

Consider the Role That Logistics and International Trade Have Played At TNT Express

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Introduction

Businesses today are operating in a global environment which has forced many companies regardless of their market base or location to consider the rest of the world when formulating their strategies. Global business has experienced a tremendous change for the last two decades. This is because of change in trends toward integrated logistics, globalization of different industries and increased development of communication and transport systems. Businesses today cannot isolate themselves and ignore factors like competitive situations, economic trends or innovation in other countries when their competitors come from other countries. Supply chain management is the way by which many companies truly go global where a company can produce a product in the US, manufacture in India and finally sell it in Europe or Africa. Many companies are changing the way they manage their logistics as well as operations due to changes in international trade, spread of modernization of transport infrastructures as well as the intensification of competition (Jonsson, 2008). All this has elevated the significance of the flow of management to higher levels. The paper analyses the roles that logistics and international trade have played or will play in future in transportation companies like TNT.

TNT Express

TNT Express headquartered in Hoofddorp, Netherlands is an international courier delivery services company. The company operates fully in 61 countries and delivers parcels, documents as well as pieces of freight to more than 200 countries worldwide. Its major competitors include DHL and United Parcel Services. FedEx reached an agreement in 2015 with TNT to operate as one thus reducing some competition. The company was started by Ken

Thomas as Thomas Nationwide Transport after the World War II with a single truck. By 1980s the company had established operations in 180 countries thus referred to as the largest transport empire globally as it operated in rail, road, sea and air.

Today the company is among the leading providers of business-to-business express delivery services in the world. TNT has been able to offer its customers both an extensive and international network which is integrated with the current technology. This has allowed the company to provide a unique combination of on-demand, door-to-door services, time-sensitive services within Australia and the entire globe.

The Express Delivery Industry

The main business in this industry is providing value-added, door-door transport as well as deliveries of time-definite shipments world-wide. The industry has provided the customers with services which are comprehensive in nature; organizing collection, allowing the sender to access the information with regard to the shipments progress (from pick-up to deliver) and provision of a proof of delivery (David, 2013). When the shipments are crossing the international borders, the express delivery has handled the clearance of customs as well as duty and tax payments when required. In transporting of freights to the US from Asia or Europe, the most important factor to consider is the transportation cost involved. Different transportation system charge different prices depending on the handling of goods. In transportations costs such as freight charges, insurance charges, terminal costs among other costs must be considered while transporting goods. Transportation of commodities can be done through air or sea but depending on the urgency on the goods in question. It is the work of transport managers to decide the best method to be used in transporting goods (Jonsson, 2008).

In some cases, it is better to transport goods through the sea if they are bulky and are not urgently needed. This is because the prices charged on air transport may be costly depending on the type of good to be transported. However, urgent goods should be transported through air transport because it must be done in time in order to meet customers' expectations and to satisfy customer needs (Rushton & Walker, 2007). However, when selection the way to transport freight it is important to evaluate the risk involved while transporting those goods.

Managing international transportation

Logistics and transportation do only involve just moving goods from point A to point B. In international trade, there are many regulations, rules, policies as well as paper work a company has to think about. TNT understands that dealing with customs; banks, insurers and government authorities play a big role in the logistics. Learning how business is conducted also play a big role when it comes to logistics and supply chain management. Today many companies can transport products and services to their destinations which range from small freight forwarders to large brands like TNT, DHL, FedEx, UPS and EMS. A company choice of shipping method and carrier varies on it quickly wants the product to reach its destination as well as the size or weight of the shipment (Mangan, Lalwani, & Butcher, 2008). The speed of delivery is the first and the most factor companies consider in choosing the transportation service to use.

Factors that affect international logistics providers like TNT

There are some factors apart from costs which affect the operation of TNT as it carries out its work globally:

Terms of trade- international commercial terms are asset of commercial terms which have been designed in aiding international trade. This is by defining clearly the responsibilities of both

sellers and buyers. Incoterms have helped in eliminating any confusion between suppliers and buyers as it clarifies which party is responsible for risk, costs and delivery costs which are associated with the process of shipping (Rushton & Walker, 2007). As a company compares the costs of logistics providers, make sure that the terms are agreed upon and should be quoted in the invoice. Some inco-terms one ought to know are;

- Ex Works (EXW) which indicates the buyer bears all the costs and the risks involved in the transfer of the goods from the site of the seller to the destination required.
- Deliver Duty Paid (DDP) - this means that seller is responsible for the delivery of good to the stated destination as well as covers all the duties, taxes or custom charges (Wood,2012).
- Free on Board (FOB), this applies to sea freights meaning that the buyer will be responsible for all the costs and the risks from the export port.
- Cost, Insurance and Freight (CIF), which is applicable to sea freight meaning that the seller pays all the insurance costs, freight costs to the stated destination.

Insurance

Exporters may be providing insurance automatically by this terms help clarifying when the risk should transfer from the seller to the buyer. Cargo insurance can be purchased to cover any loss or damage of goods in transit (Jungseok Research Institute of International Logistics and Trade, 2003).

Customs clearance

Internationally, rules and processes do greatly vary with regard to taxes, duties and VAT which is being applied at the point of import. TNT advises its clients on the required paperwork

which is needed for both export and import which can include shipment value, product description and VAT number as well as a skill the terms of trade in the commercial invoices.

Restrictions

When an item is restricted, this means that the customs are the ones controlling the goods into and out of that country. TNT is affected by some items which can be restricted from leaving some countries or entering into others. Restrictions apply to either the type of the goods being exported or imported to their potential use as some goods have been restricted in some countries as they can potentially cause harm.

Roles Logistics and International Trade Will Strategically Play In Future to Help TNT Express Change and Adapt to Market Situations

The discussion above makes it clear that freight couriers like TNT play an important role in international trade as they the fundamental link between exporters and importers the consignor and consignee. TNT performs key activities in all transport kinds like air, land, courier and sea. In international trade logistics of cargo or goods, TNT has supported churning the wheels of trade logistics industry in a big way.

It is vital to know that that the world's supply chains are changing with new trade corridors becoming visible thus TNT if able to capitalize open this will benefit from the evolution of the global trade. Trade corridors between Asia and Africa, Asia and South America and within alias have shifted the relative goods flow between continents. Transportation and logistics industry are forming the backbone of the global supply chain thus the company will need to adapt to the global supply chain changes. The company is looking optimistic about their prospects of the coming years and is looking to emerging markets as their center of growth. The

better the corporate freight and strategic market, the safer and the success of TNT will get in the emerging markets. The continued growth of the emerging markets will lead to more countries wanting courier services which TNT can capitalize on. The courier and express market is among the strongest-growing sectors of the transport and logistics in number of emerging markets around globally. Logistics providers like TNT are characterized by low cost and low service will in future have to adapt to international trade rules.

Regulation of transport system to be used should be considered because some even increase the overall costs. According to Mangan, Lalwani, & Butcher, (2008), this is important because some transportation system are more regulated due to the laws imposed on them, taxes, tariffs, additional cost that might accompany a transportation system and security of the products. It is important to choose a method that is not completely regulated by the government because it may increase the freight charges.

Balance of trade between different countries also affect the transportation costs. This is because goods from certain regions are more restricted in case that balance of trade is not favorable which may increase transportation costs due to regulations involved. Oil prices affect the cost of transportation systems and therefore logistic manager should keep check of sudden changes in the oil sector. This is because the cost of the transport system changes with the prices of oil and in some instances some methods of transport may be cheaper to use those others due to little consumption of oil commodities (Mangan, Lalwani, & Butcher, 2008). This will affect the company operations in future.

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