

INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2008 EXAMINATIONS

WEDNESDAY 30 APRIL - MORNING

LOGISTICS AND MULTI-MODAL TRANSPORT

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

1. Describe how the container terminal interface should be geared in a multimodal transportation system. How can good road/rail connections improve the efficiency of terminals? Use examples to elaborate your answer.
2. Discuss the evolution of third-party (3PL) and fourth-party (4PL) logistics concepts over the years and, compare and contrast the differences between the developed world and developing world including emerging economies. Use examples.
3. Explain the importance and benefits of proper inventory management systems for a company and the options available to manage the costs together with their limitations and risks.
4. Explain the importance of electronic commerce and how it helps to increase the efficiency for a multi-modal transportation business together with the developments that can be envisaged into the future. Are there any risks involved? Discuss.
5. Recently, the shipping industry saw container vessels as large as 12,000 TEU being introduced in some trade-lanes. Are these large vessels very important to facilitate the escalating world trade? Are there any alternatives available? Discuss with examples.
6. Discuss how the traditional usage of a Bill of Lading could be modified to suit today's requirements. Express your imagination with examples.
7. Describe the role of logistics in the context of 'globalised world'. Answers should cover all modes of transportation.
8. 'Competition Laws' is a mainstream discussion in the shipping industry. Discuss the developments taking place in different parts of the world.

THE INSTITUTE OF CHARTERED SHIPBROKERS

LOGISTICS AND MULTIMODAL TRANSPORT (LMT)

2008

EXAMINER'S REPORT

OVERALL COMMENT

The overall results were not very satisfactory this year. The work of a large number of candidates was incomplete and/or out of focus. A considerable number of candidates seem to have totally misunderstood one or two questions. As usual, some answers were too short, and the content was insufficient to reach the required level to gain a pass. Although some answers carried the logical flow needed, candidates did not cite any/good examples/illustrations to display the knowledge and, as a result, candidates could not attain the pass mark. Most answers showed lack of planning as well.

QUESTION 1 – CONTAINER TERMINAL INTERFACE WITH OTHER TRANSPORT SYSTEMS

This was one of the very popular questions and most candidates managed to score well. Candidates were supposed to explain the facilities container terminals required for an efficient and effective turnaround of container trains and trucks.

The requirement included; wide port access roads, automated gates and sufficient rail tracks, inland container depots (ICDs) and other connected facilities to avoid the bottlenecks in the landside. Modern port handling equipments is an integral part. If the port is a transshipment hub and expecting large ships (10,000 - 14,000 TEU capacity), the ports should be equipped with the necessary port equipments to provide fast turnarounds to these vessels. The container yard and storage capacity is also important to avoid congestion. Also, efficient transfers between ports and airports, cargo consolidation facilities, modern IT facilities etc. are required.

For the second part of the question, candidates were expected to demonstrate their knowledge as to how good rail/road connections could improve the terminal operations with suitable examples.

QUESTION 2 – THIRD PARTY AND FOURTH PARTY LOGISTICS

This was not a popular question although it was wide-open. Basically, candidates were required, at the outset, to define the concepts of 3P/L (a company providing logistics services - sometimes customised - with integrated warehousing and transportation solutions) and 4P/L (a company providing more strategic solutions with an aim to long term cost reductions with consultancy options)

However, the services 3P/L and 4P/L companies provide may differ from location to location and candidates were required to explain the evolution and level of developments in different geographic locations (both developed and developing world) with examples.

QUESTION 3 – INVENTORY MANAGEMENT SYSTEMS.

Most candidates misunderstood this question. The question was all about the inventory management systems of capital goods. But this focus was seldom seen. Candidates discussed the inventory control of equipments such as containers.

The answers should highlight the importance of proper inventory management systems of a business from a cost control point of view. As options available, candidates were expected to discuss, 'Just in Time' (JIT), BSS (Buy, Stock, Sell), 3S (Sell, Source, Ship), Distribution Centre (DC) strategy etc together with their limitations and risks including what happens if the system is interrupted.

QUESTION 4 – ELECTRONIC COMMERCE

This was another popular question which was wide-open for candidates to show their knowledge of the developments of e-commerce in multimodal transportation. There can be numerous/ endless applications in operation. This includes real time tracking systems available from the place of origin up to the place of destination.

Creative thinking was expected and due credit has been given to logical discussions and imaginations. But, most answers were limited to stereotype- traditional thinking and innovative expressions were rather scarce.

There can be numerous security risks in the usage of electronic commerce. The involved risks were to be identified and explained.

QUESTION 5 – 12,000 TEU SHIPS - ARE THEY IMPORTANT, ANY ALTERNATIVES?

This was a rather practical question where candidates could bring in their knowledge and experience. The shipping industry saw over 12,000 TEU capacity vessels a few years back. These vessels are mostly deployed in the Asia-Europe trade lane. The question gave an opportunity to discuss the importance of the larger vessels in today's context (in terms of international trade growth).

The answers should cover - how these vessels are deployed, their service patterns/trade lanes and the current demand and supply situation. The discussion can be extended to cost effective alternatives as well.

Well-balanced and creative answers earned extra marks.

QUESTION 6 – HOW THE USAGE BILL OF LADING CAN BE MODIFIED

The question was totally misunderstood by most candidates. Instead of discussing how the usage of bill of lading can be modified, candidates discussed the functions of the bill of lading. Basically, this was all about transforming the system to use electronic forms of bill of lading.

Answers should cover the developments such as the electronic-B/L options available like 'Bolero' which is rather limited to a club. Most large shipping companies are now advocating for e-B/L and other measures of standardisation to suit the 21st century.

However, this is a mammoth task as all stakeholders including shipping lines, customs, banks, other authorities etc. need to agree on the system and there can be numerous security issues.

It was important to discuss the pros and cons and risks involved in the usage of e-B/Ls. Discussions with appropriate/logical creative thinking earned extra marks.

QUESTION 7 – THE ROLE OF LOGISTICS IN THE ‘GLOBALISED’ WORLD

This was an open-ended, practical question where candidates could bring in their knowledge and understanding of developments in the entire logistical arena and its role.

The answers should contain examples covering different geographic locations and all modes of transportation and depicted the today’s logistics world.

QUESTION 8 – COMPETITION LAWS AND THEIR DEVELOPMENTS

The knowledge of the candidates was poor and this was one of the least popular questions. This covered deregulatory issues and how competition laws are taking shape around the world. The liner conferences are getting banned in October this year within the European Union. Also, in many other places such as China, India and South East Asian countries, shippers are accusing the liner conferences as price fixing bodies and the authorities are becoming very strict, and introducing stringent regulatory and monitoring measures.

The answers should cover the current situation in Europe and USA. However, due credit has been given for other contributions. Extra marks have been awarded to those who compared and contrasted.

CONCLUSION

As usual, some candidates reproduced the questions on the answer script wasting valuable time.

Lack of preparation was noticed. It is always prudent to acquire useful techniques that are needed to deal with written examinations. Some displayed time management deficiencies as well.

It is a good practice to commence answers with an introductory paragraph and end with some sort of conclusion to enhance the quality of the answer. This brings a good order and system. But, this was not seen in most scripts. In some cases these structural improvements could have enhanced the quality and brought a few extra marks to jump the threshold to a pass.