

II. КРАЇНОЗНАВЧІ МІЖНАРОДНІ ДОСЛІДЖЕННЯ

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GEOGRAPHY AND LOGISTICS IN INTERNATIONAL TRADE: MODERN UNDERSTANDING

A recent report claims that 10 to 25% of the total cost of a product can be attributed to Logistics costs. This figure is daunting enough, but we may suggest that in the case of international transactions Logistics costs may far exceed these figures depending upon the state of the Logistics infrastructure in, and between, the countries involved in the transaction. Actually, the Logistics cost of some international transactions can approach 80% of the total cost of the product. Logistics knowledge and skill are not luxuries in any business venture these days, but least of all, can a firm afford to do without sound Logistics practice when involved in “International Trade.” Whether exporting or importing, there is no easy way – Logistics competence is vital.

I can imagine many readers sagely nodding their heads in agreement when at the same time; they are not even sure what Logistics is. So let’s clarify a few points:

Logistics is NOT just transportation; one cannot simply say “ship it” and then go to lunch. The ultimate goal of Logistics is to put the product into the hands of the ultimate user, at the place of use and in usable condition. All of this must be accomplished at a reasonable price and within the customer’s time frame. This is difficult enough in domestic trades, but in the case of international trade, where geography adds a great deal of additional problems to a transaction, great care and attention to detail are absolutely vital.

Certainly, transportation is a key to the successful achievement of the Logistics goal, but simply booking the product with a carrier does not assure that the goal will be met. It is probably quite fair to say that the majority of international carriage contracts do NOT envision putting the product into the hands of the ultimate user. A contract of carriage from Halifax to Odessa does not put the product into the hands of the buyer in Kiev.

International trade is complicated far beyond the normal exigencies of domestic business, by the distances involved and, sometimes, by the transport modes from which one may choose. When the decision is made: “Ship it!” Then one had better hope that one has a more than competent Logistics Department to back up that decision. Imagine the following decision-making matrix:

- a) Ship it by what mode? Sea is cheaper, but air is both more expensive, and much quicker.
- b) From what port of loading should the cargo be shipped?
- c) Are cranes of sufficient lift capacity available at the port of choice? If air transport is chosen, is there adequate lift equipment available at the airport of

choice? If you are going to use an Airbus for the transport, will the old Soviet designed lift equipment at the airport be suitable?

d) How about the air or seaport of destination? Same questions as in c).

e) Whatever mode of transport we use, how can we bargain the cost of transport down? What concessions will a carrier be willing to make and for what consideration?

f) Are the shipping specifications of our product consistent with use of the most efficient and least expensive mode of transport?

These and many other questions must be addressed, not at the time of shipment, but rather at the time of production or even product design. This is what marks the difference between transporters and logisticians; the ability to anticipate needs and limitations of the international market place, and the ability to address those needs and limitations well in advance.

One of the best examples of giving early attention to anticipated problems of delivery is found in the road-building equipment industry. Road-building equipment is usually very large and very heavy, its transport costs reflect these factors with "heavy lift" and extra "weight" and "length" surcharges being quite normal; until that is, the development of the Ro/Ro vessel.

As some readers will be aware, the Ro/Ro vessel is a deep sea version of the coastal ferry boat. The similarity between the two lies in the fact that cargo is loaded by means of a horizontal movement, or lift, rather than the traditional vertical lift. The Ro/Ro was developed during WW II as a means of quickly delivering assault troops and vehicles onto a hostile beach. The vessel was further developed for civilian use following the end of the war and today Ro/Ros ply the seven seas in great number, carrying and delivering as much as 50,000 tons, and more, of cargo per voyage.

However, to obtain the maximum benefit from such a vessel, all of the cargo must be on wheels, thus the name Roll on/Roll off. It is much faster to drive cargo off of a vessel rather than to have to lift it on and off.

Their advantage is the fact that, due to the horizontal lift, such a vessel can be quickly loaded and/or emptied. Further advantage is the fact that, again because of the horizontal lift, such a vessel can serve ports which are not highly developed technologically, nor manned by multitudes of highly skilled labor.

The Ro/Ro made available to road-building equipment manufacturers the maximum in Logistics engineering capabilities. Picture for example a large bulldozer. It is very heavy and if being loaded onto or off of a conventional break-bulk vessel, the carrier would levy a "heavy lift" surcharge in addition to the normal transport rate. But with a Ro/Ro, since the cargo rolls into and out of the ship, there is no vertical lift, thus no "heavy lift" surcharge.

But, the bulldozer is also very large and its configuration very wasteful of space. The manufacturers have been able to redesign their equipment so that a bulldozer, for example, can be re-configured, partially disassembled, for shipping purposes in such a way as to enable it to fit on a standard-sized platform trailer. This accomplished two things: it enabled the machine to be

loaded and carried while sitting on a standard sized platform, and also limited the amount of space consumed.

The road building equipment case is an excellent illustration of the value of NOT building the machine first and THEN thinking about transportation.

We must understand that transporters are not expected to anticipate nor solve such problems; they have enough to do managing their vehicles and getting to the right place at the right time. Again though, understand that the right place and time in a transportation scenario may not at all match the right place and time for the importer; especially in international transactions.

One of the largest obstacles of international logistics is geography. The distance and manner materials must be shipped is the most important step in international logistics. Transportation infrastructures vary greatly throughout the world. International companies must consider all options before starting any operation in another country. Perhaps a country will have easy access by ship, but no way to transport the goods once on the ground. All available routes into and out of the country must be determined in order to judge the feasibility of the operation. Ground shipments should be excellent for neighboring countries such as the U.S. and Mexico and, by extension Ukraine and its neighbors. Unfortunately, Ukraine must suffer with the geopolitically determined distinctive rail gauge which effectively separates Ukraine from the rest of Europe.

Despite the theoretical benefits of overland shipping versus shipping by sea, it can nevertheless not be discounted that a comparison of the total factors in each specific case may well indicate that sea, or air, or some other form of transport is more beneficial – IN A SPECIFIC CASE.

In addressing these and other questions one must apply all of the usual tools of Logistics analysis; one of the most all-encompassing of which will most likely be TOTAL COST ANALYSIS (also known as Integrated Logistics Management).

ILM, or TOTAL COST ANALYSIS was originally conceived and used by the transportation industry to compare the TOTAL costs of two or more alternative choices of transport modes. So, for example, although air transport of commercial cargo may appear to be much more expensive than surface transport (with a few exceptions), when one takes into account the indirect and it sometimes turns out that air transport is in fact less expensive based upon a TOTAL COST ANALYSIS. We stress, however, the word “sometimes.”

In other words, when comparing the direct costs of surface transport with the direct costs of air transport (the “pure freight” costs), it may frequently be concluded that air transport is much more expensive. But when including in such a comparison the indirect (not so obvious) costs such as: packing, accessorial and handling charges at both ends of the transport leg, Customs formalities, insurance, “availability” costs (unpacking, refurbishing, set-up, etc.), inventory and storage costs and, finally, costs of capital “frozen” during transit and storage, the result will frequently, but not all the time, indicate that air transport is the more economically efficient.

The TOTAL COST method of analysis soon became, and remains, widely used throughout the Logistics profession whenever it is necessary to make a choice between two or more alternatives. These applications include not only transport or warehousing decisions, but even operations decisions and, in one case, it was even used by a hospital when weighing the advisability of a change in the style of hypodermic syringes based upon safety considerations, and the total cost thereof.

The Ro/Ro illustration given above is simply an indication of the value of cooperation within a given organization; in that case, cooperation between sales, engineering, Logistics and transportation. Such cooperation is to be commended and highly prized and encouraged. In fact, executive management really should insist upon this type of cooperation within the firm's system.

Other examples of both the necessity of Logistics skills and the efficacy of Logistics solutions abound in international trade.

The end result of a Total Cost Analysis and the holistic approach to problem solving should be the revelation of the most economically efficient means of providing customer satisfaction. It will provide the means of, for example, avoiding the results suffered by one international firm of having its LTL merchandise shipments sitting in a German warehouse for as long as five weeks in order to permit the carrier to achieve a full-load consolidation. The carrier, of course, offered very low transport rates, but with more than five week delivery schedules, the shipper succeeded only in antagonizing, and losing customers and in increasing the amount of capital "frozen" in this static inventory. In fact, a Total Cost Analysis comparing overland, sea and air transport would have revealed that air transport would have provided full customer satisfaction at a competitive price, and that the "savings" achieved by the traffic department were quite illusory and contributed nothing to the success of the firm.

The systems, or holistic, approach is not limited to one's view of the firm alone, but rather should be applied to the entire environment in which the firm operates.

Take the problem faced only a few years ago by exporters to the Italian market. Italy at that time was well known as a country of labor strikes. If the ports were not on strike then Customs was on strike. If Customs was not on strike, then the post office was on strike and documents were not available with which to clear Customs. Someone was always on strike and interfering with the smooth and scheduled flow of goods.

What to do? Finally, the logistics profession came up with a solution, which is still being used to this day, because in fact this is a much more efficient way to serve the Italian market. What was the solution?

Well, let's see what you would do: Look at a map, check distances and let your imagination run wild. Is there another European sea port which can be used? What is your solution?

Well, you might, as I have seen students do often, conclude that there is not much difference in distance after all: by sea NY to Genoa is 3990 miles, with

3270 miles NY/Rotterdam, plus another 768 miles, Rotterdam/Genoa by truck. A total of 4038 miles; even more than the distance direct to Genoa by sea.

Correct? Not at all! You have seen in these pages before the phrase: “Details, details, details.” Look at the details as a Logistician might.

The distance of 3990 miles to Genoa by sea must be read as 3990 nautical miles, which converts to 4595 statute miles. Likewise the distance to Rotterdam only, when converted to statute miles is 3765 miles. So, a more accurate comparison is: NY/Genoa by sea amounts to 4595 statute miles, while to Rotterdam by sea and then on to Genoa by truck totals only 4533 (3765+768) statute miles; slightly shorter but, remember trucks can usually move at a faster rate of speed than ships at sea. Also, keep in mind that this route minimizes, almost eliminates the risk of Italian labor instability interfering with the logistics goal, because the overland route avoids any sea ports in Italy, and just as in the Former Soviet Union, Italy had a separate overland Customs regime, which was more reliable, and the mail could have been routed differently to avoid the Italian system completely.

Such attention to detail and such method of thinking is peculiar to Logistics professionals. They are not limited to simply looking at the surface of a situation, but rather thinking in terms of even very remote and incredible possibilities.

One last illustration: some years ago, exporters seeking to do business with Chilean importers found that making the sale was not quite enough to get the business. One US exporter located on the US East Coast found that he could ship his product by sea only every two weeks. Sailings between NY and Santiago, Chile were rather scarce because the US’ main import from Chile consisted of Guano which was shipped to US Gulf ports. These vessels could not be used to carry general cargo on their return trip to Chile, because Guano, even the residue of a north-bound shipment, is not compatible with other cargoes. For shipments of general cargo from the US east coast, one had to wait for a ship every two weeks. Since there was very little cargo booked for Chile, the vessel which offered to go to Chile made several stops en route so that the total transit time was a bit more than two weeks, added to the waiting time of another two weeks.

Air transport was not feasible due to the weight and size of the product.

The Chilean importer was not satisfied with the exporter’s delivery capabilities and threatened to cancel the order unless he could do better.

Again, what solution? Look for a more frequent and speedier carrier, of course. But where? The US east coast was bare of choices. The exporter really used his imagination and shipped his product first to Bremerhaven, where the product was transloaded to another vessel sailing within two days direct to Santiago. Total transit would be 12 days and sailings available every 4 days.

More expensive? Not when you applied a proper Total Cost Analysis and took into account the expenses incurred due to holding product awaiting a ship out of New York only every two weeks plus the cost of funds.

There are hundreds of examples of the usefulness of Total Cost Analysis along with the Logistics method of looking at a problem with a very open mind reinforced with an interdisciplinary education. Again, it must be stressed that we are here emphasizing international trade where every transaction is beset by many variables: geography, language, laws, business culture and transport infrastructure, to name just a few. The Logistician dealing with such transactions must be able to think along several lines of enquiry simultaneously; the specialist expert in such transactions is of little use as he is so much a specialist as to be unable to contemplate the interplay of so many variables at the same time.

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Книш М.М.

ПРОБЛЕМИ РЕГІОНАЛЬНОГО ЛІДЕРСТВА БРАЗИЛІЇ

Досліджені чинники формування регіонального лідерства Бразилії. Проаналізовано позитивні і негативні моменти і недоліки у формуванні латиноамериканського полюсу світу, прагнення країни забезпечити собі доступ до глобального регулювання.

Factors of formation of regional leadership of Brasil are regarded. Positive and negative issues and also weakness in formation of Latin-American pole of world, and Brasil inspiration to provide the access to global regulation are enlightened.

Актуальність дослідження. В умовах переходу від Вестфальської до нової моделі світового порядку вчені пропонують різні концепції щодо його майбутнього [1; 2; 6]. Все більше увагу вчених привертає концепція формування нового світового порядку через регіональні інтеграційні об'єднання, які розглядаються як проміжні ланки між націями – державами і глобальним співтовариством. Нині політичний та економічний регіоналізм перетворився у чітко виражену загальносвітову тенденцію. В контексті такої тенденції набувають ваги регіональні держави, і їхня участь зміцнюється не тільки в регіональних, але й в глобальних процесах. Тому дослідження цієї проблеми є дуже актуальними.

Аналіз останніх досліджень та публікацій. Зазначимо, що проблема дослідження регіональної держави не є новою. Нею почали займатися вчені ще наприкінці ХІХ ст. Нині цей феномен, функції та значення, пов'язані з ним, перебувають у полі зору зарубіжних та вітчизняних вчених [1; 2; 3; 5; 8]. Так, С. Гантінгтон, розглядаючи структуру глобальної влади, стверджує, що вона має декілька рівнів. На верхньому рівні знаходяться США – єдина наддержава, яка переважає у всіх сферах влади. На другому рівні розміщуються “головні регіональні держави”, а на третьому – “вторинні регіональні держави” [3]. Сучасне трактування регіональної держави в контексті суспільної географії започатковане на кафедрі економічної і соціальної географії Львівського національного університету імені Івана Франка проф. О. Шаблієм та доц. О. Вісьтак. Наприклад, доц. О. Вісьтак наголошує на необхідності фундаментальних теоретичних досліджень са-