



ICS Examiner's Report

LOGISTICS AND MULTI-MODAL TRANSPORT 2012

Overall Comments

This year's results were satisfactory overall and the upward trend from last year was maintained. The majority of candidates displayed an in-depth understanding of most areas of the syllabus and good knowledge of the current issues. The use of examples and illustrations was seen but there is still a lot of room for improvement. Many candidates didn't follow a structure or logical flow in their answers.

Question 1 – Bills of Lading and Letter of Credit

Clearly there were two parts to this question. But, some candidates did not realise this fact and just produced a combined answer for both parts. However, this was a very popular question.

- (a) The answers should cover three main functions: (1) a document of title to the goods (2) a receipt for the goods (3) as evidence of contract. Bill of Lading (B/L) types: Through B/L, combined transport B/L, clean and dirty B/L. The 'received for shipment' B/L should also have been discussed.
- (b) Candidates were expected to discuss the use of letters of credit in international trade, and the different types available (confirmed, irrevocable) and how they function.

Question 2 – Competition and pricing

Pricing is mainly based on the competition between modes and operators. Candidates needed to show knowledge and understanding of price measurements; tonne/km, and cost/transit time benefits and different pricing mechanisms such as volume/contribution-led pricing. With high volume commitments the prices will come down (service contracts etc.). Many answers were incomplete and did not have a logical flow or/and a systematic approach.

Question 3 – Privatisation & advantages/disadvantages of public/private management

The commercial operations in the logistics and multi-modal transportation areas are now mainly handled by the private sector. This is very apparent in port/airport operations. Candidates should be able to compare and contrast the advantages and disadvantages of both public and private sector businesses preferably with examples from different parts of the world. Some answers did not use examples. Most answers were in abstract form.

Question 4 – Current affairs: Losses made by ocean carriers and its impact on logistics/ Multi-modal operators

This was another popular question. The year 2011 has been a challenging year for ocean carriers as the revenue generated through freight has been insufficient to cover their costs. Compared with 2010 or so, freight rates have been lower due to an excessive supply of tonnage etc. But costs have gone up, especially of bunkers and maintenance. These difficulties could force ocean carriers to reduce the frequency and service levels and geographic coverage and could make a huge impact on service recipients. This questions was best answered using examples.

Question 5 - Explaining logistics concepts/regulations etc

Candidates should explain the following with their importance. There were some well explained answers.

- (a) INCOTERMS: International Trade Contract Terms which clearly explain the responsibilities and liabilities of exporters and importers.
- (b) ISPS code: International Ship and Port Facilities Security Code. The legislation is created based on IMO guidelines.
- (c) TQM: Total Quality Management throughout the service in all sections.
- (d) WTO: World Trade Organisation. This is working to remove barriers to international trade.

Question 6 – Distribution Network

The goods should be distributed through a network when it comes to large operations. So, companies set up distribution centres. In this exercise, there were a number of issues that needed to be considered. Candidates were expected to discuss these elements in detail. There were some good, well elaborated answers.

Question 7 – Usage of IT

Logistics is one of the highly IT-benefited industries. IT developments are shaping a lot of areas in the business. Outside computer based developments, mobile 'smartphone' technology is another potential area for further development of the logistics industry. Candidates were expected to explain the developments fully together with their imagination into the future. However, most answers on the usage of 'smartphone' were shallow and lacking in imagination.

Question 8 – Logistics Services: differences between the developed and developing world

Developed countries are using the latest technology to provide a seamless service to users. But some developing countries might not be able to provide the whole package due to government restrictions such as exchange control regulations etc. Candidates were expected to explain the role of logistics and compare and contrast differences between the developed and the developing world, and the impact on users/providers. Examples were needed to score high marks. Many students struggled to answer this question in depth.