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## APICS CLTD

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# Topic Break Down

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QUESTION NO: 1

When importing goods such as fruit and produce into the United States (U.S.), which government agency is responsible for protecting agriculture from harmful pests and diseases?

**A.** Food Safety and Inspection Service (FSIS)

**B.** Food and Drug Administration (FDA)

**C.** US Customs and Border Protection (CBP)

**D.** Farm Service Agency (FSA)

**E.** Animal and Plant Health Inspection Service (APHIS)

**ANSWER: E**

**Explanation:**

The Animal and Plant Health Inspection Service (APHIS), an agency of the U.S. Department of Agriculture, is responsible for safeguarding U.S. agriculture and natural resources against harmful plant pests and diseases. For imported fruits, vegetables, and other plant-based commodities, APHIS establishes the phytosanitary import requirements, conducts pest-risk analysis, and administers programs intended to prevent the introduction or spread of organisms that could harm crops, livestock, ecosystems, or agricultural trade. These requirements can include import permits, inspection, treatment, certification, or restrictions based on the commodity and its country of origin. APHIS performs this work through its Plant Protection and Quarantine program, which is specifically tasked with protecting agriculture from invasive pests and diseases associated with international trade and travel. At ports of entry, agricultural inspections may be carried out operationally in coordination with U.S. Customs and Border Protection, but APHIS is the USDA agency with the underlying agriculture-protection authority and policy responsibility described in the question. APHIS summarizes its import-protection role at USDA APHIS Plant Imports; further information on its plant-health mission is available through USDA APHIS Plant Health.

**QUESTION NO: 2**

A developing country would like to improve its trade relations with Europe by updating its port infrastructure. Which international organization would help fund the project?

**A.** The Bank for International Settlements

**B.** The World Bank

**C.** The Central Bank

**D.** The International Monetary Fund

**ANSWER: B**

**Explanation:**

The World Bank is the appropriate organization because it provides long-term financing, concessional credits, grants, technical assistance, and advisory support to developing countries for projects that advance economic development. Port modernization is a core type of transport-infrastructure investment that can improve trade connectivity, lower logistics costs, increase supply-chain reliability, and expand a country's access to international markets, including Europe. Such projects often require substantial up-front capital and coordinated planning in areas such as port capacity, intermodal links, customs processes, environmental safeguards, and resilience. Through its International Bank for Reconstruction and Development and International Development Association, the World Bank can support eligible governments with financing tailored to their income level and development needs. Its transport work specifically includes improving the safety, efficiency, and sustainability of transport systems, with ports and trade corridors serving as important components of that mission. The project would therefore align directly with the World Bank's development-finance role and its support for infrastructure that enables inclusive trade and economic growth. See the World Bank's Transport overview and its financing instruments.

## QUESTION NO: 3

The key factors in modal determination when comparing the trade-off between cost and service include:

**A.** distance and load size.

**B.** carrier capacity and distance.

**C.** distance and carrier rates.

**D.** carrier rates and load size.

## ANSWER: A

**Explanation:**

**distance and load size.** are the central factors because they directly shape both the economics and service characteristics of available transportation modes. Distance affects transit time, the feasibility of faster modes, and the extent to which fixed terminal, handling, and administrative costs can be spread across a movement. For short distances, the speed advantage of air or intermodal alternatives may be less meaningful, while road transport can provide efficient, direct service. Over longer distances, the line-haul cost structure and transit-time differences among modes become much more significant.

Load size determines how effectively equipment capacity can be used and whether a shipment can move as a full truckload, carload, containerload, or consolidated less-than-load movement. Larger loads generally permit lower unit transportation costs because fixed costs are allocated over more units; smaller loads may require consolidation or a mode offering more frequent, flexible service. Evaluating these two variables together supports the modal decision: the organization can select a mode that delivers the required service level at an acceptable total logistics cost. This reflects the standard transportation-management principle that mode choice balances shipment characteristics and distance against cost and customer-service requirements. See the CSCMP Supply Chain Management Definitions and Glossary and the Encyclopaedia Britannica overview of transportation.

## QUESTION NO: 4

When looking at an organization's logistics system, which of the following expenses is the single largest variable cost?

**A.** Inventory carrying costs

**B.** Transportation costs

**C.** Warehouse operations costs

**D.** Supply management costs

## ANSWER: B

**Explanation:**

Transportation costs are generally the single largest variable expense in an organization’s logistics system. Transportation spending changes directly with shipment activity: shipment volume, weight, distance, mode selection, fuel prices, accessorial charges, and service requirements all influence the amount paid to move goods. This makes transportation highly responsive to day-to-day and seasonal changes in demand and distribution activity. For many organizations, the cost of inbound and outbound freight represents the largest share of total logistics costs and is therefore a central focus of logistics network design, carrier sourcing, load consolidation, routing, and mode optimization. The U.S. freight system’s scale also illustrates transportation’s major economic role; freight movement involves substantial expenditures across trucking, rail, air, water, and pipeline services. The Bureau of Transportation Statistics provides freight expenditure and activity data in its Freight Analysis Framework at https://www.bts.gov/faf. The Council of Supply Chain Management Professionals also identifies transportation as a core logistics activity and cost area in its supply-chain-management definitions and resources: https://cscmp.org/.

## QUESTION NO: 5

Which of the following supply chain risk management maturity model attributes provides visibility to impending disruptions and enables the establishment of effective, preventive, and mitigation plans?

**A.** Visibility

**B.** Predictability

**C.** Resiliency

**D.** Sustainability

**ANSWER: B**

**Explanation:**

**Predictability** is the maturity-model attribute concerned with anticipating future supply chain conditions, including emerging threats and likely disruptions. It goes beyond knowing the current status of orders, inventory, capacity, suppliers, and transportation networks. Predictability uses timely data, trend analysis, risk indicators, scenario planning, and forecasting to identify patterns that signal a potential disruption before it materially affects operations. This advance warning gives the organization time to prepare preventive actions and practical mitigation plans, such as qualifying alternate sources, adjusting inventory positioning, revising transportation routes, protecting critical capacity, or communicating contingency requirements to partners.

In a mature supply chain risk-management capability, predictability supports proactive rather than reactive decision-making. The organization can evaluate the probability and potential impact of a developing event, select proportionate treatments, assign ownership, and activate response plans early enough to reduce service, cost, and continuity impacts. This emphasis on anticipating and preparing for disruption aligns with ASCM's treatment of risk management as an integrated supply chain capability and with established risk-management guidance on identifying, analyzing, and treating risks. See ASCM Risk Management Certificate and ISO 31000 risk management guidance.

## QUESTION NO: 6

A company that utilizes barges as a major mode of transportation would typically navigate in:

**A.** global maritime routes.

**B.** land bridges.

**C.** inland waterways.

**D.** intermodal transportation.

**ANSWER: C**

**Explanation:**

**inland waterways.** is correct because barges are purpose-built for carrying large, heavy, and often low-value bulk shipments on navigable rivers, canals, and connected inland waterway systems. These vessels commonly move commodities such as grain, coal, petroleum products, aggregates, chemicals, and fertilizer. Their shallow draft and high cargo capacity make them especially suitable for river systems, where towboats can push multiple barges together as a tow. This operating model provides substantial economies of scale and can reduce highway congestion and fuel use per ton-mile for appropriate freight flows. In logistics planning, barge transportation is therefore associated with inland waterway infrastructure, including rivers, canals, locks, dams, terminals, and ports that connect inland origins and destinations. The U.S. Army Corps of Engineers describes the inland waterways system as a network of commercially navigable waterways used for freight transportation, while the Bureau of Transportation Statistics identifies inland waterways as an important component of domestic freight movement. See the U.S. Army Corps of Engineers navigation overview and the Bureau of Transportation Statistics waterborne freight resources.

## QUESTION NO: 7

An organization wanting to improve the management of resources and exceptions across the supply chain should focus on enhancing:

**A.** supply chain visibility.

**B.** simultaneous consideration of resources.

**C.** resource utilization.
overall asset utilization.

**ANSWER: A**

**Explanation:**

**supply chain visibility.** is correct because it provides timely, shared access to operational information across supply-chain partners and activities. Visibility allows managers to see the current status of inventory, orders, shipments, capacity, and other resources rather than relying on delayed or disconnected reports. With this end-to-end information, teams can identify deviations from plan—such as late shipments, inventory shortages, capacity constraints, or demand changes—quickly and manage those exceptions before they become larger service or cost problems.

In CLTD practice, effective visibility supports proactive control: decision-makers can monitor relevant events, evaluate the effect on available resources and customer commitments, and coordinate an appropriate response across functions or trading partners. It therefore improves both resource management and exception management, particularly in extended supply chains where data otherwise may be fragmented. ASCM's CLTD program addresses the systems, processes, and capabilities used to manage logistics and distribution activities across the supply chain, including the information needed for coordinated decisions. See the ASCM CLTD certification overview and ASCM's SCOR Digital Standard resources for the role of connected information in supply-chain performance and management.

**QUESTION NO: 8**

Which of the following situations best describes when duty drawbacks can be granted?

**A.** A manufacturer minimally transforms imports, making products that are then exported.

**B.** A distributor resells imported products.

**C.** All of the raw materials are imported a product is created, and then sold domestically.

**D.** An exported product has significant domestic content.

**ANSWER: A**

**Explanation:**

A manufacturer minimally transforms imports, making products that are then exported. This describes the essential commercial sequence for a manufacturing drawback: imported, duty-paid merchandise is used in manufacturing or production, and the resulting articles are subsequently exported. A drawback is a refund of certain customs duties, taxes, and fees that may be available when statutory requirements are met; it is not simply a reduction in the original import duty. The importer or drawback claimant must maintain records that establish the connection permitted under the applicable drawback provision between the imported merchandise, its use in production, and the export of the resulting product. The claim also must be filed within the applicable time limit and comply with U.S. Customs and Border Protection procedures. In practical logistics terms, this program can reduce the landed-cost burden on imported inputs when production is ultimately directed to export markets. The transformation need not be described by a particular level of complexity in this scenario; what matters is that the imported merchandise is used in qualifying production and the output is exported. CBP summarizes drawback requirements and procedures at its Duty Drawback page, while the statutory basis for manufacturing drawback appears in 19 U.S.C. § 1313.

**QUESTION NO: 9**

A logistics manager is developing a supply chain risk management plan incorporating contingency plans for alternatives to transportation failures. Which of the following factors best represents this approach?

**A.** Avoidance

**B.** Acceptance

**C.** Mitigation

**D.** Redundancy

**ANSWER: D**

**Explanation:**

**Redundancy** best represents contingency planning that provides alternatives when transportation fails. In logistics risk management, redundancy means deliberately maintaining backup capability that can be activated if a primary resource, route, carrier, terminal, or transportation mode becomes unavailable. Examples include prequalifying secondary carriers, securing alternate lanes and modes, maintaining contracts for emergency capacity, and establishing diversion procedures for disrupted ports or distribution centers. These measures ensure the organization has a viable transportation alternative rather than relying on a single point of failure. The objective is continuity of product flow and customer service during disruption, even when the normal transportation plan cannot be executed. This is a practical supply chain resilience measure because the backup capacity or option exists before the disruption occurs and can be incorporated into documented contingency procedures. ASCM describes supply chain risk management as identifying, assessing, and managing risks across the supply chain, including developing resilient responses to disruptions. Contingency-planning guidance likewise emphasizes preparing and maintaining alternate capabilities to sustain essential operations. See ASCM Risk Management Certificate and NIST SP 800-34 contingency-planning guidance.

**QUESTION NO: 10**

Which of the following terms refer to the contract leasing of an airplane where only the equipment, maintenance, and insurance are included?

**A.** Wet lease

**B.** Dry lease

**C.** Damp lease

**D.** ACMI lease

**E.** AMI lease

**ANSWER: E**

**Explanation:**

An **AMI lease** is the appropriate term when the leased package consists of the aircraft itself, maintenance, and insurance, without crew being supplied by the lessor. AMI is an abbreviation for *Aircraft, Maintenance, and Insurance*. This arrangement separates provision of the aircraft and its supporting maintenance-and-insurance services from responsibility for operating the aircraft. The lessee therefore supplies or otherwise arranges the flight crew and conducts operations under the applicable operating authority. This distinction is important in air transportation contracting because the allocation of operational control, crewing responsibilities, and regulatory obligations depends on precisely what the lessor provides. Aviation leasing terminology commonly distinguishes arrangements by whether crew are included: where crew are also provided, the arrangement is commonly described as ACMI, while an AMI structure omits that component. The FAA's discussion of wet and dry leasing highlights that the presence of crew and operational control is central to categorizing a lease arrangement. See the FAA guidance on wet leases and dry leases. For an industry description of ACMI components and aircraft leasing terminology, see IATA's ACMI information.

**QUESTION NO: 11**

What facility location method has the advantage of analyzing both quantitative data and hard-to-evaluate criteria'?

**A.** Center-of-gravity

**B.** Factor rating

**C.** Location and break-even analysis

**D.** Least-cost-per-lane

**ANSWER: B**

**Explanation:**

**Factor rating** is the appropriate facility-location method because it combines measurable, quantitative considerations with qualitative criteria that are important but difficult to express directly in monetary or distance terms. The organization first identifies relevant location factors, such as transportation access, labor availability, utility cost, proximity to customers, community attitude, quality-of-life considerations, and regulatory environment. Decision makers assign each factor a relative weight based on its strategic importance, then score each candidate location against those factors. Multiplying scores by the assigned weights and totaling the results produces a structured, comparable overall rating for each site.

This approach is particularly valuable in logistics network and facility-location decisions because the lowest apparent transportation or operating cost may not alone identify the location that best supports service, workforce, risk, and long-term business requirements. By making subjective judgments explicit through scores and weights, factor rating supports transparent discussion and a consistent decision process while retaining quantitative discipline. This use of weighted criteria for location selection is described in operations-management coverage of facility-location decisions, including OpenStax's business location discussion and BCcampus Operations Management's facility-location material.

**QUESTION NO: 12**

A major retailer has informed a product manufacturer that they must take back all of their dunnage The manufacturer's major decision in implementing reverse logistics will most likely be to:

**A.** manage the process internally or outsource to a third party.

**B.** take back the dunnage or tell the retailer to destroy it all.

**C.** reduce packaging materials to save money but risk more damage.

**D.** increase the selling price to the retailer to cover increased costs.

**ANSWER: A**

**Explanation:**

The correct decision is to **manage the process internally or outsource to a third party.** Once the manufacturer accepts responsibility for returned dunnage, it must establish the reverse-logistics capability needed to collect, transport, receive, inspect, sort, store, and determine the appropriate disposition of those materials. The strategic implementation choice is therefore whether to build and operate those capabilities using internal people, facilities, systems, and transportation resources, or to contract with a specialist such as a third-party logistics provider. The appropriate choice depends on factors such as return volume, geographic dispersion, required service levels, available expertise, control requirements, asset investment, and total cost. Dunnage can often be recovered for reuse, recycling, or other value recovery, so a well-designed reverse flow supports both retailer requirements and circular-material objectives. This aligns with the Council of Supply Chain Management Professionals' description of reverse logistics as the movement and management of goods from their typical final destination for value capture or proper disposal. The U.S. Environmental Protection Agency also identifies reuse and recycling as preferred material-management approaches that preserve resources and reduce waste. See CSCMP's Supply Chain Management Definitions and Glossary and the EPA guidance on reducing waste.

**QUESTION NO: 13**

A company wishes to ship large quantities via ocean freight utilizing the entire vessel capacity. The most appropriate contract of carriage to use is a:

**A.** bill of lading (B/L).

**B.** wet lease.

**C.** charter party.

**D.** letter of credit.

**ANSWER: C**

**Explanation:**

A **charter party** is the appropriate contract when a company intends to use all, or a specified substantial portion, of an ocean vessel's carrying capacity. It is a contract between the shipowner and the charterer that establishes the terms under which the vessel is made available for carriage, including the vessel or cargo space provided, freight or hire charges, loading and discharge ports, permitted cargo, voyage or time period, and each party's operational responsibilities. For a shipment requiring the entire vessel, the arrangement is generally a whole-vessel charter, commonly structured as a voyage charter for a particular movement or as a time charter for an agreed period. This contract directly supports bulk and high-volume ocean movements by securing vessel capacity rather than merely documenting receipt and carriage of freight. In logistics practice, chartering is particularly relevant to commodity, project, and other cargo flows large enough to justify dedicated vessel utilization. The U.S. Federal Maritime Commission describes charter parties as agreements for vessel use in ocean transportation, and the UN Trade and Development maritime transport material discusses charter-party arrangements in commercial shipping. See the Federal Maritime Commission resources and UN Trade and Development maritime transport resources.

**QUESTION NO: 14**

A document that serves as a contract, a receipt, and a certificate of title in an international transaction is known as a:

**A.** certificate of origin.

**B.** manifest.

**C.** packing list.

**D.** bill of lading (B/L).

**ANSWER: D**

**Explanation:**

The correct answer is **bill of lading (B/L)**. In international transportation, particularly ocean freight, a bill of lading has three central legal and operational functions. First, it provides evidence of the contract of carriage between the shipper and the carrier, documenting the carrier's agreement to transport the stated goods under defined terms. Second, once the carrier receives or loads the cargo, it serves as a receipt, identifying the goods, their apparent condition, the shipment parties, and the voyage details. Third, when issued as a negotiable original bill of lading, it is a document of title: possession of the properly endorsed original enables the holder to claim delivery of the goods from the carrier or its destination agent. This title function is especially important in international trade because it allows control of goods to be transferred while they are in transit and supports payment arrangements such as documentary collections and letters of credit. The U.S. Federal Maritime Commission describes bills of lading as contracts between a shipper and carrier that also serve as cargo receipts and documents of title. See the Federal Maritime Commission's ocean shipping basics and Trade.gov's bill of lading guidance.

**QUESTION NO: 15**

A supply chain manager would like to guard against potential shortage in their company's manufacturing capacity. Which of the following areas of supply chain risk should the manager pay most attention to?

**A.** Technical

**B.** Demand

**C.** Process

**D.** Financial

**ANSWER: A**

**Explanation:**

**Technical** is the relevant supply chain risk area because a manufacturer's available capacity depends heavily on the capability, reliability, and availability of its production technology, equipment, facilities, and supporting infrastructure. A capacity shortage can arise when machinery is unavailable because of breakdowns or inadequate maintenance, when production technology cannot achieve required output rates, when a facility lacks the technical capability to make a product, or when constraints in utilities, automation, or information systems limit throughput. Managing this risk involves assessing equipment capacity and utilization, identifying single points of failure, maintaining critical assets, validating production capabilities, and developing contingency plans such as alternate equipment, facilities, or qualified external capacity. These actions protect the organization's ability to convert inputs into finished goods at the needed volume. Capacity planning is a core operations-management activity because effective capacity directly determines whether production can support expected customer requirements. ASCM's terminology and body of knowledge emphasize capacity as the capability to produce output over a specified period; see the ASCM APICS Dictionary. Additional manufacturing-capacity and production-system context is available from NIST Manufacturing Extension Partnership.

## QUESTION NO: 16

From a health and safety perspective, which of the following sets of parameters must be taken into account when considering manual material handling?

**A.** Task, working environment, equipment, and individual capacity

**B.** Task, load, layout, and equipment

**C.** Layout, load, working environment, and individual capacity

**D.** Task, load, working environment, and individual capacity

**ANSWER: D**

**Explanation:**

**Task, load, working environment, and individual capacity** is correct because these are the core categories used in ergonomic manual-handling risk assessment. The task must be evaluated for factors such as lifting frequency, carrying distance, twisting, reaching, posture, and duration. The load must be assessed not only for its weight but also for its size, shape, stability, grip characteristics, and whether its contents could cause harm. The working environment affects the ability to handle materials safely through available space, floor condition, lighting, temperature, changes in level, and obstacles. Individual capacity recognizes that a person's ability to perform a manual-handling activity safely can vary with physical capability, training, experience, fatigue, health status, and other personal factors. Considering all four categories provides a systematic basis for identifying hazards and selecting controls, such as redesigning the task, reducing load weight, improving workplace conditions, or using mechanical handling aids. This framework aligns with the UK Health and Safety Executive's TILE approach to manual-handling assessments and with OSHA's ergonomic guidance on evaluating lifting tasks and worker capabilities. See the HSE manual handling risk assessment guidance and OSHA ergonomics guidance.

## QUESTION NO: 17

A carrier takes three weeks to deliver a product which has average sales of 1,000 units per week. The unit cost is $20 each and the carrying cost is 15%. What is the savings in the transportation inventory cost if management decides to change the mode of transportation to decrease delivery time to one week?

**A.** $2,000

**B.** S3,000

**C.** $6,000

**D.** $9,000

**ANSWER: C**

**Explanation:**

**$6,000** is the annual savings in transportation inventory carrying cost. Transportation inventory, also called pipeline inventory, is inventory that is in transit during the transportation lead time. Reducing delivery time from three weeks to one week eliminates two weeks of pipeline inventory. At average sales of 1,000 units per week, the reduction is 2,000 units (two weeks × 1,000 units per week). Valued at the $20 unit cost, the inventory investment freed from transit is $40,000 (2,000 × $20). Applying the annual carrying-cost rate of 15% produces annual carrying-cost savings of $6,000 ($40,000 × 0.15). This calculation isolates the inventory-cost effect of the shorter transit time; it does not incorporate any possible increase in freight charges associated with selecting the faster transportation mode. APICS/ASCM inventory-management concepts treat inventory carrying cost as the annual cost associated with holding inventory, commonly expressed as a percentage of inventory value. See ASCM's CLTD certification overview and the inventory carrying-cost definition.

**QUESTION NO: 18**

Which of the following groups was formed for the purpose of eliminating the trade barriers among its members?

**A.** United Nations (UN)

**B.** European Union (EU)

**C.** Organization of Petroleum Exporting Countries (OPEC)

**D.** North Atlantic Treaty Organization (NATO)

**ANSWER: B**

**Explanation:**

The European Union (EU) is correct because European economic integration was established specifically to reduce and ultimately eliminate barriers to trade among participating countries. Its development from the European Economic Community created a customs union, removing customs duties and quantitative restrictions on goods traded between member states and establishing a common external customs tariff. The EU then extended integration through its single market, which supports the free movement of goods, services, capital, and people. For logistics and distribution professionals, this integration is important because it reduces border-related friction within the EU, supports more consistent product movement across member countries, and enables firms to plan regional distribution networks around a large integrated market rather than separate national markets. Although implementation requirements such as customs, product compliance, tax, and transportation rules can still apply in particular circumstances, the elimination of internal trade barriers is a defining purpose and practical feature of the EU. The European Commission describes the single market as enabling the free movement of goods, services, capital, and people, while the EU's customs union eliminates customs duties at internal borders. See the European Commission's Single Market overview and its EU Customs Union overview.