



Air Cargo And The Logistics & Transportation Industry

Mr Alec Koh

Council Member

Singapore Aircargo Agents Association

SAAA

16 November 2007

SAAA: The Singapore Aircargo Agents Association



SAAA was founded in 1971 with six pioneer members.

SAAA was formed with the aim of advocating the following objectives :

- To promote, protect and develop the business of carriage of goods by air transportation in general and the air cargo forwarding business in particular.
- To advance and promote education and technical training in the air cargo forwarding industry and for such purposes to support training schemes.
- To act as arbitrators and to assist in the settlement of disputes between members.
- To act as negotiating body for the member of the Association or with the approval of the Association, for any person, body or company for the transaction of any business connected with air cargo and to make recommendations to Government Departments or Agencies, IATA or other bodies in relation to any measure which may be taken involving members and/or the air cargo industry in Singapore.
- To set and regulate high standards and practices to be maintained by members.
- To protect the interest of SAAA members and to set guidelines for minimum handling charges for the industry.

SAAA



SAAA is a member of

- ASEAN Federation of Forwarders Associations (AFFA)
- Federation of Asia-Pacific Aircargo Association (FAPAA)
- International Federation of Freight Forwarders Associations (FIATA)
- Singapore International Chamber of Commerce (SICC)

SAAA also liaises closely with the Singapore Logistics Association (SLA).

As an active player in the air cargo industry, SAAA participates in industry-related committees with

- Airport Police
- Changi International Airport Services Pte Ltd (CIAS)
- Civil Aviation Authority of Singapore (CAAS)
- Customs Advisory Committee
- Immigration & Checkpoints Authority (ICA)
- International Enterprise Singapore (IE Singapore)
- Land Transport Authority (LTA)
- SATS Airport Services Pte Ltd (SATS)
- Singapore Customs (SC)
- SPRING Singapore





SAAA

SUBSIDIARIES

- **SAAA Cargo Services Pte Ltd (SCS)**
Fully owned

- **CargoTec Pte Ltd**
51%

- **Cargo Community Network Pte Ltd (CCN)**
5%





Why Move Goods By Air?

A couple of known reasons would be:

- Demand for urgency
- Highly perishable (short life cycle)
- Perishables
- Livestock
- Uplift on very short notice/advice
- High Valued goods
- Seasonal goods





Involvement of Parties for Movement of Goods

- **Airlines**
As the **Contracting Carrier** who undertakes the transportation from origin to destination subject to their terms and conditions.
- **Customs**
At origin and destination
- **I E Singapore**
For documentation and statistical purposes
- **Relevant Authorities**
For controlled goods
- **Freight Forwarders (agents)**
Export and Import documentation and handling services





Liability

SAAA Members/Cargo Agent's Liability:

Based on the latest Standard Trading Condition, the liability is SGD5.00 per kg

Carrier's Liability:

Under the Warsaw Convention / Hague Protocol, both having ratified by our Singapore Govt , it would come to about SGD49.58





Ground Handling Companies

As a term in our industry, they would be known as Terminal Operators

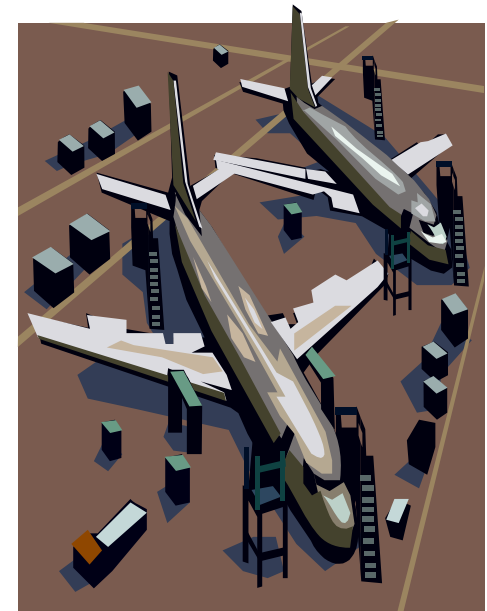
– SATS



– CIAS



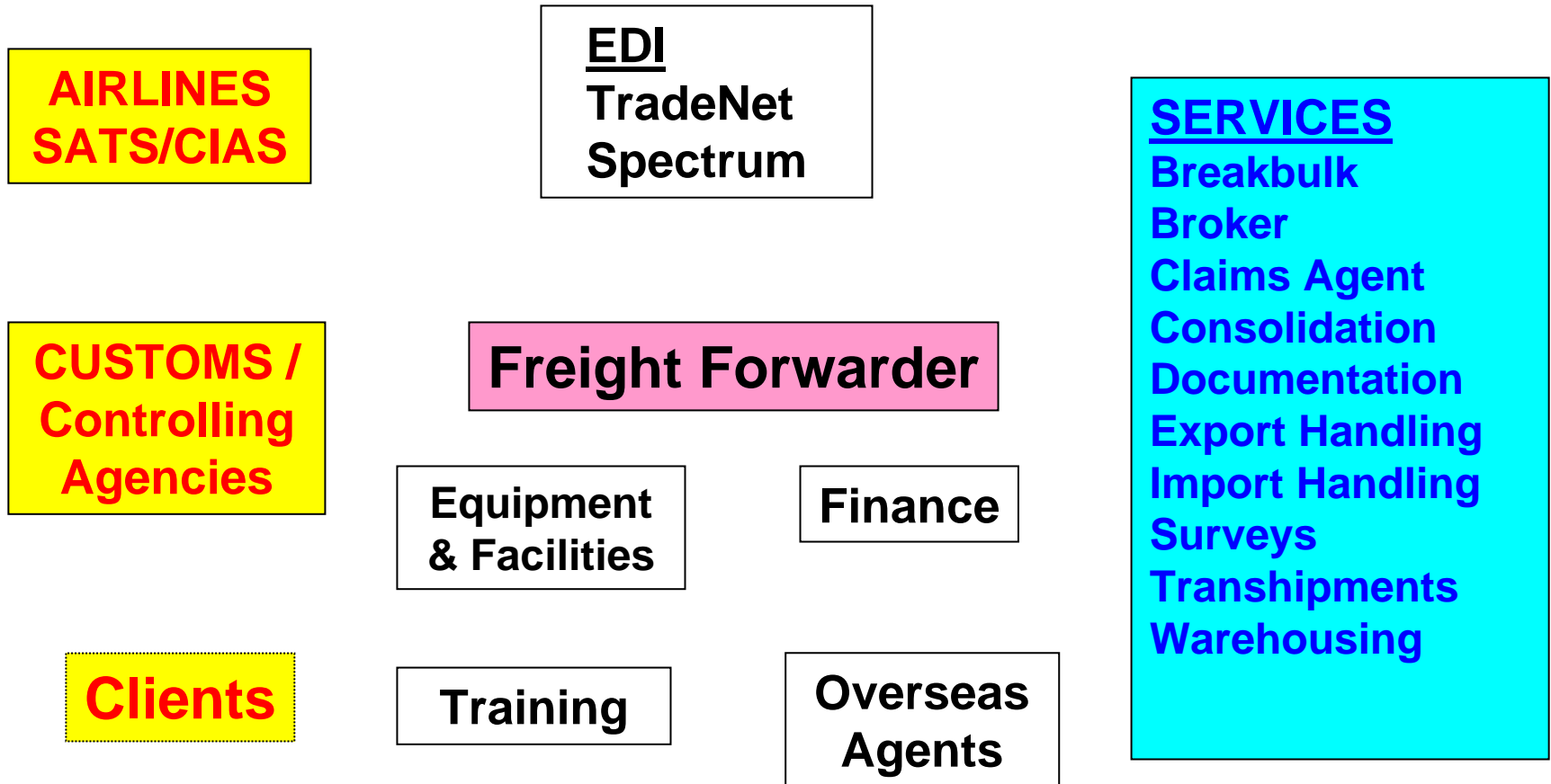
– Swissport



Activities

- Loading & Unloading of Aircrafts
- Transport between Terminals and Aircrafts
- Terminal Facilities – Storage of Cargo and equipment
- Act on behalf of the airlines they represent

Intermediaries – Air Freight Forwarders

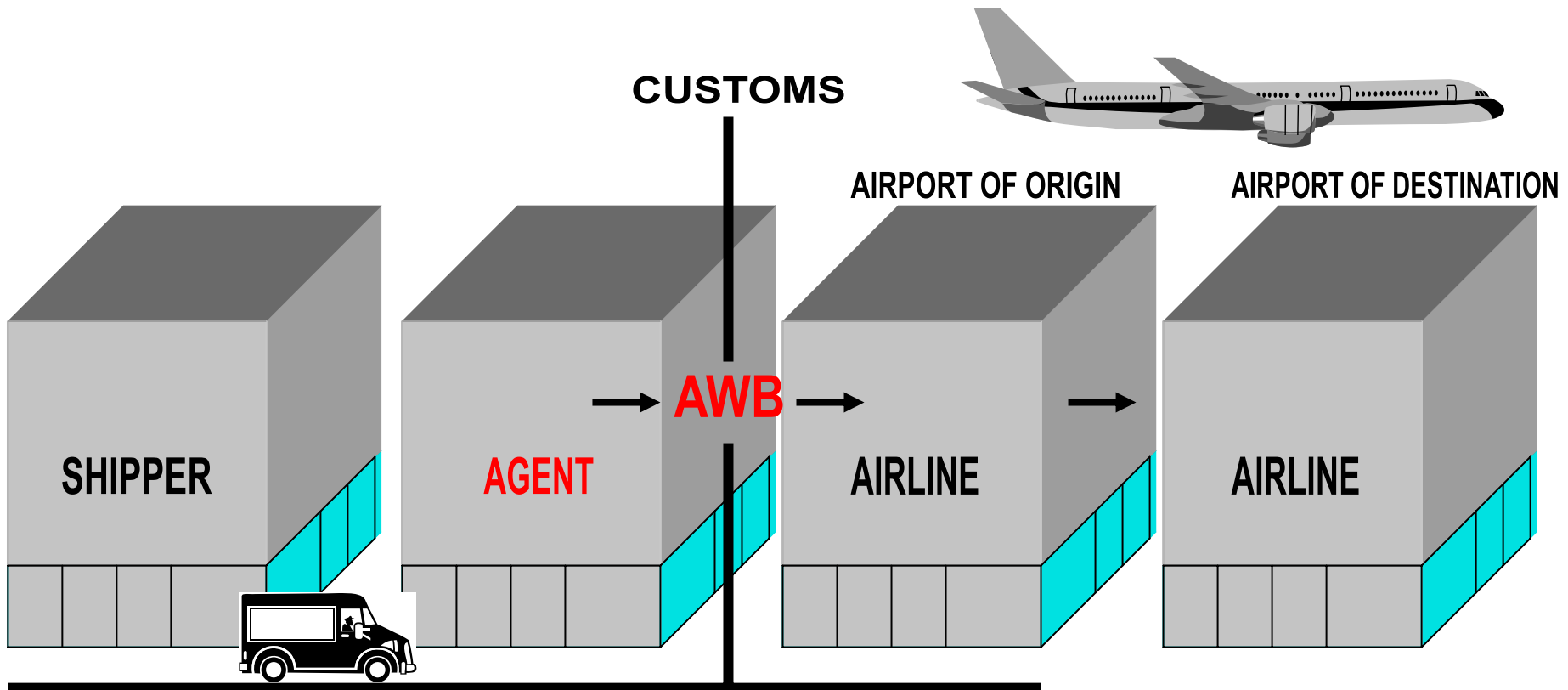
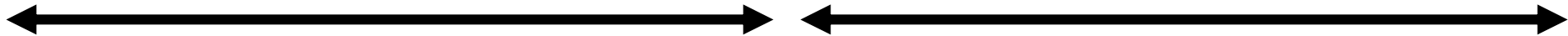




SCOPE OF THE CARGO AGENT'S ACTIVITIES

CARGO AGENT

AIRLINE

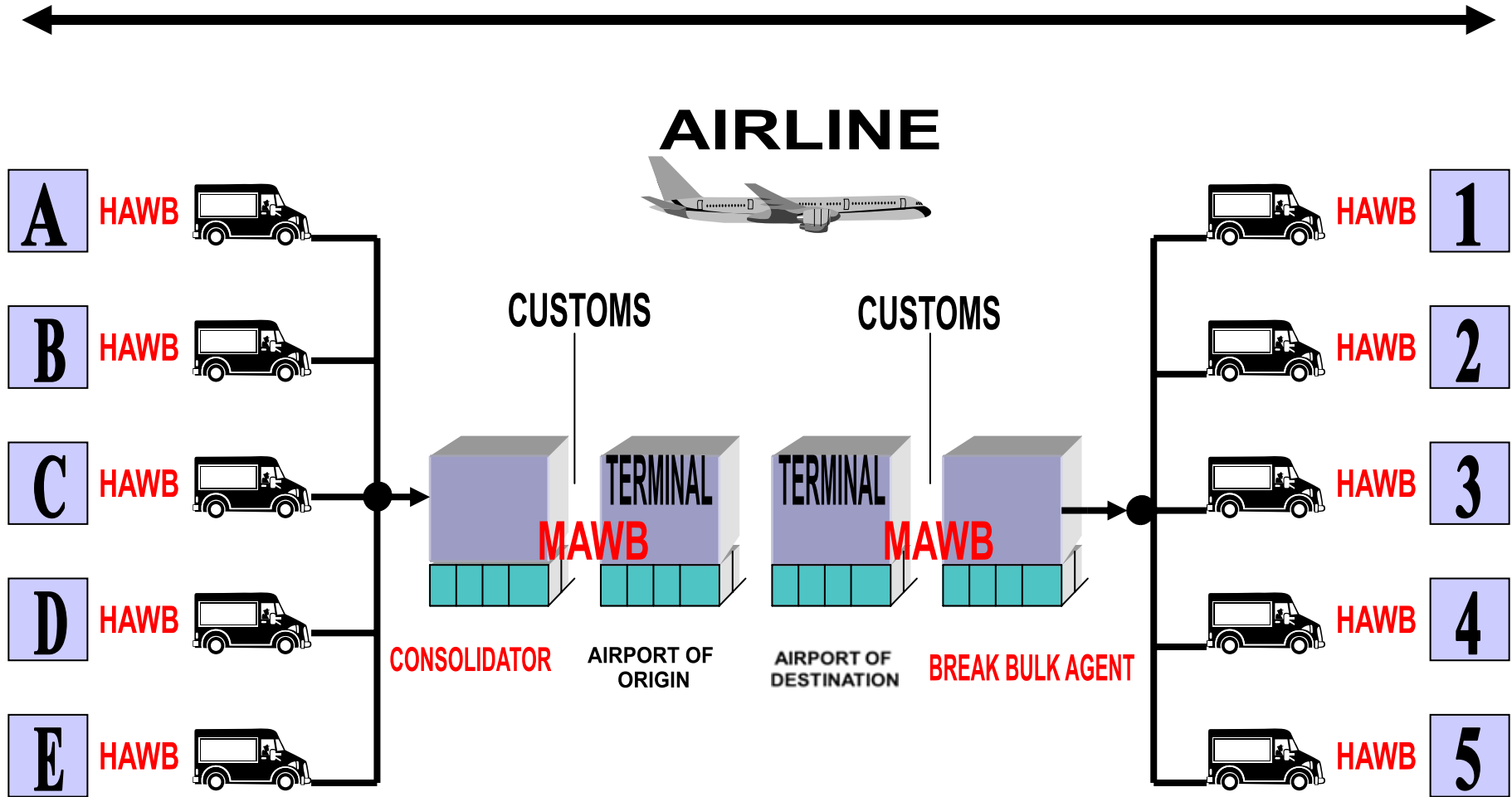


Consolidation



- **Accumulation:**
Big/small shipments
- **Objective:**
Achieve a higher **weightbreak** for a lower rate from carrier
- **Share:**
The **lower rate** is then passed to shippers.
- Consolidator's air waybills
House AWBs (HAWBs)
- Consolidator becomes the Contracting carrier
- Delivery:
Consolidator uses *Breakbulk Agent* at destination to deliver House shipments

CONSOLIDATOR & BREAKBULK AGENT



MAWB - MASTER AIR WAYBILL

Documents



Neutral Airwaybill

Shipper's Name and Address		Shipper's Account Number		House Air Waybill Number	
Consignee's Name and Address		Consignee's Account Number		Not negotiable Air Waybill (Air Consignment Note) Issued by	
Airport of Departure (Addr. of first carrier) and requested routing		Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity.		It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. THE SHIPPER'S ATTENTION IS DRAWN TO THE NOTICE CONCERNING CARRIERS' LIMITATIONS OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required.	
Amount of Destination		Flight/Date		These commodities licensed by the United States for ultimate destination United States law prohibited.	
By first carrier		Routing and Destination		Declared Value for Carriage	
No. of Pieces Pkg		Gross Weight		Declared Value for Customs	
kg		Rate Class		Amount of Insurance	
Commodity		Commodity		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Chargeable Weight		Rate		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Total		Charge		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Prepaid		Collect		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Valuation Charge		Other Charges		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Total other Charges Due Agent		Signature of Shipper or His Agent		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Total other Charges Due Carrier		Signature of Issuing Carrier or Its Agent		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Total prepaid		Excluded on		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Total collect		Date		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Commodity Classification Rating		Place		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	
Is marked in Dual Commodity		Place		Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".	

Form No. 16-810 Printed and Sold by **ENSCO** 780 Central Ave., New Providence, NJ 07974 • 800-431-3898

ORIGINAL 3-FOR SHIPPER

Airline Logo Airwaybill

618 - 6116033 0		618- 6116033 0	
Shipper's Name and Address Sime Darby Marketing 896 Dunearn Road Sime Darby Centre Singapore 2158		Shipper's Account Number	
Consignee's Name and Address ESSO-Suraya Sdn Bhd 222 Jalan Sultan Serf. Complex Banda Seri Begawan Brunei		Consignee's Account Number	
Issuing Carrier's Agent, Name and City		Accounting Information	
Agent's IATA Code		Account No.	
Airport of Departure (Address of First Carrier) and Requested Routing Singapore		Amount of Insurance	
By first carrier		Routing and Destination	
No. of Pieces Pkg		Gross Weight	
kg		Rate Class	
Commodity		Commodity	
Chargeable Weight		Rate	
Total		Charge	
Prepaid		Collect	
Valuation Charge		Other Charges	
Total other Charges Due Agent		Signature of Shipper or His Agent	
Total other Charges Due Carrier		Signature of Issuing Carrier or Its Agent	
Total prepaid		Excluded on	
Total collect		Date	
Commodity Classification Rating		Place	
Is marked in Dual Commodity		Place	

Not negotiable
Air Waybill
(Air Consignment Note)
Issued by
SINGAPORE AIRLINES LIMITED
AIRLINE HOUSE, AIRLINE ROAD, SINGAPORE 1981.

Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity.

It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. THE SHIPPER'S ATTENTION IS DRAWN TO THE NOTICE CONCERNING CARRIERS' LIMITATIONS OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required.

Amount of Insurance: \$500

Routing: SQ to NYD

Flight/Date: SQ182/20AP8

Amount of Insurance: XXX

Insurance: If Declaration in excess and such insurance is required in accordance with conditions in reverse hereof, indicate amount to be insured in figures if less marked "amount of insurance".

Handling Information
Please notify consignee immediately upon arrival.
Invoices attached.

No. of Pieces Pkg	Gross Weight	Rate Class	Chargeable Weight	Rate	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)
2	97.0	X	97.0	2.20	213.40	Plastic blood bags 30 x 24 x 24 inches each
2	97.0				213.40	
Prepaid		Valuation Charge		Other Charges		
213.40		Air Waybill Fee : 10.00				
Total other Charges Due Agent		Total other Charges Due Carrier		Total prepaid		
10.00				223.40		
Commodity Classification Rating		Place		Date		
				19/4/91		
Is marked in Dual Commodity		Place		Date		
				Singapore		

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ORIGINAL 3 (FOR SHIPPER)



Airwaybill (AWB)

Airline Airwaybill

- AWB issued by the airline or his agent (on behalf of airline) with originals (legal copies) to Shipper, Consignee and Airline.
- MAWB issued by the agent with originals to Shipper, Consignee (the agent's Overseas office or agent) and Airline.

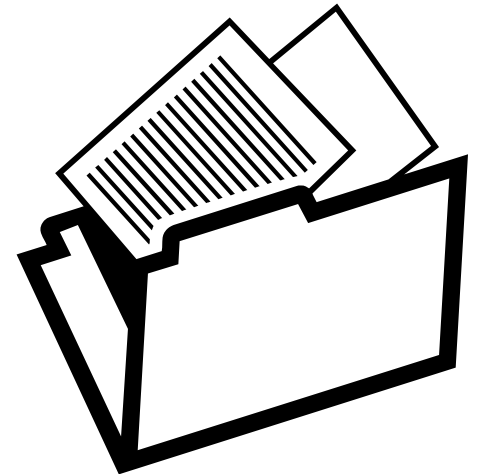
Agent's Airwaybill

- HAWB issued by the agent with originals to the Shipper and Consignee.

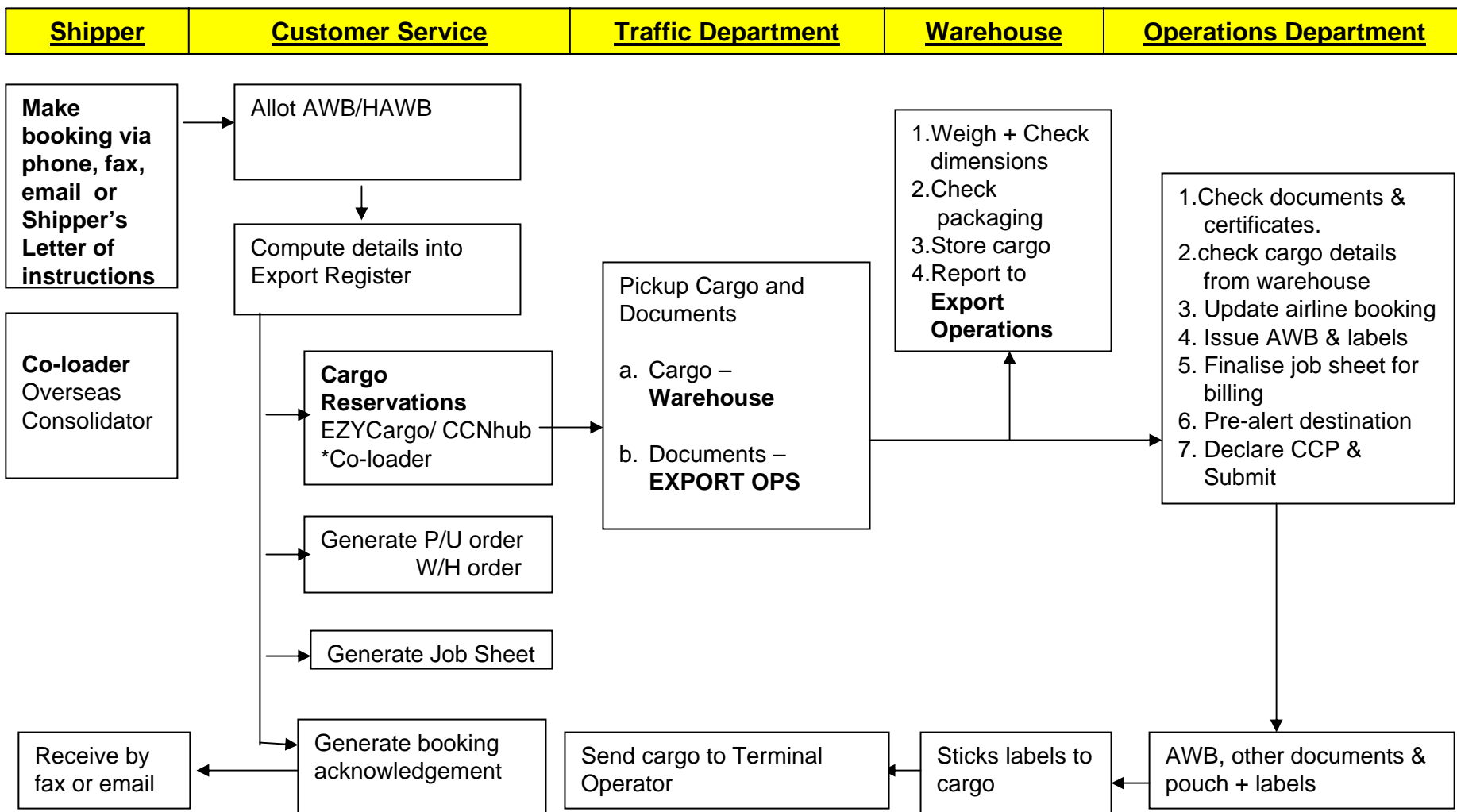
Importance Of The Airwaybill

Significance:

- Contract
- Receipt
- Freight bill
- Certificate of Insurance covered by the airline
- Customs Declaration
- Documentary Evidence of Handling Instructions



Export Operations Flow



If you wish to know more, kindly contact SAAA Cargo Services Pte Ltd for our Airfreight Forwarders Course at training@saaa.org.sg

Current Development In The Air Transportation of Goods



Supply Chain – What is it?

It is the integration of these activities through improved supply chain relationship to achieve a sustainable competitive advantage.

3PL/4PL/LLP – What are they?

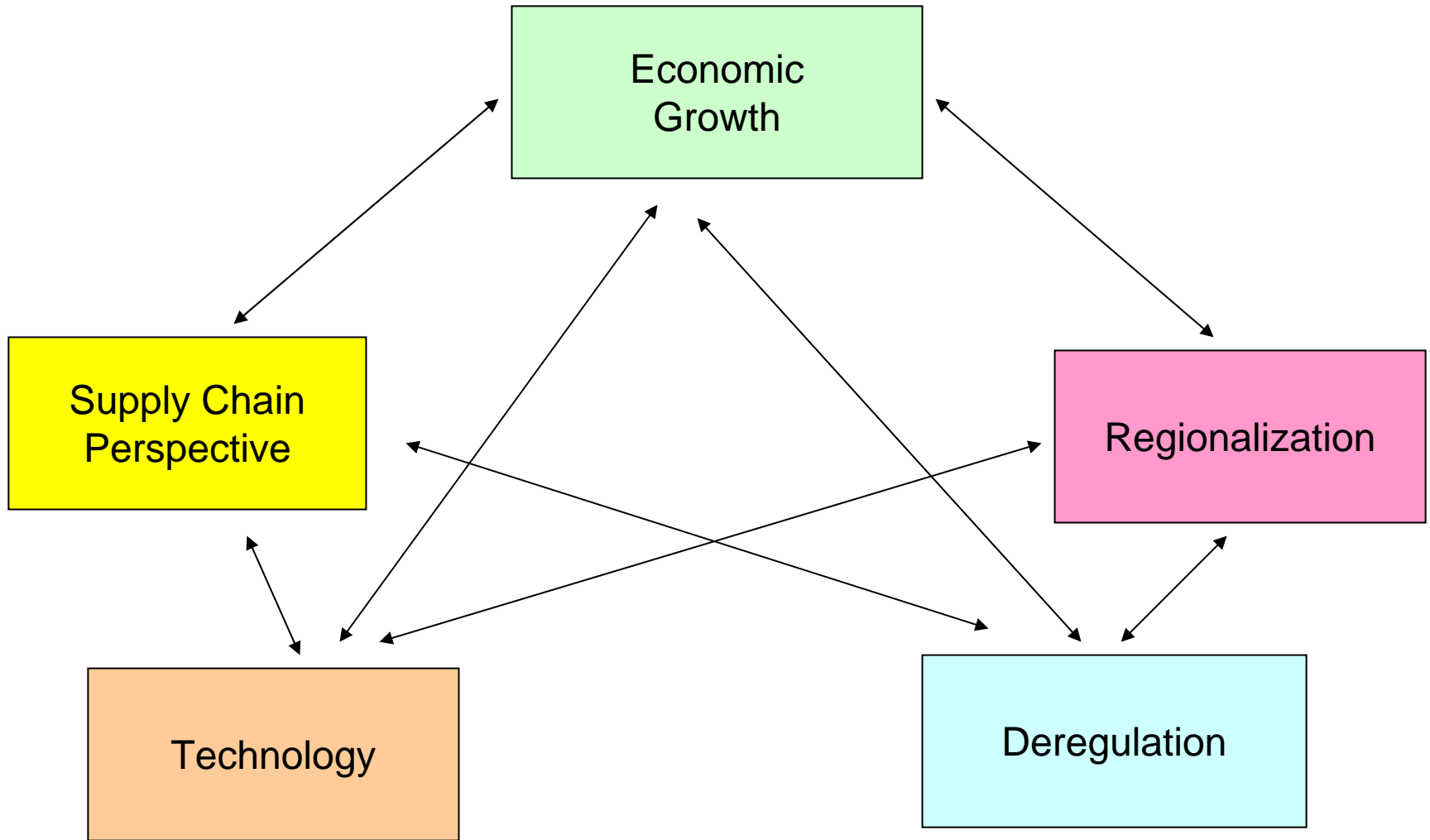
3PL - *“A firm (that) provides multiple logistics services for use by customers. Preferably, these services are integrated, or ‘bundled’ together, by the provider. Among the services.... [3PLs] provide are transportation, warehousing, cross-docking, inventory management, packaging, and freight forwarding.” Define in the Council of Supply Chain Management Professionals.*

4PL – *“A supply chain integrator that assembles and manages the resources, capabilities, and technology of its own organization with those of complementary service providers to deliver a comprehensive supply chain solution.” Define by Accenture*

LLP – *“An LLP (lead logistics provider) serves as the client’s primary supply chain management provider, defining processes and managing the provision and integration of logistics services through its own organization and those of its subcontractors.” Define by Clifford F. Lynch – DC Velocity, July 2005*

‘LSP’ - Logistics Service Provider summarizes all the 3 definitions above.

Globalization Of Supply Chain



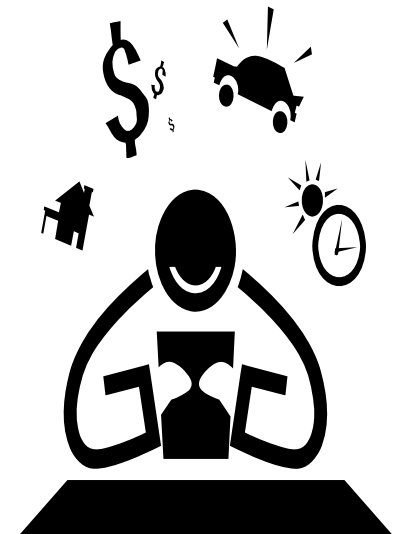
Supply Chain Competency in Air Cargo Logistics



- Air logistics is the very essence of air cargo and therefore good management logistics activities is vital
- Integrated supply chain would bring shippers, freight forwarders and airlines closer to form collaboration and alliance

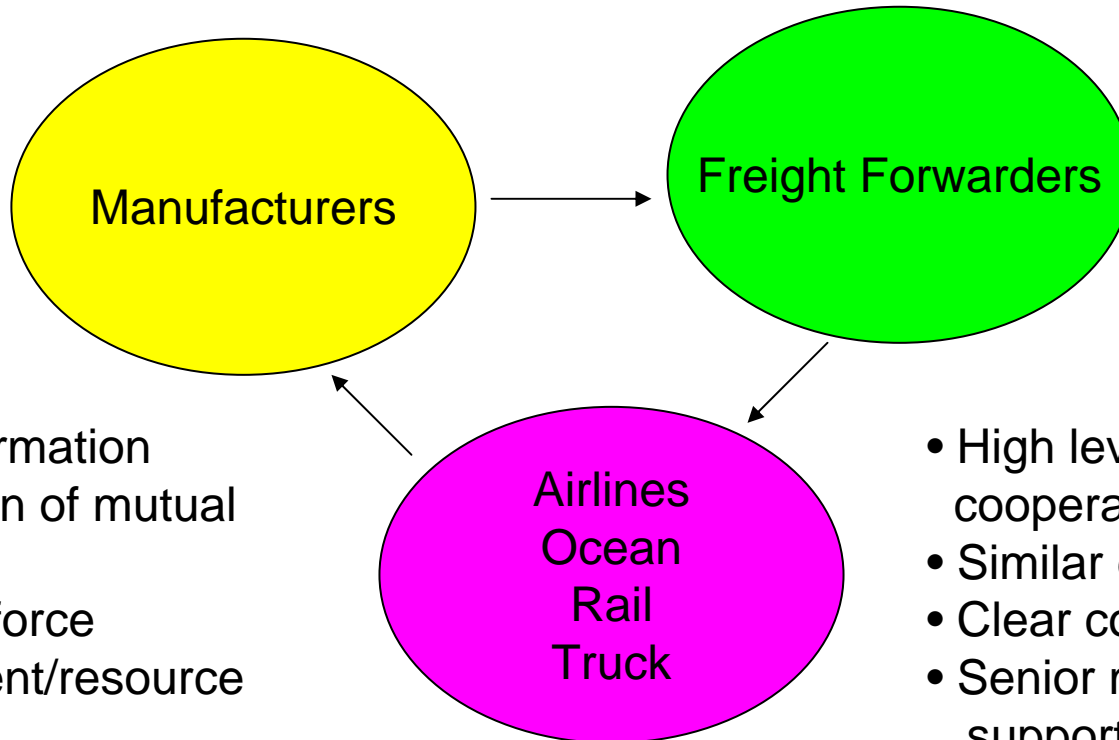
Advantages of Forming A Strategic Alliance

- Share information
- Improve quality
- Reduce inventory
- Gain supplier's expertise
- Increase responsiveness and flexibility
- Supplier gains more stable demands
- Buyer gains a stable source
- Reduced operating and administrative costs



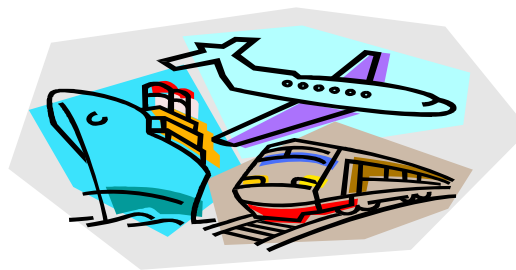
E.g. ALPS, Changi South/North, Toh Guan, Tuas etc

Factors Increasing the Global Supply Chain Relationship Success



- Share information
- Recognition of mutual benefits
- Joint task force
- Commitment/resource dedication
- Benefits recognition

- High level of cooperation
- Similar goals/objectives
- Clear communication
- Senior management support
- Control of inventory



Keen to know more, contact SAAA Cargo Services Pte Ltd for Global Supply Chain Management Course at training@saaa.org.sg



IT – Information Technology

EDI – Electronic Data Interchange

Links all parties, from the shipper right up to the consignee

Community System

Speeds up processes

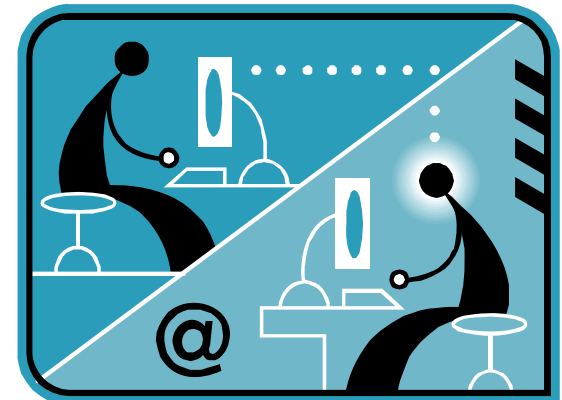
Latest Introduction:

E-Freight

An IATA programme which cuts back on physical documentation flow.

The players have to involve Airlines, Freight forwarders, Shippers, Consignees, Customs and IT Service providers.

Expected to result in a reduction of cost.



Current Development In The Air Transportation of Goods



SECURITY

RCAR – Regulated Cargo Agents Regime

Governed by the Singapore Police Force through the Airport Police who works hand in hand with the Civil Aviation Authority of Singapore (CAAS).

Known Shipper:

- Generally, exempted from X-rays but shall be subject to random x-ray check.
- Need to be audited on safety aspects and procedures.

Unknown Shipper:

- All shipments must be x-rayed prior to acceptance.

Regulated Cargo Agent (RCA):

Generally, freight forwarders.

- Must be audited on yearly basis
- Must meet all criteria which can include CCTV, uniformed staff, etc.

Effective:

From 1st April 2008





Thank You

Enquires:

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