SAVANNAH STATE UNIVERSITY

GLOBAL LOGISTICS & INTERNATIONAL BUSINESS EDUCATION AND RESEARCH

(G-LIBER)

Global Logistics

Spring 2018 No 28 April 30 2018

Maersk CEO calls for end to shipping subsidies

Government subsidies for shipping have led to overcapacity in the ocean freight business and that is holding down rates on global shipping lanes. Maritime executives estimate capacity on Asia-Europe lanes outweighs demand by 20%. Without pointing fingers at specific carriers or governments, the head of the world's biggest container shipping line said companies should stop building ships for businesses that aren't profitable.

Source: The Wall Street Journal/ Logistics News April 26, 2018

Amazon's fiscal discipline pays off as it more than doubles profit

The threat of greater government scrutiny isn't slowing down the tech industry's big players, as Amazon.com Inc. proved. The online colossus shocked Wall Street by doubling its first-quarter profit to $1.6 billion, in what the WSJ's Laura Stevens reports was its largest annual growth in more than five years. E-commerce was the driving force behind Amazon's 43% growth in revenue to $51 billion, and the company now accounts for 43 cents of every dollar spent online. The company spent nearly $6.1 billion on shipping, a 38% increase from a year ago that was outpaced by the sales growth. The firm is investing heavily to build out its logistics functions, adding warehouses and bulking up its delivery network. With some $18.2 billion in operating free cash flow over the past 12 months, Amazon has the financial muscle to invest as much as it wants in logistics expansion.

Source: The Wall Street Journal/ Logistic News April 26, 2018

UPS's balancing act: more packages, less spending

United Parcel Service Inc. is undertaking a balancing act in parcel shipping. The the parcel carrier's U.S. operation is now delivering more packages to consumers than to businesses, the WSJ's Paul Ziobro reports, a more expensive endeavor since it requires more stops and there are fewer items to drop off at each stop. And while the firm is looking to cut costs in staffing and procurement, it's also kicking off a planned three-year investment plan to upgrade and expand its network, including up to $7 billion in capital spending this year. Earnings reflected the shifting business, as domestic package revenue rose 7% to $10.2 billion but profits fell on higher costs.

Source: The Wall Street Journal / Logistics News April 26, 2018

Freight railroads get boost from tight trucking markets

Freight railroads are capitalizing on a historically tight trucking market as companies move more shipments from highways to rails. Domestic cargo volumes are surging on industrial expansion and strong economic growth. But demand is outstripping the supply of available trucks, which move more than 70% of U.S. freight, making it more expensive and difficult to book over-the-road transportation.

Source: The Wall Street Journal / Logistics News April 30, 2018

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This bi-weekly news blast is an initiative of Global Logistics & International Business Education and Research (G-LIBER) Center housed in College of Business Administration (COBA) at Savannah State University.