



LECTURE 10

Global Logistics

Agenda

- Definition
- Forces driving globalization
- Common export documents
- International Logistics Agencies

Definition of International Logistics

- The negotiating, planning, and implementation of supporting logistic arrangements between nations, their forces, and agencies.
- It includes planning and actions related to the utilization logistic policies, systems, and/or procedures to meet requirements of one or more foreign governments, international organizations, or forces.



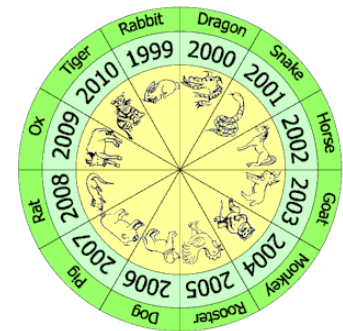
Government Influences



- Political Restrictions of Trade
 - Tariffs
 - Nontariff barriers
 - Import quota
 - Embargoes
 - As of October, 2007, the United States has sanctions against: China, Ivory Coast, Cuba, Democratic Republic of the Congo, Iran, Myanmar, Sudan, Syria, Venezuela, and Zimbabwe
- International Transport
 - Cargo preference rules

Challenges

- Economic Conditions
 - Currency Changes
- Laws, Regulations, and Legal systems
- Cultural Considerations
 - Language
 - National Holidays



Exporting Requirements

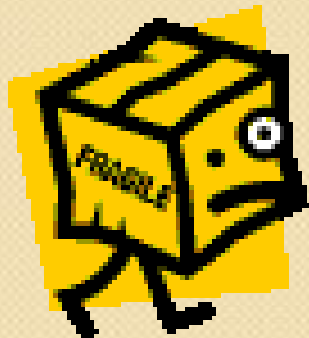
- Shipping a product overseas
 - Packing
 - Labeling
 - Documentation
 - Insurance requirements



Note: Most exporters rely on an international freight forwarder to perform these services because of the multitude of considerations involved in physically exporting goods

Reasons

- Move goods easily through customs
- Protect Products



Used Guidelines

- Pack in strong containers, adequately sealed and filled when possible.
- Make sure the weight is evenly distributed.
- Goods should be palletized and when possible containerized.
- Packages and packing filler should be made of moisture-resistant material.
- To avoid pilferage, avoid writing contents or brand names on packages. Other safeguards include using straps, seals, and shrink wrapping.
- Observe any product-specific hazardous materials packing requirements.

Packing

Reasons

- Meet shipping regulations
- Ensure proper handling
- Conceal the identity of the contents
- Help receivers identify shipments
- Insure compliance with environmental and safety standards

Markings on cartons to be shipped

- Shipper's mark
- Country of origin
- Weight marking
- Number of packages and size of cases
- Handling marks
- Cautionary markings, such as "This Side Up" or "Use No Hooks"
- Port of entry
- Labels for hazardous materials

Labeling

Documentation

- *Air waybills*
- *Bill of lading*
- *Commercial invoice*
- *Consular invoice*
- *Certificate of origin*
- *NAFTA certificate of origin*
- *Inspection certification*
- *Dock receipt and a warehouse receipt*
- *Destination control statement*
- *Shipper's Export Declaration (SED)*
- *Export license*
- *Export packing list*
- *Insurance certificate*

Insurance

Reasons

- Damaging weather conditions
- Rough handling by carriers,
- Other common hazards to cargo

Type of covers

- Marine cargo insurance
- Cargo insurance



Schedule B and HS Numbers

- The Harmonized System (HS)
 - Assigns 6 digit number
 - 4 additional numbers (by country)
 - 10 Digits total
- US use Schedule B system
 - Based on the international HS system

http://www.census.gov/foreign-trade/aes/exporttraining/videos/uscs_videos/Classifying_your_commodity/index.html

Schedule B and HS Numbers

Reasons

- To determine applicable import tariff rates and whether a product qualifies for a preferential tariff under a Free Trade Agreement;
- The Schedule B number is needed to complete the Shipper's Export Declaration, Certificates of Origin and other shipping documents; and
- The HS Number may be needed on shipping documents, such as certificates of origin

Tariffs and Imports fees

- Tariff is a tax set by governments on the value of products imported from one country into another.
- Tariffs are assessed before importing the product.
- Types of Tariffs:
 - Sales and state taxes,
 - Customs fees

Tariffs and Imports fees (cont.)

- Steps to determine the Tariff Rate
 - Step 1: Determine your HS or Schedule B Number
 - Step 2: Determine Tariff Rates
 - Country Specific Tariff and Tax information
 - U.S. Government Tariff Resources for Agricultural Exports
 - Online Tariff Database provided by Customs Info LLC .
 - Review Export. Government's disclaimer
 - Tariff and Tax Information for U.S. Territories
 - Sending Gifts
 - Additional Tariff Resources

Common Export Documents

- There are commonly Export Documents used in exporting, but specific requirements vary by destination and product.
 - Airway Bill
 - Bill of Lading
 - Commercial Invoice
 - Export Packing List
 - Electronic Export Information Form

Certificate Of Origin

- The Certificate of Origin (CO) is required by some countries for all or only certain products.
- The exporter should verify whether a CO is required with the buyer and/or an experienced shipper/freight forwarder or the Trade Information center.
- Most common are Certificate of Origin for claiming benefits under Free Trade Agreements

Trade Agreements

- The purpose of US Trade Agreements is to create opportunities for Americans and help to grow the U.S. economy.
- Administering trade agreements involves:
 - Monitoring the trading partners' implementation.
 - Negotiating and signing trade agreements that advance the President's trade policy
- An important type of trade agreement is the Trade and Investment Framework Agreement (TIFAs)

International Logistics Agencies

Examples

- World Courier:
 - Private Company handling Specialty & Custom Shipment
- USPS:
 - Government Agency handling mail and parcel
- FedEx:
 - Public Company handling a variety of shipping needs

World Courier

- Largest most successful specialty courier in the world
- Areas of Service:
 - Clinical trial logistics
 - Clinical trial supply storage
 - Cold Chain Solutions
 - Courier services:
 - Advertising & media
 - Aircraft on Ground
 - Automotive
 - Biopharm
 - Food
 - HighTech
- Serve in 50 Countries, 140 offices



USPS (United States Postal Service)

- Independent agency of the U.S. Government
- Responsible for providing postal service in U. 
- Second largest civilian employer in U.S. after Wal-Mart
- Has contractual agreement with AmTrak and various airlines for mail and package delivery
- Offers international services to over 190 countries, including ship letters and packages with the aid of FedEx
- International Parcel Shipments:
 - Maximum weight: 70 pounds
 - Maximum length + girth: 130 inches
 - Costs almost triple for Parcel Post shipments that are "oversized" (Length + girth is greater than 108 but less than 130 inches)

FedEx



- Headquartered in Memphis, Tennessee
- Offers international services to over 220 countries
- Strong ties to the White House and members of Congress allow access to international trade and tax cut debates as well as the rules of the business practices of the United States Postal Service
- In 2001, FedEx sealed a \$9 billion deal with the USPS to transport all of the post office's overnight and express deliveries
- International Next Flight Urgent shipments:
 - Up to 2,200 lbs. per piece (or more with prior approval). Unlimited total shipment weight
- Other International parcel shipments:
 - Up to 150 lbs. each (unlimited total shipment weight), 108" in length, 130" in length plus girth (L+2W+2H)