

Analysis of Improvement the Logistics Competitive Strategy and Risk Management

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Abstract—Logistics is a procedure to optimize all activities to ensure the delivery of freights through a supply chain from the upstream to downstream. The comparative efficiency of a country’s trade logistics chain is of vital importance in enhancing competitiveness of its industry and commerce, especially in source-shortage of Asian countries. Furthermore, international differences in trade logistics efficiency determine in large extent the efficiency and sustainability of the economies. The impact of the Asian countries’ logistics development crisis was significant enough to reduce the overall logistics link cost for logistics chain. Although the impact of the Asian countries’ logistics link crisis was how to reduce the “cost”, but what is the important factors to reduce? Which could be depend on for starting reduce logistics activities.

Keywords—Logistics, Competitive Strategy, Risk Management

I. INTRODUCTION

ASIAN market for logistics is poised for huge growth by economic growth. For the perspective of increased outsourcing, China’s market demand and globalization, all provide attractive conditions for growth in the logistics market of Asian region. The Asian countries most economic are recovering by strong exports growth, which are providing powerful stimulus to domestic output in South Korea, Taiwan, and Singapore. China would expect to be world’s largest economy by 2015. China’s international trade with other countries has expanded massively, logistics will be one of the first industry sectors to be opened (LCP 2001).

Notteboom (2004) indicates that world trade is facilitated through the elimination of trade barriers and the liberalization and deregulation of markets and rapidly grownup, after overview the container shipping and ports. The Asian region has become the world’s main container region, their sharing of Asia in worldwide container port throughput rose about 46 percent in 2004, while 2005 still keep increasing (see table 1). Global terminal operators clearly have shifted their mindset from a local port level to a port network levels, there are evidence of increasing logistics integration with inland terminals, hinterland transportation and broader logistics services.

II. LITERATURE REVIEW

Tavasszy, Ruijgrok et al. (2003) indicate that Logistics chains are constantly changing to facilitate increasingly global movements. These trends impact on the logistics development and growth in different world regions in different ways. They also explained that the main drivers behind changes in logistics systems including increased service levels in terms of responsiveness and individualized products, that will result less sustainable transport systems in environmentally. Simultaneously, these global logistics activities depend on local regional economic growth, as supply chains will be spatially reconfigured to reach the new service levels while minimizing total logistics costs. Those results prove that need to react to market changes and the critical role of supply chain and the potential benefits of integrating the supply chain could be ignored for long run (Zailani and Rajagopal 2005), which also support our discussion previously.

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TABLE I
THE TOP 10 PORT IN THE WORLD

Ranking	Port Name	TEUs(Million)	Increasing Rate	Country	Region
1	Singapore	2,320	8.7%	Singapore	Asia
2	Hong Kong	2,242	2.0%	China	Asia
3	Shanghai	1,808	24.3%	China	Asia
4	Shenzhen	1,620	18.6%	China	Asia
5	Busan	1,184	3.0%	Korea	Asia
6	Kaohsiung	947	-2.5%	Taiwan	Asia
7	Rotterdam	930	12.0%	Netherlands	Europe
8	Hamburg	810	15.5%	Germany	Europe
9	Dubai	762	18.5%	UAE	the Middle East
10	Los Angeles	748	2.2%	USA	America

However, as Sankaran, Gore et al. (2005) said that geographical region of a country is a national problem by dint of the disproportionate demographic, economic size, the nature

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of raw materials and finished products, the location of the factory/warehouse, etc, to be considered a national problem of the region. The logistics competitiveness and development is needed to confirm across other geographic and industrial contexts (Grant 2004).

III. DATA ANALYSIS

Assess the company in American business environment risk (Business Environment Risk Intelligence; Abbreviated as BERI) point out in ' the risk assessment report of investment environment ' of the 3rd time issued in December of 2006, in the area of Asia, the rank of Taiwan keeps being inferior to Singapore (the 2nd place of the whole world) and Japan (the 3rd place of the whole world) for the 3rd place of Asia, superior to China (the 17th place of the whole world), Malaysia (the 19th place of the whole world), Korea (the 21st place of the whole world), Thailand (the 29th place of the whole world) , Philippine (the 36th place of the whole world) , Vietnam (the 39th place of the whole world) and Indonesia (the 47th place of the whole world).

(1) Operation risk index

BERI is thought to improve the state steadily and continuously in operation risk in Taiwan the following two years. According to BERI report, Taiwan has perfect economic base, is very suitable for strangers and make the investment, 4 carriers make the investment and participate in building the plan in the logistics centre of the science park in the middle part even more at the beginning of the year. The second of 2006s on the season at home it produce there aren't hair the volumes with essence ,it is estimated by development in economy of the whole year 2006 but? 4.0% ; In it expand and under folk consumption expenditure grow up , it is expected that economy becomes long about 4.2% to export 2007. Industrial production of will it be September 2006 grow up 2.1%, the rate of unemployment maintains 4.09%, the total unemployment nearly has 434,000, the participating in rate is 58.29% to work. The consumer price index of October of 2006

rises by 1.22% compared with the same period of 2005, under steady exchange rate and price, the inflation pressure of 2006 is limited in expectancy. In addition, Central Bank will heighten the discount rate at the end of September of 2006, rises to 2.625% from 0.125%, the market interest rate rises with one thereupon . The monetary supply of broad sense of August of 2006 increases by 5.74%, and the proportion of bad debt glides to 2.58% during July. Every materials show that the economy of Taiwan is in improving continuously. So, and mark of this index in Taiwan will be 72 points and 74 points respectively 5 years later after BERI predicts one year, the rank is still maintained for the 3rd place , the 2nd place of Asia in the whole world.

(2) Political risk index

BERI thinks the political risk of Taiwan, mainly coming from the tense relation with China, the policies of two sides are the greatest difference factor between the political party of Taiwan. It is expected that it is put out that it is difficult that there are constructive policies between 2007 and 2008 , so the political risk index of this investigation our country behaves slightly bad. But, as the cross-Straits relations ease up, the political risk index of Taiwan will be improved after BERI predicts one year. It is the 2nd place of Asia, second only to Singapore. On the whole, the political risk of Taiwan will be reduced gradually in the following 10 years.

(3) Exchange risk index

BERI thinks that Taiwan makes the risk index of exchange present and rise the state because there are the huge frequent remaining sum of account and foreign exchange reserve. Will it be one season 2006, person who export 55,821 million, grow up 13.9%, person who import 51,512 million, grow up 9.8%, the favorable trade balance is expanded as 4,309 million dollars (2,112 million dollars in the same period of 2005) further; Estimate and can be up to 20 billion dollars in advance in favorable trade balance in the whole year of 2006.

TABLE II
THE ASIAN INVESTMENT ENVIRONMENT COMPARES AND ASSES THE SUMMARY STATEMENT

C O U N T R Y	The investment environment is compared and assess (total index)						Operation risk				Political risk				Exchange risk			
	2006			2011			2006		2011		2006		2011		2006		2011	
	Grade	Rank	Comment	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	Grade	Rank	
China	61	17	1C	62	17	53	24	54	23	57	18	57	20	72	10	75	8	
India	46	31	2B	49	29	48	28	50	30	38	46	41	43	52	28	55	25	
Japan	75	3	1A	75	4	66	13	67	13	62	11	63	12	96	1	96	1	
Korea	59	21	1C	62	17	52	26	54	23	51	23	55	23	74	8	75	8	
Singapore	79	2	1A	80	2	75	2	78	2	76	2	76	1	85	4	85	4	
Taiwan	72	6	1A	74	6	72	3	74	3	60	15	63	12	84	5	85	4	

Among January-June of 2006, the investment amount of the foreign capitals is 6,945 million dollars, more than 600 investment case; The piece increases by 31.1% in more annual than to go 2005. The same period , and the amount of money grows up and is up to more 530%. The foreign exchange reserve of Taiwan is up to 2,615.51 hundred million dollars at the end of September of 2006, higher than 2,523.22 hundred million dollars at the beginning of the year. According to every index, after predict one year and 5 years later, mark of this index in Taiwan improves, the place is the 4th place of the whole world , the 2nd place of Asia , will maintain the good situation continuously.

IV. CONCLUSION

Assess as to national risk , except outside materials collect and study and judge, also it is necessary to adopt the Scenario Analysis of simulation , go on sequentially according to the step designed: (1)Select the national targets analyses, (2)consult the research model of the foreign research institution, select the important ginseng parameter which influences the national risk, (3)predict or suppose that joins perhaps changes the direction and degree of the parameter, (4)observe the risk parameter susceptibility under different situations, (5)explain the reason why the risk changes. Set up the relevant research database in the country in Southeast Asia at the same time , collecting the materials respect can pass relevant organizations , such as foreign trade association , Bank of Communications ,etc. , or investigate the relevant various countries , key unit of interview and relevant research institution or the manufacturer . In addition, can exchange through the international materials, set up database line and information and exchange plans with the domestic and international relevant research institution.

In addition, the officer learn expert's having an informal discussion , existence degree of studying and judging the risk that the focus group has an informal discussion ,etc. , and establish and revise every risk index through producing, thought that what made policy and analyses in policy was used, offered all circles to consult at the same time . Finally, through the issue of the risk report, announce one by one that assesses the project, criterion and grade of risk in relevant country's risk, and hold the transnational enterprise evaluation meeting, gather each side's suggestion in order to revise the risk index and policy direction, consult in order to offer the relevant unit and family property from all walks of life person.

In spite of the adverse effects of the logistics development crisis in Asian region, some Asian countries are still able to maintain their logistics development advantage. A report released by Logistics Consulting Partners Ltd that indicate the Potential growth opportunities in Asia Pacific logistics in terms of sectors and countries. The key sectors for the future are electronics/hi-tech, chemicals, industrial, pharmaceuticals, textiles, grocery and other retail sectors. Not surprisingly, the key countries for the future are China, Korea, Malaysia and the Philippines, Thailand, Indonesia and Singapore (LCP 2001).

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