UNIVERSITY OF AZUAY

Faculty of Law

School of International Studies

THE INTERNATIONAL PHYSICAL DISTRIBUTION OF FOOTWEAR FROM GUALACEO FOR EXPORTATION TO THE PRINCIPAL PORTS OF NETHERLANDS: PORT OF ROTTERDAM AND PORT OF AMSTERDAM

Graduate work prior to obtaining a Bachelor's degree in International Studies with bilingual mention in Foreign Trade

Author:

Graciela Carolina Guncay Bustos

Director:

Ing. Carlos Durazno

Cuenca, Ecuador

2014

DEDICATION

With all my affection, and my love for that person who did everything in my life to achieve my dreams. The one who since I was little taught meto speak, taught me to laugh, andtaughtme to never give up. I loved him even before I knew what love was. He was my hero, my real life hero, my father who, although he is no longer among us, will always live in my thoughts; who while he lived was an unconditional support in my studies. To my grandfather Gonzalo, who always supported me when I most needed it; although he is no longer with us physically, he is always present in my heart, for having believed in me until the last moment.

This is also dedicated to my mother Graciela for giving me life. She has always been concerned with my daily struggles. To my siblings Amanda, Aaron, Pamela, and my boyfriend, who in the last few years has supported and encouraged me to achieve the goal that I have achieved today. They have had to sacrifice along with me, and they have supported me for not giving up.

Carolina Guncay

THANKS

Mainly, I want to thank God for giving me his blessings to get where I am today, and for walking along with me during my career. Next, to the University of Azuay for all the support provided for the completion of this stage of my life. Especially to my thesis director Engineer Carlos Durazno, who gave me his time and wisdom in several fields of knowledge, especially in foreign trade, logistics and international physical distribution, thus helping me in various aspects and requirements for the development of my project. I thank him for his support, patience and motivation that have been achieved in me, so I can finish my studies with success.

Additionally, I would like to thank the May First Shoemakers' Guild, its president, EngineerFlavio Sarmiento, and all of its members for their time and support; furthermore, special thanks to Mr. Peter Lituma, member of the previously mentioned guild who was very helpful in the phase of research and knowledge of the footwear produced in Gualaceo. Finally, to my family, friends, boyfriend, aunt and my grandparents who stood by me throughout this period; many thanks to all from the depths of my heart.

Carolina Guncay

TABLE OF CONTENTS

INDEX OF TABLES

INDEX OF FIGURES

RESUMEN

La Distribución Física Internacional del Calzado Gualaceño hacia los Puertos de Rotterdam y Ámsterdam, es posible porque el calzado gualaceño cumple con las características necesarias y mano de obra adecuada para la exportación del calzado. Además, de cumplir con la norma ISO 14001 que ayudará con la optimización del sistema de gestión ambiental y es necesaria para que el producto ingrese a Países Bajos sin ningún problema aduanero. Este producto será fabricado por la mayoría de los socios del Gremio de Confeccionista de Calzado Primero de Mayo y será exportada con una marca conjunta que es Santa Bárbara Shoes. La exportación se la realizará en termino CIF (costo, seguro y flete) por lo cual estamos encargados de determinar el modo de embalaje, contenerización, tipos de transporte y tiempos de entrega para incrementar la competitividad del calzado gualaceño. También nos encargaremos de contratar el seguro internacional que tendrá como beneficiario al comprador.

ABSTRACT

The International Physical Distribution of Footwear from Gualaceo to the Ports of Rotterdam and Amsterdam is possible because the footwear produced in Gualaceocomplies with the required characteristics and adequate manpower for the exportation of footwear. Also, the footwear complies with the ISO 14001 that will help with the optimization of the environmental management system, which is necessary for the product to enter the Netherlands without any customs problem. This product will be manufactured by the majority of the members of the May First Shoemakers' Guild. It will be exported with a joint brand which is Santa Barbara Shoes. Exportation will be in terms of CIF (cost, insurance and freight), which means that the exporter is responsible for determining the mode of packaging, the type of container, the types of transport and delivery times to increase the competitiveness of Gualaceo'sfootwear. Moreover, the exporter is responsible to hire international insurance, of which the buyer is beneficiary.

INTRODUCTION

Gualaceo, named "Cultural Heritage of the Nation" by the Ecuadorian Government on December 31, 2002, is also known by the inhabitants of the Austroregion of Ecuador as the Garden of Azuay. Gualaceo is located in the northeastern part of the province of Azuay, a site of greatbeauty in the landscapes, productivity, and artisanal production.

The territory hasoutstanding craft production of woolen goods knitted or woven on a waist loom, products made of toquilla straw, baskets, embroidery, and especially footwear. In Gualaceo, there are skilled craftsmen that are developed in the area of footwear, producing for generations shoes of up-to-date designs.

Gualaceocomplies with the necessary requirements since it has excellent workmanship, easy acquisition of footwear, minimization of costs and adequate production of this product.

One of the main objectives is to provide the general public and especially to members of the May First Guild the necessary information to place Ecuadorian footwear in the international market; thereby offering a good quality,competitive product which also provides sustainability to the artisanal sector of Gualaceo. In addition, the objective is to provide information on the processes, procedures, costs and resources necessary to export under one brand and place the product in the Dutch market.

In this study, the process will be analyzed from the acquisition of the product in the canton of Gualaceountil its delivery in terms of CIF (Cost, insurance, freight) at the ports of Rotterdam and Amsterdam. Therefore the project considers the consolidation of the product, unitization, containerization, and local and international transport, as well as the customs processes and costs necessary for this purpose.

CHAPTER 1

GUALACEO AND ITS FOOTWEAR MARKET

In this chapter, I will discussGualaceo jointly with its footwear market and its opportunities in the international market,thanks to important transformations generated as a result of social, artisanal, and touristic events and the requirement of the market, which have influenced the evolution of productive structures in the canton of Gualaceo.

In this sense, my research focuses on the footwear sector, which for asignificant period has defined the development of the canton. In addition, I will diagnose with the members of the May First Guild to establish the amount and types of footwear that they are able to provide monthly for export.

Gualaceocontains excellent workmanship in the manufacture of footwear, and its destination includes the local and national market, with the conditions required by international markets. However, there are deficiencies related to international physicaldistribution that prevent getting the best returns in the export process. For this reason, the development of this work will provide solid foundations that will help to optimize the implementation of this logistics chain (LUNA, 2007:98.)

1.1 Canton Gualaceo

1.1.1 Geographical Profile

Gualaceo has an extension of 346.5 km². It is located in the province of Azuay, and bordered to the north by Paute, to the south by Chordeleg and Sigsig, to the east by ElPan, and to the west by Cuenca (MARAMBIO, 2009). It is located thirty-five kilometers from the provincial capital, which is Cuenca. Its population is 38.587

inhabitants. This grand valley is bathed by the rivers of San Francisco, Santa Barbara and Guaymincay (MUNICIPALITY OF Gualaceo, 2010).

Because of its location in a valley surrounded by beautiful mountains, one can enjoyboth temperate and cold climes, with a temperature range from 6 degrees Celsius, during the coldest seasons to 25 degrees Celsius on sunny days. In the high parts where the altitude exceeds 3.000 meters above sea level, the weather is cold, as in all the upland areas of the mountain ranges where the cloud forest and Andean plateau ecosystems are found (MUNICIPALITY OF GUALACEO, 2010.)

1.1.2 Social economic profile

The main occupations of the people of Gualaceoare agriculture and the raising of livestock. However, due to the skill and experience of its people, the transcendental activities that define this canton are handicrafts and cuisine which is recognized even at the international level. The products highlighted in this canton are the hats of toquilla straw, carpentry, knitted wool sweaters, embroidery, macana shawls, objects made of precious metals, and mainly footwear, which is now of excellent quality (MARAMBIO, 2009:2.)

According to Jorge Marambio (2009), migration is one of the biggest problems of this canton: between the years 1930 and 1940,migration toward the eastern part of Ecuador; between 1950 and 1960 toward the area of the Ecuadorian coast; and from 1970 to the present times emigration abroad, mainly to the United States of America. This has caused a brain drain especially in the area of crafts and gastronomy. However, the production of footwear and its ancestral teachings continue to define this canton and to bring it toward the economic and social progress and development.

1.2 History of Shoemaking

As a background, in the decade of the seventies small family workshops were converted in to businesses,having as a featureEcuadorian footwear that was knownby consumers for its strength and durability. At the same time the Laws of Industrial and Handicraft Stimulus were implemented. Later, in the eighties the process of business growth and participation in the market was characterized by the assistance and protection of industrial companies, which prepared its penetration in the international market. Subsequently, in the 90's guilds, corporations, groups, and organizations began to be formed to collaborate with the development and growth of the sector, causing difficulties in the artisanal sectors (ESTRELLA, 2007: 16-19.)

At present, the shoemaking sector is going through a crisis due to the scaled economy which is a great limitation related to producing shoes. Other influences are the lack of technology, smuggling, and the importation of Asian footwear. All these aspects are inducing a global economic problem in this industry. However, the situation of shoemaking can be improved by improving the supply chain from purchase of raw materials for the manufacture of footwear, to commercializationwith excellent quality and good prices in international markets, so that competition is not concentrated in one place (ESTRELLA, 2007: 17.)

1.3 May First Shoemakers' Guild

1.3.1 Historical overview of the May First Shoemakers' Guild

The art of shoemaking developed years ago, allowingthe canton ofGualaceoto be considered an artisan center through creative designs in the manufacture of shoes. For this reason, on May 3, 1978,the "MAY FIRST" SHOEMAKERS' GUILDwas formed,with ministerial agreement No. 0602, as a legally-constituted organization, of private, nonprofit rights, with an unlimited number of members and of indefinite duration, whose registered office is in the canton ofGualaceo, province of Azuay, with

the purpose of promoting social good in the artisanal realm, and governed by the Craftsman's Defense Law (Sarmiento, 2013).

It is currently under the leadership of Mr. Flavio Sarmiento Matute, with the respective board of directors and forty-nine members. This institution works for the preparation and training in the area of shoemaking. For the artisans,it is necessary to obtain the "Artisanal Qualification" that the May First Guild offers for personal preparation in the process of shoemaking. In this way, new ways to create innovative designs are taught, thus providing both the creativity and ingenuity related to the art. As a result, it aims to develop footwear with safety, efficiency and elegance. It is transcendentalto value the artoffered in this branch, which is the only way this canton keeps alive the future of its artisans, active along with its motto, "Do not waste what is ours, because that would be despising ourselves" (Sarmiento, 2013).

1.3.2 Aims and objectives of The May First Shoemakers' Guild

- Strive for the advancement of the members with technical, artisanal, and cultural training courses.
- Collaborate with all public and private agencies dedicated to the different craft branches.
- Organize craft fairs and exhibitions, inside and outside of the province and the country.
- Promote the creation of stores and craft workshops.
- Establish socio-economicservicesfor itsmembers.
- Benefit from the Craftsman's Defense Law and its regulations for application.
- Negotiate support from public and private agencies, domestic or foreign, for projects that require it.

1.3.3 Duties of the partners of the May First Shoemakers' Guild

- Comply with the provisions of the constitution and by-laws.
- Pay membership fees
- Pay for and receive annually the May First Shoemakers' GuildIDcard.
- Dutifully attend to sessions of the General Assembly.
- Participate actively in the programs and events proposed by the General Assembly or the Board of Directors.

1.3.4 Rights of Members of theMay First Shoemakers' Guild

- Elect and be elected forleadership positions.
- Have a voice and vote at general assemblies.
- Participate on equal terms in all the activities carried out by the guild.
- Retirement and other benefits provided by the entity.

1.3.5 Benefits to the partners of the May First Shoemakers' Guild

- Receive aid and solidarity in cases of illness or death.
- Participate in the agreements with other institutions for training and technological improvement for the strengthening of active members.
- Receivemerited honorable mentions and diplomas.

For the Board of Directors of the May First Shoemakers' Guild, see Annex 1.

1.3.6 Analysis of the members suppliers of the product

The May First Shoemakers' Guild is alegally-constituted organization, which constitutes all the faculties to market their product at the national and international levels. For the analysis of the present work I have used the interview technique with all the forty-nine

current members of this guild, in order to determine those that have the capacity to export footwear. Also, production and the types of footwear needed in accordance with the export season have been discussed.

This guild is characterized mainly by the artisanal, hand-crafted products. However, due to the high current demand that exists in the footwear market, the majority of them have been forced to increase their production of footwearthrough the use of technology, while a small percentage is still purely artisanal.

All the members of this guild are willing to invest in machinery for the production of the shoes if help from the national government is available for acquiring the respective credit.

The most common method used for the design of their products is the research of fashion trends.That is why Gualaceo has been characterized as a tourist destination itself dedicated to footwear. At the same time, models are manufactured based on magazines and original designs of manufacturers. However, one of the weaknesses of this guild is not to providedirect support to its members to patent their products.

Another of the limitations that is related to the manufacture of their products is the acquisition of raw materials,due to the fact that there is an external dependence on certain materials, accessories and raw materials whose import costs are increasingly high, such as soles, platforms, synthetic materials, high heels, corks, leather, inner soles, and linings, among others.

One of the studies the guild should performis the importation of the raw materials needed for the production of footwear. In this way, it would increase productivity and reduce costs by large-scale purchasing.

The products of external dependency represent 65% of the production of footwear, among which are leather, synthetic exteriors, lining, soles, and templates. The products

produced nationally represent 20% of the production of footwear, among which are nails, heels, and glues. The local products represent 15% of the production of footwear, among which are heels and other indirect costs for the manufacture of footwear (LITUMA, 2013).

1.3.7Members of the May First Shoemakers' Guild

Gualaceorelies on excellent workmanship, and its production is sufficient to cover the local and national market, as well as having conditions to projectinto international markets. However, the joint collaboration of the members of the May First Guild First is necessary to obtain better resultsin the exportation of its products, and it is essential to consolidate the production of the qualified providers for the development of this project and the ability to sell the product at the international level.

For the complete list of the members of the May First Shoemakers' Guild, see Annex 2.

It is important to emphasize that Gualaceo is one of the main places for the manufactureof footwear in Ecuador. However, the guild does not have the full support of all members for the realization of a group export plan, because competition between members makes it difficult to carry out a full integration to export as a guild.

As adisinterested party, I have analyzed how each of the membersacquire their products in an individual way and noted those who have the capacity to produce monthly at least 250 pairs of shoes for export. In addition, an agreement will be made to export the products under a single brand to foreign ports, in this case toward the main ports in the Netherlands, the ports of Rotterdam and Amsterdam.

After having carried out the interviews with the forty-nine members and analyzed their production capacity, only twenty-eight have the ability to provide the required amount on a monthly basis, with the exception of the months immediately prior to Mother's Day

and Christmas,at which time the total production is necessary to meet the increased demand of the local and national markets.

For the list of membersqualified for exportation of footwear from Gualaceo, see Annex 3.

1.4 Product opportunities in the international market

According to the Ministry of Industries and Productivity (2013), in its press release DCS-B2013-047 of December 26, 2013,Ecuador saw an increase in production of shoes from 15 million pairs in 2008 to 28 million in 2011. In 2012, according to the Fifth Latin American Forum of Shoemakers in Ambato, Diego Proaño (2013), an economic analyst, explained that during the year 2012, the national production of footwear was around 32 million pairs of shoes. In 2013, it reached a figure of nearly 40 million pairs of shoes. In addition, Ambato has exported 50 percent of its local production to foreign ports since 2009.

The production of footwear in Ecuador hasincreasedthanks to increased tariffs on this product which, as a result,have decreased the importation of footwear. The step taken was the implementation of a joint tariff which entered into force on the first of June, 2010 (THE TRADE, 2013).That is to say, this taximposes the specificcharge of $6 plus 10% of the ad-valorem to each pair of shoes imported. The result of the implementation of this taxation was effective because it is of great help for the protection of national footwear against similar products with lower production costs, such as those from China, Peru, and Colombia (EL UNIVERSO, 2010.)

According to figures from the Ministry of Industries (MIPRO), internal sales of national shoes in 2008 were $165.7 million US dollars, while the sales for 2011 increased to $318 million US dollars. It is clear that these measures have helped the footwear industry.

1.5 Trade Balance of Ecuadorian footwear

Table 1.1: Trade balance of Ecuadorian footwear (millions of U.S. dollars)

	2008	2009	2010	2011	2012	2013
Exports	$33.50	$33.65	$34.938	$42.98	$29.88	$33.08
Imports	$151.98	$61.25	$104.46	$131.59	$151.17	$173.64
Trade Balance	$-118,48	$-27,60	$-69,522	$-88,61	$-121,34	$-140,56

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

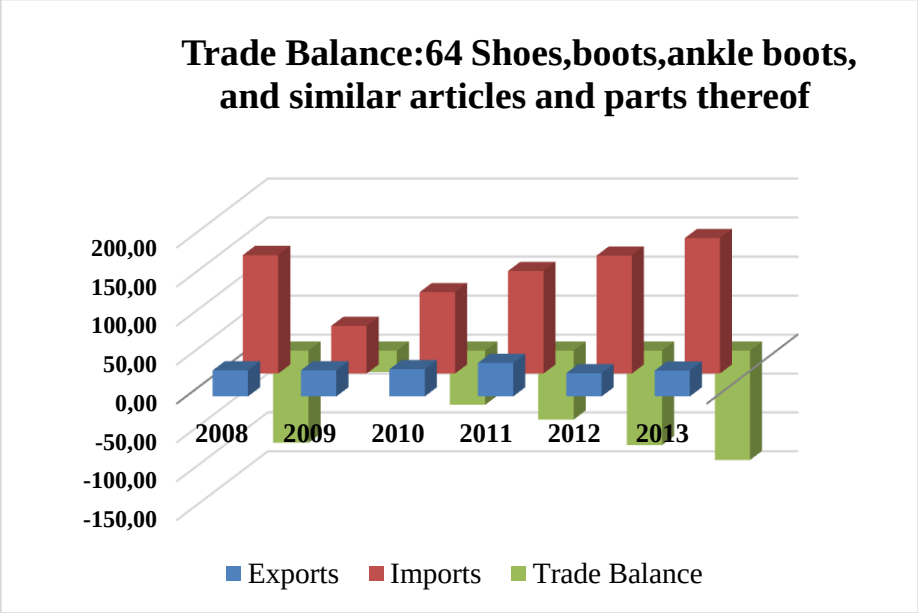

Figure 1.1: Trade balance of Ecuadorian footwear

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

The trade balance of Ecuador in footwear, booties and similar articles hasshown a negative trend in the past five yearsbecause the amount imported by the country is higher than the quantity of exported national products. For example, in 2013 importation of footwear in Ecuador amounted to $ 173.64 million US dollars, while exports were $ 33.08 million US dollars;the trade balance of 2013 was $ -140.56 million U.S. dollars (TRADE MAP, 2014)

The trade balance of Ecuador, tariff chapter 64,has been improved with the help of the tariffs imposed by the government. However, the balance of trade with this chapter continues negative (deficit).

It is transcendental to increase the exports of this product in the next few years to improve the balance of trade, since appropriate conditions for the manufacture of this product in our country are present,and there is a large demand for footwear at the international level.

1.6 Main export markets for Ecuadorian footwear

Table 1.2: Main export markets for Ecuadorian footwear (millions of U.S. dollars)

	2008	2009	2010	2011	2012	2013
Colombia	$25.29	$27.64	$28.62	$32.84	$21.37	$25.87
Peru	$7.44	$5.70	$5.41	$7.80	$7.26	$6.42
Venezuela	$0.33	$0.00	$0.00	$1.21	$0.60	$0.04
Chile	$0.11	$0.06	$0.10	$0.10	$0.16	$0.12
United States of America	$0.15	$0.10	$0.19	$0.25	$0.12	$0.04

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

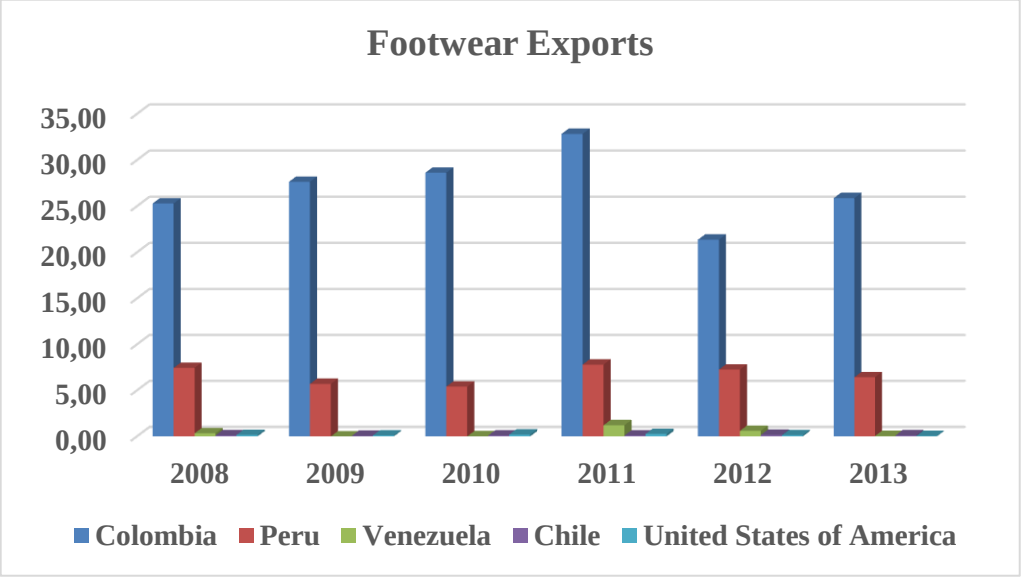

Figure 1.2: Main export markets for Ecuadorian footwear

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

Footwear, besides being a fashion item, is a product used internationally and in constant demand. Ecuador exports mainly toward Colombia, Peru, Venezuela, Chile and the United States of America. In 2011, $ 32.84 billion U.S. dollars of footwear were exported to Colombia, while in 2013 the value was $ 25.87 million U.S. dollars. This country is our biggest trading partner in regard to the export of Ecuadorian footwear (TRADE MAP, 2014).

In addition, Ecuador's footwear exports have as their main destinations:

The South American market: Colombia, Peru, Venezuela, Bolivia and Chile.
The Central American market: Costa Rica, Panama, Guatemala, Nicaragua and the Dominican Republic.
The North American market: United States and Canada.
The European market: France, Italy, Spain and Germany.

1.7 Tariff headings under which Ecuador exports footwear

Natural leather, boththe sole and the top:

64.03.20 Footwear with outer soles of leather and the top of strips of leather. Therefore, it passes over the instep and around the big toe.

64.03.51 Other footwear with a sole of natural leather,Ankle covered.

64.03.59 Others.

Natural leather for the sole and the top of textile material:

64.04.19 Other footwear with outer soles of rubber or plastic.

Mixture of leather, or regenerated and other raw materials:

64.05.10 With the instance of top, leather or regenerated.

64.05.20 With the instance of top of textile material.

64.05.90 Others.

Table 1.3: Table of Ecuadorian footwear exports under the tariff headings of the present study (millions of U.S. dollars)

	2008	2009	2010	2011	2012	2013
64.03.20	$0.01	$0.00	$0.00	$0.00	$0	$0,004
64.03.51	$0.12	$0.11	$0.19	$0.27	$0.069	$0.009
64.03.59	$0.01	$0.00	$0.02	$0.00	$0.015	$0.092
64.04.19	$14.23	$15.18	$10.02	$8.73	$5.737	$7.38
64.05.10	$0.01	$0.00	$0.00	$0.00	$0.009	$0.012
64.05.20	$0.02	$0.02	$0.01	$0.00	$0.017	$0,001
64.05.90	$0.02	$0.02	$0.02	$0.00	$0,005	$0.01

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

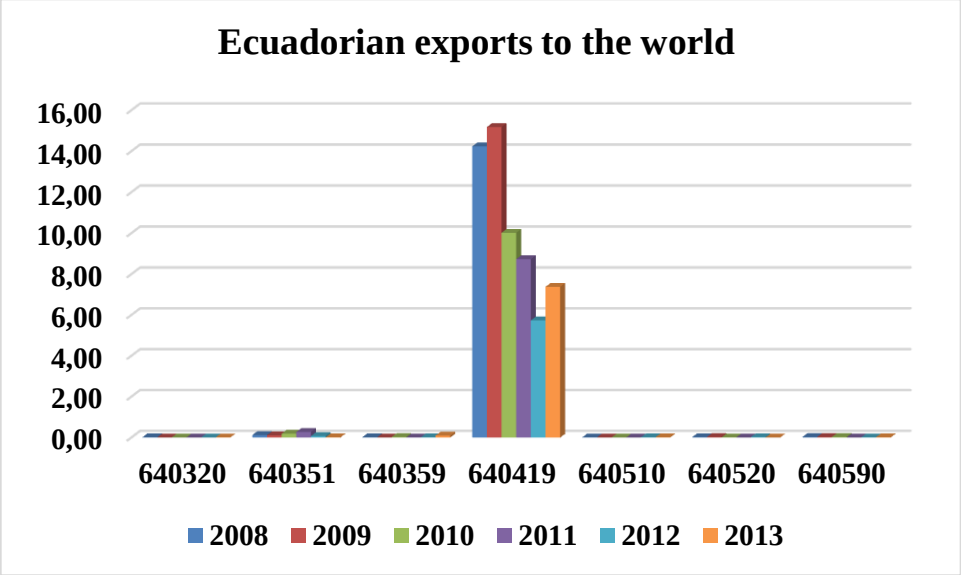

Figure 1.3: Table of Ecuadorian footwear exportsunder the tariff headings of the present study

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

Footwear with natural leather sole and the upper part of textile material belonging to the tariff heading:

64.04.19 Other footwear with outer soles of rubber or plastic, has been of great relevance for Ecuadorian footwear exports, and in 2009, it reached the value of $15.18

million US dollars, and in 2013 was $7.38 million US dollars. Ecuadorian footwear exportsunder other tariff headings mentioned above have not been of great importance (TRADE MAP, 2014).

The lack of entrepreneurship toward new projects for the exportation of footwear gives a negativetrade balance result. However, this trend may change in the coming years, as the exportation of these products is expected.

InGualaceo, footwear under optimal conditions to reach international markets. This would favor the local economy of Gualaceo by the increase in the manufacture of footwear and will help the national economy since it will collaborate with the balance of trade in our country.

1.8 Imports of footwear in the European Union

Table 1.4: Imports of footwear in the European Union (millions of U.S. dollars)

	2008	2009	2010	2011	2012	2013
World	$96.793,19	$86.978,02	$101.298,65	$115.475,64	$116.957,07	$114.697,99
European Union	$38.990,22	$39.722,71	$43.490,92	$49.941,33	$47.041,332	$49.913,27
Germany	$7.005,90	$7.047,78	$7.924,35	$9.492,19	$8.912,21	$9.720,99
France	$5.947,43	$5.565,74	$5.998,87	$6.756,99	$6.442,24	$7.203,46
United Kingdom	$5.304,39	$4.862,22	$5.645,14	$6.002,63	$6.080,71	$5.520,96
Italy	$5.820,66	$5.280,67	$5.897,85	$6.759,32	$5.823,43	$6.058,10
Netherlands (Holland)	$2.628,91	$2.529,45	$2.800,84	$3.792,78	$3.473,91	$3.905,75

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

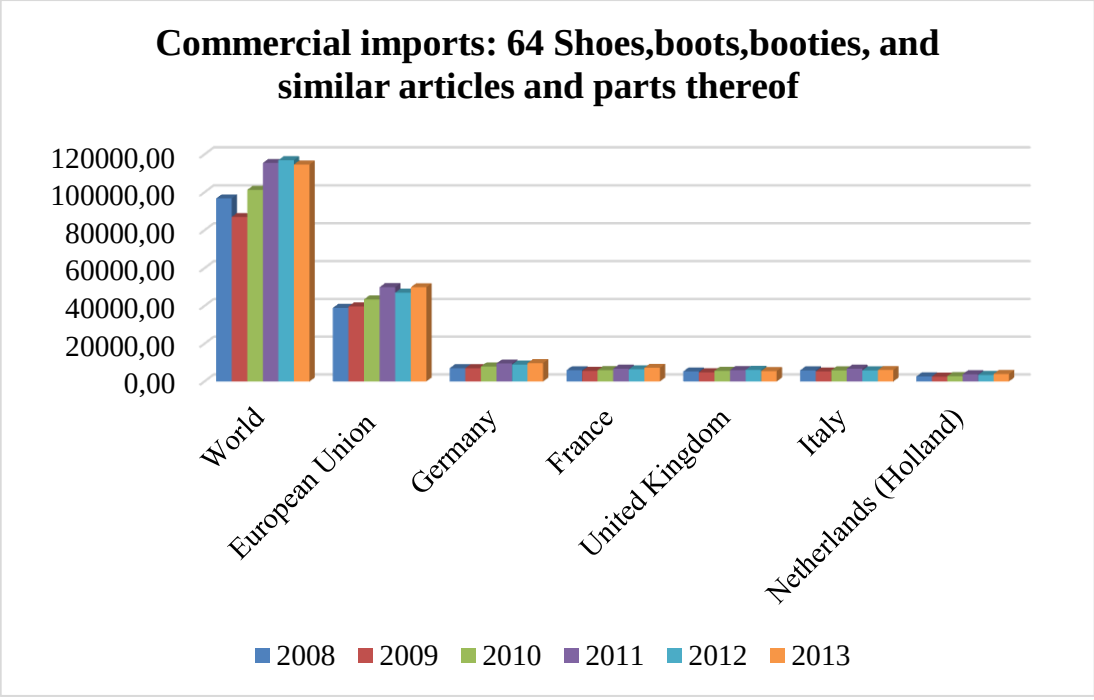

Figure 1.4: Imports of footwear in the European Union

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

Of the total world imports, the European Union accounts for 38% of the demand for footwear at the international level, with Germany, France, the United Kingdom, Italy and the Netherlands as the main markets for imported shoes in this region. The largest importer is Germany with $ 9.492,19 millions of U.S. dollars in 2011 and $ 9.720,99 millions of U.S. dollars in 2013 (TRADE MAP, 2014).

Despite having large footwear producers in Germany, Italy, Spain, and Portugal, among other countries, productionis not sufficient to cover the demand of all the countries of the European Union. The competition of footwear is increasing day by day, with better competitiveness in reduction of costs, large-scale production, better technology, design, optimal strategies and distribution channels.

Ecuador in the international market will have to compete with countries such as Italy, Spain, Portugal, China, India, Brazil, Italy, Thailand, Indonesia, Turkey, Vietnam and Mexico to establish itself as an efficient exporter in the international context. Countries such as China, India, Taiwan, South Korea, Indonesia, Vietnam and Thailand have entered the global market competition because ofthe availability of labor and the use of innovative technology. However, the quality of the products of the aforementioned countries is not well received at the international level because of rapid deterioration.

At present, Ecuador, in order to compete in a globalized market, has had to improve its production, optimize its processes and increase the competitiveness of the sector. Therefore, it has updated the technology for a large portion its production, in order to meet and compete internationally with the essential tools to conquer markets that were the domain of industrialized countries, and offer an economical and durable product to national and international consumers.

CHAPTER 2

THE NETHERLANDS: THE MAIN MARKET FOR THE EXPORTATION OF FOOTWEAR FROM GUALACEO

Holland is known for its windmills, wooden shoes, bicycles, tulips, dikes, canals and ports. In Ecuador it is common for the name "Holland" to be used when referring to the Netherlands. This is due to historical reasons which generally cause confusion when it comes to this country, because strictly speaking the term "Netherlands" refers only to the west of the country, specifically the provinces of North and South Holland (ECONOMIC AND COMMERCIAL OFFICE OF SPAIN IN THE HAGUE, 2013.)

Because of its outstanding features, this country is very important in region. It is also a significant trading partner with Ecuador, not only in agricultural products such as those currently marketed in Ecuador, but also as processed products (EUROPEAN UNION, [s.a.]) Based on its geographical location, it is intended to supply footwear to both the Dutch market and that of neighboring countries of the European Union. In this chapter, I will mention the reasons why I chose the Netherlands from all of the European countries as the final destination and the gateway of footwear from Gualaceoto Europe.

2.1 Geographical location

Map 2.1: Geographic map of the Netherlands

Source: PERSO.WANADOO. (2013)

Its official name is theSovereign State of the Netherlands,with its capital Amsterdam.It has an area of 41.526 km^2. Its name or origin is Nederlanden, or lowlands, because we find a large area of lowlands that are at or below sea level (ECONOMIC AND COMMERCIAL OFFICE OF SPAIN IN THE HAGUE, 2013.) Many areas are safeguarded from rising water, floods, etc.through dykes and embankments which have reclaimed significant areas of land from the sea.(EUROPEAN UNION, [s.a.])

In addition, the country has a magnificent and elaborate system of water drainage since medieval times, which has been very helpful to increase the land area by more than twenty percent. Without this water drainage system that is always running, fifty percent of the Netherlands would be flooded by the sea and by rivers crossing its territory, such as the Rhine River which flows into Rotterdam (LUQUE, 2013:30.)

The Kingdom of the Netherlands is formed, according to the Statute of the Kingdom of 1954 by four countries:

1. Netherlands
2. Aruba
3. Curacao
4. Sint Maarten

The part of the kingdom which is limited to the north and west by the North Sea, 577 km to the west of Germany and 450 km to the south of Belgium and Western Europe stands out because despite being one of the poorest and smallest countries of the world it is of great importance internationally. This country is split into 12 provinces and 27 territorial administrations of water (ECONOMIC AND COMMERCIAL OFFICE OF SPAIN IN THE HAGUE, 2013.)

2.2 General Information

2.2.1 Demographics and society

The Netherlands had a population of 16,805,037 inhabitants in July 2013. Around 3,494,193 people come from foreign ethnic groups, which means that twenty percent of the registered population mostly comes from western and northwestern countries (ECONOMIC AND COMMERCIAL OFFICE OF SPAIN IN THE HAGUE, 2013.) In the European Union and internationally, this country is characterized by the highest population density with 494 inhabitants per km^2 (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2013). The highestpopulation concentration is in the west of the country, in a small area between the Rhine, Utrecht and Amsterdam; here the density is close to 1,000 inhabitants per km^2 (LUQUE, 2013.)

The total population of the Netherlands is 8,447,477 million men and8,357,560 million women (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2013).

2.3 Major cities

Amsterdam: In the 19th century, under the reign of Louis Napoleon, Amsterdam was declared the capital of the kingdom, which it remains to this day; Amsterdam is the economic and cultural center of this region. The capital of the Netherlands is perceived internationally as a sign of tolerance for several of its domestic laws. It also has more than 800,000 inhabitants and a charm of its own which is characterized by its narrow facades and multiple canals (LUQUE, 2013:35).

Rotterdam: It is the second largest city in the country, having 592,700 inhabitants. It is located in the delta on the Rhine and the Meuse andis superficially different from other cities in the Netherlands. At present, this town is one of the most significant in the world, mainly for its harbor, and as the economic and financial hub of Europe (LUQUE, 2013:35).

Delft: It has about 95,000 inhabitants andis located in midway between Rotterdam and The Hague. It is internationally accredited by the Blue Delft, Delft University of Technology and its partnership with the Royal Family (LUQUE, 2013:36).

DenHaag: The Hague(DenHaag)isthe seat of governmentandresidenceof Queen Beatrix, also knownas a center ofpolitical, institutional anddiplomatic life. It has a population approximately of440,000 people(LUQUE, 2013:36).

Utrecht:A cityof great importanceat national and internationallevel, itis located inthe hub ofthe Netherlands.Its population isapproximately250,000inhabitants. Thiscityis the fourthlargest city inthe Netherlands.Like allDutchcities, it is characterized by its beautifulcanals,flowers andmagnificent historical city center dating from the 15thcentury(LUQUE, 2013:37).

Maastricht:Thiscity is located to the south ofthe country andbelongs tothe province of Limburg,with Maastrichtbeingthe provincial capital.This cityis of greatimportance to the world,but mainly tothis regionbecause this is where the Maastricht Treaty, also known as the European Union Treaty,wassigned(LUQUE, 2013:38).

2.4GDP percapita

According to theOrganization forEconomic Cooperation andDevelopment (OECD) and the World Bank, Netherlands registereda GDPpercapitaof$46,054.00U.S. dollarsin 2012, ranking thirteenthaccording to the rankingofcountries with the highestper capita incomeof the OECDcountries.In 2013 it maintained the same ranking.OnlyLuxembourg, Norwayand Switzerlandare ranked higher (COMERCIALOFFICEOF ECUADOR INNETHERLANDS, 2012.)

2.5 Activepopulationandunemployment

The labor market of the Netherlands in the last two years has been characterized by a decrease in the unemployment rate, surpassing the 2008 crisis which caused an increase in the unemployment rate(ECONOMIC AND COMMERCIAL OFFICE OF SPAIN IN THE HAGUE, 2013).This countryis basically characterizedby lowunemploymentratesinconjunction with the countriesof Luxembourg andAustria.It has aworkforceofabout7. 4 million people fromages 15to 65.The active working populationworksmore than twelve hoursper week(COMMERCIALOFFICEOF ECUADOR IN NETHERLANDS, 2012).

2.6Administrativepoliticalorganization

The Netherlands is a constitutional and hereditary monarchy with a parliamentary system of government. Queen Beatrix, who succeeded her mother in 1980, is delegated to be in charge of the Presidency of the Council of State and the leadership.The Council of Ministersis in chargeof the executive power.Usuallythe governmentis composed ofa coalition ofpolitical parties, soit is not commonto haveabsolute majorities. This country has been criticizedinternationallymainly for itsliberal policies, especially in field ofdrug use,prostitutionandeuthanasia. Netherlandsis home tothe International Courtof Justice (COMMERCIAL OFFICE OFECUADORINNETHERLANDS, 2012).

Majorinternational affairsministersare:

•Secretary of State forEconomicAffairs, Agriculture and Innovation: HenkBleker(CDA.) in contacts withthe outside hasthe rank of minister: Minister of Agricultureand Foreign Trade.

•Minister of Immigrationand Asylum:GerdLeers(CDA)

•Minister ofForeign Affairs:UriRosenthal(VVD)

2.7Stateterritorialorganization

At present, the country is composed of twelveprovinceswhich are Groningen, Friesland, Drenthe, Overijssel, Utrecht, South Holland,North Holland, Zeeland, North Brabant, Limburg andFlevoland (Luque, 2013.)The country is further divided into443municipalitiesand 27 waterauthorities. These last, whose function is to controlwater quality andensure the supplyto users, control different territories of the water system. (COMMERCIALOFFICEOFECUADORINNETHERLANDS, 2012).

2.8Practical information

Approximately half of the population of the Netherlands is historically Christian. According to the Central Department of Statistics,the distribution of this country's population by religion,out of 100%, in 2009 was divided into Roman Catholic 27%, Protestant 16%, Muslim 5%, Hindu 1%, Other religions 3%, and No Religion 48 % (LUQUE, 2013:11).

The Netherlands is a countrywiththe high standard ofsafety, welfare andprosperity as becomes a Europeancountry with an upper-class lifestyle.Thesocietyis characterized by beingopen, especially in the field of internationaltrade, business culture, and its entry and exit formalities.

2.8.1 Business Culture

Generally the citizens of the Netherlands prefer that issues relating to business be treated as openly as possible; they say what they think and do not waste their time.In other words:

- What do you offer?
- How much?
- What are the characteristics?
- What are the conditions for the contract?

It is considered a lack of respect and lack of interest in business toarrive late to a meeting or to introduce topics of conversation not focused on the negotiation. Punctuality is important; it is advisable to arrive 10 to 15 minutes before the scheduled time, or communicate in advance anyreason important enough to arrive late or cancel a meeting (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2012).

It is advisable to keep the conditions formal and only slowly move toward a more casual relationship. However, the style and personality of the possible trade partner must be considered. Furthermore, is extremely relevant to exchange business cards, preferably in Dutch. Dutch is the official language; however, English is used in the commercial arena. Care must be exercised because the expressions and terms may have different meaning thanin U.S. English (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2012.)

The Dutch market is very competitive and demanding.Therefore, the quality and service of the dealers, such as the courtesy of the salesperson and efficiency in respondingto product price quotes, delivery prices and shipping of orders, are paramount. It is significant that delivery dates be met without delay.

2.8.2 Formalities of entry and exit

The Netherlands consulate in Ecuador closed in 2012 in Ecuador. The Ministry of Foreign Affairs of the Netherlands has arranged that all procedures relevant to travel to the country are performed at the Spanish Embassy in Quito and the Spanish Consulate in Guayaquil. Schengen Visa Applications and temporary residence must be done in person, either at the Embassy of the Netherlands in Lima or the Spanish Consulate. Business visas for commercial negotiations withthe country can also be obtained (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2012).

For useful address to obtain further information, see Annex 4.

2.9 Climate

The climate is of an oceanic marine type, with moderate heat tempered by cool winds and summers with reasonable temperatures. Winter is generally docile, although there may be rapid drops in temperature. Rains usually occur in the spring (LUQUE, 2013:7.)

- The summers are usually warm and at this time there are a lot of tourists mainly in the northern beaches, the Friesian Islands, and the southern regions of Drenthe and Limburg (LUQUE, 2013:7.)

- In autumn, the days are sunny withbeautiful scenery such as trees that change color (LUQUE, 2013:7.)

- Winters are cool, but it can be very cold with frequent rain. Even more, snow and fog can remain in the city for several days (LUQUE, 2013:7.)

- In the spring all the green spaces are covered with flowers andadorn cities and towns (LUQUE, 2013:7.)

2.10Currency exchange rate developments against the dollar

Figure 2.1: Currency exchange rate developments against the dollar

Source: DATOSMACRO (2014)

The Netherlands has been a member of the European Union since its formation and the euro has been the official currency since 2002.In spite of the economic crisis,the euro has evolved and currently the exchange rate against the dollar is 1.36 U.S dollars,as of May 31, 2014. As noted in the table above, the value of the euro has varied significantly against the dollar. Last yearit reached its lowest point in May 2013, at which time the exchange rate against the dollar was $ 1.28 U.S. dollars. Its highest point so far was found in the month of April 2014, in which the exchange rate against the dollar was $1.38 U.S. dollars.

2.11Transportation infrastructure

The Netherlandshas a largetransportation infrastructurewithin the country andwith majorconnections acrossEurope, in ground serviceviaroadand rail. Furthermore, ahigh-speed linethat will connectthe countrywith Belgium andFrance, along with a branch to Germany, will soon be completed.For air transport service in the Netherlands, thebiggest airport, which is the fifth largest in Europe, is theAmsterdam-Schiphol Airport; several other internationalairports are locatednearthe cities ofRotterdam, Maastricht, EindhovenandGroningen. River servicewithin the country cannot be forgotten, nor the twoportswith the largest globaltraffic in Europe,the Port ofRotterdamand the Port ofAmsterdam. These ports contributea significant percentagein the areasrelated tothe balance of services(COMMERCIALOFFICEOF ECUADORINNETHERLANDS,2013).

2.12 Ports

Ports are essential for transportation service, development and competitiveness in Europe;they are the gates of Europe. Seventy-four percent of exported goods are shipped through these ports, which are also significant in internal commerce. There are over 1,200 commercial ports in the 70,000 kilometer coastline of the European Union. In 2011, around 3,700 million tons of goods were shipped through European ports. The ports also constitute the core of the activity. The contributions of port activities in the economy of the Netherlands constitute as much as 3% of the GDP(EUROPEAN UNION, 2013).

Costs and quality of port services have global competitiveness. Port costs can represent a significant portion of the total costs of the supply chain. The ports of Antwerp, Rotterdam and Hamburg support a fifth of all products shipped to Europe by sea. Ports found in the Netherlands are of primary importance for the international market because they enjoy a privileged, strategic location to meet the supply needs of the European Union. The Netherlands has three of the busiest rivers flowing into the sea in the world. The country also has an extensive network of waterways,about 5,000 km of rivers and canals thatreach centralEurope with large volumes of goods (EUROPEAN UNION, 2013).

Map 2.2: Geographical map of the Port of Rotterdam and Port of Amsterdam

Source: ELPAISQUENUNCASEACABA (2013)

2.12.1 The Port of Rotterdam

According to the official website of the Port of Rotterdam, in its 2013 annual report it was determined that turnover increased by 4% in comparison to 2012, thanks to the investment of 263 million euros in 2013, thus achieving modernization and automation of the port. As a result the net income of this port in 2013 was 226 million euros (PORT OF ROTTERDAM, 2014).

In 2013 about 440 million tons of cargo were handled. Approximately 37.000 sea-going vessels arrived and 120.000 smaller vessels directed toward the heart of Europe.The port of Rotterdam is deep enough to accommodate theworldwidelargest vessels. The total TEU (Twenty-foot Equivalent Unit) which arrived through the port in 2013 was 11,621,249 TEU (ROTTERDAM PORT, 2014).

This port is located in the North Sea and is one of the ports of entry to the European market, which has more than 150 million consumers living within just a 500 km radius of Rotterdam, and 500 million consumers across Europe. This is a huge market and is

accessible from Rotterdam via five modes of transportation: road, rail, inland waterways, coastal shipping and pipeline. Goods arriving in Rotterdam in the morning can be, for example, in Germany, Belgium, France or Great Britain the same day in the afternoon.

To move the goods directly to Germany, the 160-mileBetuweroute is used. Mother ships, which are those found in a particular place surrounded by other interrelated boats,coastal-traffic vessels or cargo vessels, connect by sea to the port of Rotterdam with more than 200 European ports.

Vessels that travel short distances, or feeders,are used to transport goods over the busiest highways of Europe. Through the train, Rotterdam has direct links to the major industrial centers in northwestern Europe. Gondolas or rowing boats are vital, especially when transportation over a short distance is required.

"Transportation logistics" is a process of activities essential to get products from the factory to the consumer, since it is one of the links in the supply chain. In this port, all kinds of goodsare loaded, unloaded and distributed through different modes of transportation. It covers a wide area of 10.000 hectares along 57 km of the navigation canals. In addition, suitable advice is available as there are all kinds of companies specializing in the storage and proper handling of the cargo that arrives in this port, as well as transportation, logistics and auxiliary services, and even business service providers such as banks, insurance companies and trading houses (MARYGERENCIA,[s.a]).

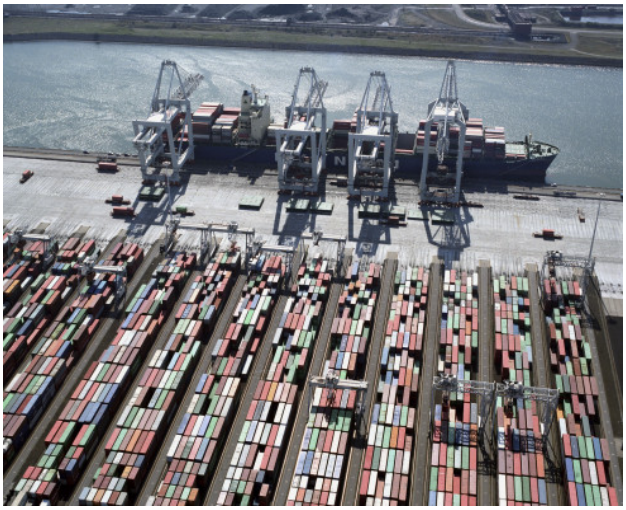

Photo 2.1: The Port of Rotterdam and storage for containers
Source: MARYGERENCIA (2013)

Photo 2.2: Side view of the Port of Rotterdam
Source: MARYGERENCIA (2013)

Photo 2.3: Top view of the Port of Rotterdam
Source: MARYGERENCIA (2013)

2.12.2 The Port of Amsterdam

According to the official website of the Port of Amsterdam, it is the second port of the Netherlands and the fourth in Europe.The statistical report of 2013 determined that the total volume of the Port of Amsterdam amounted to 78, 5 million tons in 2013. This equates to an increase of 2% compared to 2012.In 2013,approximately 9.500 sea-going vessels and 25.000 other boats arrived.The total of Twenty-foot Equivalent Unit which arrived through the port in 2013 was 659.170 TEU, approximate 35.000 containers(PORT OF AMSTERDAM, 2014).

The port of Amsterdam consists of more than 1.900 hectares of port and 600 hectares of water. The administration is responsible for the construction, renovation and maintenance of infrastructure, such as routes, sewage, cables, pipelines and real estate, as well asport activities,including traffic control through the different traffic posts, traffic monitoring though patrol vehicles, the floodgate control, law and regulation enforcement, implementation of environmental tasks, and advice regarding other services and companies in the nautical area (PORT OF AMSTERDAM, 2014).

Mannes Boelen, former business manager of the Port of Amsterdam, clarified that "the port together with its surrounding region tries to attract customers and is presented as a port which serves as an international gateway to Europe. It is therefore essential to maintain the highest standards of quality, and also anticipate developments in the logistics and distribution markets. For this reason, the Port of Amsterdam invests annually in many facilities including strengthening its network and the development and innovation of buildings and infrastructure".

As well as the port of Rotterdam, in Amsterdam adequate advice is available since there are all kinds of companies specializing in the storage and proper handling of the cargo that arrives in this port, as well as transportation, logistics and auxiliary services, and even business service providers such as banks, insurance companies and trading houses

Map 2.3: Geographical map of the port of Amsterdam

Source: NOSVAMOSDECRUCERO (2012)

Photo 2.4: Side view of the port of Amsterdam

Source: NOTICIASHOLANDA (2010)

Photo 2.5: Top view of the port of Amsterdam

Source: PORTSTRATEGY (2013)

2.12.3 Port of Rotterdam VS Port of Amsterdam

There is fierce rivalry between these two ports, but the port of Rotterdam is well above the port of Amsterdam for its characteristics of storage, area, and ships that arrive annually, among other things. The two ports are only 80 miles away from each other. Despite their difficulties, these two ports are collaborating in the exploitation of the Betuwelijn, a railway line to transport goods to Germany inaugurated in 2007.

These Dutch ports maintain a rivalry on the subject of containers. However, Amsterdam has seen how successful activities that moved to Rotterdam have been due to the global economic crisis, because theloads were placed in larger vessels to save on transportation.These gigantic ships could not dock in Amsterdam; the logical result was to go to Rotterdam. Despite these great rivalries, both ports are of great importance for the Dutch and European economiesbecause of the large number of products entering through their borders.

For these limitations, Amsterdam wants to rebuild its port to accommodate the largest freighters in the world, just as the port of Rotterdam. In 2013, the government of the Netherlands approved this project which should be ready in 2016. The project will be 100 meters long, 15 meters wide and three meters deep. Since the fifth port of Europe should have good access and the actual Port of Amsterdam has not been modified in 80 years, it must be transformed (NEWS FROM NETHERLANDS, 2010).

2.13The Netherlands Foreign Trade

2.13.1 Exports and imports fromthe Netherlands to the world

Table 2.1: Exports and imports from the country to the world (millions of U.S. dollars)

	2008	2009	2010	2011	2012	2013
Exports	$545.853	$431.502	$492.645	$530.575	$554.677	$664.177
Imports	$494.936	$382.190	$439.986	$492.837	$501.134	$590.843
Trade balance	$50.916	$49.312	$52.659	$37.738	$53.543	$73.333

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

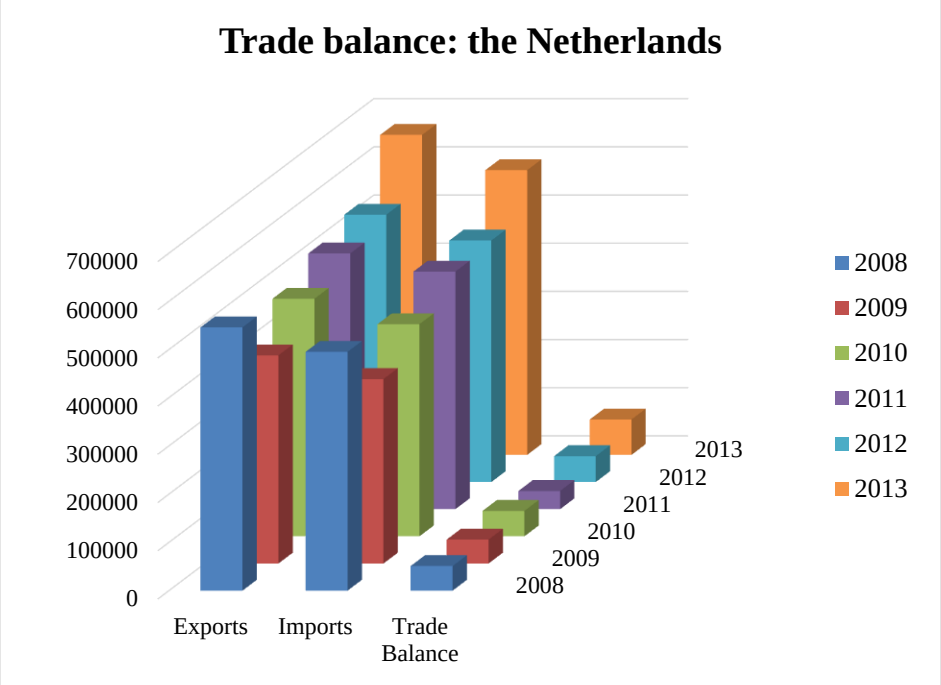

Figure 2.2: Exports and imports from the country to the world

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

The Netherlands is mainly characterized by having an open economy and enjoys a surplus in foreign trade. Exports of the Netherlands in 2013 were $664.177 million U.S. dollars (TRADE MAP, 2014). Exports were reduced by the crisis in 2009. However, growth is reflected in subsequent years (COMMERCIALOFFICEOF ECUADORINNETHERLANDS,2013).

The Netherlands' imports from all over the world in 2013 were $590,843 millionU.S. dollars. Just as did exports, imports decreased in 2008 and 2009 from the economic crisis, but in 2013 these have increased significantly. In the last five years, this country benefitted from a large surplus in its economy. In 2013, this country's surplus was $73,333 million U.S. dollars. The trade balance is defined as the difference between the total exports minus total imports that are conducted in the country (TRADE MAP, 2014).

Traditionally, the Netherlands has been the preferred home of foreign investors. In addition, the country is economically stable and its major trading partners in imports areGermany, Belgium, China, the United Kingdom, and the United States of America.Its main trading partners in exports are Germany, Belgium, France, the United Kingdom, and the United States of America.

2.13.2 Tariff items for the exportation of footwear

Below are the seven tariff items to be analyzed:

Natural leather both the sole and the top:

1. **64.03.20** Footwear with outer soles of leather and the top of strips of leather. Therefore, it passes over the instep and around the big toe.

2. **64.03.51** Other footwear with a sole of natural leather,Ankle covered

3. **64.03.59** Others.

Natural leather of the outsole and the top of textile material:

4. **64.04.19** Other footwear with outer soles of rubber or plastic.

Mixture of leather, or regenerated and other raw materials:

5. **64.05.10** With the instance of top, leather or regenerated.

6. **64.05.20** With the instance of top of textile material.

7. **64.05.90** Others.

2.13.3 Imports of footwear bythe Netherlands

Table 2.2Imports of footwear from the Netherlands in term FOB(millions of U.S. dollars)

Tariff item	World imports by the Netherlands					
	Valor in 2008	Valor in 2009	Valor in 2010	Valor in 2011	Valor in 2012	Valor in 2013
64.03.20	2,602	2,607	5,825	3,120	5,152	2,194
64.03.51	55,478	50,695	52,780	64,089	49,024	46,100
64.03.59	117,790	98,026	96,720	150,771	118,470	90,551
64.04.19	174,600	204,101	222,350	343,570	369,290	418,750
64.05.10	6,139	3,423	6,639	7,087	5,973	3,004
64.05.20	23,434	30,121	40,086	53,757	41,489	34,882
64.05.90	40,273	43,782	51,226	54,799	50,891	34,573

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

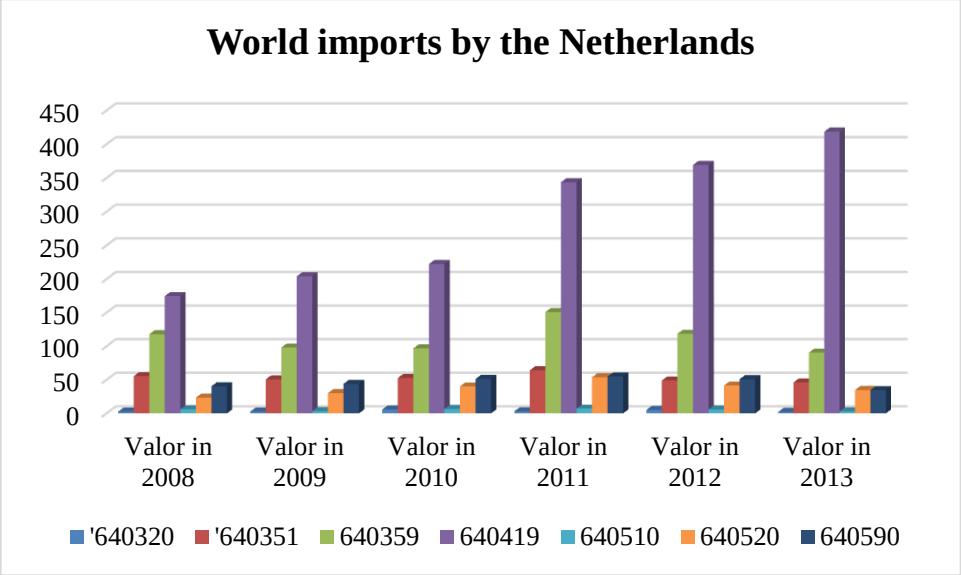

Figure 2.3: Imports of footwear bythe Netherlands

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

Imports of footwear from the Netherlands have been a growing trend in the last five years, mainly footwear with leather soles and the uppers of textile materials belonging to the tariff item (TRADE MAP, 2014):**64.04.19** Other footwear with outer soles of rubber or plastic.

This categoryhas increased its value in imports from $174 millionU.S. dollars in 2008 to $418 million U.S. dollars in 2013. This effect occurs through the increaseddemand of consumers located in the Netherlands, the consumers' need, and their high capacity of economic acquisition due to the economic excellency which is reflected in a per-capita GDP of $46,054,00 U.S. dollars in 2012.

2.14Footwear Market of the Netherlands

The footwear market of the Netherlands is beginning to show a shift away from products imported from Asia, despite its being the first supplier of shoes to this country, and a tendency to seek products produced in Europe and America. In general quality, comfort, style, technological innovations in terms of fabrics and materials,and creative, unique, modern designs (SPANISH-SPEAKERS, 2013).

The footwear market of the Netherlands will grow through 2015, 10.7 % in volume and up to 11.9 % in value. By different categories, in volume the segment of non-sporting women's footwear,will grow mainly with 13.2% growth. The Netherlands has a small shoemaking industry which is not adequate for consumer demands (COMMERCIALOFFICEOF ECUADORINNETHERLANDS,2012).

Although, Ecuador does not currently have export footwear to Netherlands,because basically the country's exports have been focused on primary products, footwear is one of the products with potential in this market, according to statistics provided by PROECUADOR, becausethe Netherlands imports large amounts of this product. Ecuadorian footwear has the necessary characteristics such as low cost and durability to successfully enter the market in the Netherlands.

2.15Main suppliers of footwear

The main suppliers of footwear to the Netherlands are:

- China
- Vietnam
- Spain
- Italy
- Belgium

The European Union is one of the leading suppliers of footwear design not only for the Netherlands but also at the the international level. The quality of footwear in countries like Spain or Italy in terms of production has created a good reputation worldwide for European footwear.

The large Spanish fashion companies are Zara, Mango or Desigual, and these are present in the Netherlands. In addition, it is increasingly easy to find Spanish brands both in stores and fashion fairs. Asian footwear is not appreciated at the international level because of its poor quality; the demand has declined.The shoesproduced in Gualaceocan penetrate into the Dutch marketmainly due to low production costs (EUROPEAN UNION, 2013).

2.16 Bilateral trade (the Netherlands - Ecuador)

2.16.1 Main products exported

The main productsexported byEcuadorto the Netherlandsare:

- Bananas, fresh or dried.
- Tuna, canned listados and bonitos
- Cut flowers for bouquets or for ornamental purposes, fresh, dried, dyed, bleached
- Cocoa beans, whole or crushed, fresh or toasted
- Palm oil, bulk weight (TRADE MAP, 2013).

2.16.2 Main products imported

The main products imported by Ecuador from the Netherlands are:

- Cutting blades,starters, and tunneling machinery
- Urea, including in aqueous solution.
- Other prepared medicines
- Vaccines for human medicine

• Parts for machinery or apparatus for sounding or drilling (TRADE MAP, 2013).

2.17 Bilateral trade balance

Table 2.3: Bilateral trade balance(millions of U.S. dollars)

	2010	2011	2012	2013
Exports	$331,55	$349,16	$333,46	$425,19
Imports	$133,94	$196,78	$210,64	$295,04
Trade balance	$197,61	$152,39	$122,82	$130,16

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

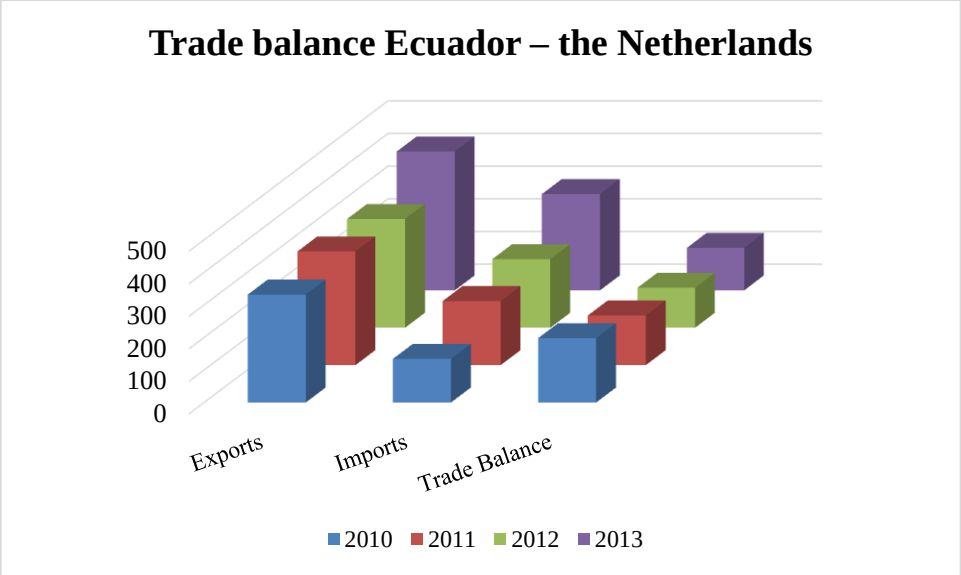

Figure 2.4: Bilateral trade balance

Source: TRADE MAP (2014)

Elaborated: BY THE AUTHOR

The trade balance between Ecuador and the Netherlands has remained favorable for Ecuador in the last three years. The best year was 2010 where the trade balance reached $ 197 millionU.S. dollars, while in 2013 the trade balance reached $ 130 million U.S. dollars (TRADE MAP, 2014).

2.18Admission requirements of footwear to the Dutch market

2.18.1 General information

The access requirements of the footwear market are subject to the regulatory regime of the European Union. It is also important to take into account non-legislative aspects such as environmental, consumer health and safety and corporate social responsibility. Footwear also bears a value added tax (VAT) of 21% (COMMERCIALOFFICEOF ECUADORINNETHERLANDS,2012).

There is a penalty of 10% of the total merchandise if it is exported under another tariff item. In case of recurrence, the company will be in blacklisted for all customs authorities in the European Union. There are no customs charges and neither VAT nor storage taxes are paid while products are in transit (COMMERCIALOFFICEOF ECUADORINNETHERLANDS,2012).

2.18.2 Tariff requirements

All the countries of the European Union apply customs rates common to imports from outside the Union. If there is no agreement in the international context exchange, the general import tariff applies.

Ecuador receives the GSP + benefit, which is a special incentive arrangement for sustainable development and good governance that the European Union grants to developing countries to improve their economic status through the importation of products from beneficiary countries without tariff in some cases and in others tariff

discounts. In the case of the footwear exported to the European Union, the tariff is0%, while other countries pay an 8% tariff. This system is renewable and is in force until2014(COMMERCIALOFFICEOF ECUADORINNETHERLANDS,2012).

2.18.3 Certificate of origin

According to the Institute for Export Promotion PRO ECUADOR, the certificate of origin is a "document that certifies the country of origin of the goods detailed in it, namely, certifying that the goods have been manufactured in that country. It is used for export and import with countries outside the community, so that the products may be eligible for preferential arrangements and the implementation of corresponding tariffs".

Objective:

- Certify the origin of the goods.
- Insure that products comply with the customs formalities necessary in order to have access to the tariff benefits derived from trade agreements signed by the Netherlands.
- Meet a requirement demanded by the Customs authorities of the country of importation of the goods.

Process for obtaining a certificate of origin

According with PRO ECUADOR to obtain the certificate of origin basically three steps must be followed:

1. The ECUAPASS Register. The first step thatthe exporter must take to obtain the certificate of origin is to register with ECUAPASS, or via FEDEXPOR websites or Chambers authorized by MIPRO to issue the document.

2. Generation of affidavit of origin. In ECUAPASS, the exporter must generate the respective Affidavit of Origin for the export product, the minimum requirement for obtaining any certificate of origin. The objective of the affidavit is to determine if the product meets the requirements to be considered of Ecuadorian origin.

3. Generate the certificate of origin. In ECUAPASS, the exporter must complete the online form and then pick up the official certificate from MIPRO, unless the process wascarried out through FEDEXPOR or any other camera.

The exporters should note that there are several types of species or certificates of origin, which differ depending on the destination country for the exported goods.

2.19Non-tariff barriers

2.19.1 Sanitary and phytosanitary requirements

The Member States of the European Union are part of the Commission the Codex Alimentarius, World Organization of Animal Health and the International Phytosanitary Protection Convention.

The importation of footwear which includes parts of animal origin is restricted unless they come from a country or region that has received prior authorization.The importation of these products must be accompanied by health certificates which declare the necessary conditions for the export of these products to the European Union are met, and are subject to official controls (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2012).

2.19.2 Protectionist measures for the introduction of footwear

The primary protection measures, established by countries for the footwear sector are antidumping measures and a ban on the importation of used shoes.

Antidumping measures

According to the World Trade Organization (WTO) dumping is generally a situation of international price discrimination, namely when the price of a product sold in the importing country is lower than the price at which the product is sold in the exporting country'smarket.

In the Netherlands antidumping measures are applied for some products. For example, in the case of footwear, fees of up to 49.2% are applied to footwear with fabric uppers originating in China, and a variable rate of up to 14.1% for products from Indonesia (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2012).

Ban on the importation of used footwear

In some developing countries the importation of used footwear presents a problem. The Netherlands forbade the importation of used shoes for sanitary reasons (COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS, 2012).

CHAPTER 3

EXPORTATION STUDY

In the preparatory stage of exportation, several relevant parameters to ensure transparency and solidity in the negotiation with the buyer must be taken into account (UNCTAD/WTO, FEDEXPOR, 2005). To be competitive in the international markets, knowledge of the procedures to be complied with in commercial operations is imperative (GUIDE OF THE EXPORTER - PRO ECUADOR, 2013).

3.1 Actors in a commercial operation

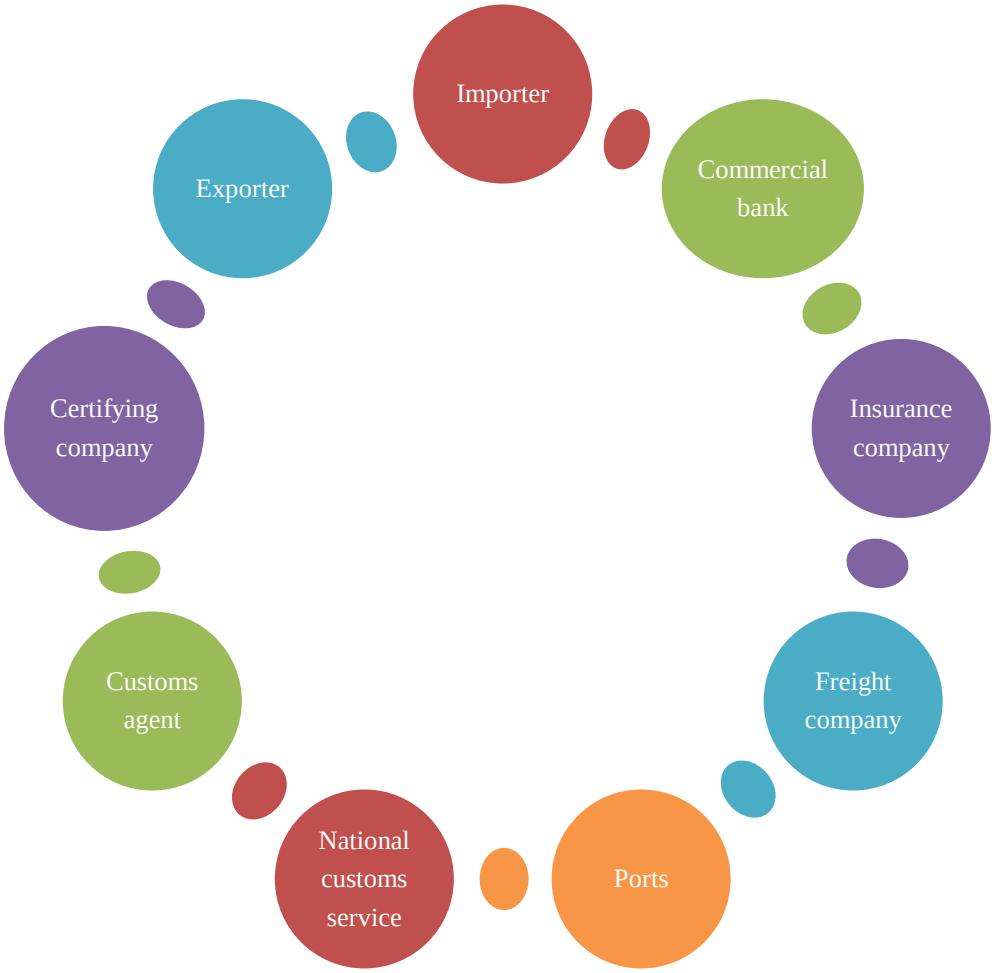

Figure 3.1: Actors in a commercial operation

Source: GUIDE OF THE EXPORTER - PRO ECUADOR (2013)

3.2 Requirements to become an exporter

Exportation can be done by Ecuadorians and foreigners residing in the country, as natural or legal persons. The following requirements that are needed to export (GUIDE OF THE EXPORTER- PRO ECUADOR, 2013)

- Acquire the Taxpayer Identification Number (TIN) authorized by the Internal Revenue Service (IRS) indicating the type of economic activity to be developed (INSTITUTO DE PROMOCIÓN DE EXPORTACIONES E INVERSIONES, 2013).

- Possession of a digital signature certificate or TOKEN. In the case of Ecuador, the institutions that grant the certificate are the Central Bank and Security Data, and it can be obtained by following all the procedures explainedatthe offices and on corresponding web pages (INSTITUTE OF EXPORT AND INVESTMENT PROMOTION, 2013.)

- Register as an exporter in ECUAPASS (https://portal.aduana.gob.ec/). The following are possible on the website: (INSTITUTE OF EXPORT AND INVESTMENT PROMOTION, 2013)

    - Update database
    - Create username and password
    - Accept policies
    - Register electronic signature

3.3 Process of Exportation

The process of exportation begins with sending the Customs Export Declaration (CED) in the new ECUAPASS system; an invoice or quote and documentation that are available prior to shipment can be attached.This declaration creates a legal relationship

and obligations to be carried out with the National Customs Service of Ecuador by the exporter.

The main data which shall be entered in the Customs Export Declaration (CED) are:

- The exporter or declarant
- Description of merchandise by invoice item
- Consignor's identification
- Cargo destination
- Quantities

The digital documents that go along with the CED through ECUAPASS are:

• Original commercial invoice.
• Prior Authorizations (as necessary).
• Electronic Certificate of Origin (as necessary)

In the export process, the intervention of an certified customs agent is not mandatory. Once accepted the CED, the merchandise enters Primary Zone district for embarkation; as result the temporary storage registers and stores the merchandise prior to exportation.

The exporter will be notified which type of customs inspection is assigned, of the options

- Documentary Customs Inspection
- Physical Customs Inspection
- Automatic Customs Inspection

In the case of the Automatic Customs Inspection, exit permission, i.e., authorization forembarkationis automatic at the moment the merchandise enters temporary storage or primary zones.

In the case of the Documentary Customs Inspection, a customs agent will first be assigned at the moment the merchandise enters. The agent then shall review the electronic data and scanned documents, and the process is closed except in case of new developments. Any comments will be recorded by electronic notification format under the new system. Once the Customs Export Declaration (CED) is closed,the status of the merchandise is change to authorized departure, and the load can be shipped.

In the case of the Physical Customs Inspection, proceeds as described before, with the addition of the physical inspection process to confirm agreement with electronic and digitized documentation (THE NATIONAL CUSTOMS SERVICE OF ECUADOR, 2012)

3.4Study of the factors for the exportation of a product

3.4.1 Types of shoes for exportation

Styles of footwear for exportation depend on the season of exportation and consumer requirements. That is why many styles are offered for all the consumer needs,from sandals for sunny summertimeto boots and booties for the cold of winter. Oxford shoes are offered for beautiful spring evenings and unique casual shoes are just right for those wonderful autumn evenings.

To facilitate the export and selection of our products, the exporter will send electronic catalogues with new models every two months. The main models available include the following.

Model 1. Casual shoes

Casual shoes are usually named semi-formal or formal shoes. Women’s casual shoes havecertain qualities. Some types have strings or ties. The platform is selected according

to the client's concept of comfort;this kind of shoescan have no platform, or a 10 mm, 20 mm or 30 mmplatform. Themost important consideration here is not to be too informal; this type of footwear is designed for all kinds of events both formal and classic, depending on the use and combination that the consumer wants.

Without platform – simple

Photo 3.1: Footwear Z13 (2) – Casual shoes without platform - simple

Source: MAY FIRST SHOEMAKERS' GUILD(2014)

10mm platform - simple

Photo 3.2: Footwear Z15 (2) –Casual shoes platform 10mm - simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

10mm platform - ornamented

Photo 3.3: Footwear Z16 (2) – Casual shoes platform 10mm - ornament

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

20mm platform - simple

Photo 3.4: Footwear Z17 (2) – Casual shoes platform 20mm - simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

20mm platform – ornamented

Photo 3.5: Footwear Z18 (2) –Casual shoes platform 20mm - ornament

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

30mm platform - simple

Photo 3.6: Footwear Z19 (2) –Casual shoes platform 30mm - simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

30mm platform - ornamented

Photo 3.7: Footwear Z20 (2) – Casual shoes platform 30mm – ornament model

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Model 2. Boots

A boot is a type of footwear that covers the foot and extents upward in different dimensions of length. There are a lot of models according to height, color, material, etc. Boots are usually characterized by being warm;some have heels and others do not.

Boots are usually used in cold or temperate weather since they protect the foot. They may be worn with skirts, pants or tights, according to the season or current fashion.

Boots have evolved in style; at present we find boots with thick, high or low heels, in bright or muted colors, and with accessories suitable for comfortable walking.

Booties without heels - simple

Photo 3.8: Footwear Z25 (2) –Booties without heels - simple model

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Boots without heels - simple

Photo 3.9: Footwear Z21 (3) – Boots without heels– simple model

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Boots with heels – simple

Photo 3.10: Footwear Z23 (3) – Boots with heels– simple model

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Boots with heels – type 2

Photo 3.11: Footwear Z24 (3) – Boots with heels - type 2

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Model 3. Oxford shoes

The Oxford shoes are classic shoes, generally low, of various colors, with ties or any other embellishment. They are mainly characterizedby the lack of high heels and are casual and comfortable shoes for everyday wear. Their colors and designs are attractive for girls, teens and adults since the style varies according to the age of the customer.

Oxford shoes

Photo 3.12: Footwear Z1 (1) – Oxford shoes- simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Photo 3.13: Footwear Z1 (1) – Oxford shoes– simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Oxford shoes - ornamented

Photo 3.14: Footwear Z2 (1) – Oxford shoes– ornament

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Model 4. Shoes with magnolia heel

Shoes with magnolia heelsare constantly named casualor semi-formalshoes. They can be no platform, or a 10 mm, 20 mm or 30 mm platform, with varying and finishing. The platform is selected according to the client's comfort.

The important thing here it is not to be too formal; this type of footwear is reserved for particular events according to the customer'sfashion and style.

10mm platform - ornamented

Photo 3.15: Footwear Z8 (2) – 10mm Magnolia – ornament model

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

20mm platform simple - ornamented

Photo 3.16: Footwear Z9 (2) y Z10 (2) – 20mm Magnoliasimple and ornament

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

30mm Platform

Photo 3.17: Footwear Z11 (2) –Magnolia 30mm

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Model 5. Handmadeor Artisanal sandals

Sandals are a type of shoes which have existed since antiquity. They are usually used in warm seasons, such as summer or at the beach. There is a myriad of models, styles, and colors according to the season or fashion and required elegance.

Artisanal sandals without heels– simple

Photo 3.18: Footwear Z3 (1) – Artisanal sandals without heels - simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Artisanal sandals with heels - simple

Photo 3.19: Footwear Z5 (1) – Artisanal sandals with heels - simple

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

3.4.2 Analysis of the quality of the footwear

The footwear of Gualaceois of excellent quality,according to local and national consumers of these products. In addition, the makers contribute to the development of the country when they produce durable products with lower costs. In general quality, comfort, design and technological innovations in terms of fabrics and materials are sought. In addition to this new market niches can be covered such as recycled footwear, larger shoe sizes or special shoes.

The footwear of Gualaceois qualified regarding environmental regulations becauseit complies with the ISO 14OO1:1996, which helps with the improvement of the environmental management system, to attain optimization in environmental practices worldwide in a way suitable to the environmental policy of the European Union, to allow the entry of this type of footwear without being detrimental to the environment, with clear policy, the necessary legal requirements and information about significant environmental aspects (INTERNATIONAL ORGANIZATION FOR STANDARDIZATION - © ISO 2004).

3.5Footwear Parts

- Toe or front zone,
- Heel or back area
- Vamp between the two

Figure 3.2: Parts of women's shoes

Source: COMLECURT (2012)

3.5.1 Main components of women's shoes

- The upper, formed by the upper instep material and backing.
- Theinsole, which can be leather, cardboard or synthetic materials.
- The sole, leather, plastic or rubber.
- The heel, made of wood, plastic, metal or leather.
- The heel counter, which reinforces the heel.
- The toe box, which reinforces the toe.
- Auxiliary materials,such as adhesives, nails, threads, or trimmings (AMAT, 2013.)

3.6Steps for the manufacture of footwear

3.6.1 The design, fit and scaling patterns

The manufacturing process begins with the design.Shoe design can be done manually, drawing the product on a sheet of paper with a pencil like in the past, or on modern computer programs for shoe design, like Delcam Crispin andPowerSHAPE. among others. The design is made according to the type of shoes, fashion and desired style (LITUMA, 2013).

3.6.2 The cutting of parts

In this step of shoe-making, all the pieces that make up the model are cut, whether in leather or synthetic leather, as well as the lining materials (LITUMA, 2013).

3.6.3 Preparation and closing

Closing is the stitching together of the previously-cut components, including the uppers and lining, as well as thefolding of parts, and the placement of ornaments (LITUMA 2013).

3.6.4 Mechanics of manufacture and phases of lasting

At the point the shoes are stretchedon the lasts, and the subsequent operations place the components (LITUMA, 2013).

After stretching and mounting the shoe on the last, the sole and the heel are placed with the use of sophisticated machines. This leads to a series of additional steps, such as steaming the shape, pressing, marking of the heel box, and placement of the glued-on sole. (AMAT, 2013).

3.6.5 Quality control and packing

The last step is cleaning and assuring the best presentation, with correction of gaps or pressing, the placement of the insole, the addition of ornaments, and washing traces of waxes, adhesives and inks. Finally the footwear is packed and crated (QUIMINET.COM, 2007).

3.7Analysis of the amount of footwear production to be exported

Of the members of the May First Shoemakers' Guild, only twenty-eight are capable of providing the necessary monthly production, with a variation in the months priorto Mother's Day and Christmas, since in those months most of their production is necessary to meet the high demand of the local and national markets.

The time of credit for the purchase of footwear would be 30, 60 and 90 days because the volume of purchase would be about the same amount monthly, with the exception of the previously designated months.

Below is the list of qualified partners, together with their monthly production, approximately 20% of which will be destined for export.

Tabla 3.1: Qualified members and amounts established for the export of footwear

	Name	No PAIRS	20% EXPORT	TYPE
1	ÁlvarezLuzuriagaIván Patricio	5.600 pairs	1.120pairs	Factory
2	ArévaloVíctor Manuel	5.300 pairs	1.060pairs	Factory
3	Argúdo Lucero Marcelo Mariano	1.600 pairs	320pairs	Workshop
4	Blandín Ulloa Danilo Eduardo	1.600 pairs	320pairs	Workshop
5	Cabrera Becerra Lauro Enrique	5.200 pairs	1.040pairs	Factory
6	CaleroSolísDerinsYoryi	1.700 pairs	340pairs	Workshop
7	CriolloLópez Segundo Telmo	2.000 pairs	400pairs	Workshop
8	Gómez Marca Miguel Ángel	1.500 pairs	300pairs	Workshop
9	GuaracaQuiroga José Apolinario	1.200 pairs	240pairs	Workshop
10	Herrera Lojano Jorge Marcelo	5.600 pairs	1.120pairs	Factory
11	Herrera Tacuri Israel Marcelo	1.500 pairs	300pairs	Workshop
12	LitumaArgúdo Pedro Enrique	5.200 pairs	1.040pairs	Factory
13	Lituma Orellana Lauro Enrique	1.200 pairs	240pairs	Workshop
14	Lituma Orellana Vicente Santiago	1.300 pairs	260pairs	Workshop
15	Loja Zhicay Fernando Mauricio	5.200 pairs	1.040pairs	Factory
16	Lucero Yunga José Rigoberto	1.400 pairs	280pairs	Workshop
17	MatailoÁlvarez David Fabián	1.500 pairs	300pairs	Workshop
18	Orellana Valverde Carmen Esther	1.700 pairs	340pairs	Workshop
19	Salazar Salinas Saul Gonzalo	1.800 pairs	360pairs	Workshop
20	Sarmiento Matute Cesar Leoncio	1.600 pairs	320pairs	Workshop
21	Sarmiento MatuteFlavioRomán	1.800 pairs	360pairs	Workshop
22	Sarmiento VintimillaLeoncio	1.500 pairs	300pairs	Workshop
23	Torres Bueno Segundo Lauro	1.800 pairs	360pairs	Workshop
24	Vera Hurtado Carlos Efraín	1.800 pairs	360pairs	Workshop
25	Villa LlivicuraJesús Heriberto	1.800 pairs	360pairs	Workshop
26	Villavicencio Córdova Celia Teresa	1.500 pairs	300pairs	Workshop
27	Villavicencio Córdova Manuel Salvador	1.600 pairs	320pairs	Workshop
28	ZhicayAngamarcaVíctor Antonio	4.500 pairs	900pairs	Factory
	Total:	**48.600 pairs**	**14.000 pairs**	

Source: MAY FIRST SHOEMAKERS' GUILD (2014)
Elaborated: BY THE AUTHOR

This amount is a monthly average and may increase depending on the season of buying and export. The price varies from $14 to $28 U.S. dollars per pair depending on the style and features of the product.

Of the members of the May First Shoemakers' Guild, twenty-eight are qualified for export of their product. Seven are large companies that produce most of their footwear using technical methods, in comparison to the workshops that produce the product using artisanal methods.

Gualaceo'sshoe factories produce about 4.000 to 6.000 pairs of shoes each month and the workshops around 1.000 to 1.800 pairs per month. However, Iván Patricio ÁlvarezLuzuriaga, Víctor Manuel Arévalo, Lauro Enrique Cabrera Becerra, Jorge Marcelo Herrera Lojano, Pedro Enrique LitumaArgúdo, Fernando Mauricio Loja Zhicay, Víctor Antonio ZhicayAngamarcaare seven footwear providers who are able to provide 900 to 1,200 pairs of shoes monthly for exportation.

The twenty-one remaining members have a production of 200 to 400 pairs of shoes each month for export, since the remainder of their production is for the local and national markets. Approximately,14,000 pairs of shoes would be available for export monthly,with the aforementioned variation in the months priorto Mother's Day and Christmas.

3.8Brand

The twenty-eight members of theMay First Shoemakers' Guildqualified for exportation are willing to export their shoes with a joint brand that identifies with Canton Gualaceo. The trademark and logo to be used for the exportation of the footwearof Gualaceois Santa Bárbara Shoes.

The name Santa Bárbara Shoes was chosen because Santa Barbara is the name of the main river in Gualaceo.It was important in both the pre-Columbian and Spanish colonialperiods, being a transcendental center of gold panning. In addition, it is the main

tourist attraction of this beautiful canton for its spectacular banks, which every year attract countless tourists, mainly in the month of February for the Carnival festivities. This brand was presented to the members qualified for the footwear exportation, who accepted without any inconvenience.

Figure 3.3: Santa Bárbara Shoes Logo
Elaborated: DISEÑADOR MIGUEL VANEGAS

3.9 Technical specifications of the product to enter the Netherlands

3.9.1 Norms for GSP +origin

Ecuadorian exports, in order to be eligible for the benefits of the Generalized System of Preferences, which is a special scheme for stimulation of sustainable development and governance, must be accompanied by a proof of origin. This may be a**Certificate of Origin, A form.** It must be issued by the competent authorities in the country of benefit. The exporter applying for the certificate must be prepared to provide documentation proving the status of origin of the products concerned. The certificate must be available

to the exporter as soon as theexport has been made (EUROPEAN COMMISSION, 2014).

3.10Specific requirements

3.10.1General product safety

Products in the market of the European Union are susceptible to consumers; second-hand goods and those needing repair are excluded. Products must comply with the provisions laid down by the Board of Directors of the European Parliament and the Council designed to protect consumer health and safety.

The Board of Directors for general product safety has established the following common provisions:

- ✓ General safety requirements
- ✓ Additional obligations of manufacturer and distributor
- ✓ Marketsurveillance (EUROPEAN COMMISSION, 2014).

3.10.2 General safety requirements

Producers have an obligation to export to the Netherlands only safe products for the market. The importer should represent as the exporter in his country. A safe product is one that does not pose any threat. High levels of protection of human health and safety take into account the following points:

- The characteristics of the product, including its composition, packaging, and assembly, installation and maintenanceinstructions.
- The presentation of the product, labeling, and any warnings and instructions for use and disposal, as well as any other indication or information regarding the product.

- Consumercategories at risk in the use of the product, in particular children and the elderly (EUROPEAN COMMISSION, 2014).

3.10.3 Additional obligations of manufacturer and distributor

Manufacturers and distributors must not supply products which they know or may assume to be dangerous. If a product is found to be dangerous, the competent authorities must be notified, and receive the necessary cooperationregarding measures adopted to prevent risks to consumers (EUROPEAN COMMISSION, 2014).

3.10.4Market surveillance

Designated authorities in the Member States are responsible for verifying that all products comply with the applicable safety requirements. They can take appropriate measures to impose restrictions on marketing. They demand the withdrawal from the market of the products when there is evidence of any danger (EUROPEAN COMMISSION, 2014).

3.11Correct labeling of footwear

3.11.1 Label requirements

When labeling, you must describe the three major items of footwear:the lining, the insole, and the outsole,indicating in each case if the material is leather, synthetic, woven leather or others. If a single material composes at least 80% of the product, the label should convey information about the two main materials used (European Commission, 2014).

This may be accomplished through the use of pictograms or signs written in the language or languages established by the Member State in which the product will be marketed.

3.11.2 Placing

The label should be placed in the shoes, and must be placed at least in at least one of the shoes in each pair. This can be done by printing, gluing, stamping or attaching a separate label. Labelling must be visible, securely attached, and accessible, and the dimensions of the pictograms must be large enough to be easy to understand (EUROPEAN COMMISSION, 2014).

3.11.3 Compliance responsibility

The manufacturer is responsible for supplying the label. When the manufacturer is located within the European Union,the person responsible is the authorized agent; when the manufacturer is located outside the European Union, the person responsible for the sale on the market is considered the manufacturer. However, the shoes will be sent from Ecuador with correct labeling to facilitate customs clearance (EUROPEAN COMMISSION, 2014).

3.11.4 Restriction on the use of certain chemicals in textiles and leather

Textile and leather articles containing certain prohibited chemical substancescannot enter in the Dutch market, in order to protect human health and the environment of the European Union. In accordance with this regulation, the main chemical substances prohibited in the textiles and footwear or leather are:

- Dioctyltin(DOT) compounds in textiles, footwear or parts of footwear that will come into contact with the skin.
- Nickel in objects intended to come into direct and prolonged contact with the skin, such as buttons, rivets, buckles, rivets, zippers and labels, when these are used in clothing or footwear.

- All manufacturers and importers of chemicals must identify and manage the risks arising from substances that are manufactured and marketed in the European Union.

The European Chemical Agency manages and coordinates the registration, evaluation, authorization and restriction of chemical substances entering to the European Union (EUROPEAN COMMISSION, 2014).

CHAPTER 4

TRANSPORTATIONLOGISTICS

4.1 Transportation Logistics

Nowadays, the topic of logistics is of great importance for companies, so that the majority of them have created specific areas for their operation. Logistics was known only to have the right product, at the right time, at the chosen site with the lowest possible cost. However, all these simple activities have been redefined and are now all a process (OSSA, 2010:87).

This process defines the inclusion of all the activities that allows the goods to be available to customers when and where they want to buy it.

4.2 Basic parameters of logistics

After several serious difficulties, setbacks due to a poor domain of transportationand its related operations, the need to study the necessary means for greater security and agility was needed. In this way, International Physical Distribution was born, set up to analyze the most appropriate way to carry the correct amount of product from one place to another in the time required, and at the lowest possible cost with the appropriate service strategy (SAMDEK, 2010). Basically, logistics focuses on the following considerations. (FEDEXPOR, CORPEI, 2007):

- To increase product rotation and sales channels (greater investment in strategic products)
- To shorten delivery times (cost reduction and increasedclient reliability)
- Prevent the “whip effect" movement (keep the manufacturing and demand curves parallel, avoiding waves).

4.3 The supply chain

When referring to the logistics of this business of the exportation of footwear from several suppliers of the May First Shoemakers' Guild, it is very important to take into account the so-called Supply Chain (BALLOU, 2004:789).

The supply chain is the set of tasks within a company. In this project, the supply chain will start with the purchase of products for the process of labeling all the merchandise for export, packaging and unitization suitable for the transfer of the footwear. The result is qualified product for the respective export and sales, and ready to be purchased by a client or the final consumer, to whom the product is delivered in the established place. In this case, it will be delivered in terms of CIF, the acronym representing cost, insurance and freight.

Supply Chain

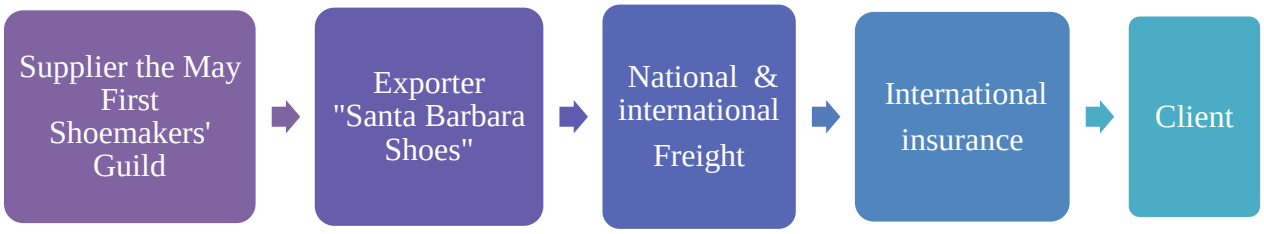

Figure 4.1: Supply Chain

Elaborated: BY THE AUTHOR

4.4 Containerization

This is a method of physical distribution that uses a transport unit called a container, which allows the loadto be carried as an indivisible unit, secure and unbreakable, which

is filled, emptied and stowed in the place of origin and destination of the shipment. This system facilitates combined transport.

For containers, it is worth considering the rate charged by the load:

- FCL for its acronym in English "full container load," which indicates a full container.
- LCL for its acronym in English "less than container load," which indicates a partial container. This is more expensive for the simple reason that the carrier ensures with trucks or complete containers the displacement of a secure flow of cargo rather than wasted space on its routes; the risk of the truck going half-filled is what urges consolidated shipments (BALLOU, 2004).

There are several types of containers, such as:

4.4.1 Ventilated Container

- It is used for the transport of cargo that requires ventilation

Photo 4.1: VENTILATED CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.2 Hardtop container

- It has a removable steel roof.
- It is used especially for the transport of heavy loads, high loads, and superior loads.

Photo 4.2: HARDTOP CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.3 Open top container

- Presents a removable canvas at the top.
- It is generally used for high loads that are loaded from the top or loaded through the front with the doors completely opened.

Photo 4.3: OPEN TOP CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.4 Flat-rack Conteiner

- It is special for heavy and wide loads.

Photo 4.4: FLAT-RACK CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.5 Platform container

- It is particularly used for heavy and dimensioned loads. Cannot be used for internal transport.

Photo 4.5: PLATFORM CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.6 Insulated Container

- For special load that requires constant temperatures. It is for ventilation, not for refrigeration.

Photo 4.6: INSULATED CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.7 Reefer Container

- It is generally used for the transport of cargo that requires constant temperatures.
- Temperature regulation through refrigeration system within the container itself.

Photo 4.7: REEFER CONTAINER

Source: GROUP FIDALEX S. A (2013)

4.4.8 Tank container

- It is used especially for the transport of liquid chemicals.
- They are equipped with a wide range of technical instalations and additional features

Photo 4.8: TANK CONTAINER

Source: GROUP FIDALEX S. A (2013)

However, for the International Physical Distributionof footwear the following type of containerwill be used:

4.4.9 Standard container

- Used for the transport of all kinds of general cargo.
- Closed on all four sides: footwear is a product that needs protection.
- This unit allows the haulage of footwear as an indivisible unit, secure and inviolable.
- This type of container is adequate; the product does not need refrigeration or freezing.
- An open top container or platform does not offer sufficient security for the product.

4.5 Types of Standard container - Standard Container

The most common containers regulated by the International Organization for Regulation are of 20 ', 40' and 40' high cube, although a wide variety of sizes, such as 10 ', 30' and 45' and up to 53' for specialist suppliers and with special permits of transport, is also available (WORLD TRADE ORGANIZATION, 2014).

The features are the following:

4.5.1Dry Container -Van 20

Table 4.1: Measures Dry Container - Van 20'

DRY CONTAINER -VAN 20 '			
		Kilograms	**Pounds**
Weight	**Empty**	2,250 kg	4,960.35 Lbs
	Maximum allowable weight	28,240 kg	62,257.90Lbs
Measure	**External**	**Internal**	**Doors Open**
	m	**m**	**m**
Long	6.50 m	5.90 m	
Width	2.44 m	2.35 m	2.34 m
High	2.59 m	2.40 m	2.29 m
Volume	33.30 m^3		

Elaborated: BY THE AUTHOR

Source: WORLD TRADE ORGANIZATION (2014)

The empty weight of the 20' container is 2,250 kg or 4,960.35 lbs., and the maximum weight allowed in containers of 20 feet for international maritime route transport is 28,240 kg or 62,257.90 lb. Its internal dimensions are 5.90 m long by 2.35 m wide by 2.40m high, giving a volume of 33.30 m^3 for cargo storage (WORLD TRADE ORGANIZATION, 2014).

Photo 4.9: DRY CONTAINER - VAN 20'

Source: GROUP FIDALEX S. A (2013)

4.5.2 Dry Container- Van 40'

Table 4.2: Measures Dry Container - Van 40'

DRY CONTAINER -VAN 40 '			
		Kilograms	**Pounds**
Weight	**Empty**	3,630 kg	8,002.70 Lbs
	Maximum allowable weight	26,850 kg	59,193.51Lbs
Measure	**External**	**Internal**	**Doors Open**
	m	**m**	**m**
Long	12.19 m	12.00 m	
Width	2.44 m	2.35 m	2.34 m
High	2.59 m	2.40 m	2.29 m
Volume	67.70 m^3		

Elaborated: BY THE AUTHOR

Source: WORLD TRADE ORGANIZATION (2014)

The empty weight of the 40' container is 3,630 kg or 8,002.60 lbs., and the maximum weight allowed in containers of 40 feet for international maritime route transportis 26,850 kg or 59,193.51 lb. Its dimensions are 12 m long by 2.35 m wide by 2.40m high, giving a volume of 67.70 m^3 for cargo storage (WORLD TRADE ORGANIZATION, 2014).

Photo 4.10: DRY CONTAINER - VAN 40'

Source: GROUP FIDALEX S. A (2013)

4.5.3Dry Container- Van 40' high cube

Table 4.3: Measures Dry Container - Van 40' high cube

DRY CONTAINER -VAN 40' HIGH CUBE			
		Kilograms	**Pounds**
Weight	**Empty**	3,800 kg	8,377.48 Lbs
	Maximum allowable weight	26,600 kg	58,642.36Lbs
Measure	**External**	**Internal**	**Open Doors**
	m	**m**	**m**
Long	12.19 m	12.00 m	
Width	2.44 m	2.35 m	2.34 m
High	2.90 m	2.71 m	2.60 m
Volume	76.50 m^3		

Elaborated: BY THE AUTHOR

Source: WORLD TRADE ORGANIZATION (2014)

The empty weight of the40' high cube container is 3,800 kg or 8,377.48 lbs., and the maximum weight allowed in 40 feet high cube containers for international maritime route transport is 26,600 kg or 58,642.36 lb. Its dimensions are 12 m long by 2.35 m wide by 2.71m high giving a volume of 76.50 m^3 for cargo storage (WORLD TRADE ORGANIZATION, 2014).

Photo 4.11: DRY CONTAINER - VAN 40' HIGH CUBE

Source: GROUP FIDALEX S. A (2013)

4.6 Preparation for transport

4.6.1 Packaging

Packaging is the conditioning of the goods to protect the nature and quality of the productcontained during its handling and international transport. Its principal function is to provide the products the necessary protection to withstand without harm the different risks to which it is exposed during storage, transportation and physical distribution to the final destination and to be in optimal sale condition(BALLOU, 2004).

For this reason it is necessary to use thin cardboard boxes for packing footwear. This box will protect the product during its national and international distribution.

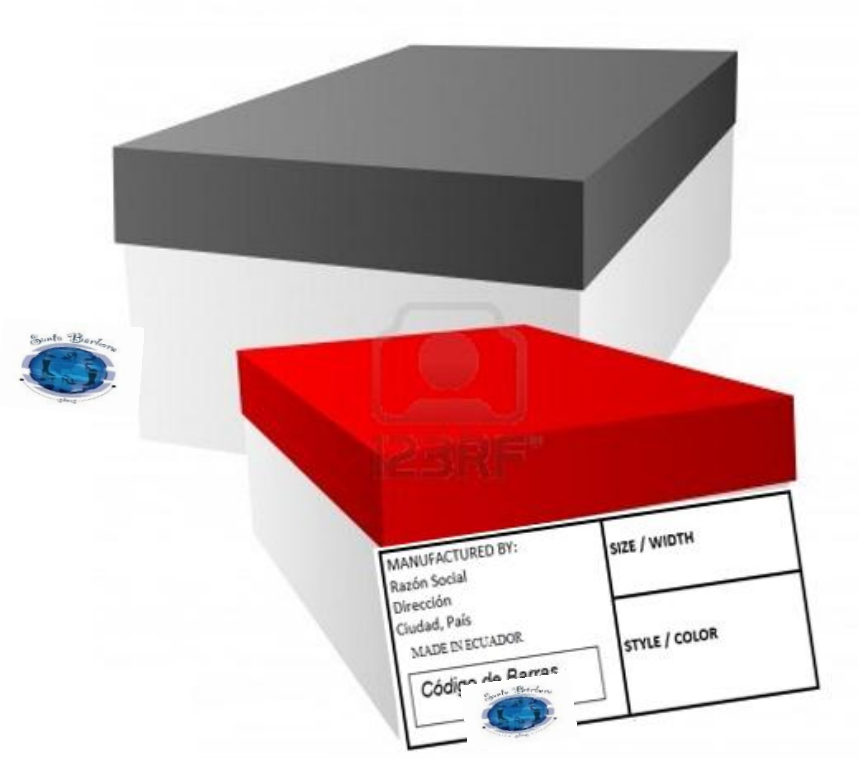

Figure 4.2: SHOE BOXES

Developed: BEEN RESIZED IN RELATION BY THE AUTHOR

Source: 123RF / PHOTO

These shoe boxes provide adequate conditions for the packaging of footwear. In terms of weight and dimensions there are three sizes of cartons that will be used depending on the shoe style. The dimensions of the shoe boxes are detailed below.

4.6.2 Dimensions and weight of the boxes

The first box is the smallest. Its dimensions are 28cm long, 12cm wide, and 10 cm high, giving as a result a volume of 0.00336 m^3, and weight 2 ounces. This box will be used for Oxford shoes and the artisanal sandals.

Table 4.4: Dimensions and weight of Box number 1 (small)

Box number 1		
	cm	**m**
Long	28 cm	0.28 m
Width	12 cm	0.12 m
High	10 cm	0.10 m
Volume m^3	0.00336 m^3	
Weight	**ounce**	**pounds**
	2 oz.	0.125 lb.

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Elaborated: BY THE AUTHOR

The second box is medium-sized. Its dimensions are 28cm long, 18cm wide, and 10 cm high, giving as a result a volume of 0.00504 m^3, and weight 4 ounces. This box will be used for casual shoes, magnolia heels, and booties.

Table 4.5: Dimensions and weight of Box number 2 (medium)

Box number 2		
	cm	**m**
Long	28 cm	0.28 m
Width	18 cm	0.18 m
High	10 cm	0.10 m
Volume m^3	0.00504 m^3	
Weight	**ounce**	**pounds**
	4 oz.	0.25 lb.

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Elaborated: BY THE AUTHOR

The third box is large. Its dimensions are 28cm long, 24cm wide, and 10 cm high, giving as a result a volume of 0.00672 m^3, and weight 5 ounces. This box will be used exclusively for the larger shoes such as boots or 40-cm platform shoes with extraornaments.

Table 4.6: Dimensions and weight of Box number 3 (large)

Box number 3		
	Cm	**m**
Long	28 cm	0.28 m
Width	24 cm	0.24 m
High	10 cm	0.10 m
Volume m^3	0-00672 m^3	
Weight	**ounce**	**pounds**
	5 oz.	0.3125 lb.

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Elaborated: BY THE AUTHOR

4.6.3 Weight of footwear by size, units, dozens and boxes

The gross and netweightof footwear is important to determine the container that will be used to export, jointly with the volume of the boxes either individuallyor as packaging units.

The shoes differ in weightbased on size, style, and design. To facilitate an inventory in weight and volume for effective logistics, a table with all the weights and volumes that are needed to calculate the volume and total weight of the load to be exported has been prepared.

In this way probable drawbacks at any stage of the process of International Physical Distribution can be avoided.

Table 4.7: Weight of the shoes by sizes, units dozens and boxes

TYPES / SIZES & WEIGHTS OF FOOTWEAR		Size 5	Size 6	Size 7	Size 8	Size 9	Size 10	W. NET FOOTWEAR dozens	W. NET BOXES dozens	W. GROSS FOOTWEAR dozens
Oxford: Weights per pairs &boxes(2 ounce) each one										
Z1(1)	Oxford – simple	10 oz	12 oz	14 oz	16 oz	18 oz	20 oz	180 oz	24 oz	5.78 kg
Z2(1)	Oxford – ornamented	12 oz	14 oz	16 oz	18 oz	20 oz	22 oz	204 oz	24 oz	6.46 kg
Artisanal Sandals: Weights per pairs &boxes (2 ounce) each one										
Z3(1)	Without heels – simple	10 oz	12 oz	14 oz	16 oz	18 oz	20 oz	180 oz	24 oz	5.78 kg
Z4(1)	Without heels–ornamented	12 oz	14 oz	16 oz	18 oz	20 oz	22 oz	204 oz	24 oz	6.46 kg
Z5(1)	With heels – simple	12 oz	14 oz	16 oz	18 oz	20 oz	22 oz	204 oz	24 oz	6.46 kg
Z6(1)	With heels – ornamented	14 oz	16 oz	18 oz	20 oz	22 oz	24 oz	228 oz	24 oz	7.14 kg
Magnolias Shoes: Weights per pairs &boxes (4 ounce) each one										
Z7(2)	Magnolias - 10mm	12 oz	14 oz	16 oz	18 oz	20 oz	22 oz	204 oz	48 oz	7.14 kg
Z8(2)	Magnolias - ornamented 10mm	14 oz	16 oz	18 oz	20 oz	22 oz	24 oz	228 oz	48 oz	7.82 kg
Z9(2)	Magnolias - 20mm	16 oz	18 oz	20 oz	22 oz	24 oz	26 oz	252 oz	48 oz	8.50 kg
Z10(2)	Magnolias - ornamented 20mm	18 oz	20 oz	22 oz	24 oz	26 oz	28 oz	276 oz	48 oz	9.19 kg
Z11(2)	Magnolias - 30mm	20 oz	22 oz	24 oz	26 oz	28 oz	30 oz	300 oz	48 oz	9.87 kg
Z12(2)	Magnolias - ornamented 30mm	22 oz	24 oz	26 oz	28 oz	30 oz	32 oz	324 oz	48 oz	10.55 kg

Casual Shoes: Weights per pairs &boxes (4 ounce) each one										
Z13(2)	Without platform- simple	8 oz	10 oz	12 oz	14 oz	16 oz	18 oz	156 oz	48 oz	5.78 kg
Z14(2)	Without platform – ornamented	10 oz	12 oz	14 oz	16 oz	18 oz	20 oz	180 oz	48 oz	6.46 kg
Z15(2)	10mmPlatform– simple	12 oz	14 oz	16 oz	18 oz	20 oz	22 oz	204 oz	48 oz	7.14 kg
Z16(2)	10mmPlatform–ornamented	14 oz	16 oz	18 oz	20 oz	22 oz	24 oz	228 oz	48 oz	7.82 kg
Z17(2)	20mm Platform– simple	16 oz	18 oz	20 oz	22 oz	24 oz	26 oz	252 oz	48 oz	8.50 kg
Z18(2)	20mm Platform–ornamented	18 oz	20 oz	22 oz	24 oz	26 oz	28 oz	276 oz	48 oz	9.19 kg
Z19(2)	30mmPlatform– simple	20 oz	22 oz	24 oz	26 oz	28 oz	30 oz	300 oz	48 oz	9.87 kg
Z20(2)	30mmPlatform–ornamented	22 oz	24 oz	26 oz	28 oz	30 oz	32 oz	324 oz	48 oz	10.55 kg
Boots: Weights per pairs &boxes (5 ounce) each one										
Z21(3)	Without heels – simple	26 oz	28 oz	30 oz	32 oz	34 oz	36 oz	372 oz	60 oz	12.25 kg
Z22(3)	Without heels – ornamented	28 oz	30 oz	32 oz	34 oz	36 oz	38 oz	396 oz	60 oz	12.93 kg
Z23(3)	With heels – simple	30 oz	32 oz	34 oz	36 oz	38 oz	40 oz	420 oz	60 oz	13.61 kg
Z24(3)	With heels - type 2	32 oz	34 oz	36 oz	38 oz	40 oz	42 oz	444 oz	60 oz	14.29 kg
Booties: Weights per pairs &boxes (4 ounce) each one										
Z25(2)	Without heels –simple	10 oz	12 oz	14 oz	16 oz	18 oz	20 oz	180 oz	48 oz	6.46 kg
Z26(2)	Without heels – ornamented	12 oz	14 oz	16 oz	18 oz	20 oz	22 oz	204 oz	48 oz	15.75 kg
Z27(2)	With heels – simple	20 oz	22 oz	24 oz	26 oz	28 oz	30 oz	300 oz	48 oz	21.75 kg
Z28(2)	With heels – ornamented	22 oz	24 oz	26 oz	28 oz	30 oz	32 oz	324 oz	48 oz	23.25 kg

Elaborated: BY THE AUTHOR

4.7 Unitization

It is easy to take a shoe box and send it around the world by a shipping agency. However, sending a large number of shoeboxes to a determined place, in optimal conditions and perfectly protected, on time, without delaysrequires appropriate logistics. In addition, that the cost should not dramatically affect the product's price, so that it can remain competitive, requires a major study of national and international physical distribution.

Unitization is the grouping of goods into large loading units, in order to facilitate transportation, so they must retain their integrity during the mobilization period. For the unitization of footwear, pallets are not used because the product is not heavy, and space and volume are thus conserved at the time of containerization (LÓPEZ, 2009).

The boxes are grouped depending on the style of shoe and size of boxes. Box sizes vary by box model, not by shoe size. For the unitization of the boxes, plastic packing will be used.

Photo 4.12: PLASTIC PACKAGING
Source: LIMACALLAO.OLX (2013)

This plastic will facilitate the unitization of boxes of shoes and avoid the use of larger cartons and the use of pallets. It is not common for the gross weight of footwear to exceed the maximum weight capacity of the containers because the goods have more volume than weight;the main problemis accommodation (ALFARO, 2011). However, it is essential to analyze the volume and weight of footwear for the respective physical distribution.

It is advisable that the company think of unitization even before bids, minimum orders and price lists are sent to their buyers; then the number of pairs per unitized package in the containers can be determined. In this way, the cost of shipping either to the port of Rotterdam or Amsterdam, or other destinations, can be calculated in advance and minimum orders and tiered pricing established consistent to these costs (LOPEZ, 2009).

The transporters may also have certain standards of preference as to the manner in which goods are packaged and can be retrieved. Some even reject loads that are precariously packaged (LOPEZ, 2009).

Today, between 80% and 90% of the containers and packaging materials in the sector are cardboard, a material that has many advantages:

- Low cost and high benefit, low weight (important for the issue of freight)
- Optimal for unifying individual products
- Anchor and durability of printed inks and adhesives
- Not a thermal conductor
- Capable of receiving coatings of varnish, wax, paraffin, asbestos or asphalt, increasing its structural strength and barrier against moisture
- 100% recyclable

4.7.1 Type 1 box

Table 4.8: Unitization of boxes - Type 1Boxes

BOX 1/ TYPE OF CONTAINER	CAPACITY CONTAINER m^3	VOLUME BOXES m^3	No. Boxes	No dozens
DRYCONTAINER-VAN 20´	33.3m^3	0.00336 m^3	9,910.71	825.9
DRY CONTAINE-VAN 40´	67.7 m^3	0.00336 m^3	20,148.81	1,679.1
DRYCONTAINE-VAN 40´ HIGH CUBE	76.5 m^3	0.00336 m^3	22,767.86	1,897.3

BOX 1/ UNITIZED / TYPE OF CONTAINER	CAPACIDAD CONTAINER m^3	8 dozens (96 pairs) m^3	No Package
DRY CONTAINER-VAN 20´	33.3m^3	0.32256 m^3	103.24
DRY CONTAINE -VAN 40´	67.7 m^3	0.32256 m^3	209.88
DRYCONTAINE -VAN 40´ HIGH CUBE	76.5 m^3	0.32256 m^3	237.17

Source: WORLD TRADE ORGANIZATION (2014)

Elaborated: BY THE AUTHOR

Box 1 has a volume of 0.00336 m^3; these boxes would be grouped into units of 8 dozen, representing 96 individual boxes or pairs. These boxes will be stacked 4 boxes long by 4 boxes of wide and 6 rows high. The volume of these 96 boxes is 0.32256 m^3. For example, if approximately 9,910 individual type 1 boxes must be sent, they can be reduced to 103 package units in a 20' container, if onlythese type of boxes is sent.

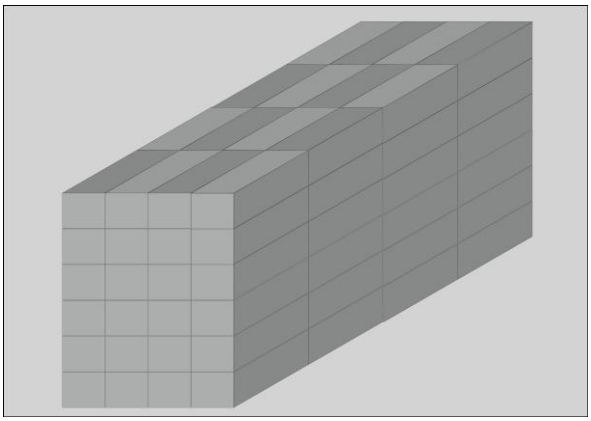

Figure 4.3: Unitization of boxes - type 1Boxes

Elaborated: BY THE AUTHOR

4.7.2 Type 2 box

Table 4.9: Unitization of boxes - Type 2 Boxes

BOX 2/ TYPE OF CONTAINER	CAPACITY CONTAINER m^3	VOLUME BOXES m^3	No. Boxes	No dozens
DRY CONTAINER-VAN 20´	33.3 m^3	0.00504 m^3	6,607.14	550.60
DRY CONTAINE -VAN 40´	67.7 m^3	0.00504 m^3	13,432.54	1,119.38
DRYCONTAINE -VAN 40´ HIGH CUBE	76.5 m^3	0.00504 m^3	15,178.57	1,264.88

BOX 2/ UNITIZED / TYPE OF CONTAINER	CAPACIDAD CONTAINER m^3	8 dozens (96 pairs) m^3	No Package
DRY CONTAINER-VAN 20´	33.3 m^3	0.36288 m^3	91.77
DRY CONTAINE -VAN 40´	67.7 m^3	0.36288 m^3	186.56
DRYCONTAINE -VAN 40´ HIGH CUBE	76.5 m^3	0.36288 m^3	210.8

Source: WORLD TRADE ORGANIZATION (2014)

Elaborated: BY THE AUTHOR

Box 2 has a volume of 0.00504 m^3. These boxes would be grouped into units of 6 dozen, representing 72 individual boxes or pairs. These boxes will be stacked 4 boxes long by 3 boxes wide and 6 rows high. The volume of these 72 boxes is 0.36288 m^3. For example, if approximately 6,607 individual type 2 boxes must be sent, they can be reduced to 91 package units in a 20' container, if only this type of boxes is sent.

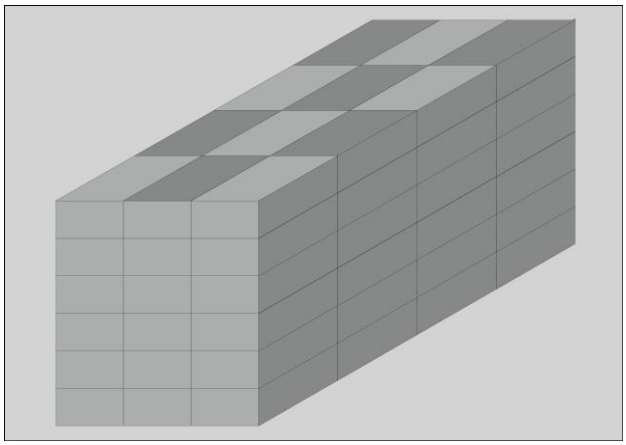

Figure 4.4: Unitization of boxes - type 2Boxes

Elaborated: BY THE AUTHOR

4.7.3 Type 3box

Table 4.10: Unitization of boxes - type 3Boxes

BOX 3/ TYPE OF CONTAINER	CAPACITY CONTAINER m^3	VOLUME BOXES m^3	No. boxes	No dozens
DRY CONTAINER-VAN 20´	33.3 m^3	0.00672 m^3	4,955.36	412.95
DRY CONTAINE -VAN 40´	67.7 m^3	0.00672 m^3	10,074.40	839.53
DRYCONTAINE -VAN 40´ HIGH CUBE	76.5 m^3	0.00672 m^3	11,383.93	948.66

BOX 3/ UNITIZED / TYPE OF CONTAINER	CAPACIDAD CONTAINER m^3	8 dozens (96 pairs) m^3	No Package
DRY CONTAINER-VAN 20´	33.3 m^3	0.40320 m^3	82.59
DRY CONTAINE -VAN 40´	67.7 m^3	0.40320 m^3	167.91
DRYCONTAINE -VAN 40´ HIGH CUBE	76.5 m^3	0.40320 m^3	189.73

Source: WORLD TRADE ORGANIZATION (2014)

Elaborated: BY THE AUTHOR

Box 3 has a volume of 0.00672 m^3. These boxes would be grouped into units of 5 dozen, representing 60 individual boxes or pairs. These boxes will be stacked 4 boxes long by 3 boxes wide and 5 rows high. The volume of these 60 boxes is 0.40320 m^3. For example, if approximately 4,955 individual type 3 boxes are to be sent, they can be reduced to 82 package units in a 20' container if only this type of boxes is sent.

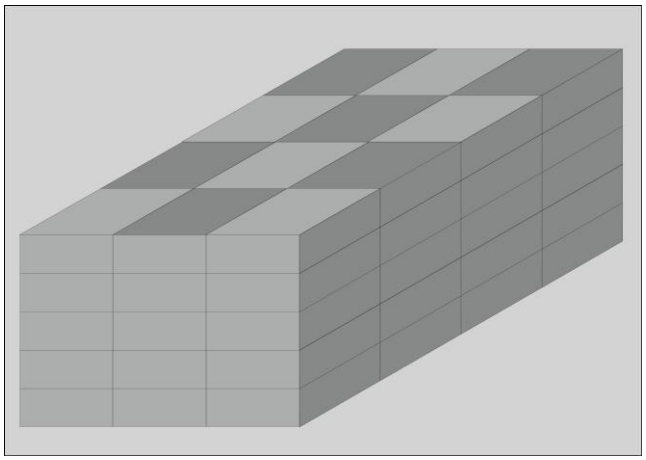

Figure 4.5: Unitization of boxes - Boxes type 3

Elaborated: BY THE AUTHOR

4.8 Marking

Marking is the way to identify the cargo so that it reaches the correct destination in optimal conditions. The marking of the package must contain the following data (RUIBAL, 2006):

- Name of the sender
- Country of origin
- Handling symbols
- Caution symbols, as applicable
- Recipient identification
- Package Number and shipping number
- Indication of weight in kilograms
- Dimensions of the package (Unitized boxes, length x width x height) (ALFARO, 2011).

The marks must be written in big letters, thick, clear, and easy to recognize. Durable ink should be used, with international signs in English and the language of the country of destination; the use of graphics is preferred (ALFARO, 2011).

4.8.1 Example of marking

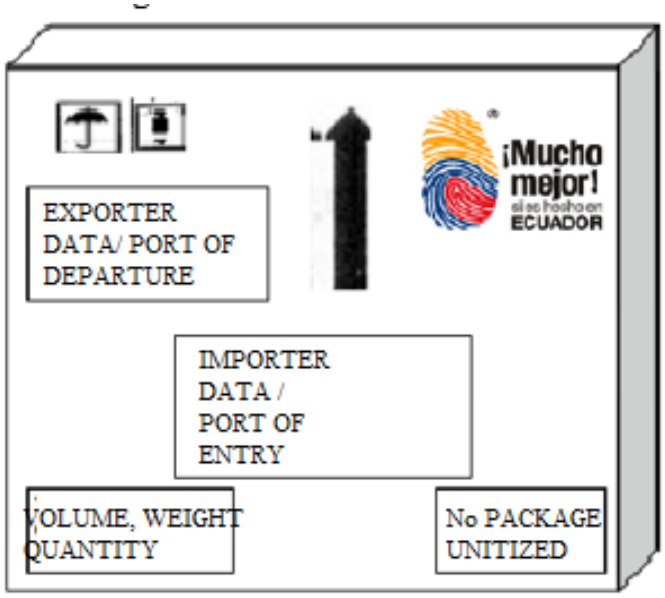

Figure 4.6: EXAMPLE OF MARKING

Source: LOGISTICS MANAGEMENT OF THE PHYSICAL DISTRIBUTION INTERNATIONAL (2010)

For footwear, the load handling marks are the most important; these must be printed in dark ink at the top left of the unitization, and the size should exceed 10 centimeters for each symbol (ALFARO, 2011).

4.8.2 Examples of handling marks for packaging

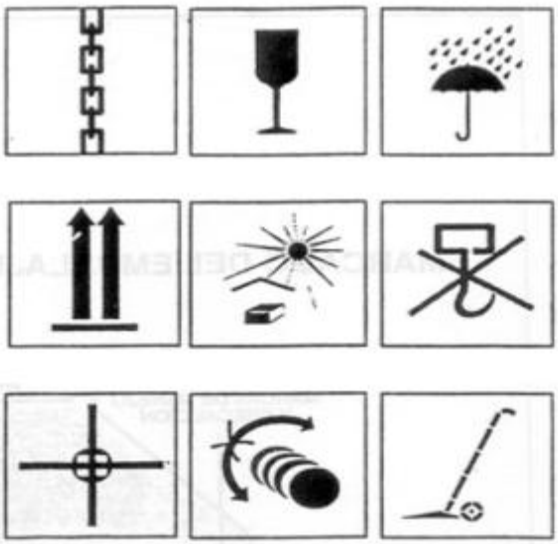

Figure 4.7: EXAMPLES OF HANDLING MARKS FOR PACKAGING
Source: MANAGEMENT OF THE INTERNATIONAL PHYSICS DISTRIBUTION OF LOGISTICS

In general, it is recommended that the two lateral sides of these packages be marked with all the data, to avoid errors or concealment of data. Important data that has already been marked on the sides should not be placed on the top as well because it will be hidden when the boxes are stowed (RUIBAL, 2006).

4.9 Shipment Calculation

After the dimensions of the individual boxes, unitized packages and containers are obtained, the respective calculations of customers' orders are performed in order to determine which container type meets our needs in terms of dimensions and weights for physical distribution.

4.9.1 Sample shipment calculation

TheDutch client makes the following order:

Table 4.11: Export Order

MODELS OF FOOTWEAR		ORDER No. dozens	
Z1 (1)	Oxford - simple	150 dz.	
Z2 (1)	Oxford – ornamented	100 dz.	
Z3 (1)	Sandals without heels - simple	50 dz.	
Z4 (1)	Sandals without heels - ornamented	40 dz.	**BOX 1**
Z5 (1)	Sandals with heels– simple	40 dz.	**380 DZ.**
Z7 (2)	Magnolias - 10mm	50 dz.	
Z8 (2)	Magnolias - 10mm ornamented	50 dz.	
Z9 (2)	Magnolias - 20mm	50 dz.	
Z10 (2)	Magnolias - 20mm ornamented	50 dz.	
Z13 (2)	Casual without platform - simple	50 dz.	
Z14 (2)	Casual without platform – ornamented	50 dz.	
Z17 (2)	Casual 20mm platform– simple	20 dz.	**BOX 2**
Z20 (2)	Casual 30mm platform– ornamented	20 dz.	**340 DZ.**
Z21 (3)	Boots without heels– simple	100 dz.	
Z22 (3)	Boots without heels – ornamented	100 dz.	
Z23 (3)	Boots with heels– simple	100 dz.	**BOX 3**
Z24 (3)	Boots with heels - type 2	120 dz.	**420 DZ.**

Elaborated: BY THE AUTHOR

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

First determine how many unitized packages with the previously establisheddimensionsare needed:

Table 4.12: Number of dozens to be unitized

Type of box	Number of dozens to be unitized
Box 1	8 Dozens
Box 2	6 Dozens
Box 3	5 Dozens

Elaborated: BY THE AUTHOR

4.9.2 Calculation per cubic meter

Table 4.13: Calculations per m^3 of the amount of footwear for export

Boxes Types	Order by dozens	No individual boxes	m^3 of the box	m^3
1	380 dz.	4560 u	0.00336 m^3	15.32 m^3
2	340 dz.	4080 u	0.00504 m^3	20.56 m^3
3	420 dz.	5040 u	0.00672 m^3	33.87 m^3
Total cubic meters for export				**69.75m^3**

Boxes Types	Order by dozens	No Package	Package m^3	m^3
1	380 dz.	47.5	0.32256 m^3	15.32 m^3
2	340 dz.	56.67	0.36288 m^3	20.56 m^3
3	420 dz.	84	0.4032 m^3	33.87 m^3
Total cubic meters for export				**69.75m^3**

Elaborated: BY THE AUTHOR

- For this order a container with a capacity of 69.75 $m^3$is needed.

Table 4.14: Capacity in $m^3$of the containers

CONTAINER DRY-VAN 20'	33.30 m^3
CONTAINER DRY-VAN 40'	67.70 m^3
CONTAINER DRY-VAN ' 40' HIGH CUBE	76.50 m^3

Elaborated: BY THE AUTHOR

- The container that is needed would be: **DRY CONTAINER -VAN 40' HIGH CUBE** that has a capacity of 76, 50 m^3,but for this order a space of only 69.75 m^3 is needed. The leftover space of 6.75 m^3can be negotiated with the client to try to occupy the maximum capacity of this container. However, international standards suggest that the container be filled up to 80% by weight and volume for safety reasons.The following ordermight be suggested to the client:

Table 4.15: Calculations per m^3 of the suggested amount of footwear for export

Boxes Types	Order by dozens	No individual boxes	m^3 of the box	m^3
1	419 dz.	5028 u	0.00336 m^3	16.89 m^3
2	372 dz.	4464 u	0.00504 m^3	22.50 m^3
3	460 dz.	5520 u	0.00672 m^3	37.09 m^3
Total cubic meters for export				**76.49 m^3**

Boxes Types	Order by dozens	No Package	Package m^3	m^3
1	419 dz.	52.38 package	0.32256 m^3	16.89 m^3
2	372 dz.	62 package	0.36288 m^3	22.50 m^3
3	460 dz.	92 package	0.4032 m^3	37.09 m^3
Total cubic meters for export				**76.49m^3**

Elaborated: BY THE AUTHOR

The customer requested 380 dozens of models with the type 1 box; 419 dozens will be sent. Instead of 340 dozens of type 2 boxes, 372 dozens will be sent. Instead of 420 dozens of type 3boxes,460 dozens will be sent. This is an option to occupy the maximum capacity of the container. However, the boxes must be arranged to take up a minimal amount of space.

The amount of the order could also be reduced to fit a DRYCONTAINER -VAN 40' with a capacity of 67.70 m^3. However, the decision is up to the client; the supplier offers advice regarding the international physical distribution.

4.10Total Weight of footwear to be exported

The total weight of the footwear to be exported is 11,622.4 kilograms representing:

- **Total pairs in box 1:**419
- **Total pairs in box 2:**372
- **Total pairs in box 3:**460

Therefore, a container with a capacity of 11,622.4 kilograms is needed.

Table 4.16: Weight capacity of containers

DRY CONTAINER -VAN 20 '			
		Kilograms	**Pounds**
Weight	**Empty**	2,250 kg	4,960.35 Lb.
	Maximum allowable weight	28,240 kg	62,257.90 Lb.
DRY CONTAINER -VAN 40 '			
Weight	**Empty**	3,630 kg	8,002.70 Lb.
	Maximum allowable weight	26,850 kg	59,193.51 Lb.
DRYCONTAINER -VAN 40' HIGH CUBE			
Weight	**Empty**	3,800 kg	8,377.48 Lb.
	Maximum allowable weight	26,600 kg	58,642.36 Lb.

Elaborated: BY THE AUTHOR

Source: WORLD TRADE ORGANIZATION (2014)

The weight of the footwear is not going to be a problem for international transport, since a container with a capacity of 11.622,4 kilograms is needed, and theDRY CONTAINER -VAN 40' HIGH CUBE, which is appropriate for the size of the cargo, can carry up to 26,600 kilograms,more than double what is needed.

4.11 Transportation Chain

This term refers to the operating procedure that involves all the persons involved in moving goods from source to destination. The regular participants of a transportation chain are the sender, the recipient, the transportation company, shop assistants, and the owner or holder and driver of the vehicle (BALLOU, 2004:231).

Transportation is the meansby which the footwear is collected from all the suppliers to form the complete cargo, and by which all this cargo is transferred to the customer.

4.11.1 Types of transportation

There are several types of transportation such as by land, by sea, by air, and multimodal. For the transport of goods, in this case footwear,to the final destination, which is the port of Rotterdam or Amsterdam two types of transport, land and maritime transport, will be used.

Land Transport

Land transport within Canton Gualaceo

Land transport will be used within Canton Gualaceoto transport all products to one warehouse/storage unit for the unification of the full load. The goods will be transported on trucks, and these costs will be assumed by the members of theMay First Shoemakers' Guild who are manufacturing the product.

Interprovincial Land Transport

In addition, interprovincial land transport will be used for transporting the goods to the port of shipment in the Port of Guayaquil.

According to the Ministry of Transportation and Public Works, Subsecretary of Land and Railway Transportation,the Road Law, with its Application Regulations, and the Andean Technical Regulation have been created for the coordination of weights and dimensions. In view of the fact that some cargo vehicles failed to comply with the statues and have therefore caused the destruction of the national road network, beginning June 20, 2009, freight vehicles will be strictly controlled at weigh stations.

In accordance with the legal regulations, current analysis of the maximum load of goods is presented in the table below (BOXTRANS, 2007):

Table 4.17: maximum load of goods

			MAXIMUM ALLOWABLE LENGTHS		
VEHICLE	**Gross Vehicle Weight kilograms**	**Empty Weight of Vehicle (Average)**	**LENGTH m**	**WIDTH m**	**HEIGHT M**
TRACTOR 2 AXLES AND SEMI-TRAILER 1 AXLE	30,000 kg	14,000 kg	18.50 m	2.60 m	4.10 m
TRACTOR 2 AXLES AND SEMI-TRAILER 2 AXLES	38,001 kg	15,000 kg	18.50 m	2.60 m	4.10 m
TRACTOR 2AXLES AND SEMI-TRAILER 3 AXLES	42,000 kg.	16,000 kg	18.50 m	2.60 m	4.10 m
TRACTOR 3 AXLES AND SEMI-TRAILER 1 AXLE	38,001 kg	16,000 kg	18.50 m	260 m	4.10 m
TRACTOR 3 AXLES AND SEMI-TRAILER 2 AXLES	46,000 kg	17,000 kg	18.50 m	2.60 m	4.10 m
TRACTOR 3 AXLES AND SEMI-TRAILER 3 AXLES	48,000 kg	18,000 kg	18.50 m	2.60 m	4.10 m

Elaborated: BY THE AUTHOR

Source: MINISTRY OF TRANSPORTATION (2009)

The table of maximum loads was made using the most frequent weights of trailer and container. However, these may differ among brands. In these circumstances, it is necessary to adjust the value of the maximum allowable load (BOXTRANS, 2007).

If the limit is not respectedby vehicle operators, the authorities will remove packagesfrom the container until it reaches the correct weight. Therefore it is necessary to considerthe weight when loading so as not to exceed the limits and to avoid difficulties, delays and storage charges.

Calculations of interprovincial land transport

Formula:

Net weight of the vehicle + net weight of the container + net weight of the order = GROSS WEIGHT LAND TRANSPORT

Table 4.18: Calculations in kilograms of the interprovincial land transport

Calculation for interprovincial land transport	KILOGRAMS WEIGHT
TRACTOR 2 AXLES AND SEMI-TRAILER 1 AXLE	14,000 Kg
DRY CONTAINER -VAN 40' HIGH CUBE	3,800 Kg
WEIGHT OF THE ORDER	11,622.4 Kg
TOTAL WEIGHT FOR TRANSPORT IN KILOGRAMS	29,422.4 Kg

ELABORATED: BY THE AUTHOR

The total weight of interprovincial transport is 29,422.4 kilograms. That is to say, it is sufficient to rent a truck whose tractor has 2axles and the semi-trailer 1 axle, since this type of vehicle can weigh up to 30,000 kg, according to the Road Law.

The weight is 29.422,4 kilograms,thereby avoiding legal problems that would be detrimental for the exporters as well as the importer,who needs the merchandiseto be delivered on time.

4.12Maritime transport

4.12.1 Time of maritime transit

According to the international shipping companies registered in the Chamber of Maritime Transport and Ports of Ecuador, the time of maritime transit for the exportation of footwear to the ports of Rotterdam and Amsterdam is 26-28 days. This time is an approximation based on departures from Ecuadorian maritime ports to the previously designated destinations.

The time of transit is expressed in calendar days. However, the exporter must go through a process of confirmation with the shipping company in charge of international maritime transportation. This confirmation is transcendental since there may be variations in the time of transit, because of availability, ship traffic, and individual processes of each international shipping operator (CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR, 2012).

4.13 Types of cargo vessels

There are several types of cargo vessels.

4.13.1 Supply Ship

This is a ship with a deck specifically designed for the transport and loading of equipment, containers, machinery, etc. to supply fuel or gas for production or exploitation facilities (GROUP FIDALEX S. A, 2013).

Photo 4.13: SUPPLY SHIP

Source: GROUP FIDALEX S. A (2013)

4.13.2 Container ship

The large vessels are the Post-Panamax vessels. These vessels can carry over 9.500 containers, and up to 12.000 containers, on a single voyage. The development of Mega ships has been very important in logistics because it has allowed the reduction of international transport costs (LOGISTICS MANAGEMENT FOR INTERNATIONAL PHYSICAL DISTRIBUTION, 2010).

Photo 4.14: CONTAINER SHIP

Source: GROUP FIDALEX S. A (2013)

Photo 4.15: CONTAINER SHIP

Source: GROUP FIDALEX S. A (2013)

The container Moller McMaerskis the largest Post-Panamax in the world.It is driven by a 109,000-horsepower engine,and weighs more than 2,300 tons. It can carry up to 18,000 TEUS (Twenty-foot Equivalent Unit), specifically 1,400 more containers than any other ship worldwide (MACHADO, 2013).

Photo 4.16: MAERSK LINECONTAINER VESSEL

Source: GROUP FIDALEX S. A (2013)

4.13.3 General cargo ship

This ship is built with a cargo bay that contains one or more compartments between decks, particularly for different varieties of dry cargo (GROUP FIDALEX S. A, 2013).

Photo 4.17: GENERAL CARGO SHIP
Source: GROUP FIDALEX S. A (2013)

This type of ship also differs in size and load capacity of containers. However, the shipping company is responsible for determining what type of vessel will be used for the transport of the merchandise and will make the analysis considering the draft of the vessel relative to the port to which it is headed.

4.14Shipping companiesinEcuador

The shipping companies present in Ecuador which are registered with theChamber of Maritime Transport and Ports of Ecuador,and therefore which meet all the necessary requirements for the international transport of goods are the following (CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR, 2012):

Company: SHIPPING AGENCY ZANDERS
Company: INTERNATIONAL AGENCY OF VAPOR - AGVAPINSA
Company: ANDINAVE S.A.
Company: APL OF ECUADOR S.A.
Company: ATLAS MARINE S.A.
Company: BBC ECUADOR
Company: BROOM ECUADOR S.A.
Company: CITIKOLD S.A.
Company: CMA-CGM ECUADOR S.A.
Company: DELPAC S.A
Company: GEMAR
Company: HANSAMARITIME S.A.
Company: GREENANDES ECUADOR S.A.
Company: HAMBURG SÜD ECUADOR S.A.
Company: IAN TAYLOR ECUADOR C. A.
Company: INCHCAPE SHIPPING SERVICES S.A.
Company: J. M. PALAU STEAMER AGENCY
Company: MAERSK OF ECUADOR C. A.
Company: MARGLOBAL
Company: MEDITERRANEAN SHIPPING COMPANY
Company: NAVESUR S.A.
Company: NAVISUR
Company: MARITIME SHIPPING SERVICES - NAVESMAR S.A.
Company: MARNIZAM SHIPPING S.A.
Company: NOE SHIPPING
Company: PORMAR TRANSPORT S.A.
Company: MARITIME REPRESENTATIONS OF ECUADOR - REMAR S.A.

Company: TECNISEA CIA. LTDA.
Company: TERMINAVES AGENCIA MARÍTIMA S.A. - TAMSA
Company: TRANSPORT AND INTERNATIONAL REPRESENTATION - TRADINTER S.A.
Company: TRANSAVISA S.A.
Company: TRANSOCEÁNICA CIA. LTDA.
Company: MARITIME AND TERRESTRIAL TRANSPORT S.A. -TMT
Company: TRANSNIPPON

Full details on the above shipping companies, such as the official representative, address, phone, fax, and email,can be found at the following electronic address:

http://www.camae.org/Agencias_Navieras.html

4.15 Ecuadorian Ports with terminals for containers

The seaports of Ecuador are one of its primary strategic logistical assets for participation in the international exchange of goods (INNOVATION LOGISTICS AND BUSINESS CENTER, 2011).

According to statistics of the World Trade Organization (WTO, 2012) more than 80% of the goods that are sold in the world are moved by sea,with the ports being what allowsthis commercial trade. Thanks to its wide geographic coverage,large quantities can be moved by this means and with optimum competitiveness (INNOVATION LOGISTICS AND BUSINESS CENTER, 2011).

Physical Function: According to the Center for Innovation Logistc and Business Center "Ports are facilities equipped with spaces of quiet water that allow connectivity between the sea and land, through the existence of three main areas: the maritime area, the land area and the interface area."

The major seaports that are registered at theChamber of Maritime Transport and Ports of Ecuadorwith container terminals are the following:

4.15.1 Port Authority of Esmeraldas

The Port Authority of Esmeraldas,as its name indicates, is located in the northern part of the country in the province of Esmeraldas(CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR, 2012).

4.15.2 Port Authority of Manta

This port is located in the province of Manabi, 25 miles from the international highway and with direct access to it (CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR, 2012).

4.15.3 Port Authority of Guayaquil

Guayaquil, the main port of the Republic of Ecuador, is located in the province of Guayas, and70% of foreign tradepasses through it. It is very important for the concentration of Latin American loads intended to pass through the Panama Canal to destinations on the east coast of the continent or in Europe and Africa (GUAYAQUIL PORT AUTHORITY, 2013).

4.15.4 Port Authority of Bolivar

Thissea portbelongs to Canton Machala in El Oro Province, Ecuador. It is one of the major ports of shipment of bananas, whose principal destination is Europe. Approximately 80% of banana production in Ecuador is shipped through this port (CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR, 2012).

Ecuador is in a process of modernization of its ports as well as its customs service, creating a high degree of security for the investments made in the country (CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR, 2012). Because of its strategic location, the exportation for this project will be from the Port of Guayaquil.

"The port of Guayaquil is constructedin a suitable form for the progress of international trade, for which it has the recommended means for the execution of its operations. The port provides all the services required by the ships and goods through highly-specialized private operators who, under the supervision of the Port Authority, act in free competition to meet the requirements of the most demanding users, thus reaching high efficiency and decreased costs" (PORT AUTHORITY OF GUAYAQUIL, 2013).

This port has several terminals and private concessions. The container terminals are the following:

Concessioned Terminals

- Contecon (Guayaquil)

  Cargo handled: Container and multipurpose terminals.

Private Terminals

Affiliated to the Chamber of Maritime Transport and Ports of Ecuador

- Bananapuerto (Guayaquil)

  Cargo handled: Containers and general cargo.

- Fertisa (Guayaquil)

  Cargo handled: Bulk cargo (fertilizers), containers, general cargo and vehicles.

- Port Terminal of Guayaquil - TPG (Guayaquil)

  Cargo handled: Containers.

4.16 Load insurance

For the simple reason that neither the exporter nor the importer has contact with the footwearduring its transit time, it is always necessary to ensure the cargo goesthrough a correct process of physical distribution.

In the case of the shipping companies, the majority have insured their vehicles, vessels or aircraft, depending on the type of transport.The cargo is a different matter, so the exporter must explicitly ask if the carrier providesinsurance for the cargo being transported,what coverage is given, and up to what amount of value of the commodity may be paid in cases of claims (WORLD TRADE ORGANIZATION, 2014).

The insurance will depend on the type of transportationbeing used,whether air, land or maritime transport, and various packages according to the desired coverage are available, according to the needs of protection such as:

- The type of footwear to be moved,
- The mode and means of transport,
- Thevolume of merchandise,
- Thefrequency of shipments.

The agent is responsible for recommending the most desirable package. However, the contracting party decides the values, goods, and risks to be protected. The premiums generally hover around 1% of the value of the goods. On the other hand, the cost of the premium is also influenced by the place of origin, the destination and the selected route, as there are routes with lower accident rates than others and countries that are considered as high risk for transit of goods.

In Ecuador, there are several insurance companies responsible for this type of business, such as Coface S.A., SegurosUnidos, Latina Seguros, SegurosEquinoccial, Operadora de Comercio Exterior (Opcomex), CorporaciónFinancieraInternacional (CFI), and SegurosOriente S.A, among others.

CHAPTER 5

ANALYSIS OF COSTS, INSURANCE AND TRANSPORTATION OF THE PRODUCT

This investigation will be developed from the beginning with the analysis for the acquisition of footwear from the qualified suppliers of the May First Shoemakers' Guild in Canton Gualaceo to its delivery on CIF terms, which means cost, insuranceand freight, to the ports of Rotterdam and Amsterdam.

The value of goods exported under the CIF term comes from adding to the FOB value the inland freight and handling,the insurance cost, and freight costs (SEKIGUCHI, 2008).

The cost of insurance and freight can be stipulated in advance or budgeted. However, everything will depend on the mode of transportation, and the quantity, weight and volume of footwear, as well as the final packing necessary to establish a transportation tariff. All these features will integrate the values which are the responsibility of the exporter to sell under CIF terms of negotiation (SEKIGUCHI, 2008:4).

FOB value + inland freight + handling (according to commercial invoice issued by the exporter)

+

Value of insurance (Value of the premium stated in the commercial invoice of the insurance company)

+

Freight charges (according to the negotiation between exporter and shipping agency or line. This value must be entered in the transport document.)

This means that the seller must hire and pay for transportation to the port of destination. Also,he/she must purchase atransportation insurance policy with minimum coverage from the exporter's warehouse to the port of destination.

Definition

This term is used specifically for the transport of goods, done by ship. It is necessary that the seller pay the costs and freight to get the merchandise to the destination port established with the buyer. The risk of loss or damage to the goods is transferred from the seller to the purchaser when the merchandise is delivered to the edge of the ship at the port of embarkation. This term is used exclusively for transport by boat, either by sea or waterways (INTERNATIONAL TRADE CENTER, 2013.)

5.1. Buyer's obligations

- Pay the price stipulated in the contract of purchase and sale.
- Get any import license and carry out all customs formalities for the importation of the goods.
- Accept delivery of the goods.
- Assume the risk of loss or damage to the goods from the moment of passing the gunwale of the ship at the port of embarkation.
- Pay all costs of the goods from the moment in which they are delivered (aboard the ship.)
- Pay all costs relating to the goods in transit until their arrival at the destination port, as well as the expenses of unloading.
- Pay all duties, taxes and other official charges, such as customs formalities for the importation of the goods.
- Accept the transport document if it is in accordance with what was established (WORLD TRADE ORGANIZATION, 2014.)

5.2Seller's obligations

- Provide the goods and the commercial invoice with provisions in the contract of purchase and sale.
- Obtain any necessary export license and carry out all customs formalities for the exportation of the goods.
- Make the contract of transport to the port of destination.
- Purchase insurance in which the buyer is the beneficiary, to apply for claims directly to the insurer. The minimum insurance will cover the contracted price in the contract plus 10%; in total it will cover 110%.
- Deliver the goods on board the vessel at the port of embarkation, on the date and time established in the contract.
- Bear all risks of loss or damage to the goods until the moment they have passed to the deck of the ship at the port of embarkation.
- Pay all costs relating to the goods until they has been delivered, including the loading of the goods on board and unloading at the destination port.
- Assume the main transport and insurance costs until the goods arrive at the port of destination.
- Inform the buyer that the merchandise has been delivered aboard the ship.
- Give to the buyer the usual document of transport to the port of destination.
- Pay for the operations of verification needed to be able to deliver the goods with suitable packaging.
- Help the buyer if necessary to obtain any document needed for the importation of the goods (WORLD ORGANIZATION OF TRADE, 2014.)

Figure 5.1: Cost, insurance and freight (CIF)

Source: LOGISTICS CENTER FOR INNOVATION AND BUSINESS (2011)

The light blue arrow pointing down indicates the time of delivery by the seller of the goods, which is where his/her responsibilities end, since the container has passed to the deck. However, the seller is responsible for hiring international freight and international insurance.

5.3 Price list of footwear

Belowis listed the export prices of footwear, which includes 35% profit for the exporter.

Table 5.1: PriceList for shoes - value FOB + inland costs + handling (commercial invoice)

FOOTWEAR MODELS		DOZEN	PAIR
Z1(1)	Oxford – simple	$162,00	$13,50
Z2(1)	Oxford – ornamented	$178,20	$14,85
Z3(1)	Sandals Without heels – simple	$194,40	$16,20
Z4(1)	Sandals Without heels–ornamented	$210,60	$17,55
Z5(1)	Sandals With heels – simple	$243,00	$20,25
Z6(1)	Sandals With heels – ornamented	$259,20	$21,60
Z7(2)	Magnolias - 10mm	$243,00	$20,25
Z8(2)	Magnolias - ornamented 10mm	$259,20	$21,60
Z9(2)	Magnolias - 20mm	$275,40	$22,95
Z10(2)	Magnolias - ornamented 20mm	$291,60	$24,30
Z11(2)	Magnolias - 30mm	$307,80	$25,65
Z12(2)	Magnolias - ornamented 30mm	$324,00	$27,00
Z13(2)	Casual Without platform- simple	$243,00	$20,25
Z14(2)	Casual Without platform – ornamented	$259,20	$21,60
Z15(2)	Casual 10mm Platform– simple	$275,40	$22,95
Z16(2)	Casual 10mm Platform–ornamented	$291,60	$24,30
Z17(2)	Casual 20mm Platform - simple	$307,80	$25,65
Z18(2)	Casual 20mm Platform–ornamented	$324,00	$27,00
Z19(2)	Casual 30mm Platform - simple	$356,40	$29,70
Z20(2)	Casual 30mm Platform–ornamented	$372,60	$31,05
Z25(2)	Booties Without heels – simple	$210,60	$17,55
Z26(2)	Booties Without heels – ornamented	$226,80	$18,90
Z27(2)	Booties With heels – simple	$259,20	$21,60
Z28(2)	Booties With heels - type 2	$275,40	$22,95
Z21(3)	Boots Without heels –simple	$340,20	$28,35
Z22(3)	Boots Without heels – ornamented	$356,40	$29,70
Z23(3)	Boots With heels – simple	$405,00	$33,75
Z24(3)	Boots With heels – ornamented	$421,20	$35,10

Elaborated:BY THE AUTHOR

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Example: Mr Bergman Ria isa Dutch businessman with a very attractive chain of footwear stores in Holland. Hesubmitted the following order, and its point of delivery is the port of Rotterdam.

Table 5.2: Example of the order list

Prices of the order list				
FOOTWEAR MODELS		**No. dozens**	**Commercial Invoice Price per dozen**	**Total export Sales per dozen**
Z1(1)	Oxford – simple	150 dz.	$162,00	$24.300,00
Z2(1)	Oxford – ornamented	100 dz.	$178,20	$17.820,00
Z3(1)	Sandals Without heels – simple	50 dz.	$194,40	$9.720,00
Z4(1)	Sandals Without heels–ornamented	40 dz.	$210,60	$8.424,00
Z5(1)	Sandals With heels – simple	40 dz.	$243,00	$9.720,00
Z6(1)	Sandals With heels – ornamented	39 dz.	$259,20	$10.108,80
Z7(2)	Magnolias - 10mm	50 dz.	$243,00	$12.150,00
Z8(2)	Magnolias - ornamented 10mm	50 dz.	$259,20	$12.960,00
Z9(2)	Magnolias - 20mm	50 dz.	$275,40	$13.770,00
Z10(2)	Magnolias - ornamented 20mm	50 dz.	$291,60	$14.580,00
Z13(2)	Casual Without platform- simple	50 dz.	$243,00	$12.150,00
Z14(2)	Casual Without platform – ornamented	50 dz.	$259,20	$12.960,00
Z17(2)	Casual 20mmPlatform– simple	20 dz.	$307,80	$6.156,00
Z18(2)	Casual 20mmPlatform–ornamented	20 dz.	$324,00	$6.480,00
Z19(2)	Casual 30mmPlatform– simple	12 dz.	$356,40	$4.276,80
Z20(2)	Casual 30mmPlatform–ornamented	20 dz.	$372,60	$7.452,00
Z21(3)	Boots Without heels –simple	120 dz.	$340,20	$40.824,00
Z22(3)	Boots Without heels – ornamented	120 dz.	$356,40	$42.768,00
Z23(3)	Boots With heels – simple	100 dz.	$405,00	$40.500,00
Z24(3)	Boots With heels – ornamented	120 dz.	$421,20	$50.544,00
			Total	**$357.663,60**

Elaborated: BY THE AUTHOR

Sourse: GUILD OF FOOTWEAR FISRT OF MAY

5.4 Analysis of insurance costs

There are several packages of international cargo insurance. In CIF terms, the decision to insure the goods at a higher percentage and covering all risks is the buyer's decision since International Commercial Terms require only minimal coverage. Premiums are around 1% of the insured value and coverage is 110%. In this case, the place of origin is Ecuador and the destination is the Port of Rotterdam in the Netherlands. The main route,which connects Central and South America and passes through the Panama Canal, is more than 11,000 km long (PUBCHEM, 2012.)

Table 5.3:Analysis of insurancecosts

INSURANCE COSTS		
Value of goods	$357,663.60	
Value of freight and shipping costs	$4,200.00	
Sum insured		**$361,863.60**
Sum insured (plus 10%)	$36,186.36	$398.049.96
Premium		1%
Cost of Insurance		**$3,980.50**

Elaborated: BY THE AUTHOR

Source: SEGUROS ORIENTE S.A. (2013)

This insurance will cover the goods from the point of departure,Gualaceo, to the Port of Rotterdam. The risks will be transferred to the buyer at the time that the container passes the deck of the ship at the chosen port of embarkation. The purchaser is the beneficiary of the insurance policy, which is purchased through the insurance company "SegurosOriente S.A", located in Guayaquil at Cdla. Kennedy and North in the Northern towers, Building B, Office 102.

5.5 Ports costs - private concessionaires

Port services prices are average. Below is a detailed price list of the necessary expenses for the export of a container at the CONTECON S.A. port terminal.

Table 5.4: Ports - cost of private concessionaire

30 mayo 2014

Basic Services	Cost	Unit
FilledContainer Transfer TTC	$160.83	per container
Weighing containers	$37.11	per container
Operations Capacity and Commodity Inspections	$92.78	per container
Internal transportation or porterage	$43.30	per container
ContainerReception	$37.11	per container
Container handling	$30.93	per container
Total	$402.06	per container

Elaborated: BY THE AUTHOR

Source: CONTECON S.A. (2014)

5.6Freight costs

There are several shipping companies registered atthe Chamber of Maritime Transport and Ports of Ecuadorbecause they meet all the necessary requirements for the international transport of goods as detailed in chapter IV.

Table 5.5: Freight costs

FREIGHT COSTS		
Costs of international transport- shipping agency costs		$4,200.00

Elaborated: BY THE AUTHOR

5.7 Total liquidation of export in CIF terms(cost, insurance, freight)

The price for the exportation of this purchase order is $365,844.10 US dollars. This is the price that Santa Bárbara Shoes as exporters quote on CIF terms,which is to say that the price is calculated based on the costs of goods, insurance and international transportation, as well as miscellaneous charges from the point of origin to the unloading port.

Table 5.6: Total liquidation of export

INVOICE COST	
FOBValue + inland costs + handling (commercial invoice)	$357,663.60
International freight	$4,200.00
InsuranceValue	$3,980.50
TOTAL COST CIF	**$365,844.10**

Elaborated: BY THE AUTHOR

The value FOB or free on board, means that the seller delivers the merchandise aboard ship, includes the respective inland freight and handling costs (commercial invoice).
The CIF value or cost, insurance and freight, determines that the seller must deliver the goods aboard the ship, including international freight costs andinternational insurance.

5.8Types of payment

While the forms of payment are not matters of International Physical Distribution, Santa Bárbara Shoes at the time of negotiating a contract for international sale with a foreign buyer, will include the terms and conditions of the transaction. The form of payment for the footwear will be according to the degree of credibility of the buyer.

There are several forms of payment used in foreign trade which are regulated by the International Chamber of Commerce. Santa Bárbara Shoes will choose anirrevocable and confirmed Letter ofCreditand in which the buyer assumes all bank fees outside of Ecuador. This is a safe option for both exporter and importer (INSTITUTE OF PROMOTION OF EXPORTS AND INVESTMENTS, 2011).

5.8.1 Confirmed irrevocable credit document

This payment method allows the exporter to ensure that the goods will be paid for, as soon as all conditions and terms previously established in the irrevocable and confirmed letter of credit are met. Speaking of a confirmed and irrevocable letter of credit, this must be confirmed by the confirming bank (correspondent bank), which will have the same obligations as the issuing bank (INSTITUTE OF PROMOTION OF EXPORTS AND INVESTMENTS, 2011).

CONCLUSIONS

The total production of the members of the May First Shoemakers' Guild, is only for the local and national markets. None of the members is engaged in exporting their products, mainly due to ignorance of the topic and essentially due to the lack of collaboration and rivalry between the members of this guild. However, exportation could be doneby a private person who bought the products from the individual members.

The May First Shoemakers' Guild, although composed of 49 members, has only 28 who are qualified by production capacity for the export of footwear. Of these, only seven are large companies that manufacture most of the shoes in a technical way and can provide 7,000 pairs of shoes on a monthly basis for export; the other 7,000 pairs of shoes will be distributed among the remaining 21 members. This represents an inequality between the principal memberswho for lack of money have not acquired machinery to work in a technical way and increase their production capacity.

Footwear from Gualaceowill comply with the ISO 14001 standard that would help with the optimization of the environmental management system, and which is necessary for the product to go to the Netherlands without any customs problems. However, it still lacks an ISO quality standard which creates credibility for entryin foreign markets. The main advantage of the footwear will be its low cost.

The market to which the production of footwear from Gualaceo will be directed is the Netherlands,which has a population of 8,357,560 million women. Although the intention is to start the project in this country, the challenge is to use this country as a gateway to the European market, because of its large infrastructure and internal transportation and its important connections through Europe, such as ground service by road and railway routes existing on the European continent that will be of great help in the international physical distribution of this product.

The Netherlands includes two major European ports, the port of Rotterdam and the port of Amsterdam. The port of Rotterdam is located in the North Sea and is one of the ports of entry to the European market, which has more than 150 million consumers living within a radius of just 500 km from Rotterdam, and 500 million consumers across Europe, which is a huge market.

Finally, after a study of international physical distribution and the use of all the tools necessary to make this product reach its final destination at a low cost, it isdetermined that a pair of shoes type Z2 (1) Oxford Shoes –ornamented would be arrive in the Dutch market at a price of $15.58 U.S. dollars (CIF), while this same type of product is sold in the Netherlands at a price of €69.00 i.e. approximately $94.94 US dollars (MARTINELLI, 2014). A pair of shoes type Z14 (2) casual without platform - ornamented comes to the Dutch market at a price of $22.68 US dollars (CIF); this same type of footwear is sold in the Netherlands at a price of €79.00 i.e. approximately $108.70 USD (MARTINELLI, 2014). That gives the product a competitive edge because of its low cost of the footwear from Gualaceo.

SUGGESTIONS

- The main problem forthe members of the May First Shoemakers' Guild is the lack of collaboration and the rivalry between them. To solve this problem, integration, knowledge and learning workshops can be organized to achieve homogeneous and responsible production for the footwear of Gualaceo.

- Members of the May First Shoemakers' Guild are qualified as artisans, and they can take advantage of the benefits of the Artisanal Promotion Act, with which they can access credits though the BancoNacional de Fomento, to acquire equipment for the automation of processes. This situation currently represents an inequality between the partners, since for lack of money some have not been able to purchase machinery. With this great help from the government, production would be increased and as a result the ability to export their products would also increase.

- The present study focuses mainly on the analysis of the Dutch market. However, this country would also be of great importance as a gateway to the European market.

- To keep up to date or establish steady connections with the port of Rotterdam and the port Amsterdam, for more information on services or problems that will be provided through international physical distribution, the followingare recommended.

- An ISO quality standard to facilitate credibility to enter foreign markets must be obtained.

- The use of electronic catalogs is recommended to facilitate the processees of marketing and selection and to have the time needed for a proper study of international physical distribution, taking into account allaspects from the acquisition of products, their labeling, packing, containerization, weighing, transport, insurance and everything related to the topic.

ANNEXES

Annex 1. Board of Directors of the May First Shoemakers' Guild

President

Mr. Flavio Roman Sarmiento Matute.

Vice President

Mr. Eduardo DaniloBlandin Ulloa.

Secretary of Records

Mr. Fernando Mauricio Loja Zhicay.

Secretary of Communications

Mr. Leoncio Rigoberto Sarmiento Ventimiglia.

Secretary of Finance

Mr. Lauro Enrique Cabrera Becerra.

Secretary of Sports

Mr. Wilson Fernando Ulloa Calderon.

Secretary of Organization and Propaganda

Mr. Second TelmoCriollo Lopez.

Secretary of Conflicts

Mr. Cesar Leoncio Sarmiento Matute.

Secretary of Social Events

Mr. Paul Eloy Espinoza Ulloa.

Secretary of Promotion and Training

Mr. Pedro Enrique LitumaArgudo.

Annex 2. List of the members of theMay First Shoemakers' Guild

1	Álvarez Brito Idla Maruja
2	Álvarez Luzuriaga Ivan Patricio
3	Arévalo Victor Manuel
4	Marcelo Lucero Argudo Mariano
5	Blandin Ulloa Danilo Eduardo
6	Cabrera Becerra Lauro Enrique
7	Calero SolisDerinsYoryi
8	Calero Juanita Solis Pillar
9	Castro Jara Ines Naomi
10	Cortés Albarracín Jose Gonzalo
11	Creole LopezSegundo Telmo
12	Chacón Lopez Carlos Alfonso
13	Espinoza Ulloa Pablo Eloy
14	Gómez Marca Miguel Ángel
15	Quiroga Guaraca JoseApolinario
16	Guzmán Guachichulca Mario Mateo
17	Guzmán Mario Máximo
18	Herrera Lojano Jorge Marcelo
19	Herrera Tacuri Israel Marcelo
20	Leon Castro FelixAnanias
21	LitumaArgudo Pedro Enrique
22	Lituma Carlos Alberto
23	LitumaLlivicura Carmen Yolanda
24	Lituma Orellana Lauro Enrique
25	Lituma Orellana Vicente Santiago
26	Loja Zhicay Fernando Mauritius
27	Lucero Yunga Jose Rigoberto
28	Marín Arredondo Wilson

29	MatailoAlvarezDavid Fabian
30	Matute Salinas Carlos Enrique
31	Orellana Valverde Carmen Esther
32	Pinzón Morales Emilio
33	Salazar Salinas Saul Gonzalo
34	Sarmiento Matute Cesar Leoncio
35	Sarmiento Matute Flavio Roman
36	Sarmiento Ventimiglia Leoncio Rigoberto
37	Torres Bueno Segundo Lauro
38	Ulloa Calderon Wilson Fernando
39	Velásquez Luis
40	Vera Hurtado Carlos Efrain
41	Villa Lituma Vinicio Fernando
42	Villa LlivicuraJesus Heriberto
43	Villavicencio Cordova Celia Teresa
44	Villavicencio Cordova Manuel Salvador
45	Villavicencio CordovaVictorLeonidas
46	Villavicencio OrdonezJorge Vinicio
47	ZhicayAngamarcaVictor Antonio
48	ZhicayCabzaca
49	Villavicencio Zhicay Johana Alexandra

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Elaborated: BY THE AUTHOR

Annex 3. List of qualified members

	NOMBRE
1	ÁlvarezLuzuriagaIván Patricio
2	ArévaloVíctor Manuel
3	Argúdo Lucero Marcelo Mariano
4	Blandín Ulloa Danilo Eduardo
5	Cabrera Becerra Lauro Enrique
6	CaleroSolísDerinsYoryi
7	CriolloLópez Segundo Telmo
8	Gómez Marca Miguel Ángel
9	GuaracaQuiroga José Apolinario
10	Herrera Lojano Jorge Marcelo
11	Herrera Tacuri Israel Marcelo
12	LitumaArgúdo Pedro Enrique
13	Lituma Orellana Lauro Enrique
14	Lituma Orellana Vicente Santiago
15	Loja Zhicay Fernando Mauricio
16	Lucero Yunga José Rigoberto
17	MatailoÁlvarez David Fabián
18	Orellana Valverde Carmen Esther
19	Salazar Salinas Saul Gonzalo
20	Sarmiento Matute Cesar Leoncio
21	Sarmiento MatuteFlavioRomán
22	Sarmiento VintimillaLeoncio Rigoberto
23	Torres Bueno Segundo Lauro
24	Vera Hurtado Carlos Efraín
25	Villa LlivicuraJesús Heriberto
26	Villavicencio Córdova Celia Teresa
27	Villavicencio Córdova Manuel Salvador
28	ZhicayAngamarcaVíctor Antonio

Source: MAY FIRST SHOEMAKERS' GUILD (2014)

Elaborated: BY THE AUTHOR

Annex 4. Data and important addresses

Below are found useful addresses for further information:

Spanish Embassy in Quito:

Consul General: Dr. Maria Dolores Rios Peset.

Phone: 255 57 33

Fax: (593 2) 223 47 18

Website: cog.quitoamaec.es

Address: 455 Pinta and Amazon.

Spanish Consulate in Guayaquil:

Consul General: Dr. Salas Alvaro GimenezAzcarate

Phone: 601 74 60

Fax: (593 2) 223 47 18

Website: cog.guayaquilamaec.es

Address: Tungurahua and Velez.

Dutch Embassy in Lima:

Consul General: Arjan Hamburger

Phone: 51 12 13 98 00

Website: limaminbuza.nl

Address: Torre Parque Mar y Av. Jose Larco 1301, piso 13.

Annex 5. Calculation by weight in kilograms

FOOTWEAR MODELS		WEIGHT per dozen Kilograms	Order No. Dozens	Weight Kilograms
Z1(1)	Oxford – simple	5.78 kg	150 dz.	867 kg
Z2(1)	Oxford – ornamented	6.46 kg	100 dz.	646 kg
Z3(1)	Sandals Without heels – simple	5.78 kg	50 dz.	289 kg
Z4(1)	Sandals Without heels–ornamented	6.46 kg	40 dz.	258.4 kg
Z5(1)	Sandals With heels – simple	6.46 kg	40 dz.	258.4 kg
Z6(1)	Sandals With heels – ornamented	7.14 kg	39 dz.	278.46 kg
Z7(2)	Magnolias - 10mm	7.14 kg	50 dz.	357 kg
Z8(2)	Magnolias - ornamented 10mm	7.82 kg	50 dz.	391 kg
Z9(2)	Magnolias - 20mm	8.5 kg	50 dz.	425 kg
Z10(2)	Magnolias - ornamented 20mm	9.19 kg	50 dz.	459.5 kg
Z13(2)	Magnolias - 30mm	5.78 kg	50 dz.	289 kg
Z14(2)	Magnolias - ornamented 30mm	6.46 kg	50 dz.	323 kg
Z17(2)	Casual Without platform- simple	8.5 kg	20 dz.	170 kg
Z18(2)	Casual Without platform – ornamented	9.19 kg	20 dz.	183.8 kg
Z19(2)	Casual 10mmPlatform - simple	9.87 kg	12 dz.	118.44 kg
Z20(2)	Casual 10mmPlatform–ornamented	10.55 kg	20 dz.	211 kg
Z21(3)	Casual 20mm Platform– simple	12.25 kg	120 dz.	1,470 kg
Z22(3)	Casual 20mm Platform–ornamented	12.93 kg	120 dz.	1,551.6 kg
Z23(3)	Casual 30mmPlatform– simple	13.61 kg	100 dz.	1,361 kg
Z24(3)	Casual 30mmPlatform–ornamented	14.29 kg	120 dz.	1,714.8 kg
			Total Kilograms	11,622.4 kg

Elaborated:BY THE AUTHOR

Annex 6.Incoterms2010

		Modalidad	Embalaje y verificacion	Carga	Transp. Interior	Formalid. Aduana export.	Costes manip. de mercancia	Transp. Principal	Seguro mcia. Seguro transp.	Coste manip.	Formalid. Aduana import	Transp. Interior	Entrega
EXW	Ex-Works		●	○	○	○	○	○	○	○	○	○	○
FCA	Free Carrier		●	●	●	●	○	○	○	○	○	○	○
FAS	Free Alongside Ship		●	●	●	●	○	○	○	○	○	○	○
FOB	Free on Board		●	●	●	●	●○	○	○	○	○	○	○
CFR	Cost and freight		●	●	●	●	●	●	○	○	○	○	○
CIF	Cost, Insurance and freight		●	●	●	●	●	●	●	○	○	○	○
CPT	Carriage paid to		●	●	●	●	●	●	●	○	○	○	○
CIP	Carriage and insurance paid to		●	●	●	●	●	●	●	○	○	○	○
DAT	Delivered at terminal		●	●	●	●	●	●	●	●	○	○	○
DAP	Delivery at place		●	●	●	●	●	●	●	●	○	●	●
DDP	Delivered duty paid		●	●	●	●	●	●	●	●	●	●	●

●	Coste riesgos vendedor
○	Coste riesgos comprador

SOUR(GANIZATION, 2014

BIBLIOGRAPHY

ALFARO, R. «*Globalization of the crisis*.» 26/7/2011. Retrieved from http://globalizaciondelacrisis.blogspot.com/ (last access: 25 /1/2014).

ALFARO, R «*Globalization of the crisi*s.» 25/3/2011. Retrieved from http://globalizaciondelacrisis.blogspot.com/feeds/posts/default?orderby=updated (last access: 30/12/2013).

AMAT, JM. .*Footwear and more.*27/11/2013.Retrieved from http://tirapie09.blogspot.com.es/ (last access: 28/12/2013).

VALENCIA SHIPPING ASSOCIATION. *Weight limits of containerized cargo.* 21/11/2007. Retrieved from http://www.boxtrans.es/Tool_Limite_peso_contenedores.pdf (last access: 18/12/2013).

GUAYAQUIL PORT AUTHORITY. *Guayaquil Port Authority*.2013. Retrieved from http://www.apg.gob.ec/institucional/acerca (last access: 20/2/2014).

BALLOU, R. *Managing the Supply Chain.*México: Pearson Education, 2004.

BANEGAS, M. *Logo Santa Bárbara Shoes.*Gualaceo.

BENAVIDES, J. *¿How to export?* . Quito: Fifth EditionDupré Graphic Arts, 2008.

BOXTRANS. «*Weight limits of containerized cargo.*» 21/1/2007. Retrieved from http://www.boxtrans.es/Tool_Limite_peso_contenedores.pdf (last access: 20/2/2014).

CHAMBER OF MARITIME TRANSPORT AND PORTS OF ECUADOR. *CAMAE.* 2012. Retrieved from http://www.camae.org/Puertos.html (last access: 30/1/2014).

LOGISTICS CENTER FOR INNOVATION AND BUSINESS. *CILTEC.*2011. Retrieved from http://www.ciltec.com.mx/es/infraestructura-logistica/puertos-maritimos (last access: 2/1/2014).

EUROPEAN COMMISSION. *Export Helpdesk.* 20/2/2014. Retrieved from http://www.exporthelp.europa.eu/ (last access: 20/4/2014).

COMLECURT . *COMLECURT* . 2012. Retrieved from http://www.comlecurt.com (last access: 2013).

CRONISTA.COM. *CRONISTA.COM.* 2/5/2006. Retrieved from http://www.cronista.com/impresageneral/El-puerto-de-Amsterdam-prepara-nuevos-proyectos-20060503-0073.html (last access: 12/10/2013).

DATOSMACRO. *Datosmacro.* s.f. Retrieved from http://www.datosmacro/divisas/usa.com (last access: 2014).

ECURED. *ECURED.* 2012. Retrieved from http://www.ecured.cu/index.php/Canal_de_la_Mancha (last access: 20/3/2014).

EL COMERCIO. *El comercio paper edition.*2013. Retrieved from http://edicionimpresa.elcomercio.com/es/24163923da60f3aa-b280-4e61-9690-248ecbf96478 (last access: 20/9/2013).

EL UNIVERSO. *New tariffs apply for footwear and textiles.* 1/6/2010. Retrieved from http://www.eluniverso.com/2010/06/01/1/1356/rigen-nuevos-aranceles-calzado-textiles.html (last access: 25/10/2013).

THE LAND THAT NEVER ENDS. *The Land That Never Ends.* 2013. Retrieved fromwww.elpaisquenuncaseacaba.blogspot.com (last access: 2013).

ESTRELLA, C. *"Project feasibility for commercialization and export of safe shoes to the Dutch market"*. QUITO: Engineering Thesis, University of Technology Equator, Faculty of Economics and Business, School of Foreign Trade and Customs Integrations, 2007.

FEDEXPOR, CORPEI. *International logistics.* Ecuador: FEDEXPOR, 2007.

INTERNATIONAL PHYSICAL DISTRIBUTION OF LOGISTICS MANAGEMENT. «Logistica.» 2010. Retrieved from http://www.logisticainternacional.com (last access: 2013).

FIDALEX GROUP S.A. *CargaInfo.com.* 2013. Retrieved from http://cargainfo.com/front_content.php?idart=4400 (last access: 23/1/2014).

MAY FIRST SHOEMAKERS' GUILD, entrevista de Carolina Guncay. *Calzado* (2/2014).

EXPORTER GUIDE - PRO ECUADOR. *Institute for Export Promotion and Investment - PRO ECUADOR.*2013. Retrieved from http://www.proecuador.gob.ec/wp-content/uploads/2013/10/GuiaExportador.pdf (last access: 18/12/2013).

HISPANOHABLANTES. *Hispanohablantes Cultural Center.* 2013. Retrieved from http://www.hispanohablantes.nl/ (last access: 30/12/2013).

INSTITUTE OF TRADE AND INVESTMENT PROMOTION. *PRO ECUADOR* . 2011.Retrieved from http://www.proecuador.gob.ec/faqs/que-tipos-de-cobros-en-negociaciones-se-pueden-usar/ (last access: 30/3/2014).

INSTITUTE OF TRADE AND INVESTMENT PROMOTION. *PRO ECUADOR.*» 11/2013. Retrieved from http://www.proecuador.gob.ec/exportadores/requisitos-para-exportar/preguntas-frecuentes/ (last access: 20/1/2014).

INSTITUTE OF TRADE AND INVESTMENT PROMOTION. *PRO ECUADOR.* [s.a].Retrieved from http://www.proecuador.gob.ec/faqs/cuales-son-los-

elementos-mas-importantes-que-el-comprador-extranjero-considera-al-momento-de-la-compra/ (last access: 15/1/2014).

LIMACALLAO. «Limacallao.» 2013. Retrieved from http://www.limacallao.olx.com (last access: 2013).

LITUMA, P, interview from C GUNCAY. *MANUFACTURING OF FOOTWEAR* (2/10/2013).

LÓPEZ, L. *Footwear Industry Chamber of the State of Guanajuato - CICEG, Export Logistics for footwear.* 2/2009. Retrieved from http://www.ciceg.org/GUIAS%20DE%20EXPORTACION%20DE%20CALZADO/01%20Logistica%20para%20la%20exportaci%C3%B3n%20de%20calzado.pdf (last access: 20/12/2013).

LUNA, L. *Projection of Ecuador to the World 2007 - 2020.*Ecuador: first Edition, Pudeleco Editores S.A, 2007.

LUPICINIO EVERSHEDS. «Icex.» [s.a]. Retrieved from http://www.icex.es/staticFiles/EL%20CREDITO%20DOCUMENTARIO_4907_.pdf (last access: 23/3/2014).

LUQUE, I. *Educarme.es.* 2013. Retrieved from http://servicios.educarm.es/templates/portal/images/ficheros/etapasEducativas/secundaria/26/secciones/400/contenidos/

6719/paisesbajos.pdf (last access:12/10/2013).

MACHADO, A. *Elmundo.es, the world's largest container ships calling at Algeciras.* 5/11/2013. Retrieved from http://www.elmundo.es/andalucia/2013/11/05/52791cca61fd3d445e8b456b.html (last access: 10/1/2014).

MARAMBIO, J.P. *National Council for Control of Drugs and Psychotropic Substances.*2009. Retrieved from http://www.cicad.oas.org/fortalecimiento_institucional/savia/PDF/Cant%C3%B3n%20Gualaceo.pdf (last access: 20/10/2013).

MARTINELLI. «MARTINELLI.» 2014. Retrieved from http://www.martinelli.es/nl-es/mujer/colecciones/novedades.html (last access: 10/5/2014).

MARYGERENCIA. *Sea and Management.*[s.a.]. Retrieved from http://marygerencia.com/2010/05/31/el-puerto-de-rotterdam/ (last access: 10/1/2014).

MARYGERENCIA. 2013. Retrieved from http://www.marygerencia.com (last access: 2013).

MINISTRY OF INDUSTRY AND PRODUCTIVITY. «press release DCS-B2013-047.» 2013.

MINISTRY OF TRANSPORT AND PUBLIC WORKS. «LAW OF ROADS.» Quito - Ecuador, 2014.

MINISTRY OF TRANSPORT AND PUBLIC WORKS. Ministry Of Transport And Public Works. 20/6/2009. Retrieved from http://www.obraspublicas.gob.ec/ (last access: 12/12/2013).

MUNICIPALITY OF GUALACEO - ExploreNet. *M.I.Municipality of Gualaceo* . 3/3/2010. Retrieved from http://www.gualaceo.gob.ec/# (last access: 20/11/2013).

HOLANDA NEWS. *Latin Holanda.*. 19/8/2010. Retrieved from http://www.noticiasholanda.com/2010/08/19/puerto-de-amsterdam-sigue-enfrentando-obstaculos/#sthash.gN8hHBGu.dpuf (last access: 30/10/2013).

COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS. *Institute for Export Promotion and Investment - PRO ECUADOR.*2013 . Retrieved from http://www.proecuador.gob.ec/pubs/perfil-logistico-de-paises-bajos-2013/ (last access: 13/1/2014).

COMMERCIAL OFFICE OF ECUADOR IN NETHERLANDS.*Institutefor Export Promotionand Investment - PRO ECUADOR.*2012. Retrieved from http://www.proecuador.gob.ec/wp-content/uploads/downloads/2013/01/PROEC_GC2012_PAISES_BAJOS.pdf (last access: 28/11/2013).

ECONOMIC OFFICE OF SPAIN IN THE HAGUE. *ICEX*. 10/2013. Retrieved fromhttp://www.icex.es/icex/cma/contentTypes/common/records/

mostrarDocumento/?doc=4714464

(last access: 20/12/2013).

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION – ©ISO 2004. *Environmental management systems - Requirements with guidance for use.*2004. Retrieved from http://www.umc.edu.ve/umcpro/cgco/joomdocs

/NormasISO/Norma_ISO_14001-Version_2004.pdf

(last access: 13/11/2013).

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION - ISO. *Environmental management system.* 2012. Retrieved from http://www.iso.org/iso/catalogue_detail?csnumber=31807 (last access: 13/11/2013).

WORLD TRADE ORGANIZATION. © *World Trade Organization* .2014. Retrieved from http://www.wto.org/indexsp.htm (last access: 15/1/2014).

SEGUROS ORIENTE, interview de C Guncay. *Cargo Insurance* (22/1/2013).

OSSA, Á. *Operations Process Import and Export.*COLOMBIA, 2010.

PERSO.WANADOO. *Perso.* 2013. www.perso.wanadoo.es.

PORTSTRATEGY. *Portstrategy.* 2013. Retrieved from http://www.portstrategy.com (last access: 11/2013).

PROAÑO, D. «*V Latin American forum Ambato footwear*."Economic analysis", Ambato, 2013.

PORT OF AMSTERDAM.*Estadistics 2013 Amsterdam Port.* 3/2014. Retrieved from http://www.portofamsterdam.com/docs/nl/statistieken/Statistische%20folder%202013.pdf (last access: 26/6/2014).

PORT OF ROTTERDAM. *Annual Report of the Port of Rotterdam 2013.*2014. Retrieved from http://www.portofrotterdam.com/en/Port-authority/finance/annual-report/Documents/Abridged-Annual-Report-2013-Port-of-Rotterdam-Authority.pdf (last access: 26/6/2014).

QUIMINET.COM. *Business Information and second to second.* 1/2/2007. Retrieved from http://www.quiminet.com/articulos/el-proceso-para-fabricar-calzado-18313.htm (last access: 20/11/2013).

RUIBAL, A. *Business Information: second to second.*Colombia: Editorial Norma, 2006.

RUIBAL, A. *International Physical Distribution of Logistics.*Bogotá, Colombia: Editorial Norma, 1998.

SAMDEK. «SlideShare.» 29/5/2010. Retrieved from http://www.slideshare.net/samdek/distribucion-fisica-internacional (last access: 23/12/2013).

SARMIENTO, F, interview from GUNCAY C. *Interview with President of the May First Shoemakers' Guild*(13/9/2013).

SEGUROS ORIENTE S.A. 2013. Retrieved from http://www.segurosoriente.com (last access: 22/11/2013).

SEKIGUCHI, D. *Insurance and Foreign Trade FEDEX.COM.* 8/2008. Retrieved from http://images.fedex.com/images/ar/pymex/Ar-SegComExt-AC-08.pdf (last access: 20/3/2014).

NATIONAL CUSTOMS SERVICE OF ECUADOR. *Exportation process* . 12/2012. Retrieved from http://www.aduana.gob.ec/pro/to_export.action (last access: 2014/6/26).

TRADE MAP. *International Trade Centre.*2014. Retrieved from http://www.trademap.org/Index.aspx?lang=es (last access: 14/3/2014).

UNCTAD/OMC, FEDEXPOR. *Quality Management of Export Answer Book for Small and medium exporters.* FEDEXPOR, 2005.

EUROPEAN UNION [s.a]. *Europea.Union.*. Retrieved from http://europa.eu/about-eu/countries/member-countries/netherlands/index_es.htm (last access: 20/11/2013).

EUROPEAN UNION (2013). *Europea.Union.*23/5/2013. Retrieved from http://europa.eu/rapid/press-release_MEMO-13-448_es.htm (last access: 28/12/ 2013).

WOODBURN, A. *WESTMINSTER UNIVERSITY*.23/1/2009. Retrieved from http://www.westminster.ac.uk/about-us/our-people/directory/woodburn-dr-allan (last access: 20/12/2013).