A Review of Logistics and Transport Sector as a Factor of Globalization

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Abstract

Globalization expansion has been documented as one of the most important fundamental services impacting logistic service suppliers. The process of transportation establishes the effectiveness of moving products. The development in techniques and organization rules improves the moving cargo, delivery speed, service quality, procedure costs, the practice of facilities and energy saving. Transportation takes a vital part in the management of logistic. Evaluating the recent condition, a strong system needs an understandable border of logistics and a suitable transport implements and techniques to link the fabricating procedures. The objective of this review to identify the essential factors that affect on the logistics and transport sector through globalization processes happening in the world economy.

1. Introduction

The International Monetary Fund’s (IMF, 2000) explanation of globalisation is: "the rising economic interdependence of countries international during increasing volume and multiplicity of cross border transactions in goods and services, freer international capital flows, and additional speedy and common diffusion of technology".

Economic globalization contains flows of merchandise and services across borders, international capital flows, decline in taxes and trade barriers, immigration, and the spread of technology, and knowledge outside borders. It is foundation of much discuss and difference like any foundation of great power (Samimi and Jenatabadi, 2014).
Transport, really, plays a key role in linking the unlike import and export markets also the perpendicularly disaggregated works of fabrication organization, which are widespread in the globe. Recently the world economy has changed considerably; globalization needs a new logistic dynamics. Globalization has taken not only benefits by providing chances created by contact to new markets but influential participants competitors fighting for gaining fidelity of the same clients.

Today shippers require adjusting their business exterior the borders of their home country and organizing their costs to survive the violent contest. Shipping has been an essential human activity during history, mainly where prosperity depended mostly on international and interregional trade. Actually, transportation has been called one of the four cornerstones of globalization, beside with communications, international standardization, and trade liberalization (Kumar and Hoffmann, 2002).

Logistics refer to the association and storage of goods - middle and final - associated with the information flows from the beginning to the end of the provide chain (IMD 1993). Whilst there are a lot of fundamentals in competent logistics for example, the capture, storage and retrieval of information on goods, materials management, plan of processing strategies and the like a reliable, cost helpful transportation system is primary to the integrated logistics system (Chatterjee and Tsai, 2002).

There are pioneering ways in which firms are joining transportation and distribution systems to enhance their efficiencies in the globally competitive environment. However the transportation logistics systems vary with kind of produce and environmental range of the market for unprocessed materials, components and finished products, there is a common objective essential the various strategies. The general objective is to get the right product to the right place at the right time so the cost of holding record is decreased.

The globalization of the economy, which has been confirmed by the trade barriers decline and the falling transport, communication and co-ordination costs, has changed the role of the manufacture procedures from being determined in few plants to being fragmented in different plants and in different countries and has musclemass increased the trade rate. This has fostered a tight raise of trade flows, affecting the logistics activities, particularly transport. The objective of the present paper is to identify the logistics transportation as an element of Globalization. The research was undertaken to help researchers and transportation planners to describe and understand the fundamental views of logistics transportation under globalization.

2. Logistic and transport sector under economic globalization

Economic Globalization means that world employment and financial markets are becoming more incorporated. From the economical point of view, two macro factors appear to motivate the trend toward globalization (Frankel, 2000). The first is the turn down in barriers to flow of goods, services and capital that has happen. The second factor is technological change, mostly the dramatic developments in current years in communication, information processing, also transportation technologies.

Muller, (2004) mentioned that creating a world information system whose most important link is a network of global IT connections using the Internet. The IT system is too supported by usual and mobile telephone network and increasingly frequently by satellite communications.

International logistics are international freight forwarding, moving and storage, warehousing and storage, project shipping, office building and letters of credit. Presently, there are organizations that focus in making the charge of international logistics easier for international business. A provide chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into middle and finished products, and the distribution of these finished products to clients.

The geographic placement of production facilities, stocking points, and sourcing points is the first step in creating a supply chain. The strategic decisions include what products to produce, and which plants to produce them in, allocation of suppliers to plants, etc. Stock decisions submit to means by which registers are controlled. also the style choice feature of transportation decisions is the more strategic ones (Geiersbach, 2010). Technological progress accelerating globalization processes has also covered all transport modes.

An effect of that progress has been the development of the so called integrated systems permitting transport of freight units by different interconnected transport modes. Economic development and transport are inextricably linked.
Development increases transport order, while availability of transport motivates even more development by allowing trade and economic specialty.

World transport system growth makes it probable to enhance a large amount of the mass and rapidity of movement of freight, the growth of the amount of freight being traded as well as a great selection of origins and destinations promotes the import of international transportation as a essential factor supporting the global economy. Economic increase in Pacific Asia and in China in particular has been the main factor after the development of international transportation in up to date.

Almost half of all global trade takes place between locations of more than 3,000 km far-away. Because of this geography, mainly international cargo movements engage some modes while it is not possible to have a physical strength in cargo flows. Transport chains have to as a result be established to service these flows which support the importance of intermodal transportation modes and terminals at strategic locations, thus transport substantially supports international economic associations and plays a primary part in creating a world network of exchange of goods and in the transfer of capital goods among countries in the middle of the several transport modes, two are specially worried with international trade:

1. Ports and sea shipping. The importance of sea transportation in global good trade is unique, mainly in conditions of weight as it handles about 90% of the global trade.

2. Airports and air transport. Even though in terms tonnage air transportation carries an insignificant quantity of cargo (0.2% of total tonnage) compared with marine.

Railway and Road modes be inclined to inhabit a more trivial section of international transportation as they are above all modes for national or regional transport services (Rodrique, 2013).

Kozlak, (2008) reported that the technological development in respect of transport of dry and liquid freight has consisted in rising the load capacity of containers (large tankers in particular) which has allowed to significantly reduce the transport fees of individuals supplies (including oil, natural gas, ores, grains). The processes of global and transnational corporations affect the size and structure of the world imports and exports.

Globalization is a compound and comprehensive amount. It is the process of international assimilation as a producer of exchange of world views, yield, ideas and other features of culture in which worldwide exchange of national and cultural income occurs in the process. A lot of factors contributed for the growth of globalization most important individual development in communication and transportation, for that reason require for transport is larger and the value obligations for the supplied services are stricter.

Globalization has an essential link with transportation and logistics, yet if the impact of distribution has been unnoticed in globalization studies. up till now, “amazingly, with a few exceptions, the primary conceptualizations of globalization also disregard totally any orientation to transportation or make only understood linkages” (Janelle and Beuthe, 1997). Covering longer distances in international logistics systems has an impact on extending release deadlines and the possibility of meeting them which, in outcome, affects the quantity of stocks and costs. Spatial accessibility and transport time depend on the continuation and quantity of incorporation of the international logistics systems transportation.

3. Transportation as topic of globalization

Transportation plays a connective role between the several ladders that result in the exchange of possessions into useful goods in the name of the final consumer. It is the planning of all these roles and sub-functions into a system of goods movement in order to decrease cost maximize service to the clients that represents the model of business logistics. The structure, once put in place, must be successfully organized (Tseng and Yue, 2005).

Globalization is having a profound effect on the transport. There is two ways to explain how Business globalization has an active impact on the transport sector, first effect is it changes in conditions of the transport needs; second effect is it changes of strategies of entities as long as transport services (Woods, 2000).

Transport of goods is reflect of the economy to observe changes in the manufacture volume, its spatial distribution as well as changes in the fabric structure of such production. Transport of cargo is the mirror of the economy to see changes in the production volume, its spatial distribution as well as changes in the material structure of such production (Kozlaks, 2008).
An improvement in a country’s transportation can make a big difference to the expenses of trading. Limão and Venables (2001) reported that if a country’s transportation improved such that the country moved from being at the mid-point (median) among 64 countries to being among the top 25% of those countries, this would decrease transport costs by an amount equal to 481 km of overland travel and 3,989 km of take a trip by sea. It would also increase trade volumes by 68%, which is alike to being 2,005 km faster to other countries. Also, inefficient transport services are connected with higher largely transport costs (WTO, 2004).

A study conducted by (Hill et al., 2012) to study the impacts of topography and transportation on economic improvement and international business involvement. Results showed that the key geographical factors affecting global market participation and key infrastructures (electricity production, telephone lines and container facilities at ports) facilitating economic improvement and international contribution.

In 2006, EU road freight transport showed the best growth in performance and increased by 25% evaluates with 2000 on the basis of continuous annual increase more the period 2000-2006 (Noreland, 2008).

Transnational companies are the major supplies of resources, technology and market entrance to almost every country. Their actions have a strong impact on the global distribution of prosperity and economic activity between national economies. They transport reimbursement to both clients and economies global.

In 2006 there were 77000 company firms across the globe, with an estimated 770,000 contributories and millions of providers, and operating in more countries than ever before (Westaway, 2012).

Six years following the beginning of the global financial crisis, international trade vestiges lacklustre. Goods trade grew slightly above 2% in volume in 2012–2013, which is below the growth of global production. Trade in services increased fairly sooner, at around 5.5% in 2013 at current prices. This shortage of dynamism contrasts deafeningly with its fast growth in the two decades previous the crisis, when global trade in goods and militaries delayed more than double as express as global productivity, at annual averages of 6.8% and 3% respectively. During that period, the share of exports and imports of goods and services in GDP (gross domestic product) practically double, from approximately 13% to 27% in developed countries, and from 20% to close to 40% in developing countries.

Dynamic development in foreign import and export imports has been ascertained in which has carried about a important grow in the lengthy distance transport of goods. (Table 1) showed that foreign trade in the world import goods increased continuously from 2009 to 2013. Also shows USA take the highest value in foreign trade of goods in the world import, followed by China, Germany, Japan, France, United kingdom, Italy, Turkey and Australia (12.45%, 10.43%, 6.39%, 4.45%, 3.58%, 3.55%, 3.51%, 2.55%, 1.35% and 1.24%) respectively.

According to (Table 2) data showed that China take the highest value in foreign trade export, followed by USA, Germany, Japan, France, United kingdom, Italy, Australia and Turkey (12.29%, 8.78%, 8.12%, 3.98%, 3.15%, 3.05%, 2.86%, 1.40%, and 0.84%) respectively.

World commerce has grown at approximately the similar average as world GDP (gross domestic product, a measure of countries’ economic output) at market exchange charges, fairly than twice as fast, as is normally the case (Figure 1).

World trade is expected to grow by a modest 4.7% in 2014 and at a slightly faster rate of 5.3% in 2015. Even though the 2014 estimate of 4.7% is more than twice the 2.1% increase of 2013, it remains lower than the 20-year average of 5.3% (WTO, 2014).

The economic growth in 2013 was below expectations the estimate are for a global economic growth lead mostly by early economies as outside demand strengthened and so the euro zone recorded growth due to trade relations between states (Boia, 2014). Demand for shipping, port and logistics services are increased by 3.8% in 2013, compared with 4.7% in 2012. Developing countries continued to add larger shares to international seaborne trade.

In conditions of global cargo loaded, their share increased from 60% in 2012 to 61% in 2013. In the meantime, their import command, as considered by the volume of freight unloaded, increased from 58% to 60%. These statistics mirror increasing South-South/intra-Asian trade, developing countries’ increasing contribution in the world trading system, and their increasing utilization of supplies and consumption freight (TDR, 2014).
Table 1: Foreign trade in the world import (in US Dollar thousand)

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Sources: ITC calculations based on UN COMTRADE statistics, author’s own calculations in the world (%).

Table 2: Foreign trade in the world export (in US Dollar thousand)

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Sources: ITC calculations based on UN COMTRADE statistics, author’s own calculations in the world (%).

Fig. 1: Growth in the volume of world goods trade and GDP, 2005-2015 Equations
4. Conclusions

From this review, it can be conclude that transport substantially supports international economic relations and plays a primary part in creating a world network of exchange of goods and in the transfer of capital goods among countries in the middle of the several transport modes. Because across great geographical distances.

Transport chains necessity this be recognized to service Goods flows which support the consequence of intermodal transportation modes and terminals at planned locations at very low cost.

Globalization plays an essential function in transportation and logistics system and its actions appear in different parts of logistics processes.

Results showed that exports and imports of goods and services increased in developed countries more than in developing countries due to economic globalized. Without globalization transportation logistics systems could not bring its characteristics interested in whole compete.

A good transport classification in logistics movements may perhaps supply better logistics competence, decrease process cost, and encourage service quality. The enhancement of transportation organizations requests the effort from jointly private and public part. Logistics system of a good-operated would raise the competitiveness of the enterprises.

References


