

Guides to International Logistics

The Practitioner's  
Definitive Guide

4th edition

# Airfreight Forwarding

The Singapore Logistics Association  
with  
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REFERENCE

## Preface

Airfreight forwarding may well be one of the most interesting and challenging areas in the logistics industry. *The Practitioner's Definite Guide: Airfreight Forwarding* will provide every practitioner with a comprehensive knowledge of current, practical and hands-on field applications. It is specially designed for airfreight industry personnel, including shippers from various industries.

This book is not only pragmatic, but also enables both readers who have already been exposed to the air cargo industry, and those who are practising it for the first time, to realise the importance of airfreight forwarding. Through materials and images from actual companies like freight forwarders and airlines, it keeps readers in touch with real-life practices. The majority of readers may not come from the air cargo industry, but those who use this book, whatever their field of work, will discover that the topics discussed are unique, interesting and extremely useful.

- E-commerce has gained much popularity in the air cargo industry – practitioners realise its importance in providing a wide range of efficient services at low cost. We have crossed the threshold into the information age, and users are constantly engaged in manipulating and transmitting information on a daily basis. This book shows the internet as a facilitator of the process, and illustrates how airlines, freight forwarders and exporters have benefited tremendously from this technology of the new millennium.
- Air traffic rights and how airlines use them are central to the smooth transport of goods between nations, as are the Nine Freedoms of air passage. These rights and freedoms are explained and illustrated.
- The proliferation of cargo in today's market makes equipment selection very challenging; decisions need to be made about the proper equipment to use in the handling and delivery of cargo and mail. The constant advent of new technology compels practitioners to seek more information when purchasing equipment. The book discusses materials handling equipment and storage systems in modern warehouses and distribution centres. The objective is to understand how, when and why an organisation would use such equipment in its logistics system. The types of equipment used to load containers and pallets onto an aircraft, be it a passenger or freighter carrier, are also described.

- This book explores how marketing interfaces with air cargo, and the future challenges faced by airlines, freight forwarders and manufacturers, with an emphasis on the importance of alliances and collaborations, mergers and acquisitions, in improving organisational profitability, efficiency and responsiveness. Partnerships make investments – in warehouses, distribution centres, information systems, training, management expertise, new technology – a shared responsibility, and bring a host of other benefits.

In all, twelve crucial topics have been mapped out.

**Chapter One:** This is an introduction to the government agencies and associations involved, and an overview of their roles in the air cargo industry. The chapter highlights the importance of their involvement, and how they have contributed to the success of today's business environment.

It also shows the strong relationships that exist in the air cargo industry. It takes a middle-of-the-road approach to the laws, rules and regulations and standard trading conditions set by the International Civil Aviation Organisation (ICAO), International Air Transport Association (IATA), International Federation of Freight Forwarders Association (FIATA), Singapore Logistics Association (SLA) and the Singapore Aircargo Agents Association (SAAA). Internal and external regulatory factors are carefully examined. Most importantly, it addresses the many dynamic issues affecting the industries associated with airfreight forwarding.

**Chapter Two:** This chapter clarifies legal implications by explaining the application of the Montreal Convention 1999 (which replaces the Warsaw Convention), conditions of contract and standard trading conditions.

**Chapter Three:** The chapter presents the differences between IATA and non-IATA airlines. It includes airline geography, in particular country codes, city codes, computation of time difference and calculation of flight time. It also explains traffic rights, and how airlines utilise them.

**Chapter Four:** This chapter describes the various manuals that guide practitioners who deal with various types of cargo: livestock, live tropical fishes, fresh cut flowers, dangerous goods, electronics, computers and peripherals.

**Chapter Five:** This presents the roles of the ground handling agents in Changi Airfreight Centre – Singapore Airport Terminal Services (SATS) and Changi International Airport Services (CIAS) – and how their functions are similar to ground handling agents in other parts of the world.

**Chapter Six:** This chapter explains the purpose of free trade zones (FTZs) in the world's major airfreight centres, and the roles of freight forwarders, third and fourth party

logistics providers, and integrators/express operators. The process of cross docking is also described.

**Chapter Seven:** This chapter sets out the main types of aircrafts used by different airlines, and the types of airline unit loading devices (AULDs) used for carriage of goods, along with specifications and dimensions.

**Chapter Eight:** This chapter treats on materials handling equipment and storage systems. It explains the key objectives of materials handling and how to effectively utilise space, time and freight movement in warehouses or in an apron area.

Packing materials that preserve the freshness and safety of goods against weather, handling, transportation, etc, are also described in this chapter.

**Chapter Nine:** The chapter describes master air waybills and house air waybills, the differences between them, and how to prepare them. Issues relating to import and export declarations are highlighted in detail, as well as practical examples of calculations of duty, and the Goods & Services Tax (GST). It also answers the following questions: What is the Major Exporter Scheme (MES), and who qualifies for it? How does Just-In-Time (JIT) delivery benefit air cargo practitioners? Which goods are prohibited from air carriage?

**Chapter Ten:** It describes the classification of commodities and related freight charges, and how rates are broken down into different categories, including commodity classification rates, special commodity rates and discounted rates. It shows how these rates are calculated according to the type of goods being transported between two nations or different IATA areas.

**Chapter Eleven:** The importance of e-commerce in today's business environment is illustrated in this chapter – its benefits and limitations, and the usefulness of the internet, which enhances information flow. Bar codes, radio frequency scanners and other new technology are available for improving logistics services, and can be effective in aiding inventory management.

**Chapter Twelve:** This chapter discusses how marketing management is likely to interface with airfreight forwarding in the near future. It focuses on alliances and collaborations, mergers and acquisitions between freight forwarders and manufacturers, and between manufacturers and suppliers, and illustrates why performance measurement is so crucial in satisfying customer expectations.

I would like to express my heartfelt appreciation to the organisations involved – government agencies, airlines (in particular SIA Cargo Pte Ltd), ground handling agents (CIAS), freight forwarders – and my friends for their sincere contributions in making this book a reality. Without their tireless support, *Airfreight* may not have materialised.

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- International Air Transport Association (IATA)
- International Civil Aviation Authority (ICAO)
- Qian Hu Corporation Ltd
- Schenker
- SIA Cargo (especially for the images of aircraft and unit loading devices on p.89–111)
- Singapore Aircargo Agents Association (SAAA)
- Swiss WorldCargo
- Toh Orchids
- U-Freight

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