

Guides to International Logistics

The Practitioner's
Definitive Guide

4th edition

Seafreight Forwarding

The Singapore Logistics Association
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in consultation with Tan Tee Hwa

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REFERENCE

About SLA

Established in 1973, the Singapore Logistics Association (SLA) champions the causes of the logistics and freight forwarding industry in Singapore. Its vision is to be a major contributor to promote Singapore as a world-class hub. Its mission is to promote professionalism and excellence of the logistics industry. The association, in close collaboration and consultation with government agencies, trade organisations, logistics professionals, academia and international organisations, crafted its objects to:

- promote, protect and develop a sound logistics industry;
- develop, promote and enhance Singapore as a premier regional and international logistics hub with a reputation for reliability, integrity and high standards in logistics practice and management; and
- represent, protect and promote the general interests of members.

SLA has a membership of more than 510 companies. These are corporations that are drawn from a wide spectrum of the freight forwarding and logistics fraternity ranging from major global companies to local smaller service providers. Membership is voluntary. Ordinary membership is for Singapore incorporated companies actively engaged in the provision of logistics services for a period of not less than two years. Associate membership is open to incorporated or registered organisations that are actively engaged in the provision of logistics and/or ancillary services.

SLA is one of the five industry associations that has been successfully awarded the Local Enterprise and Association Development (LEAD) funding in 2007.

For SLA, LEAD also encapsulates the key characteristics of the initiatives: Leadership, Excellence, Advancement and Dynamism. SLA will be implementing 11 projects over the next three years. These projects support the association's four strategic thrusts, namely Industry Branding and Benchmarking; Education and Training; Resource and Competence Development; and Business Facilitation and Development. SLA's initiatives will promote the growth of the logistics industry and help Singapore to maintain its leadership position as a regional logistics hub.

Under the Resource and Competence Development, one of the projects identified is the adoption of best practices. Through the development and publishing of a set of comprehensive books on best practices in logistics, the association endeavours to help logistics companies upgrade their process capabilities through a cost-effective medium.

The Practitioner's Definitive Guide: Land Transport is the fourth publication launched under the LEAD project, following *The Practitioner's Definitive Guide: Process Driven Warehouse Operations*, *The Practitioner's Definitive Guide: Safety & Security* and *The Practitioner's Definitive Guide: Warehouse Practices*.

These publications add to the association's publication series of *Guides to International Logistics*, namely *The Practitioner's Definitive Guide: Airfreight Forwarding*, *The Practitioner's Definitive Guide: Seafreight Forwarding* and *The Practitioner's Definitive Guide: Multimodal Transport*.

Preface

Considering that seafreight accounts for 90% of all transportation worldwide, it is now without doubt one of the most exciting, challenging and complex areas of the logistics industry. *The Practitioner's Definitive Guide: Seafreight Forwarding* offers a comprehensive catalogue of knowledge. It covers current, practical field applications, and contains information relevant to a broad spectrum of personnel in the seafreight industry.

This book is a clear and concise guide to seafreight forwarding; it explains and underlines its importance and its role in transportation today. It discusses many of the rules, legislations and laws that govern the industry, and includes images and material from freight and shipping companies practising today. It also offers in-depth coverage of a wide range of topics, making it informative reading suitable for those already in the industry and those who are just setting out learning the ropes. For readers not directly involved in seafreight, but who perhaps require a greater understanding of the industry, they will find that the topics covered are interesting and easy to read and understand.

- This book explores how and why the 150 freight or shipping conferences around the world govern, control and regulate the shipping lines that operate on all international trade routes. It explains differences between the conferences, the tariffs that have been implemented, and the alternatives that are available to the shipping industry. With an evolving marketplace and the increased popularity of intermodal transport, conferences are also evolving, with organisational restructuring to meet the new and constantly changing demands of their clients.
- Since the 1950s, containerisation has grown rapidly, and dominated the shipping industry and facilitated international trade. With the rise of trade around the world, particularly in Asia, this demand for containers looks set to continue. *Seafreight Forwarding* looks at the different types of containers used to transport a range of different goods, from clothes to coffee to crude oil. It details container materials, maintenance issues and the equipment required to load, store and move each container at each stage of transportation. It also looks at the new vocabulary that has been created to describe the construction and use of containers.

- Documentation is an integral part of the transportation process, and is essential to ensure the smooth running of freight forwarding, from collection and packing through to final delivery. It also serves to protect the legal rights of the carrier, shipper and consignee, and sets out the full extent of each party's responsibilities and liabilities. It is therefore imperative that the documentation is fully understood and completed correctly to avoid complications, delays and added charges. This book provides breakdowns and illustrated explanations of more commonly used documents.
- To unify the transport industry so that each nation works in accordance to the same legal system, a series of conventions and rules have been established to create a fair and equal system. These are set out and explained in the book.

In all, eleven crucial topics have been mapped out.

Chapter One: This chapter highlights the importance of transport geography in conjunction with international transportation and logistics, including a discussion of latitude and longitude and the use of time zones and the International Dateline. It also details the major shipping routes, canals and ports around the world.

Chapter Two: This chapter presents the differences between the two types of freight conferences, and explores how these conferences and the Ocean Shipping Reform Act of 1998, have affected the shipping industry. It also covers recent changes in the shipping scene, notably the dissolution of the Far Eastern Freight Conference (FEFC), the transfer of responsibilities from the European Liner Affairs Association (ELAA) to the World Shipping Council, repeal of BER for the Liner Shipping, and adoption of consortiums and global alliances.

Chapter Three: The chapter examines the roles of carriers and ports, shipping companies, liner agents and non-vessel operating common carriers (NVOCCs), and how and why these roles have changed in recent years.

Chapter Four: This chapter explains the different types and specifications of ships that are used for transportation, with profiles and commonly used terms. There is also a discussion of the registration and classification process.

Chapter Five: This chapter sets out the history of containers and containerisation. It looks at how they have facilitated international trade, their economic importance and what the future holds. It also covers container language and terms, the different types of containers used today, their specifications and markings, and how they are constructed and maintained.

Chapter Six: This chapter details the cargo gears and handling equipment found on board ships and on land, to enable the safe and effective loading and storing of goods. It explains the key objectives of materials handling, and the use and benefits of pallets as compared to loose cargo.

Chapter Seven: This chapter discusses the conditions that can affect cargo during transportation and the importance of following the correct procedures in packing and stowage. It outlines precautions against damage from movement, adverse weather conditions, infestation and condensation.

Chapter Eight: The importance of documentation – including bills of lading (B/Ls) and sea waybills (SWBs) – is covered in this chapter, along with the benefits of recent advances in technology that improve logistics services, such as PORTNET[®], the worldwide computer system network.

Chapter Nine: Here, we look at security issues – the measures that have been put in place since the 9/11 attacks, and their implications. These include the Container Security Initiative (CSI), Customs-Trade Partnership Against Terrorism (C-TPAT) and the Automated Manifest System (AMS).

Chapter Ten: This chapter covers freight tariff systems, including CY/CY terms, House/House terms, BAF/FAF, CAF, THC, EHC or LO/LO and DDC – all these terms are explained in the chapter.

It also explains and illustrates the structure of freight quotations and job costing, and the methods used to calculate them. It also covers how to deal with payment, from invoicing to understanding clients' requirements and expectations.

Chapter Eleven: This final chapter covers international transport conventions. It discusses the Hague and Hague-Visby Rules (Sea Transport), the CMR Convention (Road Transport) and the CIM/COTIF Convention (Rail Transport), highlighting the scope of application and the obligations, rights and liabilities of all parties involved.

I would like to express my sincere thanks to Mr Tan Tee Hwa for his invaluable help and advice, and to my family for the tireless support and understanding that they gave me whilst this book was being written.

Rachel Henwood

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