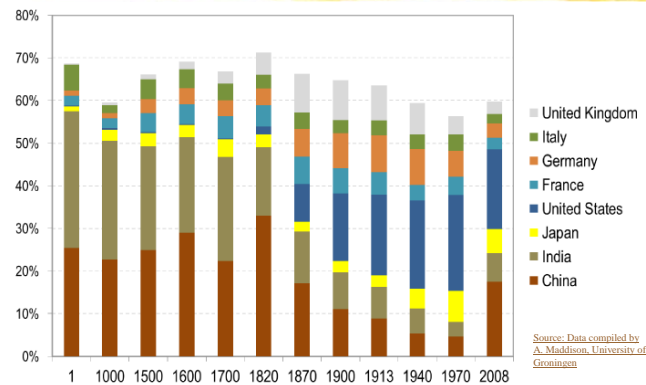
	2010 (Billions of \$)	2003 (Billions of \$)	2002 (Billions of \$)	Dollar Change From Prior Year
Goods & Services				
Balance	-\$500.0	-\$489.4	-\$418.0	-\$71.3
Exports	\$1,837.6	\$1,018.6	\$974.1	\$44.5
Imports	\$2,337.6	\$1,507.9	\$1,392.1	\$115.8
Goods				
Balance	-\$645.9	-\$549.4	-\$482.9	-\$66.5
Exports	\$1,288.7	\$713.8	\$681.9	\$31.9
Imports	\$1,934.6	\$1,263.2	\$1,164.7	\$98.4

Source: <http://www.census.gov/foreign-trade/statistics/historical/index.html>

World's 10 Largest Exporters & Importers (2002 - Billions \$US)

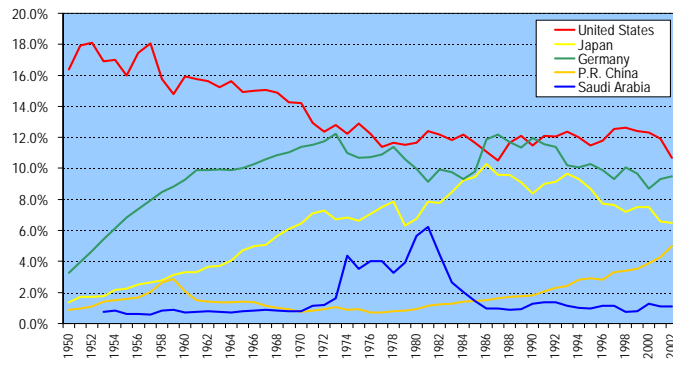


Share of the World's GDP (1AD - 2008)



Source: Data compiled by A. Maddison, University of Groningen

Share of World Goods Exports, Selected Countries, 1950-2002



The drivers of expanded global activity

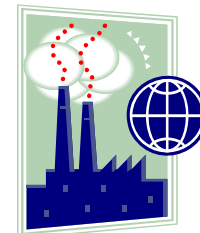
- ◆ **Market issues:**
 - ❖ Common customer needs, global customers, global channels, transferable marketing, leading markets
- ◆ **Product issues:**
 - ❖ Product is at the end of its domestic lifecycle, less intense competition in the foreign markets, excess capacity and can operate with better margins by going abroad
- ◆ **Competitive issues:**
 - ❖ Common competitors using global strategies
- ◆ **Cost considerations:**
 - ❖ Scale economies, scope economies, sourcing advantages, avoidance of duplication
- ◆ **Government support:**
 - ❖ Favorable trade policies, acceptance of foreign investment, compatible technical standards, common marketing regulations

Forces of Change

- ◆ **Changing Marketplace**
 - ❖ Price and Quality
 - ❖ Time/Speed Emphasis
- ◆ **Changing Structures**
 - ❖ Large Retailers
 - ❖ Proactive Integration
 - ❖ Changing Distribution Channels

Forces of Change (con't.)

- ◆ **Globalization**
 - ❖ Complexity
 - ❖ Regional Trading
 - ❖ Elimination of Barriers
- ◆ **Technology**
 - ❖ Replacing Inventory with Info
 - ❖ Increased Flexibility
- ◆ **Government Policy**
 - ❖ Deregulation of Transportation
 - ❖ Increasing Environmental Issues



Key Organizations in International Logistics

- ◆ Parties to the transaction
 - ❖ seller (consignor)
 - ❖ buyer (consignee)
- ◆ Transportation firms
 - ❖ carriers
 - drayage
 - linehaul
 - ❖ ports
- ◆ Third party firms
 - ❖ freight forwarders
 - ❖ customs house brokers
 - ❖ export packing cos.
- ◆ Govt. Agencies
 - ❖ Customs
- ◆ Financial firms
 - ❖ banks

Key US Trading Partners (2009)

Country	Value of Trade (\$ Bil)
1.	396.3
2.	360.6
3.	282.0
4.	143.1
5. Germany	110.0
6. United Kingdom	89.0

22

Source: http://dataweb.usia.gov/ice/trade/m1_run.asp

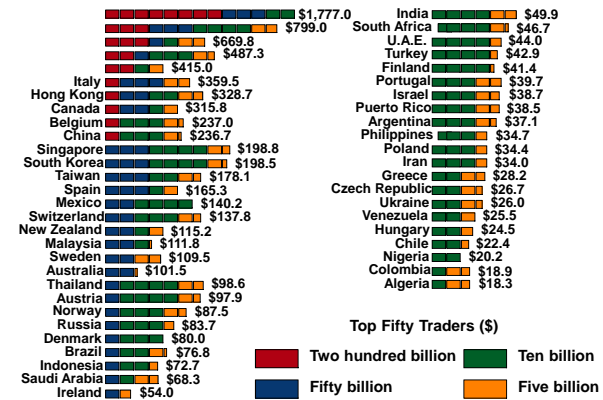
World's Largest Public Companies 2010

Company	Revenue (in US \$ Bil)
1. Wal-Mart Stores	408
2. Royal Dutch/Shell	285
3. Exxon Mobil	285
4. BP	246
5. Toyota Motor	204
6. Japan Post Holdings	202
7. Sinopec	188
8. State Grid	184
9. AXA	175
10. China National Petroleum	165
Other highly-ranked US Companies:	
11. Chevron/Texaco	164
13. General Electric	157
15. Bank of America	150
21. AT&T	123
23. Ford Motor	118
92. US Post Office	68

Source:
Fortune
500
Global

25

Top Fifty Traders



International Logistics Costs

- ◆ 1 TEU of Heinekin
- ◆ TEU = 1280 cubic feet
- ◆ Case = 2.5 cubic feet
- ❖ \$343 port charges in Rotterdam
- ❖ \$850 liner charges
- ❖ \$420 port charges in New York
- ❖ \$ total cost
- ◆ # Cases =
- ◆ Cost per case =

