

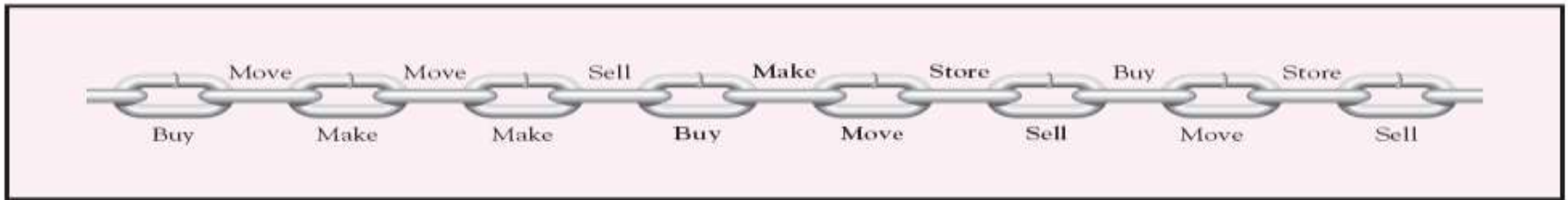


# Global Supply Chain Paradigm – Framework and Conceptual Vision

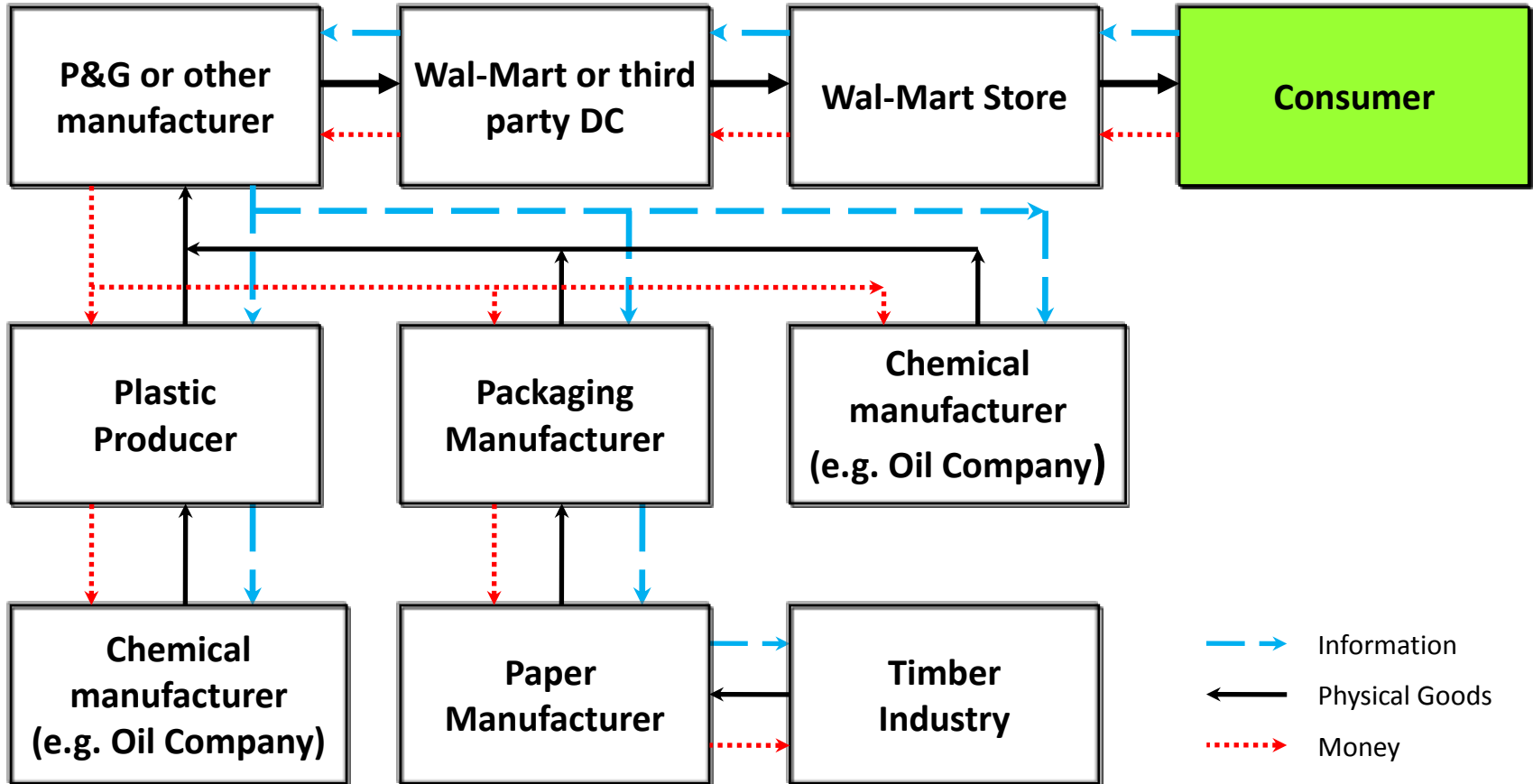
-by Professor Dr. Sidong Zhang  
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# What is Supply Chain

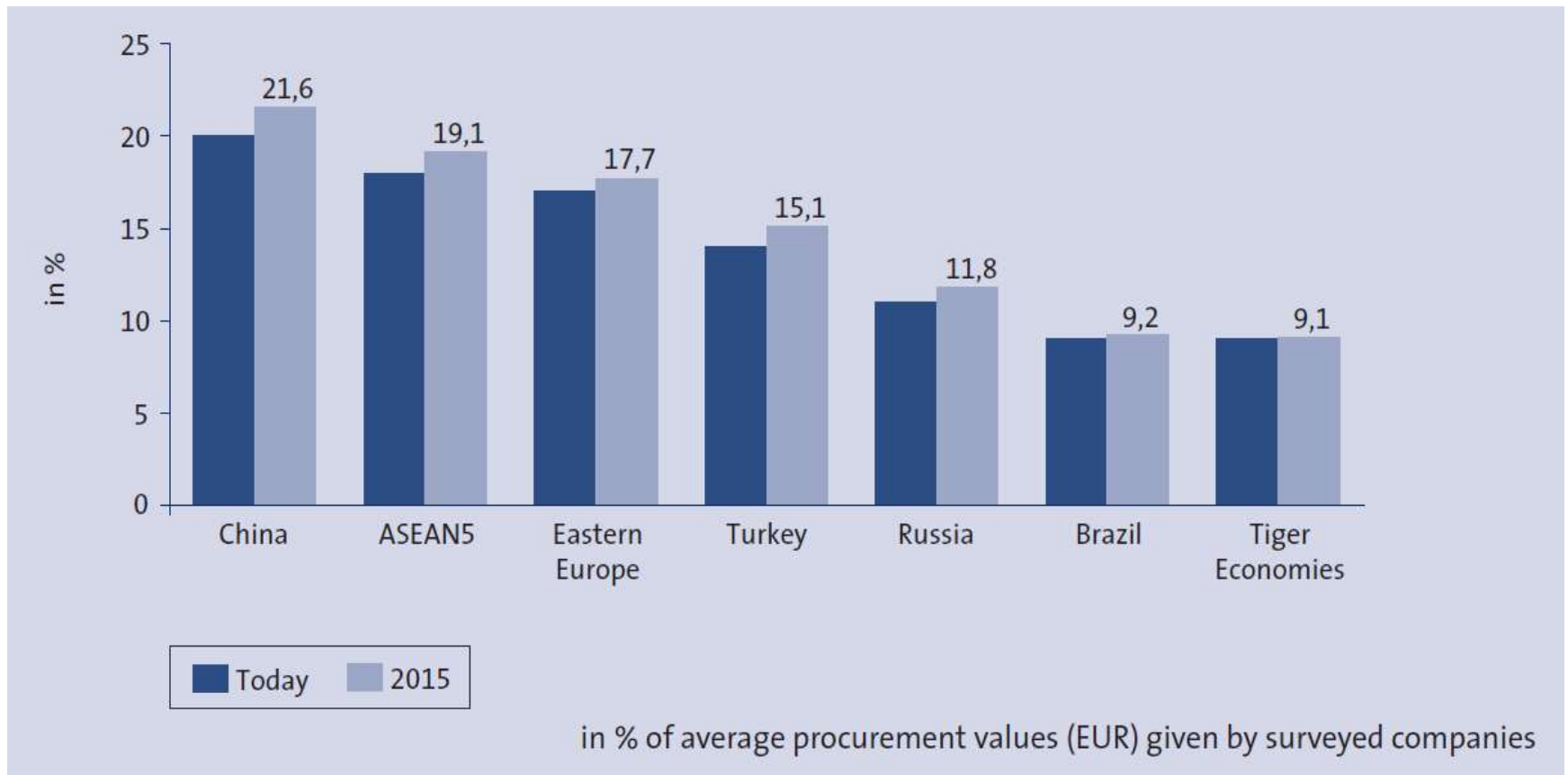
- Two or more parties linked by a flow of material, information & money, often global in scope



# What is Supply Chain



# Global Supply Chain Prevails



Data Source: BVL TU Berlin IP 2010

# Global Supply Chain Prevails



Data Source: BVL TU Berlin IP 2010

# Supply Chain vs. Logistics

- The difference between Supply Chain and Logistics
  - Supply Chain operation encompasses all activities involved in sourcing and procurement, conversion and all logistics activities
  - Logistics operation is that part of the supply chain operation that plans, implements and controls the efficient, effective forward and reverse material flow, storage of goods and corresponding services between the point of origin and the point of consumption.

# Logistics vs. Economic Development

- Logistics makes contribution to economic growth
  - the backbone of international trade, encompassing freight transportation, warehousing, border clearance and payment
- Logistics is important for the public policies of national governments and regional and international organizations
- The efficiency of logistics depends on government services, investments, and policies
  - Building infrastructure, developing a regulatory regime for transport services, and designing and implementing efficient customs clearance procedures

# Logistics vs. Economic Development

- Most high-income countries from OECD are high logistics performers.
- Well established key logistics players have an important role in global or regional supply chains.
- Income alone does not explain logistics performance
  - The top 10 logistics performers of 2012 World Bank LPI
    - Singapore, Hong Kong, Finland, Germany, Netherlands, Belgium, Japan, U.S., UK
  - The most over-performing non-high-income countries of 2012 World Bank LPI
    - Vietnam, India, China and South Africa



# Infrastructure Is the Backbone of Logistics and Global Supply Chain

## Achievement of China

- Rural population dropping to 50.32% of total population in 2011 from 70.5% in 1978, 500 million people lifted out of poverty
- 2nd largest economy in the world with \$8.7 trillion GDP in 2012
- The world's largest exporter with \$1.9 trillion exportation and \$1.74 trillion importation in 2011
- The world's largest manufacturer with \$1.87 trillion industrial output in 2011
- 210 industrial product's output ranked #1 in the world
- 2nd largest placement of foreign investment in the world since 1993, 70% foreign investment heading to manufacturing

## Infrastructure in China

- The world's 2nd largest highway network
- The world's 3rd largest railway network
- One of world's largest waterway networks
- One of world's largest civil aviation networks
- The world's largest electricity producer
- The world's largest telecommunication network



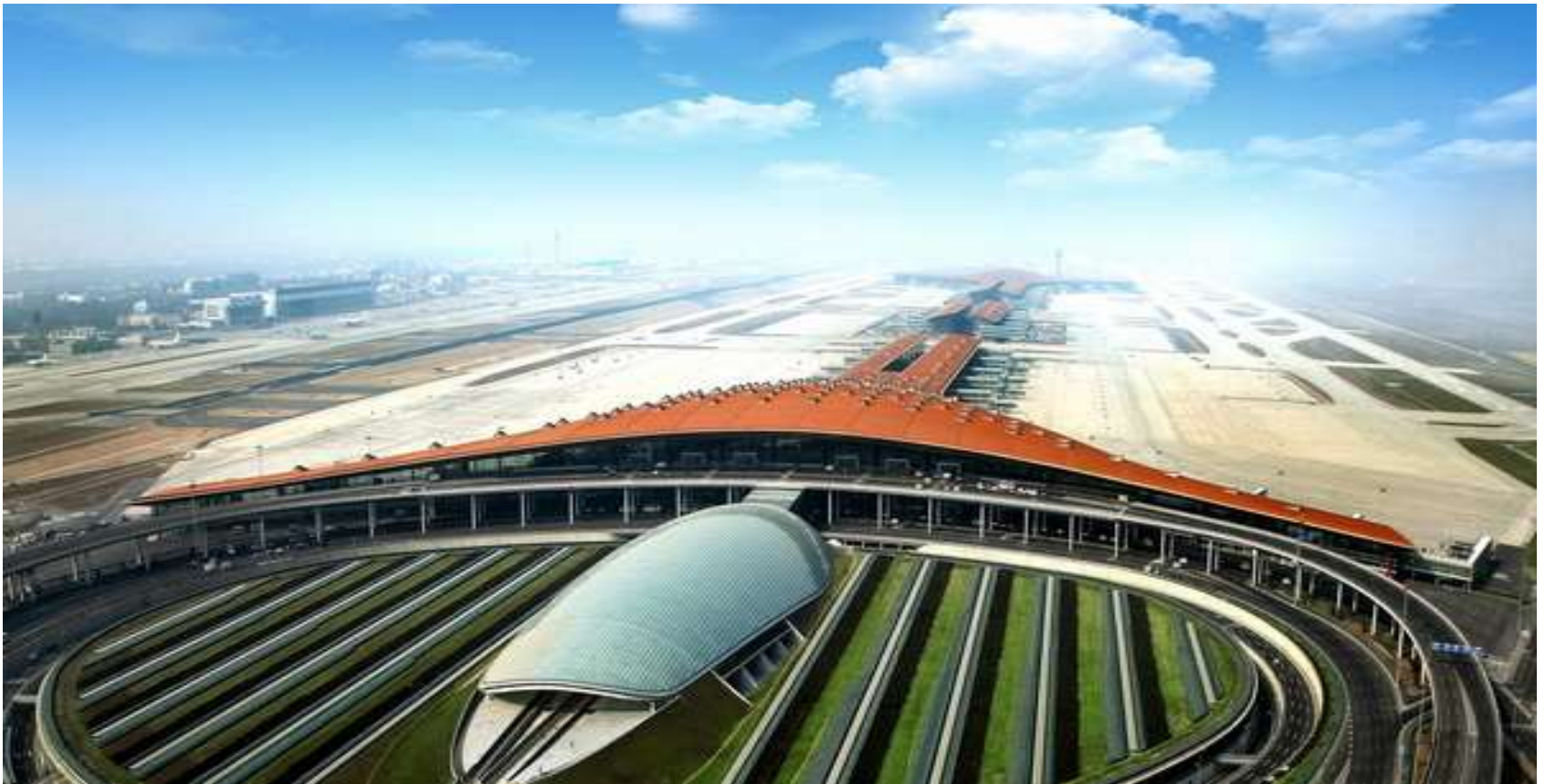
# Infrastructure Is the Backbone of Logistics and Global Supply Chain

## Shanghai Yang Shan Port



# Infrastructure Is the Backbone of Logistics and Global Supply Chain

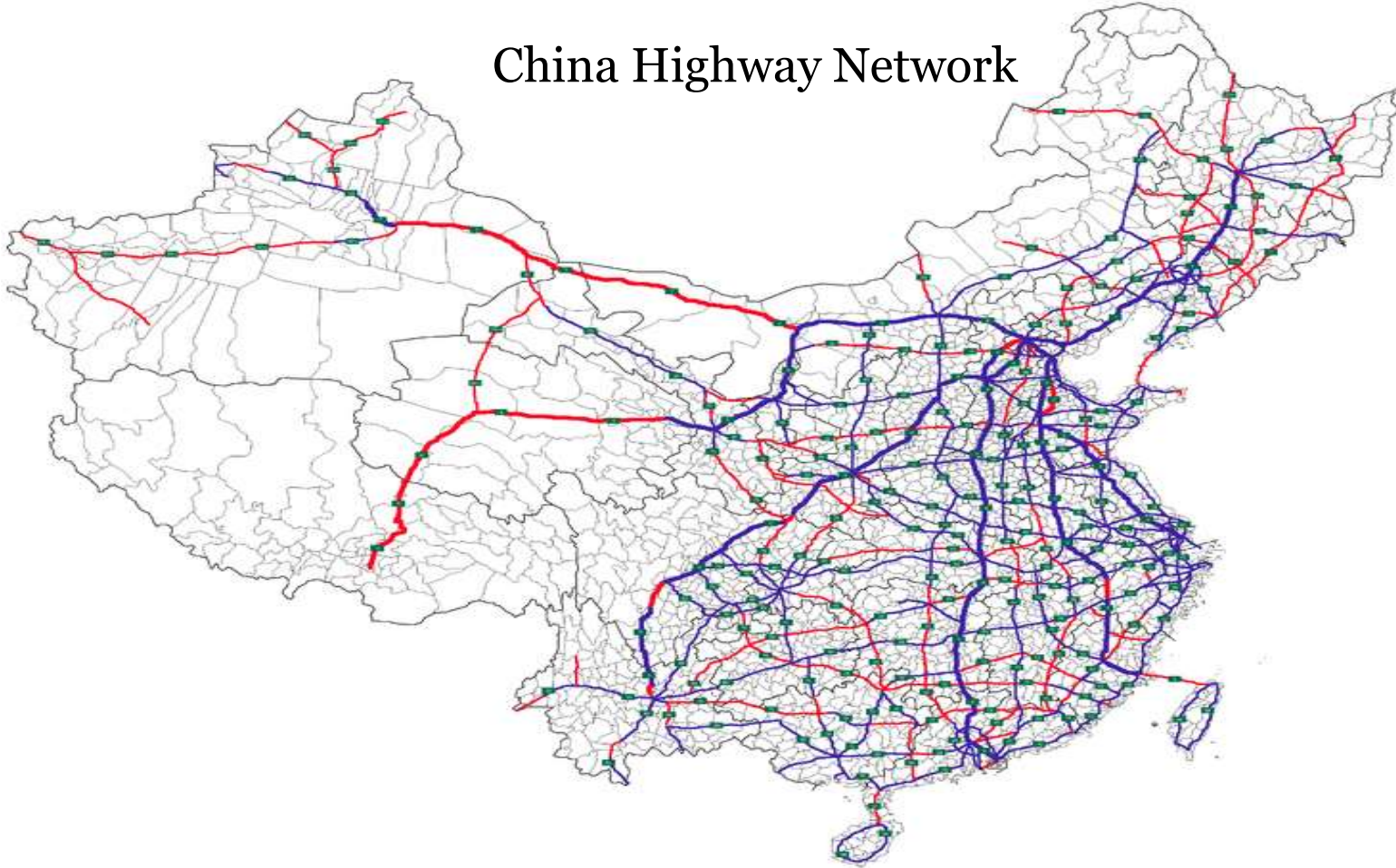
Beijing Airport Terminal 3 – Largest Single Terminal in the World





# Infrastructure Is the Backbone of Logistics and Global Supply Chain

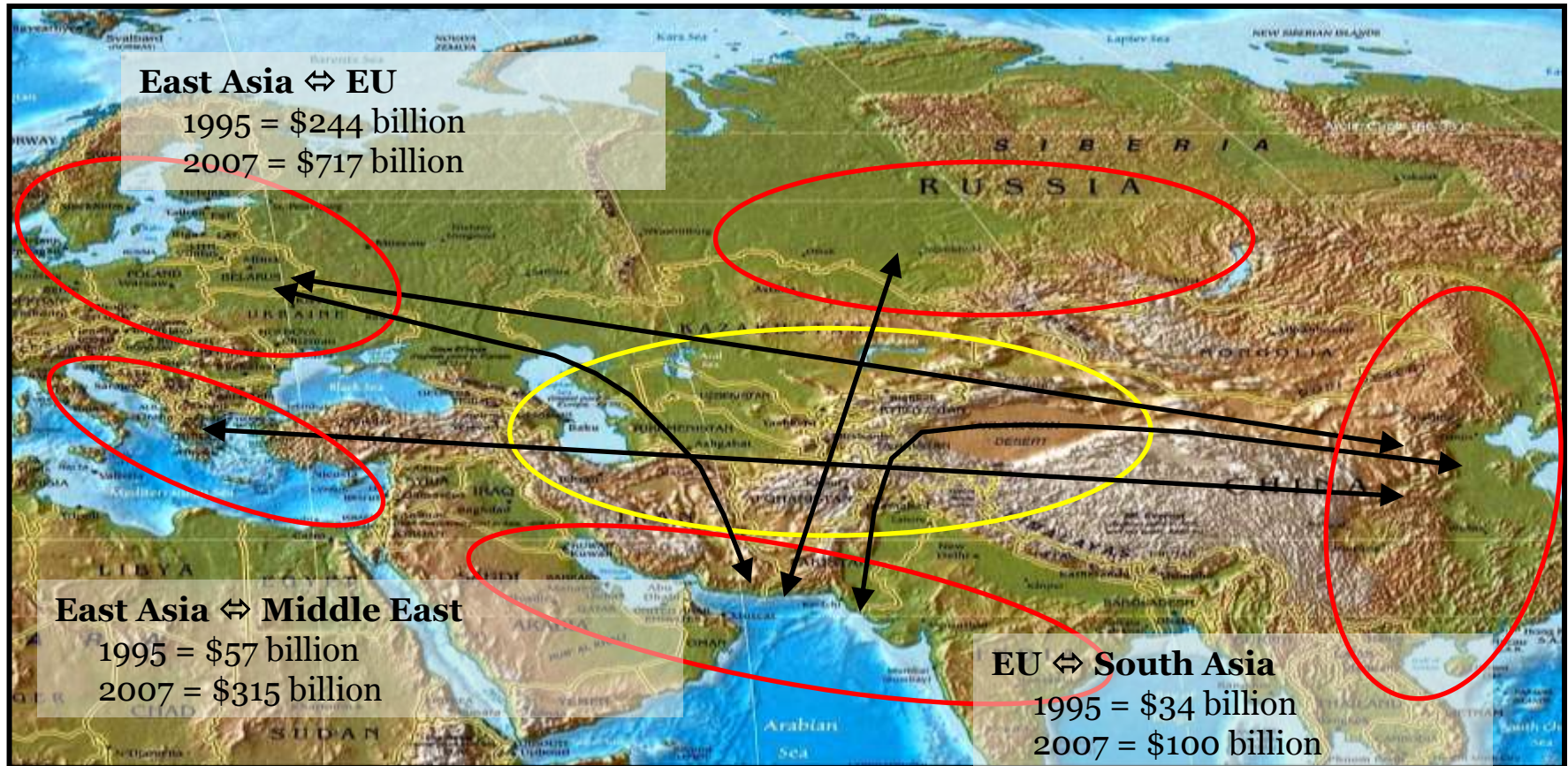
China Highway Network







# Infrastructure Development and Global Supply Chain Opportunity in CAREC



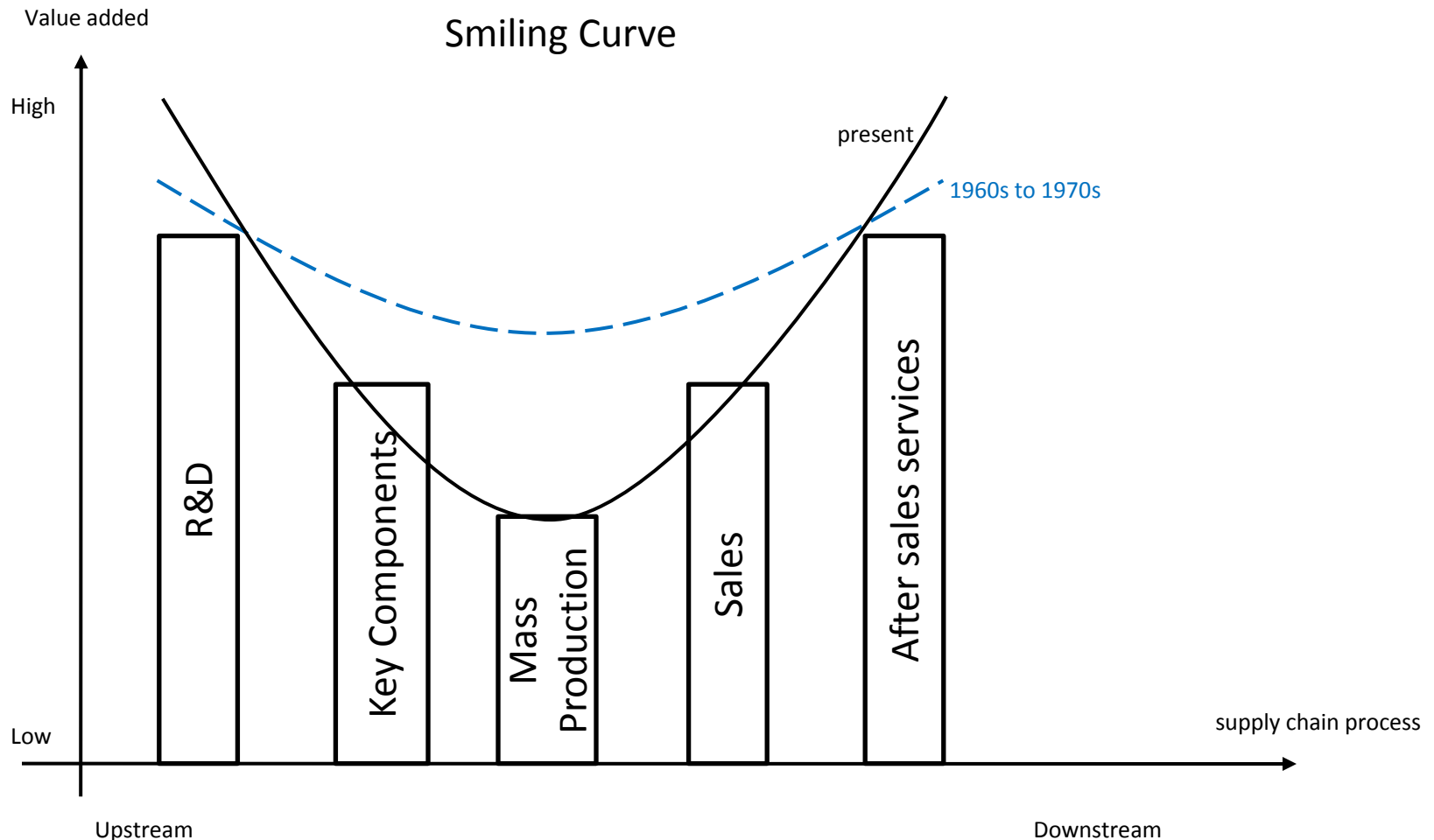
Source: IMF DOTS (Jun 2008)

# Infrastructure Development and Global Supply Chain Opportunity in CAREC



Source: CAREC March 2009

# Matrix of Value Adding and Supply Chain Process





# Achieve Strategic Fit

- Strategic fit:
  - Consistency between customer priorities of competitive strategy and supply chain capabilities specified by the supply chain strategy
  - Competitive and supply chain strategies have the same goals
- Failure because of a lack of strategic fit or because of mismatch between processes and resources, not providing the capabilities to execute the desired strategy

# Achieve Strategic Fit

- Pragmatic market oriented approach



# Achieve Strategic Fit

- Pragmatic market oriented approach



# Successful Factors for Being Part of Global Supply Chain

- Government public policies, services and investments
- Government strategic, sustained interventions
- Long term commitment
- Cross border benchmarking
- Interregional competition
- International trading organization and regional free trade agreement
  - WTO, NAFTA, AFTA, TPP
- Integration of hardware and software
- Sustainability

# Thank You

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