Video Case

Name

Institutional Affiliation

Date

**Common terms used in the video case**

Some of the commonly mentioned words in the video are supply chain, logistics, and custom warehouse and distribution. A supply chain is the process of production and distribution of a product. WTDC can be termed as a supply chain management company located in Miami, FL. On the other hand, logistics involves effective planning for the transportation and storage of the product from the place where they are being produced to the place of consumption. Logistics always aims at meeting the requirement of a customer in a cost effective and timely manner. In this case, WTDC recognizes the importance of having good distribution and logistics practices. On the other hand, a customs warehouse can be defined as a procedure through which an imported product is stored by custom control in a specific place, thus not paying the import taxes or duties. In this case, WTDC is located in a foreign trade zone and utilizes Logistic services from Miami. Its goods are kept in FTZ public warehouses, which are also custom bonded warehouses.

**If the U.S. were to withdraw from the CAFTA-DR agreement, what impact do you think such a decision would have on WTDC's ability to attract and retain customers from Central America?**

If the USA withdraws from CAFTA-DR, it will translate to the elimination of non-tariff barriers. The FTA makes companies from the US competitive in Central America because of the reduction and elimination of duty. This means that if the US withdraws from CAFTA-DR goods imported by WTDC will pay higher tariffs while those being exported will not be competitive enough in the market because of duties imposed on them, making their prices to be high. This means that the company will be at risk of losing its customers to other customers. The company is also scheduled to lose in terms of profit. Free trade emerges from the theory of comparative advantage. In this case, a country produces good with the available resources and exchanges with another country in the name of free trade. In this case, if the US withdraws from CAFTA-DR, there will be a decline in manufacturing, which could as well affect the economy of America. Note that CAFTA eliminates about 80 percent of tariffs and duties which are traded between countries. In this case, employment will also be affected by companies. This means that WTDC will have more cost to incur, thus increasing the cost of their product. Customers will, therefore, not be willing to purchase products from them again.

**With regards to attracting and retaining customers, in your opinion, what should Mr. Gatizua do to reduce any negative impact of a U.S. withdrawal from CAFTA-DR**

WTDC may not know when the US is planning to pull out from CAFTA-DR. However, there are various things the company can do to prepare for what they don't know. They should try and do their market analysis to know the bestselling product. They also should be in a position to know their cost-effective network Moreover the company need also to look for partnership or franchise

**Prioritizing bestselling inventory**

One major WTDC can be able to avoid cost is by knowing their bestselling product. Thus, import the product which is selling fast. This way, it saves you the cost of storage and the tariff imposed. On the other hand, WTDC should export the product which sells first in other countries.

**Look for partnership or franchise**

If they look of partnerships and franchises in other countries, it will help them in saving the costs. It seems the company can import goods in the name of other companies. Thus, some duties and taxes will be eliminated in this case. It will also help you in alleviating various economic burdens.

In conclusion, WTDC needs to understand that no matter the strategy you are using for managing, tariffs will always affect the demand of your warehouses. they can be termed as supply chain disruptions.

**References**

Part 1: https://www.youtube.com/watch?v=DNRnF58Bu94

Part 2: https://www.youtube.com/watch?v=x0QaVG4f0G0